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EASY COME, EASY GO: COPYRIGHT INFRINGEMENT AND THE DMCA'S NOTICE AND TAKEDOWN PROVISION IN LIGHT OF ROSSI V. MPAA

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Abstract

In *Rossi v. Motion Picture Association of America Inc.*, the U.S. Court of Appeals for the Ninth Circuit recently held that the notice and takedown provision of the DMCA requires a subjective "good faith" belief that a website is infringing copyrighted material, and not an objective showing by the complaining party. A subjective standard for notice and takedown may do less to promote collaboration between service providers and copyright owners, judicial economy, or fair website management than would an objective standard requiring a minimal degree of investigation. This article concludes, however, that a subjective standard is supported by the literal wording of the statute and results in a cautious approach to protecting copyright owners.

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INTRODUCTION

<1> Internet technologies developed over the last several years allow fast, easy, and inexpensive reproduction and display of copyrighted material on a large scale. The Digital Millennium

Copyright Act (DMCA) was passed, in part, to encourage cooperation between copyright owners and Internet service providers (ISP) in protecting copyrighted material.[2] Liability of service providers is limited by the DMCA under certain conditions. Subsection 512(c) sets forth the conditions under which an ISP shall not be liable for copyright infringement for information residing on its network. Under one condition, an ISP will not risk liability if it "responds expeditiously" to remove the suspected infringing material upon receiving notification of such.[3] Most ISPs will therefore shut down a site upon receiving notice in order to retain safe harbor protection. Under what standard can copyright owners or other parties send these notifications? The recent decision of *Rossi v. Motion Picture Association of America Inc.* holds that the complaining party must have only a subjective "good faith belief" of infringement in order to request that a website be taken down by the host ISP.[4] This article explores the workability of this standard and its implications for both website owners and ISPs.

BACKGROUND: COPYRIGHT INFRINGEMENT AND THE DMCA

<2> The liability of ISPs for copyright infringement has evolved over the last several years.[5] Early cases subjected ISPs to liability for direct copyright infringement. For example, in *Playboy Enterprises, Inc. v. Frena*, an online bulletin board system operator was held liable for direct copyright infringement when his subscribers infringed copyrights.[6] Direct liability was imposed again on an electronic bulletin board operator whose subscriber uploaded copyrighted games onto the bulletin board.[7] These cases held ISPs directly liable for infringement, even when they were unaware of, or did not intend to engage in, the infringing behavior.

<3> The application of direct liability to bulletin board operators was later rejected in *Religious Technology Center v. Netcom On-Line Communication Services, Inc.*, one of the first cases to consider and define the degree of knowledge necessary to trigger liability for contributory infringement.[8] The court rejected the *Frena* approach since it would result in unreasonable liability, writing "[a]lthough copyright is a strict liability statute, there should still be some element of volition or causation which is lacking where a defendant's system is merely used to create a copy by a third party."[9] The court instead applied the theory of contributory infringement; since Netcom received written notice from the copyright holder that infringing activity was occurring on its system, Netcom was liable for participation in the infringement. According to the *Netcom* court,

"[a]lthough a mere unsupported allegation of infringement by a copyright owner may not automatically put a defendant on notice of infringing activity, Netcom's position that liability must be unequivocal is unsupportable."[10]

<4> The safe harbor provisions of the DMCA continue this line of reasoning. The provisions were passed in an effort to maintain enforcement of copyright laws while encouraging cooperation between service providers and copyright owners in monitoring and responding to infringing activity.[11] The provisions benefit ISPs by giving them greater certainty regarding their legal exposure for infringing activity that may occur on their systems. The "notice and takedown" provision allows a copyright owner to put an ISP on notice that one or more of its subscribers may be engaging in infringing activity.[12] It requires the copyright owner to send to the service provider's designated agent a written communication which, in part, identifies the copyrighted works at issue and states a "good faith belief" that infringement is occurring. Once such notice is received, the ISP must "act[] expeditiously to remove, or disable access to, the material" or risk liability for monetary, injunctive, or other equitable relief.[13]

THE ROSSI DECISION

<5> In *Rossi v. Motion Picture Association of America Inc.*, the U.S. Court of Appeals for the Ninth Circuit defined the standard that applies to a notice of claimed infringement sent under § 512(c) of the DMCA.[14] The defendant, Michael Rossi, owned and operated the online magazine "internetmovies.com" which provided its members with a directory of websites containing information about movies. Rossi's website also invited its members to download movies with notices such as "Join to download full length movies online now!" and "NOW DOWNLOADABLE" together with graphics of a number of copyrighted motion pictures. As it turns out, no movies could in fact be downloaded from Rossi's site—it only provided links to other sites where movies may have been available. The Motion Picture Association of America (MPAA), however, suspected copyright infringement and sent notices to Rossi and his ISP in compliance with § 512(c). After receiving notice from his ISP that his site would be shut down, Rossi found a new ISP to host his site, and initiated suit.

