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# Viacom v. YouTube: An Erroneous Ruling Based on the Outmoded DMCA

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## ***VIACOM V. YOUTUBE: AN ERRONEOUS RULING BASED ON THE OUTMODED DMCA***

YouTube is currently the largest video website on the Internet. Although YouTube is often aware of the existence of infringing videos on its website, it only takes down such videos when copyright owners notify YouTube that a specific video is unauthorized. This policy prompted Viacom International to file a one billion dollar copyright infringement lawsuit against YouTube in the United States District Court for the Southern District of New York. On June 23, 2007, the court dismissed all charges against YouTube, holding that the Digital Millennium Copyright Act (DMCA) shielded the company from liability. This article argues that the court's holding was erroneous because it misapplied several ambiguous provisions in the DMCA at critical junctures of its analysis. This article therefore proposes legislative amendments to the DMCA, and argues that the decision must be reversed on appeal in order to adequately protect the rights of copyright owners.

### I. INTRODUCTION

You log on to your Facebook<sup>1</sup> account. Your News Feed pops up and you notice that your best friend just posted a new music video of your favorite band.<sup>2</sup> You click the link provided and are redirected to the YouTube website.<sup>3</sup> A video starts playing. You watch the entire video, and several others that are recommended to you by YouTube, but never pause to think whether these videos were uploaded by their rightful owner. As a matter of fact, you do not even care who uploaded the videos. You are simply enjoying the moment. You share this enjoyment with millions of

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1. "Facebook is a social networking website" that allows users to create personal profiles, add other users as "friends," and exchange messages. Josie Myers, *What Is Facebook?*, WISEGEEK, <http://www.wisegeek.com/what-is-facebook.htm> (last visited Feb. 20, 2011).

2. See *What is a News Feed?*, FACEBOOK, <http://www.facebook.com/help/?page=408#!/help/?faq=18898> (last visited Feb. 15, 2011) (explaining that the News Feed continuously updates a list of "stories" from users' friends).

3. See *Embed a YouTube Video*, YOUTUBE, <http://www.google.com/support/youtube/bin/answer.py?hl=en&answer=171780> (last visited Feb. 2, 2011) (explaining that YouTube videos can be embedded on sites outside of YouTube such as social networking sites and blogs).

others who are able to watch music videos, television series, concerts, and more, free of charge and at the click of a button. On the other hand, YouTube also enjoys having you and millions of others visit its site because it derives substantial revenue from advertisers.<sup>4</sup> Nonetheless, while this enjoyment seems to be shared by all, one party is often excluded from it. It is the key party who actually created the enjoyment—the owner of the copyrighted video.

In 2005, Chad Hurley, Steve Chen, and Jawed Karim founded YouTube, Inc.<sup>5</sup> Working out of a small office above a pizzeria and a Japanese restaurant,<sup>6</sup> one could hardly imagine that they were designing what has now become the largest video website on the Internet.<sup>7</sup> However, when Google, Inc. (“Google”) purchased the company for \$1.65 billion worth of Google stock only a year after it was founded,<sup>8</sup> the three surely knew they created something special. While the sum paid may have seemed high for a newly-emerging company,<sup>9</sup> Google executives likely foresaw YouTube’s enormous success. As of June 2010, it is estimated that approximately twenty-four hours of video is uploaded onto YouTube every minute, and the average person spends at least fifteen minutes a day on the YouTube website.<sup>10</sup> Moreover, while it was estimated in October 2009 that YouTube attracted one billion views per day, by May of 2010, this number had doubled.<sup>11</sup> Apparently, one factor that greatly contributed to YouTube’s success was the increasing popularity of online file-sharing during the last two decades.<sup>12</sup>

File-sharing is defined as “the practice of distributing or providing ac-

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4. See *Broadcast Your Campaign*, YOUTUBE, [http://www.youtube.com/t/advertising\\_overview](http://www.youtube.com/t/advertising_overview) (last visited Feb. 20, 2011) (discussing that YouTube sometimes has advertisements accompanying its videos).

5. Mary Bellis, *Who Invented YouTube?*, ABOUT.COM, <http://inventors.about.com/od/xyzstartinventions/a/YouTube.htm> (last visited Jan. 20, 2011).

6. Sara Kehaulani Goo, *Ready for Its Close-Up: With Google Said to Be a Suitor, YouTube Enters Mainstream*, WASH. POST, Oct. 7, 2006, at D1.

7. See *Hulu Continues Ascent in U.S. Online Video Market, Breaking into Top 3 Properties by Videos Viewed for First Time in March*, COMSCORE (Apr. 28, 2009), [http://www.comscore.com/Press\\_Events/Press\\_Releases/2009/4/Hulu\\_Breaks\\_Into\\_Top\\_3\\_Video\\_Properties](http://www.comscore.com/Press_Events/Press_Releases/2009/4/Hulu_Breaks_Into_Top_3_Video_Properties).

8. Michael Arrington, *Google Has Acquired YouTube*, TECHCRUNCH.COM (Oct. 9, 2006), <http://techcrunch.com/2006/10/09/google-has-acquired-youtube>.

9. See Alfred Hermida, *Has Google Paid Too Much for YouTube?*, REPORTR.NET (Oct. 9, 2006), <http://www.reportr.net/2006/10/09/has-google-paid-too-much-for-youtube>.

10. *Youtube Statistics—2 Billion Views Per Day*, CLEAN CUT MEDIA (June 1, 2010), <http://www.cleancutmedia.com/video/youtube-statistics-2-billion-views-per-day-infographic>.

11. *Id.*

12. See *File Sharing Information*, ANTISHARING.COM, <http://www.antisharing.com/encyclopedia.htm> (last visited Oct. 2, 2010).

cess to digitally stored information, such as computer programs, multimedia (audio, video), documents, or electronic books.”<sup>13</sup> Two common platforms that enable individuals to share their files across the Internet are “file-hosting websites” and “peer-to-peer” (“P2P”) networks.<sup>14</sup> File-hosting websites<sup>15</sup> enable users to upload files onto online servers.<sup>16</sup> Once uploaded, these files are stored and assigned a link with a specific Internet address (“URL”).<sup>17</sup> The person who originally uploaded the file (“uploader”) can then share this link with people whom the uploader chooses, allowing them to view and/or save the uploaded file onto their personal computers.<sup>18</sup> If the files are not set as “private” by the uploader, they become searchable and can also be viewed and/or saved by the public.<sup>19</sup>

Additionally, Internet users can share files via P2P networks.<sup>20</sup> Using this method, individuals use specific software<sup>21</sup> to connect to a central network and search for files located on the computers of other users (“peers”) also connected to the network.<sup>22</sup> Files can then be transferred between the computers of peers.<sup>23</sup> Although P2P networks and file-hosting websites are competitors, file-hosting websites have become more popular in recent years.<sup>24</sup> The reason for this popularity is that these websites are simpler to use than P2P networks, they do not require the use of separate software to connect and download files, and they are almost always free of charge.<sup>25</sup>

Although file-hosting websites allow users to upload many types of

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13. *Id.*

14. *See generally id.*

15. *See, e.g.*, 4SHARED, <http://www.4shared.com> (last visited Oct. 2, 2010); *see also* MEGAUPLOAD, <http://www.megaupload.com> (last visited Oct. 2, 2010).

16. *See Sharing Videos*, YOUTUBE, <http://www.google.com/support/youtube/bin/topic.py?hl=en&topic=16569> (last visited Feb. 13, 2011) (explaining how to upload, share, and view videos).

17. *See, e.g.*, *How Do I Download Files From MediaFire?*, MEDIAFIRE, [http://support.mediafire.com/index.php?\\_m=knowledgebase&\\_a=viewarticle&kbarticleid=8&nav=0](http://support.mediafire.com/index.php?_m=knowledgebase&_a=viewarticle&kbarticleid=8&nav=0) (last visited Feb. 14, 2011) (stating users can access files from unique URLs provided to the person who uploaded the file).

18. *See, e.g.*, *Frequently Asked Questions*, GIGASIZE, [http://www.gigasize.com/page.php?p=how\\_it\\_works](http://www.gigasize.com/page.php?p=how_it_works) (last visited Jan. 6, 2011).

19. *See e.g., id.*

20. *File Sharing Information*, *supra* note 12.

21. *See, e.g.*, BITTORRENT, <http://www.bittorrent.com> (last visited Feb. 8, 2011).

22. *File Sharing Information*, *supra* note 12.

23. *Id.*

24. Janko Roettgers, *Piracy Beyond P2P: One-Click Hosters*, GIGAOM.COM (June 17, 2007, 12:00 AM), <http://gigaom.com/video/one-click-hosters>.

25. *See id.*

files,<sup>26</sup> YouTube only permits its users to upload video files.<sup>27</sup> However, YouTube provides one major benefit to its users which many other file-hosting websites do not: users can view uploaded videos without the need to first download them.<sup>28</sup> This permits users to view videos instantaneously and from almost any computer that has Internet access.<sup>29</sup> Furthermore, although YouTube requires users to register to its site before allowing them to upload videos, registration is free and not required to view videos.<sup>30</sup> As a result, YouTube attracts an astonishing number of visitors on a daily basis, which is estimated to be “nearly double the prime-time audience of all three major U.S. television networks combined.”<sup>31</sup> However, the freedom to use YouTube for the purposes of sharing videos has also led to legal issues concerning copyright infringement.<sup>32</sup>

YouTube, like other file-hosting websites, is frequently the target of legal challenges because of illegally uploaded and shared material stored on its servers.<sup>33</sup> Although many file-hosting websites mention in their Terms of Service that users are only allowed to upload files for which they retain all ownership rights,<sup>34</sup> users often violate these terms by uploading content that does not belong to them.<sup>35</sup> Since YouTube only allows its users to upload video files, copyright infringement occurs when copyrighted

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26. See, e.g., RAPIDSHARE, <http://www.rapidshare.com> (last visited Oct. 2, 2010); see also MEGAUPLOAD, *supra* note 15.

27. *About YouTube*, YOUTUBE, <http://www.youtube.com/t/about> (last visited Feb. 20, 2011).

28. *Company History*, YOUTUBE, [http://www.youtube.com/t/company\\_history](http://www.youtube.com/t/company_history) (last visited Jan. 5, 2011).

29. See generally *About YouTube*, *supra* note 27.

30. See *Getting Started*, YOUTUBE, [http://www.youtube.com/t/about\\_getting\\_started](http://www.youtube.com/t/about_getting_started) (last visited Feb. 14, 2011).

31. *At Five Years, Two Billion Views Per Day and Counting*, BROADCASTING OURSELVES: THE OFFICIAL YOUTUBE BLOG (May 16, 2010), <http://youtube-global.blogspot.com/2010/05/at-five-years-two-billion-views-per-day.html>.

32. See, e.g., Greg Sandoval, *YouTube Sued Over Copyright Infringement*, CNET NEWS (July 18, 2006, 5:40 PM), [http://news.cnet.com/YouTube-sued-over-copyright-infringement/2100-1030\\_3-6095736.html](http://news.cnet.com/YouTube-sued-over-copyright-infringement/2100-1030_3-6095736.html); *Premier League to Take Action Against YouTube*, TELEGRAPH.CO.UK (May 5, 2007, 11:16 AM), <http://www.telegraph.co.uk/sport/football/2312532/Premier-League-to-take-action-against-YouTube.html> [hereinafter *Premier League*].

33. *Copyrighted Content on File Sharing Networks: Encyclopedia*, ANTISHARING.COM, [http://www.antisharing.com/Copyrighted\\_content\\_on\\_file\\_sharing\\_networks/encyclopedia.htm?show\\_all](http://www.antisharing.com/Copyrighted_content_on_file_sharing_networks/encyclopedia.htm?show_all) (last visited Feb. 20, 2011).

34. See, e.g., *YouTube Terms of Service § 6*, YOUTUBE, <http://www.youtube.com/t/terms>; see also *MEGAUPLOAD Terms of Service § 3*, MEGAUPLOAD, <http://www.megaupload.com/?c=terms>.

35. See, e.g., Sandoval, *supra* note 32; see also Jeff Atwood, *YouTube: The Big Copyright Lie*, CODING HORROR (Oct. 7, 2007), <http://www.codinghorror.com/blog/2007/10/youtube-the-big-copyright-lie.html>.

music videos, television shows, commercials, and movies are uploaded onto YouTube without permission from the copyright owners.<sup>36</sup> YouTube contains a very large amount of such unauthorized content.<sup>37</sup> For instance, a simple search of a popular television show on YouTube often leads to dozens of copyrighted videos that were uploaded without the copyright owner's permission.<sup>38</sup> However, despite the large number of unauthorized videos on its website, YouTube does not independently take down these videos until it is informed of an infringement by the copyright owners.<sup>39</sup> As a result of this practice, YouTube has been a prime target in the global fight against copyright infringement and has been sued by multiple entities for copyright infringement based on claims that YouTube knowingly misappropriated their intellectual property.<sup>40</sup>

The most notable lawsuit against YouTube for copyright infringement was filed by Viacom International Inc. in 2007.<sup>41</sup> Seeking one billion dollars in damages, Viacom alleged that YouTube knowingly and intentionally allows the exploitation of Viacom's intellectual property for YouTube's own benefit, and that YouTube derives substantial profits via its vast library of unauthorized copyrighted content.<sup>42</sup> In essence, the lawsuit raised the issue of whether YouTube is to be held responsible for independently monitoring and policing copyright content stored on its site, or whether this burden should fall on copyright owners.<sup>43</sup> On June 23, 2010, Justice Louis L. Stanton granted YouTube's motion for summary judgment and held that the company was protected under the Digital Millennium Copyright Act ("DMCA" or "the Act").<sup>44</sup>

Through the lens of the lawsuit and its decision, Part II of this article provides a background on several copyright infringement theories that

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36. See Atwood, *supra* note 35.

