

## YOUTUBE AS THE GREAT COMMUNICATOR AND COPYRIGHT INFRINGER

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### I. INTRODUCTION

At the end of 2006, Time Magazine named its Person of the Year *You*.<sup>1</sup> The article credited YouTube and similar Internet file sharing services for the revolution in worldwide sharing by millions of individuals. Within four months of receiving the honor, YouTube was sued by the entertainment conglomerate Viacom. Viacom does not want *you* to share its copyrighted entertainment videos. Rather than suing *you*, it sued the messenger which may have looked like a cash cow. Google had recently purchased YouTube.<sup>2</sup>

Internet file sharing technology allows users to share many types of files, including articles, pictures, music, and videos. Napster, Grokster, Streamcast, and other peer-to-peer (P2P) file sharing online services that have allowed users to share music have been successfully sued.<sup>3</sup> Many of them have closed as a result of the litigation. Yet new file sharing websites are continually created to fill the gap left by the closure.<sup>4</sup> YouTube's

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<sup>1</sup> Lev Grossman, *Person of the Year: You*, TIME, December 25, 2006, at 41. YouTube was also Time magazine's invention of the year. See Bill Hutchinson, *YouTube is Time's Invention of the Year*, DAILY NEWS (NEW YORK), November 6, 2006. See also Brian Doxtader & Marty Schroeder, *The Legacy of Time's Latest 'Person of the Year*, THE OBSERVER (NOTRE DAME), February 1, 2007 (available from University Wire) (commentary on YouTube social phenomenon). See also ANDREW KEEN, THE CULT OF THE AMATEUR, HOW TODAY'S INTERNET IS KILLING OUR CULTURE (2007) (critical look at the role of the Internet).

<sup>2</sup> *Google To Acquire YouTube for \$1.65 Billion in Stock*, Press Center (October 9, 2006), [http://www.google.com/press/pressrel/google\\_youtube.html](http://www.google.com/press/pressrel/google_youtube.html) (last visited March 1, 2008; author retains copy).

<sup>3</sup> See *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, 545 U.S. 913 (2005) (adopting inducement to find Grokster and Streamcast may have secondary liability for users' copying) (Grokster); In re Aimster Copyright Litigation, 334 F.3d 643 (7th Cir. 2003) (ISP liable for copyright infringement for enabling users to copy music) (Aimster); and *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004 (9th Cir. 2001) (ISP liable for enabling users to copy music) (Napster).

<sup>4</sup> See, *Grokster*, 545 U.S. at 925. "The evidence that Grokster sought to capture the market of former Napster users is sparser but revealing, for Grokster launched its own OpenNap system called Swaptor and inserted digital codes into its website so that computer users using Web search engines to look for 'Napster' or '[f]ree filesharing' would be directed to the Grokster website,

technology enables users to share videos within groups. The video site has obtained permission from other media copyright holders to place some copyrighted content on the site.<sup>5</sup> YouTube asserts that it is protected by the Digital Millennium Copyright Act's (DMCA)<sup>6</sup> safe harbor provisions and that its conduct is permitted in spite of the recently expanded secondary liability doctrines of vicarious liability, contributory infringement, and inducement to infringe copyrights.<sup>7</sup>

This article examines YouTube's defenses to Viacom's claims of direct and indirect copyright infringement. A number of scholars refer to the indirect liability doctrines as *secondary liability*,<sup>8</sup> so the authors adopt that term. This article first describes YouTube's activity. Second, it summarizes Viacom's complaints against YouTube and YouTube's defenses. Third, it examines the status of copyright law on user sharing technology. Finally, the article concludes that before expanding judicially created copyright doctrines, courts should remember that the constitutional justification for the existence of copyright is to promote the progress of science and the useful arts.

## II. YOUTUBE

With the advent of faster Internet connections, video sharing is thriving. YouTube and similar services allow users to contribute videos and to locate and view others' videos on YouTube's site. YouTube is free for users. It sells advertising space, and the advertisements are visible on the site even while the videos are being viewed. YouTube incurs substantial cost to stream the videos, so it has not yet shown a profit.<sup>9</sup> YouTube

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where they could download the Grokster software. And Grokster's name is an apparent derivative of Napster." *Id.* at 992-993.

<sup>5</sup> Michael Driscoll, *Will YouTube Sail into the DMCA's Safe Harbor or Sink for Internet Piracy?* 61 J. MARSHALL REV. INTELL. PROP. L. 550, 553 (Spring, 2007). This author stated that YouTube has announced partnership deals with CBS, Universal Music Group, Sony BMI, NBC, and Warner Music Group. A site that is an online news source mentions YouTube's permissions from some copyright holders. "The biggest threat to YouTube remains potential copyright lawsuits from content providers who could claim that the site—like Napster before it—is enabling thieves." <http://www.time.com/time/magazine/article/0,9171,1570721,00.html> (last visited March 1, 2008; author retains copy). In a recent report, Google acknowledged that "adverse results in these lawsuits may include awards of substantial monetary damages." *Id.* Mark Cuban, the billionaire co-founder of Broadcast.com and Dallas Mavericks owner, has said publicly for months that the potential for legal trouble makes YouTube a bad investment. YouTube has responded by publicizing agreements it has made with media companies such as NBC and Universal Television to legally show video clips from, say, *The Office*. *Id.* Another site talks about the Warner agreement with YouTube. <http://tags.library.upenn.edu/project/12256> (last visited March 1, 2008). "Peter Fader of Wharton called the agreement between Warner Studios and YouTube, which allows Warner music videos to be played on YouTube in return for a portion of the ad revenue, the "single biggest business development deal in the history of digital media." *Id.* Internet mogul Mark Cuban, on the other hand, believes that YouTube will ultimately have the same fate as Napster and be crushed by copyright lawsuits. The real answer may lie somewhere in the middle." *Id.*

<sup>6</sup> Pub. L. No. 105-304, 105th Congress, 2d Sess. October 8, 1998 (codified in 17 U.S.C. § 512 (2006)).

<sup>7</sup> *Answer, Viacom Int'l, Inc. v. YouTube, Inc.*, No. 07-CV2103 (S.D.N.Y. Mar. 13, 2007) (hereinafter *YouTube's Answer*).

<sup>8</sup> See, e.g., Mark Bartholomew & John Tehranian, *The Secret Life of Legal Doctrine: The Divergent Evolution of Secondary Liability in Trademark and Copyright Law*, 21 BERKELEY TECH. L. J. 1363 (Fall, 2006).

<sup>9</sup> Andy Greenberg, *Making YouTube Pay Off*, *Forbes.com* (October 10, 2007). "Since shelling out \$1.6 billion for YouTube last year, Google has yet to wring a profit from the video site's millions of user-generated clips."

is the most popular video sharing site according to May 2006 market research.<sup>10</sup> It was developed by Chad Hurley, Jawed Karim, and Steve Chen while they worked for eBay's PayPal, an electronic payment company.<sup>11</sup>

Although a number of videomakers contribute their own videos on YouTube, many people believe the majority of the material contributed on YouTube and similar sites is copyrighted and contributed without the copyright owner's permission. One source estimates that up to 90% of the material on YouTube violates copyright law.<sup>12</sup> YouTube has negotiated licensing and revenue sharing agreements with some entertainment industry copyright owners including CBS, NBC, Warner Music Group, Universal Music Group, and Sony BMI.<sup>13</sup> In addition, YouTube believes that its activity is protected by the safe harbor provisions of the Digital Millennium Copyright Act (DMCA) because it satisfies the take down provisions by removing infringing videos when requested to do so by the copyright holder.<sup>14</sup> The DMCA created safe harbors for Internet Service Providers (ISPs) that store infringing material on bulletin boards or transmit infringing material contributed by users.<sup>15</sup> The provision is an implied Congressional recognition of vicarious liability for others' direct infringement. To be eligible for the safe harbor, the ISP must establish a notice and take down procedure,<sup>16</sup> must designate an agent to accept the take down notices, and must register the agent with the Copyright Office.<sup>17</sup> YouTube argues that it does these things.<sup>18</sup>

