

# **DEFINING THE CONTOURS OF THE DIGITAL MILLENNIUM COPYRIGHT ACT: THE GROWING BODY OF CASE LAW SURROUNDING THE DMCA**

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The Digital Millennium Copyright Act (DMCA) went into effect over five years ago, and courts continue to struggle with the task of statutory interpretation. While the constitutionality of the DMCA's anti-circumvention provisions is well established, the parameters of its safe harbor provisions are not as clearly defined. Several recent cases confirm the DMCA's constitutionality, and others define and clarify the roles and obligations of both copyright holders and online service providers in policing infringing works on the Internet. Still more cases have limited the reach of the DMCA to preclude its application outside the area of copyright-protected works.

This Note explores a broad range of recent developments under the DMCA. By way of background, Part I describes the context in which the content industries and online service providers reached the bargain with Congress that resulted in the Digital Millennium Copyright Act. Part II focuses on the anti-circumvention provisions of the DMCA, exploring the most recent developments involving durable goods aftermarkets, the newly announced regulatory exceptions, and the well-settled question of the constitutionality of these provisions. Part III considers the latest cases to interpret the parameters of the safe harbor provisions, and highlights the potential for abuse of cease-and-desist letters. This Note concludes that almost six years under the DMCA have proved both the limited scope of the exceptions and that the prohibitions, though broad, do not extend as far as durable goods aftermarkets and uncopyrighted works.

## **I. ADOPTION OF THE DIGITAL MILLENNIUM COPYRIGHT ACT**

The advent of content in digital format led to an explosion in the quantity of copyrighted material available on the Internet in the 1990s. This explosion led to a commensurate growth in digital piracy in which copyrighted works were copied and distributed over the Internet without the

permission of the copyright holders.<sup>1</sup> The growing concerns of these copyright owners that providing their content in digital format would facilitate infringement led them to seek an expansion of traditional copyright protection.<sup>2</sup> The owners threatened to withhold their products from the market unless Congress afforded them some kind of protection against digital piracy.<sup>3</sup> This strong lobbying by the content industry led Congress to consider expanding existing copyright protection in an effort to encourage the growth of copyrighted content available to the public.<sup>4</sup>

However, the content industry was not alone in its lobbying; online service providers, commonly known as Internet Service Providers (ISPs), also expressed their concerns to Congress that they would be held liable for copyright infringement and digital piracy over the Internet.<sup>5</sup> In an effort to reassure the ISPs and to ensure that the adoption of digital piracy legislation would not hamper the expansion of the Internet, Congress considered adopting a number of safe harbors to shield ISPs from liability. Even with these exceptions, Congress only intended to limit copyright owners' ability to sue ISPs for copyright infringement when the owners' works appeared on the Internet without their consent, not to limit their

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1. See 144 CONG. REC. H7074, H7099 (daily ed. Aug. 4, 1998) (statement of Sen. Dingell) ("Piracy of copyrighted works, particularly overseas, has increased dramatically, and copyright owners are desperately in need of additional protection to protect their property from thieves who increasingly prey on their creative ingenuity."); see also S. REP. NO. 105-190, at 8 (1998) ("Due to the ease with which digital works can be copied and distributed worldwide virtually instantaneously, copyright owners will hesitate to make their works readily available on the Internet without reasonable assurance that they will be protected against massive piracy.").

2. See Peter S. Menell, *Envisioning Copyright Law's Digital Future*, 46 N.Y.L. SCH. L. REV. 63, 134 (2002-2003).

3. See *id.* See generally Pamela Samuelson, *The Copyright Grab*, WIRED NEWS, Jan. 1996, at [http://www.wired.com/wired/archive/4.01/white.paper\\_pr.html](http://www.wired.com/wired/archive/4.01/white.paper_pr.html).

4. See S. REP. NO. 105-190, at 8 ("It will facilitate making available quickly and conveniently via the Internet the movies, music, software, and literary works that are the fruit of American creative genius."); see also H. REP. NO. 105-511, at 10 (1998) ("When copyrighted material is adequately protected in the digital environment, a plethora of works will be distributed and performed over the Internet.").

