

ENFORCING RIGHTS AGAINST ONLINE INFRINGERS: BRANDISHING THE DOUBLE-EDGED SWORD OF THE DMCA

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The Digital Millennium Copyright Act (DMCA)¹ of 1998 was enacted to bring copyright enforcement more in line with the realities of digital technology and the Internet, where it is easier and speedier for millions of daily users to reuse content by cutting and pasting, than it is for them to create and publish original content. With the rise of content-sharing sites such as YouTube.com, the republication of copyrighted content has become so pervasive that litigation over the use of third-party content has become an ordinary news topic.² In seeking to use the DMCA's "takedown" procedure to enforce intellectual property rights, every rights owner is not only a potential plaintiff, but also a potential defendant – an unsophisticated rights owner can unwittingly expose itself to liability under the DMCA for false accusations of infringement. This article highlights the most common mistakes rights owners make in using the DMCA takedown procedure as a means of policing the unauthorized use of intellectual property.

THE SECTION 512 TAKEDOWN PROCEDURE

In recognition of the significant costs and delay associated with federal copyright litigation, the DMCA added a "self-help" remedy to the Copyright Act. Section 512(c)(3)³ allows copyright owners to achieve removal of allegedly infringing materials without filing suit, by contacting the online service provider and following a set of notice-and-information procedures set out in the statute. (The Section 512(c)(3) procedure is commonly referred to as a "takedown"). The procedure operates as follows: (1) a copyright owner swearing to a "good faith" belief of copyright infringement sends a notice conforming to the statutory requirements⁴ to an online service provider, identifying contributed materials on the service which allegedly infringe the owner's rights; (2) the service provider removes the materials from the service as required under the statute to receive immunity from liability;⁵ (3) the service provider notifies the contributor if a takedown occurs⁶ and allows the contributor to make

a counter-notice⁷ rebutting the infringement allegation; (4) if the complainant turns out to be facially meritorious and the complaining copyright owner does not file suit within fourteen (14) days, the service provider must restore the materials.⁸ The takedown procedure is wholly extrajudicial. Parties may (and do) seek judicial review for actions taken under Section 512(c)(3) which deviate from the statutory requirements.

The DMCA takedown procedure is well-known on the Internet and is wildly popular with large and small rights owners, and with third-party content contributors. Large Internet access providers and search engine sites are estimated to receive DMCA takedown notices numbering in the tens of thousands per year.⁹ However – because it allows rights holders to achieve the removal of published materials without judicial oversight on a mere assertion of rights and an allegation of infringement – critics contend that the procedure is too widely abused, has a chilling effect on free speech and violates due process.¹⁰ There is no doubt that the Section 512 takedown procedure has been widely used in inappropriate ways. Both individuals and large corporations routinely use the procedure aggressively, sending cease-and-desist letters to censor opinion, to suppress the online publication of unflattering or damaging content, to attack enemies and competitors, and to enforce non-copyright intellectual property claims. Several companies and performing rights organizations use automated "robots" to search for infringing content and subsequently file erroneous takedown letters identifying the wrong party or completely unrelated materials.¹¹ A 2005 survey found that over a third of takedown requests were not appropriate under the statute.¹²

SECTION 512 TAKEDOWN TRAPS: INTERNET FORM LETTERS AND WEB COMPLAINTS

Businesses that routinely threaten civil litigation in the course of hashing out disputes over their

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commercial transactions are in for a rude surprise under the Copyright Act. Section 512(f)¹³ explicitly provides a remedy for “bad faith” takedown notices and misrepresentations about copyright infringement, holding that a party may be ordered to pay the aggrieved party’s damages, costs and attorneys’ fees for making “knowing” and “material” misrepresentations under Section 512.¹⁴

Rights holders, typically acting without an attorney in choosing to make their own DMCA takedown demands, can get “trapped” in Section 512(f) suits or counterclaims in two common ways: (1) they use an inappropriate form letter which fails to comply with the requirements of the statute and/or makes inappropriate non-copyright legal claims under the takedown framework; or (2) they rely on a service provider’s procedure for notice and takedown of materials, which may steer them unwittingly into making fraudulent claims under Section 512(f).

