

A Brief Primer on U. S. Copyright Protection for Works on the Internet

By Professor Doris Estelle Long*

With an estimated 939 million users globally¹, the Internet poses an enormous opportunity for small and medium enterprises to become full, active members in the burgeoning global, digital marketplace. Yet in order for the opportunities afforded by the growth of electronic commerce (e-commerce) to be fully enjoyed, countries must establish appropriate legal regimes and enforcement methodologies to protect the content which drives electronic commerce. Rapid advances in technology have lowered entry barriers and made it easier for more businesses to participate on the global marketplace. Yet these same advances have also made it easier for pirates and counterfeiters to use the Internet to distribute their own illegal products.

This primer is intended to be a brief review of some of the more significant legal developments in the United States dealing with the unique problems posed in protecting intellectual property on the Internet. As a result of the rapid growth of the Internet, and the advances in such new communication techniques as peer to peer communication, law in the United States is changing on an accelerated basis to meet the challenges posed by these rapid advances. Because of the special issues posed by the Internet, the United States has developed new theories and new statutes for the protection on intellectual property on the Internet. Among the new statutes which will be discussed in this primer is the Digital Millennium Copyright Act.

This primer should be considered as merely a snapshot view of present US protection trends in the area. It is intended to discuss some of the most important developments in the law, but is *not* intended to be a comprehensive discussion of all the issues and cases in the area. It is also *not* intended to take the place of consultation with qualified lawyers regarding the application of US law to any particular action or situation.

The Challenge of Technology

The rapid development of the Internet, combined with the widespread availability of personal computers, and advances in the supporting software and other technology that supports the Internet, have created new opportunities for

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¹ Based on figures as of July 2005. Internet Usage Statistics: The Big Picture, <http://www.internetworldstats.com/stats.htm> (last visited August 25, 2005). Internet World Stats reports that as of December 2002 Jamaica had over 200,000 internet users. Jamaica Internet Statistics, <http://www.internetworldstats.com/carib.htm#jm> (last visited August 25, 2005).

intellectual property owners on a global basis. These new opportunities include new methods for advertising products and services, and for their distribution (including digitally) to far flung customers. The rapid reproduction and distribution of IP-protected works, however, permitted by such technological advances has also helped to fuel an increasing global piracy problem. Thus, the Internet poses unparalleled opportunities for commercial growth and global communication. However, it also poses unparalleled opportunities for abuse by pirates, counterfeiters and other free riders.

The Exponential Growth of Internet Piracy

The truth is no one can accurately measure the scope of piracy on the Internet. According to a recently report on global software piracy, 35% of all installed software in 2004 was pirated, resulting in over \$33 billion dollars in lost revenue for US companies.² Estimates by the US Department of Commerce place global piracy losses at approximately \$250 billion in lost sales.³ Internet piracy is estimated to exceed these amounts, but is largely incapable of accurate measurement because it is so ubiquitous and clandestine. There is no doubt, however, that the problem is increasing, both in scope and frequency. As technology advances, so apparently does piracy. No category of work is safe. Movies, songs, poems, books, photography, software, quilting patterns, novels ... anything that can be digitally reproduced can be pirated.

Countless factors have contributed to this increasing problem. Perhaps the most significant contributing factors to the growth in global digital piracy is the simple ease of reproduction offered by modern reproductive technologies. Not only can digital copies be created at ever-diminishing costs, these copies, unlike the analog copies of old, are virtually indistinguishable from the original in quality. Worse, the creation of such copies generally does not diminish the quality of the original. Consequently, engaging in peer-to-peer file sharing, and providing potentially hundreds of copies of a favorite digital song to strangers, does not adversely affect the ability of the helpful pirate to continue to enjoy that song. Unlike the old days, a helpful pirate does not even have to relinquish physical possession of his favorite CD (however temporarily) for others to copy the songs they desire. With modern technology, one can literally have one's song and pirate it too with no inconvenience whatsoever.

Digital piracy is also relatively inexpensive. With the growth of Internet cafes globally, would-be pirates no longer need to invest in expensive computers or duplicating machines. Money to pay for Internet access fees, and one disc of recordable memory is sufficient.

² BSA Global Piracy Study for 2004, <http://www.bsa.org/globalstudy/>

³ Bush creates new post to fight global piracy, http://news.com.com/2102-1028_3-5800092.html (July 22, 2005).

Digital piracy has become push-button easy. Some computer programs, such as Gnutella, seem to require a certain level of technical expertise (or patience) before they can be successfully downloaded and used in peer-to-peer pirate distribution networks. Countless others, such as the now-largely dismantled Napster, however, are almost idiot-proof. Transfer technology that allows people to copy (“burn”) music from one CD to another is so simple, a child can do it. And reproduction times continually drop as compression technology improves. Even the inconvenience of time has disappeared.

Further fueling global Internet piracy is an increasing “disconnect” in end users’ minds and website owners’ minds between physical theft and electronic theft. People who would never engage in shoplifting have no apparent compunction in making and distributing illegal downloads of copyrighted songs.

Unfortunately, although technology has created the “problem” of piracy,” it has not created its solution. There is currently no foolproof copy code or encryption technique that has been developed to keep pirates from illegally copying songs from music CD’s. To be honest, I seriously doubt that any such “foolproof” technology will ever be created. No matter how sophisticated the technique, somewhere in the world there is some computer hacker who will be able to circumvent the technique. But “foolproof” methods are not required. *Effective* methods capable of discouraging all but the hard-core pirate would be sufficient to substantially reduce global piracy (and would be a marked improvement over the current status quo).

US Copyright Law and the Internet

A General Introduction

Under US copyright law, copyright protection is extended to “original works of authorship fixed in any tangible medium of expression now known or later developed from which they can be perceived, reproduced or otherwise communicated...” (17 U.S.C. §102(a)) Copyright protection does not extend to “any idea, procedure, process, system, method of operation, concept, principle or discovery.” (17 U.S.C. §102(b)) In essence, so long as a work has been recorded, filmed, written or otherwise set out in a tangible form, it may be subject to protection under US copyright law. Consequently, literary, dramatic, musical, artistic or other intellectual works, including original collections of information may be protected. Thus, under US copyright law, such diverse works as computer software, paintings, choreography, maps, poetry and sound recordings may be protected so long as such works are “original” and contain “expression.” Such protection applies to both published and unpublished works. Furthermore, no registration or notice on the work is required for the work to be protected. Instead, creation of the work alone is sufficient.

Upon the creation of a copyright protectable work the author (or copyright owner) is entitled to a bundle of six rights. These rights include the exclusive right to do or authorize the following acts:

- The right to reproduce, in whole or in part, the work in copies;
- The right to prepare derivative works based upon the original;
- The right to distribute copies of the work to the public;
- The right to perform the work publicly;
- The right to display the work publicly;
- In the case of sound recordings, the right to perform the work publicly by means of a digital audio transmission.

While copyright registration is not required for protection, US authors are required to register their works before seeking legal relief for infringement. . Copyright registration is controlled by the US Copyright Office and can be done over the Internet. Moreover, where litigation is imminent, registration may be obtained on a expedited basis. In order to prove copyright infringement, a plaintiff must prove the following

- That he is the copyright owner;
- That the work is copyright protected
- That the copyright in the work has been infringed.

