



PART I: COPYRIGHTS

# Anonymous Web Posting

## *Infringement By Association*

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## Anonymous Web Posting

### *Infringement By Association*

### **Introduction**

Suppose you hosted a party and a few guests you never met exchanged a boot-leg tape. Would it ever occur to you that, as the oblivious host, you could be held liable for copyright infringement? Surprisingly, when a gathering is publicly magnified within cyberspace, a host may become an unwitting victim of association fallacy caused by anonymous web posting. This “infringement by association” is a new breed of high-stakes internet litigation. Web owners need to brace themselves for a rocky ride.

### **The Digital Millennium Copyright Act—Origin and Application**

Before Congress enacted the Digital Millennium Copyright Act (“DMCA”) in 1998, federal courts jumped into the fray of cyberspace infringement caused by posters. In *Religious Technology Center v. Netcom On-Line Communication Services, Inc.*, 907 F. Supp. 1361 (N.D. Cal. 1995), copyright owners of published works of L. Ron Hubbard sued a bulletin board service and the Internet Service Provider (Netcom) after a long-time critic started posting verbatim texts of his works. In a landmark decision, the district court ruled that Netcom, even though it technically copied and stored the infringing post by virtue of its network, could not be held strictly liable as a direct copyright infringer:

Billions of bits of data flow through the Internet and are necessarily stored on servers throughout the network and it is thus practically impossible to screen out infringing bits from noninfringing bits. Because the court cannot see any meaningful distinction (without regard to knowledge) between what Netcom did and what every other Usenet server does, the court finds that Netcom cannot be held liable for direct infringement. *Cf.* IITF Report at 69 (noting uncertainty regarding whether BBS operator should be directly liable for reproduction or distribution of files uploaded by a subscriber).

*Netcom*, 907 F. Supp. at 1372–1373. The district court held, however, that Netcom could be liable under the theory of “contributory infringement.” The court noted that, while there is no statutory provision for this theory,

[T]he absence of such express language in the copyright statute does not preclude the imposition of liability for copyright infringement on certain parties who have not themselves engaged in the infringing activity. For vicarious liability is imposed in virtually all areas of the law, and the concept of contributory infringement is merely a species of the broader problem of identifying the circumstances in which it is just to hold one individual accountable for the actions of another.

*Id.* at 1373 (citing *Sony Corp. v. Universal City Studios, Inc.*, 464 U.S. 417, 435, 104 S. Ct. 774, 785, 78 L. Ed. 2d 574 (1984) (footnote omitted)). The court ruled that, if Netcom knew of the infringement, could have stopped further posting, but failed to do so, then Netcom could be liable as a contributory infringer. *Id.* at 1375. The court further held that Netcom was not liable as a vicarious infringer because there was no evidence that Netcom received a direct financial benefit from the infringement. *Id.* at 1376.

Three years later Congress enacted the DMCA, codified at 17 U.S.C. §512, in an effort to provide “greater certainty to service providers concerning their legal exposure for infringements that may occur in the course of their activities.” *Ellison v. Robertson*, 357 F.3d 1072, 1076 (9th Cir. 2004) (quoting from S. Rep. 105-190, at 20 (1998); H.R. REP. 105-551, pt. 2, at 49 (1998)). A service provider means “a provider of online services or network access, or the operator of facilities therefor,” including 17 U.S.C. §512(k)(1)(B), an entity offering the transmission, routing, or providing of connections for digital online communications, between or among points specified by a user, of material of the user’s choosing, without modification to the content of the material as sent or received, §512(1)(A).

The DMCA addresses posting by third party users in Section 512(c)(1). This provision essentially provides civil immunity to service providers for posts that contain infringing material if certain conditions are met. The service provider must not receive a direct financial benefit from the infringement and must either:

- (1) have no actual or constructive knowledge of the infringement; or
- (2) upon obtaining knowledge on its own or through formal notification from a copyright holder, acts “expeditiously to remove, or disable access to, the material.”

*Id.* In addition, the service provider must have a designated agent on the website to receive infringement notices. This email address must be registered with the Copyright Office. 17 U.S.C. §512(c)(2).

