Technology and IP Forum: Copyright Law Updates & Best Practices

July 31, 2018

Presenters:
Anna Chauvet, U.S. Copyright Office
Regina Thomas, Oath Inc.
Brian Westley, PBS
Michael Justus, Katten Muchin Rosenman LLP
Agenda

- Copyright 101
- Public Domain, Fair Use & Rights Clearance
- DMCA
- First-Sale Doctrine
- Standing To Sue
- Copyright Office Guidance & Resources
Copyright 101
Copyright 101

- Copyright law automatically protects original works upon creation—photos, videos, articles, blogs, etc.

Copyright Owner has exclusive right to publish, distribute, and related rights.

You need license/permission or an exception (e.g., fair use).

“I didn’t write the book report. I downloaded and printed it directly from the Internet, but I did collate and staple it myself.”
# Copyright 101

<table>
<thead>
<tr>
<th>Protected</th>
<th>Not Protected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Literary, musical, &amp; dramatic works</td>
<td>Works consisting entirely of information that is common property or has no author</td>
</tr>
<tr>
<td>Pictorial, graphic, &amp; sculptural works</td>
<td>Words and short phrases</td>
</tr>
<tr>
<td>Motion pictures &amp; other audiovisual works</td>
<td>Ideas, plans, methods, systems</td>
</tr>
<tr>
<td>Sound recordings &amp; architectural works</td>
<td>Blank forms, typeface as type face</td>
</tr>
<tr>
<td></td>
<td>U.S. government works</td>
</tr>
</tbody>
</table>
COPYRIGHT 101: EXCLUSIVE RIGHTS

17 U.S.C. § 106

(1) Reproduction
(2) Distribution
(3) Creation of Derivative Works
(4) Public Performance (Certain Works)
(5) Display (Certain Works)
(6) Public Performance via Digital Audio Transmission (Sound Recordings)
Copyright 101: Damages $$

- Actual damages, or “statutory damages” of $750 - $30,000 per infringing work.
- Up to $150,000 per work for “willful infringement”.
Copyright 101: Common Misconceptions

• Just because websites and social media sites/apps are publicly viewable does **not** make them “public domain.”

• Crediting is **not** a substitute for permission.
Fair Use v. Public Domain

- When it’s unnecessary to obtain permission:
  - Public Domain – No longer protected by copyright
    - Most works enter public domain due to expired copyright
    - Sometimes authors dedicate work to the public domain
  - Fair Use – permits limited copying of a work that is still protected by copyright
    - Usually reserved for comment, criticism, teaching, parody
    - One of the most difficult issues to navigate in copyright law
When does a copyright expire?

- Can be very complicated; depends on when work was created and whether it was published (and, if so, when)
- Generally, the copyright term for works created by U.S. authors after 1976 is as follows:
  - If individual author: life of author + 70 years
  - If joint authors: life of last author to die + 70 years
  - If work for hire/anonymous: 95 years after publication
Public Domain

- Authors sometimes decide not to protect their creative works and “dedicate” them to the public domain.
- This is rare and should not be assumed unless the dedication is expressly authorized.
Just because a website *claims* works are in the ‘public domain’ doesn’t necessarily mean they are:

- How reputable is the site?
  - Website owner likely didn’t create the works and may not fully understand complicated copyright terms

- Public domain works may be incorporated into new works that have copyright-protected elements
  - Photos of public domain paintings and sculptures
  - Artwork accompanying public domain text of a book
Fair Use

In determining whether there’s fair use, courts consider the following **four factors**:

1. Purpose and character of the use
2. Nature of the copyrighted work
3. Amount of work used and importance to the whole
4. Effect on potential market for or value of copyrighted work
Fair Use

- (1) Purpose and character of use
  - Was the use for a noncommercial or nonprofit purpose?
  - Did the use “transform” the material taken from the copyrighted work?
    - In other words, did the alleged infringer add value by creating “new expression, meaning, or message.” *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579
(2) Nature of the copyrighted work

- Is the work primarily factual (weaker protection) or completely creative (stronger protection)?
- Is the work published or unpublished? (author’s right to be the first to publish is regarded as a valuable right)
(3) Amount of work used and importance to the whole

- Is the portion taken the “heart” of the work?
  - An alleged infringer may use very little of the allegedly infringed work from a quantitative perspective (for example, a few minutes of an hours-long baseball game) but the qualitative taking may nonetheless be significant (the few minutes copied was the only home run of the game)
(4) Effect on the potential market for or value of the copyrighted work

- Look at economic impact

- If market for the original work is diminished by new use, this factor will weigh heavily in favor of copyright owner
  - Example: Copying even a few questions from a secured exam (SAT, LSAT) often renders the entire exam unusable, destroying its value
Fair Use

- Two most important elements to evaluate:
  - Whether, and to what extent, the new work is transformative
    - Transformative works “lie at the heart of the fair use doctrine,” *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579
  - The market harm of the new work on the original work
Some ways to increase likelihood of fair use:

• The law recognizes sometimes a license shouldn't be required.
• Use needs to be "transformative" (e.g., adds something new and different, doesn't supersede/substitute for the use of the original).
• Use a small portion of the whole, and only what you need to make the new point. No set number of seconds is always OK. Don’t use the best part of a video.
• No commercial/promotional uses.
• The context of use determines the amount of risk involved.
• You may still need to take down upon complaint.
• You may still need to pay out license fees for use.
• When in doubt, ask permission first - it will likely be less expensive.
Likely NOT Transformative

• Just playing a clip because it is entertaining.