37. *Id.*

38. See, e.g., Search results for "south park", YOUTUBE, [http://www.youtube.com/results?search\\_query=south+park&aq=f](http://www.youtube.com/results?search_query=south+park&aq=f) (last visited Feb. 20, 2011).

39. See Atwood, *supra* note 35.

40. See, e.g., Sandoval, *supra* note 32; Premier League, *supra* note 32.

41. See Anne Broache & Greg Sandoval, *Viacom Sues Google Over YouTube Clips*, CNET NEWS (Mar. 13, 2007), [http://news.cnet.com/Viacom-sues-Google-over-YouTube-clips/2100-1030\\_3-6166668.html?tag=mncol;1n](http://news.cnet.com/Viacom-sues-Google-over-YouTube-clips/2100-1030_3-6166668.html?tag=mncol;1n) (providing a summary of the lawsuit).

42. *Id.*

43. *Viacom v. YouTube*, COPYRIGHT WEBSITE, <http://www.benedict.com/Digital/Internet/YouTube/YouTube.aspx> ("This is in fact what the crux of the case is all about—who has the burden of monitoring YouTube . . . YouTube or Viacom?") (last visited Feb. 20, 2011) [hereinafter COPYRIGHT WEBSITE].

44. *Viacom Int'l Inc. v. YouTube, Inc.*, 718 F. Supp. 2d 514, 529 (S.D.N.Y. 2010).

served as the basis for Viacom's claims against YouTube. Part III explores the arguments made by each party, sets forth the court's opinion, and points to multiple errors in its reasoning. Finally, Part IV advocates that Congress should revise the DMCA to help copyright owners with the burden of protecting their intellectual property.

## II. BACKGROUND: THEORIES OF COPYRIGHT LAW

Legal issues concerning copyright law began with the release of the printing press, since the new invention allowed for a rapid and widespread circulation of ideas resulting from the ability to create multiple exact copies of written work.<sup>45</sup> Although copyright law initially applied exclusively to print material (primarily books), it now applies to a much wider range of works including maps, paintings, photographs, music, motion pictures, and computer software.<sup>46</sup> Since file-hosting websites often store such copyrighted content, it seems unavoidable that they would find themselves in the center of litigation.

Such litigation most often begins with § 106 of the Copyright Act.<sup>47</sup> While defendants who violate one of the exclusive rights codified in this section are said to be in "direct infringement," defendants who do not violate one of these rights may also be found to be in violation of the Act if they engage in "secondary infringement."<sup>48</sup> However, alleged copyright infringers could be shielded from liability by § 107 of the Copyright Act<sup>49</sup> and/or by the "safe harbor" provisions of the Digital Millennium Copyright Act ("DMCA" or "the Act").<sup>50</sup>

### A. Direct Infringement

An entity commits direct infringement if it is found to have violated any of the exclusive rights granted to a copyright owner pursuant to § 106 of the Copyright Act.<sup>51</sup> Under this section, the copyright owner is given the exclusive right "to reproduce the copyrighted work," "to prepare derivative works based upon the copyrighted work," to distribute copies of

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45. HECTOR MACQUEEN, CHARLOTTE WAEDEL & GRAEME LAURIE, CONTEMPORARY INTELLECTUAL PROPERTY 34 (2007).

46. *Copyright*, WIKIPEDIA, [http://en.wikipedia.org/wiki/Copyright\\_law](http://en.wikipedia.org/wiki/Copyright_law) (last visited Jan. 24, 2011).

47. 17 U.S.C. § 106 (2006).

48. Andrey Spektor, Note, *The Viacom Lawsuit: Time to Turn YouTube Off?*, 91 J. PAT. & TRADEMARK OFF. SOC'Y 286, 290, 292 (2009).

49. 17 U.S.C. § 107 (2006).

50. 17 U.S.C. § 512 (2006); see Spektor, *supra* note 48, at 305.

51. 17 U.S.C. § 106; Spektor, *supra* note 48, at 290.

the copyrighted work, and to perform and/or display the copyrighted work publicly.<sup>52</sup> There are two basic elements that must be satisfied to prove direct infringement: ownership and copying of a protectable expression.<sup>53</sup>

Normally, the requirement to prove ownership of a copyrighted work is easily satisfied, since all that the copyright owner must do is “introduc[e] the copyright registration [into] evidence.”<sup>54</sup> However, in litigation involving online services, the second requirement is much harder to satisfy because it demands that there “be actual infringing conduct with a nexus sufficiently close and causal to the illegal copying” leading one to conclude that the online service itself violated the copyright owner’s exclusive rights.<sup>55</sup> More simply put, a plaintiff who brings a direct infringement suit against an online service like YouTube will have to show that when users upload and/or view infringing files, the online service’s involvement is so direct that it is as if the online service itself is engaging in the infringement.<sup>56</sup> Since online services do not upload content but simply provide the mechanism that enables users to do so, direct infringement by an online service may be difficult to prove.<sup>57</sup>

In addition, § 107 of the Copyright Act provides a defense against direct infringement claims, providing that “the fair use of a copyrighted work . . . is not an infringement of copyright.”<sup>58</sup> The codified section is based on Justice Story’s opinion in *Folsom v. Marsh*.<sup>59</sup> In *Folsom*, the defendant produced a two-volume biography of George Washington by copying 353 pages from the plaintiff’s twelve-volume version of the biography.<sup>60</sup> The plaintiff brought suit for copyright infringement, and the court

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52. 17 U.S.C. § 106.

53. *S.O.S., Inc. v. Payday, Inc.*, 886 F.2d 1081, 1085 (9th Cir. 1989); *Costar Grp., Inc. v. Loopnet, Inc.*, 164 F. Supp. 2d 688, 694 (D. Md. 2001) [hereinafter *Costar I*].

54. Mateo Aboy, *How Does a Copyright Owner Prove Ownership of a Copyrighted Work?*, MATEO ABOY, PH.D., [http://www.mateoaboy.com/f6/blog\\_files/38dd09cd28fda5cab038117b77c8b2b5-16.html](http://www.mateoaboy.com/f6/blog_files/38dd09cd28fda5cab038117b77c8b2b5-16.html) (last visited Oct. 3, 2010).

55. *Costar Grp., Inc. v. Loopnet, Inc.*, 373 F.3d 544, 550 (4th Cir. 2004) [hereinafter *Costar II*].

56. Spektor, *supra* note 48, at 290.

57. See, e.g., *In re Aimster Copyright Litig.*, 334 F.3d 643 (7th Cir. 2003) [hereinafter *Aimster I*]; *Costar I*, 164 F. Supp. 2d at 694.

58. 17 U.S.C. § 107.

59. Barton Beebe, *An Empirical Study of U.S. Copyright Fair Use Opinions, 1978–2005*, 156 U. PA. L. REV. 549, 560 (2007–2008) (“The language of section 107’s factors was largely drawn from Justice Joseph Story’s 1841 circuit court opinion in *Folsom v. Marsh* . . .”) (citing *Folsom v. Marsh*, 9 F. Cas. 342 (C.C. Mass. 1841)).

60. *Marsh*, 9 F. Cas. at 342–43.

rejected the defendant's fair use defense after considering the following factors: "the nature and objects of the selections made, the quantity and value of the materials used, and the degree in which the use may prejudice the sale, or diminish the profits, or supersede the objects, of the original work."<sup>61</sup> The codified version of this test now provides that in order to prove "fair use," the following factors must be considered: "(1) the purpose and character of the use; . . . (2) the nature of the copyrighted work; (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and (4) the effect of the use upon the potential market for or the value of the copyrighted work."<sup>62</sup> The fair use defense is "intended to allow the use of copyright-protected works for commentary, parody, news reporting, research and education."<sup>63</sup> The defense is supported by the idea that "copyright assures authors the right to their original expression, but encourages others to build freely upon the ideas and information conveyed by a work."<sup>64</sup>

The first factor, "the purpose and character of the use,"<sup>65</sup> has two primary facets: whether the use serves a commercial purpose and whether the use is transformative.<sup>66</sup> In essence, the underlying question of the inquiry into commercial purpose is whether the alleged infringer "stands to profit from exploitation of the copyrighted material without paying the customary price."<sup>67</sup> The transformative facet of the inquiry then asks whether the work for which the copyrighted content was used added "something new, with a further purpose or different character, altering the [copyrighted work] with new expression, meaning, or message."<sup>68</sup> In other words, to "promote science and the useful arts,"<sup>69</sup> the fair use doctrine provides an exception for the use of a copyrighted work if the goal of using the work is to contribute something new to society or to convey a new message to the world.<sup>70</sup>

The second factor of the analysis, inquiring into "the nature of the copyrighted work,"<sup>71</sup> recognizes that a work that is creative in nature de-

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61. *Id.* at 348.

62. 17 U.S.C. § 107.

63. *Copyright Basics: Fair Use*, COPYRIGHT CLEARANCE CENTER, <http://www.copyright.com/Services/copyrightoncampus/basics/fairuse.html> (last visited Feb. 13, 2011).

64. *Feist Publ'ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 349–50 (1991).

65. 17 U.S.C. § 107(1).

66. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 578 (1994).

67. *Harper & Row, Publ'rs, Inc. v. Nation Enters.*, 471 U.S. 539, 562 (1985).

68. *Campbell*, 510 U.S. at 579.

69. *Id.*

70. *See id.*

71. 17 U.S.C. § 107(2).

serves greater protection against infringement than work that is derivative or based on facts.<sup>72</sup> Thus, the use of a creative copyrighted work weighs against fair use, while the use of copyrighted work that was created by factual compilation weighs in favor of fair use.<sup>73</sup>

The third factor in the analysis, “the amount and substantiality of the portion used in relation to the copyrighted work as a whole,”<sup>74</sup> is also examined by courts to determine if a defendant is protected by the fair use doctrine.<sup>75</sup> Although “there are no absolute rules as to how much of a copyrighted work may be copied and still considered a fair use,”<sup>76</sup> the court in *New Era Publications v. Carol Publishing Group*<sup>77</sup> gave some clues by holding that a use is unfair when the material taken is at the “heart” of a copyrighted work.<sup>78</sup> Thus, in order to analyze this third factor, courts will refer to the portion of the work used by the alleged infringer in order to determine whether it was at the “heart” of the copyrighted work.<sup>79</sup>

The last factor, “the effect of the use upon the potential market for or value of the copyrighted work,”<sup>80</sup> is often regarded as the most important factor in the analysis.<sup>81</sup> To analyze this fourth factor, courts “consider not only the extent of market harm caused by the particular actions of the alleged infringer, but also whether unrestricted and widespread conduct of the sort engaged in by the defendant . . . would result in a substantially adverse impact on the potential market” of the copyrighted work.<sup>82</sup> Therefore, courts will analyze the harm that was caused by the specific infringing actions of the defendant, as well as the negative market impact that may result if the sort of conduct that the defendant engaged in were left unrestricted.

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72. See *Campbell*, 510 U.S. at 579.

73. See *Feist Publ'ns, Inc.*, 499 U.S. at 348–49.

74. 17 U.S.C. § 107(3).

75. E.g., *Campbell*, 510 U.S. at 586–89; *New Era Publ'ns Int'l v. Carol Publ'g Grp.*, 904 F.2d 152, 158 (2d Cir. 1990).

76. *Maxtone-Graham v. Burtchaell*, 803 F.2d 1253, 1263 (2d Cir. 1986).

77. *New Era Publ'ns Int'l*, 904 F.2d at 152.

78. *Id.* at 158.

79. *Id.*

80. 17 U.S.C. § 107(4).

81. E.g., *Harper & Row, Publ'rs, Inc.*, 471 U.S. at 566 (finding that the fourth factor of the analysis is “undoubtedly the single most important element of fair use”); see also *Consumers Union of U.S., Inc. v. Gen. Signal Corp.*, 724 F.2d 1044, 1050 (2d Cir. 1983) (stating the fourth factor is “widely accepted to be the most important”).

82. *Campbell*, 510 U.S. at 590.

### B. Secondary Infringement

Adopted from common law principles, secondary infringement theories arose as a result of courts' acknowledgment that liability for copyright infringement should also be imposed for the "infringing acts of another without direct involvement or knowledge of the actual copying."<sup>83</sup> The concept of secondary infringement liability was first enunciated in *Gross v. Van Dyk Gravure Co.*,<sup>84</sup> where the court held "the maker, printer, and seller of an infringing photograph jointly liable for the complainant's damages."<sup>85</sup> The court supported its decision by stating: "Why all who unite in an infringement are not, under the statute, liable for the damages sustained by plaintiff, we are unable to see."<sup>86</sup>

Currently, there are three common theories of secondary infringement: "contributory infringement," "vicarious infringement," and the most recent theory, known as the "inducement rule."<sup>87</sup> To prove secondary infringement under any of these theories, a plaintiff must first prove that someone (other than the defendant) "has committed direct infringement and that the defendant facilitated the infringement."<sup>88</sup> Online services like YouTube are more likely to be secondary infringers than direct infringers, because they solely provide a platform that facilitates the distribution of copyrighted content and do not engage in uploading infringing content themselves.<sup>89</sup>

#### 1. Contributory Infringement

Contributory infringement occurs when an entity "with knowledge of the infringing activity, induces, causes or materially contributes to the infringing conduct of another."<sup>90</sup> The Supreme Court has defined a contributory infringer as one who "was in a position to control the use of copyrighted works by others and had authorized the use without permission from the copyright owner."<sup>91</sup> For example, in *A&M Records, Inc. v. Nap-*

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83. Spektor, *supra* note 48, at 292.

84. Kelly Tickle, *The Vicarious Liability of Electronic Bulletin Board Operators for the Copyright Infringement Occurring on Their Bulletin Boards*, 80 IOWA L. REV. 391, 400 n.67 (1995) (citing *Gross v. Van Dyk Gravure Co.*, 230 F. 412 (2d Cir. 1916)) (other citation omitted).

85. *Gross*, 230 F. at 414.