<6> Rossi's suit against the MPAA claimed "(1) tortious interference with contractual relations; (2) tortious interference with prospective economic advantage; (3) libel and defamation; and (4) intentional infliction of emotional distress."[15] The district court granted the defendant's motion for summary

judgment, finding that the MPAA "had more than a sufficient basis" to support its good faith belief that Rossi's site contained infringing content.[16] The court rejected Rossi's contention that a "good faith belief" requires an objective showing of suspected infringement, such as the results of a "reasonable investigation."[17] Therein lay the main controversies of this case.

<7> Since the DMCA does not specify the standards for a "good faith belief," the Ninth Circuit looked elsewhere to reach its conclusion. The court cited several cases interpreting other statutes requiring a good faith standard .[18] As the *Rossi* court explained, these cases clearly distinguish between the subjective "good faith" standard and the objective "reasonable grounds" standard. For example, the statute in *Alvarez v. IBP, Inc.* required a showing of "good faith and … reasonable grounds for believing," which the court interpreted as requiring "both subjective good faith and objective reasonableness."[19] A showing of "good faith" alone, the court reasoned, required only a subjective belief. The opinion continued by declaring that Congress could have introduced an objective standard in § 512(c): "The fact that it did not do so indicates an intent to adhere to the subjective standard."[20]

<8> The *Rossi* court found further support for a subjective standard in the overall structure of § 512.[21] Because § 512(f) imposes liability on anyone who knowingly misrepresents under the statute, a copyright holder who makes an unknowing mistake cannot be held liable. Imposing liability with an objective standard would therefore be "inconsistent with Congress's apparent intent that the statute protect potential violators from *subjectively* improper actions by copyright owners."[22]

<9> Counsel for Rossi argued otherwise—that "good faith … is a belief based upon a reasonable investigation."[23] This argument borrowed concepts from "patent, trademark, 'covenant of good faith,' and [Fed. R. Civ. P.] 11 motions."[24] In the example from trademark law, "[g]ood faith can be found if [a defendant] … has requested a trademark search or [has] relied on the advice of counsel."[25] Indeed, the cited case goes further by at least illustrating—if not precisely defining—good faith: "actual knowledge of another's prior registration of a very similar mark may be consistent with good faith."[26] Rossi's counsel also found an objective standard in the good faith requirement in Rule 11.[27] Although the term "good faith" does not appear in the present version of Rule 11, this standard is well recognized as

part of Rule 11(b) such that "[b]y presenting to the court … a pleading, written motion, or other paper, an attorney or unrepresented party is certifying that to the best of the person's knowledge, information, and belief, formed after an inquiry reasonable under the circumstances[, factual and legal contentions are warranted]."[28] Importantly, Rule 11 was amended in 1983 to require an objective standard.[29]

IS A SUBJECTIVE STANDARD WORKABLE?

<10> Rossi's arguments from trademark law, Rule 11, and other areas of the law that "good faith" requires some level of actual inquiry failed to persuade the Ninth Circuit and were curiously absent from its opinion. While the reasons can be debated, important practical questions remain: What are the effects of the *Rossi* decision on copyright holders, alleged infringers, ISPs, and future litigants? Is a subjective standard even desirable or workable in the long run?

Anatomy of a Takedown: A Battle of Good Faith

<11> To answer these questions, it is helpful to examine the dynamics of a notice and takedown event. Assume that an ISP hosts a subscriber's site where potentially infringing activity is occurring without the knowledge of the ISP. Upon suspecting infringing activity, the copyright owner[30] will send written notice to the ISP's agent, in compliance with § 512(c)(3). The ISP will not know the basis for this notice—it will simply take the assertions made by the copyright owner at face value. But the ISP will now be on the hook—it will have "knowledge or awareness" of allegedly infringing activity under § 512(c) and will not retain safe harbor protection without taking further action. In deciding whether to take down its subscriber's site, the ISP will look to § 512(g), which provides that as long as the ISP exercises "good faith" in disabling the website, it will not be liable for silencing the alleged infringer.[31] The ISP will therefore have significant incentive to shut down the site. Upon shutdown, a subscriber can send a counter notification to the ISP, again under a "good faith belief," that its site was improperly removed.[32] Upon receiving a counter notice, the ISP can protect itself from liability yet again by forwarding the counter notification to the copyright owner and reinstating the site in "not less than 10, nor more than 14, business days" unless the copyright owner files an action in court.[33]

