Rethinking Fair Use in the DMCA Context

September 17, 2015

On September 14, 2015, the Ninth Circuit Court of Appeals, ruling in *Lenz v. Universal Music Group*, 2015 U.S. App. LEXIS 16308 ("*Lenz* 2015"), affirmed the denial of the respective parties' motions for summary judgment. [*26]. In doing so, the court made a ruling regarding copyright fair use which should not have been surprising to those following the seven-year old case but based it on a reading of the Digital Millennium Copyright Act (the "DMCA") which has the potential for profoundly influencing the way courts decide fair use cases.

Back Story

"Baby Lenz" was 13 months old in February 2007, when his mother, Stephanie, an amateur videographer, filmed him bouncing happily in time—more or less—with Prince's recording of "Let's Go Crazy" (the "Song"). Something this adorable cried out for YouTube distribution, and Stephanie duly posted it with the title "Let's Go Crazy #1" (now available at https://www.youtube.com/watch?v=N1KfJHFWlhQ). Several months later a Universal employee charged with monitoring YouTube for content infringing copyrights owned or administered by Universal happened upon the Lenz video, determined that it violated Universal's copyright in the Song, and included it, along with more than 200 others, in a DMCA takedown notice addressed to that Internet service provider. *Lenz* 2015 at [*6].

DMCA

The DMCA was a comprehensive augmentation of the Copyright Act, enacted in 1998, intended expressly to encompass within the broader Copyright Act, 17 U.S.C. § 101 *et seq.* (the "Act"), electronic reproduction, distribution, performance and display of copyrightable subject matter as well as digital rights management systems. Its manifold provisions are scattered throughout the Act, notably in § 512, entitled "Limitations on Liability Relating to Material Online." The beneficiaries of § 512 are not copyright owners themselves but Internet service providers (each an "ISP"), who, at the instigation of third parties, store materials and make them available online.

As long as an ISP automatically stores and transmits unmodified content at the direction of others and conforms with certain statutory takedown and restoration procedures, it enjoys immunity from claims of infringement. This is the so-called DMCA safe harbor.

Like the Roman god Janus, the DMCA takedown notice provision has a happy face and a sad one. The happy face is § 512(c)(3)(A)(v); the sad one is § 512(f). The former indicates that to be effective, a notice from a copyright owner to an ISP must include "[a] statement that the complaining party has a good faith belief that use of the material in the manner complained of is not authorized by the copyright owner, its agent, *or the law*." 17 U.S.C. § 512(c)(3)(A)(v) (emphasis added). The latter provides, among other things, that any person who knowingly materially misrepresents that the complained-of material or activity is infringing is liable for damages incurred by the alleged infringer injured by the misrepresentation. 17 U.S.C. § 512(f). Good faith is the sine qua non of an assertion of infringement. Misrepresentation, whether for reasons of convenience, competitive advantage or suppressing diagreeable speech—by way of example—is prohibited as an abuse of the extrajudicial DMCA takedown procedures.

Litigation

Litigation between Lenz and various Universal affiliates has been ongoing for more than seven years. Early on the District Court for the Northern District of California dismissed Lenz's request for a declaratory judgment that her posting of the Song was "self-evident noninfringing fair use." *Lenz v. Universal Music Corp.*, 2008 U.S. Dist. LEXIS 44549 (2008) at [*15]. Whether or not Lenz's activity was fair use is no longer before the court.

Universal's takedown notice contained a pro forma § 512(c)(3)(A)(v) statement of Universal's good faith belief that Lenz's use of the Song was not authorized by the copyright owner, its agent, or the law. *Lenz* 2015 at [*7]. Lenz's only remaining claim is that this statement was a misrepresentation under § 512(f) because "given [Universal's] procedures for reviewing videos before requesting that they be removed, Universal could not have formed a good faith belief that Lenz's video did not constitute fair use." *Lenz v. Universal Music Corp.*, 2013 U.S. Dist. LEXIS 9799 (2013) at [*11].

The Ninth Circuit Surprise

This is where the italics above come into play. Recall that § 512(c)(3)(A)(v) requires that a takedown notice contain "A statement that the complaining party has a good faith belief that use of the material in the manner complained of is not authorized by the copyright owner, its agent, or the law." In other words, to be infringing a use must not be authorized by the copyright owner (here, Prince) or its agent (here, Universal) or the law.

Heretofore plaintiffs, defendants, their attorneys and courts have customarily maintained that fair use is an affirmative defense against a claim of infringement. In other words, before there could be a fair use, there had to be an alleged infringement, which fair use might excuse. Not so, says the Ninth Circuit: fair use is a use authorized by law. *Lenz* 2015 at [*11]. Despite decades of collective wisdom that stood for the proposition that fair use is an affirmative defense, not a right, the Ninth Circuit on September 14 said otherwise. "Fair use is not just excused by the law, it is wholly authorized by the law." *Ibid*. "Although the traditional approach is to view 'fair use' as an affirmative defense . . . it is better viewed as a right

granted by the Copyright Act of 1976." … [S]ince the passage of the 1976 Act, fair use should no longer be considered an infringement to be excused; instead it is a logical to view fair use as a right." *Ibid*. at [*13–14] (*citations omitted*).

As a Practical Matter

The *Lenz* decision is governing law in the western states that comprise the Ninth Circuit. Copyright owners nationwide, however, should not hesitate to ensure that their current practices conform with the longstanding requirements of § 512(c)(3)(A)(v). Admittedly, these burden copyright owners with precautionary measures before issuing takedown notices.

How great is that burden? The Ninth Circuit itself opines that "consideration of fair use need not be searching or intensive…. *Lenz* 2015 at [*18]. It need not prevent a copyright owner from responding rapidly to potential infringements. *Ibid*. at [*19]. Womble Carlyle intellectual property attorneys are available to assist you with right-sizing your efforts.

Your copyrights are valuable assets worthy of protection and enforcement. Here are some practical steps that owners of copyrights in any media can take to conform with the requirements of § 512(c)(3)(A)(v).

- Knowing that the Internet swarms with infringing materials, be vigilant. The *Lenz* decision regarding fair use notwithstanding, a good faith belief that copyrighted materials are uploaded by third parties without authorization by their owners and agents remains a valid, if not sufficient, basis for takedown notices.

- A copyright owner's options in the event that an ISP restores disputed materials subject to a putative infringer's counternotice include, among others, securing a court order restraining further infringing activity, 17 U.S.C. §512(c)(3)(g)(3)(D), or instituting a lawsuit for copyright infringement in federal court.

- Adopt a policy of registering all mission-critical copyrights as soon as possible after the content has been expressed in a tangible medium or a medium accessible by use of a machine or other device.

- Familiarize yourself with the exclusive rights of copyright owners, broadly defined at 17 U.S.C. § 106, and the applicable statutory exceptions and exemptions from the exclusive rights of copyright owners, particularly fair use.

- Institute a procedure for complying with § 512(c)(3)(A)(v), commit that procedure to writing and ensure that the persons responsible for evaluating objectionable uses know and follow that procedure and document their compliance.

- Fair use has been characterized repeatedly as among the thorniest issues for courts adjudicating copyright infringement matters. Seek advice from your intellectual property counsel when denying—or asserting—fair use.

Contact Information

If you have any questions about the issues discussed in this alert, please contact Mitch Tuchman, the principal drafter of this client alert at MTuchman@wcsr.com or 919.484.2333, or you may contact the Womble Carlyle attorney with whom you usually work.