The DMCA delineates in detail the procedure for notice and removal of infringing material from the internet. The notice from a copyright holder must: be in writing, under oath that the holder has exclusive rights to the material, identify the material to be removed, provide contact information, and contain a statement of a good faith belief of infringement. 17 U.S.C. §512(c)(3). If the service provider takes down the material, it faces no liability to the poster if the service provider makes reasonable efforts to notify the poster of removal. The poster may then serve a written counter notification to the service provider stating, under oath, that the removal was a mistake. 17 U.S.C. §512(g)(3). Upon receipt of the counter notice, the service provider must provide the counter notice to the one who originally complained, and inform the complainant that it will replace the post within 10 business days. 17 U.S.C. §512(g)(2). The service provider must replace the post within two weeks of receiving the counter notice, unless, before then, the original complainant files an action to restrain the replacement.

Congress’ attempt to micro-manage cyberspace infringement may raise more questions than it resolves. For example, does the safe harbor apply when there is no direct infringement? What does it mean to expeditiously remove material? What constitutes constructive knowledge of infringement? What does it mean to receive a direct financial benefit from the infringement? What is a good faith belief of infringement under Section 512(c)(3)? Ultimately, is there really a safe harbor, or is the DMCA simply fodder for federal courts to imprint their definitions of the shoreline?

## Survey of Recent Significant Cases

Courts have begun to broach answers to some of these interpretive questions posed by the DMCA. *See, e.g.*, “Validity, Construction, and Appli-

cation of Digital Millennium Copyright Act,” 179 A.L.R. FED. 319, at Section 10 (2002)(surveying early cases interpreting the DMCA safe harbors for service providers). In *CoStar Group Inc. v. Loopnet, Inc.*, 373 F.3d 544 (4th Cir. 2004), the Fourth Circuit issued an important decision following the enactment of the DMCA. The defendant’s web-site allowed users to post pictures of commercial real estate listings. The company that owned the rights to certain photographs sued the web host Loopnet for infringement. CoStar argued that the safe harbor provision applied and that, because Loopnet did not technically comply with the provisions, it was liable for infringement. The Fourth Circuit held, however, that the DMCA did not apply where there was no infringement in the first instance. Citing the *Netcom* decision, the court ruled that Loopnet, by passively allowing the photographs to be stored on the website, did not commit an act of volition that would constitute direct infringement under the Copyright Act. The court rejected CoStar’s argument that the DMCA safe harbor conditions automatically applied whenever infringing material appeared on a site. Citing Section 512(l), the court noted that other defenses to the accused service provider are not affected by the DMAC.

In *Rossi v. Motion Picture Association of America*, 391 F.3d 1000 (9th Cir. 2004), Rossi owned a website that appeared to invite downloading of movies. The Association, believing that Rossi was infringing on its movie content, provided the formal take down notice under Section 512(c)(3) requiring the shut down of the website. Rossi complained that, if the Association conducted a reasonable investigation, it would have discovered that movies could not be downloaded. Thus, Rossi argued, there should be an objective good faith standard under Section 512(c)(3) before a take down notice can be presented. The Ninth Circuit disagreed, holding instead that a subjective standard applied to “good faith belief” and that a copyright holder need only have an “honest” belief of infringement even if objectively groundless. 391 F.3d at 1004.

In *Perfect 10, Inc. v. CCBILL LLC* (D.C. No. CV-02-07624-LGB), decided by the Ninth Circuit May 31, 2007, the court’s rulings were instructive, although not directly on point with, third-party anonymous posting. CCBILL provides web owners connection to the internet and its role in transporting material is transient. Some of CCBILL’s customers



had stored adult pictures owned by Perfect 10 on its website; so, Perfect 10 complained and then filed suit, claiming that CCBILL did not comply with the conditions of DMCA's safe harbor. Without deciding direct infringement (as in *CoStar*), the court ruled that CCBILL was entitled to the safe harbor of Section 512(c), thereby rejecting Perfect 10's argument that CCBILL received a financial benefit. The court explained that "direct financial benefit" should be interpreted like the analysis of vicarious liability and should mean "whether the infringing activity constitutes a draw for subscribers, not just an added benefit." Slip Opinion at page 9. Importantly, the court also held that Perfect 10 did not comply with notice requirements of Section 512(c)(3) because it made no statement under oath nor a statement of good faith belief that the use was infringing. Perfect 10 could not "cobble together adequate notice from separately defective notices." *Id.* at 6.

