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The authors review a recent ruling that requires copyright holders to consider fair use arguments before requesting a take-down of user-generated content under the Digital Millennium Copyright Act.

User-Generated Content, Online Fair Use and the DMCA's 'Good Faith' Requirement

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Copyright law has always provided a balance between the proprietary rights of copyright owners and freedom of speech. The law “contains built-in First Amendment accommodations.” *Eldred v. Ashcroft*, 537 U.S. 186, 219, 65 USPQ2d 1225 (2003) (65 PTCJ 224, 1/17/03). At the fulcrum of this balance is the fair use privilege, which is codified in Section 107 of the Copyright Act, 17 U.S.C. § 107.

The past few years have seen explosive growth of “user-generated content” (or participatory content) which consists of audio and video materials, quite often with music, created by individuals and uploaded to Internet sites, where they are made available to users for streaming and/or downloading. Currently, a great deal of confusion exists about the copyright, including fair use, ramifications of user-generated content.

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According to some, infringement of intellectual property can occur so rapidly and repeatedly on Web sites that host user-generated content—such as YouTube and MySpace—that one of the best methods for combating infringement on these sites is to make broad requests for take-downs under the Digital Millennium Copyright Act, as fast as possible. According to others, user-generated content is a vital new exercise of free speech that should be nurtured and facilitated.

These contesting views emerged recently in the case of the musician Prince against the creator of a video starring dancing infants.

In *Lenz v. Universal Music Corp.*, 572 F. Supp. 2d 1150, 88 USPQ2d 1639 (N.D. Cal. 2008) (76 PTCJ 626, 8/29/08), a federal district court held that a copyright owner who seeks to enforce a DMCA take-down request must “consider the fair use doctrine in formulating a good faith belief that ‘use of the material in the manner complained of is not authorized by the copyright owner, its agent, or the law.’” *Id.* at 1154. Under *Lenz*, the “good faith” requirement is judged from the copyright holder’s perspective, which generally makes this test easy to pass if the copyright holder can demonstrate an effort to evaluate fair use.

Nevertheless, the court imposed a significant new DMCA duty on the copyright holder, which must now expressly preempt fair use arguments before rebutting fair use defenses.

The *Lenz* decision is currently on appeal, and its future is unclear. For the moment, copyright owners are advised to exercise additional caution in communications regarding user-generated content with Internet service providers and suspected infringers to avoid vulnerability to claims of bad faith, and to incorporate language into DMCA take-down requests affirming that fair use was considered prior to the requests.

Users with strong fair use claims who receive take-down notices may have a defense available if the notices are defective.

Case Background.

Lenz v. Universal arose from interesting origins. On Feb. 7, 2007, two toddlers in their family's kitchen decided to dance vigorously to a song playing in the background. Their mother, Stephanie Lenz, videotaped the dance and posted it to the content hosting site, YouTube. (The video may be viewed at <http://www.youtube.com/watch?v=N1KfJHFWlhQ>.)

On the video, Lenz can be heard asking her son, Holden, "What do you think of the music?" She refers to the Prince song "Let's Go Crazy," which plays in the background with poor audio quality for approximately 20 seconds. Lenz titled her YouTube posting, "Let's Go Crazy #1."

Four months later, Universal Music Corp., Universal Music Publishing, and Universal Music Publishing Group—the owners of the copyright in Prince's "Let's Go Crazy"—requested that YouTube remove the Lenz video as an infringement of copyright, pursuant to 17 U.S.C. § 512. The letter in which Universal made this demand listed more than 200 requests for take-downs of YouTube videos incorporating Prince's works to various extents.

It is possible that the Lenz video may not have been included in the take-down list had its title not been taken from the Prince song. In any event, YouTube promptly removed the video.

Three weeks later, Lenz responded with a DMCA counter-notice claiming fair use of Prince's music. Six weeks later, without further objection from Universal, YouTube re-posted the video, and it has since attracted more than 845,000 viewings.

Over the same period, Lenz launched a counter-offensive. With assistance from the Electronic Frontier Foundation, a free speech advocacy group, she sued Universal in the U.S. District Court for the Northern District of California.

Among other allegations, Lenz accused Universal of misrepresentation under 17 U.S.C. § 512(f). Section 512(f), which is designed to prevent abuse of DMCA take-down notices, provides that "anyone who knowingly materially represents . . . that material is infringing . . . shall be liable for any damages, including cost and attorneys' fees, incurred by [anyone] injured by such misrepresentation."

Universal answered with a motion to dismiss Lenz's case for failure to state a claim on which relief may be granted, spearheading its argument with the assertion that copyright law's fair use doctrine merely excuses infringement after the fact, and does not pre-authorize infringement. (In other words, fair use is not an exception

to the law nor a right to be overcome, but a defense to be raised in response to an infringement claim.)

The case went before Judge Jeremy Fogel, who ultimately denied the dismissal motion and allowed Lenz's claim against Universal for "bad faith" in bringing a DMCA take-down notice to proceed to the discovery phase of the case.

'Bad Faith' under the DMCA.

Lenz's bad faith argument hinged on the requirements for a take-down notice as elaborated in 17 U.S.C. § 512(c)(3)(A)(i-vi), which essentially provides a checklist for the information that needs to be included.

Specifically, Subsection 512(c)(3)(A)(v) specifies that such notice must include "[a] statement that the complaining party has a *good faith belief that use of the material in the manner complained of is not authorized by the copyright owner, its agent, or the law*" (emphasis added).

