

**AN UPDATE ON THE LEGAL IMPLICATIONS OF USER-
GENERATED CONTENT:
FACEBOOK, YOUTUBE, TWITTER, AND INSTAGRAM**

Presented and Written by:

ROBERT P. LATHAM
blatham@jw.com

Co-written by:

CARL C. BUTZER

KATIE L. COLEMAN

MICHAEL F. WEST¹

Jackson Walker L.L.P.
Bank of America Plaza
901 Main Street, Suite 6000
Dallas, Texas 75202

State Bar of Texas
24TH ANNUAL
ENTERTAINMENT LAW INSTITUTE
COURSE
November 6-7, 2014
Dallas

CHAPTER 11

¹ Robert P. Latham is chair of the Intellectual Property Litigation and Media Law practice areas at Jackson Walker L.L.P. Carl C. Butzer is a partner in Jackson Walker's Litigation, Technology, and Intellectual Property sections; chair of the Dallas office Intellectual Property Group; and co-chair of the firm's E-Discovery Group. Katie L. Coleman and Michael F. West are associates in the firm's Litigation section. The authors can be reached at blatham@jw.com and cbutzer@jw.com, respectively.

ROBERT P. LATHAM

Bob Latham is a partner in the Texas-based law firm Jackson Walker L.L.P. where he chairs the firm's media law and intellectual property litigation practice groups. Bob received his A.B. from Stanford University in 1980 and his J.D. from the University of Virginia School of Law in 1983. Bob is included in the Best Lawyers in America in multiple disciplines including First Amendment law and intellectual property law. He has been named a "Best in IP Litigation" attorney by SuperLawyers: Corporate Counsel Edition. Bob has held a number of positions in the sports world including a term on the board of directors of the U.S. Olympic Committee. He currently serves as Chairman of USA Rugby and sits on the International Rugby Board Executive Committee.

TABLE OF CONTENTS

I.	THEORIES OF COPYRIGHT INFRINGEMENT	1
	A. Direct Infringement.....	1
	B. Contributory Infringement	1
	C. Vicarious Infringement	2
II.	THE DIGITAL MILLENNIUM COPYRIGHT ACT	2
III.	THE DMCA SAFE HARBORS	2
IV.	ELIGIBILITY REQUIREMENTS FOR SAFE HARBOR PROTECTION	3
	A. Termination Policy.....	3
	B. Accommodation of Standard Technical Measures.....	3
V.	THE UGC SERVICE PROVIDER SAFE HARBOR: § 512(C)	4
	A. Actual and Apparent Knowledge.....	4
	B. Direct Financial Benefit.....	5
	C. Right and Ability to Control.....	5
	D. Expeditious Removal.....	5
VI.	SECTION 512(C) NOTIFICATIONS	6
VII.	MISREPRESENTATION UNDER NOTICE PROCESS	7
VIII.	PROMINENT UGC COPYRIGHT CASES.....	8
	A. <i>Viacom v. YouTube</i>	8
	B. <i>UMG Recordings, Inc. v. Shelter Capital Partners LLC</i>	8
IX.	CONTESTED ISSUES IN UGC LITIGATION.....	9
	A. Standard Technical Measures.....	9
	B. Right and Ability to Control.....	9
X.	OWNERSHIP ISSUES	9
XI.	DERIVATIVE WORKS	9
XII.	JOINT OWNERSHIP	9
XIII.	TRANSFER OF A COPYRIGHTED WORK.....	10
XIV.	NONEXCLUSIVE LICENSES	10
XV.	LICENSING CONTRACTS.....	10
XVI.	DEFAMATION AND OTHER SPEAKER-RELATED ACTIONS.....	10
XVII.	COMMUNICATIONS DECENCY ACT.....	11
	A. Material Contribution Test.....	11
XVIII.	“TWIBEL” CASES.....	12
	A. <i>Gordon & Holmes v. Love</i>	12
	B. <i>Feld v. Conway</i>	12
XIX.	RETWEETING.....	12
XX.	PRIVACY AND RIGHT OF PUBLICITY	13

XXI. PRACTICAL TIPS 14

 A. For UGC Providers 14

 B. For Copyright Holders 14

AN UPDATE ON THE LEGAL IMPLICATIONS OF USER-GENERATED CONTENT: FACEBOOK, YOUTUBE, TWITTER, AND INSTAGRAM

Traditionally, media companies (as well as non-media companies) almost exclusively utilized their own content. However, because of the exponential growth in the public's desire and ability to interconnect through social media and the Internet, publication of user-generated content (UGC) (also known as consumer-generated media) has exploded. Many business and government entities, including the vast majority of traditional media companies, have developed frameworks to facilitate the distribution of content by end users, thereby adding social media elements to traditional media, and vice versa.

The most prominent websites devoted to UGC are Facebook, YouTube, Twitter, and Instagram—with Facebook, of course, leading the league in users. In 2013, Facebook reportedly had 1.23 billion active users, adding 170 million users in just one year.² The youngest of the more prominent sites is Instagram, an online photo-sharing service that allows users to take pictures and share videos on social networking sites. Facebook purchased Instagram for \$1 billion in April 2012, a little less than two years after it started. By estimate, an average of 60 million photos are shared on Instagram daily.³

Although UGC presents great opportunities for both users and website operators, it also inevitably raises a host of potentially thorny legal questions concerning intellectual property (IP) rights, defamation, and privacy rights. This article identifies some of these legal concerns, focusing on the more prominent IP issues relating to UGC. This article also briefly discusses other areas of liability that can arise from UGC, including claims of defamation and violations of the rights to privacy and publicity. This article concludes by offering some practical tips for website operators and copyright holders on how to deal with the legal issues associated with UGC.

I. THEORIES OF COPYRIGHT INFRINGEMENT

Copyright infringement is undoubtedly the biggest IP legal issue facing UGC providers. The long-

² *Facebook: 10 years of social networking, in numbers*, The Guardian (Feb. 4, 2014), <http://www.theguardian.com/news/datablog/2014/feb/04/facebook-in-numbers-statistics> (last visited Sept. 27, 2014).

³ *Press News*, Instagram, <http://instagram.com/press/#> (last visited Sept. 27, 2014).

standing doctrines of copyright infringement include direct infringement, contributory infringement, and vicarious infringement.

A. Direct Infringement

To prevail under a theory of direct copyright infringement, a plaintiff must show that it owns the copyright in the work and that the defendant violated one or more of the plaintiff's exclusive rights under the Copyright Act,⁴ namely:

- 1) Reproduction of the work;
- 2) Preparation of derivative works based on the work;
- 3) Distribution of copies of the work;
- 4) Public performance of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audio visual works;
- 5) Public display of literary, musical, dramatic, and choreographic works, pantomimes and motion pictures and other audio visual works;
- 6) Public performance of sound recordings by means of a digital audio transmission.⁵

B. Contributory Infringement

Media companies have long battled over the extent of contributory infringement liability, dating back to the battle over the use of VCRs. In *Sony Corp. v. Universal City Studios, Inc.*, commonly known as the *Betamax* case, the Supreme Court held that the sale of a product with substantial non-infringing uses does not establish contributory infringement, even when that product can also be used for infringing uses.⁶ However, in *MGM Studios Inc. v. Grokster, Ltd.*, the Supreme Court refined *Betamax*, holding that contributory infringement may be established when a party distributes a product capable of both infringing and non-infringing uses with the clearly shown objective of promoting copyright infringement.⁷ Thus, the elements of contributory infringement are (1) that the party has knowledge of the infringing activity, and

⁴ 17 U.S.C. § 501(a).

⁵ 17 U.S.C. § 106(1)-(6).

⁶ *Sony Corp. v. Universal City Studios, Inc.*, 464 U.S. 417, 442 (1984).

⁷ *MGM Studios Inc. v. Grokster, Ltd.*, 545 U.S. 913, 941 (2005); see also *Flava Works, Inc. v. Gunter*, 689 F.3d 754, 762 (7th Cir. 2012) (finding Flava Works was not contributorily negligent, because it could not be proved that myVidster's services were promoting copyright infringement, and the service was capable of non-infringing uses).