The case of *Ellison v. Robertson*, 357 F.3d 1072 (9th Cir. 2004), underscored the importance of having a current email address registered with the Copyright Office for infringement complaints. Robertson had posted copies of Harlan Ellison's copyrighted short stories on a USENET newsgroup available through servers to which AOL provided access. The safe harbor provision of Section 512(i) applied, but AOL let at least several months elapse before changing its registered email address and, furthermore, failed to have its old email forwarded to the new address. 357 F.3d at 1077. Even though Ellison did not learn of the infringement until after the new address was registered, the court concluded that "AOL changed its e-mail address in an unreasonable manner," and, therefore, "a reasonable trier of fact could find that AOL had reason to know of potentially infringing activity occurring within its USENET network." *Id.*

*Perfect 10, Inc. v. Amazon.com, Inc.*, 487 F.3d 701 (9th Cir. 2007), provided a somewhat convoluted analysis of the interplay between direct infringement and the DMCA. Google was a defendant because its website contained framed thumbnail images of Perfect 10 women which originate from other websites. The Ninth Circuit held that this framing did not constitute direct infringement because the images are stored on other websites than Google's. The court also held that the fair use doctrine protected Google because the use of the images are primarily "transformative," directing the user to the original source. 487 F.3d at

721–723. In a strange twist, the court held that Google could nonetheless be held a contributory infringer “if it had knowledge that infringing Perfect 10 images were available using its search engine, could take simple measures to prevent further damage to Perfect 10’s copyrighted works, and failed to take such steps.” *Id.* at 729. Further, the court held that, if Google were found to be a contributory infringer, the Section 512 safe harbor might still save it. Since the district court failed to analyze the DMCA, the case was remanded.

These cases address some, but not all, of the questions posed by “The Digital Millennium Copyright Act—Origin and Application” above. In *CoStar Group, Inc.*, the absence of direct infringement precluded *any* application of the DMCA, including the safe harbor provision. A conflicting view was presented by the Ninth Circuit in *Perfect 10, Inc. v. Amazon*, opining that even in the absence of direct infringement, contributory infringement could invoke the application of the DMCA and its safe harbor provisions. The *Rossi* decision announced a subjective standard to the good faith belief requirement under Section 512(3). Lastly, the decision in *Perfect 10 v. CCBILL* interpreted “direct financial benefit” to include “whether the infringing activity constitutes a draw for subscribers, not just added benefit.” Remaining unexplored are the interpretations of expeditious removal of infringing material, and constructive knowledge of infringement.

## Pending Litigation

Viacom, Inc. has sued YouTube (and its owner Google) for \$1 billion alleging that its video clips have been used without permission 1.5 billion times. Viacom’s official website statement is that “YouTube is a significant for-profit organization that has built a lucrative business out of exploiting the devotion of fans to others’ creative works in order to enrich itself and its corporate parent, Google. Their business model, which is based on building traffic and selling advertising off of unlicensed content, is clearly illegal.” Viacom allegedly provided take down notices for 160,000 clips. While these were taken down, there are reports that users just reloaded the clips. The federal complaint was filed in the Southern District of New York and alleges six counts of direct infringement, contributory infringement and vicarious infringement. You-

Tube has an elaborate instructional system to its users designed to fall within the safe harbor provisions of Section 512(i). It will be interesting to see how much protection the Southern District of New York affords YouTube.