A rights owner using the Section 512 takedown procedure will typically give notice via a takedown email or letter. Most Section 512 notices are sent electronically as e-mail¹⁵ (although many are sent by surface mail or fax to the service provider if no e-mail address for legal notices is readily apparent or available). Because Section 512 is well-known to rights holders to be a “self-help” procedure that results in the speedy and automatic removal of the undesirable materials 90%+ of the time, the vast majority of complaining rights owners fashion their own demands by merely cutting and pasting seemingly-applicable text from publicly available letters. Thousands of actual and sample DMCA takedown letters are posted on the Internet.¹⁶ Many of these notices defectively allege copyright infringement under the Section 512(c) protocols and are entitled to be disregarded by the service provider’s DMCA agent. Others threaten suit under the aegis of the DMCA for causes of action sounding in trademark, trade secret, privacy or publicity. Still others complain about publication or use which is clearly permitted under copyright law (such as “fair use” of copyrighted material,¹⁷ resale of copyrighted materials under the “first sale” doctrine,¹⁸ or the publication of public-domain content or content expressly available for use without restriction under a Creative Commons or open-source GPL license¹⁹).²⁰ For erring rights holders, a suit for damages under Section 512(f) can have severe consequences: the rights owner in one leading case settled in the face of a Section 512(f) counterclaim for damages in an agreed amount of \$125,000.²¹

A second DMCA trap for the unwary rights owner is the service provider’s own web-based complaint form.

Online service providers frequently fashion their own notice-and-takedown procedure for reporting intellectual property violations as a means of creating an efficient internal workflow to deal with the hundreds of notices they receive. Many of these provided notice forms conflate various intellectual property issues, including legitimate DMCA claims as well as illegitimate ones – but may nevertheless track the protocol and remedies under DMCA Section 512, leading an unsophisticated rights owner to believe that the DMCA takedown remedy is available for non-copyright grievances.

For example, ebay.com provides rights owners with a VeRO (Verified Rights Owner) complaint form that allows a complainant to allege that an item for sale “is an unlawful copy of media (software, games, movies, etc.)” under a copyright violation category called “Item Infringement.”²² While this allegation would be legally appropriate against the sale of counterfeit and knockoff goods, rights owners frequently assert this against dealers and resellers, erroneously believing that they may restrict or prohibit the resale of copyrighted works on sites such as Ebay.com.²³ Ebay sellers whose items have been de-listed due to a VeRO takedown frequently threaten a lawsuit for Section 512(f) fraudulent misrepresentation of copyright infringement and demand settlement damages for lost sales.²⁴

LITIGATION AGAINST RIGHTS OWNERS FOR SECTION 512(F) VIOLATIONS

As of this writing, a handful of cases have seen decisions or resolution with regard to violations of Section 512(f), with the primary litigated issue being the proper standard for determining whether a rights claimant is making a “knowing misrepresentation.” Two 512(f) cases have generated court rulings that say the “good faith” belief of infringement required for filing a Section 512 takedown notice is *objective*, following the general principle that “ignorance of the law is no excuse.” In *Online Policy Group v. Diebold*²⁵ and *Marvel Enterprises v. NCSOFT*,²⁶ both courts held that having a “good faith” belief of infringement as specifically required to be entitled to a takedown under Section 512(c), means that the rights owner filing a takedown notice has a responsibility to know whether an online publication is or is not actionable as an infringement under the Copyright Act. Under this test, failure to meet an objective standard of “good faith” satisfies the “knowing misrepresentation” requirement for a takedown request to constitute a violation of Section 512(f). The only federal appellate case providing guidance on Section 512(f), *Rossi v. Motion Picture Association of America*,²⁷ disagrees with *Diebold* and *NCSOFT*, holding that the standard

for determining whether a complainant is “knowingly misrepresenting” a claim of copyright infringement under Section 512(c) is *subjective* to the “good faith” belief of the rights owner.

The *Diebold* case is notable not only for its DMCA implications, but also for the important public policy and free speech issues underlying the case. Diebold, a provider of electronic voting equipment, has been widely criticized for its electronic voting software. Several sources have claimed that the software is defective and can be easily hacked to manipulate election results. In the *Diebold* case, the targets of Diebold’s Section 512 takedown request were college students from Swarthmore who had discovered Diebold employee emails referencing internal company issues with the software, and who had posted the Diebold emails online for purposes of discussing the software’s flaws, and the election fraud implications.