For example, if the claim is that the work has been reproduced without authorization, then the copyright owner must demonstrate that the work has been copied without permission. Such copying does not have to be verbatim to qualify as infringement. Instead, it is sufficient if an ordinary observer would consider the expressive elements “substantially similar.”

US Copyright law provides for a complete panoply of remedies for copyright infringement, including injunctive relief, seizure and destruction of the infringing copies as well as all plates, molds, matrices, masters, tapes, film negatives, or other articles by means of which infringing copies or phonorecords may be created, actual damages (including lost profits), statutory damages, up to \$150,000 per infringement for willful infringement....costs and reasonable attorneys’ fees. The parties that may be held liable for copyright infringement include the party which committed the infringing act (referred to as a “direct infringer”), the party which knew of the infringing activity and induces, causes or materially contributes to it (referred to as a contributory infringer) and the party which has the right and ability to supervise the parties engaged in the infringing activities and who had a direct financial interest in the exploitation of the copyrighted material (referred to as “vicarious liability”).

The Defense of “Fair Use”

One of the most significant defenses to a claim of copyright infringement is the defense of “fair use.” In certain limited situations, the doctrine of fair use permits the use of a copyrighted work without the permission of the copyright owner and *without compensation*. Fair use is an equitable doctrine which is based on a factual analysis of a wide variety of factors. Although in recent years some scholars have argued that fair use is a right of the public, the courts continue to treat fair use as an affirmative defense.

Various theories have been offered to support fair use in the United States. For example, in *Sony Corporation of America v. Universal City Studios, Inc.*, 464 U.S. 417 (1984) Justice Blackmun, in his dissent contended that fair use is only available for copying for socially valuable purposes that generate “external benefits.” This theory of “productive consumption” has been reflected in the “productive” uses/transformation cases dealing with, for example, the protection of parodies. See, e.g., *Campbell v. Acuff-Rose Music, Inc.*, 510 US 569 (1994)(discussed in greater detail below).

A second theory for supporting fair use downplays “productive” or “customary” uses and instead examines the issue on the basis of economics or a so-called “market failure” theory. In a perfectly competitive market, consensual transfers are supposed to result in the movement of resources to those who value them the most. Market flaws may prevent such consensual transfers so a court permits the transfer as a fair use to correct for such flaws. See, e.g., Wendy J. Gordon, *Fair Use as Market Failure: A Structural and Economic Analysis of the Betamax Case and Its Predecessors*, 82 Colum. L. Rev. 1600 (1982); Robert Merges, *Are You Making Fun of Me? Notes on Market Failure and the Parody Defense in Copyright*, 21 AIPLA Q.J. 305, 309-310 (1993); Lydia Pallas Loren, *Redefining the Market Failure Approach to Fair Use in an Era of Copyright Permission Systems*, 5 J. Intell. Prop. L. 1 (1997). In market failure analysis, harm to the copyright owner may be downplayed in favor of the market-correcting- impact fair use would have on the transaction.

Although initially fair use was a judicially created, equitable doctrine, it has been codified in Section 107 of the 1976 Copyright Act. Section 107 establishes four statutory factors to consider in determining whether a particular use qualifies as a fair one. They are:

- The purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- The nature of the copyrighted work;
- The amount and substantiality of the portion used in relation to the copyrighted work as a whole;
- The effect of the use upon the potential market for, or value of, the copyrighted work.

(17 U.S.C. §107) These factors are *not* exclusive. Instead, courts often consider additional factors, including whether the use in question is protected under the First Amendment's free speech protections, or whether it qualifies as a "transformative" use of the original work.

Categorical Fair Uses

Although the statutory language states that "the fair use of a copyrighted work ... for purposes such as *criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research* is not an infringement of copyright" there are no categorical fair uses in US copyright law. Even the use of copyrighted materials for purposes of news reporting may fail to qualify as a fair use. Thus, for example, in *Los Angeles News Services v. KCAL-TV Channel 9*, 108 F.3d 1119 (9th Cir.), *cert. denied*, 522 US 823 (1997), the unauthorized broadcast of a copyrighted videotape of rioting in Los Angeles did *not* qualify as a fair use. Although the tape itself might have qualified as a "news item" and its use was "arguably in the public interest because it was a percipient recording of a newsworthy event" such use was considered to be unfair because other alternative tapes were available to broadcast the same information without violating the plaintiff's copyright.

Similarly, in *Los Angeles Times v. Free Republic*, 54 U.S.P.Q. 2d 1453 (CD Cal. 2000), the unauthorized posting of copyrighted newspaper articles on a website did not qualify as a fair use. Even though such postings were made to allow comment on the articles in question and to be certain the articles would remain available since hyperlinks might not assure continued access as the postings become stale, the court found the adverse market impact of such copying on the underlying articles militated against a finding of fair use.

Market Impact

Of the four statutory fair use factors, the fourth factor – the so-called "market impact" of the infringing use -- has often been the critical factor in determining whether the nature of the use at issue qualifies as a fair one. In determining market impact, courts by statute may consider the impact upon the "potential" market for a work.

Some cases have found that market harm existed even if the copyright owner had demonstrated little or no interest in creating or licensing a work for a particular market. Thus, for example, in *Castle Rock Entertainment Inc. v. Carol Publishing Group*, 150 F.3d 132 (2d Cir. 1998), the court rejected a fair use defense for the unauthorized publication of a trivia book based on a popular TV show, even though the plaintiff evidenced little interest in creating and publishing a book of trivia.

Support for finding potential economic harm in the face of the copyright owner's failure to publish a work, or lack of a present intention to resume publication, is based largely on the owner's right of authorial control over the disposition of his/her work. As the court recognized in *Worldwide Church of God v. Philadelphia Church of God*, 227 F.3d 1110 (9th Cir. 2000), *cert. denied*, 532 US 958 (2001): "Even an author who had disavowed any intention to publish his work during his lifetime was entitled to protection of his copyright, first, because the relevant consideration was the 'potential market' and second, because he has the right to change his mind."

One of the more difficult issues facing courts in deciding the market impact of a particular use is deciding whether harm exists when there is no threat of confusion as to source or conversion of revenue. Courts have treated the determination of potential economic loss in an interesting fashion. For example, there are certain lost market potentialities that seem to be given little credence. Thus, for example, the loss of licensing potentiality for rap music was given short shift in *Campbell v. Acuff-Rose Music, Inc.*, 510 US 569 (1994), involving an unauthorized rap parody of the song "Pretty Woman." Similarly, in *Kelly v. Arriba Soft Corporation*, 336 F.3d 811 (the Cir. 2003), the court did not consider that plaintiff copyright owner would be denied license fees for use of his photographic work in databases for search engines.

The ultimate question posed is how should a "potential market" be defined. In *American Geophysical Union v. Texaco Inc.*, 37 F.3d 881 (2d Cir. 1994), the court held that "not every effect on potential licensing revenues enters the analysis." Only "traditional, reasonable, or likely to be developed markets" should be considered. Thus, the presence of a growing market for the sale of individual articles through licensing through the Copyright Clearance Center was a relevant factor in deciding that the copying of journal articles for research/personal convenience purposes was *not* a fair use.

