

The IPC Legal Browser



The Newsletter of the FBA's Intellectual Property and Communications Law Section

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Message From the Editors

By Jack C. Schecter and Scott Moriarity

We are pleased to report that the Fall 2009 relaunch of the FBA's Intellectual Property and Communications Law Section newsletter, *The IPC Legal Browser*, was met with an overwhelming show of enthusiasm and support from our membership! Our Fall 2009 issue, which addressed the Patent Reform Act of 2009, reached over 1,000 members of our section nationwide.

With this issue, we train our focus on emerging issues in copyright law and address some of the most pressing and timely issues confronting copyright practitioners, authors, and publishers today. In this issue:

Nicole Rizzo Smith's article, "Copyright Protection for Fashion Design: Examining the Contours of the Design Piracy Prohibition Act," takes a close look at efforts to extend copyright protection to the fashion industry and considers arguments for and against amending the Copyright Act to provide more robust coverage for fashion design.

Leita Walker's article, "Legal Theories for Protecting Online Content," examines the battle being waged between traditional publishers of online content and Internet news aggregators—including Google—and weighs competing approaches for protecting online content, ranging from actions for copyright infringement to "hot news" misappropriation.

David A. Gast's article, "How 'Expeditious' Must a Service Provider Be in Removing Infringing Material?" addresses enforcement procedures for infringing Web-based content under the Digital Millennium Copyright Act and tackles new issues created by the proliferation of websites such as Hulu.com, Ustream.com and Justin.tv, which focus on streaming live video feeds.

Timothy J. Cruz's article, "Did Cartoon Network Change Anything?" provides insightful analysis of *Cartoon Network LP, LLLP v. CSC Holdings Inc.*, the much ballyhooed Second Circuit case addressing whether a cable company's remote operation of a DVR system constituted copyright infringement.

We hope that these articles, each touching on a hot-button issue in copyright law, make for an interesting, informative and enjoyable read.

In addition, we would like to take this opportunity to make two announcements:

First, we want to let you know that the Spring/Summer 2010 edition of *The IPC Legal Browser* will be focusing on trademark law. We're looking for articles, written in an informal journalistic style, of around 1,500 words plus endnotes. Please send a brief overview of your proposed article to Scott via email to tbonelaw@gmail.com by April 15, 2010, and please let potential contributors know about this great opportunity to connect with a nationwide community of IP practitioners.

Second, we are pleased to announce that the Spring/Summer 2010 edition of our newsletter will include a new section, "Letters to the Editors," featuring your commentary on the articles published in the IPC Legal Browser, or, for that matter, on any topic relating to intellectual property or communications law. Please send your comments to Jack via email to jschecter@sunsteinlaw.com by June 15, 2010 to be included in the next issue.

And remember, both the FBA and the Intellectual Property and Communications Law Section are always looking for new members. Please urge your colleagues to take part. ♦

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Copyright Protection for Fashion Design: Examining the Contours of the Design Piracy Prohibition Act

By Nicole Rizzo Smith

In 2010, fashion is as much a part of the fabric of American popular culture as television, books, and movies. As evidenced by the popularity of programs such as “Project Runway” and “The Fashion Show,” fashion design is highly regarded by the American public as a form of creative expression. Yet, copyright law, which protects the expression of artistic and creative works, often treats fashion design as purely utilitarian and therefore offers thin protection to the fashion industry. As a result, young designers experience difficulty in establishing their businesses because knock-off artists freely recreate and distribute their designs, and even established designers have few avenues of legal recourse when their innovative designs are pirated. In recent years, the fashion industry has pushed for a change to U.S. copyright law which would extend protection to certain types of apparel designs and provide designers with meaningful copyright protection.

Background

In order to understand how the law could effectively be amended to encompass fashion design, it is important to first understand why copyright law currently excludes apparel from its purview. Clothing has traditionally been viewed as a “useful article” and thus not protected under copyright law with its focus on protection for creative original works. Specifically, a useful article is defined in the Copyright Act as “an article having an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information.”¹ Thus, whether or not a product will be considered a useful article turns on whether the function of the article is inherently utilitarian, or whether it is exclusively aesthetic or informational.

The principal exception to the general rule that useful articles can not be protected under copyright law, however, is “only if, and only to the extent that, such design incorporates pictorial, graphic, or sculptural features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article.”² Because works that are “pictorial, graphic and sculptural” are protected under § 102 of the Copyright Act, if a utilitarian article has “pictorial, graphic or sculptural” aspects that can be physically or conceptually separated, then the article may be eligible for protection.³

By a strange twist of legislative history, the Copyright Act does contain an express provision of protection of original designs of one particular and unique type—vessel hulls.⁴ This special protection for ship designs was enacted in 1998 as Chapter 13 of the Copyright Act, entitled “Protection of Original Designs,” in response to the Supreme Court’s decision in *Bonito Boats v. Thunder Craft Boats Inc.*⁵ In that case, the Supreme Court struck

down a Florida statute that proscribed boat hull copying. In response, Congress enacted Chapter 13.

Proposed Amendment to Chapter 13

Chapter 13 of the Copyright Act provides that the “designer or other owner of an original design of a useful article which makes the article attractive or distinctive in appearance to the purchasing public may secure the protection provided by this chapter...” and defines an “original design” as a design which is “the result of the designer’s creative endeavor that provides a distinguishable variation over prior work pertaining to similar articles which is more than merely trivial and has not been copied from another source.” The statute, however, dramatically circumscribes the potential reach of this broad language by explicitly limiting the definition of the type of “useful article” that may be protected to a vessel hull.