5. 144 CONG. REC. S11,887, S11,889 (daily ed. Oct. 8, 1998) (statement of Sen. Hatch) ("The OSPs and ISPs needed more certainty in this area in order to attract the substantial investments necessary to continue the expansion and upgrading of the Internet."); see also *WIPO Copyright Treaties Implementation Act and Online Copyright Liability Limitation Act: Hearing on H.R. 2281 and H.R. 2280 Before the Subcomm. on Courts and Intellectual Prop., House Comm. on the Judiciary*, 104th Cong. (1997) (statement of Roy Neel, President and Chief Executive Officer, United States Telephone Association) ("[W]hile UTSA members are committed to the Internet, the threat of copyright lawsuits is becoming an increasingly salient consideration in offering the service at all.").

ability to sue the person or persons who uploaded their works for direct copyright infringement.<sup>6</sup>

The Clinton Administration made an early effort to address the concerns of both content providers and ISPs by assembling the Information Infrastructure Task Force.<sup>7</sup> A working group formed by the Task Force proposed several changes to the Copyright Act, including outlawing copyright circumvention devices.<sup>8</sup> Both the House and the Senate endeavored to implement the working group's proposals, but bills introduced by each body failed in the 104th Congress.<sup>9</sup>

It was not until after the World Intellectual Property Organization (WIPO) conference in 1996 that Congress again attempted to pass copyright legislation to address digital piracy, this time in an effort to comply with the United States' treaty obligations.<sup>10</sup> After several failed attempts in both the House and the Senate to pass bills incorporating the terms of the WIPO agreement,<sup>11</sup> eventually one succeeded—the Digital Millennium Copyright Act.<sup>12</sup> President Clinton signed the DMCA in 1998.

The DMCA is the single greatest addendum to the Copyright Act since its passage in 1976. The Act added six new sections and two new chapters to the Copyright Act.<sup>13</sup> Congress designed the new chapter twelve to protect content providers. Chapter twelve contains the so-called anti-circumvention provisions and anti-trafficking provisions which prohibit

6. See 3 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 12B.01[C][1] (2004).

7. See S. REP. NO. 105-190, at 2.

8. INFO. INFRASTRUCTURE TASK FORCE, U.S. DEP'T OF COMMERCE, INTELLECTUAL PROPERTY RIGHTS AND THE NATIONAL INFORMATION INFRASTRUCTURE: THE REPORT OF THE WORKING GROUP ON INTELLECTUAL PROPERTY RIGHTS (1995) [hereinafter WHITE PAPER], available at <http://www.uspto.gov/web/offices/com/doc/ipnii/ipnii.pdf>.

9. See S. 1284, 104th Cong. (1995); H.R. 2441, 104th Cong. (1995).

10. The two treaties that emerged from the conference, the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty, both required that participating countries "provide adequate legal protection and effective legal remedies against the circumvention of effective technological measures" used to protect copyrighted works. WIPO Copyright Treaty art. 11, Dec. 20, 1996, available at <http://www.wipo.int/clea/docs/en/wo/wo033en.htm>; WIPO Performances and Phonograms Treaty art. 18, Dec. 20, 1996, available at <http://www.wipo.int/clea/docs/en/wo/wo034en.htm>.

11. H.R. 2180, 105th Cong. (1997) (addressing ISP liability); H.R. 3048, 105th Cong. (1997) (embodying the terms of the WIPO treaties). Congress failed to enact either bill.

12. Pub. L. No. 105-304, 112 Stat. 2860 (1998) (codified in scattered sections of 17 U.S.C.)

13. The Act added chapters twelve and thirteen to the Copyright Act. Chapter thirteen addresses vessel hull design protection—a topic not covered in this Note.

the circumvention of technological measures that protect a copyrighted work and the trafficking in devices designed for such circumvention.<sup>14</sup> Additions to chapter five of the Copyright Act contain safe harbor provisions that Congress designed to shield ISPs.<sup>15</sup> This Note explores recent developments under the DMCA: Part II focuses on the anti-circumvention provisions of chapter twelve, and Part III treats the safe harbor provisions of chapter five.

## II. THE ANTI-CIRCUMVENTION PROVISIONS

The anti-circumvention provisions are arguably the most important part of the DMCA. Their length belies their significance—these provisions impose both civil liability and criminal sanctions on violators.<sup>16</sup> Even though the anti-circumvention provisions do not constitute the lengthiest section of the DMCA, this section may be the most complicated.