• Straight news reporting of news event recorded in video or photograph.

• Just using a photo of a celebrity in a story about that celebrity.

Court Rejects Gossip Site’s Fair Use Defense—Barcroft v. Coed Media

November 9, 2017 · by Venkat Balasubramani · in Copyright, Licensing/Contracts
Disney Star Live-Tweets Her Labor

Acacia Brinley and her boyfriend, Jairus Kersey, are expecting a baby any day now. (Photo: Instagram/Acacia Brinley)

Disney star Acacia Brinley, who is 18 years old and nine months pregnant with her first child, has gone into early labor — and she's sharing every contraction on social media.
Transformative: The work doesn’t simply illustrate the subject of the story, it IS the subject of the story.

The work itself has prompted action, public statements by those involved, etc.
Transformative: The work doesn’t simply illustrate the subject of the story, it IS the subject of the story:

Jennifer Lopez Hits Back At Haters Who Accused Her Of Photoshopping Ab Photo

Jennifer Lopez clapped back at the haters who accused her of Photoshopping one of her most recent Instagram photos.

On Thursday, the performer shared the photo below.

If you weren’t distracted by how amazing J.Lo looks, you may have noticed what appears to be a smudge just under her sweatshirt on the right. Plenty of people in the comments claimed the mark was a result of an unsuccessful attempt at altering the pic, but Lopez wasn’t having any of it.

The “Shades of Blue” star replied to the comments and then shared a screenshot of her response in her Instagram story.

The work itself has prompted action, public statements by those involved, etc.
Fox News v. TVEyes, 883 F.3d 169 (2d Cir. 2018)

- **Background**: TVEyes records television programs and then compiles the recordings into a text-searchable database. Clients can search for segments that are responsive to their interests. Those segments can be played for up to ten minutes, but clients can play an unlimited number of segments.

- Fox News filed suit, alleging that TVEyes was making unauthorized redistribution of its audiovisual content. TVEyes asserted that its redistribution of Fox’s content was protected by the doctrine of fair use by serving a transformative purpose.
Fair Use

- *Fox News v. TVEyes*, 883 F.3d 169 (2d Cir. 2018)
  - Fair Use Analysis:
    - *(1) Purpose and character:* The court determined that TVEyes’ service was “at least somewhat transformative” because it allows users to “isolate, from an ocean of programming, material that is responsive to their interests and needs” with targeted precision.
      - Similar to “Google Books” case, which held that Google’s creation of a text-searchable database of millions of books was transformative
    - This factor favored TVEyes only slightly, however, given the commercial nature of TVEyes’ service and its modest transformative character.
Fair Use

- **Fox News v. TVEyes**, 883 F.3d 169 (2d Cir. 2018)
  
  - Fair Use Analysis:
    - (2) Nature of the copyrighted work: The court paid little attention to this factor, determining that it was neutral, but rejected TVEyes’ argument that since facts are not copyrightable, the factual nature of Fox’s content should militate a finding of fair use.
      
      “Those who report the news undoubtedly create factual works. It cannot seriously be argued that, for that reason, others may freely copy and re-disseminate news reports.”
Fair Use

- **Fox News v. TVEyes**, 883 F.3d 169 (2d Cir. 2018)
  - Fair Use Analysis:
    - (3) *Amount of work used and importance to the whole*: The court determined that this factor clearly favored Fox because “TVEyes makes available virtually the entirety of the Fox programming that TVEyes users want to see and hear.”
      - Distinguished the “Google Books” case, in which Google allowed users to see only “a very small piece” of a book (three lines of text, or about one-eighth of a page). Users also were prevented from performing repeated searches to compile multiple snippets. Users were also prevented from searching dictionaries and cookbooks, in which limited text might convey all the information the user was likely to need.
Fair Use

- **Fox News v. TVEyes**, 883 F.3d 169 (2d Cir. 2018)
  - Fair Use Analysis:
    - (4) *Effect on the potential market for or value of the copyrighted work*: The court determined that this factor also favored Fox because TVEyes was undercutting Fox’s ability to profit from licensing revenues or its own ability to offer searchable access to its copyrighted content.
  - Holding: “At bottom, TVEyes is unlawfully profiting off the work of others by commercially re-distributing all of that work that a viewer wishes to use, without payment or license.”
Fair Use