Given the potential for expanding Chapter 13, H.R. 2196, the Design Piracy Prohibition Act, was drafted to amend Chapter 13 to extend protection to certain types of apparel designs with a three-year term of protection.⁶ The bill would do so by amending the definition of “useful article” to add the provision “or an article of apparel.”⁷ The bill would also add definitions for “fashion design” and “apparel.”⁸ The term “apparel” would include articles of men’s, women’s, and children’s clothing including undergarments, outerwear, gloves, footwear, headgear, handbags, purses, totes, belts, and eyeglass frames.⁹

Perhaps reflecting the controversy surrounding the concept of protecting fashion designs under copyright law, however, some of the bill’s provisions offer less protection for apparel than the law currently provides for vessel hulls. For example, while vessel hulls enjoy a 10-year term of protection, the bill only provides for a 3-year term for apparel.¹⁰ The rationale behind the 3-year term is that this period is sufficient to protect high end “haute couture” designs when they are first introduced, supplying protection when designs are most likely to be copied and sold at a lower price.¹¹ Also, because the nature of fashion design is such that trends come and go quickly, proponents of the bill have agreed that a 3-year term is long enough to give the designer the exclusive protection it needs.¹²

In other ways, the bill offers more protection to apparel designs than to vessel hulls. For example, while the vessel hulls provision includes an exception for infringement without knowledge that the design was protected, the bill would propose to narrow this exception for apparel so that it would constitute infringement if one had reasonable grounds to know—but no actual knowledge—that design protection is claimed.¹³ The bill would also add protection for images of fashion designs, so that an article is infring-

ing if its design was copied from a protected design or an image thereof.¹⁴ The bill would also apply contributory, vicarious and induced infringement to § 130, and the amounts of recovery for infringement would increase from \$50,000 or \$1 per copy to \$250,000 or \$5 per copy.¹⁵

These proposed changes to U.S. copyright law are not without their detractors. Opponents of the bill argue that copying is an accepted part of the fashion industry which allows designers to incorporate new trends into their designs without restricting their own or other designers' creativity.¹⁶ With copyright protection, designers may begin to monopolize the apparel market so that a design on a garment of lower quality would not be available to consumers of various income levels, and this would effectively create stratification between those who can afford copyrighted designs and those who cannot.¹⁷ Moreover, opponents argue that designers already have adequate protection under other areas of intellectual property law.¹⁸

Alternative Means of Protecting Fashion Design

While it is true that trade dress, trademark, and patent law all provide some degree of protection to certain aspects of fashion design, none of these laws protect the apparel itself, and each of them have substantial shortcomings. Under trade dress law, for example, fashion designs can be protected in cases where the product has gained a reputation among consumers as identifying a particular market source.¹⁹ However, source identification is an extremely high standard to meet and thus, most designers are not successful in protecting their work through trade dress law. Further, the problem of new designers and new designs can not be addressed by trade dress law, as it is highly unlikely that a newcomer to the market could demonstrate a reputation which connotes source in the minds of consumers.²⁰

In many lawsuits filed by designers against counterfeiters and knock-off artists, plaintiffs have proposed a trade dress/trademark law theory to stop infringement of a popular design. For example, in the past two years, popular retail chain Forever 21 has been sued several times by high profile designers for knocking off designs, but these suits have been brought on grounds of trade dress and trademark infringement, false designation, or origin and trademark dilution under the Lanham Act, not copyright

infringement.

Most recently, the high-end label Trovata Inc. brought claims of trade dress infringement against Forever 21 for several garments which were allegedly copied right down to the unique instructions featured on the care label and the purposely mismatched buttons.²¹ Similarly, the 2007 complaint filed by pop star and clothing designer Gwen Stefani (principal of plaintiff Harajuku Lovers LLC) against Forever 21 alleged trademark infringement, false designation of origin, and trademark dilution of a heart and box design which Forever 21 features on some of its apparel.²² This litigation strategy serves as an example of the circuitous means through which designers are currently enforcing their intellectual property rights in the absence of meaningful protection under copyright law.

Patent law is another means through which designers can attempt to seek protection, as 'design patents' protect the elements of a product which are ornamental and aesthetic in nature and which give the product a distinctive appearance.²³ However, design patents are most effective in the context of a design intended to be used for many years, rather than for an apparel design which may not be on the market longer than a single season. Further, garment designs rarely meet the requirements for a design patent—namely that the design be novel, nonobvious, and ornamental.²⁴

Finally, designers do have a small measure of protection under current copyright law in that they may seek protection of fabric design. Courts have construed the Copyright Act to include fabric design protection consistent with the protection of paintings and other pictorial or graphic materials.²⁵ However, this provision only protects the decorative print on the fabric, and not the way that the fabric is cut or used on clothing. Further, because it is common practice for designers to buy cloth from manufacturers rather than create their own fabric design, this measure of protection is not sufficient to protect the heart of the apparel design.²⁶

Conclusion

In the current landscape of intellectual property law, designers are provided with insufficient recourse when faced with unauthorized copying of their fashion designs.

Fashion Design continued on page 4



*Nicole Rizzo Smith is a litigation associate at Sunstein Kann Murphy & Timbers in Boston where she focuses her practice on intellectual property and business litigation. Nicole's litigation experience includes enforcing patents in the telecommunications field and defending a leading pharmaceutical company against allegations of patent infringement. Nicole also has experience in all aspects of trademark prosecution and enforcement, and regularly provides trademark advice to clients in a wide variety of industries. Nicole is the co-author of the 2008 edition of *Protecting and Enforcing Copyright* (MCLE, Inc. 3rd ed. 2008).*

Fashion Design continued from page 3

To remedy this serious deficiency, the Design Piracy Prohibition Act would amend Chapter 13 of the Copyright Act to finally provide substantive protection to fashion design. The current legislation was referred to the House Judiciary committee on April 30, 2009, however, and there is no telling when—or if—the bill will make it out of committee. Even so, with no other meaningful protection in the current law, designers are hanging their hats—and other useful articles—on the Design Piracy Prohibition Act. ♦

Endnotes

¹17 U.S.C. § 101.

²Protection for Fashion Design: Hearing on H.R. 5055 Before the H. Subcomm. on Courts, the Internet, and Intellectual Property, 109th Cong. 2d Sess Hearings Before the House Subcomm. on Courts, the Internet, and Intellectual Property, 109th Cong. 197-219 (2006) (statement of U.S. Copyright Office).

³17 U.S.C. § 102(a)(5).

⁴17 U.S.C. § 1301(a). A “vessel” is a “craft that is designed and capable of independently steering a course on or through water through its own means of propulsion; and that is designed and capable of carrying and transporting one or more passengers.” A “hull” is “the frame or body of a vessel, including the deck of a vessel, exclusive of masts, sails, yards, and rigging.”

⁵489 U.S. 141 (1989).

