

Viacom V. YouTube Provides Some Insight Into DMCA



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Law360, New York (May 09, 2013, 12:20 PM ET) -- On April 18, 2013, the U.S. District Court for the Southern District of New York granted YouTube's renewed motion for summary judgment in *Viacom v. YouTube*. The court found that YouTube was protected under the safe harbor provisions of the Digital Millennium Copyright Act.[1] This decision — issued after a remand from the Second Circuit — gives new insight into how federal courts will apply the DMCA's Section 512(c) safe harbor provisions to online service providers (such as YouTube) whose websites contain user-generated content that may infringe upon the copyright of a third party.

The opinion was issued after the Second Circuit remanded several questions to the district court on April 5, 2012, including whether (1) YouTube had knowledge or awareness of any specific copyright infringing videos on its website; (2) YouTube willfully blinded itself to such specific infringements; (3) YouTube had the "right and ability to control" infringing activity within the meaning of Section 512(c)(1)(B); and (4) for any of the clips "in-suit" which were syndicated to a third party, whether such syndication occurred "by reason of the storage at the direction of the user" within the meaning of Section 512(c)(1), so that YouTube could claim safe harbor protection.[2]

On remand, U.S. District Judge Louis Stanton, who had ruled against Viacom[3] in his initial 2010 summary judgment decision,[4] again granted YouTube's motion for summary judgment. The court found that Viacom lacked proof that YouTube had item-specific knowledge or awareness of any of the allegedly infringing clips-in-suit; that there was no showing that YouTube was willfully blind to specific infringements of clips-in-suit; that YouTube did not have the right and ability to control its users'

infringing activity within the meaning of Section 512 (c)(1)(B); and that YouTube was protected by the safe harbor provisions where its syndication did not include manual selection or delivery of videos, and served the purpose of Section 512(c) by “providing access to material stored at the direction of users.”[5]

The district court made these findings despite evidence that YouTube executives knew that some specific copyrighted works (e.g., specific movies or TV show episodes) were available on the YouTube website, but without knowing exactly where such clips were located. The district court’s holding suggests that unless an online service provider learns or receives notice of the specific location of an infringing video clip, it is not required to take action in order to retain protection under the DMCA’s safe harbor. Because this approach was rejected by the Second Circuit in the earlier appeal, a subsequent appeal of this most recent decision is likely.

Safe Harbor Protection Under the DMCA

Section 512 of the DMCA provides certain safe harbors to online service providers from monetary liability for copyright infringement arising in the context of certain activities. The most notable is the safe harbor provision of Section 512(c), which protects online service providers such as YouTube from copyright liability for materials posted or stored at the direction of users, but only if the service provider:

- (i) does not have actual knowledge that the material or an activity using the material on the system or network is infringing;
- (ii) in the absence of such actual knowledge, is not aware of facts or circumstances from which infringing activity is apparent; or
- (iii) upon obtaining such knowledge or awareness, acts expeditiously to remove, or disable access to the material.[6]

Knowledge or Awareness of Specific Infringements Including Specific Clips-in-Suit

The first question before the court was which party had the burden of establishing whether YouTube had actual knowledge, or the lack thereof, of allegedly infringing video clips on its website. Following the April 5, 2012, remand order by the Second Circuit, the district court requested that the parties report the precise information given to, or reasonably apparent to, YouTube for each of the allegedly infringing clips-in-suit. YouTube submitted a list of 63,060 clips-in-suit for which it never received any notices of infringement, and challenged Viacom to specify how it claimed such notice was given.

Viacom responded that the huge volume of material at issue prevented it from proving which clips-in-suit YouTube knew about and which it did not. Viacom argued that it did not carry the burden of proving YouTube’s knowledge of specific infringing videos, because YouTube claimed the safe harbor as an “affirmative defense.” Therefore, under Viacom’s argument, YouTube had the burden of establishing each element of its affirmative defense, including lack of knowledge or awareness of Viacom’s clips-in-suit.

The district court rejected this argument as an “anachronistic,” pre-DMCA concept, given that the great volume of material placed by users on online service providers’ platforms means that the provider could publish copyright infringing materials without knowledge.[7] The court found this problem illustrated by

the case record, which established that site traffic on YouTube had reached “more than 1 billion daily video views, with more than 24 hours of new video uploaded to the site every minute.”[8] The district court found that no service provider could be aware of the contents of each such specific video, and as such, reiterated that the DMCA places the burden of notifying service providers of infringements upon the copyright owner or his agent.