(2) that the party induces or materially contributes to the infringing conduct of a direct infringer.⁸

C. Vicarious Infringement

Vicarious infringement is one of the most hotly debated UGC legal issues. A party may be vicariously liable for another's direct infringement if that party (1) has the right and ability to supervise the direct infringer, and (2) has a direct financial interest in the infringing activity.⁹

UGC service providers could face liability for copyright infringement under any or all of the three theories of copyright liability. For example, in 2011, record companies brought copyright infringement claims against Lime Group LLC, commonly known as "LimeWire."¹⁰ LimeWire operated a software program that allowed users to share digital files, namely music and videos, over the Internet. However, many of the files that users shared included copyrighted material. Before ruling on the parties' cross-motions for summary judgment, the court found that LimeWire users had directly infringed on the plaintiffs' copyrights.¹¹ Next, the court granted the plaintiffs' summary judgment motion on their inducement of copyright infringement claim, finding that LimeWire had intentionally distributed files and encouraged direct copyright infringement by its users.¹² However, the court denied both parties' motions for summary judgment concerning contributory infringement, concluding that there was a fact issue as to whether or not LimeWire was capable of non-infringing uses.¹³ Finally, the court denied LimeWire's motion for summary judgment on the vicarious copyright infringement claim because substantial evidence showed that LimeWire allowed and profited from the infringement, even though it had

the means to monitor and detect improper activity by its users.¹⁴ Although LimeWire tried to argue the *Betamax* rule applied, the court observed that this rule had not yet been applied in the context of vicarious infringement claims and that some courts had in fact explicitly rejected such application.¹⁵ *But see Disney Enters. v. Hotfile Corp.*, 2013 U.S. Dist. LEXIS 172339 (S.D. Fla. Aug. 28, 2013) (granting summary on the issue of vicarious liability).

II. THE DIGITAL MILLENNIUM COPYRIGHT ACT

The Digital Millennium Copyright Act (DMCA) was enacted in 1998 to "protect the intellectual property rights of creative works available online in ways that promote the use of the Internet, both by content providers and users."¹⁶ Title II of the DMCA, the Online Copyright Infringement Liability Limitation Act, created a new section, 17 U.S.C. § 512, entitled Limitation on Liability Relating to Material Online. This section was a compromise between content owners (e.g., Sony, MGM, and Universal) and website operators that often were the unlicensed distributors of that content. This compromise gives content owners a mechanism to protect their copyrighted material through detailed take-down provisions. "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" by shielding them from copyright liability if certain conditions are met.¹⁷

III. THE DMCA SAFE HARBORS

Section 512 creates four limitations on liability for copyright infringement by an Internet/online service

⁸ *MGM Studios Inc.*, 545 U.S. at 930. Some have commented that *Grokster* merely elaborates on the existing category of contributory infringement, while others argue the better reading is that the Supreme Court set forth a new theory of secondary infringement, "inducement of copyright infringement," the elements of which are (1) an *intent* to induce infringement, even if no such inducement actually occurred, and (2) direct infringement. *See id.* at 936-37; 3 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 12.04[A][4][b] (2014).

⁹ *Grokster*, 945 U.S. at 930.

¹⁰ *Arista Records LLC v. Lime Group LLC*, 784 F. Supp. 2d 398 (S.D.N.Y. 2011).

¹¹ *Id.* at 424.

¹² *Id.* at 424-31.

¹³ *Id.* at 431-34 (The court did find that LimeWire materially contributed to infringement by LimeWire users with knowledge of the infringing activity.).

¹⁴ *Id.* at 434-36.

¹⁵ *Id.* at 435-36; *see A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1022 (9th Cir. 2001).

¹⁶ H.R. Rep. No. 105-551, pt. 2, at 49 (1998).

¹⁷ *Id.*; S. Rep. No. 105-190, at 65 (1998); 144 Cong. Rec. 7, 9236 (1998) ("The bill provides 'safe harbors' from liability under clearly defined circumstances, which both encourage responsible behavior and protect important intellectual property rights."). The DMCA provides "immunity to service providers from copyright infringement liability for 'passive,' 'automatic' actions in which a service provider's system engages through a technological process initiated by another without the knowledge of the service provider." *Perfect 10, Inc. v. CCBill, LLC*, 340 F. Supp. 2d 1077, 1086 (C.D. Cal. 2004) (*Perfect 10 I*); Cyrus Sarosh Jan Manekshaw, *Liability of ISPs: Immunity from Liability Under the Digital Millennium Copyright Act and the Communications Decency Act*, 10 Computer L. Rev. & Tech. J. 101,114 (2005).

provider based on the following categories of conduct by the ISP:

- 1) Transitory digital network communications, § 512(a), applies to transmission and routing activities.
- 2) System Caching, §512(b), applies to temporary intermediate storage during transmission.
- 3) Information residing on systems at the direction of users, § 512(c), applies to user-directed storage of material on a system. This is the safe harbor sought by UGC service providers.
- 4) Information location tools, § 512(d), applies to directories, indexes, references, pointers, and hypertext links including search engines.

As noted by the Ninth Circuit, “[t]hese safe harbors limit liability but ‘do not affect the question of ultimate liability under the various doctrines of direct, vicarious, and contributory liability,’ . . . and ‘nothing in the language of § 512 indicates that the limitation on liability described therein is exclusive.’”¹⁸ Thus, the DMCA safe harbor provisions provide additional liability protection to UGC service providers, but they do not otherwise affect any defenses that the provider would otherwise have.

IV. ELIGIBILITY REQUIREMENTS FOR SAFE HARBOR PROTECTION

The DMCA imposes strict requirements in order to qualify for the liability protection of the safe harbors. To be eligible for these safe harbors, one must first qualify as a “service provider.” Service provider is defined differently depending on the applicable safe harbor protection. Pursuant to § 512(k)(1)(A), the term “service provider” as used in the § 512(a) safe harbor provision “means an entity offering the transmission, routing, or providing of connections for digital online communications, between or among points specified by a user, of material of the user’s choosing, without modification to the content of the material as sent or received.” Section 512(k)(1)(B) defines a “service provider” as “a provider of online services or network access, or the operator of facilities therefor, and includes an entity described in [Section 512(k)(1)(A)].”¹⁹ This definition applies to the § 512(b)-(d) safe harbors.

If an entity meets the definition of “service provider,” it must then meet two overall conditions under § 512(i) to be eligible for safe harbor protection.

A. Termination Policy

The service provider must adopt and reasonably implement a termination policy for the accounts of subscribers who are repeat copyright infringers, and it must inform its subscribers and account holders of said policy.

The *Perfect 10 II* court held that a service provider “reasonably implements”²⁰ a termination policy if (1) it has a working notification system, (2) a procedure for dealing with DMCA-compliant notifications, and (3) it does not actively prevent copyright owners from collecting information needed to issue such notifications.²¹

B. Accommodation of Standard Technical Measures

The service provider must also accommodate and not interfere with “standard technical measures,” which means “technical measures that are used by copyright owners to identify or protect copyrighted works and

- 1) have been developed pursuant to a broad consensus of copyright owners and service providers in an open, fair, voluntary, multi-industry standards process;
- 2) are available to any person on reasonable and nondiscriminatory terms; and
- 3) do not impose substantial costs on service providers or substantial burdens on their systems or networks.”²²

In *Perfect 10 II*, the Ninth Circuit suggested that whether a service provider has interfered with “standard technical measures” is a question of fact.²³ In that case, Perfect 10, Inc., argued that the defendants did not qualify for safe harbor protection because they had interfered with standard technical measures by preventing Perfect 10 from accessing suspected infringing websites.²⁴ The Ninth Circuit remanded the case to the district court because it was unable to determine on the record whether accessing websites “is a standard technical measure, which was ‘developed pursuant to a broad consensus of copyright owners and service providers in an open, fair, voluntary, multi-

²⁰ See *Perfect 10 II*, 488 F.3d at 1109 (“[A]n implementation is reasonable if, under ‘appropriate circumstances,’ the service provider terminates users who repeatedly or blatantly infringe copyright.”).