Google acquired YouTube in November 2006 for a purchase price of \$1.65 million. Google used its own stock to pay for the purchase.<sup>19</sup> Possibly anticipating lawsuits against YouTube, Google set aside more than \$200 million as a legal defense fund.<sup>20</sup> Clearly this acquisition by a successful publicly traded company made YouTube an

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<sup>10</sup> Market research has indicated that YouTube is clearly the most popular video sharing site. In May 2006, Hitwise, a market research firm, reported YouTube had 42.94% of the market, MySpace had 24.22% and Yahoo! Video Search had 9.58%. LeeAnn Prescott, *YouTube vs. MySpace Video – Comparing Visits and Page Views*, Hitwise Web Blog, May 25, 2006, [http://weblogs.hitwise.com/leeann-prescott/2006/05/youtube\\_vsmyspace\\_video\\_compa.html](http://weblogs.hitwise.com/leeann-prescott/2006/05/youtube_vsmyspace_video_compa.html) (last visited July 26, 2007; author retains copy).

<sup>11</sup> See *The Founding of YouTube*, The Utube Blog copied the Chicago Tribune's David Greising story on the founding of YouTube. <http://theutubeblog.com/2006/10/15/the-founding-of-youtube/> (last visited Feb. 29, 2008; author retains copy). The Chicago Tribune is not cited. The three colleagues were PayPal employees. They devised a way to upload videos for sharing with friends the way they were able to share still photos. The site has the purportedly first video contributed to YouTube, with Karim as the star.

<sup>12</sup> Sam Gustin, *YouTube's Got a Fat Idea of Itself*, N.Y. POST, September 21, 2006, at 40.

<sup>13</sup> Driscoll, *supra* note 5, at 553.

<sup>14</sup> YouTube's Answer, *supra* note 7, at Introduction.

<sup>15</sup> 17 U.S.C. § 512 (a) (2006).

<sup>16</sup> See 17 U.S.C. § 512 (c)(2)(E) (2006). "[I]f the person described in paragraph (1)(A) makes that material available online without the authorization of the copyright owner of the material, the service provider responds expeditiously to remove or disable access to the material that is claimed to be infringing upon notification of claimed infringement as described in subsection . . ."  
" *Id.*

<sup>17</sup> See 17 U.S.C. § 512 (c)(2)(C) (2006). "The limitations on liability established in this subsection apply to a service provider only if the service provider has designated an agent to receive notifications of claimed infringement. . . ." *Id.*

<sup>18</sup> YouTube's Answer, *supra* note 7, at Introduction.

<sup>19</sup> See *Google to Acquire YouTube*, *supra* note 2.

<sup>20</sup> See *Google pads YouTube deal with \$200 million*, USA TODAY, November 14, 2006, located at [http://www.usatoday.com/life/television/news/2006-11-14-google-youtube\\_x.htm](http://www.usatoday.com/life/television/news/2006-11-14-google-youtube_x.htm) (last visited March 1, 2008; author retains copy). In addition, 12.5 percent of the shares issued to buy YouTube will be placed in escrow for a year to "secure certain indemnification obligations." *Id.*

attractive target for copyright infringement suits by disgruntled media companies whose copyrighted videos are often placed on YouTube. Viacom sued YouTube.<sup>21</sup>

Even before Google's acquisition, YouTube had been sued. In 2006, Robert Tur filed a copyright infringement suit against YouTube for permitting Tur's copyrighted video showing the beating of Reginald Denny just prior to the Los Angeles riots to be

contributed on YouTube.<sup>22</sup> Shortly after the Viacom suit was filed, an English soccer league filed suit against YouTube, contending that YouTube released games played in the Premier League in England to a worldwide audience.<sup>23</sup> YouTube claimed that it was protected by the safe harbor provisions of the DMCA by satisfying the safe harbor requirements of the statute. The court in *Tur v. YouTube* denied YouTube's motion for summary judgment.<sup>24</sup> At issue in *Tur* was the DMCA section discussed later in this article, which will concentrate on the Viacom suit. For simplicity, the authors will refer to the plaintiffs as Viacom, although the plaintiffs are Viacom International, Inc., and its affiliates—Comedy Partners, Country Music Television, Inc., Paramount Pictures Corporation, and Black Entertainment Television, LLC. The defendants in this cause of action are YouTube, Inc., YouTube, LLC, and Google, Inc.

### III. VIACOM V. YOUTUBE

Viacom claims that much of its proprietary material is repeatedly contributed on YouTube. Popular shows and skits are contributed multiple times. When the material is removed by YouTube after a take down notice, the same skit quickly reappears. Viacom wants to deliver its material in commercial ways that will improve its own profit margin. For example, it alleged that the entire movie *An Inconvenient Truth* appeared on YouTube before it was distributed on home video.<sup>25</sup>

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<sup>21</sup> Complaint, *Viacom Int'l, Inc. v. YouTube, Inc.*, No. 07-CV2103 (S.D.N.Y. Mar. 13, 2007) (hereinafter *Viacom's Complaint*).

<sup>22</sup> Complaint, *Tur v. YouTube, Inc.*, No. CV 06-4436, 2006 U.S. Dist. LEXIS 1627 (C.D. Cal. July 14, 2006) hereinafter referred to as *Tur Complaint*). There was a decision denying YouTube's motion for summary judgment on the DMCA safe harbor defense. See *Tur v. YouTube, Inc.*, 2007 U.S. Dist. LEXIS 50254 (C.D. Cal. June 20, 2007) (Order denying defendant's motion for partial summary judgment under Section 512 (C) of the DMCA). The Central District of California granted Tur's motion to voluntarily dismiss the complaint on October 19, 2007. This opinion was reported at 2007 U.S. Dist. LEXIS 96517 (C.D. Cal. 2007). Tur apparently has joined Viacom and other plaintiffs in the same suit against YouTube. See *Viacom v. YouTube*, 540 F. Supp. 2d 461 (S.D.N.Y. 2008) (denying plaintiff's motion to amend complaint to assert a claim for punitive damages) and 87 U.S.P.Q.2d (BNA) 1170 (S.D.N.Y. 2008) (ruling on motions).

<sup>23</sup> Complaint, *Football Ass'n Premier League Ltd. v. YouTube, Inc.*, No. 07-CV3582 (S.D.N.Y. 2007). But see note 22, *supra*, indicating that several claims, including *Football Ass'n Premier League Ltd.'s*, have been consolidated with Viacom's suit.

<sup>24</sup> See *Tur*, 2007 U.S. Dist. LEXIS 50254 (C.D. Cal. June 20, 2007) (Order denying defendant's motion for partial summary judgment under Section 512 (C) of the DMCA). YouTube has been sued on other grounds, as well. For example, in *Universal Tube v. YouTube, Inc.*, 2007 U.S. Dist. LEXIS 40395 (N.D. Ohio 2007), *Universal Tube and Rollform Equipment Corporation* initiated a suit against YouTube. *Universal's* website is [www.utube.com](http://www.utube.com) and it contends that YouTube's site at [www.youtube.com](http://www.youtube.com) has created numerous problems. Some of the causes of action have been dismissed, but the suit is going forward on the claims of unfair competition, dilution under Ohio law, and deceptive trade practices. *Id.*

<sup>25</sup> *Viacom's Complaint*, *supra* note 21, at ¶ 44.