### A. Background

Congress adopted the anti-circumvention provisions of the DMCA to placate the content industries.<sup>17</sup> Congress tailored the statute to the needs of copyright holders and content providers who release their works in encrypted digital format. As a result, Congress limited the anti-circumvention provisions to copyright-protected works that are effectively protected by technological measures.

The anti-circumvention measures consist of three liability provisions. Section 1201(a)(1) proscribes the act of circumventing technological measures that control access to a copyrighted work,<sup>18</sup> section 1201(a)(2) prohibits the trafficking in devices for the purpose of circumventing technological measures that control access to a copyrighted work,<sup>19</sup> and sec-

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14. 17 U.S.C. § 1201 (2000).

15. *Id.* § 512.

16. *Id.* § 1204.

17. *See supra* text accompanying notes 2-5.

18. “No person shall circumvent a technological measure that effectively controls access to a work protected under this title.” 17 U.S.C. § 1201(a)(1)(A).

19. No person shall manufacture, import, offer to the public, provide, or otherwise traffic in any technology, product, service, device, component, or part thereof, that—

(A) is primarily designed or produced for the purpose of circumventing a technological measure that effectively controls access to a work protected under this title;

(B) has only limited commercially significant purpose or use other than to circumvent a technological measure that effectively controls access to a work protected under this title; or

tion 1201(b) bans the trafficking in or marketing of anti-circumvention devices that target the use of copyrighted works.<sup>20</sup> The statute enumerates several exceptions and limitations to these anti-circumvention provisions, which range from a limited exemption allowing nonprofit libraries, archives, and educational institutions to circumvent a technological measure for the purposes of determining whether to add the copyrighted work to their collection,<sup>21</sup> to slightly broader exemptions for reverse engineering<sup>22</sup> and encryption research.<sup>23</sup>

Arguably, the statute also offers protection for the enterprising content provider with a penchant for public domain material. Commentators have pointed out that public domain material intermingled with original work and sealed with a technological measure would qualify for protection under the statute, even though copyright law only allows for the protection of the original aspects of the work in the absence of a protective technological measure.<sup>24</sup> Thus, it is possible under the statute to effectively create a new copyright where none existed before.

## B. Developments

### 1. Durable Goods Aftermarkets

Congress enacted the DMCA to protect the products of the content industries. In keeping with this intent, courts have shied away from extending the protections of the DMCA beyond the scope originally envisioned by Congress in the few cases that have raised this issue.<sup>25</sup> As the following

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(C) is marketed by that person or another acting in concert with that person with that person's knowledge for use in circumventing a technological measure that effectively controls access to a work protected under this title.

*Id.* § 1201(a)(2).

20. *Id.* § 1201(b) (providing similar prohibitions against trafficking in technology that is "primarily designed or produced for the purpose of circumventing protection afforded by a technological measure that effectively protects a right of a copyright owner under this title in a work or a portion thereof").

21. *Id.* § 1201(d).

22. *Id.* § 1201(f).

23. *Id.* § 1021(g).

24. See e.g., 3 NIMMER & NIMMER, *supra* note 6, § 12A.06[B][1].

25. See e.g., *Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 387 F.3d 522 (6th Cir. 2004); *Chamberlain Group, Inc. v. Skylink Techs., Inc.*, 381 F.3d 1178 (Fed. Cir. 2004) (holding that defendant's universal transmitter, which allowed users access to plaintiff's encrypted software embedded in its garage door openers, did not violate the anti-circumvention provisions of the DMCA), *petition for cert. filed*, 73 U.S.L.W. 3465 (2005). See generally Daniel C. Higgs, Note, *Lexmark International, Inc. v. Static Control Components, Inc. & Chamberlain Group, Inc. v. Skylink Technologies, Inc.*: *The*

case shows, attempts by durable goods manufacturers to extend the protections of the DMCA to cover their products have failed.