⁶Design Piracy Prohibition Act, H.R. 2196, 111th Cong., was introduced by Rep. William D. Delahunt on April 30, 2009. This bill was introduced in the 110th Session of Congress as H.R. 2033.

⁷H.R. 2196, 111th Cong. § 2.

⁸*Id.*

⁹*Id.*

¹⁰*See supra* note 4.

¹¹*See supra* note 2.

¹²*See supra* note 2.

¹³H.R. 2196, 111th Cong. § 2(e).

¹⁴*Id.*

¹⁵*Id.* § 2(g).

¹⁶*See* Jennifer Mencken, *A Design for the Copyright of Fashion*, B.C. Intell. Prop. & Tech. Forum (1997), available at www.bc.edu/bc_org/avp/law/st_org/ip/f/index.html.

¹⁷*See id.*; *see also* Carey Lening, *Congress Debates Whether Fashion, Other Design Protection Legislation Is Necessary*, BNA COPYRIGHT, PAT. & TRADEMARK J. (Feb. 19, 2008).

¹⁸*See id.*

¹⁹*See Samara Bros. v. Walmart Stores*, 529 U.S. 205 (2000).

²⁰Jessica G. Jacobs, *Cong. Research Serv. Rep., Copyright Protection for Fashion Design: A Legal Analysis of the Design Piracy Prohibition Act*, H.R. 2033 (June 28, 2007), available at assets.opencrs.com/rpts/RS22685_20070628.pdf.

²¹*See Trovata Inc v. Forever 21 Inc.*, No. 07-1196 (C.D.Cal.). This case was the only lawsuit filed against Forever 21 to make it to trial, but it resulted in a mistrial in May 2009 and will be re-tried in 2010.

²²*See Harajuku Lovers LLC v. Forever 21 Inc.*, No. 07-3881 (C.D.Cal.). This case terminated some time early in the proceedings.

²³*See* 35 U.S.C. §§ 171-173 (allowing protection for a “new original and ornamental design for an article of manufacture”).

²⁴*See supra* note 16 (collecting cases).

²⁵*See id.*

²⁶*See id.*

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Legal Theories for Protecting Online Content

By Leita Walker

In the words of Dean Singleton, news organizations “are mad as hell” and they “are not going to take it any more.”¹ Singleton, the chairman of the Associated Press, made this statement at the AP’s annual meeting in April, at which he also stated that the AP could “no longer stand by and watch others walk off with our work under some very misguided, unfounded legal theories.”² More recently, News Corporation chairman Rupert Murdoch has threatened to block Google from searching for and linking to sites he said would soon be protected by pay walls.³

As the Internet grows and the economy remains stagnant, traditional publishers are pushing back against Google and other news aggregators, which they view as free riders that divert much-needed traffic away from the Web sites they have tried to monetize. Several legal theories have emerged for protecting the online content of traditional publishers, ranging from actions for copyright infringement and hot news misappropriation to breach of contract and even trespass to chattels. This article summarizes the most popular of those theories.

Copyright Infringement

Perhaps the most obvious approach to protecting online content is through the use of copyright law. Agence France-Presse tried this tact in 2005 when it sued Google for \$17.5 million, claiming that Google was posting headlines, photographs, and news summaries on Google News without AFP’s permission.⁴ Similarly, in late 2008, Gatehouse Media, which owns nearly 500 community publications and 250 related Web sites, sued the *New York Times* over Boston.com’s use of Gatehouse’s headlines and leads on a site that aggregated news about the town of Newton, Mass.⁵ However, both cases

¹Remarks by Dean Singleton, AP Annual Meeting, April 6, 2009, available at www.ap.org/pages/about/pressreleases/pr_040609c.html. Singleton borrowed this line from the character Howard Beale, who snaps on air in the 1976 movie *Network*. See Memorable Quotes for *Network*, IMDb, www.imdb.com/title/tt0074958/quotes (last visited Dec. 8, 2009).

²Singleton, *supra* note 1.

³Eric Etheridge, *Murdoch’s Google Gambit*, N.Y. TIMES, Nov. 15, 2009, available at opinionator.blogs.nytimes.com/2009/11/10/murdochs-google-gambit/?scp=3&sq=rupert%20murdoch&st=cse.

⁴Caroline McCarthy, *Agence France-Presse, Google settle copyright dispute*, CNET NEWS, Apr. 6, 2007, available at news.cnet.com/2100-1030_3-6174008.html.

⁵Michael Kwun, *GateHouse v. New York Times: Lawsuit Attacks Boston.com News Aggregation Site*, ELECTRONIC FRONTIER FOUNDATION, Jan. 23, 2009, available at www.eff.org/deep-links/2009/01/gatehouse-v-new-york-times-lawsuit-attacks-boston-.

settled before any decisions were made as to their merits.⁶

Of course, copyright law does not protect news itself—just the manner in which it is expressed. Thus, had AFP or Gatehouse not settled, the courts likely would have had to resolve whether the defendants’ use was fair under 17 U.S.C. § 107. Although this defense has not yet been tested in the aggregator context,⁷ when it is, aggregators are likely to focus on the first fair use factor—the purpose and character of the alleged infringing work—and argue that it favors a finding of noninfringement because their use is transformative. Specifically, aggregators are likely to argue that they use snippets of stories for the transformative purpose of indexing the news, just as Google successfully argued in *Perfect 10 Inc. v. Amazon.com Inc.*⁸ that its use of thumbnail images to facilitate Internet searches was highly transformative.⁹

In response, publishers will try to distinguish *Perfect 10* and will no doubt argue that the third fair use factor—the amount and substantiality of the copyrighted work used—favors a finding of infringement because aggregators, in using headlines and leads, are taking the “heart” of most stories.¹⁰ As to the fourth fair use factor—the effect of the alleged infringing work on the market—the two sides will hotly dispute the extent to which aggregators drive traffic to publishers’ sites or, alternatively, usurp that traffic by fully satisfying the news appetites of Internet users.¹¹

Hot News Misappropriation

The tort of hot news misappropriation requires a plaintiff to prove five elements:

⁶Megan Garber, *Gatehouse v. Times: Settled!*, COLUMBIA JOURNALISM REV., Jan. 26, 2009, available at www.cjr.org/the_kicker/gatehouse_v_times_settled.php; McCarthy, *supra* note 4.