On March 13, 2007, Viacom announced that it filed a suit against YouTube, Inc. and Google, Inc., requesting injunctive relief and more than \$1 billion. In its complaint, Viacom alleges direct copyright infringement through public performance, through public display, and through reproduction. It also claims the defendants have committed inducement of copyright infringement, contributory copyright infringement, and vicarious copyright infringement.<sup>26</sup> Viacom also alleges that Google itself is participating in the infringement because it has added a search feature that returns thumbnails and videos.<sup>27</sup>

#### A. VIACOM'S COMPLAINT

Viacom is a media conglomerate. Viacom asserts that most of the Viacom owned material being shared on YouTube is from three entertainment sources that appeal to younger people: MTV, Nickelodeon, and Comedy Central.<sup>28</sup> Rather than directly suing the actual infringers who are sharing the copyrighted material, Viacom is suing YouTube for inducing the infringing activity. Inducement is not actually a type of infringement, but since the Supreme Court's decision in *Grokster*,<sup>29</sup> inducement has been considered to be grounds for a copyright infringement claim. Viacom alleges that Google, through its search feature on its website that returns thumbnails and videos, is also directly infringing Viacom's copyrights.<sup>30</sup> Viacom claims to have identified more than 150,000 unauthorized clips of Viacom programming on YouTube, which have been viewed 1.5 billion times.<sup>31</sup> Viacom claims that in spite of YouTube's self-identification as a forum for users to share their own original work, in reality it is a forum for displaying Viacom's copyrighted work reproduced without permission.<sup>32</sup>

First, it claims that YouTube directly infringes its copyrights in three counts: public performance, public display, and reproduction.<sup>33</sup> Viacom accuses YouTube of deliberately building a vast library of copyrighted works to bring traffic to the site, improve market share, raise revenue, and increase the value of the enterprise. Viacom contends that this is the "cornerstone of Defendants' [YouTube's] business plan."<sup>34</sup>

Second, it claims that YouTube indirectly infringes its copyrights in three counts: inducement, contributory infringement, and vicarious infringement. In these situations, YouTube is not itself infringing, but it is contributing to or is responsible for the website users' direct copyright infringement. Viacom alleges that YouTube has actual knowledge of the massive amount of infringement taking place on its website, that a substantial amount of content consists of infringing copies, and that YouTube has done little to prevent the infringement.<sup>35</sup> Viacom claims that YouTube deliberately chose not to take reasonable precautions to deter infringement, creating a situation where

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<sup>26</sup> Viacom's Complaint, *supra* note 21, Counts I-VI, at ¶¶ 46-89.

<sup>27</sup> Viacom's Complaint, *supra* note 21, at ¶ 28.

<sup>28</sup> Driscoll, *supra* note 5, at 554.

<sup>29</sup> 545 U.S. 913 (2005).

<sup>30</sup> *Id.* at ¶ 28.

<sup>31</sup> *Id.* at ¶ 3. See *Viacom files \$1 billion suit against YouTube, Google*, 24:6 THE COMPUTER & INTERNET LAWYER 21 (June 2007).

<sup>32</sup> Viacom's Complaint, *supra* note 21, at ¶ 3.

<sup>33</sup> Viacom's Complaint, *supra* note 21, at ¶ 3. This technology for streaming the video separates YouTube from Grokster, Napster, and the other former music file sharing websites; they did not actually copy or perform the music themselves, so direct infringement was not present in their cases.

<sup>34</sup> Viacom's Complaint, *supra* note 21, at ¶ 5.

<sup>35</sup> Viacom's Complaint, *supra* note 21, at ¶¶ 5 and 36.

copyright owners have to continually monitor the site to detect infringement and send notices demanding that YouTube remove the infringing works. Even after notice is given to YouTube, often the infringing work remains on the system because copies have been contributed by multiple users or someone else uploads it shortly after its removal.<sup>36</sup> This lack of diligence is part of the cause of action for secondary liability and is relevant when the court determines whether the defendant has a duty to the plaintiff. Viacom claims that when YouTube responds to a notice of infringement, its response is not effective. YouTube only removes the specific URL; it does not remove other copies of the same video even if they could easily be located. It does not prevent repeat infringers from opening new accounts and does not block slightly altered versions of the same video.<sup>37</sup> Without assistance, Viacom cannot find all the infringing videos. Viacom claims inducement of copyright, the new cause of action recognized by the Supreme Court in *Grokster*.<sup>38</sup> Viacom claims that YouTube actively promotes and induces infringement, that it knows users are using YouTube's website to copy, perform and display Viacom's copyrighted works, and that YouTube induces users to use the site to infringe.

## B. YOUTUBE AND GOOGLE'S RESPONSE

YouTube admits that users contribute videos to the site, that the videos are available for others to view, that contributing and viewing are free, and that contributed videos are stored on its computers.<sup>39</sup> Videos can even be sent directly from the YouTube site via email.<sup>40</sup> YouTube denies the following: creating a library of popular copyrighted works, infringing duplication, public performance, public display, embedding videos, inducing infringement, and actual knowledge of a massive quantity of infringing videos.

YouTube denies Viacom's claims of direct copyright infringement for public performance, for public display, and for reproduction; inducement of copyright infringement; contributory copyright infringement; and vicarious copyright infringement. The last three claims are based on the secondary liability for copyright infringement line of cases most recently addressed in the Supreme Court's *Grokster* opinion.<sup>41</sup> The inducement claim is newly recognized from the Supreme Court's *Grokster* opinion.<sup>42</sup> The other claims are for direct copyright infringement of the bundle of rights attendant to copyright ownership.<sup>43</sup>

YouTube raises twelve affirmative defenses and demands a jury trial.<sup>44</sup> The first defense is the DMCA safe harbor provision in the 1976 Copyright Act.<sup>45</sup> This provision

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<sup>36</sup> Viacom's Complaint, *supra* note 21, at ¶ 6.

<sup>37</sup> *Id.* at ¶ 41. YouTube used to allow a larger number of "hits" per search, but it modified the search function so that a user can only obtain a maximum of 1,000 video clips per search. *Id.* at ¶ 6.

<sup>38</sup> *Grokster*, 545 U.S. at 936-37.

<sup>39</sup> YouTube's Answer, *supra* note 7, at ¶¶ 30 and 31.

<sup>40</sup> YouTube's Answer, *supra* note 7, at ¶ 33.

<sup>41</sup> 545 U.S. 913 (2005).

<sup>42</sup> *Id.*

<sup>43</sup> 17 U.S.C. §106 (2007). The owner has the exclusive right, subject to limitations, to reproduce the copyrighted work in copies or phonorecords, to prepare derivative works based upon the copyrighted work; to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending; to perform the copyrighted work publicly; to display the copyrighted work publicly; and in the case of sound recordings, to perform the copyrighted work publicly by means of a digital audio transmission.

<sup>44</sup> YouTube's Answer, *supra* note 7, at ¶¶ unnumbered, pages 10-11.

protects ISPs who host third-party material if the sites comply with the notice and take down procedures specified. A major issue is whether the advertising revenue received by YouTube precludes it from taking advantage of the safe harbor provision. Section 512 states, "A service provider shall not be liable . . . if the service provider . . . does not receive a financial benefit directly attributable to the infringing activity, in a case in which the service provider has the right and ability to control such activity."<sup>46</sup> Advertising revenue is a less direct means of achieving a financial benefit than actually selling or leasing use of the video site. Here the decision rests on how the court interprets advertising revenue.

The second through twelfth defenses YouTube has raised are license, fair use, failure to mitigate, failure to state a claim, innocent intent, copyright misuse, estoppel, waiver, unclean hands, laches, and substantial non-infringing use. Clearly YouTube alleges any and all defenses that might, even remotely, allow it to prevail. Nevertheless, some of the defenses are cumulative, and some are rarely the basis for a successful defense in copyright litigation.