²¹ *Id.*

²² 17 U.S.C. § 512(i)(2).

²³ *Perfect 10 II*, 488 F.3d at 1115 (remanding case in part to allow trial court to determine whether defendant interfered with standard technical measures).

²⁴ *Id.*

¹⁸ *Perfect 10, Inc. v. CCBill, LLC*, 488 F.3d 1102, 1109 (9th Cir. 2007) (*Perfect 10 II*) (citations omitted).

¹⁹ 17 U.S.C. § 512(k)(1)(B).

industry standards process.”²⁵ Commentators have observed that defining “standard technical measures” is notoriously difficult because of the lack of consensus among copyright holders and service providers, as well as constantly changing norms of technology and surveillance.²⁶

Today, fingerprinting technology is one of the primary ways copyright holders are able to identify the unauthorized distribution of their works online. This technology scans the Internet for digital “fingerprints,” including tempo, tone, and color that are unique to copyrighted works.²⁷ UGC service providers such as YouTube have voluntarily taken proactive measures to incorporate fingerprinting into their websites to assist copyright holders in identifying copyrighted content online.²⁸ Despite the relative prevalence of fingerprinting technology, the phrase “standard technical measure” has yet to attach to any specific technology. The courts will undoubtedly continue to wrestle with this issue in the future and hopefully provide additional guidance as to the meaning of “standard technical measures.”

V. THE UGC SERVICE PROVIDER SAFE HARBOR: § 512(C)

UGC service providers typically invoke the protection provided by the § 512(c) safe harbor. This subsection affords safe harbor from liability for copyright infringement “by reason of the storage at the direction of a user of material that resides on a system or network controlled or operated by or for the service provider.” To qualify for this protection, UGC service providers must meet the general eligibility requirements discussed above (implementation of a termination policy and accommodation of standard technical measures), as well as the following eligibility requirements specific to § 512(c):

- 1) The service provider must not have “actual knowledge” of infringing activity;
- 2) In the absence of “actual knowledge,” the service provider must not be aware of facts or circumstances from which infringing activity is apparent;

- 3) Upon obtaining actual knowledge or awareness, the service provider must act expeditiously to remove or disable access to the infringing material;
- 4) The service provider cannot receive a “financial benefit directly attributable to the infringing activity,” when the service provider has the “right and ability to control” such activity;
- 5) Upon proper notification of claimed infringement, the service provider must respond expeditiously to remove or disable access to infringing materials;
- 6) The service provider must have designated an agent to receive DMCA notices and provided the requisite contact information on its website and to the Copyright Office.

A. Actual and Apparent Knowledge.

The DMCA generally does not require affirmative monitoring.²⁹ Although affirmative monitoring may be required if such monitoring became a “standard technical measure,”³⁰ such measures must be “developed pursuant to a broad consensus of copyright owners and service providers in an open, fair, voluntary, multi-industry standards process,” and there is little incentive for the service providers to develop such a broad consensus. Thus, as commentators have suggested, it seems unlikely that the need for any affirmative monitoring will be necessary by UGC service providers.³¹

But once a UGC provider becomes aware of a red flag³² it may lose liability protection if it fails to take

²⁵ *Id.* (citation omitted).

²⁶ 3 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 12B.02[B][3][a] (2014).

²⁷ See, e.g., *Audio Fingerprinting, Music Trace*, <http://www.musictrace.de/technologies/fingerprinting.en.htm> (last visited Sept. 27, 2014).

²⁸ *How Content ID Works*, YouTube, <https://support.google.com/youtube/answer/2797370> (last visited Sept. 12, 2014).

²⁹ “As stated in subsection (c)(1), a service provider need not monitor its service or affirmatively seek facts indicating infringing activity (except to the extent consistent with a standard technical measure complying with new subsection (h), in order to claim this limitation on liability (or, indeed any other limitation provided by the legislation).” H.R. Rep. No. 105-551 pt. 2, at 53; *but see* H.R. Rep. 105-551 pt. 1, at 26 (“Once one becomes aware of such information, however, one may have an obligation to check further.”).

³⁰ *Id.*

³¹ 3 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 12B.03[B][3][b] (2014).

³² The legislative history provides some guidance as to what constitutes a red flag.

³² The “red flag” test has both a subjective and an objective element. In determining whether the service provider was aware of a “red flag,” the subjective awareness of the service provider of the facts or circumstances in question must be determined. However, in deciding whether those facts or circumstances constitute a “red flag”—in other words, whether infringing activity would have been apparent to a reasonable person operating under the same or similar

appropriate action. In *Viacom Int'l, Inc. v. YouTube, Inc.*, to be discussed more fully later in this article, the Second Circuit described the difference between actual knowledge and apparent knowledge to be somewhere “between a subjective and objective standard.”³³ In other words, the red flag provision “turns on whether the provider was subjectively aware of facts that would have made the specific infringement ‘objectively’ obvious to a reasonable person.”³⁴ Recent appellate decisions have also stated that a service provider cannot “willfully bury its head in the sand” to avoid obtaining specific knowledge of infringement.³⁵ Thus, a service provider may be liable if it has subjective knowledge of infringing activity or has deliberately turned its head to avoid learning about such activity.

B. Direct Financial Benefit.

The House Report on the DMCA³⁶ states that the financial benefit standard is intended to codify and clarify the direct financial benefit element of vicarious liability as it has been interpreted in cases such as *Marobie-FL, Inc. v. National Ass'n of Fire Equip. Distrib.*³⁷ So, for example, the report provides that receiving a one-time set-up fee and flat periodic payments for service from a person engaging in infringing activities would not constitute receiving a “financial benefit directly attributable to the infringing activity.” Significantly, however, the report states that a direct financial benefit would exist if one received such fees when the value of the service lies in providing access to infringing material. As some courts have put it, “the relevant inquiry is ‘whether the infringing activity constitutes a draw for subscribers, not just an added benefit.’”³⁸

circumstances—an objective standard should be used. H.R. Rep. No. 105-551, pt. 2, at 53; see also S. Rep. No. 105-190, at 44.

³³ 676 F.3d 19, 31-32 (2d Cir. 2012).

³⁴ *Id.*

³⁵ *UMG Recordings, Inc. v. Shelter Capital Partners LLC*, 718 F.3d 1006, 1023 (9th Cir. 2013).

³⁶ H.R. Rep. 105-551, pt.1.

³⁷ *Marobie-FL, Inc. v. National Ass'n of Fire Equip. Distrib.*, 983 F. Supp. 1167, 1179 (N.D. Ill. 1997) (stating no direct financial benefit where defendant only received a one-time set up fee and recurring flat rate).

³⁸ *Columbia Pictures Indus., Inc. v. Fung*, 710 F.3d 1020, 1044 (9th Cir. 2013) (quoting *Perfect 10 II*, 488 F.3d at 1117).

C. Right and Ability to Control.

This term was intended to codify the second element of common-law vicarious liability.³⁹ Courts have held that a service provider’s ability to remove or block access to materials on its website itself is not enough to prove that the provider had “the right and ability to control” the infringing activity.⁴⁰ In the context of UGC service providers, however, it is not clear how much more control will be sufficient to constitute a “right and ability to control.”

D. Expeditious Removal.

Current case law also does not provide clear guidance as to what will satisfy this element. It is important to note, however, that Congress intended for the determination of an “expeditious” removal or disabling of access to infringing material on a case-by-case basis:

“Because the factual circumstances and technical parameters may vary from case to case, it is not possible to identify a uniform time limit for expeditious action.”⁴¹

For several years, larger service providers like Facebook and YouTube have had the resources to respond to mass take-down notices within a short period of time.⁴² As technology to detect and remove infringing material continues to advance,⁴³ the definition of “expeditious” will likely evolve.