86. *Id.*

87. Spektor, *supra* note 48, at 292.

88. *Id.*

89. *See, e.g., A&M Records, Inc. v. Napster, Inc.*, 114 F. Supp. 2d 896, 927 (N.D. Cal. 2000).

90. *Gershwin Publ'g Corp. v. Columbia Artists Mgmt., Inc.*, 443 F.2d 1159, 1162 (2d Cir. 1971).

91. *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 437 (1984).

*ster, Inc.*, the district court found that Napster, a creator of P2P file-sharing software, was liable for contributory infringement.<sup>92</sup> The court held that Napster had actual knowledge that specific infringing material was available using its system, that it was able to block access to the system by the suppliers of the infringing content, and that it failed to remove the unauthorized content even though it had the power to do so.<sup>93</sup> In a more recent case, *Perfect 10, Inc. v. Amazon.com, Inc.*, the Ninth Circuit held that a defendant can be liable under contributory infringement if it has knowledge that infringing materials are available on its system and “can take simple measures to prevent further damage to copyrighted works, yet continues to provide access to infringing works.”<sup>94</sup> Thus, to prove a claim of contributory infringement, the plaintiff would have to show that the defendant had knowledge of the infringing activity and actively participated in the infringement by inducing, allowing, or contributing to it.

## 2. Vicarious Infringement

Vicarious infringement, which derives from the tort theory of respondeat superior,<sup>95</sup> is based on the idea that one may be vicariously liable for the acts of another “if he has the right and ability to supervise the infringing activity and also has a direct financial interest in such activities.”<sup>96</sup> The basis for the theory is that “when the right and ability to supervise coalesce with an obvious and direct financial interest in the exploitation of copyrighted material—even in the absence of actual knowledge that the copyright monopoly is being impaired”—the purposes of copyright law are best effectuated by imposing liability on the person that benefits from the exploitation.<sup>97</sup> Therefore, to be liable under the theory of vicarious liability, a defendant must have a financial interest in the infringement and the right and ability to supervise the infringing activity.

A defendant will have a financial interest when the availability of infringing material acts as a “draw” for its customers, even if the defendant

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92. *A&M Records, Inc.*, 114 F. Supp. 2d at 920.

93. *Id.* at 920–21.

94. *Perfect 10, Inc. v. Amazon.com, Inc.*, 487 F.3d 701, 729 (9th Cir. 2007).

95. “[R]espondeat superior is a basis upon which the legal consequences of one person’s acts may be attributed to another person. Most often the doctrine applies to acts that have not been specifically directed by an employer but that are the consequence of inattentiveness or poor judgment on the part of an employee acting within the job description.” RESTATEMENT (THIRD) OF AGENCY § 2.04 (2006).

96. *Gershwin Publ’g Corp.*, 443 F.2d at 1162.

97. *Shapiro, Bernstein & Co. v. H. L. Green Co.*, 316 F.2d 304, 307 (2d Cir. 1963).

does not derive a financial gain by, for example, charging a fee for its services.<sup>98</sup> Courts will then look at different factors to determine whether the defendant had the right and ability to supervise the infringing activity.<sup>99</sup> One such factor is the ability of the defendant to block infringers' access at its discretion.<sup>100</sup> Another factor is the capacity of the defendant to get hold of technology that will assist in defending against infringers and in monitoring infringing content.<sup>101</sup> In *Perfect 10*, the court held that the defendant did not have the power to monitor infringing content, since it did not have the required technology to compare all the images in the world and "determine whether a certain image on the web infringe[d] someone's copyright."<sup>102</sup> On the other hand, the court in *Napster* held that the defendant did have the ability to supervise an infringing activity simply because it was capable of locating infringing materials listed on its search indices.<sup>103</sup> Judging by the two decisions, it seems that courts are likely to find that a defendant had the ability to supervise an infringing activity if a simple search within its system could reveal the infringing content. However, if minimal effort does not reveal ongoing infringement, the defendant will likely not be held liable.

### 3. The Inducement Rule

The inducement rule was articulated by the Supreme Court in *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*<sup>104</sup> The rule provides that "one who distributes a device with the object of promoting its use to infringe copyright, as shown by clear expression or other affirmative steps taken to foster infringement, is liable for the resulting acts of infringement by third parties."<sup>105</sup> In *Grokster*, the defendants developed and distributed free P2P software that allowed users to exchange electronic files by communicating directly with each other rather than through central servers.<sup>106</sup> In return, the defendants generated revenues by selling advertising space.<sup>107</sup>

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98. *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1023 (9th Cir. 2001) (stating that although Napster did not charge a fee for the use of its services, the fact that the availability of infringing material acted as a draw for potential users was enough to subject Napster to vicarious liability).

99. *Id.* at 1023.

100. *Id.*

101. *See Perfect 10, Inc.*, 487 F.3d at 731.

102. *See id.*

103. *A&M Records, Inc.*, 239 F.3d at 1024.

104. *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, 545 U.S. 913 (2005) [hereinafter *Grokster*].

105. *Id.* at 936–37.

106. *Id.* at 919–20.

107. *Id.* at 926.

A group of copyright holders brought suit against the defendants, alleging that they knowingly and intentionally distributed their software to enable users to reproduce and distribute copyrighted works.<sup>108</sup> The Supreme Court adopted the inducement rule, previously used in patent law claims,<sup>109</sup> and ruled in favor of the plaintiffs.<sup>110</sup> The Court decided to adopt the new rule in order to hold defendants accountable for copyright infringement even if they do not remain directly involved with it, but simply provide a platform that enables the unlawful exchange of copyrighted content.<sup>111</sup> To find a defendant liable under the inducement rule, the plaintiff would have to show that the defendant has “provable specific intent to infringe.”<sup>112</sup> The Supreme Court specifically held that “mere knowledge of infringing potential or of actual infringing uses would not be enough here to subject a distributor to liability. . . . [T]he inducement rule, instead, premises liability on purposeful, culpable expression and conduct.”<sup>113</sup>

### C. *The Digital Millennium Copyright Act*

The Digital Millennium Copyright Act<sup>114</sup> (“DMCA” or “the Act”) was enacted in 1998 with the purpose of “bringing U.S. copyright law squarely into the digital age” and facilitating the “robust development and world-wide expansion of electronic commerce, communications, research, development, and education in the digital age.”<sup>115</sup> Since the Act seeks to encourage investment in the expansion of the speed and capacity of the Internet, its safe harbor provisions limit the liability of Internet service providers for certain acts that could otherwise expose them to copyright infringement liability.<sup>116</sup> If an Internet service provider qualifies for any of the safe harbors enumerated in the DMCA, it becomes immunized from claims of direct and secondary infringement.<sup>117</sup> Section 512(c) of the Act is the most relevant to online services such as YouTube, providing them with immunity against copyright infringement claims so long as several re-

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108. *Id.* at 913.

109. *Id.* at 936.

110. *Grokster*, 545 U.S. 941.

111. *Spektor*, *supra* note 48, at 300.

112. *Grokster*, 545 U.S. at 963.

113. *Id.* at 937.

114. 17 U.S.C. § 512.

115. S. REP. NO. 105–190, at 1–2 (1998).

116. *Id.* at 8.

117. Mark F. Radcliffe, *The Digital Millennium Copyright Act: A Retrospective After Three Years*, 697 PRAC. L. INST. 593, 596 (2002).

quirements are met.<sup>118</sup>

First, the defendant must establish that it is a “service provider.”<sup>119</sup> The Act defines a service provider as 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.”<sup>120</sup>

Second, if the defendant is found to be a service provider, the defendant must show that it lacked actual knowledge of the infringing material on its system<sup>121</sup> and awareness “of facts or circumstances from which infringing activity is apparent.”<sup>122</sup> In cases involving online services, service providers often obtain knowledge and awareness of ongoing infringement by notifications from the copyright owners.<sup>123</sup> Nonetheless, even if service providers are found to have knowledge or awareness, they could still be shielded by the Act if they act rapidly to eliminate or disable access to the infringing material.<sup>124</sup> As the legislature explained, the DMCA will not protect service providers that “turn[] a blind eye to ‘red-flags’ of obvious infringement.”<sup>125</sup>

Third, the service provider must not receive “financial benefit directly attributable to the infringing activity” if it has the “right and ability to control” that activity.<sup>126</sup> Legislative history suggests that service providers who conduct legitimate business are not considered to have received a financial benefit attributable to the infringing activity.<sup>127</sup> However, in *Fonovisa, Inc. v. Cherry Auction, Inc.*,<sup>128</sup> the Ninth Circuit held that direct financial benefit exists when “infringing performances enhance the

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118. 17 U.S.C. § 512(c).

119. See *Dissecting DMCA §512 Safeharbor Application to User-Generated Content Websites*, TECHNICALLY LEGAL (Oct. 9, 2009), <http://www.technicallylegal.org/dissecting-dmca-512-safeharbor-application-to-user-generated-content-websites> [hereinafter *Dissecting DMCA § 512*].

120. 17 U.S.C. § 512(k)(1)(A).

121. 17 U.S.C. § 512(c)(1)(A)(i).

122. 17 U.S.C. § 512(c)(1)(A)(ii).

123. See, e.g., *Hendrickson v. Amazon.com, Inc.*, 298 F. Supp. 2d 914, 915 (C.D. Cal. 2003) (stating the plaintiff attempted to notify service provider of copyright infringement); *Costar I*, 164 F. Supp. at 703 (stating the plaintiff sent notification of infringement); *Hendrickson v. eBay, Inc.*, 165 F. Supp. 2d 1082, 1084–85 (C.D. Cal. 2001) (explaining cease and desist letters were sent to the service provider to inform of infringement and order to take down infringing content).

124. 17 U.S.C. § 512(c)(1)(A)(iii).

125. H.R. REP. NO. 105–551, pt. 2, at 57 (1998).

126. 17 U.S.C. § 512(c)(1)(B).

127. H.R. REP. NO. 105–551, pt. 2, at 54 (1998).

128. *Fonovisa, Inc. v. Cherry Auction, Inc.*, 76 F.3d 259 (9th Cir. 1996).

attractiveness of the venue to potential customers.”<sup>129</sup> Conversely, the district court in *Costar Group, Inc. v. Loopnet, Inc.*,<sup>130</sup> refused to apply such a broad standard, holding that the financial benefit must be derived particularly because of the infringing content.<sup>131</sup> Nonetheless, a finding of financial benefit does not bar DMCA protection if the service provider does not have the “right and ability to control” the infringing activity.<sup>132</sup>

Courts have also been in disagreement when analyzing this requirement. In *Hendrickson v. eBay, Inc.*, the court held that the mere ability of a service provider to remove or block access to materials posted on its website or stored in its system is not sufficient to prove the right and ability to control.<sup>133</sup> Additionally, the court in *UMG Recordings, Inc. v. Veoh Networks, Inc.* (“*Veoh*”)<sup>134</sup> held that the power of a service provider to remove content after it has been uploaded is insufficient to establish the right and ability to control the infringing activity.<sup>135</sup> However, the court in *A&M Records, Inc. v. Napster, Inc.*<sup>136</sup> found that Napster satisfied the “control” element simply because it reserved to itself the right “to refuse service and terminate accounts . . . for any reason in Napster’s sole discretion, with or without cause.”<sup>137</sup>

Finally, in order to be shielded from liability by the DMCA, the service provider must respond “expeditiously to remove, or disable access to, the material that is claimed to be infringing or to be the subject of infringing activity” upon notification of an infringement.<sup>138</sup> The DMCA makes the service provider responsible for designating an agent in charge of receiving notifications of infringement and make available the agent’s contact information in the Copyright Office and the service provider’s website.<sup>139</sup> As for the notification itself, the DMCA requires that a notification

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129. *Id.* at 263.

130. *Costar I*, 164 F. Supp. 2d at 694.

131. *Id.* at 705.

132. 17 U.S.C. § 512(c)(1)(B) (providing that a service provider is not liable if it “does not receive a financial benefit directly attributable to the infringing activity, *in a case in which* the service provider has the right and ability to control such activity”) (emphasis added).

133. *Hendrickson*, 165 F. Supp. at 1093–94.

134. *UMG Recordings, Inc. v. Veoh Networks, Inc.*, 665 F. Supp. 2d 1099 (C.D. Cal. 2009) [hereinafter *Veoh*].

135. *Id.* at 1112–13.

136. *A&M Records, Inc.*, 239 F.3d at 1023.

137. *Id.*

138. 17 U.S.C. § 512(c)(1)(C).

139. 17 U.S.C. § 512(c)(2).

of claimed infringement be a written communication.<sup>140</sup> This communication must include: (1) “a physical or electronic signature of a person authorized to act on behalf of the [copyright] owner;”<sup>141</sup> (2) a list of the copyrighted works including the location of the work on the website claimed to have been infringed;<sup>142</sup> and (3) a statement on behalf of the copyright owner that it has a good faith belief that the “use of the material in the manner complained of is not authorized by the copyright owner, its agent, or the law.”<sup>143</sup>

### III. ANALYSIS OF THE *VIACOM V. YOUTUBE* LITIGATION

#### A. *The Parties’ Arguments*

On March 13, 2007, entertainment giant Viacom filed a one billion dollar copyright infringement lawsuit against YouTube, and its parent company Google, in the United States District Court for the Southern District of New York.<sup>144</sup> Viacom, the owner of numerous television channels and motion picture labels,<sup>145</sup> claimed three counts of direct copyright infringement (public display, performance, and reproduction) and three counts of secondary copyright infringement (inducement, contributory infringement, and vicarious infringement).<sup>146</sup>

In its complaint, Viacom argued that YouTube knowingly and intentionally allowed users to upload and view infringing videos on its website.<sup>147</sup> Viacom alleged that YouTube chose “not to take reasonable precautions to deter the rampant infringement on its site” because it directly

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140. 17 U.S.C. § 512(c)(3)(A).

141. 17 U.S.C. § 512(c)(3)(A)(i).