⁷Andrew L. Deutsch, PROTECTING NEWS IN THE DIGITAL ERA: THE CASE FOR A FEDERALIZED HOT NEWS MISAPPROPRIATION TORT 10 (Nov. 1, 2009) (unpublished draft intended for eventual publication, on file with author).

⁸487 F.3d 701 (9th Cir. Cal. 2007).

⁹For more extended discussion of how aggregators are likely to use the *Perfect 10* case—and how publishers can distinguish it—see Deutsch, *supra* note 7, at 15–19.

¹⁰See *Harper & Row Publ’rs v. Nation Enters.*, 471 U.S. 539, 564–66 (1985) (taking the “heart” of a book is not a fair use, even if quantity of infringed work used is insubstantial); see also Deutsch, *supra* note 7, at 20–21. Of course, this assumes that headlines are copyrightable in the first place, an assumption Google disputed in the *AFP* case. See Deutsch, *supra* note 7, at 7–10.

¹¹*Id.* at 21–23.

- (i) a plaintiff generates or gathers information at a cost;
- (ii) the information is time-sensitive;
- (iii) a defendant's use of the information constitutes free riding on the plaintiff's efforts;
- (iv) the defendant is in direct competition with a product or service offered by the plaintiffs; and
- (v) the ability of other parties to free-ride on the efforts of the plaintiff or others would so reduce the incentive to produce the product or service that its existence or quality would be substantially threatened.¹²

The tort has its roots in the nearly 100-year-old Supreme Court case of *International News Service v. Associated Press*,¹³ a case that arose after one of the AP's competitors began selling rewritten AP dispatches. The district court enjoined INS from selling copied or rewritten AP dispatches during brief periods when the dispatches had commercial value, and the Supreme Court affirmed, finding that INS had engaged in unfair competition.

Over the years, the INS case has "lost much of its juice,"¹⁴ but hot news misappropriation remains a viable alternative to a claim for copyright infringement, at last in some jurisdictions and in certain circumstances. For example, in a February 2009 decision, a federal court in New York denied a motion to dismiss a claim for hot news misappropriation that the AP had filed against All Headline News, a company whose employees were instructed to "locate breaking news stories and revise them for AHN use," which included distribution to AHN's Web site clients.¹⁵ In denying the motion, the court reaffirmed that hot news misappropriation "remains viable under New York law" and that the tort is not preempted by copyright law.¹⁶ After this decision, the parties announced the case had settled.¹⁷

As the AHN case illustrates, hot news misappropriation is one tool publishers can use to protect their online content, especially against aggregators who avoid copyright infringement by rewriting.¹⁸ However, as one commentator has noted, hot news misappropriation is a creature of common law and has not been recognized in all fifty states.¹⁹ In addition, the hot news exception to preemption is narrow, as recently recognized in *Scranton Times L.P. v. Wilkes-Barre Publishing*

Co.,²⁰ an obituary plagiarism case. There, the court noted the three "extra elements" that allow a misappropriation claim to survive preemption—"(i) the time-sensitive value of factual information, (ii) the free-riding by a defendant, and (iii) the threat to the very existence of the product or service provided by the plaintiff"—and dismissed the plaintiff's claim because it had failed to sufficiently allege the third.²¹

Breach of Contract

The terms of service for kansascity.com, the Web site of the *Kansas City Star*, state as follows:

Subject to the terms and conditions of this Terms of Service, KansasCity.com grants you permission to access KansasCity.com and view the Content solely for your personal, non-commercial use. In addition to viewing Content online, you may electronically store a reasonable portion of KansasCity.com Content for your personal, non-commercial use by making a single electronic copy on your computer's hard drive, or a single copy on a disk or other media or a single copy in printed form. You agree, however, that you will not store or archive a significant portion of the Content or create a database using the Content.²²

The terms of service for most news Web sites contain similar language, and that language is arguably violated by aggregators who employ "bots" to troll for stories and then place snippets of those stories on monetized—i.e., commercial—sites.

Copyright law does not preempt state breach of contract claims, and the law is fairly well-established that "browse-wrap" contracts like the *Star's* terms of service are enforceable (although a "click-through" agreement is optimal). Thus the question—as posed in a recent article by attorney Andrew L. Deutsch—is whether a publisher may leverage its Web site's terms of use to prohibit aggregation of content on that Web site and "thereby enjoin aggregator use of that content on a breach of contract theory, even if a copyright infringement claim against the same conduct would fail."²³ As Deutsch goes on to explain, the answer may be "yes." For example, in *Ticketmaster Corp. v. Tickets, Inc.*,²⁴ Ticketmaster sought to enforce against a competitor a provision of its terms of use that prohibited "deep linking" and indexing by "spiders." The competitor sought summary judgment, but the district court denied the motion.²⁵

²⁰No. 3:08-cv-2135, slip op. (M.D. Penn. Sept. 23, 2009).

²¹*Id.* at 9–11. [Online Content continued on page 8](#)

²²Terms of Service, KansasCity.com, available at www.kansascity.com/terms_of_service/ (last updated Sept. 4, 2009) (emphasis added).

²³Deutsch, *supra* note 7, at 34.

²⁴2000 U.S. Dist. LEXIS 4553 (C.D. Cal. March 27, 2000).

²⁵*Id.* at *9; see also *Ticketmaster L.L.C. v. RMG Technologies, Inc.*, 507 F. Supp. 2d 1096 (C.D. Cal. 2007) (preliminary injunction against company that used bots to purchase tickets in violation of terms of use).

¹²*NBA v. Motorola*, 105 F.3d 841, 852 (2d Cir. N.Y. 1997).

¹³248 U.S. 215 (1918).

¹⁴Dan Marbruger & David Marbruger, *Reviving the Economic Viability of Newspapers and Other Originators of Daily News Content* 43 (2009), available at www.bakerlaw.com/files/Uploads/Documents/News/Articles/MainAnalysis.pdf; see also *id.* at 44–46 (discussing how the case has been weakened by copyright law).

¹⁵*Associated Press v. All Headline News Corp.*, 608 F. Supp. 2d 454, 457–58 (S.D.N.Y. 2009).

¹⁶*Id.*

¹⁷Joint Press Release, AP and AHN Media settle AP's lawsuit against AHN Media and individual defendants (July 13, 2009), available at www.ap.org/pages/about/pressreleases/pr_071309a.html.