³⁹ *Perfect 10 II*, 488 F.3d at 1117 (“[W]e hold that ‘direct financial benefit’ should be interpreted consistent with the similarly-worded common law standard for vicarious copyright liability.”); *Ellison v. Robertson*, 357 F.3d 1072 at 1078 (a vicariously liable copyright infringer “derive[s] a direct financial benefit from the infringement and ha[s] the right and ability to supervise the infringing activity.”); *EMI April Music, Inc. v. White*, 618 F. Supp. 2d 497, 507 (E.D. Va. 2009) (“Vicarious liability generally exists when two elements are present...” “First, a defendant must possess the right and ability to supervise the infringing conduct. Second, the defendant must have “an obvious and direct financial interest in the exploitation of copyrighted material.”) (citations omitted).

⁴⁰ *Viacom*, 676 F.3d at 35.

⁴¹ H.R. Rep. 105-551, pt. 2, at 53-54.

⁴² For example, on February 2, 2007, Viacom sent YouTube a mass take-down notice for 100,000 videos, and YouTube removed nearly all of the infringing material within one business day. *Viacom Int'l Inc. v. YouTube, Inc.*, 718 F. Supp. 2d 514, 524 (S.D.N.Y. 2010), *aff'd in part, vacated in part, remanded*, 676 F.3d 19 (2d Cir. 2012).

⁴³ Google has created a program known as Content ID, which detects copyrighted material as soon as a user attempts to upload it. The program checks the material

VI. SECTION 512(C) NOTIFICATIONS

Although the DMCA imposes strict eligibility requirements on service providers, it also imposes duties on copyright holders, the most important of which are the procedures for notifying a service provider about infringing material.⁴⁴ A UGC service provider will not lose safe harbor protection for failing to respond expeditiously to remove or disable access to infringing material unless the copyright holder has issued a proper notification pursuant to the requirements contained in § 512(c).⁴⁵

Under the DMCA, a proper notification must:

- 1) be a written communication;
- 2) be provided to the designated agent of the service provider; and
- 3) include substantially the following:
 - a) physical or electronic signature of person authorized to act on behalf of the copyright owner;
 - b) identification of the copyrighted work claimed to have been infringed or, if multiple copyrighted works are on a single online site, a representative list of such works;
 - c) identification of the infringing material that is to be removed or disabled and information reasonably sufficient to permit the service provider to locate the material;
 - d) information sufficient for the service provider to contact the complaining party;
 - e) a statement that the complaining party has a good faith belief that use of the material is not authorized by the copyright owner, its agent, or the law; and
 - f) a statement that the notification is accurate and under penalty of perjury

against a database of copyrighted audio and video footage. Then, it allows a copyright owner to either remove the material or advertise on it. Dave Lee, *James Foley: Extremists battle with social media*, BBC NEWS (Aug. 20, 2014), <http://www.bbc.com/news/technology-28870777> (last visited Sept. 27, 2014).

⁴⁴ See *Perfect 10 II*, 488 F.3d at 1113 (“The DMCA notification procedures place the burden of policing copyright infringement—identifying the potentially infringing material and adequately documenting infringement—squarely on the owners of the copyright.”).

⁴⁵ See *id.* (holding that knowledge of infringing activity under § 512(i) could not be attributed to the service provider where the plaintiff did not issue proper notification under § 512(c)).

the complaining party is authorized to act on behalf of the copyright owner.⁴⁶

In *Perfect 10 II*, the Ninth Circuit held that the DMCA “signals that substantial compliance means substantial compliance with all of § 512(c)(3)’s clauses, not just some of them.”⁴⁷ However, this does not mean strict compliance. Even if a copyright holder does not strictly comply with the requirements of § 512(c)(3), notice may still be sufficient. In *ALS Scan, Inc. v. RemarQ Communities, Inc.*, the Fourth Circuit considered whether a service provider is eligible for safe harbor protection when it receives “imperfect notice” of infringing activity from a copyright holder.⁴⁸ ALS Scan holds the copyright to hundreds of “adult” photographs, which were posted on newsgroups operated by RemarQ Communities. ALS Scan sent a “cease and desist” letter to RemarQ, asking it to delete two specific newsgroups that contained ALS’s copyrighted photos.⁴⁹ The court of appeals held that ALS Scan “substantially complied” with the DMCA notification requirements because the letter clearly identified the two newsgroup sites “created solely for the purpose of publishing and exchanging” the copyrighted material.⁵⁰ Therefore, RemarQ could not rely on a claim of defective notice to maintain the safe harbor defense.⁵¹

Once proper notification is given, the service provider must move expeditiously to remove the infringing material. Section 512(g) protects service providers from liability for disabling access to or removing material or activity in good faith based upon an infringement claim by the copyright holder or based upon facts or circumstances from which infringing activity is apparent, regardless of whether the material is ultimately determined to be infringing.

To be entitled to this protection, the service provider must comply with the notification procedures set forth in § 512(g), which requires the service provider to:

⁴⁶ 17 U.S.C. § 512(c)(3).

⁴⁷ *Perfect 10 II*, 488 F.3d at 1112 (“Compliance is not ‘substantial’ if the notice provided complies with only some of the requirements of § 512(c)(3)(A).”); see H. Rep. 105-551 pt. 2, at 56 (A communication substantially complies even if it contains technical errors such as misspellings or outdated information.).

⁴⁸ 239 F.3d 619, 620 (4th Cir. 2001).

⁴⁹ *Id.* at 620-21.

⁵⁰ *Id.* at 624-25.

⁵¹ *Id.*

- 1) promptly take reasonable steps to notify the subscriber that it has removed or disabled access to the material;
- 2) upon receipt of a counter notification, promptly provide the person who provided the notification with a copy of the counter notification, and inform the person that it will replace the removed material or cease disabling access to it in 10 business days; and
- 3) replace the removed material and cease disabling access to it not less than 10, nor more than 14, business days following receipt of the counter notice, unless its designated agent first receives notice from the person who submitted the notification that such person has filed an action seeking a court order to restrain the subscriber from engaging in infringing activity relating to the material on the service provider's system or network.⁵²

After removing material pursuant to a proper notification, the service provider is required to notify the poster of the material that the material has been removed based on a § 512(c) notification.⁵³ The poster can then issue a counter-notification. Like the initial notification regarding infringing material, the DMCA specifies the required contents of a counter-notification. It must substantially include the following:

- a) A physical or electronic signature of the subscriber;
- b) Identification of the material that has been removed or to which access has been disabled and the location at which the material appeared before it was removed or access to it was disabled;
- c) A statement under penalty of perjury that the subscriber has a good faith belief that the material was removed or disabled as a result of mistake or misidentification of the material to be removed or disabled; and
- d) The subscriber's name, address, and telephone number, and a statement that the subscriber consents to jurisdiction and will accept service of process.⁵⁴

Upon receipt of such a counter-notification, the service provider must provide the person who sent the original notification with a copy of the counter-notification.

⁵² See 17 U.S.C. § 512(g)(2)(A)-(C).

⁵³ 17 U.S.C. § 512(g).

⁵⁴ See 17 U.S.C. § 512(g)(3).

The service provider must also inform the notifier that the removed material will either be replaced or access will be re-enabled within 10 business days.⁵⁵ After sending appropriate notice to the original notifier, the service provider is required to replace or cease disabling access to the material not less than 10, but not more than 14, business days following receipt of the counter-notification unless the original notifier states that he has filed an action seeking a court order to restrain the subscriber from using the material.⁵⁶

VII. MISREPRESENTATION UNDER NOTICE PROCESS

Notifications and counter-notifications should not be issued without careful consideration. Section 512(f) makes liable any person who, under § 512, knowingly materially misrepresents that material or activity is infringing. This subsection also imposes liability for persons who knowingly materially misrepresent, through use of the counter-notification process, that content was removed or disabled by mistake or misidentification. Such persons are liable for any resulting damages, including costs and attorneys' fees incurred by the alleged infringer, copyright owner, or service provider.⁵⁷

In July 2007, a YouTube user sued Universal Music Publishing Group for misrepresentation under this section.⁵⁸ The plaintiff, Stephanie Lenz, posted a video on YouTube that showed her child dancing to a slightly audible Prince song playing in the background.⁵⁹ Universal sent YouTube a take-down notice, and the video was removed. Lenz then sent YouTube a counter-notice, and the video was ultimately reposted to the website. Lenz claimed that Universal was liable for misrepresentation under § 512(f) because her use of the Prince music was obviously "fair use." Thus, she alleged that Universal knowingly misrepresented that the posted content was infringing material. In January 2013, the federal district court denied both parties' motions for summary judgment. The court said that Lenz would have to prove at trial that "a reasonable actor in Universal's position would have understood that fair use was 'self-evident,' and that this circumstance is evidence of Universal's alleged willful blindness." Likewise, the court stated that Universal could argue that it did not

⁵⁵ 17 U.S.C. § 512(g)(2)(B).