142. 17 U.S.C. § 512(c)(3)(A)(iii).

143. 17 U.S.C. § 512(c)(3)(A)(v).

144. Garth Johnston, *Viacom Files Federal Copyright Complaint Against YouTube and Google*, BROADCASTING & CABLE (Mar. 13, 2007, 5:51 AM), [http://www.broadcastingcable.com/article/108111-Viacom\\_Files\\_Federal\\_Copyright\\_Complaint\\_Against\\_YouTube\\_and\\_Google.php](http://www.broadcastingcable.com/article/108111-Viacom_Files_Federal_Copyright_Complaint_Against_YouTube_and_Google.php); COPYRIGHT WEBSITE, *supra* note 43.

145. Complaint for Declaratory and Injunctive Relief and Damages at 7, *Viacom Int’l Inc. v. YouTube, Inc.*, 718 F. Supp. 2d 514 (S.D.N.Y. 2010) (No. 07 Civ. 2103) [hereinafter Complaint] (specifying that Viacom’s “television channels and trademarks include MTV, Nickelodeon, VH1, Comedy Central, Logo, MTV2, MTV Tres, Nick at Nite, Noggin, TV Land, CMT, mtvU, Nickelodeon [sic], The N, and BET.” Also stating that Viacom’s “motion picture labels include Paramount Pictures, DreamWorks, Paramount Vantage, MTV Films, and Nickelodeon Films.”).

146. *Id.* at 18–26.

147. Viacom also pointed out that at the time of the filing, it had “identified more than 150,000 unauthorized clips of their copyrighted programming on YouTube that had been viewed an astounding 1.5 billion times.” *Id.* at 3.

profited from the availability of those videos.<sup>148</sup> Viacom sought redress because it believed that YouTube's "rampant infringement," if left unchecked, would threaten Viacom and "other companies that generate creative works" as well as the "livelihoods of those who work in and depend upon these companies."<sup>149</sup>

YouTube filed a motion for summary judgment claiming that it was shielded from all direct and secondary infringement claims under the Digital Millennium Copyright Act ("DMCA" or "the Act"),<sup>150</sup> because it "readily satisfie[d] the [Act's] threshold conditions for protection under Section 512(c)."<sup>151</sup> First, YouTube explained that it is a "service provider" as defined by the DMCA.<sup>152</sup> It argued that previous courts have held that § 512(c) applies not only to the mere storage of materials, but also to online file-hosting services.<sup>153</sup> YouTube then explained that it had registered a designated DMCA agent with the Copyright Office to receive notices of claimed infringement,<sup>154</sup> and adopted as well as informed its users about a termination policy for repeat-infringers.<sup>155</sup>

Viacom argued that § 512(c) should not immunize YouTube from liability because YouTube did not disable access to Viacom's copyrighted videos for which it did not receive DMCA notification.<sup>156</sup> However, YouTube argued that it was required to act only when it had knowledge of *specific* infringement.<sup>157</sup> YouTube maintained that Viacom's own use of YouTube to upload videos, and its decision to deliberately "leave-up" some

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148. *Id.*

149. *Id.* at 5.

150. Memorandum of Law in Support of Defendants' Motion for Summary Judgment at 20, *Viacom Int'l Inc. v. YouTube, Inc.*, 718 F. Supp. 2d 514 (S.D.N.Y. 2010) (Nos. 07 Civ. 2103 (LLS), 07 Civ. 3582 (LLS)) [hereinafter *Support for Summary Judgment*] ("Because YouTube qualifies for the safe harbor [protections under the DMCA], it is protected against all of plaintiffs' claims . . .").

151. *Id.* at 21.

152. 17 U.S.C. § 512(k)(1)(B) (2006) ("[T]he term 'service provider' means a provider of online services or network access, or the operator of facilities therefore . . .").

153. *See Support for Summary Judgment, supra* note 150, at 28; *see also Corbis Corp. v. Amazon, Inc.*, 351 F. Supp. 2d 1090, 1110–11 (W.D. Wash. 2004) (finding that Amazon was protected by § 512(c) for providing a service that allows individuals to upload images to its site, which are then displayed to users); *UMG Recordings, Inc. v. Veoh Networks, Inc.*, 620 F. Supp. 2d 1081, 1088 (C.D. Cal. 2008) [hereinafter *UMG*] ("[T]he § 512(c) limitation on liability applies to service providers whose software performs . . . functions for the purposes of facilitating access to user-stored material.").

154. *See Support for Summary Judgment, supra* note 150, at 22.

155. *Id.* at 23–24.

156. *See Complaint, supra* note 145, at 15.

157. *Support for Summary Judgment, supra* note 150, at 31–32.

copyrighted videos, negated any argument that the appearance of Viacom's content on the website alone indicated obvious infringing activity.<sup>158</sup> Moreover, due to complex licensing schemes and co-ownership arrangements of videos, YouTube argued that without receiving DMCA takedown notices, it would be nearly impossible to determine whether the presence of a specific clip on the site is authorized.<sup>159</sup> YouTube also argued that it acted "expeditiously" to remove or block access to videos whenever it received DMCA notifications of infringement.<sup>160</sup>

Finally, YouTube maintained that it lacked the ability to control the alleged infringing activity and that it did not receive a financial benefit directly attributable to infringement on its website.<sup>161</sup> YouTube alleged that it had no control over infringing activity despite having the ability to terminate user accounts and remove or block access to uploaded content.<sup>162</sup> YouTube added that even if it is found to have the right and ability to control the specific infringing activity, it is still entitled to DMCA protection because it does not derive direct financial benefit from infringement.<sup>163</sup> YouTube supported this argument by explaining that it employs a legitimate business model that generates advertising-based revenue which "in no way favors infringing material or seeks to benefit from it."<sup>164</sup> It characterized its business model as one that was not dependent on the availability of infringing videos.<sup>165</sup>

### *B. The Decision*

On June 23, 2010, Judge Stanton granted YouTube's motion for summary judgment, holding that the DMCA protected the company from all of Viacom's direct and secondary copyright infringement claims.<sup>166</sup> Considering the large amount of damages at stake, and the case's importance in setting precedent for determining future liability of file-hosting websites for alleged copyright infringement,<sup>167</sup> the court's opinion, at only

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158. *Id.* at 48.

159. *Id.* at 51–52.

160. *Id.* at 55 ("YouTube removes almost all videos identified in a paper, email, or online DMCA notice within 24 hours or less.").

161. *Id.* at 71.

162. *Id.* at 59.

163. Support for Summary Judgment, *supra* note 150, at 71.

164. *Id.* at 78.

165. *See id.* at 77–78.

166. *Viacom Int'l Inc. v. YouTube, Inc.*, 718 F. Supp. 2d 514, 529 (S.D.N.Y. 2010).

167. *See* Scott M. Fulton, III, *Viacom Files Landmark Copyright Case Against Google, YouTube*, BETANEWS (Mar. 13, 2007, 12:02 PM), <http://www.betanews.com/article/Viacom-Files-Landmark-Copyright-Case-Against-Google-YouTube/1173801741> (classifying the *Viacom*

fourteen pages, is surprisingly short.<sup>168</sup> Instead of considering in detail each of Viacom's claims for copyright infringement, the court simply stated that the "critical question" in the case was whether the statutory phrase "actual knowledge that the material or an activity using the material on the system or network is infringing"<sup>169</sup> meant a *general awareness* of ongoing infringement, or instead meant "actual or constructive knowledge of *specific* and *identifiable* infringement of individual items."<sup>170</sup> The court's misinterpretation of the requirements of the DMCA's safe harbor protection, and its erroneous conclusion that YouTube could use the DMCA to counter Viacom's legitimate infringement claims could substantially harm the rights of copyright owners and must be reversed on appeal.<sup>171</sup>

### 1. The Court Erroneously Concluded that General Knowledge of Infringing Activity Is Not Sufficient to Impose Liability.

Although the issue of knowledge seemed settled after *Grokster*, when the Supreme Court stated that it was an "error" to hold that "the specific knowledge of infringement" was required for liability,<sup>172</sup> the *Viacom* court decided to follow more recent decisions,<sup>173</sup> and held the opposite. The *Viacom* court stated that "general knowledge that infringement is 'ubiquitous' does not impose a duty on the service provider to monitor or search its service for infringements."<sup>174</sup> The *Viacom* court felt that a service provider must remove infringing materials only when it knows of *specific* instances

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case as a "landmark case" and stating that it will "likely determine the future of online video sharing at least, and the Internet media economy at most.")

168. See *Viacom Int'l, Inc.*, 718 F. Supp. 2d 514.

169. 17 U.S.C. § 512(c)(1)(A)(i).

170. *Viacom Int'l, Inc.*, 718 F. Supp. 2d at 519 (emphasis added).

171. On August 11, 2010, Viacom filed a request for an appeal in the United States District Court for the Southern District of New York. See Tom Krazit, *Viacom to Appeal YouTube Copyright Decision*, CNET NEWS (Aug. 11, 2010, 10:27 AM), [http://news.cnet.com/8301-30684\\_3-20013337-265.html?tag=mncol;1n](http://news.cnet.com/8301-30684_3-20013337-265.html?tag=mncol;1n).

172. *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, 545 U.S. 913, 934 (2005) [hereinafter *Grokster*].

173. See *Tiffany (NJ), Inc. v. eBay, Inc.*, 600 F.3d 93, 107 (2d Cir. 2010) (holding that in order to find trademark infringement liability, a "service provider must have more than a general knowledge or reason to know that its service is being used to sell counterfeit goods. Some contemporary knowledge of which particular listings are infringing or will infringe in the future is necessary."); see also *UMG Recordings, Inc. v. Veoh Networks, Inc.*, 665 F. Supp. 2d 1099, 1111 (C.D. Cal. 2009) [hereinafter *Veoh*] (holding that it is not sufficient for a plaintiff to show a service provider's general awareness of infringement).

174. *Viacom Int'l, Inc.*, 718 F. Supp. 2d at 525.

of infringement (e.g. by receiving DMCA notifications).<sup>175</sup> In essence, the court ignored § 512(c)(1)(A)(ii), which specifically considers general knowledge of infringement derived from “facts or circumstances from which infringing activity is apparent,”<sup>176</sup> or “red flag” knowledge,<sup>177</sup> as sufficient to trigger the need to expeditiously remove “or disable access to, the [infringing] material.”<sup>178</sup> The *Viacom* decision seems to construe § 512(c)(1)(A)(ii) as meaningless and duplicative of § 512(c)(1)(A)(i), which requires action when the service provider has “actual knowledge.”<sup>179</sup> As a matter of proper statutory construction, the court should have given meaning to each of the DMCA provisions, instead of ignoring one of them.

Following this narrow lens, the court held that “awareness of pervasive copyright-infringing, however flagrant and blatant, does not impose liability on the service provider.”<sup>180</sup> It added that such awareness “furnishes at most a statistical estimate of the chance any particular posting is infringing—and that is not a ‘red flag’ marking any particular work.”<sup>181</sup> In essence, the decision provided that the DMCA also protects service providers that turn a blind eye to ongoing mass infringement, requiring that they only take action when they have direct knowledge of a specific infringement taking place.<sup>182</sup> Consequently, the court completely ignored the general rule that willful blindness to wrongdoing proves actual knowledge.<sup>183</sup> Further, by giving YouTube and other online enablers of copyright infringement a safe harbor from liability for crimes committed using their services, the *Viacom* court erroneously implied that federal law permits “flagrant” and “blatant” criminal wrongdoing.<sup>184</sup>

## 2. The Court Should Not Have Imposed a Knowledge Requirement when Analyzing Whether YouTube Had the Right and Ability to Control Ongoing Infringement and when Determining Whether YouTube’s

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175. *Id.*

176. 17 U.S.C. § 512(c)(1)(A)(ii).

177. S. REP. NO. 105–190, at 44 (1998) (“[S]ubsection (c)(1)(A)(ii) can best be described as a ‘red flag’ test.”).

178. 17 U.S.C. § 512(c)(1)(A)(iii).

179. 17 U.S.C. § 512(c)(1)(A)(i) (“A service provider shall not be liable for monetary relief . . . if the service provider . . . does not have actual knowledge that the material or an activity using the material on the system or network is infringing.”).

180. *Viacom Int’l, Inc.*, 718 F. Supp. 2d at 524.

181. *Id.*

182. *Id.* at 520.

183. See *In re Aimster Copyright Litig.*, 334 F.3d 643, 650 (7th Cir. 2003).

184. See *Columbia Pictures Indus., Inc. v. Fung*, No. CV 06-5578 SVW (JCx), 2009 WL 6355911, at \*16 (C.D. Cal. Dec. 21, 2009) [hereinafter *Fung*] (“In order to obtain safe harbor, a defendant cannot have knowledge of ongoing infringing activities. This ‘knowledge’ standard is defined as ‘actual knowledge’ or ‘willful ignorance.’”).

Revenue Was Directly Attributable to the Alleged Infringing Activity.

The *Viacom* court also misinterpreted the DMCA's requirement that service providers must "not receive a financial benefit directly attributable to the infringing activity" when they have "the right and ability to control such activity."<sup>185</sup> In what some believe to be one of the more interesting holdings in the opinion,<sup>186</sup> the court held that "the right and ability to control" an infringing activity "requires knowledge of it, which must be item-specific."<sup>187</sup> However, § 512(c)(1)(B) makes no mention of a requirement that the service provider have knowledge of infringement.<sup>188</sup> Furthermore, it is important to note that the language used in § 512(c)(1)(B) resembles the elements of a vicarious infringement, whereby "knowledge of the infringing activity is not required."<sup>189</sup> Since legislative history has been "far from dispositive,"<sup>190</sup> and courts seem to be in disagreement as to what is needed for a service provider to have the "right and ability to control,"<sup>191</sup> it is not surprising that the *Viacom* court added a knowledge requirement to the provision. Nonetheless, this particular requirement had been explicitly rejected by other courts for decades.<sup>192</sup> Finally, regardless of whether the service provider has knowledge of item-specific infringement, it is clear that it has the ability to control infringing activity when it "hosts the in-

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185. 17 U.S.C. § 512(c)(1)(B).

