



IP

The Tennessee Bar Association's newsletter for the
Intellectual Property Section
December 2015 · Volume 6 · No. 2

Dancing Babies and Fair Use: Recent Developments Under the DMCA

By Judy Winegar Goans

A recent case from the Ninth Circuit Court of Appeals has significant implications for parties who are considering asserting claims under the Digital Millennium Copyright Act (DMCA) and for the attorneys who advise them. The Dancing Baby case — *Lenz v. Universal Music Corp et al.* (hereafter *Lenz*) — involved takedown and putback orders under the DMCA. The net effect of the case will be to add a step to the decision-making process for right holders who are considering whether to seek a takedown order when their copyright material is published online. The case is also worth reading for its discussion of several important issues involved in takedown or put-back notifications, including the knowledge required to show that a party is liable for having improperly submitted a takedown notification, and for the insight it offers into the decision-making process used by a major corporation in determining whether to seek a takedown order.

THE DANCING BABY CASE

In *Lenz v. Universal Music Corp, et al.*, 2015 U.S. App. LEXIS 16308, the U.S. Court of Appeals for the Ninth Circuit affirmed a District Court decision denying cross-motions for summary judgment in a DMCA action alleging that the defendants — Universal Music Corporation and two other companies — violated 17 U.S.C. §512(f) by misrepresenting that Stephanie Lenz's home video constituted an infringing use of a copyrighted work. Here is how the court described the facts of the case:

On February 7, 2007, Lenz uploaded to YouTube a 29-second home video of her two young children in the family kitchen dancing to the song Let's Go Crazy by Prince. Available at <https://www.youtube.com/watch?v=N1KfJHFWlhQ> (last visited September 4, 2015). She titled the video "Let's Go Crazy' #1." About four seconds into the video, Lenz asks her thirteen month-old son "what do you think of the music?" after which he bobs up and down while holding a push toy. (*Lenz* at 5)

Universal, Prince's administrator for enforcement, identified the video as containing the Prince song and filed a takedown notice with YouTube. The takedown notice included the following required statement: "We have a good

faith belief that the above-described activity is not authorized by the copyright owner, its agent, or the law." YouTube removed the video and notified Lenz, who filed a counter-notification and eventually succeeded in having the video restored. Three weeks later, Lenz filed suit against Universal, initially alleging tortious interference but, when that claim was dismissed, amending her suit to claim that the "defendants violated 17 U.S.C. § 512(f) by misrepresenting in a takedown notification that the plaintiff's home video constituted an infringing use of a portion of a Prince composition." (p.2) This issue was presented to the District Court, which "granted Lenz's partial motion for summary judgment on Universal's six affirmative defenses." (*Lenz* at 8) Both parties filed motions for summary judgment on the misrepresentation claim, both were denied by the District Court, and the case reached the Ninth Circuit on an interlocutory appeal of the summary judgment order.

The Ninth Circuit panel reviewed the District Court's order of denial de novo, identifying the primary issue for review as compliance with DMCA § 512(f), which inter alia provides liability for a copyright holder who knowingly materially misrepresents under § 512 that material or activity is infringing. For the Ninth Circuit panel, the critical issue was "whether 17 U.S.C. § 512(c)(3)(A)(v) requires copyright holders to consider whether the potentially infringing material is a fair use of a copyright under 17 U.S.C. § 107 before issuing a takedown notification." (*Lenz* at 9-10) Or as Judge Tallman framed the issue, "[Lenz's] claim boils down to a question of whether copyright holders have been abusing the extrajudicial takedown procedures provided for in the DMCA by declining to first evaluate whether the content qualifies as fair use." (*Lenz* at 4-5)

A takedown notice under the DMCA requires the copyright holder to provide "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) To reach its decision, the panel concluded that the fair use of copyright material (as defined by 17 U.S.C. §107) is a use that is, in fact, "authorized by ... law" as that phrase is used in the DMCA takedown provision (17 U.S.C. §512(c)(3)(A)(v)). Looking to the copyright law

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Scrambling for CLE

You missed the Intellectual Property Section's Spring Institute and are now scrambling to get your CLE before the end of the year? No problem! Four of the presentations are still available online, and you can get CLE credit by signing up at cle.tba.org. Here are the links to online videos of the excellent presentations from the Spring Institute. Hurry while they are still available.