Red Flag Knowledge: Willful Blindness is Distinct From an Affirmative Duty to Monitor

Following the Second Circuit’s remand to the district court to determine whether YouTube willfully blinded itself to specific infringements, the district court stated that willful blindness is distinct from an affirmative duty to monitor. The district court cited the Second Circuit’s discussion of “red flags” under the DMCA, which found that what disqualifies the service provider from the DMCA’s protection is blindness to “specific and identifiable instances of infringement.”[9] The district court found that in this case, the specific locations of infringements were not supplied, and that, at most, only an area of search or name of a copyrighted work was identified, leaving YouTube to find the infringing clip.[10]

The district court noted that a Viacom declaration asserted there were over 450 infringing clips on YouTube during the relevant time period. The district court further noted that finding these clips would have required YouTube to locate and review over 450 clips, and that the DMCA places no such requirement on a service provider to affirmatively monitor its site. The district court was unmoved by Viacom’s argument that YouTube could have easily located the infringements by using its own identification tools.

The court held that because the DMCA excuses YouTube from affirmatively monitoring its site, and because Viacom failed to provide specific instances of infringements, there was no showing of willful blindness to specific infringements of clips-in-suit. The court also held that general knowledge that a specific copyrighted work (such as a certain TV episode or song) was being uploaded to a service provider’s website was not enough to prove knowledge of infringement. Rather, the knowledge standard requires proving that YouTube knew of the presence and location of specific video clips infringing such copyright work.

Online Service Provider Can Retain Safe Harbor Protection Even When it Scales Back Monitoring Measures and Utilizes Selective Enforcement

The district court also found that an online service provider does not lose the DMCA’s safe harbor if it scales back its internal monitoring and enforcement measures. Viacom presented evidence that, prior to its acquisition by Google Inc., YouTube made internal decisions to identify and remove certain, but not all, infringing materials from its site. YouTube’s founders removed content such as entire movies and TV shows, as well as pornographic and extremely violent content. However, as the website began to grow, YouTube scaled back its internal monitoring measures in several ways: It disabled community flagging for infringement, declined to send automated emails to copyright owners when illegal content was uploaded, and eventually stopped actively monitoring its site for infringements.

The district court noted that YouTube had opted to retain all infringing videos on its site until it received a takedown notice from the actual copyright owner, identifying a specific infringing clip by URL, and demanding removal of the clip from the site. Nevertheless, the court did not find that YouTube had

forfeited its safe harbor protection by scaling back its monitoring measures in this way.

The court further noted that YouTube selectively employed active monitoring tools to review and assist content owners who had agreed to licensing and revenue-sharing deals with YouTube. YouTube employed digital fingerprinting software, which automatically blocks submissions that match reference databases of copyrighted works' fingerprints prior to their becoming available for public view. The software thereby filters out videos that infringe on the works of parties to YouTube's licensing agreements.[11] Viacom argued that, because it had not entered into such content license agreements, YouTube refused to prevent illegal uploading, and imposed the entire burden on Viacom and other studios to continuously search YouTube for infringing clips. However, the district court reiterated that the burden lies therein under the DMCA safe harbor.[12]

Finally, the district court found that YouTube's decision to restrict its monitoring efforts to groups of infringing clips, as with its decisions to restrict access to its proprietary mechanisms, does not exclude it from the safe harbor, regardless of its motivation. The district court explicitly rejected Viacom's argument that YouTube could readily "locate the infringements by using its own identification tools." [13] The court found no such requirement under the DMCA, reaffirming the Second Circuit's finding that "YouTube cannot be excluded from the safe harbor by dint of a decision to restrict access to its proprietary search mechanisms." [14] The district court referenced the governing principle that "knowledge of the prevalence of infringing activity, and welcoming it, does not itself forfeit the safe harbor." [15] Rather, to forfeit that protection, the online service provider "must influence or participate in the infringement." [16]

YouTube's Syndication Merely Combined Two Functions Found by the Second Circuit to be Protected by the Safe Harbor Provisions

In addressing the syndication question, the district court cited YouTube's brief, which explained that its syndication agreements merely give users alternative ways to view videos that users have stored on YouTube's system.[17] The court noted that YouTube's syndication did nothing more than combine two functions already found by the Second Circuit to be protected by the safe harbor provisions: "transcoding videos in a different encoding scheme to render the video viewable over the Internet" and "playing back videos in response to user request." [18] On this basis, the district court held that YouTube may claim safe harbor protection.