186. Lisa T. Oratz, *YouTube Obtains Summary Judgment in Viacom Case*, DIGESTIBLE LAW (July 12, 2010), <http://www.digestiblelaw.com/blog.aspx?entry=1095> ("Perhaps one of the most interesting holdings in the case . . . is that the 'right and ability to control the infringing activity' also requires item-specific knowledge of the activity.").

187. *Viacom Int'l, Inc.*, 718 F. Supp. 2d at 527.

188. See 17 U.S.C. § 512(c)(1)(B).

189. Scott A. Zebrak, *Viacom v. YouTube: A Missed Opportunity*, NATIONAL LAW JOURNAL (July 26, 2010), [http://www.law.com/jsp/nlj/PubArticleNLJ.jsp?id=1202463839409&iViacom\\_v\\_YouTubei\\_a\\_m\\_issued\\_opportunity&slreturn=1&hblogin=1](http://www.law.com/jsp/nlj/PubArticleNLJ.jsp?id=1202463839409&iViacom_v_YouTubei_a_m_issued_opportunity&slreturn=1&hblogin=1).

190. *Veoh*, 665 F. Supp. 2d at 1115.

191. See, e.g., *Hendrickson v. eBay, Inc.*, 165 F. Supp. 2d 1082, 1084–85 (C.D. Cal. 2001) (holding that the "ability of a service provider to remove or block access to materials posted on its website or stored in its system" is not sufficient to prove it has the "right and ability to control"). But see, e.g., *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1023 (9th Cir. 2001) (holding that the service provider had the right and "ability to control the activities of vendors on the premises" because it reserved to itself the "right to refuse service and terminate accounts").

192. See, e.g., *Gershwin Publ'g Corp. v. Columbia Artists Mgmt., Inc.*, 443 F.2d 1159, 1162 (2d Cir. 1971) (stating that a defendant who had the "right and ability to supervise the infringing activity" would be liable for infringement even if it "has no actual knowledge" of it); see also *Grokster*, 545 U.S. at 934 n.9 ("[V]icarious liability . . . allows imposition of liability . . . even if the defendant initially lacks knowledge of the infringement.").

fringing material, can remove it, block access to the system and filter incoming works through manual or technological means.”<sup>193</sup>

The court then had to decide whether YouTube’s revenue, derived from advertisements displayed on its website, was “directly attributable” to infringements.<sup>194</sup> The court dismissed the issue by referring back to the control prong and held that a service provider “must know of the particular case before he can control it . . . . [T]he provider need not monitor or seek out facts indicating such activity.”<sup>195</sup> Consequently, following the court’s opinion, a service provider could generate revenue by being willfully blind to ongoing infringement, and still be exempt from liability regardless of how much infringing material it hosts, how many viewers are attracted by the infringements, and what percentage of its revenue is directly attributable to the infringements. Moreover, this analysis naturally leads to the disturbing proposition that service providers are allowed to derive profit from the unauthorized use of copyrighted content whenever such content has not yet been identified with “sufficient particularity”<sup>196</sup> by someone other than the service provider. This was surely not the legislature’s intent when it enacted the DMCA.<sup>197</sup>

### 3. The Court Should Have Given More Weight to Similar Litigation Concerning Peer-to-Peer Networks.

The *Viacom* court held that case law involving P2P networks had “little application” to the litigation because P2P networks “are not covered by the safe harbor provisions of . . . § 512(c).”<sup>198</sup> This, however, is somewhat misleading, since P2P networks are almost certainly covered by § 512(d),<sup>199</sup> which incorporates an almost identical set of requirements that must be met in order to obtain DMCA safe harbor protection.<sup>200</sup> Hence, it is likely that when P2P networks are not entitled to DMCA protection un-

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193. Zebrak, *supra* note 189.

194. *Viacom Int’l, Inc.*, 718 F. Supp. 2d at 527.

195. *Id.*

196. *Id.*

197. Scott Cleland, *Why Viacom Likely Wins Viacom-Google Copyright Appeal*, THE PRECURSOR BLOG (June 25, 2010, 3:34 PM), <http://www.precursorblog.com/content/why-viacom-likely-wins-viacom-google-copyright-appeal> (explaining that it was never Congress’ intent to provide safe harbor for those who are “willing to steal up until the point that, and as long as, the party being stolen from does not formally complain of the theft with the ‘actual’ serial [numbers] of the stolen goods”).

198. *Viacom Int’l, Inc.*, 718 F. Supp. 2d at 525.

199. See *Fung*, 2009 WL 6355911, at \*15–16 (suggesting that distributors of peer-to-peer file sharing programs can seek protection under § 512(d) safe-harbor for information-location tools).

200. See 17 U.S.C. § 512(c); see also 17 U.S.C. § 512(d).

der § 512(d), file-hosting websites like YouTube would also not be entitled to protection under § 512(c) of the Act. For example, in *Columbia Pictures Industries, Inc. v. Fung*,<sup>201</sup> the court held that the defendants were not entitled to protection under § 512(d) because they had knowledge of ongoing infringements, turned a blind eye to these infringements, and did not act expeditiously to remove infringing material.<sup>202</sup> The court supported this holding by stating that a simple viewing of the defendants' website would have revealed that "infringing material was likely to be available," and that "overwhelming statistical evidence of the prevalence of copyrighted material available through Defendants' websites" could certainly lead to the contention that defendants had knowledge of the infringement.<sup>203</sup>

Although the *Viacom* court maintained that *Fung* had "little application" to the case at bar,<sup>204</sup> it could be argued otherwise. Like the defendants in *Fung*, YouTube could have easily been exposed to the ongoing infringements by a simple search of its website. Following the court's analysis in *Fung*,<sup>205</sup> unless YouTube somehow refused to look at its own webpage, it invariably would have known that (1) infringing material was likely to be available and (2) most of its users were searching for and viewing infringing material. Furthermore, the fact that YouTube's own executives knew that an overwhelming percentage of YouTube's "views" came from copyrighted materials on their servers<sup>206</sup> certainly proves knowledge using the analysis in *Fung*. Since § 512(c) and § 512(d) employ the same basic requirements, and since the facts of *Viacom* and *Fung* are similar, the *Viacom* court should have found that YouTube was not entitled to DMCA protection. Moreover, regardless of whether the *Viacom* court believed that YouTube was or was not protected under the DMCA, it is clear that *Fung* had much more than "little application"<sup>207</sup> to the facts of this litigation.

The *Viacom* court also distinguished the case at bar from other cases concerning P2P networks by stating that unlike P2P networks, YouTube

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201. *Fung*, 2009 WL 6355911.

202. *Id.* at \*16–17.

203. *Id.* at \*17.

204. *Viacom Int'l, Inc.*, 718 F. Supp. 2d at 525.

205. *Fung*, 2009 WL 6355911, at \*17.

206. Viacom's Memorandum of Law In Opposition to Defendants' Motion for Summary Judgment at 7, *Viacom Int'l Inc. v. YouTube, Inc.*, 718 F. Supp. 2d 514 (S.D.N.Y. 2010) (Nos. 07-CV-02103 (LLS), 07-CV-03582 (LLS)) [hereinafter Viacom's Memorandum] ("YouTube executives contemporaneously wrote that 70% of their most popular content consisted of copyrighted materials and that 'the truth of the matter is, probably 75–80% of our views come from copyrighted material.'").

207. *Viacom Int'l, Inc.*, 718 F. Supp. 2d at 525.

was shielded from liability for all claims of infringement because it removed infringing material whenever it was given notice to do so.<sup>208</sup> The court essentially held that by merely responding to takedown requests, YouTube could deliberately allow for piracy of copyrighted works while being shielded from the legal consequences of its actions.<sup>209</sup> Accordingly, the *Viacom* court's logic supports the argument that the defendants in *Grokster* and *Fung*, along with other architects of intentional mass piracy, could have enjoyed DMCA safe harbor protection by simply responding to takedown notices—even if they continued enabling and encouraging mass piracy using their systems.<sup>210</sup> Adopting such a proposition would surely lead to a giant loophole in copyright law.<sup>211</sup> Service providers would be encouraged to condone copyright infringement with the purpose of financial gain, while enjoying shelter from liability by simply removing only the copyrighted works for which takedown notices are given.<sup>212</sup> Such an outcome would lead to the destabilization of current copyright law.<sup>213</sup>

#### 4. YouTube Should Not Have Qualified for DMCA Protection Under § 512(c) Because It Does Not Solely Store Content.

Like the plaintiff in *UMG Recordings, Inc. v. Veoh Networks, Inc.* (“*UMG*”),<sup>214</sup> Viacom alleged that YouTube fell outside the protection of § 512(c), because its infringing conduct did not occur solely “by reason of the storage at the direction of the user.”<sup>215</sup> It argued that the overall structure of § 512(c) demonstrates that the protection is available only when a service provider acts as “passive storage provider.”<sup>216</sup> Since YouTube “actively operate[s] the website as an entertainment destination with copyrighted material to draw on audience,” Viacom argued that YouTube was

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208. *Id.* at 526 (“[I]t is uncontroverted that when YouTube was given the notices, it removed the material. It is thus protected ‘from liability for all monetary relief for direct, vicarious and contributory infringement’ . . .”).

209. Zebrak, *supra* note 189.

210. For example, the opinion would hold that if the distributors of the LimeWire P2P software had responded to takedown notices, they would have been protected by the DMCA despite knowing that 98.8% of the files exchanged through their program were likely to be unauthorized. See generally *Arista Records LLC v. Lime Grp. LLC*, 715 F. Supp. 2d 481 (S.D.N.Y. 2010).

211. Viacom’s Memorandum, *supra* note 206, at 33.

212. See generally *id.* at 34–45.

213. See generally *id.*

214. *UMG Recordings, Inc. v. Veoh Networks, Inc.*, 620 F. Supp. 2d 1081, 1087–88 (C.D. Cal. 2008) [hereinafter *UMG*].

215. Viacom’s Memorandum, *supra* note 206, at 42; 17 U.S.C. § 512(c).

216. Viacom’s Memorandum, *supra* note 206, at 42.

not a storage provider.<sup>217</sup> Additionally, Viacom argued that the infringing content found on YouTube was not carried out “at the direction of the user,” because YouTube distributed infringing videos “over third-party platforms like cell phones and televisions pursuant to commercial syndication agreements negotiated by Defendants, not their users.”<sup>218</sup> Nonetheless, following the logic in *UMG*, the court rejected Viacom’s claim by holding that it confined “the word ‘storage’ too narrowly to meet the statute’s purpose.”<sup>219</sup> The court explained that the “provision of such services, access, and operation of facilities are within the safe harbor when they flow from the material’s placement on the provider’s system or network . . .”<sup>220</sup> and that YouTube falls within the definition of a “service provider” as “an entity offering the transmission, routing, or providing of connections for digital online communications.”<sup>221</sup> Other recent decisions have similarly held that an entity that provides means of facilitating user access to material on its site is still entitled to safe harbor protection.<sup>222</sup>

Nonetheless, the issue is whether previous courts<sup>223</sup> and the court here correctly held that § 512(c) was enacted with the intent of protecting mass media websites that build a business around the transmission of copyrighted content. Legislative history shows that the DMCA was enacted with the purpose of protecting service providers that legitimately provide the tools to “facilitate making available quickly and conveniently via the Internet the movies, music, software, and literary works that are the fruit of American creative genius.”<sup>224</sup> However, the courts seem to have given the word “storage” an overly broad connotation. The courts’ holdings suggest that § 512(c) not only applies to storage providers who make content “available” on their own systems but also to providers who base their entire business on commercializing stored content on others’ systems.<sup>225</sup> Defining content storage to also include displaying, copying, and transmitting works for the purpose of making profit is too broad an interpretation of legislative intent.

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217. *Id.*

218. *Id.* at 44.

219. *Viacom Int’l, Inc.*, 718 F. Supp. 2d at 526.

220. *Id.*

221. 17 U.S.C. § 512(k)(1)(A); *see also Viacom Int’l, Inc.*, 718 F. Supp. 2d at 526.

222. *See, e.g., Io Grp., Inc. v. Veoh Networks, Inc.*, 586 F. Supp. 2d 1132, 1148 (N.D. Cal. 2008); *see also, e.g., UMG*, 620 F. Supp. 2d at 1083.

223. *See, e.g., UMG*, 620 F. Supp. 2d at 1090-91.

224. S. REP. NO. 105-190, at 8 (1998).

225. Zembrak, *supra* note 189.

### 5. YouTube Does Not Satisfy the § 512(c) Requirement of Having an Adequate Repeat-infringer Policy.

In its opinion, the court addressed Viacom's claims concerning the manner in which YouTube treated infringers and the way in which it dealt with DMCA takedown notices sent by copyright owners.<sup>226</sup> YouTube adopted a "three strikes" policy whereby it terminated users after three warnings arising from DMCA takedown notices.<sup>227</sup> However, Viacom claimed that this policy was not "reasonably implemented" as required by § 512(i)(1)(A)<sup>228</sup> because of the way YouTube counted strikes.<sup>229</sup> YouTube counted as only one strike both a single DMCA takedown notice identifying multiple infringing videos, and multiple takedown notices of infringing videos by a single user submitted within a two-hour period.<sup>230</sup> Moreover, YouTube used the Audible Magic fingerprinting tool, which automatically identified a copyrighted video if it matched some portion of it to a "reference" video submitted by the copyright owner.<sup>231</sup> However, it did not assign a strike to a user when Audible Magic identified a video as infringing.<sup>232</sup>

Nonetheless, the *Viacom* court approved all aspects of YouTube's repeat-infringer policy.<sup>233</sup> The court relied primarily on *UMG Recordings, Inc. v. Veoh Networks, Inc.* ("*Veoh*"),<sup>234</sup> where a district court upheld a "two strike" policy, even when a takedown notice listing multiple infringements resulted in only one strike.<sup>235</sup> The *Viacom* court followed the *Veoh* court's logic that Congress did not adopt specific provisions when defining a user policy, because it wanted to leave the policy requirements of service providers "loosely defined."<sup>236</sup> Additionally, the *Viacom* court followed the *Veoh* court's holding that the Audible Magic tool "does not meet the standard of reliability and verifiability required by the Ninth Circuit in

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226. See *Viacom Int'l, Inc.*, 718 F. Supp. 2d at 527–29.