Similarly in *Campbell v. Acuff-Rose*, 510 U.S. at 590-91, the Court limited the market for "potential derivative uses" to "only those that creators of original works would in general develop or license others to develop." Finding that the "unlikelihood that creators of imaginative works will license critical reviews or parodies" of their works, the court found no adverse market impact from an unauthorized rap parody of the song "Pretty Woman."

The focus on "likely" markets for licensing has strengthened the fair use defense for parody and criticism purposes. Thus, for example, in *Mattel, Inc. v. Pitt*, 229 F. Supp.2d 315 (S.D.N.Y. 2002), the defendant's offering for sale of a "Dungeon Doll" which was a repainted and re-costumed Barbie Doll was considered a fair use despite the potential tarnishment of Barbie's image. The court found that, given the parody nature of the work, "there is slim to no likelihood that Dungeon Dolls would serve as a market substitute for Barbie Dolls." Relying on *Campbell*, the court expressly held that reduced demand caused by a parody's

criticism “does not produce a harm cognizable under the Copyright Act.” For derivative market impact, the court held that “only the harm of market substitution would be relevant.” The absence of any likelihood that Mattel would develop or license the sale or display of adult dolls eliminated any cognizable harm under this factor.

Complete Copies and the Heart of the Matter

As a general rule, literary works are subject to a greater amount of protection than factual works such as directories and the like. Consequently, it is generally harder to obtain a fair use exception for the unauthorized reproduction of a literary work than for a fact work.

There is no bright line rule for the amount of copying which automatically qualifies as outside the parameters of a fair use. In the early history of the doctrine, reproduction of a complete work generally militated against a finding of fair use. However, in *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417 (1984), the Court found that the duplication of entire works in the process of recording such works for subsequent home viewing did *not* militate against a fair use. Instead, the Court stressed that the extent of permissible copying remains in all cases dependent upon the purpose and character of the use in question. Thus, depending upon the circumstances and purposes, the reproduction of an entire work *may* qualify as a fair use.

Predicting the amount of copying which militates against a fair use remains problematic. Courts have found copying of as little as 55 seconds out of a 1 hour and 29 minute film to qualify as outside the scope of fair use. See, e.g., *Roy Export Co. Establishment v. Columbia Broadcasting System, Inc.*, 503 F. Supp. 1137 (S.D.N.Y. 1980), *aff'd*, 672 F.2d 1095 (2d Cir.), *cert. denied*, 459 U.S. 826 (1982). Similarly, copying the “heart of the matter” even if quantitatively small is sufficient to place such copying outside the scope of fair use.

Thus, for example, in *Harper & Row, Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539 (1985), the unauthorized publication of former President Ford’s previously unpublished memoirs was found to be outside the scope of the Fair Use doctrine. Although the infringing article in question had only reproduced 13% of the unpublished work, it had reproduced the “heart” of the memoirs -- the events surrounding the Nixon pardon.

Transformative Uses

While earlier cases appeared to turn on the market impact of the infringing use and the amount of the original work which was copied, current cases appear to place greater emphasis on the question of whether a particular use is a “transformative” one, and, therefore, permissible under fair use. As the Court recognized in *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569 (1994), “the goal

of copyright, to promote the science and the arts, is generally furthered by the creation of transformative works. Considered under the first statutory factor (whether the use is for profit), transformation appears to be based on an examination of "whether the new work merely 'supersede[s] the objects of the original creation, or instead adds something new, with a further purpose or different character, altering the first with new expression, meaning or message..."

In *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569 (1994), the US Supreme Court determined that a parody of a well-known love ballad done by a rap music group qualified as a fair use even though the parody copied the original's first line and bass riff. The Court emphasized that the new work did not "merely supersede" the original but actually transformed it into "something new, with a further purpose or different character." The court established a potential bright line rule for parodies when it declared "[P]arody has an obvious transformative value."

In *Kelly v. Arriba Soft Corp.*, F.3d 811 (9th Cir. 2003), the court similarly found that the reproduction of plaintiff's photographs into thumbnail sketches which were stored in the search engine's database were a transformative use. The court noted that such sketches did not replace the originals because when enlarged they lacked clarity, making them "inappropriate" as display material. The court held that the case involved more than a simple retransmission of images in a different medium. To the contrary, Arriba's use "serves a different function . . . improving access to information on the internet versus artistic expression." Among the acceptable transformative uses which the court acknowledged are news gathering, searching and comparative advertising. Ultimately the court stressed the public benefit "by enhancing information-fathering techniques on the internet."

Similarly, in *Sony Computer Entertainment America Inc. v. Bleem*, 214 F.3d 1022 (9th Cir. 2000), the court held that defendant's reproduction of "screen shots" from Sony's computer games qualified as a transformative use because "comparative advertising redounds greatly to the purchasing public's benefit with very little corresponding loss to the integrity of Sony's copyrighted material."

Not every change in use, however, qualifies as a transformative one. In *American Geophysical Union v. Texaco, Inc.*, 60 F.3d 913 (2d Cir. 1994), *cert. dismissed*, 116 S.Ct. 592 (1995), the court described the transformative use concept as "pertinent . . . because it assesses the value generated by the secondary use and the means by which such value is generated." However, it found that Texaco's photocopying of journal articles for research purposes did not qualify as a transformative one because it "merely transforms the material object embodying the intangible article." The "predominant archival purpose" tipped the balance "against the copier, despite the benefit of a more usable format."

Similarly, *In Castle Rock Entertainment Inc. v. Carol Publishing Group Inc.*, 150 F.3d 132 (2d Cir. 1998), transformation of television scripts into a trivia book did not qualify as a transformative one because it was done with no intent to criticize, comment on or parody the *Seinfeld* show.

Most recently, transformation occurred when emails regarding electronic voting software was published on a student sponsored website because the students “used the email archive to support criticism that is in the public interest, not to develop electronic voting technology.” (*Online Policy Group v. Diebold, Inc.*, Case No. C 03-04913JF (Order Granting in Part Cross Motions for Summary Judgment)(ND Cal 2004).

The Limits of Personal Use

Despite popular opinion, fair use based on a “personal use” right has had relatively little success under US law. In *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417 (1984), the US Supreme Court found that home taping of television broadcast programs for the purpose of later viewing (time shifting) qualified as a fair use, even though such taping resulted in the reproduction of the entire work. The home recording right recognized by the Court was extremely limited, and did not include recording for purposes of librarying.

In *American Geophysical Union v. Texaco Inc.*, 37 F.3d 881, order amended and superceded, 60 F.3d 913 (2d Cir. 1994), cert. dismissed, 116 S.Ct. 592 (1995), the reproduction of scientific articles for use by researchers did *not* qualify as a fair use. Reproduction for librarying purposes was not considered “fair” even though the articles were used for scientific research. In reaching this conclusion, the court rejected the “personal convenience” defense and relied strongly on the non-transformative nature of the use at issue. The court criticized the extension of fair use to non-transformative copying, finding that such “mechanical copying” “is obviously an activity entirely different from creating a work of authorship. Whatever social utility copying of this sort achieves, it is not concerned with creative authorship.” This case establishes an extremely narrow personal use right, one which allows for spontaneous copying for protection purposes, and potentially for research purposes, but only so long as librarying is *not* the dominant goal. It also strongly questions any right that allows mechanical copying as a fair use, since such copying has limited social utility.