#### IV. LAW AND SCHOLARSHIP OF USER SHARING TECHNOLOGY

##### A. COPYRIGHT GENERALLY

The U.S. Constitution, Article I, Section 8 grants Congress power to bestow copyrights to promote the progress of science and useful arts.<sup>47</sup> It authorizes Congress to create an incentive scheme where authors and inventors will be encouraged to create through the promise of an exclusive right in the writings and discoveries. The first copyright statute protected few types of works (e.g., books and maps) and for a short period of time (14 years).<sup>48</sup> Congress has continually expanded statutory copyright protection for types of works meriting protection and for the extent of time the copyright is protected. The 1976 Copyright Act, currently in effect with numerous amendments, protects "works of authorship fixed in a tangible medium of expression."<sup>49</sup> It provides an illustrative list that includes "literary works; musical works; dramatic works; pantomimes and choreographic works; pictorial, graphic, and sculptural works; motion pictures and other audio-visual works; sound recordings; and

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<sup>45</sup> Public Law No. 105-304, 105th Congress, 2d Sess. October 8, 1998 (codified in 17 U.S.C. § 512 (2006)).

<sup>46</sup> 17 U.S.C. § 512 (c) (1) (B) (2006).

<sup>47</sup> U.S. Const. Art. 1, § 8 provides in part: "The Congress shall have power to . . . promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries."

<sup>48</sup> Copyright Act of 1790, 1 Statutes at Large 124, An Act for the encouragement of learning, by securing the copies of maps, charts, and books, to the authors and proprietors of such copies, during the times therein mentioned. "Section 1: [T]he author and authors of any map, chart, book or books already printed within these United States . . . his or their executors, administrators or assigns, who have or have not transferred to any other person the copyright . . . shall have the sole right and liberty of printing, reprinting, publishing and vending such map, chart, book or books, for the term of fourteen years from the recording the title thereof in the clerk's office. . . . And if, at the expiration of the said term, the author or authors, or any of them, be living, and a citizen or citizens of these United States, or resident therein, the same exclusive right shall be continued to him or them, his or their executors, administrators or assigns, for the further term of fourteen years. . . ."

<sup>49</sup> 17 U.S.C. § 102 (a) (2006).

architectural works.”<sup>50</sup> Motion pictures and audio-visual works appear to be at issue in this case.

The period for protection is now 70 years plus the life of the author, or 95 years for works made for hire.<sup>51</sup> The copyright owner, whether the author or not, has the exclusive rights, subject to limitations provided in subsequent sections of the 1976 Act, to reproduce copies of the work, to prepare derivative works, to distribute copies, to perform the works, to publicly display the works, and to perform by “digital audio transmission,” as appropriate for the specific type of work.<sup>52</sup>

The second type of infringement in which Viacom claims YouTube engages is secondary infringement, both contributory and vicarious.<sup>53</sup> These doctrines were

developed when common law copyright existed.<sup>54</sup> Until 1978, courts recognized both federal statutory copyright and state common law copyright.<sup>55</sup> The common law tradition that developed for copyright interpretation continues today, even though the 1976

Copyright Act abolished common law copyright protection.<sup>56</sup> Although secondary copying activities are not addressed in the 1976 Copyright Act, courts have developed and recognized them as actionable claims.<sup>57</sup>

When new methods for copying arise, courts interpret the copyright statute to determine the existence and extent of protection. Congress may eventually amend the statute to address the breadth of protection for the new media. Historically, it was a new medium for communication and copying—the printing press—that inspired the first copyright statute in England.<sup>58</sup> Other technologies that strained judicial interpretation of copyright were photographs, motion pictures, player piano rolls,

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<sup>50</sup> *Id.*

<sup>51</sup> 17 U.S.C. § 302 (a) and (c) (2006).

<sup>52</sup> 17 U.S.C. § 106 (2006).

<sup>53</sup> Viacom’s Complaint, *supra* note 21, at Counts V and VI.

<sup>54</sup> See, e.g., *Gershwin Publishing Corp. v. Columbia Artists Management, Inc.*, 443 F.2d 1159 (2d Cir. 1971) (finding and applying two secondary liability doctrines derived from common or general law sources). The *Sony* Court considered competing lines of secondary liability cases. Cases where secondary liability was found were called the dancehall cases, while those where no secondary liability was found were called landlord-tenant cases. See *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417, 435 (1984).

<sup>55</sup> Early in U.S. history the Supreme Court held that copyright in the federal system was exclusively statutory. *Wheaton v. Peters*, 33 U.S. 591, 663-64 (1834). There continued to be state common law which recognized copyright as a natural law right. The recognition of common law copyright was similar to the recognition of common law trademark which still exists concurrently with federal statutory trademark. So in the 1976 revision to the federal copyright law, Congress made the preemption of state common law copyright express. 17 U.S.C. § 301 (2006).

<sup>56</sup> 17 U.S.C. § 301 (2006) provides that the 1976 Copyright Act is the exclusive law regulating copyright and that any other laws, state or otherwise, are preempted. This provision presumably has abolished state common law of copyright. But it does not apparently preempt federal courts when applying copyright law from adopting common law doctrines to supplement the statutory law. Since 1984 when the Supreme Court reinforced the existence of the secondary liability doctrines and then again in 2005 when the Supreme Court adopted an inducement doctrine, the seeds of using common law tort law to resolve copyright problems not addressed by the statute have been planted and are growing.

<sup>57</sup> See *Sony*, 464 U.S. at 435 (1984).

<sup>58</sup> An Act for the Encouragement of Learning, by Vesting the Copies of Printed Books in the Author’s or Purchasers of Such Copies 8 Anne, c. 19 (1709) (hereinafter Statute of Anne).

records, video recorders, and duplication machines.<sup>59</sup> Within the last twenty years digitization and the Internet have combined to enable copying on a global scale. Congress addressed digitization in the 1976 Copyright Act when it recognized that computer programs were copyrightable.<sup>60</sup> It addressed digitization and the Internet in the DMCA that it enacted as an amendment to the 1976 Copyright Act.<sup>61</sup> Digitization and the Internet are at issue in *Viacom v. YouTube*. The court addressing YouTube's activity will examine three infringement categories: the DMCA, direct infringement, and secondary infringement, including inducement.

## B. DMCA DEFENSE

The DMCA was enacted in 1998 in response to the new communication tool, the Internet. Title II of the DMCA, the Online Copyright Infringement Liability Limitation Act, adds a new section 512 to the Copyright Act. Title II was enacted "to facilitate cooperation among Internet Service Providers and copyright owners 'to detect and deal with copyright infringements that take place in the digital networked environment.'"<sup>62</sup> As the name implies, it does not create liability for copyright infringement; it limits it. Title II created four safe harbors which can be used as defenses. The safe harbors provide protection for (1) transitory digital network communications in subsection a, (2) system caching in subsection b, (3) information residing on systems or networks at the direction of users in subsection c, and (4) information location tools in subsection d.<sup>63</sup> It does not create separate standards for copyright infringement against online entities, but provides a partial defense to copyright infringement actions:

The failure of a service provider to qualify for any of the limitations in section 512 does not necessarily make it liable for copyright infringement. The copyright owner must still demonstrate that the provider has infringed, and the provider may still avail itself of any of the defenses, such as fair use, that are available to copyright defendants generally.<sup>64</sup>

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<sup>59</sup> See, e.g., *Sony*, 464 U.S. at 435 (1984) (video cassette recorder Betamax); *Teleprompter Corp. v. Columbia Broadcasting System, Inc.*, 415 U.S. 394 (1974) (retransmission of signals was not performance as required to find copyright infringement); *Fortnightly Corp. v. United Artists Television, Inc.*, 392 U.S. 390 (1968) (cablecast of television station broadcast infringed television company's copyrights); *White-Smith Music Publishing Co. v. Apollo Co.*, 209 U.S. 1 (1908) (player piano rolls were not works of authorship as required to find infringement of copyright); and *Williams & Wilkins Co. v. United States*, 487 F.2d 1345 (Ct. Cl.1973), *aff'd by an equally divided court*, 420 U.S. 376 (1975) (library copying using copying machines).