¹⁸Deutsch, *supra* note 7, at 33.

¹⁹*Id.* at 34.

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Other Theories

A number of other ideas have emerged in the quest to protect online content. For example, in the AHN case, the AP alleged trademark infringement under the Lanham Act, apparently based on the theory that AHN's articles misled readers into believing they were issued by the AP.²⁶ The court found, however, that the AP's complaint consisted entirely of "conclusive allegations" and that the theory of liability failed as a matter of law.²⁷

Other theories fall well outside the confines of intellectual property law. For example, in *eBay Inc. v. Bidder's Edge*, eBay used a claim of trespass to chattels to obtain a preliminary injunction against an "auction aggregation site" that used bots to access and search eBay's site.²⁸ The court held that that eBay was likely to prevail on the claim because (1) the defendant intentionally and without authorization interfered with eBay's possessory interest in its computer system and (2) the defendant's unauthorized use proximately resulted in damage to eBay.²⁹ As to the second point, the court rejected the defendant's argument that its automated searches represented a "negligible load" on eBay's computer systems.³⁰ Whether a trespass to chattels claim can be used to restrict the aggregation of news rather than auctions remains to be seen. As one commentator has noted, the eBay court's use of the trespass to chattels doctrine was a stretch, and future attempts to use the doctrine may not withstand judicial scrutiny.³¹

Along the same lines, it remains an open question whether the Computer Fraud and Abuse Act, 18 U.S.C. § 1030, can be used to protect online content. Specifically, § 1030(a)(2)(C) prohibits intentionally accessing a computer without authorization (or in excess of authorization) and thereby obtaining information from a protected computer, and § 1030(a)(5)(C)

prohibits intentionally accessing a protected computer without authorization, and as a result of such conduct, causing damage or loss. As noted by one commentator, "[c]ourts have interpreted 'unauthorized access' broadly" and "CFAA claims may be particularly useful against competitors who systematically copy frequently updated information from a 'dynamic' database."³² Notably, the eBay case involved a claim under the CFAA, although the court did not reach its merits.

Conclusion

Although there has been much hand-wringing over how publishers can protect online content, a variety of legal theories exist. They come from various areas of the law—contract, tort, and property—and they arise not only from age-old common law but also from relatively recent statutes such as the CFAA. Publishers will no doubt continue to invoke and test these theories—or perhaps others, not yet developed—as they navigate the uncertain world of online content aggregation. ♦

³²Jane C. Ginsburg, *A Marriage of Convenience? A Comment on the Protection of Databases*, 82 CHI.-KENT L. REV. 1171, 1173 (2007); see also *Sv. Airlines Co. v. FareChase, Inc.*, 318 F. Supp. 2d 435, 439–40 (N.D. Texas 2004) (denying motion to dismiss claims for computer fraud and abuse where defendants used a bot to obtain data from plaintiff airline's Web site and then used that data in their own product; stating that even if airline's user agreement was unenforceable, defendants knew that airline prohibited deep-linking, page-scraping, robots, spiders, and other automatic devices and thus airline had sufficiently alleged that defendants' conduct was unauthorized under the CFAA). But see *Czech v. Wall Street on Demand, Inc.*, No. 09-cv-00180, slip op. at 3, 28–29 (D. Minn. Dec. 8, 2009) (holding that CFAA does not authorize civil action against defendant who sent unwanted text messages to plaintiff's cell phone; rejecting "theory of 'damage' as any depletion of a device's finite resources" and concluding that Congress confined "damage" to "an impairment of performance that occurs only when the cumulative impact of all calls or messages at any given time exceeds the device's finite capacity so as to result in a slowdown, if not an outright 'shutdown,' of service").

²⁶608 F. Supp. 2d at 463.

²⁷*Id.*

²⁸100 F. Supp. 2d 1058 (N.D. Cal. 2000).

²⁹*Id.* at 1069–70; see also *Register.com, Inc. v. Verio, Inc.*, 126 F. Supp. 2d 238, 248–50 (S.D.N.Y. 2000) (holding that use of automated software search robot to search another's database constitutes trespass to chattels)

³⁰100 F. Supp. 2d at 1072.

³¹Kristen Osenga, *Information May Want to be Free, But Information Products Do Not: Protecting and Facilitating Transactions in Information Products*, 30 CARDOZO L. REV. 2099, 2118 (2009).



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How “Expeditious” Must a Service Provider Be in Removing Infringing Material?

By David A. Gast

The Digital Millennium Copyright Act (DMCA)¹ can greatly limit liability of internet service providers for copyright infringement, provided they comply with its requirements. The safe harbor provisions of the DMCA cover four general types of service providers. Subsection (a) addresses transitory digital network communications or service providers who simply allow information to pass through their systems from one user to another; (b) covers providers that temporarily store users’ data in a system cache until passing it on at the request of the user; (c) deals with providers that allow users to store data on the provider’s system or network for longer periods of time; and (d) speaks to providers that maintain data on their network or system for use with an information location tool or service.² Upon compliance with various requirements set out in their respective portions of the statute, “all four types of providers may gain immunity from liability for copyright infringing information that passes through or is stored on their networks or systems by users.”³

As noted, service providers under subsections (b), (c), and (d) engage in some form of information storage. Each of these sections require that the service provider “expeditiously” remove, or disable access to, the material alleged to be infringing, whether the service provider was notified of the infringement, or acquired knowledge of the infringing material in some other way.⁴ Putting aside whether the service provider had proper notification, knowledge, or awareness,⁵ the focus here is how quickly a service provider must remove or disable access to the infringing material and still be within the safe harbor provisions.

Only a few courts have addressed this in passing. None have truly explained how much time may pass between notice to removal, or otherwise provided a framework to determine if the service provider’s actions were indeed “expeditious.”⁶

Veoh Networks Inc., a video sharing Web site, has been involved in several disputes involving the DMCA. In one of those cases, Io Group, an adult content supplier, sued Veoh for copyright infringement. Veoh describes itself as an “Internet Television Network” which provides software and a Web site that enables the sharing of a wide variety of user-provided video content over the Internet.⁷

In support of its safe harbor claim, Veoh submitted undisputed evidence that it “responds and removes noticed content as necessary on the same day the notice is received (or within a few days thereafter).” Applying a summary judgment standard, the court held that there was no genuine issue of material fact that Veoh expeditiously removed or disabled infringing material.⁸ Unfortunately, the court failed to articulate how it reached this decision. No other opinions share more.