The Court of Appeals for the Sixth Circuit recently vacated a preliminary injunction against a microchip manufacturer sued under the anti-circumvention and anti-trafficking prohibitions.<sup>26</sup> Printer manufacturer Lexmark sought to enjoin microchip manufacturer Static Control Components (SCC) from distributing chips that mimicked Lexmark's copyrighted "Toner Loading Program."<sup>27</sup> The SCC chips enabled third-party, refurbished toner cartridges to engage with Lexmark's copyrighted "Printer Engine Program" and function with Lexmark printers.<sup>28</sup> Based on SCC's wholesale copying of the Toner Loading Program, the district court held that Lexmark had established a likelihood of success on its copyright infringement and DMCA claims.<sup>29</sup> The Sixth Circuit reversed, holding that the Toner Loading Program was not copyrightable and that it did not function as an access control mechanism to the Printer Engine Program.<sup>30</sup> The court reasoned that although the Toner Loading Program controlled one route of access, the Printer Engine Program was otherwise accessible.<sup>31</sup> Indeed, one need only purchase a Lexmark printer and the literal code of the Printer Engine Program would be freely available on the printer memory.<sup>32</sup> It followed that the Toner Loading Program did not function as an access control mechanism under the DMCA. The court relied heavily on the "effectively controls access" language of the statute to preclude a finding of infringement where the work is otherwise readily accessible.<sup>33</sup>

This case demonstrates several important prerequisites to liability under the DMCA. As a threshold issue, the work that is protected by technological measures must qualify for copyright protection. Liability can turn on whether the court finds a work protectable at all—even the most effective access restrictions will not impart copyright protection to an otherwise unprotected work. Secondly, there must be some type of security device in place to prevent unauthorized copying. The decision in *Lexmark* turned

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*DMCA and Durable Aftermarket Goods*, 19 BERKELEY TECH. L.J. 59 (2004) (discussing whether the DMCA's anti-circumvention provisions were intended to be applied to aftermarket goods and concluding that such an extension would be troubling).

26. *Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 387 F.3d 522 (6th Cir. 2004).

27. *Id.* at 528-29.

28. *Id.* at 529, 530-31.

29. *Id.*

30. *Id.* at 549-50.

31. *Id.* at 546-47.

32. *Id.* at 546.

33. *Id.* at 546-47.

not on the degree of protection, but on the lack thereof. Because Lexmark had left one avenue to copying its Printer Engine Program wide open, the court found that SCC had no liability under the DMCA. This case illustrates the manifest unwillingness of the courts to extend the protection of the statute's anti-circumvention provisions to regulate consumer goods.

## 2. *Rulemaking/Regulatory Exceptions*

Not completely insensitive to the rights of users, Congress incorporated a fail-safe mechanism into the DMCA for accommodating legitimate users of copyrighted works that would be adversely affected by the anti-circumvention provisions.<sup>34</sup> The anti-circumvention ban of § 1201 includes a provision directing the Librarian of Congress, in conjunction with the Register of Copyrights, to create additional exemptions from the ban on circumventing access controls.<sup>35</sup> This authority does not, however, extend to creating exemptions from the anti-trafficking prohibitions. The Librarian determines which actions to exempt from anti-circumvention liability on a three-year cycle. This schedule allows her to discard obsolete exceptions and to implement new exceptions which have developed in the intervening period. The practical effect is that from one cycle to the next, users of a particular class of works cannot be certain that their exemption will carry over to the next cycle. The resulting uncertainty led many researchers and other qualified users to abandon their activities at the threshold of the last rulemaking proceeding for fear of liability.<sup>36</sup>

Section 1201(a)(1)(C) provides the factors the Librarian should consider when making her determination:

- (i) The availability for use of copyrighted works;

34. According to the Commerce Committee report, the rulemaking proceeding is designed to "monitor developments in the marketplace for copyrighted materials, and allow the enforceability of the prohibition against the act of circumvention to be selectively waived, for limited time periods, if necessary to prevent a diminution in the availability to individual users of a particular category of copyrighted materials." H.R. REP. NO. 105-551, pt. 2, at 36 (1998).

35. 17 U.S.C. § 1201(d) (2000). This ongoing rulemaking is a novel regulatory activity in the area of Copyright Law. See Menell, *supra* note 2, at 197 ("Copyright law has entered a new phase in which the government will play a more central and ongoing role in the implementation of copyright protection.").