- **Disney Enterprises v. VidAngel**, 869 F.3d 848 (9th Cir. 2017)
  - VidAngel operated an online streaming service that removed “objectionable content” from movies and television shows
  - VidAngel purchased DVDs or Blu-ray Discs, decrypted the discs, “ripped” digital copies, and created “intermediate” files, converting them to HTTP Live Streaming format and breaking them into segments that could be tagged for 80+ categories of inappropriate content (once tagged, the segments were encrypted and stored in cloud servers)
  - Customers “purchased” a physical disc for $20 and selected at least one type of objectionable content to be filtered out; VidAngel “removed” the physical disc from its inventory and “ownership” transferred to customer; VidAngel then streamed the filtered work to customer from cloud server
  - After viewing the work, the customer could sell the disc back to VidAngel for partial credit
Fair Use

- **Disney Enterprises v. VidAngel**, 869 F.3d 848 (9th Cir. 2017)
  - District court’s findings
    - Plaintiffs had demonstrated likelihood of success on the merits of their *copyright infringement* claims (rights of reproduction and public display) and section 1201(a)(1) claim (unlawful circumvention of technological measures protecting copyrighted works)
    - VidAngel was unlikely to succeed on its defense under the Family Movie Act
    - VidAngel was unlikely to succeed on its fair use defense
    - Granted preliminary injunction
Fair Use

• *Disney Enterprises v. VidAngel*, 869 F.3d 848 (9th Cir. 2017)
  • Ninth Circuit’s findings
    • District court did not abuse its discretion in finding:
      • VidAngel’s copying infringed plaintiffs’ exclusive reproduction right
      • Plaintiffs likely to prevail on section 1201 claim
      • VidAngel unlikely to succeed on its defense under the Family Movie Act
      • VidAngel’s service would likely not be considered a fair use (not transformative, commercial, broad space-shifting is not fair use)
Copyright on social media platforms


• AFP sued photographer seeking DJ of no copyright infringement after it lifted photos from Twitter and distributed/licensed them elsewhere
• Photographer counterclaimed for infringement
• AFP/Getty argued that Twitter TOS granted them implied license to use the photos

• Held: Willful infringement; $1.2 million damages
Copyright on social media platforms

“You retain your rights to any Content you submit, post or display on or through the Services. What’s yours is yours — you own your Content (and your incorporated audio, photos and videos are considered part of the Content).

By submitting, posting or displaying Content on or through the Services, you grant us a worldwide, non-exclusive, royalty-free license (with the right to sublicense) to use, copy, reproduce, process, adapt, modify, publish, transmit, display and distribute such Content in any and all media or distribution methods (now known or later developed). This license authorizes us to make your Content available to the rest of the world and to let others do the same. You agree that this license includes the right for Twitter to provide, promote, and improve the Services and to make Content submitted to or through the Services available to other companies, organizations or individuals for the syndication, broadcast, distribution, promotion or publication of such Content on other media and services, subject to our terms and conditions for such Content use. Such additional uses by Twitter, or other companies, organizations or individuals, may be made with no compensation paid to you with respect to the Content that you submit, post, transmit or otherwise make available through the Services.”
Q: “If a photo/video is all over YouTube/Twitter/Instagram/Facebook, and can be embedded on a website article page, what’s the difference if we use it in a video without permission?”

A: Big difference – legally and practically
Embedding Vs. Hosting?

- YouTube, Facebook, Twitter, Instagram provide publicly available embed codes for embedding posts on websites.

- Embedded content remains hosted and controlled on the source site.

- Site users agree to allow this when they upload.
Embedding Vs. Hosting?

- For videos, when you use a publicly available embed code, any play of a video is a video view for the source site, and their ads run with it.

- All of this embedding is done with permission of the source site and the user.

**NONE OF THESE THINGS ARE TRUE WHEN YOU GRAB YOUR OWN COPY AND HOST IT OR PUT IT IN YOUR OWN VIDEO.**
Embedding Vs. Hosting?

- In the recent **Goldman v Breitbart** case in SDNY, the court in parting with the 9\textsuperscript{th} Circuit’s server test, held that you can still be liable for an infringing embed. As such, only embed from the source site and where it appears the poster had rights.
Copyright on social media platforms


• Breitbart et al. embedded a Tweet including a photo of Tom Brady, which had been lifted from Snapchat by a third party without permission
• Parties asked the court to rule whether embedding a Tweet (inline linking) could be copyright infringement

• Held: Yes, it’s prima facie copyright infringement (public display) – 9th Circuit’s “server test” rejected
  • July 17th – Second Circuit rejected interlocutory appeal
TEXT/STOCK Photo COMBOS

Hula, The STD App, Managed To Offend All Of Hawaii

It’s a good time to be an awkward spring breaker. After all, there’s an app that helps
“Stock” or “FILE” Images

Heated sex scandal surrounds Philadelphia fire department: “It’s bad stuff”

Rumors emerged that Philadelphia firefighters had been having sexual encounters with a female paramedic at fire stations as a fellow paramedic filed an EEOC complaint, the Philadelphia Daily News reports.