In concluding that “within a few days” was “expeditious,”

how did the court balance the burden to the service provider in executing the takedown notice, the harm to the copyright holder, the public’s interest in having access to infringing material, or something else? Perhaps “a few days” to remove the infringing material is sufficient, for materials otherwise available for a fee, because the loss as a result of the free access is insignificant compared to the immediate and long-term value of the work. Thus, with respect to previously released information, removal measured in terms of days may be sufficient. But would this also be sufficient for the broadcast of live feeds?

A new breed of Web sites focus heavily on streaming live video feeds—not just previously released content. [Justin.tv](#), [Ustream.com](#), [Hulu.com](#), and [Veoh.com](#) appear to be four of the most trafficked live feed Web sites, but many more exist.⁹ The Web sites allow a user to connect a webcam to a computer and stream content over the user’s internet connection to a user-created channel within the live feed Web site.

Moreover, anyone can broadcast their own show to millions of potential viewers worldwide. This sort of Web site has become extremely popular. For example, [Justin.tv](#) claims to have 40 million unique visitors per month and over 500,000 channels broadcasting live video.¹⁰

While the Web sites do facilitate the broadcast of their own user-created content, it also is ripe for broadcasting the works of others. For instance, the technology allows a user to connect their cable or satellite signal to a TV tuner in their computer and broadcast that signal on their channel. As a result, any program available on television, including pay-per-view movies and sporting events, may also be broadcast within the user-created channel.

As a testament to the diversity of coverage and popularity, if a sporting event is broadcast somewhere, it is likely that at least one of the four previously mentioned Web sites are simultaneously broadcasting the event in real time. This potentially illicit usage appears to have gotten the attention of the House Judiciary Committee, which recently called upon representatives of [Justin.tv](#) to discuss the ramifications of their technology.¹¹

The live broadcast feature of these Web sites creates problems for copyright owners. Assuming that the DMCA safe harbors apply to these live feed Web sites,¹² and that they follow the various requirements to limit their liability, a question remains on how quickly the service providers must remove or disable the content. Common sense suggests that the economic value of an original live broadcast, as opposed to previously-released content, is significantly greater than a delayed broadcast. Further, a simultaneous broadcast on a live feed Web site plays havoc on a broadcaster’s exclusive-

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rights contracts.

In a situation where the event is broadcast worldwide on free channels, the harm may be nominal. After all, the money-generating commercials are broadcast along with the content. But not all events fit into this category. In the instance of limited broadcasts, for example, cable broadcasts or pay-per-view sporting events, live feed broadcasts could seriously erode subscribers.

Another complicating factor for live feed broadcasts is that the pay-per-view events are often broadcast on weekends and late in the evening, times when 9 to 5 employees are no longer stationed at their desks, ready to process DMCA take-down notifications. The events are usually no longer than a couple of hours, and thus require immediate execution of the take-down requests to be effective.

If a copyright agent is not available to take action, then the channel will continue to be broadcast and the copyright owner will, effectively, have no recourse.¹³ And since the live event is likely not archived or stored by the user, then once the event is concluded, there is nothing for the copyright agent to do except offer a warning or ban the user.¹⁴ However, as mentioned, once the event has been streamed live, the economic value for the original is greatly diminished. And further, the free availability of the streamed event will discourage audiences from purchasing programs in the future.

Thus, while courts have not given much guidance on what constitutes “expeditious” removal, it will be interesting to see what burden the courts will place on the service providers for live feed Web sites. Will the courts even consider the economic harm caused to the copyright owner, or will the courts consider only the hardship to the service provider?

Practically speaking, it can be surmised that it takes only a few minutes for the copyright agent for the Web site to read a DMCA take down notification, review the facts, and disable a link. Thus, it would seem that a best case scenario for notice to removal would be two to five minutes, assuming that the service provider is properly staffed. But is the expense to the service provider reasonable? While it appears that Congress wanted to create “strong incentives for service providers and copyright owners to cooperate to detect and deal with copyright infringements,”¹⁵ the burdens to each are unclear.

In balancing other concerns of the DMCA, it does not require service providers to take extensive steps to stop

infringers. Courts have not imposed many either. For example, courts have held that service providers do not have to police their own networks.¹⁶ And the DMCA specifically provides that nothing shall be construed to condition the applicability of “safe harbor” provisions on “a service provider monitoring its service or affirmatively seeking facts indicating infringing activity.”¹⁷

Courts appear to understand that service providers know their users are uploading vast quantities of infringing material. But this knowledge alone, courts find, is insufficient to remove the service provider from the safe harbor provisions. Courts have gone as far as to generalize that “it is common knowledge that most Web sites that allow users to contribute material contain infringing items.”¹⁸

Even in the face of such knowledge, one court, in *UMG Recordings v. Veoh Networks, Inc.*, went on to explain,

If such general awareness [of infringers] were enough to raise a “red flag,” the DMCA safe harbor would not serve its purpose of “facilitat[ing] the robust development and worldwide expansion of electronic commerce, communications, research, development, and education in the digital age,” and “balanc[ing] the interests of content owners, on-line and other service providers, and information users in a way that will foster the continued development of electronic commerce and the growth of the Internet.”¹⁹

Further, Congress explained that the need to limit service providers’ liability by noting,

In the ordinary course of their operations service providers must engage in all kinds of acts that expose them to potential copyright infringement liability ... [B]y limiting the liability of service providers, the DMCA ensures that the efficiency of the Internet will continue to improve and that the variety and quality of services on the Internet will continue to expand.²⁰

Thus, even in the face of economic harm to the copyright owners, courts and Congress do not appear ready impose heavy burdens on service providers.

Perhaps in an effort to stave off further regulation, some of the live feed Web sites offer special takedown tools to copyright owners.²¹ The tool allows the copyright owner to issue a takedown notice with the offending channel being taken off line the moment the notice is received.²² Of course, the tool

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still requires that the copyright owner monitor the Web site for illegal streams.²³ In addition, in order to gain access to the tool, one must contact the Web site beforehand.²⁴ While this tool seems effective, it may still cause an issue to those who are not aware that such a tool exists.