⁵⁶ 17 U.S.C. § 512(g)(2)(C).

⁵⁷ 17 U.S.C. § 512(f)(2).

⁵⁸ Complaint, *Lenz v. Universal Music Publ'g Group*, No. 07-03783-MEJ (N.D. Cal. July 24, 2007).

⁵⁹ Stephanie Lenz, 'Let's Go Crazy' #1, YouTube, <http://www.youtube.com/watch?v=N1KfJHFwIhQ> (last visited Sept. 22, 2014).

act with the subjective intent required by § 512(f).⁶⁰ Both parties have cross appealed to the Ninth Circuit.⁶¹

VIII. PROMINENT UGC COPYRIGHT CASES

The current state of copyright and the DMCA law as applied to UGC is still somewhat unsettled because UGC is a relatively recent phenomenon and the variety of UGC service providers is rapidly growing. However, there are a couple of cases that offer some guidance in this area.

A. *Viacom v. YouTube*

In March 2007, after licensing negotiations broke down, Viacom filed a \$1 billion copyright infringement suit against YouTube and Google. Viacom alleged that, although YouTube's website "purports to be a forum for users to share their own original 'user generated' video content ...," the site promotes "rampant infringement" of others' copyrights.⁶² Further, Viacom alleged that the widespread availability of such infringing content "is the cornerstone of [YouTube's] business plan."⁶³

In June 2010, the federal district court for the Southern District of New York held that generalized knowledge of copyright infringement is insufficient to deny safe-harbor protection to online service providers (e.g., YouTube) under the DMCA with respect to those providers' storage of user-provided content.⁶⁴ The district court granted summary judgment in favor of YouTube, finding there was no issue of fact regarding whether YouTube had actual knowledge of specific infringing items uploaded by its users.⁶⁵

On appeal, the Second Circuit affirmed the district court's ruling that YouTube qualified for the DMCA's safe harbor provisions, but remanded for

more extensive consideration of narrower issues.⁶⁶ These issues included whether YouTube had actual knowledge of specific infringements, whether it was willfully blind to any such specific infringements, and whether YouTube had the "right and ability to control" infringing activity under the exception to the safe harbor created by § 512(c)(1)(B).⁶⁷

Considering these issues in light of the Second Circuit's guidance on remand, the district court again granted summary judgment for YouTube on every issue.⁶⁸ The parties settled in May 2014.

B. *UMG Recordings, Inc. v. Shelter Capital Partners LLC*

Several months after Viacom initiated its lawsuit, Universal Music Group (UMG), one of the largest recorded music and music publishing companies, sued Veoh Networks, a website operator that allowed users to share videos with others free of charge.⁶⁹ UMG argued that Veoh had "taken mass infringement on the Internet to a new and dangerous level by supplying the public with an integrated combination of services and tools that make infringement free, easy, and profitable for Veoh."⁷⁰ Veoh moved for summary judgment based on the safe harbor provision of § 512(c).⁷¹ In its decision upholding the district court's summary judgment in favor of Veoh, the Ninth Circuit observed that UMG did not notify Veoh of any specific infringing videos on Veoh's system.⁷² Thus, the court reasoned that UMG's failure to use the formal DMCA notice protocol "stripped it of the most powerful evidence of a service provider's knowledge—actual

⁶⁶ *Id.* at 41.

⁶⁷ *Id.*

⁶⁸ *Viacom Int'l Inc. v. YouTube, Inc.*, 940 F. Supp. 2d 110, 123 (S.D.N.Y. 2013) (The District Court granted summary judgment on the grounds that Viacom could offer no proof on a clip-by-clip basis that YouTube had actual knowledge of or was willfully blind to specific copyright infringements. Furthermore, the court found that YouTube did not have the right and ability to control the infringing activity considering YouTube's actions did not go any further than that of a normal service provider. Finally, although YouTube stored the videos for access through third parties (e.g., Verizon, Apple, etc.), it never manually selected or delivered any of the videos and therefore is protected by the § 512(c) safe harbor.).

⁶⁹ *Shelter Capital Partners LLC*, 718 F.3d at 1013.

⁷⁰ First Amended Complaint *UMG Recordings, Inc. v. Shelter Capital Partners*, 665 F.Supp.2d 1099 (C.D. Cal. 2009) (No. 207CV05744) 2008 WL 4194216 at ¶ 14.

⁷¹ *Shelter Capital Partners LLC*, 718 F.3d at 1011.

⁷² *Id.*

⁶⁰ *Lenz v. Universal Music Corp.*, 5:07-CV-03783-JF, 2013 WL 271673 (N.D. Cal. Jan. 24, 2013), appeal granted (May 30, 2013).

⁶¹ See *Lenz v. Universal*, Electronic Frontier Foundation, <https://www EFF.org/cases/lenz-v-universal> (last visited Sept. 13, 2014) (The EFF is a non-profit dedicated to "defending civil liberties in the digital world." Through litigation, political analysis, and activism, they work to protect individuals' rights as technology continues to develop.).

⁶² Brief of Plaintiff-Appellant at 4 *Viacom Int'l Inc. v. YouTube, Inc.*, 676 F.3d 19 (2d. Cir. 2012) (No. 10-3270), 2011 WL 1747058.

⁶³ First Amended Complaint for Declaratory and Injunctive Relief and Damages and Demand for Jury Trial *Viacom Int'l Inc. v. YouTube, Inc.*, 718 F.Supp.2d 514 (S.D.N.Y. 2010) (Nos. 1:07-cv-02103, 1:07-cv-03582), 2008 WL 2062868.

⁶⁴ *Viacom*, 676 F.3d at 26.

⁶⁵ *Id.*

notice of infringement from the copyright holder.”⁷³ The appellate court rejected UMG’s argument that merely hosting a category of copyrightable content such as “music videos” was sufficient to prove that Veoh had actual knowledge of infringing material on its website.⁷⁴ Significantly, the court held that with only the “general knowledge that one’s services *could* be used to share infringing material,” a service provider lacks actual knowledge of infringement.⁷⁵

IX. CONTESTED ISSUES IN UGC LITIGATION

Despite the growth in UGC service providers, courts have yet to fully address and interpret some of the DMCA provisions. Some of these include the following:

A. Standard Technical Measures

In *Viacom v. YouTube*, discussed above, Viacom asserted that YouTube failed to accommodate standard technical measures by implementing features that prevent copyright owners from finding infringing videos on the YouTube website. Viacom pointed out that YouTube allows its users to make videos only available to certain audiences through features like the “embed,” “share,” and “friends” functions. Facebook has similar features where users can choose to share information with only certain members. These features make copyright infringement somewhat more difficult to detect. Today, most major UGC service providers have implemented technology to assist copyright owners in policing their content. However, if Facebook, Twitter, YouTube, and Instagram—the leaders in the UGC industry—fail to implement new technologies as they are developed, can those technologies ever become the “standard technical measures?”

B. Right and Ability to Control

Even when a service provider receives a direct financial benefit, the service provider will not lose § 512(c) protection unless it also had the right and ability to control the infringing activity. Although video fingerprinting technology is becoming more effective at identifying infringing content, there is still room for improvement. As previously discussed, proving that a service provider has the ability to control infringing material requires “something more” than the service provider’s technical ability to remove or block infringing materials.”⁷⁶ Although video fingerprinting technology can block infringing material, it sometimes

also identifies and blocks non-infringing content because it does not factor in fair use.⁷⁷ This possibility decreases the likelihood that the courts will find that service providers have the right and ability to control infringing content simply by implementing this filtering technology.