BY NICOLE HENSLEY / Follow / NEW YORK DAILY NEWS / Thursday, January 29, 2015, 11:31 AM

A sex scandal has set Philadelphia Fire Department ablaze with firefighters accused of having sex with a paramedic on- and off-duty.

The investigation implicates dozens of city employees including paramedics, firefighters and the department’s supervisors, who could face charges related to unbekoming conduct, sources told the Philadelphia Daily News.

“It’s bad stuff.” former Philly fire Commissioner Lloyd Ayers told the paper. “That was the word we had.”

The scandal came to light last year when a fellow paramedic filed a Equal Employment Opportunity complaint alleging misconduct by a female paramedic.

As the investigation was handed to the department’s Special Investigations Office, rumors surfaced that the Semen

Francis X. Cheney v. Daily News LLP (3rd Circuit, July 19, 2016)

Third Circuit Reignites Fireman's Defamation Case Over Photo
“Rob Kardashian claims Blac Chyna attempted to choke him with iPhone cable. ... The allegation comes by way of a lawsuit filed by Kardashian and sister Kylie Jenner.”

The two claim that they have “endured several months of injuries.”
Fair Use

ARE THESE FAIR USE?:

• Using short “clips” of movies or music in company social media posts
ARE THESE FAIR USE?:

• Using short “clips” of movies or music in company social media posts
  • Probably NOT fair use – there is an exception for “de minimis” use, but it is a strict test (not as simple as “10 seconds or less is fair use,” etc.)
  • The amount of the work you are using is only one of the four fair use factors
  • May depend on how “central” that scene or sample is to the movie or song
  • Need synchronization license to synch music to video
Fair Use

IS THIS FAIR USE?:

• Copyrighted artistic work shown in the background of a company video
Fair Use

IS THIS FAIR USE?:

• Copyrighted work shown in the background of a company video
  • **MAYBE** fair use
    • Short, *out-of-focus* glimpses of copyrighted photographs as set decoration in the background of a movie was held to be *de minimis* and non-infringing
    • Short but *clearly visible and recognizable* glimpses of a photograph of a quilt as set decoration in a TV show was held to be infringement
  • Inclusion of a building with artistic towers in a movie was permitted because the towers were part of, and *not conceptually separate* from, the building
    • Pictorial representations of architectural works visible from a public place permitted by federal law, including all features of those works, unless such features are conceptually separate
FAIR USE CASE QUIZ

Case 1:

Online show commenting on user videos shows clip of first person in Perth buying an iPhone dropping the phone. Host comments that lesson is: “Don’t be first” and “Apple’s packaging is absurd.”
FAIR USE CASE QUIZ

A1:

• *Equals Three v. Jukin Media* (C.D. Cal. 2015)
  
  http://www.tubefilter.com/2016/03/04/ray-william-johnson-jukin-media-fair-use/ (1:42)
A1: Not Fair Use

- Equals Three v. Jukin Media (C.D. Cal. 2015)
FAIR USE CASE QUIZ

Case 2:

Hosted Good Morning America segment reporting and commenting on first man to use Facebook Live to stream wife’s birth. Use series of clips of several seconds each, total of 22 seconds (some without audio) of 45 minute video.
FAIR USE CASE QUIZ

ABC, Yahoo Battle Father Who Streamed Son's Birth On Facebook

ABC and Yahoo are asking a federal judge to reject a copyright infringement claim brought by a man who used Facebook Live to stream his wife giving birth.

The broadcaster and Web publisher argue that they had a fair use right to incorporate a portion of the stream into an item about the growth of streaming video.

FAIR USE CASE QUIZ

A2:

Fair Use

• *Kanongataa v. ABC and Yahoo (S.D.N.Y. 2017)*

“ABC reported and commented on a socially significant and newsworthy event: the phenomenon of a couple using the Facebook Live program to publicly broadcast their son’s birth on the Internet.”
FAIR USE CASE QUIZ

Case 3:

In an A&E TV Biography about actor Peter Graves, use of clip excerpts totaling 20 seconds of an old movie Graves appeared in, as part of description and commentary about his early acting work.
FAIR USE CASE QUIZ

A3: Fair Use

- Hofheinz v. A&E Television Networks (S.D.N.Y. 2001)
Case 4:

Los Angeles TV station uses 30 seconds (out of 4 minutes) of L.A. News Service helicopter footage of truck driver beaten during a riot, in its own report on the riot.
FAIR USE CASE QUIZ

A4: Not Fair Use

- Los Angeles News Service v. KCAL (9th Cir. 1997)
Fair Use

What should be considered when your company (or one of its customers) wants to use third-party material protected by copyright?