<sup>60</sup> 17 U.S.C. § 102 (2006).

<sup>61</sup> Digital Millennium Copyright Act, Public Law 105-304, 105th Congress (codified in 17 U.S.C. § 512 (2006)).

<sup>62</sup> Tur Complaint, *supra* note 22.

<sup>63</sup> See Lynn M. Forsythe and Deborah J. Kemp, *YouTube's Copyright Woes*, 11:2 PROCEEDINGS, ALERI 11, 14 (Reno, NV, October 3-5, 2007).

<sup>64</sup> See *The Digital Millennium Copyright Act of 1998 U.S. Copyright Office Summary*, p. 9 December, 1998), [www.copyright.gov/legislation/dmca.pdf](http://www.copyright.gov/legislation/dmca.pdf) (hereinafter Copyright Office Summary).

The failure of a service provider to qualify for any of the limitations in section 512 does not necessarily make it liable for copyright infringement. The copyright owner must still demonstrate that the provider has infringed, and the provider may still avail itself of any of the defenses, such as fair use, that are available to copyright defendants generally. (Section 512(I)).

*Id.*

“The DMCA has merely added a second step to assessing infringement liability for Internet Service Providers, *after* it is determined whether they are infringers in the first place under the preexisting Copyright Act.”<sup>65</sup> It established a balance between the copyright owner’s exclusive rights and the public interest in Internet access to information. ISPs receive information, store it on servers, and distribute it to members of the public. YouTube is an ISP under the DMCA’s definition. If the information is copyrighted, the ISP is the first entity to be sued. It both directly and indirectly violates the owner’s copyright. The DMCA provides ISPs with protection from copyright liability through safe harbor provisions. The burden falls on the ISP to prove it has met the various criteria listed in the statute.<sup>66</sup>

To qualify for the DMCA safe harbor, an ISP must be engaged in the business of transmitting, routing, or providing connections for transmitting and routing, or it must provide online services. YouTube stores and transmits copyrighted material.<sup>67</sup> Further requirements for satisfying the safe harbor provisions are that the ISP (1) lacks actual knowledge of infringement, (2) does not receive financial benefit from the infringement, (3) removes infringing material when properly notified of its presence, and (4) uses technical measures to protect copyrights.<sup>68</sup> The meaning of each criterion is open to judicial interpretation.

The DMCA does not create separate standards for copyright infringement against online entities, but provides a partial defense to copyright infringement actions:

The failure of a service provider to qualify for any of the limitations in section 512 does not necessarily make it liable for copyright infringement. The copyright owner must still demonstrate that the provider has infringed, and the provider may still avail itself of any of the defenses, such as fair use, that are available to copyright defendants generally.<sup>69</sup>

The DMCA’s § 512(m) explicitly states that it does not require a service provider to monitor its service or to access the material in violation of the law in order to be eligible for its safe harbor provisions.<sup>70</sup> The courts are still in the process of interpreting the DMCA. It is unclear how far they will go in protecting Internet Service Providers.

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<sup>65</sup> Tur Complaint, *supra* note 22, at p. 6 and 7 (emphasis added).

<sup>66</sup> Copyright Office Summary, *supra* note 66, at 10.

<sup>67</sup> YouTube’s Answer, *supra* note 7, at Introduction.

<sup>68</sup> U.S. Copyright Office Summary, *supra* note 66, at 11.

<sup>69</sup> *Id.* at 9.

<sup>70</sup> The service provider, for instance, does not have to violate the Electronic Communications Privacy Act.

(m) Protection of Privacy.--Nothing in this section shall be construed to condition the applicability of subsections (a) through (d) on-- (1) a service provider monitoring its service or affirmatively seeking facts indicating infringing activity, except to the extent consistent with a standard technical measure complying with the provisions of subsection (i); or (2) a service provider gaining access to, removing, or disabling access to material in cases in which such conduct is prohibited by law.

A number of cases have interpreted the DMCA's safe harbor provisions.<sup>71</sup> Recently the Ninth Circuit interpreted *Grokster*, secondary liability, and the DMCA's safe harbor provisions in three cases<sup>72</sup> brought by the same plaintiff, Perfect 10, Inc., an adult entertainment magazine publisher. Perfect 10 placed nude photographs on its website for viewing by its members. The photographs were being marketed by what judges in the Ninth Circuit referred to as "Stolen Content Websites."<sup>73</sup> The first case was against CWIE, a webhost, and CCBill, its credit card payment site. The court said the defendants qualified for § 512's safe harbor and that Perfect 10 did not give adequate notice for the defendants to remove infringing content.<sup>74</sup> The court was mindful of the burden placed on webhosts if they have to make a determination whether they are aiding copyright infringement or violating First Amendment rights to free speech.<sup>75</sup> However, the court remanded for the district court to determine whether § 512's safe harbor provisions protected CCBill for its other activity in regard to Perfect 10's queries.<sup>76</sup>

The second case was against Amazon.com and, through consolidation, Google, Inc.<sup>77</sup> (Notably, Google is named as a co-defendant in Viacom's suit against YouTube.) The court found that publication of thumbnail photos by the defendants was not infringement, but that the district court should consider whether the defendants were protected by the DMCA's safe harbor provisions for their linking to the Stolen Content Websites that market Perfect 10's copyrighted photos.<sup>78</sup> The court discussed, in detail, the secondary liability doctrines and the Supreme Court's *Grokster* explanation of how they should work for Internet copyright infringement activities. The court did not absolve Google of liability for its search engine activity linking individual copiers to the

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<sup>71</sup> See, e.g., *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146 (9th Cir. 2007); *Perfect 10, Inc. v. CCBill LLC*, 488 F.3d 1102 (9th Cir. 2007); *In re: Charter Communications, Inc.*, 393 F.3d 771 (8th Cir. 2005); *CoStar Group, Inc. v. Loopnet, Inc.*, 373 F.3d 544 (4th Cir. 2004); *Recording Indus. Ass'n of Am., Inc. v. Verizon Internet Servs.*, 351 F.3d 1229 (D.C. Cir. 2004); and *In re: Aimster Copyright Litig.*, 334 F.3d 643 (7th Cir. 2004).

<sup>72</sup> *Perfect 10, Inc. v. Visa Int'l Serv. Assoc.*, 494 F.3d 788 (9th Cir. 2007); *Perfect 10, Inc. v. Amazon.com, Inc.*, 487 F.3d 701 (9th Cir. 2007); and *Perfect 10, Inc. v. CCBill LLC*, 481 F.3d 751 (9th Cir. 2007).

<sup>73</sup> *Perfect 10, Inc. v. Visa*, 494 F.3d at 817.

<sup>74</sup> *Perfect 10, Inc. v. CCBill*, 481 F.3d at 759.

<sup>75</sup> *Id.* at 761-62. Here is the important logic behind protecting the ISP from having to take down a post that is allegedly infringing. The ISP is not a court empowered to determine what is and what is not copyright infringement. "Accusations of alleged infringement have drastic consequences: A user could have content removed, or may have his access terminated entirely. If the content infringes, justice has been done. But if it does not, speech protected under the First Amendment could be removed. We therefore do not require a service provider to start potentially invasive proceedings if the complainant is unwilling to state under penalty of perjury that he is an authorized representative of the copyright owner, and that he has a good-faith belief that the material is unlicensed." *Id.*

<sup>76</sup> *Id.* at 764.

<sup>77</sup> *Perfect 10, Inc. v. Amazon.com*, 487 F.3d 701 (9th Cir. 2007).

