

A Win for YouTube

Deborah Healey provides an update on the copyright dispute between Viacom and YouTube.

YouTube has won summary judgment in a suit by Viacom for infringement of copyright over videos placed on YouTube conducted in the United States. The fact that YouTube removed videos which infringed the Viacom copyright immediately once notified of their status was instrumental to the outcome. The case may be instructive in relation to similar provisions of the Copyright Act 1968 (Cth).

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YouTube, owned by Google, operated a website at <http://www.youtube.com>, and users could upload video files free of charge. Files were copied and formatted by YouTube's computer systems and made available for viewing. Viacom, the owner of MTV and Paramount Pictures, claimed breach of copyright for "tens of thousands of videos taken unlawfully from its copyrighted works" without its permission, which were displayed on YouTube. Football Association Premier League Limited, the owner of one of the most popular sporting competitions in the world, was also a plaintiff.

Viacom argued that YouTube actually welcomed copyright infringing material on its website. It argued that YouTube did not qualify for 'safe harbour' protection available under the Digital Millennium Copyright Act (US) (the **Act**) because it had actual knowledge of the infringing conduct, and was also aware of facts or circumstances from which the infringing activity was apparent. Proof of these facts would have taken Viacom outside the protection offered by the safe harbour provisions. Viacom argued that YouTube was not protected but was liable for "intentional, vicarious and direct infringement" (to use the wording of the Act).

In reaching its decision the Court looked at the purposes of the Act using extrinsic material. The Court stated that the Act was designed, among other things, to limit the liability of online service providers for copyright infringement for merely transmitting information over the Internet. Service providers were, however, expected to remove material from users' web sites if they appeared to constitute copyright infringement. The critical question for evaluation in the case, the Court said, was whether the wording of the Act, "actual knowledge that the material or an activity using the material on the system or network is infringing" and "facts or circumstances from which infringing activity is apparent" (sections 512(c)(1)(A)(i) and (ii)) meant that the service provider needed only a general awareness that there were infringements or needed actual or constructive knowledge of specific and identifiable infringement of individual items.

YouTube argued that it was entitled to safe harbour protection under the Act for all Viacom's claims because it had insufficient notice of the particular infringements. In any event, it had appointed a designated agent under section 512(c)(2) and when that agent was informed that a particular item infringed copyright, the item was swiftly removed. There was no dispute that all clips the subject of the suit had been removed immediately notification was received.

In determining the issue the Court looked at the philosophy behind the Act, reviewing legislative history and purposes of relevant provisions contained in documents such as Senate Reports. Informa-

tion considered by the Court indicated that the ease of copying and distributing information worldwide virtually instantaneously meant that copyright owners were unlikely to make their works available without reasonable protections against piracy. On the other hand, the benefits of quick and convenient availability of a vast array of information to the community via the internet could not be ignored. These two positions needed to be balanced. The Court concluded that some limitation of service providers' liability for breach of copyright was necessary to ensure continuing improvement in the efficiency of the Internet and expansion of the quality and variety of Internet services. The safe harbours of the Act had been created to strike a balance between the protection of copyright and the encouragement of dissemination of information. A service provider qualifying for safe harbour protection received the benefit of limited liability.

The impact of the words "does not have actual knowledge that the material or activity is infringing" and "in the absence of actual knowledge is not aware of facts or circumstances from which infringing activity is apparent" in section 512(c)(1)(A)(i) and (ii) were that service provider would have no obligation to seek out copyright infringement but would not qualify for the safe harbour if it had turned a blind eye to so - called "red flags" of obvious infringement.

The notification provisions in the Act, relied upon by YouTube, placed the burden of policing copyright on the copyright holder. The Court confirmed the logic of that burden, stating:

That makes sense, as the infringing works in suit may be a small fraction of millions of works posted by others on the service's platform, whose provider cannot by inspection determine whether the use has been licensed by the owner, or whether its posting is a 'fair use' of the material, or even whether its copyright owner or licensee objects to its posting. The [Act] is explicit: it shall not be construed to condition 'safe harbour' protection on 'a service provider monitoring its service or alternatively seeking facts indicating infringing activity'....