- Is the material in the public domain?
- Is there a written agreement granting permission/license?
  - Is the use within the scope of that permission/license?
  - This includes “creative commons” and other licenses commonly mistaken as “public domain”
- Is the use a protected “fair use,” permitted under the First Amendment, or otherwise lawful without permission?
Best Practice: Permission from Rights Owner

• Best practice: ask permission first

• You may get it, and it will likely be less expensive in the long run.
Licensed Content

• Tell your clients what resources they have access to for licensed content. E.G., maybe you have these licenses:

• Licensed Image Databases – E.G., Getty, Reuters, etc.
• Music – Licensed music libraries such as Jingle Punks.
• Third Party Content/Twitter/Social Media – Need either permission from poster, or fair use basis.
Training

In-house copyright attorneys should train their editorial client teams on proper use of photos and videos. Why?

- Ensure they are aware of photo/video licenses.
- Ensure they understand fair use or come ask you.
- Avoid legal risk (complaints, lawsuits) and PR drama.
- Avoid payouts, often many times more than up front license fees cost.
- Current trend: payouts are higher, some trolls sue without first sending a cease and desist letter.
THE DIGITAL MILLENNIUM COPYRIGHT ACT (DMCA)
THE DIGITAL MILLENNIUM COPYRIGHT ACT (DMCA): GENERAL OVERVIEW

• DMCA was enacted in 1998 as a response to the rapid growth of the internet, which made it easier to illegally download and share copyrighted works.

• Among other things, DMCA concerns:
  • A system for copyright owners and online entities to address online infringement, including limitations on liability for compliant service providers to help foster the growth of internet-based services (section 512)
  • Circumvention of access controls (section 1201)
# DMCA: General Overview

<table>
<thead>
<tr>
<th>THEN: 1998</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>56K Modem</strong></td>
<td><strong>Broadband</strong></td>
</tr>
<tr>
<td>30-second movie clip:</td>
<td>30 minutes</td>
</tr>
<tr>
<td>1-minute song clip:</td>
<td>20 minutes</td>
</tr>
<tr>
<td>216-page novel:</td>
<td>9 minutes</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
DMCA: Section 512

- Safe Harbors Under Section 512 For Service Providers
  - Serving as a conduit for the automatic online transmission of material as directed by third parties (section 512(a));
  - Caching (i.e., temporarily storing) material that is being transmitted automatically over the internet from one third party to another (section 512(b));
  - Storing (i.e., hosting) material at the direction of a user on a service provider’s system or network (section 512(c)); or
  - Referring or linking users to online sites using information location tools (e.g., a search engine) (section 512(d)).

- Not automatic—a service provider must fulfill certain requirements
DMCA: Section 512

• Threshold Requirements:
  (1) Repeat Infringer
  (2) Standard Technical Measures
    • No duty to monitor
      • 512(a): “mere conduit”
• Notice & Takedown
  • 512(b): “caching”
  • 512(c): “hosting”
  • 512(d): “linking”
ISSUES IN THE DIGITAL ERA: LIABILITY UNDER THE DMCA

**Requesting Removal**

*Copyright owner can ask ISP to remove infringing content, requires:*
  - Designation of an agent
  - Notification and counter-notification

**Limitations on DMCA**

*Four separate limitations depending on ISP conduct:*
  - Transitory communications
  - System caching
  - User’s information residing on systems
  - Information location tools

**ISP Conduct**

*ISPs Cannot:*
  - Have actual knowledge of infringement
  - Be aware of facts or circumstances from which infringing activity is apparent
  - Receive a direct financial benefit from the infringing material if it has the right and ability to control the material

If there is knowledge of infringing activity, the ISPs must expeditiously remove the infringing material.

Process bars monetary relief and provides only limited injunctive relief.
Notice and Takedown Statistics: March 2016

78 million URLs Requested to be Removed from Google Search in February 2016

2.9 of the 78 million URLs were for a single site – 4shared.com

Top 5 websites each received over a million URL removal requests

> 1000 copyright owners submitted URL removal requests for Uploaded.net and Rapidgator.net
DMCA: SECTION 512 POLICY STUDY

• In late 2015, the Copyright Office initiated a study to evaluate the impact and effectiveness of section 512
  - Received 92,000+ written submissions in response to NOI
  - Office held public roundtables in New York and San Francisco to seek further input on the study

• Among other things in the study, the Office will:
  - Consider the costs and burdens of the notice-and-takedown process
  - Review how successfully section 512 addresses online infringement and protects against improper takedown notices
### DMCA: Section 512 Study Comments

<table>
<thead>
<tr>
<th><strong>A2IM et al.</strong></th>
<th><strong>Amazon.com, Inc.</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>“The DMCA was supposed to provide balance between service providers and content owners, but instead it provides harmful “safe havens” under which many platforms either pay nothing or pay less than market value for music…. DMCA reform is essential to bring about balance. A vibrant and healthy future for the music ecosystem depends on it.”</td>
<td>“By establishing a system of shared responsibility for preventing or addressing infringing activity, the DMCA strikes the right balance for rightsholders and service providers alike.”</td>
</tr>
</tbody>
</table>
DMCA: Section 1201

- Section 1201 provides protection against circumvention of technological measures used by copyright owners to protect their works.