The enactment of the Audio Home Recording Act arguably represented an extension of the right to create home recordings for time shifting purposes to a right to media shift sound recordings for personal use. (17 U.S.C. § 1008). Section 1008 provides in pertinent part: “No action may be brought under this title alleging infringement of copyright . . . based on the non commercial use by a consumer of [a digital audio recording device, a digital audio recording medium,

an analog recording device or an analog recording medium] for making digital musical recordings or analog musical recordings.” (17 U.S.C. § 1008).

Unfortunately, the definition of a digital audio recording device is “any machine or device of a type commonly distributed to individuals for use by individuals . . . the digital recording function of which is designed or marketed for the primary purpose of . . . making a digital audio copied recording for private use.” (17 U.S.C. § 1001(3)). Similarly, a digital audio recording machine is defined under the Act as “any material object in a form commonly distributed for use by individuals, that is primarily marketed or most commonly used by consumers for the purpose for making digital audio copied recordings by use of a digital recording device.” (17 U.S.C. § 1008(4)). By definition, a “digital audio recording device” does *not* include a computer or its hard drive since such devices are not marketed primarily for the purpose of making a digital audio recording. Thus, the personal use right established under the Audio Home Recording Act does not presently extend to most downloaders.

Authorial Control and the Limits of Fair Use

Courts may also consider whether the work in question has been previously published in deciding if its unauthorized use qualifies as a fair one. Although unpublished works are not entitled to a higher standard for qualifying fair use, in fact, most courts generally do not consider unauthorized reproduction of a previously unpublished work to qualify as fair use. *See, e.g, Harper & Row, Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539 (1985)(the Ford pardon case addressed above).

Nevertheless, use of an unpublished still in a documentary qualified as a fair use in *Hofheinz v. AMC Productions Inc.*, 147 F. Supp.2d 127(EDNY 2001). The unpublished nature of the work was *not* considered dispositive.

The Digital Millenium Copyright Act (DMCA)

As noted above, one of the major hurdles US Copyright law has faced in recent history is the dawn of the Internet. The Internet allows for works to be displayed quicker and for copies to be created at a faster pace then ever before and with a higher degree to authenticity. Because of the nature of the Internet, the party which is directly involved in the infringing activity may be an end user. Thus for example, many acts of copyright infringement occur as a result of the unauthorized “uploading” (reproducing onto a web site) of a copyrighted work without the authorization of the copyright owner. While end users may be directly responsible for the infringing activity, their infringing activity most likely would not occur without the help of the Bulletin Board or Internet Service Provider. Thus, one of the early issues which the United States faced in dealing with copyright

infringement on the Internet was the extent to which service providers would be responsible for the infringing acts of their end users.

Early case law provided that, in certain circumstances, bulletin board and Internet service providers might be liable if they gained some type of financial benefit from the unauthorized activities of their end users. Thus, for example, in *Playboy Enterprises, Inc. v. Frena*, 839 F. Supp. 1552 (M.D. Fla. 1993), the court found that the operator of a computer bulletin board was directly liable for copyright infringement when unknown subscribers had both uploaded and downloaded copyrighted photographs from the plaintiff's magazine without permission.

By contrast, however, in *Religious Technology Center v. Netcom On-Line Communications Services, Inc.*, 907 F. Supp. 1361 (N.D. Cal. 1995), the court declined to find the operator of a computer bulletin board directly liable for the unauthorized uploading and downloading of copyrighted materials by its subscribers. The plaintiff's organization held the copyright to certain publications which were published by the defendants. The court was not persuaded by the plaintiff's argument that an individual who stores copied material or makes the copyrighted material available is also guilty of infringement, particularly where the service provider did not charge an access fee. The court, however, left the issue of contributory infringement open.

Internet Service Provider Liability

Ultimately, Congress addressed the question of service provider liability in the Digital Millennium Copyright Act, or DMCA, enacted in 1998. Significantly, the statute provided a safe harbor for certain specified activities by service providers. Section 512 of the Act, referred to as the "safe harbor" provision of the statute releases a service provider from liability if it (1) qualifies as a service provider within the meaning of the statute, (2) if it adopts and reasonably implements a policy of terminating in appropriate circumstances the accounts of subscribers who are repeat infringers; (3) it accommodates and does not interfere with "standard technical measures" copyright owners use to identify or protect copyrighted works; and (4) if it meets other specified requirements regarding the particular activity in question (see below). The four activities for which safe harbor protection exists are:

- Serving As A Conduit For Transitory Communications;
- System Caching;
- Posting Information at the Direction of End Users;
- Hyperlinks and Other Information Location Tools

Transitory Communications

Section 512(a) of the DMCA provides a safe harbor for ISP's who act as conduits for transitory communications. To qualify as a transitory communication, the transmission be initiated by a person other than the ISP. The transmission must be carried out through an automatic technical process. The ISP must not select the recipients of the material, or directly copy the material in question, or alter the transmitted material and must maintain a temporary copy of the material for no longer than reasonably necessary. Moreover, this temporary copy may not be accessible to third parties.

System Caching

Section 512(b) of the DMCA provides a safe harbor for ISP's who maintain system caches of materials for a limited time to allow the materials to be provided to subscribers who have requested the material previously without the need to retrieve such materials from the system. To qualify for a safe harbor, the material must be available on line by someone other than the ISP. The material must be transmitted without modification; and temporary storage must be carried out through an automatic technical process. The provider must not interfere with technology that returns "hit" information to the person who posted the material and the provider must limit users' access to the material in accordance with conditions on access (e.g., password protection) imposed by the person who posted the material. In addition, any material that is posted without the copyright owner's authorization must be promptly blocked or removed once notice has been received regarding the infringement. (See discussion below regarding "notice and takedown provisions")

User Postings And Storage

Section 512(c) of the DMCA limits the liability of service providers for posting infringing material on websites (or other information repositories) hosted on their systems. It applies to only to postings and storage at the direction of a user. In order to be eligible for the limitation, the ISP must not have actual knowledge that the material is infringing and must not be aware of facts or circumstances from which such infringing activity is apparent. If the ISP has the ability to control the infringing activity, it must not receive a financial benefit which is directly attributable to the infringing activity. Upon receiving proper notification of claimed infringement, the ISP must expeditiously take down or block access to the material. In addition, a service provider must have filed with the Copyright Office a designation of an agent to receive notifications of claimed infringement and must have posted agent contact information on its website..

Hyperlinks And Other Information Research Tools

Section 512(d) of the DMCA limits the liability of service providers for posting or providing hyperlinks, online directories, search engines and the like. In order to be eligible for the limitation, the ISP must not have actual knowledge that

the material in question is infringing and must not be aware of facts or circumstances from which such infringing activity is apparent. If the ISP has the ability to control the infringing activity, it must not receive a financial benefit which is directly attributable to the infringing activity. Upon receiving proper notification of claimed infringement, the ISP must expeditiously take down or block access to the material. In addition, a service provider must have filed with the Copyright Office a designation of an agent to receive notifications of claimed infringement and must have posted agent contact information on its web site.