<sup>78</sup> *Id.* at 732. "In revisiting the question of Perfect 10's likelihood of success on its contributory infringement claims, the district court should also consider whether Perfect 10 would likely succeed in showing that Google was not entitled to the limitations on injunctive relief provided by Title II of the DMCA." *Id.* The opinion did not review the DMCA because the district court had not interpreted its applicability to the cases. A remarkable aspect of this case is that it was remanded for consideration whether Google is contributorily and vicariously liable for linking online users to the Stolen Content Websites.

Stolen Content Websites.<sup>79</sup> If it is possible for Google to be held liable for copyright infringement for listing websites on its search engine, it is quite possible that YouTube could be held liable for permitting Viacom's copyrighted content to be placed or left on the website. However, the Ninth Circuit concluded that Google's financing of its activities through its AdSense revenue was not grounds for imputing contributory liability.<sup>80</sup>

The third case was against Visa, the credit card company, for enabling its clients to pay for their infringing downloads through its credit card service.<sup>81</sup> While the previous two cases involved applying both secondary liability doctrines and the DMCA, this case did not mention the DMCA because Visa is not an ISP and it did not place any content online. Visa enables online websites users to purchase content found on the websites, including any infringing content. The majority refused to extend secondary liability to an entity with such a remote interest in the direct infringers' activities. However, the dissent asserted that imposing secondary liability on Visa would be consistent with prior case law, that the secondary liability doctrine would support imposition of liability on even a credit card company.<sup>82</sup> If secondary liability is being applied in situations where the alleged contributor did nothing more than provide a vehicle for securing payment, ISPs should carefully comply with DMCA's safe harbor provisions and with the judicial interpretations of what they mean. YouTube believes it satisfies the DMCA's safe harbor provisions. Viacom and other copyright owners believe YouTube is not protected by the provisions. Courts are charged with interpreting the DMCA and will do so in consultation with copyright law generally.

### C. DIRECT INFRINGEMENT—3 COUNTS

The concept of exclusivity provides the owner of a copyright with exclusive rights to reproduce, distribute, publicly display, and publicly perform the copyrighted work.<sup>83</sup> The copyright owner's public performance right excludes YouTube users from downloading, viewing, and sharing the copyright owner's works. To the extent that YouTube engages in those activities, Viacom can prohibit YouTube's conduct. However, as explained in the previous section, the role of the ISP is merely to post works as requested. As long as the ISP has procedures for removing infringing material, it is not liable for the posting or viewing of copyrighted works. When YouTube makes a copy of a work, it does so only as an ISP and not for its own commercial gain.<sup>84</sup> The exclusive right to distribute one's copyrighted work also empowers the copyright owner to exclude an individual YouTube user from

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<sup>79</sup> *Id.* at 739. "Applying our test, Google could be held contributorily liable if it had knowledge that infringing Perfect 10 images were available using its search engine, could take simple measures to prevent further damage to Perfect 10's copyrighted works, and failed to take such steps." *Id.* These are factual and interpretative issues. The courts are exploring what it means to be able to take simple measures to prevent copyright infringement. The duty to police one's own activities that might result in copyright infringement seems to be shifting toward the webhosts and toward the search engine owners.

<sup>80</sup> *Id.* at 730-31. The court determined that Google's rights in its AdSense agreement do not give it the right or ability to block those who put infringing photos on their websites. Without the right and ability to block, there can be no secondary liability attaching.

<sup>81</sup> Perfect 10, Inc. v. Visa Int'l Serv. Assoc., 494 F.3d 788 (9th Cir. 2007).

<sup>82</sup> *Id.* at 810-25.

<sup>83</sup> 17 U.S.C. §§ 106 (1), (4), and (5) (2006).

<sup>84</sup> The collection of revenue for advertising is currently accepted as a direct financial benefit. Therefore, while the intent of the DMCA is clear, current judicial interpretations of secondary liability may have eradicated the safe harbor for many ISPs.

contributing the same copyrighted work. But the individuals who contribute the copyrighted works in violation of the copyright law are not of immediate concern in the YouTube litigation. Liability for those individuals' infringing actions is being attributed to YouTube in the claims for secondary infringement.

The copyright owner's exclusive rights are subject to exceptions also listed in the copyright statute. The exceptions include fair use,<sup>85</sup> first sale,<sup>86</sup> library archiving,<sup>87</sup> some performances,<sup>88</sup> secondary transmission,<sup>89</sup> and backing up computer programs.<sup>90</sup> The DMCA safe harbor is not contained in the list of exceptions, but is included as a defense.<sup>91</sup>

Viacom claims YouTube commits direct copyright infringement through public performance, public display, and reproduction. YouTube publicly performs the selected video by sending streaming video from YouTube's servers to the user's computer. It publicly displays by contributing thumbnail still photos from videos. It reproduces by copying the submitted video in a software format and adding it to its servers. Viacom's complaint is less specific on the latter two forms of direct infringement.

#### D. SECONDARY INFRINGEMENT – 3 COUNTS

The theory of secondary copyright liability has been judicially created and recognized. Courts have stretched secondary liability doctrines to hold defendants who provide the tools and/or content for others to commit copyright infringement liable for that infringement. Two doctrines have been adopted by courts to hold defendants liable for others' actual copyright infringement: contributory infringement and vicarious infringement. Both doctrines require as a prerequisite that there be direct

infringement.<sup>92</sup> Viacom alleges YouTube is liable for the infringing uses of its videos by those who access the site. YouTube users directly infringe by copying the videos and distributing them.

Even before the Internet and its assistance in copyright infringement, the Supreme Court had considered expansion of copyright liability to those who enabled copying without actually making the copies themselves. The first significant case is *Kalem Co. v. Harper Brothers* (hereinafter referred to as *Kalem*)<sup>93</sup> in 1911, in which the Court recognized secondary liability for one who invoked infringing use of a copyrighted work through advertising. The second case is *Sony Corp. of America v. Universal City Studios, Inc.* (hereinafter referred to as *Sony*)<sup>94</sup> in 1984, in which the Court confirmed the

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<sup>85</sup> 17 U.S.C. § 107 (2006).

<sup>86</sup> 17 U.S.C. § 109 (2006).

<sup>87</sup> 17 U.S.C. § 108 (2006).

<sup>88</sup> 17 U.S.C. § 110 (2006).

<sup>89</sup> 17 U.S.C. §§ 111, 119, and 122 (2006).

<sup>90</sup> 17 U.S.C. § 117 (2006).

<sup>91</sup> 17 U.S.C. § 512 (2006). It is also titled "Limitations on Liability," but it is contained in Part 5 on defenses to copyright infringement.

<sup>92</sup> *Metro-Goldwyn-Mayer v. Grokster, Ltd.*, 380 F.3d 1154, 1160, and 1164 (9th Cir.), *vacated and remanded*, 545 U.S. 913 (2005). "The three elements required to prove a defendant liable under the theory of contributory copyright infringement are: (1) direct infringement by a primary infringer. . . ." "Three elements are required to prove a defendant vicariously liable for copyright infringement: (1) direct infringement by a primary party. . . ." While the decision was reversed, the above statements of law were left unchanged.

<sup>93</sup> 222 U.S. at 62-63 (1911).

<sup>94</sup> 464 U.S. 417 (1984).

applicability of secondary liability in forms called contributory infringement and vicarious liability. However, the Court adopted a patent doctrine, the staple article of commerce doctrine, to find that sale of video tape recorders, while contributing to others' copying, was neither contributory infringement nor cause to impose vicarious liability. The third case is *Grokster*,<sup>95</sup> where the Court not only recognized the two doctrines for imposing secondary liability, but adopted another patent doctrine, the inducement theory, to hold ISPs liable for their users' infringement. Viacom claims YouTube is liable for inducement as a separate cause of action distinguishable from the other two secondary liability causes of action.