36. See ELEC. FRONTIER FOUND., UNINTENDED CONSEQUENCES: FIVE YEARS UNDER THE DMCA (Sep. 24, 2003) (giving several examples of this phenomenon, including the reluctance of prominent Dutch cryptographer Niels Ferguson to publish his findings on security flaws in an Intel video encryption system because of fear of liability, as well as Prof. Fred Cohen's move to de-publish his evidence-gathering software from his website for fear of the same), at [http://www.eff.org/IP/DMCA/unintended\\_consequences.pdf](http://www.eff.org/IP/DMCA/unintended_consequences.pdf).

- (ii) The availability for use of works for nonprofit, archival, preservation, and educational purposes;
- (iii) The impact that the prohibition on circumvention of technological measures applied to copyrighted works has on criticism, comment, news reporting, teaching, scholarship, or research;
- (iv) The effect of circumvention of technological measures on the market for or value of copyrighted works; and
- (v) Such other factors as the Librarian considers appropriate.<sup>37</sup>

The day before the prohibitions outlined in the DMCA took effect in 2000, the Librarian of Congress published the results of the initial rule-making proceeding.<sup>38</sup> These first exemptions included “compilations consisting of lists of websites blocked by filtering software” and “[l]iterary works, including computer programs and databases, protected by access control mechanisms that fail to permit access because of malfunction, damage or obsolescence.”<sup>39</sup> Upon the expiration of the two original exemptions, the Librarian of Congress approved four additional classes of works for exemption on October 31, 2003.<sup>40</sup> She based these exemptions on a lengthy recommendation by the Register of Copyrights.<sup>41</sup> The four new exemptions are as follows:

- 1) Compilations consisting of lists of Internet locations blocked by commercially marketed filtering software applications that are intended to prevent access to domains, websites, or portions of websites, but not including lists of Internet locations blocked by software applications that operate exclusively to prevent receipt of e-mail.

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37. 17 U.S.C. § 1201(a)(1)(c).

38. Exemption to the Prohibition on Circumvention of Copyright Protection Systems for Access Control Technologies, 65 Fed. Reg. 64556, 64561 (2000).

39. *Id.*

40. Exemption to Prohibition on Circumvention of Copyright Protection Systems for Access Control Technologies, 68 Fed. Reg. 62,011 (2003).

41. Memorandum from Marybeth Peters, Register of Copyrights, to James H. Billington, Librarian of Congress, Recommendation of the Register of Copyrights in RM 2002-4; Rulemaking on Exemptions from Prohibition on Circumvention of Copyright Protection Systems for Access Control Technologies (Oct. 27, 2003) [hereinafter Recommendation to Register of Copyrights], <http://www.copyright.gov/1201/docs/register-recommendation.pdf>.

- 2) Computer programs protected by dongles<sup>[42]</sup> that prevent access due to malfunction or damage and which are obsolete.
- 3) Computer programs and video games distributed in formats that have become obsolete and which require the original media or hardware as a condition of access.
- 4) Literary works distributed in ebook format when all existing ebook editions of the work . . . contain access controls that prevent the enabling of the ebook's read-aloud function and that prevent the enabling of screen readers to render the text into a "specialized format."<sup>43</sup>

In addition to recommending the four classes of works for exemption, the Register of Copyrights considered and rejected a number of proposed classes, including a broad exception for fair use.<sup>44</sup> In total, the Register rejected twenty-four proposed classes. In fact, the Librarian's exemptions are so narrow as to have very little practical effect. The overly limited nature of the exemptions has led some scholars to observe that they severely restrict fair use.<sup>45</sup>

### 3. *Constitutionality*

Another recent case makes it clear that the constitutionality of the anti-circumvention provisions of the DMCA is a well-settled issue. Because the courts have demonstrated their unwillingness to overturn the statute on constitutional grounds such as free speech, fair use, or the scope of Congressional powers, it is unlikely to be a successful defense to liability under the DMCA.

Recently, marketers and retailers of DVD-ripping software raised several constitutional challenges to the DMCA to no avail.<sup>46</sup> 321 Studios filed a complaint seeking two forms of declaratory relief for its software, DVD Copy Plus and DVD-X COPY.<sup>47</sup> Both programs allow a user to copy video content from original DVDs.<sup>48</sup> DVD Copy Plus allows a user to record a portion of the DVD content onto a recordable CD, whereas DVD-X COPY creates an identical copy of the original DVD onto recordable

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42. "A software protection device which must be plugged into a computer to enable the protected software to be used on it." OXFORD ENGLISH DICTIONARY (2d ed. 1989).