The Electronic Frontier Foundation (EFF) brought a counterclaim against Diebold under Section 512(f), asserting that Diebold knowingly misrepresented its copyright rights. It seems undisputable that Diebold, as an employer, would own copyrights in the emails of its employees, under the “work for hire” doctrine of the Copyright Act,²⁸ entitling it to prevent republication of the emails. However, it is also undisputable that the importance of allowing the public to discuss the security and reliability of electronic voting methodology, and issues with specific voting software, make an extremely strong case for applying the “fair use” exceptions for “criticism, comment, news reporting, teaching, scholarship or research.”²⁹ The court ruled against Diebold, noting that “the email archive was posted or hyperlinked to for the purpose of informing the public about the problems associated with Diebold’s electronic voting machines. It is hard to imagine a subject the discussion of which could be more in the public interest. If Diebold’s machines in fact do tabulate voters’ preferences incorrectly, the very legitimacy of elections would be suspect.”³⁰ The company did not appeal, but chose to settle the case (commentators have observed that the publicity backlash generated by fighting a “free speech” “voting rights” case with copyright technicalities probably motivated Diebold to cut its losses).³¹

In the *Rossi* case, the publisher operated an independent movie website. The Rossi site had a clickable link that read “Download movies here.” The MPAA sent a Section 512(c) takedown notice to Rossi’s hosting service provider, who immediately took down the site, costing Rossi lost profits in the form of lost advertising revenue. Rossi brought a Section 512(f) claim against the MPAA,

arguing that the materials being complained of were not even on the Rossi site but on another site linked to from the Rossi site and that as a matter of law, linking to a website which may or may not contain infringing materials does not constitute copyright infringement. Rossi argued that the MPAA should have exercised reasonable due diligence before sending its Section 512(c) takedown notice – if the MPAA had only followed the links on his site, it would have discovered that the site containing the allegedly infringing materials was not part of Rossi’s site or under his control. The federal district court held there was no requirement for a rights owner to conduct an investigation prior to filing a takedown notice to allege a “good faith” belief of infringement. Rossi appealed. The Ninth Circuit held that requiring a rights holder to conduct an investigation prior to filing a takedown notice would be to require a “reasonable and objective” standard in determining whether a takedown demand was made knowingly and in misrepresentation. The *Rossi* court noted that several other federal statutes traditionally held “good faith” to encompass a subjective standard and ruled that the “good faith” required by Section 512(c) is a subjective state of mind consisting of “honesty in belief or purpose,” holding “a copyright owner cannot be liable simply because an unknowing mistake is made, even if the copyright owner acted unreasonably in making the mistake.”

The subjective standard for “good faith” in making a Section 512(c) takedown request was further extended in *Dudnikov vs. MGA Entertainment*.³³ In the *Dudnikov* case, the Dudnikovs were eBay merchants who were selling BRATZ® dolls and merchandise on eBay. MGA, the owner of intellectual property rights in the BRATZ® characters and associated merchandise, filed an eBay VeRO takedown request against the Dudnikovs, resulting in the takedown of the auctions. The VeRO claimed copyright and trademark infringement and infringement of manufacturing, distribution, licensing and merchandising contract rights. The Dudnikovs were not authorized distributors or resellers of BRATZ® merchandise but claimed the “first sale” doctrine as a defense to copyright violations. They counterclaimed under Section 512(f), citing copyright misuse and damages from lost sales due to the disruption caused the VeRO takedown. MGA’s motion for summary judgment on 512(f) claims was granted by the magistrate based on an affidavit of MGA’s attorney that the viability of the claims were admittedly not investigated at the time the notice was filed. The Dudnikovs argued that MGA’s attorney should be held to a higher professional standard and should have “known better” than to claim infringement because the offered items were subject

to the “first sale” doctrine. Following *Rossi*, the District Court upheld the magistrate’s dismissal of the 512(f) issue on summary judgment, effectively stating that a sworn statement constituted a “good faith belief” as a matter of law.³⁴

The pace of litigation under Section 512(f) for erroneous 512(c) takedown requests is steadily accelerating, with over ten cases currently in progress.³⁵ Intellectual property rights owners seeking to wield the sword of the DMCA Section 512 takedown to remove online content need to be wary of the weapon, and proceed carefully with the advice of counsel to avoid injuring themselves.