The two secondary liability doctrines, contributory copyright infringement and vicarious liability for copyright infringement, overlap in applicability.<sup>96</sup> As previously mentioned, both theories require that the technology enable an underlying act of direct infringement (i.e., that an individual user of the site directly commit copyright infringement).<sup>97</sup> Viacom alleges that YouTube users directly infringe Viacom's copyrights by contributing its videos to YouTube. YouTube does not deny this allegation. In addition to the direct infringement element, each doctrine has two requirements.

Contributory liability attaches when the defendant knows of the infringement and materially contributes to it.<sup>98</sup> Viacom alleges that YouTube has actual knowledge of every time an infringing video is contributed because YouTube is given notice of at least one infringement. The case law is inconsistent as to whether the defendant must literally be given notice or whether it is sufficient that the defendant *should* know of infringing material on the site.<sup>99</sup> Viacom alleges that YouTube has actual knowledge and is given notice by Viacom whenever Viacom finds infringing content on YouTube and sends the take down notice to YouTube's agent. Viacom alleges that YouTube materially contributes to infringing uses.<sup>100</sup> What constitutes material contribution to infringing uses is not clearly articulated in the cases.

Vicarious liability requires that the defendant financially benefit directly from the infringement and have the right and ability to control the infringer's actions.<sup>101</sup> Viacom claims YouTube financially profits directly from infringing activity and that it has the

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<sup>95</sup> 545 U.S. at 936-37 (2005). "For the same reasons that *Sony* took the staple-article doctrine of patent law as a model for its copyright safe-harbor rule, the inducement rule, too, is a sensible one for copyright. We adopt it here, holding that one who distributes a device with the object of promoting its use to infringe copyright, as shown by clear expression or other affirmative steps taken to foster infringement, is liable for the resulting acts of infringement by third parties." *Id.*

<sup>96</sup> In fact, in the recent cases that have found secondary liability, both types have been found. *Grokster*, 545 U.S. at 936-37; *Aimster*, 334 F.3d at 656, *Napster*, 239 F.3d at 1020 and 1024; and *Fonovisa, Inc. v. Cherry Auction, Inc.*, 76 F.3d 259 (9th Cir. 1996).

<sup>97</sup> *Sony*, 464 U.S. at 434.

<sup>98</sup> *Grokster*, 545 U.S. at 930. "One infringes contributorily by intentionally inducing or encouraging direct infringement . . . and infringes vicariously by profiting from direct infringement while declining to exercise a right to stop or limit it. . . ." *Id.*

<sup>99</sup> This was the problem with the Ninth Circuit's application of *Sony*, 464 U.S. 417 (1984). When its view that the defendant must have actual knowledge of infringing uses was reviewed by the Supreme Court in *Grokster*, 545 U.S. 913 (2005), it was grounds for vacating the Ninth Circuit's opinion. *Id.* at 934. The Ninth Circuit had had said there the knowledge requirement for contributory infringement was not satisfied unless the defendant had "specific knowledge of infringement." *Grokster*, 380 F.3d at 1162 (9th Cir. 2004). The Supreme Court said lack of actual knowledge of specific infringing uses was trumped by evidence of intent to induce direct infringement of copyright. *Sony*, 545 U.S. at 934-35.

<sup>100</sup> Viacom's Complaint, *supra* note 21, at ¶ 44.

<sup>101</sup> *Grokster*, 545 U.S. at 930 (2005).

right and ability to control the infringement, but that YouTube refuses to exercise its ability to control or supervise the infringement.

Three Internet file sharing cases applied the secondary liability doctrines to music file sharing, somewhat analogous to YouTube's Internet file sharing for videos.<sup>102</sup> They are quite different in that all three of the following cases involved P2P file sharing, whereas YouTube's system provides the videos directly from its own Internet site.<sup>103</sup> When considering secondary liability for copyright infringement, courts look first at the Supreme Court's 1984 case considering the then-newest technology for copying videos, the video tape recorder (VTR). The *Sony* Court recognized the two forms of secondary liability, but ruled that they would not prohibit the manufacturer of the product from selling it, even though its primary use was to copy others' copyrighted movies and television programs.<sup>104</sup> Until these three file sharing cases, *Sony* was primarily relied upon as a fair use case, since the Court found that time shifting is fair use.<sup>105</sup> If the underlying act of direct copying is a fair use and not infringement, there can be no secondary liability for the infringement. Fair use was not a hindrance to finding an underlying act of direct infringement in the three subsequent cases that dealt with Internet file sharing.

First, in 2001, the Ninth Circuit found Napster liable for contributory and vicarious forms of copyright infringement.<sup>106</sup> College student Shawn Fanning designed and maintained a central server system that connected song providers and song copiers.<sup>107</sup> It enabled individuals to download music files to which the Napster server maintained access. The *Napster* court attributed secondary liability to the central server design, deciding that the service provider had control over the infringers' behavior.<sup>108</sup>

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<sup>102</sup> See *supra*, notes 85-87 (accompanying text).

<sup>103</sup> There is, however, a buddy system instituted where friends on a list can share with one another.

<sup>104</sup> 464 U.S. at 435 (1984).

<sup>105</sup> A recent shepardization of 464 U.S. 417 resulted in the discovery that until the recent file sharing and Internet cases discussed herein, the majority of opinions that relied on *Sony* did so for its in depth analysis of the fair use doctrine. That is logical, since the Court had found that the defendant was not secondarily liable and that the common use of the Betamax for recording one's television shows for later viewing was a fair use.

<sup>106</sup> 239 F.3d 1004 (9th Cir. 2001).

<sup>107</sup> Giancarlo Vianini, *Q&A: Napster creator Shawn Fanning*, [http://news.zdnet.com/2100-9595\\_22-502047.html](http://news.zdnet.com/2100-9595_22-502047.html) (last visited Feb. 22, 2008; author retains copy). This interview from 2000 with Shawn Fanning revealed an early vision he had that sounds nothing like the description of Napster described by the Ninth Circuit in *Napster*, 239 F.3d 1004 (2001). He talked about sharing information and similar uses. Clearly inducing others to infringe musicians' copyrights, rather inducing others to infringe A&M Records, Inc.'s copyrights, was not one of his priorities.

<sup>108</sup> 239 F.3d 1012 (2001) (describing the central server system and explaining that the facts are important for the court's decision on copyright infringement). Subsequent music swapping sites eliminated the central server, thinking that they would not be secondarily liable.

Second, in 2003, the Seventh Circuit in *Aimster*<sup>109</sup> differed from *Napster*'s holding on secondary liability. *Aimster* also involved a P2P file sharing system used primarily for illegal copying of music and movies. When deciding how much non-infringing use must be made to satisfy *Sony*'s staple article of commerce exception to secondary liability,<sup>110</sup> the *Aimster* court's reasoning differed from the Ninth Circuit's reasoning in both *Napster* and *Grokster*.<sup>111</sup> Judge Posner in *Aimster* held that the file sharing system provider need not have actual knowledge of infringing uses to be held indirectly responsible for its users' copyright infringement.<sup>112</sup>

After the original *Napster* was prevented from enabling music file sharing among *Napster* users, numerous other services developed technology that enabled music copiers to download music files. For instance, *Grokster* eliminated the central server and thought it would be immune from liability. Indeed, the Ninth Circuit found that *Grokster* was not secondarily liable for its users' directly infringing activities because *Grokster*'s system lacked the central control structure that had been present in *Napster*'s file sharing structure. The Ninth Circuit felt the central server was necessary to establish the right and ability to control the direct infringement activity.<sup>113</sup> A similarity among *Napster*, *Aimster*, and YouTube is the presence of a central server which gives the ISP control over content on the site. The central server was crucial in the *Napster* decision.<sup>114</sup> It appears that *Aimster* also utilized a central server of sorts.<sup>115</sup> If maintaining a central server establishes the requisite right and ability to control the direct infringing activity, YouTube will likely be found contributorily and vicariously