- Section 1201 prohibits two types of activities:
  
  - “Circumventing a technological measure” (or “TPM”), that is, to descramble a scrambled work, to decrypt an encrypted work, or otherwise to avoid, bypass, remove, deactivate, or impair a TPM, without the authority of the copyright owner
  
  - “Trafficking” in certain circumvention technologies, including manufacturing, importing, offering to the public, providing, or otherwise trafficking in certain circumvention technologies, products, services, devices, or components
Section 1201 concerns two types of TPMs:

- **“Access Controls”** – Technological measures that prevent unauthorized access to copyrighted works
- **“Copy Controls”** – Technological measures that protect the exclusive rights granted to copyright owners under title 17, such as measures preventing unauthorized reproduction
Section 1201(a)(1)(A) prohibits circumvention of an access control, for example, decrypting a Blu-Ray Disc to access it on an unauthorized device.

- This prohibition is subject to certain permanent, statutory exemptions and temporary exemptions (via a rulemaking).
- The law does not prohibit circumvention of a copy control, but acts taken after circumvention may constitute copyright infringement.
**Section 1201: Technological Prevention Measures**

### TMPs
Control who may see, hear, or use a copyrighted work

### Access Controls
Prevent users from accessing a work without permission (*i.e.*, passwords, encryption)
- Circumvention Conduct – 1201(a)(1)(A)
- Trafficking in device – 1201(a)(2)

### Copy Controls
Prevent users from making an infringing use after access. Under U.S. law:
- No prohibition on circumvention conduct
- Trafficking in devices prohibited

#### Trafficking: Prohibited Devices
- Primarily designed or produced for circumventing
- Knowingly marketed or promoted for circumventing
- Limited commercially significant purpose or use other than circumventing

#### Statutory Exceptions
- Library browsing
- Law enforcement
- Reverse engineering
- Encryption research
- Protection of minors
- Cell phone unlocking
- Security testing
- Privacy

#### Regulatory Rulemaking
Additional exemptions created through triennial rulemaking process overseen by the Copyright Office
**DMCA: Section 1201**

<table>
<thead>
<tr>
<th>TPM MATRIX</th>
<th>Copy Controls</th>
<th>Access Controls</th>
</tr>
</thead>
<tbody>
<tr>
<td>Act of Circumvention</td>
<td>Allowed</td>
<td>Not allowed</td>
</tr>
<tr>
<td>Trafficking in Devices</td>
<td>Not allowed</td>
<td>Not allowed</td>
</tr>
</tbody>
</table>

Trafficking term is just shorthand. The language actually is very broad and covers “manufacture, import, offer to the public, provide, or otherwise traffic in any technology or product, service or device, component or part thereof . . .”
Section 1201 also includes a procedure to request temporary exemptions to the prohibition against circumvention. These exemptions are created through a rulemaking that takes place every three years, and take a little over a year to complete.

**Copyright Office:** Conducts public rulemaking and drafts recommendation to Librarian of Congress after consulting with NTIA

**NTIA:** Consults with Copyright Office during the rulemaking

**Librarian of Congress:** May grant exemptions from the prohibition against circumventing access controls

Information on current temporary exemptions can be found at 37 C.F.R. § 201.40 and on the Copyright Office’s website at [www.copyright.gov/1201](http://www.copyright.gov/1201)
DMCA: Section 1201 Triennial Rulemaking

- New rulemaking launched June 2017
- In fall 2017, NOI with renewals and exemption categories (39 renewal petitions and 23 petitions for new exemptions)
- Hearings in DC and LA in April – live streamed
- Recommendation and Library’s Final Rule both to be published in October
1201 RULEMAKING: PREVIOUSLY GRANTED TEMPORARY EXEMPTIONS

- **E-books** for use with *assistive technologies* for blind or visually impaired
- **Unlocking** (Cellphones, tablets, hotspots, wearable devices)
- **Jailbreaking** (Smartphones, tablets, and other all-purpose mobile computing devices, Smart TVs)

- **Motion picture excerpts**
  - **Educational uses** (universities, K-12, MOOC’s, digital and literacy programs offered by libraries and other nonprofits)
  - **Multimedia e-books** offering film analysis
  - Use in *documentary films*
  - Use in *noncommercial videos*
1201 RULEMAKING: PREVIOUSLY GRANTED TEMPORARY EXEMPTIONS