227. *Id.* at 527.

228. 17 U.S.C. § 512(i)(1)(A) ("The limitations on liability established by this section shall apply to a service provider only if the service provider . . . has adopted and reasonably implemented, and informs subscribers and account holders of the service provider's system or network of, a policy that provides for the termination in appropriate circumstances of subscribers and account holders of the service provider's system or network who are repeat infringers.").

229. *Viacom Int'l, Inc.*, 718 F. Supp. 2d at 528.

230. *Id.* at 527–28.

231. *Id.* at 528.

232. *Id.*

233. *Id.* at 527–28.

234. *Veoh*, 665 F. Supp. 2d 1099.

235. *Id.* at 1116–18.

236. *Id.* at 1118.

order to justify terminating a user's account,"<sup>237</sup> since there is no way of determining the tool's accuracy.<sup>238</sup>

However, the *Viacom* court seems to have misinterpreted the DMCA provisions once again, deciding in a manner that unreasonably hurts the rights of copyright owners. First, the court approved YouTube's policy of assigning only one strike to an individual that uploaded a large number of infringing videos,<sup>239</sup> although § 512 provides no basis for such a holding.<sup>240</sup> Thus, the decision leads to an undesirable situation where a user could upload thousands of infringing videos over a long period of time, and be assigned only one strike if YouTube learns of the infringement through a single notice, or multiple notices received within a two-hour period. In essence, such an individual will be treated in the same manner as an innocent individual who mistakenly uploads one infringing video. A policy leading to such an outcome could hardly be described as "reasonably implemented."<sup>241</sup> Although Congress chose not to define the term "repeat infringer,"<sup>242</sup> it seems that an individual who uploads a large amount of infringing videos over a long period of time would surely fit under the principle that an individual "who repeatedly or flagrantly abuse[s his or her] access to the Internet through disrespect for the intellectual property rights of others should know that there is a realistic threat of losing that access."<sup>243</sup> Such an individual should surely have his account terminated, regardless of how the infringement was reported to the service provider.

Furthermore, although the *Viacom* court relied heavily on the *Veoh* court's decision, the facts of the cases are distinguishable. The defendant in *Veoh* had a more aggressive and stringent repeat-infringer policy than YouTube.<sup>244</sup> Although *Veoh* also assigned a single strike for a takedown notice listing multiple infringements, it terminated a user's account and disabled all of the user's content if the user uploaded infringing content a second time.<sup>245</sup> By allowing YouTube's more lenient policy to fall under

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237. *Id.* at 1116.

238. *Id.* at 1118.

239. *Viacom Int'l, Inc.*, 718 F. Supp. 2d at 527–28.

240. *See* 17 U.S.C. § 512.

241. *See* 17 U.S.C. § 512(i)(1)(A).

242. *Viacom Int'l, Inc.*, 718 F. Supp. 2d at 528.

243. H.R. REP. NO. 105–551, pt. 2, at 61 (1998).

244. *See Io Grp., Inc.*, 586 F. Supp. 2d at 1137–38.

245. *Id.* at 1143 ("When *Veoh* receives notice that a user has uploaded infringing content after a first warning, then the account is terminated, *all* content provided by that user is disabled . . . and the user's email address is blocked so that a new account cannot be opened with that same address.").

the definition of “reasonably implemented,” the court opened the door for file-hosting websites to arbitrarily enact lenient repeat-infringer policies that purposely give infringing users multiple chances to upload unauthorized content, while still comporting with the DMCA. Websites are likely to abuse this freedom because they derive profit by having copyrighted content serve as a draw for users,<sup>246</sup> and thus, surely enjoy a delay in terminating infringers’ accounts. Hence, although the court in *Veoh* may have accurately determined that a policy of terminating a user’s account after two strikes was reasonable,<sup>247</sup> the *Viacom* court should not have held that a more lenient policy, that allowing for three strikes prior to termination, was also reasonable.

The court also approved YouTube’s policy of not assigning strikes to a user whose video was detected by the Audible Magic fingerprinting tool.<sup>248</sup> Audible Magic is a creator of a tool that automatically scans user-uploaded media files and identifies infringements by matching some portion of the uploaded videos against a database of copyrighted videos submitted by the copyright owner.<sup>249</sup> The tool is now used by a large number of file-hosting websites.<sup>250</sup> Although YouTube currently employs a similar in-house fingerprinting technology called Content ID,<sup>251</sup> Viacom’s allegations concerned YouTube’s earlier use of Audible Magic.<sup>252</sup> Specifically, Viacom alleged that for approximately six months in 2007, YouTube implemented a policy of not assigning copyright strikes to users who uploaded tens of thousands of infringing clips that were blocked by YouTube’s fingerprinting tool.<sup>253</sup> Furthermore, Viacom argued that YouTube deliberately concealed this policy from the public to avoid criticism by copyright owners.<sup>254</sup>

In responding to the issue, the court quickly dismissed Viacom’s argument by holding that YouTube’s initial hesitation in counting these strikes was reasonable, because “the six month delay was needed to monitor the system’s use by rights-holders, and for engineering work to assure

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246. See generally Broache & Sandoval, *supra* note 41.

247. See generally *Io Grp., Inc.*, 586 F. Supp. 2d 1132.

248. *Viacom Int’l, Inc.*, 718 F. Supp. 2d at 528.

249. See *Technology Overview*, AUDIBLE MAGIC, <http://www.audiblemagic.com/technology.php> (last visited Jan. 11, 2011).

250. See *Customers Content Identification*, AUDIBLE MAGIC, <http://www.audiblemagic.com/customers-contentid.php> (last visited Jan. 10, 2011).

251. See *Audio ID and Video ID*, YOUTUBE, <http://www.youtube.com/t/contentid> (last visited Jan. 10, 2011).

252. *Viacom Int’l, Inc.*, 718 F. Supp. 2d at 528.

253. Viacom’s Memorandum, *supra* note 206, at 47.

254. *Id.*

that strikes would be assigned accurately.”<sup>255</sup> However, the court apparently ignored the fact that YouTube’s hesitation resulted in thousands of videos being uploaded by users who were not penalized for their actions.<sup>256</sup>

This also raises the issue of whether YouTube took this time off to test its system or rather to attract more users to its website. The year 2007 was a very important one for YouTube.<sup>257</sup> It was the year after Google purchased the company, the year when it officially launched in nine countries, and the year that its Partner Program<sup>258</sup> was launched.<sup>259</sup> Hence, YouTube was surely determined to increase the amount of its users during this time. As a result, it is a fair suggestion that YouTube may have somewhat relaxed its already loose standards of fighting against copyright infringement in an attempt to achieve this goal. Additionally, the fact that it concealed the policy from the public reinforces this argument. If YouTube really needed the six months to test its program, it should have informed copyright owners, so that they could increase their content-monitoring efforts during that time. However, YouTube cleverly chose not to do so.

Furthermore, it is important to examine YouTube’s ongoing policy of assigning “strikes” *solely* when a copyright owner submits a DMCA take-down notice, but not when its fingerprinting tool identifies a video as infringing.<sup>260</sup> In the opinion, the court held that YouTube’s assignment of strikes exclusively upon the copyright owner’s request that a video be removed was not in violation of § 512(i)(1)(A).<sup>261</sup> The court supported its decision by referring to the *Veoh* court’s statement that the Audible Magic filter “does not meet the standard of reliability and verifiability required . . . to justify terminating a user’s account.”<sup>262</sup> However, the *Veoh* case is clearly distinguishable from the *Viacom* case on these grounds as well. In *Veoh*, the plaintiff alleged that the service provider’s policy was “inade-

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255. *Viacom Int’l, Inc.*, 718 F. Supp. 2d at 528.

256. See generally *Viacom Int’l, Inc.*, 718 F. Supp. 2d 514.

257. *YouTube Facts & Figures (History & Statistics)*, WEBSITE MONITORING BLOG, <http://www.website-monitoring.com/blog/2010/05/17/youtube-facts-and-figures-history-statistics> (last visited Jan. 10, 2011).

258. A program where copyright owners could become “partners” with YouTube by sharing revenue from relevant in-video ads, and banner ads running next to videos owned by the copyright owner. See *Benefits & Qualifications*, YOUTUBE, [http://www.youtube.com/t/partnerships\\_benefits](http://www.youtube.com/t/partnerships_benefits) (last visited Jan. 10, 2011).

259. *YouTube Facts & Figures (History & Statistics)*, *supra* note 257.

260. *A Guide to YouTube Removals*, ELECTRONIC FRONTIER FOUNDATION, <http://www.eff.org/issues/intellectual-property/guide-to-youtube-removals> (last visited Jan. 10, 2011); see also *Viacom Int’l, Inc.*, 718 F. Supp. 2d at 528.

261. *Viacom Int’l, Inc.*, 718 F. Supp. 2d at 528; 17 U.S.C. § 512(i)(1)(A).

262. *Veoh*, 665 F. Supp. 2d at 1116.

quate because it does not automatically *terminate* users who upload videos that are blocked by the Audible Magic filter.”<sup>263</sup> However, Viacom did not argue that YouTube should terminate users when an uploaded video is identified under the fingerprinting tool; rather, it argued that users should simply be assigned one of the three strikes allowed prior to termination.<sup>264</sup> Taking into consideration the fact that YouTube’s users could always appeal a strike,<sup>265</sup> Viacom’s request was clearly not as demanding as the plaintiff’s request in *Veoh*. Therefore, although Audible Magic may not be reliable enough to automatically terminate a user’s account, it is reliable enough to serve as the basis for an assignment of a single strike to a suspected infringer.

Another issue that was not touched upon by the court was whether YouTube’s fingerprinting technology is really a part of a “reasonably implemented” policy against repeat infringers as required by § 512(i)(1)(A),<sup>266</sup> or whether this technology is simply a marketing tool for YouTube. Both Audible Magic and YouTube’s Content ID technology allow copyright owners to determine, in advance, what happens to potentially infringing videos detected by the programs.<sup>267</sup> Copyright owners can elect to track their videos, block access to them, or monetize (i.e., allow YouTube to place ads around the videos, or within them, and get a portion of the revenues).<sup>268</sup> Since the blocking or tracking of videos leaves copyright owners with no compensation for the unauthorized use of their content, they are often indirectly pressured to choose the latter option.<sup>269</sup> This pressure to monetize content conveniently allows YouTube to enjoy increased profits, since all profits derived from advertisements by the copyright owners are also shared with YouTube.<sup>270</sup>

Conversely, if a copyright owner chooses not to monetize, but to block access and remove potentially infringing videos, the uploader is always given the option of disputing a removal.<sup>271</sup> This will require the copyright owner to act by either individually suing the infringer, which

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263. *Id.* (emphasis added).

264. *Viacom Int’l, Inc.*, 718 F. Supp. 2d at 528.

265. See *A Guide to YouTube Removals*, *supra* note 260.

266. 17 U.S.C. § 512(i)(1)(A).

267. *Technology Overview*, *supra* note 249; *Audio ID and Video ID*, *supra* note 251.

268. *Audio ID and Video ID*, *supra* note 251.

269. See Brian Stelter, *Now Playing on YouTube: Clips With Ads on the Side*, N.Y. TIMES, Aug. 16, 2008, at C1 [hereinafter *Clips With Ads*] (“CBS, Universal Music, Lionsgate, Electronic Arts, and other companies have stopped prodding YouTube to remove unauthorized clips of their movies, music videos and other content and started selling advertising against them.”).

270. See *Benefits & Qualifications*, *supra* note 258.

271. *A Guide to YouTube Removals*, *supra* note 260.

never happens,<sup>272</sup> or submitting a DMCA takedown proposal resulting in a strike against the user.<sup>273</sup> Thus, despite the fact that YouTube advertises its fingerprinting technology as a tool to automatically fight infringement,<sup>274</sup> the burden to act ends up ultimately falling on the copyright owner. Consequently, YouTube's fingerprinting technology seems to be less of an element of the reasonably implemented repeat-infringer policy required by § 512(i)(1)(A),<sup>275</sup> and more of a novel scheme to generate profits.

#### 6. Viacom Should Not Be Required to Identify Every Infringing Video on the YouTube Website in Order to Have Infringing Content Removed.

In 2007, Viacom submitted a takedown notice to YouTube identifying more than 100,000 infringing videos, and asked YouTube to treat it as a representative list of the videos that should be taken down from its website.<sup>276</sup> However, YouTube did not agree to use the list as a representative sample, and insisted that it would only take down videos for which Viacom specified a direct Internet address (“URL”).<sup>277</sup> The *Viacom* court approved YouTube's actions, rejecting Viacom's argument that YouTube must remove other videos that infringe the same works specified in the representative list, even when a specific address for them is not provided.<sup>278</sup>

Section 512(c)(3)(A)(ii) provides that a DMCA notification of infringement must include an “[i]dentification of the copyrighted work claimed to have been infringed, or, if multiple copyrighted works at a single online site are covered by a single notification, a representative list of such works at that site.”<sup>279</sup> In other words, “it is not necessary for a compliant notification to list every musical composition or sound recording that has been . . . infringed at that site, so long as a representative list of those compositions or recordings is provided so that the service provider can understand the nature and scope of the infringement being claimed.”<sup>280</sup>

Nonetheless, the *Viacom* court held that construing the “representative list” reference to mean a “merely generic description” without giving

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272. *Id.* (“[N]o typical YouTube user has ever been sued by a major entertainment industry company for uploading a video.”).