ENDNOTES

1. Pub. L. No. 105-304, 112 Stat. 2860 (Oct. 28, 1998). The Digital Millennium Copyright Act is available online at <http://copyright.gov/legislation.dmca.pdf>.
2. “Viacom Sues Google Over YouTube Video Clips,” *New York Times*, March 13, 2007.
3. 17 U.S.C. § 512(c)(3).
4. Section 512(c)(3) sets out the elements for notification under the DMCA. Subsection A (17 U.S.C. 512(c)(3)(A)) states that a notification must include (1) a physical or electronic signature of a person authorized to act on behalf of the owner of the infringed right; (2) identification of the copyrighted works allegedly infringed; (3) identification of the material that is claimed to be infringing that is requested to be removed; (4) information reasonably sufficient to permit the service provider to contact the complainant; (5) a statement under penalty of perjury that the complainant has a “good faith” belief that use of the material is not authorized by the copyright owner; and (6) a statement that information in the notice is accurate and that the complainant is authorized to act on behalf of the copyright owner. Subsection B (17 U.S.C. 512(c)(3)(B)) states that if the complainant does not substantially comply with the statutory requirements, the notice will not serve as actual notice for the purpose of Section 512.
5. In return for cooperating with complainants, online service providers are shielded from liability for contributory copyright infringement, provided they comply with the following statutory requirements: (1) the service provider must be an entity offering the transmission, routing, or providing of connections for digital online communications (§512(k)(1)(A)); (2) the service provider must designate an agent for DMCA violations, register the agent with the Copyright Office, and provide a means through the service for rights owners to access the agent (§512(c)(2)); (3) the transmission, routing, provision of connections or storage by the service provider is carried out by an automatic technical process (§512(a)(2)); (4) the service provider must not be the party initiating the transmission of the material (§512(a)(1)); (5) the contributor and not the service provider, must select the origination and destination points of the contribution (§512(a)(3) and §512(k)(1)(A)); (6) the contribution must be transmitted “through” the system or network of the service provider (§512(a)(2)); (7) the service provider must not modify the contribution (§512(a)(5)); (8) no copy of the contribution may be maintained on the system or network in a manner ordinarily accessible to anyone other than anticipated recipients (§512(a)(4)); and (9) no copy of the contribution may be maintained on the system or network for a longer period than is reasonably necessary for the transmission, routing, and intended availability of the contribution (§512(a)(4)). An informal survey of websites, blogs, Internet access providers and many web hosting companies will reveal that the majority of online service providers are not registered with the Copyright Office and are not otherwise in compliance with the requirements of Section 512, legally exposing them to claims for contributory copyright infringement.
6. Online service providers are not required under §512 to notify the contributor that a takedown notice has been received, but are required to notify contributors if and when materials are removed. Large service providers typically remove material within one to three days of receiving a compliant notice.
7. 17 U.S.C §512(g)(3). A proper counter-notice under §512(g) must include (1) the user’s name, address, phone number and physical or electronic signature; (2) identification of the material and its location before removal; (3) a statement under penalty of perjury that the material was removed by mistake or misidentification; and (4) consent to local federal court jurisdiction, or if overseas, to an appropriate judicial body.
8. See §512(g)(A), (B) and (C).
9. See J. Urban & L. Quilter, “Efficient Process or ‘Chilling Effects’? Takedown Notices Under Section

512 of the Digital Millennium Copyright Act," Santa Clara Computer & High Technology Law Journal (March 2006).