PATENTABLE SUBJECT MATTER

Presented by Hilary Lang and Gary Montle, Patterson Intellectual Property PC.

<https://cle.tba.org/catalog/course/3449>

This program is about section 101 patent eligibility of biotech and software products. The speakers discuss business methods following Alice and patentable subject matter in the life sciences. Some topics for discussion include: Patent-eligibility under section 101; judicially-created exceptions; case law review; and USPTO guidance.

TRANSFORMATIVE FAIR USE

Presented by Richard Sanders, Jr., Aaron & Sanders, PLLC Nashville

<https://cle.tba.org/catalog/course/3450>

Is transformative fair use out of control? Speaker Rick Sanders discusses how we got into a transformative fair use mess and whether we can save it. Some topics discussed include: origins of fair use and transformative use, the problems with fair use, case law review, and whether transformative use can be saved.

MUSIC LICENSING FOR THE IP LAWYER

Presented by Laurie Hughes and Suzanne Kessler, Hughes-Kessler Consulting Nashville.

<https://cle.tba.org/catalog/course/3452>

The music business has changed dramatically over the last 15 years. In this program, you will learn from two music-licensing attorneys the basics of how artists get paid in the complicated world of digital music distribution. The

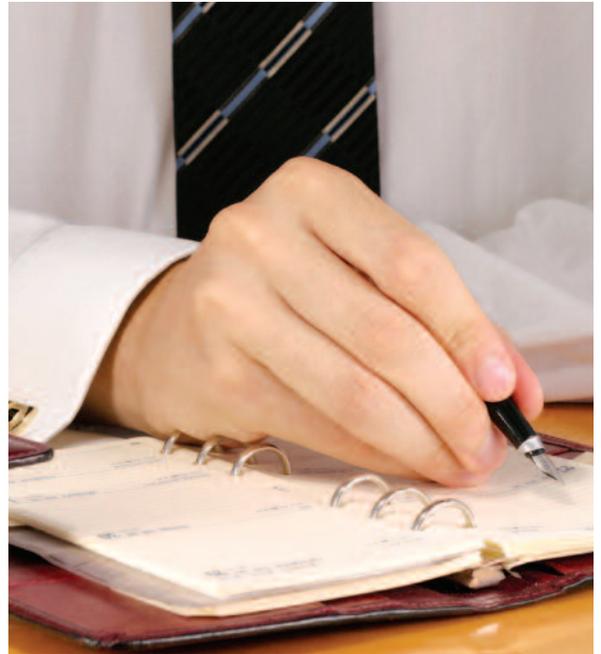


Photo: © iStockphoto.com

speakers will discuss the various distribution outlets, Sound Recording Licenses, Music Publishing, and Copyright principles.

LESSONS ON ETHICS AND CULTURE FROM GENERAL MOTORS

Presented by William Eiselstein, Miller & Martin PLLC, Atlanta

<https://cle.tba.org/catalog/course/3451>

This dual-credit program demonstrates how you can learn from others' mistakes. The program is based on the General Motors ignition switch recall and ensuing litigation. The program discusses ethics rules related to fairness of opposing counsel in court, rules 3.4, 8.4, case law, and a discussion on why lawyers do things that they know they shouldn't do. **IP**

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IP Editorial Board 2015-2016

Judy Winegar Goans, Editor-in-Chief

<http://www.tba.org/section/intellectual-property-section>

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News

CITY OF INGLEWOOD V. TEIXEIRA

As with *Lenz*, fair use was a significant factor in another recent case. In *City of Inglewood v. Joseph Teixeira et al.*, the U.S. District Court for the Central District of California dismissed a copyright infringement case involving excerpts from video recordings of the Inglewood City Council's open meetings. The City of Inglewood brought suit against Joseph Teixeira, alleging that Teixeira had infringed the city's copyright in six videos of its meetings. Teixeira copied portions of the videos and edited them, interspersing new material and commentary, to make his own new videos "that criticize the City and its elected officials." (p. 4) Teixeira posted the videos on his website Inglewoodwatchdog.wix.com and also posted them on YouTube as Dehol Trough (yes, a name we could not make up).