273. *Id.*

274. See generally *Audio ID and Video ID*, *supra* note 251.

275. 17 U.S.C. § 512(i)(1)(A).

276. Viacom's Memorandum, *supra* note 206, at 50.

277. *Id.*

278. *Viacom Int'l, Inc.*, 718 F. Supp. 2d at 528–29.

279. 17 U.S.C. § 512(c)(3)(A)(ii).

280. S. REP. NO. 105–190, at 46 (1998).

the specific location of the video would “eviscerate the required specificity of notice” that the court felt was needed.<sup>281</sup> The court also added that § 512(c)(3)(A)(iii), which requires that the identification of an infringing material be accompanied by “information reasonably sufficient to permit the service provider to locate the material,”<sup>282</sup> was further proof that DMCA notices required specificity.<sup>283</sup> Lastly, the court felt that holding otherwise would subject the provider “to the factual search forbidden by § 512(m)” of the Act.<sup>284</sup>

Once again, the court erroneously decided the issue. First, as evidenced by the language of § 512(c)(3)(A)(ii), which specifically allows for a “representative list,” it is clear that the provision was enacted to provide for situations where there was mass infringement within a site making it impracticable for a copyright owner to identify each and every specific instance of infringement in a DMCA takedown notice.<sup>285</sup> As the Fourth Circuit noted in *ALS Scan, Inc. v. RemarQ Communities, Inc.*,<sup>286</sup> the “notification requirements are relaxed to the extent that, with respect to multiple works, not all must be identified—only a ‘representative’ list.”<sup>287</sup> The same court also recognized that § 512(c)(3)(A)(ii) “does not seek to burden copyright holders with the responsibility of identifying every infringing work—or even most of them—when multiple copyrights are involved,” but is actually there “to reduce the burden of holders of multiple copyrights who face extensive infringement of their works.”<sup>288</sup> Therefore, since it seems undisputed that Viacom faces “extensive infringement” of its works because of YouTube, the court should have decided in favor of Viacom and held that Viacom did not have to provide the specific location of *every* unauthorized video. The language in § 512(c)(3)(A)(iii), which the court also referred to,<sup>289</sup> further supports this idea by providing that the copyright owner need only provide “information *reasonably sufficient* to permit the service provider to locate” the infringing material.<sup>290</sup>

The court’s decision to approve YouTube’s actions is also contrary to public policy. It would be outrageous to simply place the entire burden on Viacom to find the exact location of every infringing video on the You-

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281. *Viacom Int’l, Inc.*, 718 F. Supp. 2d at 528.

282. 17 U.S.C. § 512(c)(3)(A)(iii).

283. *Viacom Int’l, Inc.*, 718 F. Supp. 2d at 529.

284. *Id.* at 528–29.

285. See Viacom’s Memorandum, *supra* note 206, at 51.

286. *ALS Scan, Inc. v. RemarQ Communities, Inc.*, 239 F.3d 619 (4th Cir. 2001).

287. *Id.* at 625.

288. *Id.*

289. *Viacom Int’l, Inc.*, 718 F. Supp. 2d at 529.

290. 17 U.S.C. § 512(c)(3)(A)(iii) (emphasis added).

Tube website, when it is YouTube that allows the copyright infringers to upload unauthorized videos. YouTube could have simply taken the representative list submitted by Viacom, noted the specific videos that were identified as unauthorized in the takedown notice, and used its excellent search engine,<sup>291</sup> or its fingerprinting technology, to prevent the same infringing videos from being displayed on the site. The availability of a specific web address of every infringing video was clearly not a necessity as the court suggested.<sup>292</sup> To place the burden solely on the copyright owner to locate and provide the specific web address or specific location of every infringing video on YouTube's website would clearly "upset the Congressionally apportioned burden between the copyright holder and the service provider."<sup>293</sup>

Finally, the *Viacom* court suggested that holding a service provider to a "factual search" of infringements on its site, prompted by takedown notices, was "forbidden" by § 512(m).<sup>294</sup> Section 512(m), titled "Protection of Privacy," provides that a service provider need not monitor its service, or affirmatively seek facts indicating an infringing activity, in order to be eligible for DMCA protection.<sup>295</sup> However, the court improperly construed the language of the section to also apply in situations when the service provider had been informed of an ongoing infringing activity via a DMCA takedown notice.<sup>296</sup> The court's interpretation of § 512(m) resulted in the proposition that the service provider does not have the obligation or the duty to do anything more than respond to specific takedown notices.<sup>297</sup>

Essentially, the court assigned the copyright owner the entire burden of monitoring infringements.<sup>298</sup> However, § 512(c)(3)(A)(iii), which states that a DMCA takedown notice must include "information reasonably suffi-

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291. See generally Joshua Hill, *YouTube Surpasses Yahoo as World's #2 Search Engine*, TGDAILY.COM (Oct. 16, 2008), <http://www.tgdaily.com/trendwatch-features/39777-youtube-surpasses-yahoo-as-world%E2%80%99s-2-search-engine> (identifying YouTube as the second-largest search engine in the world).

292. See *Viacom Int'l, Inc.*, 718 F. Supp. 2d at 528–29.

293. *Perfect 10, Inc. v. Cybernet Ventures, Inc.*, 213 F. Supp. 2d 1146, 1180 (C.D. Cal. 2002) (holding that the service provider was not allowed to take action only when it was provided with a specific web page at which a given work is located, because that would "upset the Congressionally apportioned burden between copyright holder and service provider by placing the entire burden on the copyright owner").

294. *Viacom Int'l, Inc.*, 718 F. Supp. 2d at 529.

295. 17 U.S.C. § 512(m).

296. See *Viacom Int'l, Inc.*, 718 F. Supp. 2d at 528–29.

297. See *id.*

298. See *id.* at 514.

cient to permit the service provider to locate the material,”<sup>299</sup> implies that there is some sharing of the burden. The language in this section suggests that the service provider has the burden to “locate the material,”<sup>300</sup> after being provided with a “representative list”<sup>301</sup> indicating infringement. Moreover, the legislature specifically stated that “if a service provider becomes aware of a ‘red flag’ from which infringing activity is apparent, it will lose the limitation of liability if it takes no action.”<sup>302</sup> Thus, although YouTube may not be required to engage in constant monitoring of its site before any signs of infringement arise, this changes once it becomes aware of ongoing infringement. This argument is further supported by the underlying principle that DMCA protection of a service provider disappears “at the moment the service provider loses its innocence, i.e. at the moment it becomes aware that a third party is using its system to infringe.”<sup>303</sup>

#### IV. THE LEGISLATURE MUST REVISE THE DMCA IN ORDER TO ALLOW FILE-HOSTING WEBSITES TO EXIST, WHILE GRANTING COPYRIGHT OWNERS THE PROTECTION TO WHICH THEY ARE ENTITLED

The *Viacom* court’s holding that YouTube was protected under the Digital Millennium Copyright Act (“DMCA” or “the Act”) stemmed from flawed reasoning and clear misinterpretation of multiple provisions in § 512 of the Act. The court seems to have completely ignored the negative impact that the decision will likely have on copyright owners. The fault, however, should not be attributed solely to the *Viacom* court, but also to the legislature’s vague drafting of several provisions of the DMCA.<sup>304</sup> Although the DMCA may have granted adequate protection to both service providers and copyright owners when it was initially enacted, this is clearly not the case anymore. With the rapid increase and popularity of file-hosting websites like YouTube, the DMCA in its current state can no longer provide the proper balance between the need to adequately protect copyright owners and the need to promote technological innovation.<sup>305</sup> As a result, Congress must amend the DMCA’s outdated provisions, and the *Viacom* court’s decision must be reversed on appeal in order to avoid a col-

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299. 17 U.S.C. § 512(c)(3)(A)(iii) (emphasis added).

300. *Id.*

301. 17 U.S.C. § 512(c)(3)(A)(ii).

302. H.R. REP. NO. 105-551, pt. 2, at 53 (1998) (emphasis added).

303. *In re Aimster Copyright Litig.*, 252 F. Supp. 2d at 657 (quoting *ALS Scan, Inc.*, 239 F.3d at 625).

304. *See, e.g.*, 17 U.S.C. § 512(c)(1)(B) (2006).

305. *See* Brett White, *Viacom v. YouTube: A Proving Ground for DMCA Safe Harbors Against Secondary Liability*, 24 ST. JOHN’S J. LEGAL COMMENT 811, 843 (2010).

lapse of copyright protection.

#### A. *The DMCA's Ambiguous Provisions*

When the legislature drafted the DMCA, it clearly did not consider a service provider with such a high volume of user-uploaded content like YouTube.<sup>306</sup> This was apparent by the ambiguities in several of the DMCA provisions, which led the *Viacom* court to rule in a manner that undoubtedly hurts the rights of copyright owners.<sup>307</sup> As a result, the DMCA must be amended. First and foremost, the legislature must amend the DMCA so that judges know how to deal with the issue of whether service providers such as YouTube need only respond to *specific* instances of infringement. As already explained, it is imperative that the legislature explicitly require the service provider to remove infringing content from its servers regardless of whether it is informed of specific instances of infringement, or whether it obtains general knowledge of infringement through circumstantial evidence. Additionally, the legislature must explicitly state that service providers that are willfully blind to ongoing infringements will not be entitled to DMCA safe harbor protection. Although § 512 provides that service providers who have circumstantial knowledge of infringement would not be entitled to DMCA protection,<sup>308</sup> the *Viacom* decision clearly shows that judges can simply ignore the provision.

Arguably, increasing the burden on service providers may not be allowed under § 512(m). Therefore, the legislature should also amend the DMCA to explicitly place some of the burden of monitoring infringement on the service provider. Although it may have been unfair to impose such burden when the DMCA was first drafted, times have clearly changed. File-hosting websites now enjoy a large amount of revenue that is derived from videos uploaded onto their websites,<sup>309</sup> and therefore, they should be required to face at least some of the burden of policing *their own* servers. A burden imposed solely on the copyright owner in modern times would be unreasonable since the number of websites like YouTube continues to increase rapidly,<sup>310</sup> meaning the copyright owner could potentially go bankrupt

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306. See also *id.* at 843 (“When drafting the DMCA, the legislature was clearly not considering a service provider with such a high volume of user-uploaded content as YouTube.”). See generally S. REP. NO. 105–190, at 1–6 (1998).

307. See *Viacom Int’l Inc. v. YouTube, Inc.*, 718 F. Supp. 2d 514 (S.D.N.Y. 2010).

308. See 17 U.S.C. § 512(c)(1)(A)(ii).

309. See generally *File Hosting Service*, WIKIPEDIA, [http://en.wikipedia.org/wiki/File\\_hosting\\_service](http://en.wikipedia.org/wiki/File_hosting_service) (last visited Feb. 20, 2011).

310. *Top 22 Sites Similar to YouTube*, ISOFTWAREREVIEWS.COM,

if it has to spend the time and money monitoring every one of these sites. This, however, was not a big concern when the DMCA was initially drafted, because video hosting websites were almost non-existent at that time.<sup>311</sup>

Furthermore, § 512(c)(1)(B) also contains many ambiguities, which result in courts reaching opposite conclusions in cases involving similar facts. This section provides that a service provider will not be entitled to safe harbor protection when it has the right and ability to control infringements and derives revenue directly attributable to these infringements.<sup>312</sup> However, the DMCA does not clearly define when a service provider is “able” to control infringement, and when its profits are considered “directly attributable” to infringement.<sup>313</sup> This ambiguity allows courts to subjectively define these terms in a way that best “fits” their ultimate holding. For example, in the *Viacom* litigation, the court held the right and ability to control infringements also included a knowledge element.<sup>314</sup> This decision clearly fit the court’s ultimate holding that YouTube was protected under the DMCA because it was only responsible for dealing with the specific infringements of which it was aware.<sup>315</sup>

Although the drafters of the DMCA may have intentionally left these terms ambiguous with the purpose of adapting to changes in technology paradigms,<sup>316</sup> this ambiguity could result in unfair decisions. Therefore, in order to adequately protect the rights of copyright owners, the legislature should make it clear that when a service provider has the tools to search and locate infringing content, filter infringing content as it is uploaded onto its servers (e.g. by using fingerprinting technology), and has the ability to terminate user accounts, it has the right and ability to control the infringing activity. Moreover, the legislature should make clear that when a service provider enjoys the commercialization of content posted on its site, and a large portion of that content is unauthorized, the profits derived will be categorized as “directly attributable” to infringements. After all, it is clear that when a large amount of unauthorized content attracts users to a website, and that website’s advertisement-based revenue is almost entirely dependent on the number of its visitors, that revenue is “directly attributable” to the infringements.

Finally, the legislature also left § 512(i)(1)(A) ambiguous. This section

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<http://www.isoftwarereviews.com/sites-similar-to-youtube> (last visited Feb. 20, 2011).

311. See generally *File Sharing*, WIKIPEDIA, [http://en.wikipedia.org/wiki/File\\_sharing](http://en.wikipedia.org/wiki/File_sharing) (last visited Nov. 17, 2010).

312. 17 U.S.C. § 512(c)(1)(B).

313. See *id.*

314. *Viacom Int’l, Inc.*, 718 F. Supp. 2d at 527.