X. OWNERSHIP ISSUES

To avoid misrepresentation claims under the DMCA, copyright holders should be aware of the ownership issues associated with copyrighted material. Ownership issues are also important to service providers as they secure valid licensing agreements, when necessary, from users uploading UGC.

XI. DERIVATIVE WORKS

A derivative work is a work that is based on or derived from one or more pre-existing works. Copyright protection covers derivative works if those works include “an original work of authorship.”⁷⁸ Some examples include: translations, musical arrangements, and/or dramatizations. This copyright protection is limited, however. The protection only covers the aspects of the work that were changed.

To create a derivative work, the derivative creator must have permission from the original copyright owner. Therefore, if a UGC service provider plans to alter or transform UGC, it should secure permission from the copyright owner of the UGC. This permission can be incorporated into the service provider’s terms and conditions. Posters of UGC may create derivative works without the consent of the copyright owner. This could lead to liability both to the author of the derivative work and the UGC service provider, because a copyright holder could potentially sue both for improper use.⁷⁹

XII. JOINT OWNERSHIP

UGC is often not the sole product of the person posting the content, but is instead a work created by multiple persons. A “joint work” is created when it is prepared by two or more authors with the knowledge and intention at the time of creation that the contributions be merged into “inseparable and independent parts of a unitary whole.”⁸⁰

⁷³ *Id.* at 1020.

⁷⁴ *Id.* at 1022.

⁷⁵ *Id.* (emphasis added).

⁷⁶ *Viacom*, 676 F.3d at 35 (2d Cir. 2012).

⁷⁷ See Fred von Lohmann, *YouTube’s Copyright Filter: New Hurdle for Fair Use?*, Electronic Frontier Found., <https://www.eff.org/deeplinks/2007/10/youtubes-copyright-filter-new-hurdle-fair-use> (last visited Sept. 23, 2014).

⁷⁸ 17 U.S.C. § 101.

⁷⁹ See Lee C. Milstein, *Avoiding Legal Pitfalls on User-Generated Content Sites*, 11 No. 3 J. Internet L. 3, 7-8 (2007).

⁸⁰ 17 U.S.C. § 101.

Joint works create their own unique rights. These include:

- 1) The joint authors are treated as tenants in common;
- 2) Each author has an independent right to use or nonexclusively license use of the work;
- 3) The joint author can transfer his ownership to a third party but cannot transfer rights of any other joint owner;
- 4) Must account to other joint authors for profits; and
- 5) No joint author may make or authorize use of the work that would lead to destruction of the work.

To increase the chances of receiving a valid license and possibly avoiding some of the consequences of joint ownership, some UGC service providers have added to their terms and conditions (or other license procedures) a representation from the person uploading the UGC that he or she is either the sole owner of all of the IP rights in uploaded material or, if not the sole owner, that he or she has the right to grant the license that the UGC service provider seeks.

Below is one example from YouTube's terms and conditions that addresses joint ownership issues:

You further agree that Content you submit to the Service will not contain third party copyrighted material, or material that is subject to other third party proprietary rights, unless you have permission from the rightful owner of the material or you are otherwise legally entitled to post the material and to grant YouTube all of the license rights granted herein.⁸¹

XIII. TRANSFER OF A COPYRIGHTED WORK

For a transfer of a copyright interest to be effective, it must be in writing and signed by all of the owners of the copyright interest transferred. Also, to permit further transfers, express language implying the intent to permit assignment or transfer must be present. An example of such language might include, "this agreement shall be binding on heirs, successors, and assigns of the parties." If any contrary language exists, any attempted transfer or assignment may be invalid. In sum, if a UGC service provider desires to obtain a valid transfer of UGC, the provider must take care to

comply with the law applicable to the transfer of copyrights and include language allowing further transfer.

XIV. NONEXCLUSIVE LICENSES

A written nonexclusive license signed by the owner of the rights prevails over a conflicting exclusive transfer if taken in good faith before the transfer. Thus, an exclusive transferee takes the transfer subject to any nonexclusive licenses. If a UGC service provider desires to obtain an exclusive license and complete control over the material, it should ensure that the copyright owner(s) has/have not given any nonexclusive licenses.

XV. LICENSING CONTRACTS

Filtering technology to detect copyright infringement can be costly and burdensome, prompting UGC service providers and major copyright holders to enter into contracts regarding rights and revenue sharing possibilities. For example, YouTube has entered into licensing agreements with the top three music labels—Universal, Sony and Warner—in an effort to create a user-paid, advertisement-free version of its service to compete with companies like Spotify and Beats Music.⁸² Among other things, these agreements grant Google, YouTube's parent company, a "non-exclusive, limited right and license" to host, cache, route, transmit, store, copy, stream, and perform the labels' music.⁸³ In return, YouTube agrees to pay the label either a percentage of revenue or a minimum amount per subscriber to its service, whichever is greater.⁸⁴

XVI. DEFAMATION AND OTHER SPEAKER-RELATED ACTIONS

Although the most prominent and costly, copyright issues are not the only legal issues relating to UGC. Defamation is another area of law that has had occasion to be applied in the UGC arena.

⁸² Ben Sisario, *Indie Music's Digital Drag*, N.Y. TIMES (June 24, 2014),

http://www.nytimes.com/2014/06/25/business/media/small-music-labels-see-youtube-battle-as-part-of-war-for-revenue.html?_r=0.

⁸³ See, e.g., Paul Resnikoff, *F*&K It: Here's the Entire YouTube Contract for Indies...*, Digital Music News (June 23, 2014),

<http://www.digitalmusicnews.com/permalink/2014/06/23/fk-heres-entire-youtube-contract-indies>.

⁸⁴ Ed Christman, *Inside YouTube's Controversial Contract with Indies*, Billboard Magazine (June 20, 2014), <http://www.billboard.com/biz/articles/news/digital-and-mobile/6128540/analysis-youtube-indie-labels-contract-subscription-service>.

⁸¹ *Terms of Service*, YouTube, <http://www.youtube.com/t/terms> (last visited Sept. 14, 2014).

Many UGC service providers allow users to essentially post whatever content they choose. This unmonitored practice gives users the opportunity to post defamatory material, which has prompted several lawsuits against UGC service providers. In one of the earliest of these cases, *Carafano v. Metrosplash*, the plaintiff sued a UGC service provider for being the host of false content contained in a dating profile that was created by a user pretending to be the plaintiff.⁸⁵ The service provider merely posted the content but was still sued for defamation. Ultimately, this case was dismissed based on immunity provided by the Communications Decency Act.

XVII. COMMUNICATIONS DECENCY ACT

The Communications Decency Act (CDA) provides tort immunity to Internet service providers in certain circumstances. Section 230 of the CDA provides:

“No provider or user of an interactive computer service shall be treated as the publisher or speaker of any information provided by another information content provider.”⁸⁶

Service providers are not automatically entitled to CDA immunity. Instead, to qualify for § 230 immunity, the following requirements must be met:

- 1) The defendant must be a provider or user of an “interactive computer service”;
- 2) The cause of action must seek to treat the defendant as a “publisher or speaker” of information that is the subject of the lawsuit; and
- 3) The information must have been provided by another “information content provider,” that is, a third party.⁸⁷

Courts have extended § 230 immunity to more than defamation actions, including actions for breach of contract, invasion of privacy, negligence, and negligent misrepresentation; as well as state law trademark infringement, unfair and deceptive trade practices, and trademark dilution claims. In fact, a majority of federal circuits have interpreted the CDA to establish broad “federal immunity to any cause of action that

would make service providers liable for information originating with a third-party user of the service.”⁸⁸

A. Material Contribution Test

Recent decisions interpreting § 230 have applied the “material contribution test” and examined whether the service provider contributed to the illegality of the conduct on its website.