The City claimed that it owned copyright in the videos as evidenced by its having registered copyright in them and that Teixeira had willfully infringed, a claim rejected by the Court. Teixeira defended on two grounds: a California law prohibiting California public entities from "enforcing any copyrights they may acquire as a matter of federal law" (p. 8); and fair use. The Court agreed with Teixeira on both grounds, rejecting the City's Supremacy Clause argument and discussing in some depth the fair use grounds for its holding. Points in favor of a finding of fair use included the fact that Teixeira's materials were transformative and involved criticism or comment, while "The purportedly copyright material is not creative in nature. The City Council Videos are straightforward recordings of public proceedings." (p. 15) Favorite losing argument: "The City accuses Teixeira of wanting "to criticize the City without doing his own work." (p. 20)

Naughty and Nice Government bodies that try to use copyright law to squash an annoying activist may find that it comes at a significant cost, while lawyers who serve the public interest may find that Santa has a little something for their stockings. The *Los Angeles Times* reported on

October 9 (<http://www.latimes.com/local/lanow/la-me-ln-judge-rules-inglewood-must-pay-for-meritless-lawsuit-20151008-story.html>) that Judge Fitzgerald subsequently awarded Teixeira's *pro bono* lawyers more than \$100,000 in attorney fees.

Attorneys whose clients engage in political or social commentary will want to take a look at Judge Michael Fitzgerald's analysis. The entire opinion is available at <https://www.washingtonpost.com/news/volokh-conspiracy/wp-content/uploads/sites/14/2015/08/InglewoodvTeixeiraOrder.pdf>

BACKPAGE AND BACKPAGE.COM

The Supreme Court of the State of Washington addresses the extent to which a media provider can escape liability for hosting illegal content. In *JS. v. Vill.Voice Media Holdings LLC*, three minor girls alleged that advertisements were posted "on a website owned and maintained by Village Voice Media Holdings, d/b/a Backpage.com, Backpage.com LLC and New Times Media LLC, d/b/a/Backpage.com (collectively Backpage)." As a result, the girls alleged that they were "raped multiple times by adult customers who responded to the advertisements." Defendants claimed immunity for content that violated a series of Washington State laws relating to the sexual abuse or exploitation of a minor as well as violations of the federal Communications Decency Act (CDA).

Backpage defended that it was immune from suit under the CDA. The plaintiffs countered that "Backpage is not immune from suit in part because its advertisement posting rules were "designed to help pimps develop advertisements that can evade the unwanted attention of law enforcement, while still conveying the illegal message." (p. 3) The Washington Court found that immunity on the state charges depended on whether immunity was available under the Communications Decency Act and that the case "turns on whether Backpage merely hosted the advertisements that featured [the plaintiffs], in which case Backpage is protected by CDA immunity, or whether Backpage also helped develop the content of those advertisements, in which case Backpage is not protected by CDA immunity." If the latter, Backpage would be liable for the relevant content. Citing *Dart v. Craigslist*, 665 F. Supp. 2d 961, 968-69 (N.D. Ill. 2009), the Court noted that "A website operator, however, does not "develop" content by simply maintaining neutral policies prohibiting or limiting certain content." (p. 7) Upholding the trial court's dismissal of defendants' motion to dismiss, finding a triable issue of fact as to whether the website helped to develop the content and was therefore not immune under the CDA. **P**



International News

TRANS-PACIFIC PARTNERSHIP NEGOTIATIONS CONCLUDED

After more than seven years, negotiations on the Trans-Pacific Partnership (TPP) concluded October 4, 2015. The office of the U.S. Trade Representative (USTR) reports that twelve TPP countries made the announcement: “Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, United States, and Vietnam.” Parties expect that the TPP will “promote economic growth; support the creation and retention of jobs; enhance innovation, productivity and competitiveness; raise living standards; reduce poverty ... ; and promote transparency, good governance, and enhanced labor and environmental protections.” USTR reports the following “key features” of the TPP:

- Comprehensive market access;
- Regional approach to commitments;
- Addressing new trade challenges;
- Inclusive trade; and a
- Platform for regional economic integration.