Other Exceptions

In addition to the “safe harbor” provisions listed above, the DMCA provides additional exceptions from liability for non-profit educational institutions, an allowance for technology development through reverse engineering means and encryption research, an exception for technology necessary to protect minors on the Internet, and technology necessary for testing of computer security. Each of these exceptions is narrowly tailored.

Notice and Takedown Provisions

As noted above, in order for an ISP to qualify for certain safe harbors, it must promptly remove infringing material as soon as it has notice of the infringing acts. Where copyright owners become aware of infringing materials, they must provide a written notice that includes an authorized signature (which may be an electronic one), a clear identification of the copyrighted work allegedly being infringed, a clear identification of the alleged infringing material, “reasonably sufficient” information that will allow the ISP to locate the material at issue, information, such as an email address, that will allow the ISP to contact the subject of the infringing activity, a statement of good faith on the part of the copyright holder and a statement of accuracy. (17 U.S.C. §512(c)(3))

These notice provisions allow the copyright owner a clear and concise way to communicate a cease and desist letter to the proper individual so that the infringing activity can be stopped as quickly as possible. This provision also helps puts all parties who may be part of the litigation on notice of allegedly infringing activity, thus eliminating any attempt to claim innocent infringement as a defense to monetary liability.

Where an ISP acts in good faith in response to a notice of infringement, it will not be liable so long as it takes reasonable notice to promptly notify the subscriber of its actions, provides the complaining party of any counter notification it receives from the complaining subscriber and replaces any removed material subject to a proper counter complaint within 10 to 14 days of receipt of the counter notice, unless the ISP receives notice from the original complaining party that it has filed a lawsuit regarding the material in question. (17 U.S.C. §512(g))

Identity Subpoenas

Under Section 512(h), the DMCA grants copyright owners the ability to obtain a subpoena on request of a clerk of any United States District Court for disclosure by a service provider of the identity of a subscriber who has allegedly engaged in copyright infringement. (17 U.S.C. § 512(h)) To obtain the subpoena, the copyright owner is only required to provide a written notice that includes a clear identification of the copyrighted work allegedly being infringed, a clear identification of the alleged infringing material, “reasonably sufficient” information that will allow the ISP to locate the material at issue, a statement of good faith belief the work is being infringed and a declaration that the identity is being sought and will only be used for the purpose of protecting the owner’s copyright. (17 U.S.C. §512(h)). Unlike the notice and take down provisions of Section 512(c), which requires Internet service providers who seek a safe harbor from copyright liability to remove infringing materials upon notice, there is no requirement that the subscribers whose identity is being sought be notified of the subpoena or given an opportunity to challenge its propriety prior to disclosure of their identity. Moreover, such subpoenas are issued as a ministerial act of the clerk of the court, without the need for judicial oversight.

In *Recording Industry Association of America, Inc. v. Verizon Internet Services, Inc.*, 351 F3d 1229 (D.C.Cir. 2003), the DC Circuit Court of Appeals held that the subpoena provisions of Section 512 (h) did *not* apply to Internet Service Providers who “solely act as a conduit for data transferred between two internet users, such as persons sending and receiving e-mail or, as in this case, sharing P2P files.” Relying on the statutory language of Section 512 (h), as well as its overall structure, the court held that subpoenas “may only be issued to an ISP engaged in storing on its servers material that is infringing or the subject of infringing activity.” While ISP’s who serve as web operators, or who provide caching or location services store materials on their servers, providers like Verizon who only provide transmission services, fall outside the scope of Section 512(h).

While the court’s decision in *Verizon* removes conduit or transmission ISP’s from the subpoena provisions of 512(h)(at least in the DC Circuit), it does not wholly remove the ability of copyright owners to discover the identity of end users who are engaged in illegal P2P file trading. Copyright owners may still obtain the necessary information from conduit ISP’s by filing a “John Doe” complaint and then obtaining a subpoena requiring the ISP to disclose the end user’s identity. If the court’s decision in *Verizon* is widely adopted, and the statute is not thereafter changed, however, the cost of end user litigation will increase, and the ability to settle disputes prior to the institution of a lawsuit may either be curtailed or the cost of such settlements may rise (to reflect the increased cost to the copyright owner of seeking a “John Doe” subpoena).

Anti-Circumvention Devices

Under the Digital Millennium Copyright Act (DMCA) making or selling devices or services that are used to circumvent technological measures to prevent either unauthorized access or unauthorized copying of a copyrighted work are prohibited if such devices or services are primarily designed or produced to circumvent “technological protection measures.” The trafficking, manufacturing, importing or offering to the public such devices and services is also prohibited. (17. U.S.C. §1201)

Section 1201 of the 1976 Copyright Act (amended) prohibits the circumvention of technological protection measures designed to control access to a copyrighted work (17 USC § 1201(a)) or to protect “a right of a copyright owner.” (17 USC § 1201(b)) To qualify for protection the technological measure in question must be “effective.” Effectiveness, however, does not mean that the measure must be perfect or nearly impossible to break. Instead, it is sufficient if the measure “actually works” when decryption programs or other circumvention measures are absent. (See *Universal City Studios, Inc. v. Reimerdes*, 111 F. Supp.2d 294 (SDNY 2000), *aff’d on other grounds sub nom. Universal City Studios, Inc. v. Corley*, 273 F.3d 429 (2d Cir. 2001))

In addition to prohibiting the actual circumvention of technological protection measures, the Act also prohibits the manufacture, importation, offering to the public, provision or other “trafficking” “in any technology, product, service, device, component or part that is primarily designed or produced for the purpose of circumventing a [protected] technological protection measure.” (17 USC §§ 1201(a) & (b))

Violations of these anti-circumvention provisions may be challenged in both civil and criminal actions. Successful civil litigants are entitled to the full panoply of remedies, including statutory damages of not less than \$200 nor more than \$2,500 “per act of circumvention, device, product, component, offer or performance of service.” (17 USC § 1203) Criminal violations require proof of willfulness and motivation for commercial advantage or private financial gain. (17 USC § 1204) First time offenders may be subjected to penalties of up to \$500,000 in fines and/or imprisonment for not more than 5 years. Recidivist penalties are significantly elevated. (*Id.*)

The statute provides for numerous categorical exceptions, including, limited circumvention rights for:

1. Non-Profit Libraries, Archives And Educational Institutions;
2. Law Enforcement, Intelligence And Other Government Activities;
3. Reverse Engineering;
4. Encryption Research;

5. Security Testing ; and
6. Protecting Personal Identification Information.

The exception for libraries to circumvent protection technologies, like the other listed exceptions, is narrowly circumscribed. Section 1201(d) provides that non profit libraries, archives or educational institutions may circumvent technologically access measures of a “commercially exploited copyrighted work” “solely in order to make a good faith determination whether to acquire a copy of that work.” (17 USC §1201(d)(1)) The exception only applies when there is no identical copy of the work in question “reasonably available in another form.” (Id. at 1201(d)(2)). To qualify for the exemption the collections of the library or archive must be “open to the public” or must at least be available not only to researchers affiliated with the library or archive “but also to other persons doing research in a specialized field.” (Id. at 1201(d)(5)) No other exception to the application of the access and trafficking provisions of the DMCA are granted to libraries and archives. To the contrary, the statute specifically provides that Section 1201(d) may not be used a defense to a claim of unauthorized access under 1201(a)(2) or (b), or to permit any library, archive or other educational institution “to manufacture, import, offer to the public, provide, or otherwise traffic in any technology, product, service, component or part thereof which circumvents a technological measure.” (Id. at 1201(d)(4)).