In *Jones v. Dirty World Entertainment*, teacher and former Cincinnati Ben-Gal cheerleader, Sarah Jones, sued the website www.TheDirty.com for displaying several user posts about her which she claimed harmed her reputation.⁸⁹ The site’s operator, Nik Richie, even commented himself on some user posts. Applying the “material contribution test,” the Sixth Circuit found that the website did not materially contribute to what made the online comments defamatory.⁹⁰ Therefore, it could not be held liable for merely selecting the statements for publication. Additionally, the court stated that Richie’s commentary did not materially contribute to the defamatory content of the posts.⁹¹ In other words, to lose immunity under § 230, the Sixth Circuit stated that the website operator must be “responsible for what makes the displayed content allegedly unlawful.”⁹² *See also Carafano*, 339 F.3d 1119 (finding § 230 immunity for an online matching-making service where matchmaking service prepared questionnaire that users were required to fill out before posting a profile); *Batzel*, 333 F.3d 1018 (granting immunity to listserv moderator for the posting of defamatory material even though he engaged in editing process whereby he selected particular emails for publication and made minor alterations to them). *But see Fair Housing Council of San Fernando Valley v. Roommates.com*, 489 F.3d 921 (9th Cir. 2007) (The Ninth Circuit held that an online roommate matching service was not eligible for CDA immunity).

⁸⁵ *Carafano v. Metrosplash*, 339 F.3d 1119, 1120 (9th Cir. 2003).

⁸⁶ 47 U.S.C. § 230(c)(1).

⁸⁷ *Id.*

⁸⁸ *Perfect 10 II*, 488 F.3d at 1118 (citing *Almeida v. Amazon.com, Inc.*, 456 F.3d 1316, 1321 (11th Cir. 2006) (quoting *Zeran v. America Online, Inc.*, 129 F.3d 327, 331 (4th Cir. 1997); *see also Carafano*, 339 F.3d at 1120 (citing *Batzel v. Smith*, 333 F.3d 1018, 1026-27 (9th Cir. 2003))).

⁸⁹ *Jones v. Dirty World Entm’t Recordings LLC*, 755 F.3d 398, 402 (6th Cir. 2014).

⁹⁰ *Id.* at 414.

⁹¹ *Id.* at 416.

⁹² *Id.* at 410.

XVIII. “TWIBEL” CASES

Posters of UGC should note that the CDA will not provide immunity for the creator of the defamatory content, such as the blogger, the poster, etc. Accordingly, a number of libel cases have arisen against individuals for comments made on Twitter. These so-called “Twibel” cases illustrate how traditional defamation law has made its way into social media.

A. *Gordon & Holmes v. Love*

In January 2014, Singer Courtney Love became the first person in the United States to go to trial over a defamatory tweet. The case arose from a 2010 tweet posted by Love, accusing her former attorney, Rhonda Holmes of bribery. Love tweeted, “I was f***** devastated [sic] when Rhonda J. Holmes esq. of San Diego was bought off @FairNewsSpears perhaps you can get a quote.”⁹³ Love posted the tweet after Holmes declined to assist Love in bringing a fraud case against the individuals managing the estate of Love’s late husband, Kurt Cobain. Holmes sought \$8 million in damages for the tweet that was sent to Love’s 300,000 Twitter followers. Love told the jury she had meant to send a private message to Holmes on Twitter, but that she accidentally made the tweet public and promptly deleted it.⁹⁴ After only three hours of deliberation, the jury found for Love. The jury ultimately believed that Love did not know the information in her tweet was untrue.⁹⁵ It is unclear how this case will impact future Twibel cases. Because this jury did not reach the damages question, it will inevitably be up to a future jury to calculate damages based on the defamatory tweet of a celebrity with a large following.

B. *Feld v. Conway*

Celebrities are not the only persons to find themselves in the middle of Twibel litigation. In *Feld v. Conway*, Mara Feld, a toxicology research scientist, purchased a thoroughbred horse and arranged for the

horse to be shipped to a horse farm.⁹⁶ However, information later surfaced suggesting the horse may have been sent to a slaughterhouse in Canada. Crystal Conway, an employee in the Kentucky thoroughbred horse industry, read about the sale online and subsequently posted on Twitter, “Mara Feld aka Gina Holt—you are f***** crazy!” Feld sued Conway for defamation based on the tweet.

The district court dismissed the case, pointing out that the statement was an opinion.⁹⁷ Significantly, the judge emphasized the importance of looking at context and other tweets to derive a statement’s meaning, stating that a “tweet cannot be read in isolation, but in the context of the entire discussion.”⁹⁸ This begs the question: In the context of Twitter, what constitutes the “entire discussion?”

XIX. RETWEETING

In addition to libel cases involving original Twitter posts, there have been a handful of defamation cases involving posts that have been “retweeted.” Twitter allows users to share other users’ posts with their followers by simply clicking a “Retweet” button. A retweet is indicated by the letters “RT” at the beginning of the tweet, along with an attribution to the original poster. Generally, retweets are copied verbatim from the original post, with some minor changes to fit the post within Twitter’s 140 character allotment. In some cases, however, users will add additional comments to the original message before retweeting it to others.

Under the republication doctrine, repeating false and defamatory statements has traditionally triggered liability for the repeater of the information. In the context of Twitter, however, there is still some disagreement as to whether individuals should face liability for retweeting defamatory statements.

Section 230 of the CDA, discussed above, states that “No provider *or user* of an interactive computer service shall be treated as the publisher or speaker of any information provided by another information content provider.”⁹⁹ The CDA does not define the term “user.”¹⁰⁰ However, courts have looked to the plain meaning of the term and determined that it includes those who engage in, among other things, the “action of compiling information from a

⁹³ Complaint for: 1. Libel; 2. Invasion of Privacy – False Light; 3. Intentional Interference with a Prospective Economic Advantage *Gordon & Holmes v. Love*, No. BC462438 (Cal. Super. Ct. May 26, 2011), 2011 WL 2062323.

⁹⁴ *Courtney Love Takes Stand in ‘Twibel’ Case*, ABC NEWS (Jan. 23, 2014), <http://abcnews.go.com/GMA/video/courtney-love-twitter-trial-rocker-takes-stand-twibel-21634699>.

⁹⁵ *Jury Rules in Favor of Courtney Love in ‘Twibel’ Case*, ABC NEWS (Jan. 24, 2014), <http://abcnews.go.com/US/jury-verdict-courtney-love-twibel-case/story?id=21661079>.

⁹⁶ *Feld v. Conway*, No. 13-13122-FDS, 2014 WL 1478702 (D. Mass. Apr. 14, 2014).

⁹⁷ *Id.* at 3.

⁹⁸ *Id.* at 2-3 (emphasis added).

⁹⁹ 47 U.S.C. § 230(a)(2) (emphasis added).

¹⁰⁰ *See id.*

website and emailing that information to others.”¹⁰¹ Likewise, at least one court has held that a person cannot be liable for defamation by simply forwarding a defamatory email to someone else.¹⁰² Thus, the case law suggests that a “naked retweet” (e.g., hitting the “Retweet” button and adding nothing more) does not trigger liability for republication.

A more complex question arises when the retweeter adds commentary or information to the original tweet. Drawing from the Sixth Circuit’s decision in *Jones*, liability for republication in this situation is equally unlikely unless the retweeter has “materially contributed” to what made the original tweet defamatory.

XX. PRIVACY AND RIGHT OF PUBLICITY

Posting UGC can also implicate privacy and right of publicity issues. In July 2014, Jahmel Binion sued former NBA player Shaquille O’Neal for invasion of privacy, intentional infliction of emotional distress, defamation, and general negligence related an Instagram photo Binion had posted.¹⁰³ Binion suffers from ectodermal dysplasia, a disease affecting his hair and teeth, and posted a selfie on Instagram. O’Neal posted a picture of himself next to a picture of Binion, apparently mocking the man’s genetic disease. Binion alleges the picture was sent to nearly 8.4 million people worldwide and that he has suffered \$25,000 in damages. The case is pending in Michigan state court.