Practical Implications for Copyright Owners and Online Service Providers

The district court's order sets out a specific list of "dos" and "don'ts" regarding when an online service provider may retain the DMCA's safe harbor protections. Though many of these issues are still unsettled in light of the strong likelihood of additional appeal in the Second Circuit, and questions remain over whether the district court properly followed the Second Circuit's instructions on remand, the district court's analysis of YouTube's specific actions and omissions provides a basic framework into the Southern District of New York's interpretation of the DMCA's safe harbor provisions. Under the district court's analysis — which is almost certain to be challenged again on appeal — the following actions did not prevent YouTube from retaining the DMCA's safe harbor:[19]

- YouTube influenced user uploads by exercising its right not to monitor its service for infringements.
- YouTube actively enforced basic rules regarding acceptable content such as limitations on violent, sexual or hate material.
- YouTube facilitated access to all user-stored material, regardless (and without actual or constructive knowledge) of whether it was infringing.
- YouTube disabled community flagging for infringement, relying solely on copyright owners themselves to provide notice of infringement.
- YouTube kept substantially all infringing videos on its site as a draw to users, unless and until YouTube received a DMCA takedown notice from the actual copyright owner identifying a specific infringing clip by URL and demanding its removal from the site.
- YouTube selectively deployed monitoring software to prevent the uploading of content infringing the works of copyright owners with which it had licensing and revenue-sharing deals.

Furthermore, the district court outlined specific actions that it believed would cause an online service provider to lose safe harbor protection (by finding that there was no evidence that YouTube ever engaged in the following actions):

- YouTube did not induce its users to submit specific infringing videos.
- YouTube did not provide users with detailed instructions about what types of content to upload.
- YouTube did not edit user content.
- YouTube did not prescreen submissions for quality.
- YouTube did not actively steer users to infringing videos.
- YouTube did not interact with infringing users to a point where it might be said to have participated in their infringing activity.

Further Developments

Despite the guidance that copyright owners and online service providers may find in the district court's opinion, a further appeal to the Second Circuit is expected. The Second Circuit's analysis in the earlier appeal suggests that an online service provider may forfeit safe harbor protection if it is "at least aware of facts or circumstances from which specific infringing activity was apparent." [20] This finding appears to conflict with the district court's suggestion that unless a service provider receives a specific notice of infringing content from a copyright owner, it is not required to take action in order to be protected by the safe harbor provisions. This tension makes the probability of subsequent appeals likely. Interested parties should continue to monitor this action closely.

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[1] *Viacom Int'l Inc. et al. v. YouTube et al.*, 07 civ. 2103 (LLS) (S.D.N.Y. Apr. 18, 2013) (“Viacom Remand”); 17 U.S.C. § 512(c).

[2] *Viacom Int'l Inc. v. YouTube Inc.*, 676 F.3d 19 (2d Cir. 2012) (“Viacom Appeal”). Latham & Watkins LLP (Lori Alvino McGill and Gregory Garre) filed an amicus brief on behalf of Microsoft in the Viacom Appeal. See also Latham & Watkins LLP client alert on the Second Circuit appeal (*Viacom v. YouTube: Second Circuit Decides Long-awaited Appeal on Safe Harbor Protection for Online Service Providers* (April 19, 2012)).

[3] The plaintiffs in this matter include several major media companies, including Viacom International, Inc., Comedy Partners, Country Music Television Inc. Paramount Pictures Corporation, and Black Entertainment LLC. For purposes of this article, the class of plaintiffs are collectively referred to as “Viacom.”

[4] *Viacom Int'l Inc. v. YouTube Inc.*, 718 F. Supp. 2d 514 (S.D.N.Y. 2010) (“Viacom”); See also Latham & Watkins LLP client alert on the district court opinion (*Viacom v. YouTube: Safe Harbor Protection for Online Service Providers* (July 26, 2010)).

[5] Viacom Remand at 22.

[6] 17 U.S.C. § 512(c)(1).

[7] Viacom Remand at 4.

[8] Viacom Remand at 4 citing Viacom Appeal at 28 and Viacom at 518.

[9] Viacom Remand at 8 citing Viacom Appeal at 32.

[10] Viacom Remand at 9 citing Viacom Appeal at 41.

[11] Viacom Remand at 16-17.

[12] Viacom Remand at 17 citing Viacom Appeal at 41.

[13] Viacom Remand at 9.

[14] Viacom Remand at 18 citing Viacom Appeal at 41.

[15] Viacom Remand at 13.

[16] Viacom Remand at 13.

[17] Viacom Remand at 22.

[18] Viacom Remand at 22-23.

[19] Viacom Remand at 19-20.

[20] Viacom Appeal at 34.