You Tube is also the target of an ambitious federal class action suit in San Francisco filed in May 2007 by the law firm of Bernstein Litowitz Berger & Grossmann. The Football Association Premier League Limited and music publisher Bourne Company, purport to be representatives of a huge class of copyright holders whose material has been infringed by YouTube. Most class action experts agree that it is unlikely the class will be certified because of the lack of factual commonality among purported class members.

On the lighter side, spoon bender Uri Geller has filed suit in San Francisco claiming that a debunking critic is showing footage of Geller on YouTube from the “Tonight Show with Johnny Carson” wherein Geller’s supernatural powers were apparently not in full force. The poster claims the fair use defense and argues that Geller is misusing the take down notice provision of the DMCA to stifle his free speech.

## Trademark Infringement

Beyond copyright infringement, it is possible that web owners may also have to contend with allegations of trademark infringement, although at the moment there appears to be little cause for alarm in the realm of anonymous posting. The Lanham Act creates a cause of action for trademark infringement pursuant to 15 U.S.C. §1125(a)(1)(A) of the Lanham Act which provides in relevant part:

- (1) Any person who, on or in connection with any goods or services... uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading [\*\*22] representation of fact, which—
  - (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person... shall be liable in a civil action by

any person who believes that he or she is or is likely to be damaged by such act.

Unlike the DMCA, the Lanham Act has no safe harbor provision for service providers. In the *pro se* case *Parker v. Google, Inc.*, 422 F. Supp. 2d 492 (E.D. Penn. 2006), the district court rejected plaintiff's claim that Google, Inc., infringed on plaintiff's trademark by facilitating a link to an alleged infringer. They ruled that, with respect to trademark violations, "participation in activities merely related to the infringing acts is not enough.... [P]ersonal liability extends only to those persons who actively participate as a moving force in the decision to engage in the infringing acts or otherwise cause the infringement as a whole to occur." 422 F. Supp. 2d at 503 (citing *Chanel, Inc. v. Italian Activewear of Fl., Inc.*, 931 F.2d 1472, 1478 n.8 (11th Cir. 1981)). Because Google was not a moving force in the trademark infringement, it cannot be held liable under the Lanham Act. *Id.*

## Conclusions and Practice Pointers

Based upon the case law to date, it is unlikely that a website owner will suffer significant exposure as a direct infringer arising from an anonymous poster. The real threat is the uncertain arena of contributory infringement (secondary liability), in which the federal courts seem unwilling to shut the door on summary judgment. Here, the exposure of website owners for anonymous posters appears to be directly proportional to the closeness of the association between the owner and infringing poster. The more the owner is aware of the infringing acts, is benefiting from the acts, or can prevent the infringing acts with simple measures, the greater the chance that a court will find a jury issue on a claim of contributory infringement. The question then becomes whether the website owner complied with the safe harbor conditions of Section 512(c).

Because the federal case law is evolving, it is unlikely that a website owner can conclusively know whether a court will deem it a contributory infringer. Consequently, a website owner should maintain scrupulous records concerning its compliance with Section 512(c). The designated agent for complaints should be current and registered with the Copyright Office. Notices received from copyright holders should

be kept, copied and examined for compliance with Section 512(c)(3). For example, check whether the notice contains a statement under oath. Website owners should put a procedure into place whereby posts can be taken down or disabled quickly. A tickler system should likewise be implemented to comply with the notice requirement to users upon receiving a take down notice, as well as procedure to handle counter notices, the subsequent notice to the copyright holder, and the 14 day deadline to replace the post.

In defending web owners from claims by copyright holders, defense attorneys should try to steer the case in the direction of *CoStar Group Inc. v. Loopnet, Inc.*, 373 F.3d 544 (4th Cir. 2004). By arguing the absence of infringement as a threshold matter on summary judgment, defendants may avoid the ambiguous shorelines of Section 512(c). If a court is inclined to entertain a contributory infringement claim, then the defense attorney should obtain a clear link of records from the web owner to establish compliance with Section 512(c). If the record is firm, summary judgment on the secondary liability should be obtainable. As the case law develops, so too will the comfort level of website owners who have infringers trolling its confines. Until then, infringement by association is an undefined risk to be cautiously attended.

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