<https://ustr.gov/about-us/policy-offices/press-office/press-releases/2015/october/summary-trans-pacific-partnership>

The TPP is important for intellectual property attorneys because it will create a new “floor” for intellectual property protection in its member countries. The intellectual property chapter essentially expands the requirements of the TRIPS Agreement. A major benefit for U.S. inventors is a requirement that TPP parties offer grace period for certain disclosures made within 12 months before filing a patent application. The TPP also provides for the possibility of extending the patent term to account for delays by the relevant office; a minimum term of data protection of ten years for agricultural chemicals and five years for pharmaceutical products; preventing misappropriation of a trade secret by state-owned enterprises; copyright provisions that are similar to those of the Digital Millennium Copyright Act; and stronger enforcement provisions. You can read the intellectual property chapter here <https://medium.com/the-trans-pacific-partnership/intellectual-property-3479efdc7adf#.1jcozxf84> or learn about the entire TPP here: <https://ustr.gov/tpp/#issues>.

MADRID PROTOCOL

Three additional countries have recently joined the Madrid Protocol: People’s Democratic Republic of Algeria, for which the Protocol entered into force on October 31, 2015; Republic of Gambia, for which the Protocol will enter into force on December 18, 2015; and the Republic of Zimbabwe, for which the Protocol will enter into force on January 7, 2016. The Madrid System consists of two international agreements that simplify the process of obtaining trademark protection in multiple countries.

Accession by Algeria means that all parties to the Madrid Agreement are now also members of the Madrid Protocol. As of October 31, Madrid will operate as a single treaty system for which all transactions will be governed by the Madrid Protocol. This will substantially simplify

trademark operations in countries that are members of both agreements. The World Intellectual Property Organization provides the following list of features that are “now available to all users:

- Filing of international applications based on national/regional applications or registrations, via a single form (MM2)
- Free choice of Office of origin on the basis of commercial establishment, domicile or nationality
- Transformation of international registrations into national or regional trademarks following their cancellation due to the basic mark ceasing to be in effect
- Choice of presenting to either WIPO or the Office of the holder any subsequent designations and requests for the recording of cancellations and renunciations
- Renewal of international registrations for periods of ten years.”

http://www.wipo.int/madrid/en/news/2015/news_0020.html.

TREATY WATCH

Progress continues toward bringing two new intellectual property treaties into effect. Both treaties were initially signed by a large number of countries, but neither has yet received the number of accessions or ratifications necessary to take effect.

The Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired or Otherwise Print Disabled was adopted on June 27, 2013 and will enter into force three months after twenty eligible parties deposit their instruments of ratification or accession. To date, eleven countries have ratified or acceded, bringing the treaty slightly more than half way to becoming effective.

The Beijing Treaty on Audiovisual Performances

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MARRAKESH VIP TREATY MEMBERSHIP

Country	Ratification or Accession and Effective Date
India	Ratification: June 24, 2014
El Salvador	Ratification: October 1, 2014
United Arab Emirates	Accession: October 15, 2014
Uruguay	Ratification: December 1, 2014
Mali	Ratification: December 16, 2014
Paraguay	Ratification: January 20, 2015
Singapore	Accession: March 30, 2015
Argentina	Ratification: April 1, 2015
United Mexican States	Ratification: July 29, 2015
Mongolia	Ratification: September 23, 2015
Republic of Korea	Ratification: October 8, 2015

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and its legislative history, among other resources, the panel concluded that “Fair use is not just excused by the law, it is wholly authorized by the law.” (*Lenz* at 11) In reaching this decision, the panel rejected Universal’s contention that

fair use is not “authorized by the law” because it is an affirmative defense that excuses otherwise infringing conduct. Universal’s interpretation is incorrect as it conflates two different concepts: an affirmative defense that is labeled as such due to the procedural posture of the case, and an affirmative defense that excuses impermissible conduct. Supreme Court precedent squarely supports the conclusion that fair use does not fall into the latter camp: “[A]nyone who . . . makes a fair use of the work is not an infringer of the copyright with respect to such use.” *Sony Corp. of Am. v. Universal City Studios Inc.*, 464 U.S. 417, 433 (1984). (*Lenz* at 13)