Similarly, the statute does not, however, provide a categorical exception for “fair use” activities unrelated to the above-specified categories. Thus, for example, a teacher who seeks to circumvent technological protection measures for the purpose of obtaining materials to use in teaching activities is not excused from compliance, even if such act would qualify as a fair use under traditional copyright principles.

This lack of a “generic” fair use defense for purported circumvention violations to date has not resulted in a successful legal challenge. Although under the DMCA “certain fair uses may become more difficult,” the court in *United States v. Elcom Ltd.*, 203 F. Supp. 2d 1111 (ND Cal. 2002), held that such difficulty did not mean fair use had been “prohibited.” “It may, however, have become more difficult for such uses to occur with regard to technologically protected digital works, but the fair uses themselves have not been eliminated or prohibited.” The court rejected inconvenience as a value included within “fair use.” “It may be that from a technological perspective, the fair user may find it more difficult to do so . . . Defendant has cited no authority which guarantees a fair user the right to use the most technologically convenient way to engage in fair use.”

The court in *Corley v. Universal City Studios, Inc.*, 273 F.3d at 459 (2d Cir. 2001), similarly rejected the proposition that fair use “guarantees copying by the optimum method or in the identical format of the original . . . Fair use has never

been held to be a guarantee of access to copyrighted material in order to copy it by the fair user's preferred technique or on the format of the original."

The provisions of the DMCA that provide limited protection from liability for copyright infringement by certain ISP's discussed above does *not* apply to claims regarding the trafficking, etc. circumvention products and technologies. In addition, although reverse engineering is allowed under the statute, circumvention of existing technology is prohibited except in the limited circumstance of reverse engineering for the purpose of achieving interoperability.

One of the most recent cases which dealt with the scope of protection available under the DMCA for technological protection measures is *Universal City Studios, Inc. v. Corley*, 273 F.3d 429 (2d Cir. 2001). In this case the court dealt with the liability of Shawn Reimerdes, better known as Emmanuel Goldstein, who runs a website that published decryption technology for DVD's. Most works placed on DVD's are protected by a copy protection technology called CSS which is designed to prevent the unauthorized copying of motion pictures in DVD format. Decryption technology, called DeCSS, circumvents the CSS-protected motion pictures on DVD's and allows end users to reproduce the motion pictures contained on such copy-protected discs. Reimerdes made this DeCSS available on the Internet through his website and by linking his website to the same information contained on other websites. Reimerdes was sued by eight major United States motion picture studios. In addition to dealing with the question of liability under the DMCA's anti-circumvention prohibitions, the court also had to face issues raised by the defendant's defense under the First Amendment (free speech). The court held that defendant had violated the DMCA and enjoined the defendant from both publishing the decryption information as well as linking its site to others that posted the DeCSS code. The court further rejected the defendant's free speech defense on the grounds that computer code did not qualify as speech.

Copyright Management Information

In addition to protecting technological protection measures, the DMCA also protected the integrity of copyright management information. Section 1202 of the 1976 Copyright Act (amended) prohibits the unauthorized, intentional removal or alteration of any "copyright management information." (17 USC §1202) It also prohibits the unauthorized distribution, importation for distribution or public performance of works from which such copyright management information has been illegally removed. In addition, knowingly providing false copyright management information or distributing or importing for distribution false copyright information "with the intent to induce, enable, facilitate or conceal infringement" is also prohibited. (*Id.*)

By definition, protected copyright management information includes the following categories:

1. The title or other identifying information, including the information contained on a copyright notice.
2. The name or other identifying information about the author.
3. The name or other identifying information about the copyright owner of the work.
4. With the exception of public performances of works by radio and television broadcast stations, the name or other identifying information about the performer whose performance is fixed in the work.
5. In the case of audio-visual works, with the exception of public performance of works by radio and television broadcast stations, the name and other identifying information about a writer, performer, or director credited in the work.
6. The terms and conditions for use of the work (such as licensing contact information).
7. Any other information which the Register of Copyright may require.

Identifying information about end users is specifically excluded as a protected category of management information under the statute.

Similar to the anti-circumvention provisions, violations of information integrity may be challenged in both civil and criminal actions. Successful civil litigants are entitled to the full panoply of remedies, including statutory damages of not less than \$2,500 nor more than \$25,000 per violation. (17 USC § 1203) The markedly higher penalties imposed for violations of informational integrity, as opposed to technological protection measures, is due largely to the usefulness of copyrights management information as a tool for tracking pirated works, and the subsequent harm caused by its unauthorized removal or alteration.

Criminal violations require proof of willfulness and motivation for commercial advantage or private financial gain. (17 USC § 1204) First time offenders may be subjected to penalties of up to \$500,000 in fines and/or imprisonment for not more than 5 years. Recidivist penalties are significantly elevated. (*Id.*)

The only express statutory exceptions are for innocent violations, and for non-profit libraries, archives and educational institutions who had were “not

aware and had no reason to believe that its acts constituted a violation.” (17 USC §§ 1203(c)(5) and 1204(b))

Temporary Copies

US copyright law has recognized that any temporary copy of a copyrighted work created in a computer environment qualifies as a reproduction for which permission is required from the copyright owner.

In its seminal decision, *MAI Systems Corp. v. Peak Computer, Inc.*, 991 F.2d 511 (9th Cir. 1993), the Ninth Circuit Court of Appeals held that a temporary copy created by booting a program into the Random Access memory of a computer qualified as a “copy” for which permission to reproduce the work was required by the copyright owner, even though the copy was not permanently “fixed.” The court held that no permanent fixation was required since the definition of “copies” under the 1976 Act (as amended) is “material objects, other than phonorecords, in which a work is fixed by any method now known or later developed, and from which the work can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device,” Since a person can load the software in question and then view the program, such reproduction was sufficiently permanent or stable to qualify as an unauthorized reproduction under the Act.

In *Religious Technology Center v. Netcom On-Line Communications Services, Inc.*, 907 F. Supp. 1361 (N.D. Cal. 1995), the court addressed what constitutes infringing reproductions in the context of the storage of digital information. Relying on the *MAI* case, the court held that “there is no question that after *MAI* that ‘copies’ were created, as [the user’s] act of sending a message.... caused reproductions of the plaintiff’s works.” Ultimately, the court held that the display of recognizable copies through a computer was sufficiently permanent to constitute a copy under the Copyright Act.

Electronic Distribution Rights

The question of the right of publishers to translate freelance articles from print into a digital medium without additional compensation remains at issue.