Today, social media users such as Binion have little privacy in what they post online. With one click of the “share” button, Facebook users are able to share other users’ posts with their own “friends.” Thus, pictures, status updates, and news stories that a user intended for five people to see may be shared with an infinite number of people across the Facebook community. While Facebook allows users to determine who can view their original posts, there are currently no settings that prohibit other users from sharing those posts outside of the intended inner circle.

Facebook’s privacy policy has come under scrutiny by many of its users for granting Facebook the authority to use nearly any user activity on its website for advertising purposes.¹⁰⁴ This activity includes

posts, “likes” of other users’ profiles or posts, interactions with advertisers, and information that Facebook infers from user accounts. To enhance advertising, Facebook has even started studying users’ private messages that users’ do not share publically.¹⁰⁵ Thus, Facebook’s privacy policy essentially makes all UGC fair game in an attempt to increase ad revenue.

In 2011, a group of Facebook users brought a class action against Facebook, claiming that Facebook misappropriated their names and likenesses to promote its “friend finder” service.¹⁰⁶ Friend finder is a service that Facebook offers its users to help them find additional Facebook “friends” by searching contact information in users’ email accounts. Facebook promotes this service by displaying the names and profile pictures of its users who have utilized the service and encouraging other users to try it themselves. The plaintiffs alleged that by using their names and profile pictures for its friend finder advertisements, Facebook misappropriated their names and likenesses for its own commercial purposes.¹⁰⁷ The federal district court dismissed the case. Commenting on its decision, the court rejected Facebook’s argument that all of its users consent to Facebook’s use of their information simply by joining its social network with knowledge of the company’s privacy policy.¹⁰⁸ However, the court ultimately sided with Facebook because it found that the plaintiffs had not proven any injury.¹⁰⁹

Right of publicity issues may also be implicated when commercial businesses are themselves social media users. In April 2014, actress Katherine Heigl sued the drugstore Duane Reade for posting a picture of the actress holding a Duane Reade bag on the company’s Twitter and Facebook accounts. The company’s tweet stated, “Love a quick #DuaneRead run? Even @KatieHeigl can’t resist shopping at #NYC’s favorite drugstore.”¹¹⁰ Heigl claimed that the popular drugstore chain did not seek her permission before posting the picture online. Heigl voluntarily dismissed the suit, with both parties maintaining confidentiality regarding the terms of any settlement agreement.

¹⁰¹ *Directory Assistants, Inc. v. Supermedia, LLC*, 884 F. Supp. 2d 446, 452 (E.D. Va. 2012).

¹⁰² *Pham v. Pham*, 105 Cal. Rptr. 3d 791, 792 (Cal. Ct. App. 4th 2010).

¹⁰³ *Ex-NBA star Shaquille O’Neal, two others being sued by man with rare genetic disease who was mocked via social media*, NEW YORK DAILY NEWS (Aug. 1, 2014), <http://www.nydailynews.com/sports/basketball/shaq-sued-man-mocked-instagram-article-1.1888337>.

¹⁰⁴ See Amanda Scherker, *Didn’t Read Facebook’s Fine Print? Here’s Exactly What It Says*, HUFFINGTON POST (July

21, 2014), http://www.huffingtonpost.com/2014/07/21/facebook-terms-condition_n_5551965.html.

¹⁰⁵ *Id.*

¹⁰⁶ *Cohen v. Facebook, Inc.*, 798 F. Supp. 2d 1090 (N.D. Cal. 2011).

¹⁰⁷ *Id.* at 1092-93.

¹⁰⁸ *Id.* at 1094.

¹⁰⁹ *Id.* at 1097-98.

¹¹⁰ Complaint, *Heigl v. Duane Reade, Inc.*, No. 14-CV-2502, 2014 WL 1383558 (S.D.N.Y. April 9, 2014).

Virgin Mobile likewise found itself in litigation based on the use of UGC, though not involving a public figure. In 2007, a teenage girl's parents sued Virgin Mobile and Creative Commons, Inc. (a non-profit company that licenses the sharing of *flickr.com* photos) for libel and invasion of privacy relating to the use of the girl's photo in an ad campaign.¹¹¹ Virgin Mobile allegedly took the girl's photo from *flickr.com*. The photo was initially uploaded to *flickr.com* by the girl's youth pastor who took the photo at a church event. The youth pastor uploaded the photo under the Creative Commons CC-BY-2.0 license, which allows for commercial use of the photo without obtaining permission from the copyright owner.

After copying the photo from *flickr.com*, Virgin Mobile developed a billboard using the girl's photo accompanied with the text "Dump Your Pen Friend." Relying on the Creative Commons license, Virgin Mobile used the picture without obtaining permission from either the girl or the youth pastor. The lawsuit alleged that the unauthorized use of the photo caused embarrassment and damages to the girl's reputation. The case was dismissed in 2009 on procedural grounds.¹¹²

Because more businesses are using social media to promote their products and services, nearly every status update, photo, or video that is posted online—or reposted online—may begin to implicate privacy and right of publicity concerns. As social medial content becomes increasingly commercial, courts will likely continue to struggle with the issue of injury. Can average social media users prove harm when their images are used to promote products on social media? Or, are damages reserved, if at all, for public figures?

XXI. PRACTICAL TIPS

The rise in UGC-related litigation reveals that UGC carries with it not only great opportunities for collaboration and sharing but also myriad legal issues. These legal issues, and the possible liability associated with them, need to be considered carefully by website operators hosting UGC as well as those posting UGC. Many businesses not based primarily on UGC still allow visitors to post UGC in various forms, whether it be customer reviews, comments, or fora for uploading pictures. These businesses and their legal counsel should consider fully the legal implications of hosting this UGC. Below are some practical tips for UGC service providers and copyright holders that may help them navigate the legal minefield.

¹¹¹ *Chang v. Virgin Mobile USA, LLC*, 2009 WL 111570, at *1 (N.D. Tex. Jan. 16, 2009).

¹¹² *Id.*

A. For UGC Providers

- 1) Do everything possible to ensure that your business falls under the § 512(c) safe harbor provision. This means consultation with an attorney versed in this area of the law. This also means strict and prompt compliance with the notice and takedown procedures.
- 2) Rather than relying on the safe harbor, a safer approach may be to seek licenses and partnerships from content owners. YouTube and other UGC websites have used this procedure.¹¹³
- 3) Use click-wrap agreements rather than passive terms and conditions. Click wrap agreements require the user to scroll through the terms and conditions and affirmatively click an "accept" button. Passive terms and conditions are just that, passive. They are usually found in language on the Web page or accessible via a link. Passive terms and conditions do not require the user to take affirmative action to indicate acceptance of the terms and conditions. Click-wrap agreements are usually the better option because courts are more likely to enforce a click-wrap agreement rather than passive terms and conditions.¹¹⁴
- 4) Think carefully about the contents of the click-wrap agreements to ensure that all appropriate representations, warranties, and indemnities from submitting users are given.
- 5) Take a fresh look at your website to determine whether UGC content is present. Many websites that are not typical UGC websites still have some UGC content that could present legal issues for the service provider.

B. For Copyright Holders

Devote resources to monitoring UGC websites for possible infringement:

¹¹³ See, e.g., Wired, <http://blog.wired.com/business/2007/08/youtubesigns-r.html> (Mar. 1, 2008) (reporting that YouTube signed royalty deal with UK music rights group to license work of more than 50,000 songwriters, composers, and producers).

¹¹⁴ John W. Hazard, Jr., *Copyright Law in Business and Practice* § 6:30 (rev. ed.) ("With respect to click wrap licenses for downloaded software, a technical option that may greatly enhance enforceability of a license as to a particular licensee is if the affirmative action of assent (typically clicking on an 'I agree' icon) is recorded and attributed to information identifying the licensee, e.g., information transmitted pursuant to an online registration process.").

- 1) Upon discovery of infringing activity, use takedown provisions. Take care to comply with these takedown provisions as provided for in § 512(c).
- 2) Because issuing a takedown notice could result in liability for misrepresentation under § 512(f), carefully consider whether the material is infringing before issuing a takedown notice.
- 3) So that fewer resources are used for monitoring these sites, consider approaching UGC service providers for licensing and revenue sharing possibilities.