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The Court noted that the current case showed that the notification regime worked efficiently, evidenced by the fact that when Viacom sent one massive take-down notice for some 100,000 videos, YouTube had removed "virtually all of them" by the next day.

Earlier cases had suggested that red flags may not be raised by use of websites such as 'illegal.net' and 'stolencebrities.com', because the courts were not prepared to impose investigative duties on the service provider. Neither did general awareness of "pervasive copyright infringing, however flagrant and blatant" impose liability on the service provider. In one case involving trademark law referred to by the Court, the fact that a significant number of Tiffany goods sold

on eBay were counterfeit did not mean that a substantial number were not authentic. In that case, while the Court was prepared to find that eBay had generalised knowledge that some portion of the goods was counterfeit, this was not sufficient to impose an affirmative duty to remedy the problem. The provisions of the Act worked in a similar way, the Court concluding:

General knowledge that infringement is 'ubiquitous' does not impose a duty on the service provider to monitor or search its service for infringements.

The Court distinguished the Grokster case and other similar cases, which involved peer-to-peer file sharing networks not covered by the safe harbour provisions. Grokster addressed the more general law of contributory liability for copyright infringement which was

not relevant here, and did not mention the Act. Its business model was quite different to that of YouTube. Another case which was distinguished involved "an admitted copyright thief". A number of other claims by Viacom were dismissed as not affecting YouTube's safe harbour protection.

The outcome of the case is that YouTube's business model is intact. YouTube has reportedly implemented additional detection tools since it was purchased by Google for \$1.6b in 2006.

It is understood that Viacom is to appeal.

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Nintendo v Playables: Circumvention of Copy Protection Devices on Games Consoles

The High Court in the United Kingdom recently decided a case on the circumvention of copy protection devices under the Copyright, Designs and Patents Act 1988 (UK). In this article, Brett Farrell provides a summary of the case and discusses the implications of the decision for the gaming industry.

In *Nintendo v Playables*¹ Mr Justice Floyd of the UK High Court decided that Playables had both infringed Nintendo's copyright and had circumvented electronic copy protection measures. He also allowed a greater portion of damages to Nintendo in this case than has previously been allowed in similar cases such as *Sony Computer Entertainment Inc. v Ball & Ors*.²

Whilst the Nintendo case contained some esoteric legal points which excite lawyers, the practical consequences of this case are not as far reaching for most of the gaming community. In fact, the only people who should be worried by the case are people or companies inside the United Kingdom (UK) who are dealing in devices which can circumvent gaming company security measures or breach their copyright.

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The issue of circumventing gaming company security measures goes beyond the Defendants in the Nintendo case and if someone wanted a device to circumvent standard copy protection mechanisms, they are most likely available from someone in your local pub or via the internet from outside the UK. This case is not going to stop that. However, what this case has done is achieve a small expansion of the remedy of damages which a gaming company can claim.

If over time the gaming companies keep chipping away (pardon the pun) at these cases, they may slowly achieve more expansive remedies, and copyright infringers, or people who provide circumvention devices, might truly be worried. As it stands, there does not appear any great disincentive to stop infringement or circumvention and to encourage users to buy authorised versions of these games.

What happened

Nintendo commenced proceedings against two Defendants, Playables Limited and Wai Dat Chan, on two grounds: that the Defendants circumvented Nintendo's copy protection devices; and infringed Nintendo's copyright.

The Defendants imported and dealt with the R4 device which, when connected to a Nintendo DS game machine, could itself have a micro SD card inserted containing illegal downloads of Nintendo games.

The first limb of the claim regarding circumvention of copy protection was covered by sections 296 and 296 ZD of the Copyright Designs and Patents Act 1988 (UK) (Act).

Section 296

Section 296 of the Act deals with the technical measures applied to copyright works in computer programs. It says:

(1) This section applies where— (a) a technical device has been applied to a computer program; and (b) a person (A) knowing or having reason to believe that it will be used to make infringing copies— (i) manufactures for sale or hire, imports,

1 *Nintendo Co Ltd and Nintendo of Europe GmbH v Playables Ltd and Wai Dat Chan* [2010] EWHC 1932 (Ch).

2 [2004] EWHC 1738 (Ch).