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<sup>109</sup> *Aimster*, 334 F.3d 643. In describing P2P file sharing systems, Judge Posner said, "Its function is similar to that of a stock exchange, which is a facility for matching offers rather than a repository of the things being exchanged. . . ." *Id.* at 647. He acknowledged that an "Internet file-sharing system . . . might be created for innocuous purposes such as the expeditious exchange of confidential business data among employees of a business firm." *Id.* But when deciding how much noninfringing use must be made under *Sony*, Judge Posner differed from the Ninth Circuit. He did not disagree with the result of *Napster*, but he disagreed with the result of *Grokster*. He did disagree with the reasoning in both cases. *Sony* provided a machine through sales. It had no control over the use of the machine once sold. Internet providers sell a service and do have ability to control the uses of the service through monitoring and maintenance. *Id.* at 648. Judge Posner thought that there was no need for the P2P provider to actually know of specific infringing uses to liable for contributory copyright infringement. *Id.*

<sup>110</sup> *Sony*, 464 U.S. at 789. "Accordingly, the sale of copying equipment, like the sale of other articles of commerce, does not constitute contributory infringement if the product is widely used for legitimate, unobjectionable purposes. Indeed, it need merely be capable of substantial noninfringing uses." The Court found that the practice of time sharing, approximately 9% of the usage of the VCR, is fair use. *Id.* at 455. *But see* 464 U.S. at 486 (dissenting opinion). "It is thus apparent from the record and from the findings of the District Court that time-shifting does have substantial adverse effect upon the 'potential market for' the Studios' copyrighted works." Reasonable minds differed on the parameters of fair use in the case. 545 U.S. 913, 936-937 (2005):

For the same reasons that *Sony* took the staple-article doctrine of patent law as a model for its copyright safe-harbor rule, the inducement rule, too, is a sensible one for copyright. We adopt it here, holding that one who distributes a device with the object of promoting its use to infringe copyright, as shown by clear expression or other affirmative steps taken to foster infringement, is liable for the resulting acts of infringement by third parties.

The guidelines that follow truly seek a middle ground between the private interests of the copyright holder and the public interest in promoting technological development.

<sup>111</sup> 380 F.3d 1154 (9th Cir. 2004).

<sup>112</sup> 334 F.3d at 648 (7th Cir. 2003).

<sup>113</sup> 380 F.3d 1154 (9th Cir. 2004).

<sup>114</sup> 239 F.3d 1004 (9th Cir. 2001).

<sup>115</sup> *Aimster*, 334 F.3d at 648 (7th Cir. 2003).

liable. YouTube is in the Second Circuit, not the Ninth as were *Napster* and *Grokster* or the Seventh as was *Aimster*.

#### E. INDUCEMENT—3RD INDIRECT LIABILITY COUNT

In 2005, the Supreme Court in *Grokster* adopted patent law's inducement theory to impose liability on marketers of P2P file sharing software. The Court held that "one who distributes a device with the object of promoting its use to infringe copyright, as shown by clear expression or other affirmative steps taken to foster infringement, is liable for the resulting acts of infringement by third parties."<sup>116</sup>

The *Sony* Court had said that if the defendant had knowledge of infringing uses of the technology, then it could be held indirectly liable.<sup>117</sup> The Court in *Grokster* added that, even without actual knowledge of specific acts of infringement, a defendant could be liable for secondary infringement if it actively induced infringement.<sup>118</sup> "Thus, where evidence goes beyond a product's characteristics or the 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."<sup>119</sup> The Court identified three facts that were evidence of wrongfully inducing others to copy. First, the defendants publicly stated that the objective of using the programs was to copy copyrighted works.<sup>120</sup> Second, the defendants did not develop safeguards or deterrents to prevent infringing activity.<sup>121</sup> Third, the defendants profited from the activity by selling advertising.<sup>122</sup> Two of the three facts of interest to the Court in *Grokster* are argued by Viacom against YouTube.<sup>123</sup>

#### V. CONCLUSION

Viacom is suing YouTube for direct and indirect copyright infringement because YouTube provides a vehicle for viewing videographic material which may be proprietary to Viacom. The case involves claims of direct copying, secondary copying, and exceptions to copyright liability for ISPs. YouTube does not overtly promote copying of copyrighted material on its website as the owners of the websites in *Napster* and *Grokster* did. YouTube is aware that copyrighted material is placed on its site and is available for viewing in violation of the copyright owner's rights. But does YouTube know the amount of copyrighted material that is wrongfully contributed on YouTube? Is YouTube acting in a responsible manner by removing infringing content from its site when asked to do so by the copyright owner?

Viacom says YouTube is able to remove and is responsible for removing infringing material from its website. YouTube says it has limited ability and responsibility to

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<sup>116</sup> *Grokster*, 545 U.S. 936-37 (2005).

<sup>117</sup> 434 U.S. 439 (1984) (vicarious liability element).

<sup>118</sup> 545 U.S. at 935 (2005).

<sup>119</sup> *Id.*

<sup>120</sup> *Id.* at 939. "First, each company showed itself to be aiming to satisfy a source of demand for copyright infringement, the market comprising Napster users." *Id.*

<sup>121</sup> *Id.* "Second, this evidence of unlawful objective is given added significance by MGM's showing that neither company attempted to develop filtering tools or other mechanisms to diminish the infringing activity using their software."

<sup>122</sup> *Id.* at 939-40. "Third . . . StreamCast and Grokster make money by selling advertising space, by directing ads to the screens of computers employing their software."

<sup>123</sup> Viacom's Complaint, *supra* note 21, Count IV (inducement cause of action).

remove any infringing content. It says it is not responsible for making the determination of what is indeed infringing material in many circumstances. The court will examine the parties' evidence to determine which viewpoint will prevail under the current legal system surrounding copyright in the digital age. The proof in court may be significantly different from the pleadings of Viacom and YouTube.

Viacom's direct infringement claims involve YouTube enabling viewing through streaming video, a way of copying videographic images. To do this YouTube allegedly copies the original video. Viacom's secondary infringement claims involve YouTube knowing that others use its services to infringe, that it has the right and ability to prevent others from infringing, that it directly benefits financially from others infringing Viacom's copyrights, and that it induces others to commit copyright infringement. Through expansive judicial interpretation of previously rare extensions of copyright liability, it is possible that YouTube might be found to be a contributory infringer, a vicarious infringer, and an inducer of copyright infringement. If YouTube is found liable, delivery and sharing of videos among *you* will not be as simple as it is now.

The judicial opinions interpreting and creating the law are long and complex. The expense of determining one's rights in the digital age is immense. One commentator has suggested that YouTube and copyright owners should form alliances to avoid protracted litigation.<sup>124</sup> In fact, YouTube has formed alliances with some of the copyright holders.<sup>125</sup> Viacom claims YouTube is providing those copyright holders better protection than non-allied copyright holders. Assuming that this can be proven to the satisfaction of the court, this might be an additional factor supporting the imposition of secondary liability on YouTube. At some point the public interest in the free flow of copyrighted content will have to be considered by the courts and/or legislature. This public interest is indeed at the very foundation of copyright and is relevant for determination of rights in the digital age also.

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<sup>124</sup> Driscoll, *supra* note 5, at 565.

<sup>125</sup> YouTube has entered into licensing agreements with musicians. Consequently, YouTube users can use the licensed music without concern that they will be sued for copyright infringement. "[M]ost of the songs are from little-known musicians who can use the exposure." CHAD FAHS, HOW TO DO EVERYTHING WITH YOUTUBE (2008) at 64.