Building on this concept, the panel concluded that since “17 U.S.C. § 107 expressly authorizes fair use, labeling it as an affirmative defense that excuses conduct is a misnomer” and that fair use “is better viewed as a right granted by the Copyright Act of 1976.” (*Lenz* at 14) Distinguishing the present situation from prior law where fair use was a judicial doctrine, the panel concluded that since enactment of the 1976 Copyright Act, fair use is not “an infringement to be excused” (*Lenz* at 13-14) even though the burden of proving fair use remains on the alleged infringer. In reaching this conclusion, the panel distinguished between behavior that constitutes a fair use and behavior that is infringing but where liability is avoided because of a valid excuse such as copyright misuse. Accordingly,

The panel held that the DCMA requires copyright holders to consider fair use before sending a takedown notification, and that failure to do so raises a triable issue as to whether the copyright holder formed a subjective good faith belief that the use was not authorized by law. Regarding good faith belief, the panel held that the plaintiff could proceed under an actual knowledge theory. (*Lenz* at 2)

In a separate opinion, Circuit Judge Smith, concurred in part, dissented in part, and concurred in the judgment. In Judge Smith’s view, the effect of § 512(f) is not to prohibit a party from misrepresenting that it considered the fair use doctrine but rather to prohibit a misrepresentation that a work is infringing. “The plain text of the statute prohibits parties from misrepresenting that a work is infringing, not from misrepresenting that they have considered fair use.” (*Lenz* at 28) Judge Smith saw no material dispute about whether Universal considered fair use. “Because Universal did not consider fair use, it may be held liable for ‘knowingly’ misrepresenting that the video was infringing, if it should be determined that the video is a non-infringing fair use.” (*Lenz* at 26-27) Any misrepresentation by Universal would be knowing “because Universal knew it had not considered fair use, and therefore knew it lacked a basis to conclude that the video was infringing.”

(*Lenz* at 27) However, Judge Smith agreed that the DMCA “requires copyright holders to consider whether potentially infringing material is a fair use before issuing a takedown notice.” (*Lenz* at 27)

PRACTICAL IMPLICATIONS OF LENZ

The *Lenz* case has implications for parties seeking to take down infringing material or to have the material restored to the internet, and for the lawyers who advise them. The immediate implication is that parties must consider whether copyright material on the internet is a fair use before using the DMCA to have infringing material removed. This step will be, for some copyright holders or their attorneys, an additional procedure to be carried out before filing a notification. Failing to consider fair use before sending a takedown notification creates liability for the copyright holder:

To be clear, if a copyright holder ignores or neglects our unequivocal holding that it must consider fair use before sending a takedown notification, it is liable for damages under § 512(f). If, however, a copyright holder forms a subjective good faith belief the allegedly infringing material does not constitute fair use, we are in no position to dispute the copyright holder’s belief even if we would have reached the opposite conclusion. A copyright holder who pays lip service to the consideration of fair use by claiming it formed a good faith belief when there is evidence to the contrary is still subject to § 512(f) liability. (*Lenz* at 17-18, citations omitted)

Another possible implication is that *Lenz* may signal greater scrutiny on the part of the courts in reviewing takedown notifications. In one sense, the *Lenz* decision is a straightforward example of statutory construction, yet Judge Tallman’s remarks explicitly characterize the case as “a question of whether copyright holders have been abusing the extrajudicial takedown procedures” of the DMCA. (*Lenz* at 4), in this case by proceeding without considering whether the content posted is a fair use. Judge Tallman’s words suggest that the courts are troubled by the fact that takedown procedures are carried out solely at the instance of a copyright holder that may or may not be acting in good faith. While the *Lenz* decision was narrowly focused on the requirement for a copyright holder to consider fair use, future cases might reach other factors in determining whether the copyright holder held a “subjective good faith belief that the use was not authorized by law.” (*Lenz* at 5) Such factors could arguably include the reasonableness of the copyright holder’s criteria for determining whether use was infringing, whether those criteria were applied consistently, and whether their application matched the facts available to the copyright holder at the time the decision was made to file a takedown notification.