10. See M. Pollack, "Rebalancing Section 512 To Protect Fair Users From Herds Of Mice-Trampling Elephants, Or A Little Due Process Is Not Such A Dangerous Thing," 22 Santa Clara Computer & High Tech. L.J. 547 (March 2006). The §512(c)(3) takedown procedure is an active target of public-interest organizations such as the Electronic Frontier Foundation and ChillingEffects.Org which focus on free speech, censorship, public domain and fair use concerns. These are actively working for repeal or reform of the §512 procedure. The EFF has been active in litigating against rights owners on behalf of content publishers and contributors for improper DMCA claims. See <http://www.eff.org/issues/dmca>.
11. See "RIAA apologizes for erroneous letters," CNET's News.com (May 13, 2003) at <http://www.news.com/2100-1025-1001319.html>.
12. Urban and Quilter, above.
13. 17 U.S.C. §512(f) reads as follows: (f) Misrepresentations.—Any person who knowingly materially misrepresents under this section— (1) that material or activity is infringing, or (2) that material or activity was removed or disabled by mistake or misidentification, shall be liable for any damages, including costs and attorneys' fees, incurred by the alleged infringer, by any copyright owner or copyright owner's authorized licensee, or by a service provider, who is injured by such misrepresentation, as the result of the service provider relying upon such misrepresentation in removing or disabling access to the material or activity claimed to be infringing, or in replacing the removed material or ceasing to disable access to it.
14. The same prohibition against fraudulent misrepresentation of copyright infringement to a service provider, also applies to contributors or publishers who file a counter-notice which willfully and knowingly makes an allegation of meritorious defense where none exists.
15. Due to the informal nature of email, unsophisticated complainants are far more likely to send a casual demand to their service provider without bothering to read or refer to the statutory language. While many service providers make reference to §512 of the DMCA, few provide the actual language of the section, or a link to it.
16. For a representative sample of takedown letters, including letters which constitute copyright misuse or do not comply with the highly specific requirements of §512(c), see <http://eff.org> and <http://chillingeffects.org>. For an example of a blog written and edited by a non-attorney offering "stock" DMCA takedown letters for use by rights owners, see <http://www.plagiarismtoday.com/stock-letters/>.
17. 17 U.S.C. §107.
18. 17 U.S.C. §109.
19. See <http://creativecommons.org/>. Creative Commons provides standardized license terms with minimal reuse restrictions which may be adopted voluntarily by copyright authors to indicate acceptable uses of their work. The GPL (Gnu Public License) is a similar standardized license of "open-source" material which provides for free incorporation and reuse of copyrightable material as long as the user consents to similarly publish and license any works incorporating GPL materials under the same GPL license terms. See <http://www.gnu.org/copyleft/gpl.html>.
20. See "Unsafe Harbors: Abusive DMCA Subpoenas and Takedown Demands," an Electronic Frontier Foundation white paper dated September, 2003, available at <http://www.eff.org/wp/unsafe-harbors-abusive-dmca-subpoenas-and-takedown-demands>.
21. See "Diebold Coughs Up Cash in Copyright Case," EFF press release, (October 15th, 2004).
22. Ebay Addendum to Notice of Claimed Infringement (NOCI), Reason Code 3.3, available at <http://pages.ebay.com/help/tp/vero-rights-owner.html>.
23. This dispute most frequently arises in the context of promotional "not for resale" (NFS) and "advance reviewer copy" (ARC) items distributed to members of the media for purposes of review. See the anonymously authored blog article "'Advance review copy: Not for resale' – my ass," The Abstract Factory (May 10, 2006) at <http://abstractfactory.blogspot.com/2006/05/advance-review-copy-not-for-resale-my.html>.

24. Based on the author's experience with several clients in 2006 and 2007.
25. *Online Policy Group v. Diebold*, 337 F. Supp. 2d 1195 (N.D.Cal. September 30, 2004). The *Diebold* case settled (presumably on the strength of the §512(f) claims) for \$125,000 in damages.
26. *Marvel Enterprises v. NCSoft*, 2005 U.S. Dist. LEXIS 8448; 74 U.S.P.Q.2D (BNA) (C.D. Cal. CV 04-9253-RGK Aug. 23, 2005) (action for infringement of rights in comic book characters against company selling online gaming software, where allegedly infringing in-game characters were fashioned by individual users) (officially unreported).
27. *Rossi v. Motion Picture Association of America*, 391 F. 3rd 1000 (9th Cir. 2004).
28. 17 U.S.C. §101, definition of "Work for hire."
29. 17 U.S.C. §107 states that "the fair use of a copyrighted work, including such use by reproduction...for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include— (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes; (2) the nature of the copyrighted work; (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and (4) the effect of the use upon the potential market for or value of the copyrighted work. The fact that a work is unpublished shall not itself bar a finding of fair use if such finding is made upon consideration of all the above factors."
30. *Diebold*, above, Order Granting In Part And Denying In Part Crossmotions For Summary Judgment.
31. See Urban and Quilter, above.
32. *Rossi* at 1005.
33. *Dudnikov v. MGA Entertainment*, 410 F. Supp. 1010 (D. C. Colo. 2005).
34. *Dudnikov* at 1017.
35. For example, see *Lenz v. Universal Studios* (a Washington Post article discussing the *Lenz* case can be accessed at <http://www.washingtonpost.com/wp-dyn/content/article/2007/10/18/AR2007101802453.html?wpisrc=newsletter&wpisrc=newsletter>)