The crux of Lenz's argument was that Universal lacked a "good faith belief" that her video was not "authorized by . . . the law" of fair use, and instead had acted only to satisfy Prince—an artist known to be an aggressive enforcer of his copyrights. As evidence, Lenz cited statements made by Universal and Prince broadly objecting in principle to online postings of his music, without reference to context. 572 F. Supp. 2d at 1152-53.

In his ruling, Fogel framed the question before the court as an issue of first impression as to "whether fair use qualifies as a use 'authorized by law' in connection with a take-down notice" under Section 512(c)(3)(A)(v). He answered this question affirmatively, based on clear statutory meaning and legislative intent:

Here, the Court concludes that the plain meaning of "authorized by law" is one permitted by law or not contrary to law. Though Congress did not expressly mention the fair use doctrine in the DMCA, the Copyright Act provides explicitly that "the fair use of a copyrighted work is not an infringement of copyright." 17 U.S.C. § 107. Even if Universal is correct that fair use only excuses infringement, the fact remains that fair use is a lawful use of copyright. 572 F. Supp. 2d at 1154.

To support this "fact," Fogel cited the U.S. Supreme Court's 1984 decision in *Sony Corp. of America v. Universal City Studios*, 464 U.S. 417, 220 USPQ 665 (1984). In *Sony*, the court noted that "[a]nyone . . . who makes a fair use of the work is not an infringer of the copyright with respect to such use." 464 U.S. 417 at 433.

Accordingly, Fogel held that "in order for a copyright owner to proceed under [512(c)(3)(A)(v) of] the DMCA . . . the owner must evaluate whether the material makes fair use of the copyright." 572 F. Supp. 2d at 1154.

The district court then gave general parameters for the scope of the fair use "evaluation": A full "investigation" is not required, pursuant to a Ninth Circuit Court of Appeals precedent in *Rossi v. MPAA*, 391 F.3d 1000, 73 USPQ2d 1046 (9th Cir. 2004) (69 PTCJ 133, 12/10/04). The "good faith" of the evaluation is assessed from the copyright holder's perspective, pursuant to Section 512(c)(3)(A)(v).

Using this framework, Fogel found that Lenz's claim of DMCA take-down abuse was sufficient to pass the

pleadings stage, but he expressed “considerable doubt” that it would survive summary judgment after discovery.

The court predicted that under its rule, “there are likely to be few [cases] in which a copyright owner’s determination that a particular use is not fair will meet the requisite standard of subjective bad faith to prevail in an action for misrepresentation under 17 U.S.C. § 512(f).”

Nevertheless, the court described hypothetical circumstances in which bad faith could exist:

One might imagine a case in which an alleged infringer uses copyrighted material in a manner that unequivocally qualifies as fair use, and in addition there is evidence that the copyright owner has invoked the DMCA not to protect its copyright but to prevent such use . . . [e.g., using] the DMCA “as a sword to suppress publication of embarrassing content rather than a shield to protect its intellectual property.”

572 F. Supp. 2d at 1155 n.5 (Internal citations omitted).

Analysis.

Lenz v. Universal is an early skirmish in the neutral zone between proprietary rights of copyright owners and the interests of participatory media creators. It is likely not the final word.

The *Lenz* decision requires copyright owners in certain circumstances to evaluate the accuracy of online infringement claims under the fair use doctrine prior to sending DMCA take-down notices. Although this ruling is binding only in California’s Northern District, copyright holders in all jurisdictions would be prudent to follow its higher standard, particularly since *Lenz* is the first and only case to address this issue, and several web content hosting sites are based in the Silicon Valley area, where this decision controls.

Within a week of the *Lenz* decision, Universal appealed on grounds that “the text and structure of § 512, the Ninth Circuit’s controlling case under § 512(f) [i.e., *Rossi*], and the nature of the fair use defense all provide substantial grounds for an opposite answer.”

If the decision is upheld, it would add a new formal step to DMCA enforcement that will at a minimum for certain matters involve specifically affirming within the DMCA notice that a fair use evaluation was made. A potential complication is that the scope of “evaluation” required by *Lenz* may vary depending on the nature of the offending use and the underlying exclusive rights implicated.

During the *Lenz* case, Universal contended that fair use is an affirmative defense, and that any duty of the copyright holder to assess fair use under the DMCA should arise during the counter-notice phase of enforcement. Determinations of copyright fair use, under 17 U.S.C. § 107, require a four-factor analysis that can be fact-intensive, complex, and unpredictable.

In Universal’s view, imposing a threshold duty on copyright owners would harm its ability to rapidly respond to infringement on the Internet. The court dismissed these objections as “overstated,” since fair use was already a tacit consideration in judging whether a copyright use is “authorized by law” under Section 512, and the “good faith” test is judged from a subjective, rather than, an objective viewpoint.

Nevertheless, it remains to be seen whether Universal’s concerns are warranted. For user-generated works, under the *Lenz* standard, copyright holders have a greater duty to balance fair use against their own interests.

Those who seek copyright enforcement of rights relating to online participatory media are advised to: (1) integrate language into DMCA take-down notices that will preempt fair use arguments without narrowing the available bases for future objections to infringement; and to (2) avoid communications with suspected infringers or their Internet service providers that could in any way be construed as bad faith attempts to suppress copyright fair use.

Those who engage in online participatory media should still be respectful of copyrights when exercising their First Amendment rights. Nonetheless, if they have strong fair use claims not evaluated by a copyright holder, they could file counter-notifications pursuant to the DMCA.