In conclusion, jurisprudence has not set forth any standard to determine whether a service provider has acted expeditiously to remove or disable infringing material. It is clear, however, that the standard should be different depending on the circumstances – live feed versus previously released content. When a service provider offers live streaming capabilities, it arguably should be expected to remove or disable the infringing matter within a few minutes of a takedown notice. Absent such a requirement, the copyright owner may lose significant value in their work—the exclusive right to publish their work when and how they see fit—and have no ability to stop the infringement under the DMCA take down procedures. ♦

Endnotes

¹17 U.S.C. § 512.

²See generally *In re Subpoena to University of North Carolina*, 367 F.Supp.2d 945, 948-949 (M.D.N.C. 2005).

³*Id.* at 949.

⁴See 17 U.S.C. § 512(b)(2), (c)(1), (d)(1), and (d)(3).

⁵See 17 U.S.C. 512(c)(3).

⁶See *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1175 (9th Cir. 2007) (discussing the issue but deciding on other grounds); *Corbis Corp. v. Amazon.com, Inc.*, 351 F.Supp.2d 1090, 1107, 1109 (W.D.Wash. 2004) (observing that copyright holder did not challenge service provider's claim that it expeditiously removed or disabled access to material); *UMG Recordings, Inc. v. Veoh Networks, Inc.*, No. 07-5744, 2009 U.S. Dist. LEXIS 86932 at *19 (C.D.Cal. Sept. 11, 2009) (finding that service provider expeditiously removed infringing videos upon attaining actual knowledge).

⁷*Io Group Inc. v. Veoh Networks Inc.*, 586 F. Supp. 2d 1132, 1136 (N.D. Cal. 2008).

⁸*Id.* at 1150.

⁹See Phil Glockner, *Justin.tv Makes Global Video Site Top 5*, ReadWriteWeb, www.readwriteweb.com/archives/justintv-makes-global-video-site-top-5.php (Mar. 25, 2009).

¹⁰*Justin.tv, About Justin.tv*, www.justin.tv/p/about_us.

¹¹*Justin.tv, Good Morning from Washington D.C.*, blog.justin.tv/2009/12/good-morning-from-washington-dc.html (Dec. 15, 2009).

¹²When live content is streamed through a live feed Web site, the content may not be stored on the Web site's servers, and therefore the storage provisions of the DMCA may not apply. Discovery would be necessary in order to see whether the Web site transmits or stores the live feeds. See generally 3-12B David Nimmer, *NIMMER ON COPYRIGHT § 12B.02* (2009).

¹³The copyright owner may pursue an action against the user who created the channel. However, the cost to pursue this person may outweigh the benefit.

¹⁴Even though a user may be banned, the DMCA does not require the service provider to prohibit that user from creating another account. Although the DMCA directs service providers to implement a policy regarding repeat infringers, it does not require that the policy be foolproof. Moreover, the DMCA does not compel service providers to track users in a particular way to or affirmatively police users for repeat infringement. See generally 17 U.S.C. 512(i); *Perfect 10 Inc. v. CCBill LLC*, 488 F.3d 1102, 1110-11 (9th Cir. 2007).

¹⁵S. Rep. No. 105-190, at 8 (1998).

¹⁶See, e.g., *UMG Recordings Inc.*, 2009 U.S. Dist. LEXIS 86932 at *38-39 (ruling that the “right and ability” to implement filtering software, by itself, does not disqualify a service provider from safe harbor under the DMCA).

¹⁷17 U.S.C. § 512(m).

¹⁸See, e.g., *UMG Recordings Inc.*, 2009 U.S. Dist. LEXIS 86932 at *32-33.

¹⁹*Id.* at 33 (quoting S. Rep. No. 105-190, at 1-2; H.R. Rep. No. 105-551(II), at 21 (1998)); see also S. Rep. No. 105-190, at 41 (“[A] service provider need not monitor its service or affirmatively seek facts indicating infringing activity ... in order to claim this limitation on liability (or, indeed any other limitation provided by the legislation).”).

²⁰S. Rep. No. 105-190, at 8.

²¹These tools should not be used to create a negative inference against service providers. Congress specifically instructed, “[The DMCA] is not intended to discourage the service provider from monitoring its service for infringing material. Courts should not conclude that the service provider loses eligibility for limitations on liability under section 512 solely because it engaged in a monitoring program.” H.R. Conf. Rep. No. 105-796 at 73 (1998).

²²See Lucian Parfeni, *Justin.TV Deploys Better Anti-Piracy Tools*, SOFTPEDIA, news.softpedia.com/news/Justin-TV-Deploys-Better-Anti-Piracy-Tools-119181.shtml (Aug. 13, 2009).

²³Based on the author's personal experience, the *Justin.tv* takedown tool is extremely simple to use. A takedown notice can be prepared and sent in as few as 10 seconds, with removal occurring less than a second after transmission of the notice. *Ustream.com* also offers a takedown tool, but the system is more difficult to use, and it takes minutes rather than seconds to issue the request.

²⁴As of Dec. 15, 2009, *Justin.tv* claims that 150 companies are using its copyright takedown tool, and that they have instituted real-time filtering of live video streams. See *Justin.tv, Good Morning from Washington D.C.*, blog.justin.tv/2009/12/good-morning-from-washington-dc.html (Dec. 15, 2009).

Did Cartoon Network Change Anything?

By Timothy J. Cruz

The wind chill was far enough below zero on a recent Sunday that I eschewed my planned hike through Minnesota's winter wonderland in favor of the Vikings game. With a Brett Favre pass in mid-air, my home went black. Electricity was restored after a few minutes, but I spent the next hour re-programming settings on video equipment that had been scrambled by the sudden power loss. While surrounded by user manuals and remote controls, I decided that in lieu of owning electronic equipment, I would prefer to purchase network access to equipment maintained by someone else.

Perhaps due at least in part to Minnesota's bitterly cold weather, network-based entertainment services are cropping up everywhere. Consumers can view television programs on Internet Web sites; can store and retrieve audio and video files on remote servers via the Internet; and can download popular songs for use as a cellular telephone ringtones. These network technologies, however, have resulted in copyright lawsuits.