• **Software:**
  - **Motor vehicles** (including agricultural equipment) for diagnosis, repair, and modification
  - **Video games** with discontinued support to allow continued play and preservation
  - **Data compilations** generated by implanted medical devices and personal monitoring systems
  - **3D printers** to allow alternative feedstock
  - **Good faith security research**, except immediately for voting machines:
    - Devices designed for **individual consumers**, including voting machines
    - **Motorized land vehicles**
    - Implanted **medical devices** and monitoring systems
CURRENTLY PROPOSED TEMPORARY EXEMPTIONS

• Audiovisual Works:
  
  • Criticism and Comment
    - Expansion of existing exemptions relating to motion pictures for purposes of criticism and comment by various users (educators/students, multimedia e-book authors, filmmakers)
  
  • Accessibility
    - Circumventing motion pictures to add captions and/or audio description to create accessible versions for students with disabilities
  
  • Space-Shifting
  
  • HDCP/HDMI
CURRENTLY PROPOSED TEMPORARY EXEMPTIONS

- Unlocking
- Jailbreaking
- Repair
- Video Game Preservation
- Software Preservation
- Security Research
- Avionics
- 3D Printing
DMCA ‘Safe Harbor’

- **BMG v. Cox**, 881 F.3d 293 (4th Cir. 2018)
  - Background: Subscribers to Cox, an Internet service provider, shared and received copyrighted music files using a technology known as BitTorrent. As part of its agreement with subscribers, Cox:
    - reserved the right to suspend or terminate subscribers who used its service to infringe copyrights.
    - took increasingly stringent actions up until the 13th infringement notice, when it considered terminating the subscriber. (But, in practice, subscribers terminated for infringement were always reactivated.)
    - only counted one infringement notice per subscriber per day; 13-strike policy was reset after six months.
**DMCA ‘Safe Harbor’**

- **BMG v. Cox,** 881 F.3d 293 (4th Cir. 2018)

  - BMG filed suit against Cox, asserting that Cox was contributorily liable for its subscribers’ infringement of BMG’s copyrights. Cox asserted that it was entitled to the safe harbor defense under the DMCA.

  - The court noted that to fall within the DMCA safe harbor, Cox must show that it has “adopted and reasonably implemented … a policy that provides for the termination in appropriate circumstances of subscribers who are repeat infringers.” (quoting 17 U.S.C. § 512(i)(1)(A))
**DMCA ‘Safe Harbor’**

- **BMG v. Cox**, 881 F.3d 293 (4th Cir. 2018)
  
  - Holding: The court determined that Cox failed to qualify for the DMCA safe harbor because “it failed to implement its [repeat infringer] policy in any consistent or meaningful way – leaving it essentially with no policy.”
  
  - The court first rejected Cox’s argument that “repeat infringers” means *adjudicated* repeat infringers, citing to the legislative history of the repeat infringer provision and the statute itself.
  
  - The court then explained that although Cox had a repeat infringer policy, it made every effort to avoid reasonably implementing it. An ISP can’t merely terminate customers as a “symbolic gesture before indiscriminately reactivating them…”
THE FIRST SALE DOCTRINE
First Sale Doctrine

- **Overview**
  - Allows “the owner of a particular copy or phonorecord lawfully made under [the Copyright Act] . . . to sell or otherwise dispose of the possession of that copy or phonorecord” without the permission of the copyright owner. 17 U.S.C. § 109(a)
  - In other words, the copyright owner’s exclusive right to distribute a particular copy of a work is “exhausted” once the owner transfers title to that copy
  - Does *not* allow for the reproduction of that copy
First Sale Doctrine


- Background: Redbox, which rents and sells movies to consumers through kiosks, acquires Disney films by purchasing “Combo Packs” at retail outlets. The packaging contains a digital download code for online streaming. Redbox removes the code and then sells it to consumers.

- Disney filed suit, alleging that Redbox was making unauthorized reproductions of its movies. As a defense, Redbox asserted the first sale doctrine. Disney, however, argued that the doctrine did not apply because the codes are not “copies” of the movies.
First Sale Doctrine

  - Holding (First-Sale Doctrine): The court sided with Disney on the first-sale issue, determining that the first sale defense was inapplicable because “no particular, fixed copy of a copyrighted work yet existed at the time Redbox purchased, or sold, a digital download code.” *Id.* at *26.
  - The court cited to *Capitol Records LLC v. ReDigi Inc.*, where the court held that the first sale defense was inapplicable when the defendant attempted to create a marketplace for digital music downloads by migrating the file from one computer to another without the data ever existing in two places at the same time. 934 F. Supp. 2d 640, 645 (S.D.N.Y. 2013)
First Sale Doctrine


- In *Capitol Records*, the court determined that the new music file was not the same “particular copy,” but rather an unauthorized reproduction. “Put another way, the first sale defense is limited to material items, like records, that the copyright owner put into the stream of commerce.”