<12> Under such a scenario it is very possible—if not probable—that the "good faith beliefs" of a copyright owner and an alleged infringer will conflict. Factually, of course, only one of two situations is possible—either the subscriber is infringing, or it isn't. But given the difficulty of investigating a good faith belief, it is arguable whether the various safe harbor provisions encourage ISPs to "cooperate" with the respective parties as Congress intended,[34] or instead act reflexively in ways that will minimize their liability. With liability attaching only upon a "knowing misrepresentation" under § 512(f), economics and assumption of risk will instruct rationally behaving ISPs to shut down a site with little to no investigation.[35] With no requirement to investigate, certain websites like Rossi's—where no actual infringement is occurring—may be shut down until a court rules otherwise. This result raises concerns of burdening the courts with needless litigation, failing to establish clear guidelines to resolve disputes, and violating the First Amendment.[36]

<13> On initial consideration, an objective standard might seem to cure these problems. Upon receiving a takedown request under § 512(c),[37] an ISP would still act reflexively and would shut down the allegedly infringing site. But its actions would have some objective, factual basis. Similarly, upon receiving a counter notice,[38] an ISP would have a more certain and clear basis to determine whether to reinstate the website. Fewer conflicts might therefore arise, and many of them might be resolved before any litigation begins since only cases involving disputed facts would escalate to the courts. Likewise, an objective standard requiring a factual investigation might stand as a clearer rule governing a website takedown than a more malleable "good faith" standard. Though logical on its face, the argument of judicial economy rings hollow empirically, since courts have hardly seen a flood of § 512(c) cases to date. Similarly, subjective standards such as "good faith" and "reasonableness" remain alive and well in many other areas of the law, and form an important cornerstone of American jurisprudence.

<14> Furthermore, an objective standard would risk under-protecting the rights of copyright holders. Recalling the purposes of the DMCA, § 512 was devised as a "warning system" to protect against widespread and rapid copying and distribution of protected works.[39] Conversely, if an actual investigation is necessary *before* suspicious content can be properly removed, the damage may have already occurred. By

marrying a subjective good faith standard for takedown with a knowing misrepresentation standard for frivolous claims, Congress seems to have taken a cautious approach to regulating a technology that is reinventing the very manner in which ideas are expressed, exchanged, and protected. Assessment of the balance between the overall benefits and harms of this approach will be possible only after additional disputes are resolved.

CONCLUSION

<15> *Rossi* holds that the DMCA notice and takedown provision requires a subjective good faith belief of infringement rather than an objective belief based on investigation. Critics may comment that a subjective standard does little to promote coordination among copyright owners, website operators, and ISPs; to keep petty disputes out of the courts; or to guide a website or ISP on how it should handle copyrighted content. Proponents, however, may favor a warning system that safeguards against the massive damage that can result from online copyright infringement. In a practical sense, parties should realize the incentives that a subjective standard creates. In most cases, ISPs will act according to the letter of § 512. Thus, websites operating on the borderline of infringement—whether they actually infringe or not—will likely be shut down by their ISPs until the dispute is brought to court. The subjective standard in the *Rossi* decision, however, is supported by a plain reading of the statute. Any change to this standard will need to be made by Congress.

PRACTICE POINTERS

- Website owners should adopt a conservative approach and avoid posting any material on their sites that could reasonably support a "good faith belief" of copyright infringement. Under *Rossi*, claiming that movies are "NOW DOWNLOADABLE"—even if they are not—will result in a website takedown.
- In contesting website takedowns, website owners should likewise comply fully with the counter notice provision of § 512(g) by providing adequate notice to the ISP and encouraging as rapid a resolution of the problem as possible, either by the parties or by the court.
- Copyright holders, on the other hand, should

continue to vigorously protect their rights using the protocols of the DMCA. Indeed, the decision in *Rossi* encourages such behavior as long as it is consistent with a subjective "good faith" belief of infringement.

- As a business and customer service matter, ISPs may wish to conduct some level of actual investigation of allegedly infringing material on a website, even though such inquiry is not required by the DMCA under the *Rossi* decision.

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Footnotes

1. Lawrence R. Rozsnyai, Ph.D., University of Washington School of Law, Class of 2006. Larry thanks Nicole Nyman, Brian W. Esler of Miller Nash LLP, Professor Eric Goldman of Marquette University Law School, and Professor Anita Ramasastry and Terrance Keenan of the University of Washington School of Law for helpful feedback on this article. Larry can be reached at lfr01@u.washington.edu
2. Digital Millennium Copyright Act of 1998, Pub. L. No. 105-304 (1998) (codified in various sections of 17 U.S.C.).
3. 17 U.S.C. § 512(c)(1)(C) (2005).
4. 391 F.3d 1000, 1007 (9th Cir. 2004).
5. *See, e.g.*, Alfred C. Yen, *Internet Service Provider Liability for Subscriber Copyright Infringement, Enterprise Liability, and the First Amendment*, 88 Geo. L.J. 1833 (2000); Emily Zarins, *Notice Versus Knowledge Under the Digital Millennium Copyright Act's Safe Harbors*, 92 Cal. L. Rev. 257 (2004) .
6. 839 F. Supp. 1552 (M.D. Fla. 1993).
7. Sega Enters, Ltd. v. MAPHIA, 857 F. Supp. 679 (N.D. Cal. 1994).
8. 907 F. Supp. 1361 (N.D. Cal. 1995).
9. *Id*. at 1370.
10. *Id*. at 1374.
11. H.R. Rep. No. 105-551, pt. 2, at 49-50 (1998) ("Title II [of the DMCA] preserves strong incentives for service providers and copyright owners to cooperate