In *Tasini v. The New York Times*, 121 S.Ct. 1214 (2001), the plaintiffs, free lance authors who had granted the defendants publication rights to their articles in printed periodicals challenged the subsequent sale by defendants of digital publication rights to these articles without additional compensation. The articles in question had appeared in collective periodical works by the New York Times. The digital versions at issue, however, appeared in digital databases which did not preserve the copyrightable aspects of the periodic publications in which the articles had originally appeared. The lower court held that the use by the New York Times of the articles was protected under Section 201(c) of the

Copyright Act. This section grants copyright owners of collective works the “privilege of ... any revision of [the] collective works,” without further compensation to the author. (17 U.S.C. §201(c)) The Second Circuit Court of Appeals reversed and held that the digitized versions of plaintiff’s articles did not qualify as a privileged “revision” under Section 201(c). Instead, given the nature of the works in the digital environment, including the fact that any such works did not duplicate the copyrightable elements of the collective work such as their selection and arrangement, the court held that reproduction in a digital database qualified as unauthorized duplication. The Supreme Court upheld the Second Circuit’s decision that reproduction in a digital database did not qualify as an authorized “revision,” but was, instead, an unauthorized reproduction.

No Electronic Theft Act

US law also provides criminal penalties for copyright piracy, including monetary fines and penalties, and imprisonment. (17 USC §506(a). See also 18 USC § 2319) No commercial advantage or private financial gain is required for criminal penalties to attach in the United States, evidence of such motivation is an enhancing factor which increases the minimum sanctions that may be imposed.

There are four essential elements to a charge of criminal copyright infringement under 17 USC § 506(a). The government must demonstrate: (1) that a valid copyright; (2) was infringed by the defendant; (3) willfully; and (4) that a certain threshold amount of goods were sold or offered for illegal distribution (required for certain felony convictions). The threshold limits for felony convictions require that the defendant reproduced and/or distributed at least 10 copies of one or more copyrighted works with a total retail value of more than \$2,500 within a single 180-day period. Misdemeanor convictions are available if the infringement was done *either* for purposes of commercial advantage or private financial gain (in which case no threshold amount applies), or by reproduction or distribution of one or more copyrighted works with a total retail value of more than \$1,000 within a 180-day period. In the latter case, no commercial motivation is required.

Napster, Kazaa and Other “Facilitators”

Those parties which induce others to commit pirate activities may be liable for contributory copyright infringement. The most obvious “facilitators” who may be a target of a lawsuit are those who distribute software allowing peer to peer file transfers such as Kazaa and Napster. Under US law, a doctrine referred to as “the *Sony* doctrine” presented a serious limitation to the success of an action against any such third party facilitators.

Briefly in *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417, 429 (1984), the Supreme Court found that the manufacturers of video

cassette recorders used to record broadcast television programs for time-shifting purposes were not liable contributory copyright infringement because such recorders were a staple article of commerce which has substantial non-infringing uses. Such non-infringing uses include the ability to engage in the reproduction of public domain materials, and the fair use reproduction of copyrighted works. Developed in the days of analog recording, the application of the *Sony* doctrine to those who facilitate unauthorized P2P file trading of copyrighted works is presently unclear.

The *Sony* defense has been held inapplicable in cases involving anti-circumvention violations. (See *Universal City Studios, Inc. v. Reimerdes*, 111 F. Supp.2d 294 (SDNY 2000), *aff'd on other grounds sub nom. Universal City Studios, Inc. v. Corley*, 273 F.3d 429 (2d Cir. 2001)(based on legislative history, court holds *Sony* doctrine does not apply to anti-circumvention provisions, although it remains a viable defense to contributory copyright infringement.)) Some courts have refused to use the *Sony* doctrine to excuse those who provide P2P software from contributory liability for the massive infringement that results from the easy and unsupervised availability of P2P file trading.

One of the largest technology based lawsuits in the United States in recent years was *A&M v. Napster*, 239 F.3d 1004 (9th Cir. 2001). The defendant, Napster, was engaged in the facilitation of peer to peer file trading of digital music files. In the late 1990's Napster ran a website that offered free downloadable copies of its software. This software allowed individuals to download musical compositions and sound recordings of copyrighted artists in MP3 format. It also allowed users to search and download MP3 files from any other user who is logged onto the Internet. In addition, Napster operated a search index which facilitated the searching and peer to peer transfer of digital music files between users. Napster argued that its actions did not qualify as copyright infringement since they merely facilitated the sharing of digital files. Alternatively the defendant argued that its actions were protected under the doctrine of fair use. The court rejected defendant's arguments and held that Napster's activities qualified as contributory copyright infringement. Moreover, since the end user's activities did not qualify as fair use, Napster's activities were not excused. The court ultimately held that Napster's actual knowledge of the infringing nature of its end users' acts vitiated any defense under *Sony*.⁴

By contrast, in *Metro Goldwyn Mayer Studios, Inc. v. Grokster, Ltd.*, 289 F. Supp.2d 1029 (C.D. Cal. 2003), the court found that the providers of P2P software could *not* be held liable for contributory infringement because they lacked "actual knowledge" of the infringing uses at the time that the end users downloaded the software in question. Similar to the Napster case, the Grokster decision involved the supplying the of free P2P file trading software. However, unlike Napster, the facilitators in Grokster provided no search index and did not interpose themselves in the file transfer of end users beyond providing the

⁴ See also *In re Aimster Copyright Litigation*, 334 F.3d 643 (7th Cir. 2003).

software that allowed such file trading. Rejecting plaintiffs' claim for contributory copyright infringement, the court in *Grokster* emphasized that, unlike Napster, the facilitators in the *Grokster* case did not provide the "site and facilities" for its end users' infringing actions. The architectural differences between *Grokster* and Napster, in particular the fact that the software at issue "communicates across networks that are entirely outside the defendant's control" and the absence of a centralized file indexing system were considered critical distinctions.

Recently, the United States Supreme Court rejected the lower courts' analysis of liability in the *Grokster* case. In a ground breaking decision, the Court in *Metro-Goldwyn Mayer Studios, Inc. v. Grokster Ltd*, 125 SCt. 2764 (2005), adopted a new theory of liability for facilitators of illegal file trading – inducement. "[W]here evidence goes beyond a product's characteristics or knowledge that it may be put to infringing uses and shows statements or actions directed to promoting infringement *Sony's* staple article rule will not preclude liability." "[P]urposeful, culpable expression and conduct" that demonstrated an intent to induce others to engage in infringing activity would place the defendant's actions outside the protection of *Sony's* limited liability rule. Among the types of evidence which the Court indicated would demonstrate sufficient intent to warrant liability was evidence that the defendants specifically intended their product to meet the needs of Napster at a time when Napster's acts had already been found to be illegal. The failure to develop filtering tools or other mechanisms which would diminish infringing activity in the face of such an intent, and the financial benefits which the defendants received, including the greater ad revenues achieved as a result of greater numbers of users, supported a determination of unlawful intent. The Court, however, was careful to stress that such supplementary evidence without more would be insufficient to demonstrate the requisite intent.