One recent Second Circuit case, *Cartoon Network LP, LLLP v. CSC Holdings Inc.*,¹ has attracted a great deal of attention from the intellectual property bar. The plaintiffs, various television networks, challenged a remote-storage digital video recorder (DVR) system operated by the defendant, a cable television company.

To operate this system, the defendant maintained two ongoing data buffers of all outgoing video programming. Only a brief period of video, approximately one second, was in either cache at any given time. If a cable subscriber requested that a program be recorded, the system would transfer video data from the cache to a remote server dedicated to that subscriber. When the subscriber subsequently accessed the recording, it would be streamed from the remote server to the subscriber's television. The plaintiffs alleged that the cache, and the storage on the remote server, infringed the copyrights for their programming.

The trial court granted summary judgment in favor of the plaintiffs and entered a permanent injunction restraining further use of this system. It held that both the transitory copies in the data buffers, and the non-transitory copies on the remote server, infringed the plaintiff's reproduction rights. The court also held that transmission of copyrighted content to a subscriber's television infringed the plaintiff's public performance rights.²

The Second Circuit reversed, making three key holdings.³ First, it ruled that the data buffers were too ephemeral to meet the Copyright Act's fixation requirement. Second, it determined that the defendant could not be liable for programs stored on the remote server, observing that the subscriber, not the defendant, performed the "volitional act" that created the copies. Third, the court held that transmission of programs to subscribers was not a public performance, because only the subscriber who recorded the program

could retrieve it.

This spring, the Supreme Court denied certiorari.⁴ But in recent months, three decisions from the Southern District of New York have examined the impact of the holdings in *Cartoon Network*.

1. Data Caches and the Fixation Requirement. In *SimplexGrinell LLP v. Integrated Systems & Power Inc.*,⁵ copyrighted software was used to program fire alarm systems. The defendant downloaded the software into the fire alarm system. The software remained there until the technician completed changes to the system, after which it was removed. As the court observed, "This process could take minutes or hours, depending on the extent of the changes."

The parties did not dispute that the defendant's activity resulted in a copy within the meaning of the Copyright Act. The court agreed. Relying on *Cartoon Network*, the court reasoned that to be a "copy," the work must be embodied in a tangible medium for more than a transitory period of time. "The embodiment requirement is satisfied when a software program is loaded into a computer's RAM, and *Cartoon Network* suggested that the duration requirement would be satisfied where the program remained in RAM for at least several minutes, or where the program remained in RAM until the computer is shut off."

Although this case illustrates the amount of time needed for the fixation requirement to be satisfied, other courts have not thus far used *Cartoon Network* to find non-infringement based on insufficient duration of the accused copy.

2. Volitional Act. *Capitol Records Inc. v. MP3tunes LLC* involved an integrated music service that MP3tunes offered through two Internet Web sites: www.mp3tunes.com and www.sideload.com.⁶ The mp3tunes.com Web site provided members with an online "locker" for music storage. Users could stream and download copies of music from the locker to any computer with an Internet connection. The sideload.com Web site provided links to music files located on third-party Web sites. Users could both stream and copy of the song into their mp3tunes locker.

By installing a plug-in for their web browser, users also could copy songs from any Web site and store them in their locker. When making these copies, a link to the song was added to sideload.com.

Capitol Records accused MP3tunes of direct and vicari-

ous copyright infringement, alleging that the songs listed on sideload.com were recognizable as copyrighted works. Citing *Cartoon Network*, MP3tunes moved to dismiss the direct infringement claims, asserting that its customers were the ones engaged in volitional acts of infringement.

The court disagreed. It observed that, even though users originally collected songs from third-party Web sites, MP3tunes then would then make links to the songs available to its other users via sideload.com. Ruling that this involvement plausibly demonstrated volitional conduct by MP3tunes, the court found that Capitol Records had stated a claim for direct infringement.

Capitol Records shows that, in copyright infringement cases where the defendants' customers are the ones "pressing the button," defendants are likely to argue there was no direct infringement. But plaintiffs have adjusted, and when they sue network-based services, they have taken care to include an indirect infringement claim.

3. Public Performance; Transmission to a Single Subscriber. *In re Application of Cellco Partnership* was a dispute between Verizon and ASCAP over telephone ringtones.⁷ ASCAP argued in part that Verizon engaged in public performances of musical works when it downloaded ringtones to customers.

The court granted summary judgment in favor of Verizon. To decide whether transmission of the ringtone was a public performance, the court followed *Cartoon Network*. "[T]he focus is on the transmission itself and the potential recipients, and not on the underlying work or ringtone that rests on Verizon's file servers. ... [I]t is the 'transmission of a performance that is itself a performance. ... Because only one subscriber is capable of receiving this transmission or performance, the transmission is not made to the public[.]'"

The Second Circuit expressly limited *Cartoon Network* to the facts of the case. But as the preceding review indicates, *Cartoon Network* has already influenced several ensuing

district court decisions. *Cartoon Network* can, to at least that extent, be viewed as precedent valuable to providers of network-based audio, video, and image services. ♦

Endnotes

¹536 F.3d 121 (2d Cir. 2008), *cert. denied sub nom. Cable News Network Inc. v. CSC Holdings Inc.*, 129 S.Ct. 2890 (2009).

²*Twentieth Century Fox Film Corp. v. Cablevision Sys. Corp.*, 478 F.Supp.2d 607 (S.D.N.Y. 2007), *rev'd sub nom. Cartoon Network LP, LLLP v. CSC Holdings Inc.*, 536 F.2d 121 (2d Cir. 2008).

³*Cartoon Network LP, LLLP v. CSC Holdings Inc.*, 536 F.3d 121 (2d Cir. 2008).

⁴*Cable News Network, Inc. v. CSC Holdings Inc.*, 129 S. Ct. 2890 (U.S. 2009).

⁵642 F. Supp.2d 167 (S.D.N.Y. 2009).

⁶2009 U.S. Dist. LEXIS 96521 (S.D.N.Y. Oct. 16, 2009).

⁷*In re Application of Cellco Partnership*, — F.Supp.2d —, 2009 U.S. Dist. LEXIS 95630 (S.D.N.Y. 2009).



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