to detect and deal with copyright infringements that take place in the digital networked environment. At the same time, it provides greater certainty to service providers concerning their legal exposure for infringements that may occur in the course of their activities.”).

12. 17 U.S.C. § 512(c).

13. *Id*. § 512(c)(1).

14. 391 F.3d 1000.

15. *Id*. at 1002.

16. *Id*. (citing Rossi v. Motion Picture Association of America, Inc., 2003 U.S. Dist. LEXIS 12864, 2003 WL 21511750 (D. Haw. 2003)).

17. *Id*. at 1003-04.

18. Alvarez v. IBP, Inc., 339 F.3d 894, 910 (9th Cir. 2003); Austin v. McNamara, 979 F.2d 728, 734 (9th Cir. 1992); Brooks v. Vill. of Ridgefield Park, 185 F.3d 130, 137 (3rd Cir. 1999), *noted in* 391 F.3d at 1004.

19. 339 F.3d at 909-10 & n.12. *See also* 391 F.3d at 1004.

20. 391 F.3d at 1004.

21. *Id*. at 1004-1005.

22. *Id*. at 1005.

23. Appellant’s Opening Br. at 15, *Rossi* (No. 03-16034).

24. *Id*.

25. W.W.W. Pharm. Co. v. Gillette Co., 984 F.2d 567, 575 (2d Cir. 1993), *cited in* Appellant’s Opening Br. at 16, *Rossi* (No. 03-16034).

26. 984 F.2d at 575 (citing Lang v. Ret. Living Pub. Co., 949 F.2d 576, 584 (2d Cir. 1991)).

27. Appellant’s Opening Br. at 18, *Rossi* (No. 03-16034).

28. Fed. R. Civ. P. 11 (2005). *See also* Notes of Advisory Comm. on 1983 amendments.

29. *See, e.g.,* Kale v. Combined Ins. Co., 861 F.2d 746, 756-757 (1st Cir. 1988).

30. The complaining party will typically be either the

copyright owner, or its agent or counsel, since § 512(c)(3)(A)(i) requires "[a] physical or electronic signature of a person authorized to act on behalf of the [copyright] owner." For purposes of this discussion, let us assume that the complaining party is the copyright owner, as was the case in *Rossi*.

31. 17 U.S.C. § 512(g)(1) ("…regardless of whether the material or activity is ultimately determined to be infringing.").

32. *Id*. § 512(g)(3).

33. *Id.* § 512(g)(2)(C). Ostensibly the "not less than 10, nor more than 14, business days" rule is an attempt to balance (1) giving time to the copyright owner to prepare court papers if it wishes to pursue infringement with (2) protecting the subscriber from undue silencing of its site if the copyright owner is incorrect or backs down.

34. H.R. Rep. No. 105-551 lists cooperation only between service providers and copyright owners, but some degree of "cooperation" between an ISP and its subscriber will also occur, either organically or contractually through a subscriber agreement. *See supra* note 11.

35. An ISP may decide, however, to incur some cost of investigation in order to maintain good customer relations, since customers may be alienated by a trigger-happy host that shuts down websites upon receiving even the weakest of "good faith" notices.

36. While beyond the scope of this paper, Rossi's counsel have expressed First Amendment concerns. *See* Appellant's Opening Br. at 6, 14, *Rossi* (No. 03-16034).

37. Note that a notice under § 512(c) is still a *request* that the ISP take down a website; contrary to Appellant's contention, a copyright owner cannot "order" an ISP to shut down a site. *See* Appellant's Opening Br. at 2, *Rossi* (No. 03-16034).

38. This argument assumes that § 512(g) would also require an objective standard. *See* "good faith belief" in § 512(g)(3)(C).

39. S. Rep. No. 105-190, at 8 (1998) ("Due to the ease with which digital works can be copied and distributed worldwide virtually instantaneously,

copyright owners will hesitate to make their works readily available on the Internet without reasonable assurance that they will be protected against massive piracy.”). *See also* Zarins, *supra* note 5, at 260 (“By allowing for an initial ‘[section] 512 warning,’ … Congress stimulated a safer environment for copyrights …”).

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