315. See *id.* at 525.

316. *Dissecting DMCA § 512*, *supra* note 119.

provides that a service provider must adopt a repeat-infringer policy that terminates users who infringe on multiple occasions.<sup>317</sup> In an attempt to give courts discretion when analyzing service providers' repeat-infringer policies, the legislature simply provided that these policies must be "reasonably implemented."<sup>318</sup> This provision once again demonstrates the legislature's lack of guidance.<sup>319</sup> Although it may be reasonable to leave policy decisions up to the service providers' discretion,<sup>320</sup> this freedom should not be limitless allowing service providers to take advantage of it. As explained above, because service providers, like YouTube, derive profits from unauthorized use of copyrighted content on their servers, they may intentionally hesitate to terminate the user accounts of repeat-infringers.<sup>321</sup> This was most likely the case with YouTube. The *Viacom* court felt that YouTube's repeat-infringer policy was "reasonable,"<sup>322</sup> despite the fact that repeat infringers who submitted hundreds of unauthorized videos did not necessarily lose their account.<sup>323</sup> The legislature should not allow for such outcomes by leaving the provision ambiguous. For example, the legislature could add a provision to § 512(i)(1)(A) clearly defining the term "repeat infringer." This clarity would allow courts to reach accurate decisions when they are left to determine whether a certain repeat-infringer policy is "reasonable."

### *B. The Combating Online Infringement and Counterfeits Act*

Although the Combating Online Infringement and Counterfeits Act ("COICA")<sup>324</sup> was introduced on September 20, 2010 to help fight copyright infringement,<sup>325</sup> the proposed act may be too aggressive and could potentially lead to an undesirable outcome.<sup>326</sup> The COICA will require "In-

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317. 17 U.S.C. § 512(i)(1)(A).

318. *Id.* (emphasis added).

319. *See supra* Part III.B.2.

320. *See White, supra* note 305, at 823 (stating that the Ninth Circuit held that implementation of § 512 policy is left to the service providers who must develop a system for dealing with DCMA complaint notifications).

321. *See supra* Part III.B.5.

322. *See Viacom Int'l, Inc.*, 718 F. Supp. 2d at 528.

323. *See id.* ("[M]ultiple take-down notices identifying videos uploaded by the user received by YouTube within a two-hour period [did] not mean that the policy was not 'reasonably implemented' as required by § 512(i)(1)(A).").

324. Combating Online Infringement and Counterfeits Act, S. 3804, 111th Cong. (2010).

325. *See generally COICA Fact Sheet*, DEMANDPROGRESS.ORG, <http://demandprogress.org/blacklist/coica> (last visited Jan. 18, 2011).

326. *See Natch Greyes, COICA: A Potential Shift In Intellectual Property Law*, MARSHALL-WYTHE STUDENT INTELLECTUAL PROPERTY SOCIETY (Sept. 29, 2010),

ternet service providers, financial transaction providers, and online ad vendors” to disconnect all ties with websites listed on a “blacklist” created by the Attorney General.<sup>327</sup> The list will include websites that are “dedicated to infringing activities” and where counterfeit goods or copyrighted materials are “central” to the websites’ activity.<sup>328</sup> Due to the broad scope of the COICA,<sup>329</sup> it is feared that if enacted, and the *Viacom* case is overturned on appeal, YouTube may be one of the sites that are placed on this blacklist.<sup>330</sup> Moreover, even if the *Viacom* decision is affirmed, YouTube may still be placed on the blacklist if it is determined that its users are using the website for the purpose of copyright infringement.<sup>331</sup>

While the COICA demonstrates Congress’ intent to fight infringement, it could threaten the existence of websites such as YouTube, and may not be the appropriate way to solve the problem of online copyright infringement.<sup>332</sup> While the DMCA allows websites to exist so long as they counter infringement, the COICA provides for the ban of entire websites if it is determined that they host a significant amount of unauthorized content.<sup>333</sup> As a result, it is “not just possible but probable that a great deal of legitimate, protected speech will be taken down in the name of copyright enforcement.”<sup>334</sup> This could certainly pose a threat to websites like YouTube, which host both infringing and non-infringing content.<sup>335</sup> It seems unfair to ban a website because some users choose to illegally transmit copyrighted content. Innocent Internet users who do not engage in Internet piracy, and companies who voluntarily choose to place their copyrighted videos on websites like YouTube, should not have to suffer the negative consequence of having these websites banned as a result of the COICA.<sup>336</sup>

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<http://sips.blogs.wm.edu/2010/09/29/coica-a-potential-shift-in-intellectual-property-law> (explaining that the COICA may be too broad, could “override existing precedent regarding the provisions of the [DMCA],” and could lead to “massive expansion of U.S. jurisdictional power”).

327. *COICA Fact Sheet*, *supra* note 325.

328. Combating Online Infringement and Counterfeits Act § 2.

329. Greyes, *supra* note 326 (“The real problem . . . is the broad scope of COICA.”).

330. *COICA Fact Sheet*, *supra* note 325.

331. *Id.*

332. *See id.* (stating that if the bill passes, Viacom does not need to prove YouTube is doing anything illegal as long as it can convince a court that enough people are using YouTube for copyright infringement).

333. Richard Esguerra, *Censorship of the Internet Takes Center Stage in “Online Infringement” Bill*, ELECTRONIC FRONTIER FOUNDATION (Sept. 21, 2010), <http://www.eff.org/deeplinks/2010/09/censorship-internet-takes-center-stage-online>.

334. *Id.*

335. Brian Stelter, *Those Funny YouTube Videos Are Pulling in Serious Money*, N.Y. TIMES, Dec. 11, 2008, at A1 (providing examples of individuals who have profited by making YouTube videos).

336. *See Clips With Ads*, *supra* note 269, at C1 (noting that only some videos uploaded

Therefore, rather than enacting an aggressive act such as the COICA, amending the ambiguous DMCA provisions would be more beneficial in the efforts to combat copyright infringement.<sup>337</sup> The legislature may have intended to leave certain provisions of the DMCA ambiguous in order to facilitate the development of innovative technology.<sup>338</sup> However, this goal should not be achieved at the expense of copyright owners' rights.<sup>339</sup> As *Viacom* shows, statutory ambiguities not only lead to inconsistent court decisions,<sup>340</sup> but also to unfair and erroneous holdings.<sup>341</sup>

## V. CONCLUSION

*Viacom* is clearly one of the most important copyright cases in recent decades.<sup>342</sup> It illuminates the tension between the need for tools that facilitate the exchange and sharing of ideas and the need to protect copyright owners. However, the court's decision in *Viacom* seems to favor the needs of service providers more than the needs of the copyright owners.<sup>343</sup> This results in an imbalance between these equally important interests.<sup>344</sup> Due to the numerous ambiguities in the Digital Millennium Copyright Act ("DMCA" or "the Act"), the *Viacom* court ruled that the Act provided a defense for YouTube against all of Viacom's claims.<sup>345</sup> This ruling was erroneous and should be reversed on appeal.

The *Viacom* decision was erroneous for several reasons. First, YouTube should not have been shielded from liability under the DMCA because it was willfully blind to ongoing infringement.<sup>346</sup> Although the *Via-*

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onto YouTube violate copyright laws, and that copyright owners such as Lionsgate have begun to work with YouTube by placing ads surrounding their copyrighted content).

337. See *Dissecting DMCA* § 512, *supra* note 119 (identifying ambiguous terms in the statute).

338. See *id.* See generally S. REP. NO. 105-190, at 1-2 (1998).

339. See *supra* Part III.B.

340. See *supra* Part III.B.1.

341. See *supra* Part III.B.

342. See *Fulton*, *supra* note 167 (classifying *Viacom* as a "landmark" case and stating that it will "likely determine the future of the online video sharing industry at least, and the Internet media economy at most").

343. See generally *Zebrak*, *supra* note 189 (stating that the recent decision in *Viacom v. YouTube* has upset the balance between service providers and copyright holders in favor of service providers).

344. See *id.* (stating that the recent decision in *Viacom v. YouTube* has upset the balance between service providers and copyright holders in favor of service providers).

345. See *Viacom Int'l Inc. v. YouTube, Inc.*, 718 F. Supp. 2d 514, 529 (S.D.N.Y. 2010) (granting summary judgment to YouTube against all claims filed by Viacom).

346. See *id.* at 525 (holding that the "[g]eneral knowledge that infringement is 'ubiquitous'

*com* court suggested that YouTube need only counter infringement when it is specifically made aware of it,<sup>347</sup> the court should have imposed upon YouTube the duty to block access to infringing videos regardless of how YouTube came to learn of them.<sup>348</sup> Second, YouTube's lack of knowledge of specific and identifiable infringements did not mean that it lacked the right and ability to control infringing activity or that it did not derive financial benefit directly from infringement.<sup>349</sup> Such knowledge is not required,<sup>350</sup> and the evidence clearly showed that YouTube had both the means to control the infringing activity and to earn revenue directly attributable to infringement using its website.<sup>351</sup> Third, the court should have given more deference to previous cases concerning P2P networks because they were applicable to the case.<sup>352</sup> Fourth, YouTube should not have been shielded by § 512(c) because it is not a passive storage provider, but rather an entertainment website that uses stored content to derive profits.<sup>353</sup> Fifth, the court should not have found that YouTube's repeat-infringer policy was "reasonable" as required by the DMCA, because the policy was too lenient on repeat-infringers.<sup>354</sup> Finally, the court should not have disregarded the provision allowing Viacom to submit a "representative list" of infringing

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does not impose a duty on the service provider to monitor or search its service for infringements.”).

347. *Id.*

348. See 17 U.S.C. § 512(c)(1)(A)(ii-iii) (2006) (specifying that if an infringement is apparent in light of the facts or circumstances surrounding the infringement, the service provider must quickly remove or disable the infringing material).

349. See *supra* Part III.B.2.

350. See, e.g., *Gershwin Publ'g Corp. v. Columbia Artists Mgmt., Inc.*, 443 F.2d 1159, 1162 (2d Cir. 1971) (stating that a defendant who had the “right and ability to supervise the infringing activity” would be liable for infringement even if it “has no actual knowledge” of it); see also *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, 545 U.S. 913, 934 n.9 (2005) (“[V]icarious liability . . . allows imposition of liability . . . even if the defendant initially lacks knowledge of the infringement.”).

351. See *Zebrak*, *supra* note 189 (explaining that Viacom had submitted evidence to the court that YouTube “had not only general awareness of the infringing activity but also awareness of specific infringing clips”).

352. See *Viacom Int'l, Inc.*, 718 F. Supp. 2d at 525 (holding that case law involving P2P networks has “little application” to the case). *But see* *Columbia Pictures Indus., Inc. v. Fung*, No. CV 06-5578 SVW (JCx), 2009 WL 6355911, at \*15-16 (C.D. Cal. Dec. 21, 2009) (suggesting that distributors of peer-to-peer file sharing programs can seek protection under § 512(d)'s safe-harbor for information-location tools).

353. See *supra* Part III.B.4.

354. See *Viacom Int'l, Inc.*, 718 F. Supp. 2d at 527-28 (approving YouTube's repeat-infringer policy). *But see* 17 U.S.C. § 512(i)(1)(A) (“The limitations on liability established by this section shall apply to a service provider only if the service provider . . . has adopted and reasonably implemented, and informs subscribers and account holders of the service provider's system or network of, a policy that provides for the termination in appropriate circumstances of subscribers and account holders of the service provider's system or network who are repeat infringers.”).

works to YouTube.<sup>355</sup> Once YouTube became aware of infringing works via Viacom's "representative list," it should have been required to take down other identical infringing works that were not on this list.<sup>356</sup>

The *Viacom* decision demonstrates a need for an overhaul of contemporary copyright law.<sup>357</sup> Currently, the DMCA might benefit companies like YouTube, which rely on others' content to foster their own growth; however, it does not adequately protect copyright owners.<sup>358</sup> While amending the DMCA seems necessary after the *Viacom* decision, the Act needs to be preserved in order to shield online service providers from liability when they make reasonable efforts to counter infringement.<sup>359</sup> After all, without the DMCA, websites like YouTube would not exist.<sup>360</sup> While this may be desirable to companies like Viacom, such an outcome would harm a great deal of businesses and individuals that choose to generate profit from YouTube.<sup>361</sup> Moreover, such an outcome would negatively impact many non-infringers who simply use YouTube as a means to share business presentations, tutorials, and family videos. The ability of individuals to share such content with others is surely desirable in modern society.

Therefore, while there is a need to reverse the *Viacom* decision on appeal in order to impose a larger burden on YouTube to counter infringement, the higher court must act carefully so that its decision does not lead to the demise of YouTube.<sup>362</sup> Further, it is necessary that the legislature

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355. See *Viacom Int'l, Inc.*, 718 F. Supp. 2d at 528–29 (rejecting Viacom's argument that it should be able to submit a representative list to YouTube).

356. *ALS Scan, Inc. v. RemarQ Communities, Inc.*, 239 F.3d 619, 625 (4th Cir. 2001) ("[Section 512(c)(3)(A)(ii)] . . . does not seek to burden copyright holders with the responsibility of identifying every infringing work—or even most of them—when multiple copyrights are involved.").

357. See Zebrak, *supra* note 189 (stating that the district court's decision in *Viacom v. YouTube* upsets the legislative intent behind DMCA, and thus dissuades service providers from fighting against copyright infringement).

358. See *supra* Part III.B.

359. See Kurt Opsahl, *YouTube Wins Summary Judgment in Viacom DMCA Lawsuit*, ELECTRONIC FRONTIER FOUNDATION (June 23, 2010), <http://www.eff.org/deeplinks/2010/06/youtube-wins-summary-judgment-viacom-dmca> (arguing that the DMCA gives strong incentives to service providers to remove copyright infringed material upon notice by shielding them from copyright infringement liability if they comply).

360. *Id.* ("Without the DMCA safe harbors, sites like YouTube . . . simply wouldn't exist.").

361. See *Clips With Ads*, *supra* note 269, at C1 ("CBS, Universal Music, Lionsgate, Electronic Arts, and other companies have stopped prodding YouTube to remove unauthorized clips of their movies, music videos and other content and started selling advertising against them."); see also Stelter, *supra* note 335, at A1 (giving examples of individuals who have profited by making YouTube videos).

362. See *supra* Part IV.B.

amend the DMCA in order to enable copyright owners and other web-content providers to happily co-exist in this era of constant technological innovation.

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