- *Disney* also cited to a U.S. Copyright Office report that recommended against explicitly expanding the first sale doctrine to include digital transmissions. The need to transport physical copies of works, which degrade with time and use, “acts as a natural break on the effect of resales on the copyright owner’s market.” Digital copies, however, can be perfectly reproduced and transmitted nearly instantaneously with little effort.
Digital first-sale doctrine

  
  - **Holding (Copyright Misuse):** Disney likely misusing copyright; PI rejected
STANDING TO SUE FOR COPYRIGHT INFRINGEMENT
Standing to sue

• **Circuit split** regarding whether **issued copyright registration** is necessary to sue for copyright infringement, or whether **filing an application** alone is sufficient
Standing to sue

*Fourth Estate Public Benefit Corp v. Wall-Street.com*

• U.S. Supreme Court should resolve circuit split

• Cert granted; pending

• But “special handling” already available…
Standing to sue: GOVERNMENT’S ARGUMENTS IN FOURTH ESTATE

- Supreme Court solicited views of Solicitor General

- Government filed an amicus brief stating that the petition for a writ of certiorari should be granted—and that a copyright infringement suit may not be filed until the Register of Copyrights has either approved or refused registration of the work

- The **plain text** of § 411(a) “imposes a precondition to filing a claim” of infringement, which can be satisfied via registration “only when the Register has approved an application”

- “Where copyrighted works are involved, ‘registration’ denotes the act of the . . . Register of Copyrights in entertaining a claim of copyright into an official register.”
Standing to sue: GOVERNMENT’S ARGUMENTS IN FOURTH ESTATE

• Section 411(a), which authorizes the Register to intervene in cases where registration has been refused, could not fully serve its intended purpose if the applicant could initiate suit.

• Use of the phrase “registration has been made” (or a close variant) to refer to circumstances in which the entire registration process, including the Copyright Office’s disposition of the copyright owner’s application to register his work, has been completed.

• Preregistration would be rendered unnecessary.
COMPENDIUM

• The *Compendium of U.S. Copyright Office Practices* is the administrative manual of the Register of Copyrights, providing expert guidance to copyright applicants, practitioners, scholars, the courts, and members of the general public regarding institutional practices and related principles of law.
## COMPREHEND Caffer Office Practices

### COMING Summer 2018

### United States Copyright Office

### Compendium of U.S. Copyright Office Practices

**Third Edition**

### Table of Contents

<table>
<thead>
<tr>
<th>Heading</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>History of the U.S. Copyright Office</td>
<td>1071</td>
</tr>
<tr>
<td>Organization of the U.S. Copyright Office</td>
<td>1071</td>
</tr>
<tr>
<td>Office of the Chief Financial Officer</td>
<td>1072</td>
</tr>
<tr>
<td>Office of the Chief Physician</td>
<td>1072</td>
</tr>
<tr>
<td>Office of the Chief Operations</td>
<td>1073</td>
</tr>
<tr>
<td>Office of the Acting Chief</td>
<td>1073</td>
</tr>
<tr>
<td>Office of the General Counsel</td>
<td>1073</td>
</tr>
<tr>
<td>Copyright and Trademark Division</td>
<td>1074</td>
</tr>
<tr>
<td>Copyright Acquisition Division</td>
<td>1074</td>
</tr>
<tr>
<td>Copyright Infringement Division</td>
<td>1075</td>
</tr>
<tr>
<td>Copyright Registration and Recordation System</td>
<td>1075</td>
</tr>
<tr>
<td>Constitutional Basis for and Purpose of Copyright Law</td>
<td>1076</td>
</tr>
<tr>
<td>Treatment of Selected Historical Issues in U.S. Copyright Law</td>
<td>1076</td>
</tr>
</tbody>
</table>

**September 29, 2017**

**Katten Muchin Rosenman LLP**

**Acc Association of Corporate Counsel**

**National Capital Region**
CIRCULARS

• Circulars are publications covering a wide variety of topics that intend to provide a general audience with up-to-date and authoritative copyright information
COPYRIGHT REVIEW BOARD
1st Request for Reconsideration

$250 per claim

Reasons/legal arguments supporting applicant’s request for registration

Review by attorney in the Office of Registration Policy & Practice

2nd Request for Reconsideration

$500 per claim

Must address reasons for upholding the refusal to register

Review by 3-member Review Board (Register and GC (or their designees) and another Register designee)

Decision is final agency action; can be challenged (for abuse of discretion) in federal district court under Administrative Procedure Act
Technology and IP Forum: Copyright Law Updates & Best Practices

July 31, 2018

Presenters:
Anna Chauvet, U.S. Copyright Office
Regina Thomas, Oath Inc.
Brian Westley, PBS
Michael Justus, Katten Muchin Rosenman LLP