These issues are troubling in *Lenz*, where Universal’s actual procedures for filing a takedown notification — determining whether a song is unrecognizable and whether

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addresses the rights of performers. Adopted on June 24, 2012, this treaty was doing slightly better for a while, possibly because it has had a longer time for countries to deposit instruments of accession or ratification. The Beijing Treaty now has a total of ten countries that have acceded or ratified, bringing it to one-third of the required thirty parties required for the treaty to take effect.

BEIJING TREATY ON AUDIOVISUAL PERFORMANCES MEMBERSHIP

Country	Ratification or Accession and Effective Date
Syrian Arab Republic	Ratification: March 18, 2013
Republic of Botswana	Ratification: November 20, 2013
Slovak Republic	Accession: May 22, 2014
Japan	Accession: June 10, 2014
People's Republic of China	Ratification: July 9, 2014
United Arab Emirates	Accession: October 15, 2014
Republic of Chile	Ratification: June 22, 2015
State of Qatar	Ratification: July 3, 2015
Republic of Moldova	Ratification: September 4, 2015
Russian Federation	Accession: October 19, 2015

OTHER NOTIFICATIONS

Several countries have recently joined the 1991 Act of the International Convention for the Protection of New Varieties of Plants (UPOV): Canada, by ratification, effective on July 19, 2015; Montenegro, by accession, effective on September 24, 2015; and the United Republic of Tanzania, by accession, effective on November 22, 2015.

The Republic of Côte d'Ivoire notified its acceptance of termination of the London Act of the Hague Agreement Concerning the International Deposit of Industrial Designs of November 6, 1925, as revised at London on June 2, 1934.

A number of countries have made notifications of changes in the status of their depositories under the Budapest Treaty. You can link to those notifications here: http://www.wipo.int/treaties/en/ShowResults.jsp?country_id=ALL&start_year=2015&end_year=ANY&treaty_all=ALL&search_what=N

NEW LAWS

Amendments to the Advertisement Law of the People's Republic of China will take effect on September 1, 2015. These amendments will prohibit the use of tobacco trademarks and brand names in the advertising of other products and services.

Thailand enacted a new copyright law (Copyright Act (No. 2) B.E. 2558 (2015)) that addresses rights management information; technological protection measures; and liability exemptions for internet service providers. The new provisions took effect on August 4, 2015.

WTO EXTENDS EXEMPTIONS FOR LDCS TO PROTECT PHARMACEUTICAL PRODUCTS

On November 6, 2015, the Council for TRIPS voted to extend the time for least developed country Members to comply with Sections 5 and 7 of Part II of the TRIPS Agreement, dealing with patents and data protection for pharmaceutical products. The extension will last until at least January 1, 2033 or until such date as a WTO Member ceases to be a least developed country, whichever date is earlier. The extension is without prejudice to the ability to seek other extensions. **P**

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the video used a second or less of the song or a line or less from the song (*Lenz* at 6) — appear to exceed the company's reasonable "general guidance" to consider whether an online video made "significant use" of a copyright work and whether the material "was in a significant portion of the video or was the focus of the video" (*Lenz* at 6). To put the matter into context, some sites allow users to sample music before buying by allowing potential buyers to listen to excerpts of 10 – 25 seconds, so the evaluation as actually applied set a strict standard for uses of copyright works. It would therefore not be surprising if a future court might reach further in considering good faith belief when

a copyright holder applies a strict standard unilaterally to take down short excerpts of copyright materials.

The *Lenz* decision is a must-read for lawyers who deal with DMCA actions. The full text of the *Lenz* opinion can be found here: <https://d3bsvxk93brmko.cloudfront.net/datastore/opinions/2015/09/14/13-16106.pdf>. **P**



JUDY WINEGAR GOANS is a principal associate at Nathan Associates Inc., an economics and management consulting firm in Arlington, Va.