Those who post copyrighted works for downloading without the permission of the copyright owner have similarly been held liable. In *UMG v. MP3.com*, 2000 US Dist LEXIS 13293 (S.D.N.Y. 2000), the defendant created an Internet service that allowed the public to download and copy MP3music files from their web site. The defendants alleged that they were merely engaged in the act of space shifting since they purportedly only allowed access to those digital files for which a user already owned a CD ROM copy of the song. The evidence, however, did not support this contention. Furthermore, the defendant had not obtained permission from the copyright owners of the songs in question to make the copies accesses by users. Having decided that the defendant had therefore infringed the plaintiff's rights, in this reported decision, the court determined what level of damages would be appropriate to compensate the plaintiffs. The court held that the defendants' actions were willful and wanton and held that statutory damages in the amount of \$25,000 per CD infringed would apply.

Enforcement Initiatives

Recent activities by the Recording Industry Association of America (RIAA) to combat illegal P2P file trading support the view that fool proof techniques are *not* required to reduce pirate activities on the Internet. In a much publicized move last June, the RIAA relying on Section 512(h) of the DMCA, 17 USC 512(h), served subpoenas on diverse internet service providers seeking the identification of over 800 individuals the RIAA had identified as potentially possessing illegally copied music files on their computers.⁵ This activity was followed by the filing of 261 lawsuits nationwide in September, 2003,⁶ followed by additional cease and desist demands sent to in November 2003. The subsequent spotlight on the issue of illegal file trading of copyrighted music, and the potential legal liability for such acts, appears to have had a marked effect on both the amount of piracy, and the number of individuals who are engaged in unauthorized file trading of music.⁷ RIAA's enforcement activities remain on-going.

In addition, the US Government has developed several initiatives designed to combat global piracy and counterfeiting. In October 2004, the Government launched "Strategy Targeting Organized Piracy (STOP)." This joint initiative between the Departments of Commerce, Justice and Homeland Security and the US Trade Representative has as its aim increased domestic and international efforts at successfully combating global piracy, including increased international coordination in anti-piracy efforts.

In July, 2005 a new senior level position "Coordinator of International Intellectual Property Enforcement" was established within the Department of Commerce.

Special Exceptions for Library Activities

In addition to the special exception under the anti-circumvention provisions of the DMCA for certain activities by non-profit libraries and archives. US copyright laws provide specialized rights of use for copyrighted work. Significantly, under US copyright law, all works of the US government, defined as works created by government employees within the scope of their employment, are **not** subject to copyright protection. Thus, many government publications are readily available for both electronic access and reproduction without concerns over copyright protection.

⁵ See, e.g., "Music Industry wins approval of 871 subpoenas," AP Newswire (July 21, 2003)(reproduced at http://edition.cnn.com/2003/TECH/Internet/07/21/downloading_music.ap/index.html). For details regarding the current legal status of subpoenas under the DMCA, see discussion below.

⁶ See, e.g., "Hundreds of Music Swappers Sued," Associated Press Newswire (September 8, 2003)(reprinted at www.msnbc.com/main.story) (reporting on institution by RIAA of 261 lawsuits against end users based on illegal P2P file trading).

⁷ See, e.g., John Schwartz, "In Survey, Fewer are Sharing Files (or Admitting It)," New York Times (January 5, 2004)(reporting on apparent success of RIAA litigation strategy in reducing the numbers of end users who are file trading music illegally after the September lawsuits).

In addition, Section 108 of the US Copyright Act grants libraries and archives a limited right to reproduce individual copies of copyrighted works and phonorecords in response to access requests by individuals and other research institutions.

If a patron requests part of a book or an article that the library has in its collection, the library may provide one copy in any format (digital copies are currently acceptable) so long as:

- The copy becomes the property of the patron
- The library has no notice that the copy will be used for a purpose other than private study, scholarship or research
- The library posts a copyright warning on a display at the research desk and on order forms for copies that follows the currently mandated format⁸:

Copyright Office, Library of Congress

NOTICE WARNING CONCERNING COPYRIGHT RESTRICTIONS

The copyright law of the United States (title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material.

Under certain conditions specified in the law, libraries and archives are authorized to furnish a photocopy or other reproduction. One of these specific conditions is that the photocopy or reproduction is not to be “used for any purpose other than private study, scholarship, or research.” If a user makes a request for, or later uses, a photocopy or reproduction for purposes in excess of “fair use,” that user may be liable for copyright infringement.

This institution reserves the right to refuse to accept a copying order if, in its judgment, fulfillment of the order would involve violation of copyright law.

(17 USC § 108(d))

If the patron requests that a whole work be copied, the library may provide a copy in any format so long as

- The Library determines that a copy cannot be obtained at a fair price.
- The copy becomes the property of the patron.
- The library has no notice that the copy will be used for a purpose other than private study, scholarship or research
- The library posts a copyright warning on a display at the research desk and on order forms for copies that follows the

⁸ This format is governed by regulations issued by the US Copyright Office and is found at 37 CFR §201.14.

currently mandated format.⁹

In neither instance may the reproduction or distribution of such requested copies be made with a purpose of direct or indirect commercial advantage. Moreover to qualify for such exceptions the library or archive must either be open to the public or at least available to researchers doing research in a specialized field. All copies must contain the copyright notice on the work. Where no such notice appears, the copy must at least contain a legend stating that the work may be protected by copyright.

Section 108 places similar limits on the ability of a library to fill a copy request from another (interlibrary loan). (17 USC §108(e)) In no instance may a library reproduce or distribute copies of a work if it is “aware or has substantial reason to believe that it is engaging in the related or concerted reproduction or distribution of multiple copies ... of the same material, whether made on one occasion or over a period of time, and whether intended for aggregate use by one or more individuals or for separate use by the individual members of a group.” (17 USC §108(g))

Section 108 also allows libraries and archive to make three copies of an unpublished work “duplicated solely for purposes of preservation and security. (17 USC §108(b). The original must currently be in the library’s collection. If the copy is in digital format it cannot be distributed in that format by the library or made available for use in that format outside the premises of the library. (17 USC §108(b)(2))

In addition three copies of a published work may be made “solely for the purpose of replacement of an existing copy or phonorecord that is damaged, deteriorating, lost or stolen, or if the existing format in which the work is stored has become obsolete.” (17 USC §108(c)). Such replacement reproductions, however, may only be made if the library has determined “after reasonable effort” that an unused replacement cannot be obtained “at a fair price.” Such reproductions are subject to the same limitations on format distribution as those archival copies made of unpublished works. (*Id.*)

During the last twenty years of copyright protection for a published work, a library may reproduce, display, or perform in facsimile or digital form a copy of the work “for purposes of preservation, scholarship, or research” provided after “reasonable investigation” the library determines that the following conditions do not apply:

- The work is no longer subject to “normal commercial exploitation.”
- A copy of the work cannot be obtained at a “reasonable price”

⁹ See text accompanying footnote 8.

- The copyright owner or its agent has not provided notice pursuant to Copyright Office regulations that either of the foregoing conditions remains for its work.

The foregoing exceptions are all media specific and do not apply to musical works, pictorial, graphic or sculptural works, motion pictures or other audiovisual works, except for an audiovisual work dealing with news, except that reproduction for archival purposes is not so limited.

Finally, libraries and archives are specifically excluded from owing statutory damages for copyright infringement if it “had reasonable grounds for believing that his use was a fair one. (17 USC §504(c))