43. Exemption to Prohibition Against Circumvention, 37 C.F.R. § 201.40 (2004).

44. Recommendation to Register of Copyrights, *supra* note 41, at 82.

45. See David Nimmer, *A Riff on Fair Use in the Digital Millennium Copyright Act*, 148 U. PA. L. REV. 673 (2000); Samuelson, *supra* note 3.

46. 321 Studios v. MGM Studios, Inc., 307 F. Supp. 2d 1085 (N.D. Cal. 2004).

47. *Id.* at 1089.

48. *Id.* at 1089-90.

DVD media.<sup>49</sup> In order to access the DVD content, both programs employ some method of decryption to bypass the Contents Scramble System (CSS) that has become the industry standard for DVD access control.<sup>50</sup> In relevant part, 321 Studios sought a declaration that its software did not violate the DMCA or, in the alternative, that the anti-circumvention provisions of the DMCA were constitutionally invalid.<sup>51</sup> The court relied heavily on previous anti-circumvention decisions in *Corley*<sup>52</sup> and *Elcom*<sup>53</sup> to strike down 321 Studios' several constitutional challenges.

321 Studios first disputed that the DMCA impermissibly regulated speech in the form of computer code in violation of the First Amendment. Relying on *Corley*, the court found that the functional aspects of computer code regulated by the DMCA did not rise to the level of content-based restrictions prohibited by the First Amendment.<sup>54</sup> Similarly, the court dismissed 321 Studios' second argument that the DMCA unconstitutionally restricts the fair use rights of users. The court reasoned, again drawing heavily on the *Corley* decision, that while users are entitled to make backup copies of their lawfully purchased DVDs, fair use does not entitle them to a perfect copy.<sup>55</sup> Finally, the court relied on the reasoning in *Elcom* to dismiss 321 Studios' argument that the DMCA exceeded the scope of Congressional powers.<sup>56</sup>

The *321 Studios* court did not stray far from the conclusions of its predecessors *Reimerdes*,<sup>57</sup> *Corley*, and *Elcom* in adjudicating 321 Studios' constitutional challenges. The extent to which the court relied on *Corley* and *Elcom* suggests that the court found the constitutionality of the statute

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49. *Id.*

50. *Id.*

51. *Id.*

52. *Universal City Studios, Inc. v. Corley*, 273 F.3d 429, 458-59 (2d Cir. 2001) (holding that the DMCA does not unconstitutionally constrain fair use).

53. *United States v. Elcom Ltd.*, 203 F. Supp 2d 1111 (N.D. Cal. 2002) (holding that the DMCA was not unconstitutionally vague; that the DMCA did not violate free speech under the First Amendment because it is tailored to achieve the government's legitimate and protected interests; that the limited impairment of users' fair use rights did not render the DMCA unconstitutionally overbroad; that the DMCA is not unconstitutionally vague under the First Amendment; and that Congress did not exceed its authority under the Commerce Clause, the Intellectual Property Clause, or the Necessary and Proper Clause to enact the DMCA).

54. *Id.* at 1099-101.

55. *Id.* at 1101-02

56. *Id.* at 1103-05.

57. *Universal City Studios, Inc. v. Reimerdes*, 111 F. Supp. 2d 294 (S.D.N.Y. 2000) (upholding the constitutionality of the DMCA and enjoining defendants from posting the decryption code of CSS on the Internet or linking to websites that posted the code).

well established. As a result, potential defendants under the anti-circumvention provisions of the DMCA can no longer hope to escape liability by persuading a court that the Act is unconstitutional. Instead, they would be better served by working within the exemptions provided in the statute itself, such as the exemptions for reverse engineering and encryption research.

### III. THE SAFE HARBOR PROVISIONS

This Part describes the structure and function of the safe harbor provisions of the DMCA. Section A describes the provisions in detail. Section B focuses on the element of notice required by the safe harbor provisions. Section C clarifies the importance of qualifying for threshold eligibility before an ISP may assert any of the safe harbor provisions. Section D demonstrates that while the safe harbor provisions arguably provide the most effective escape from liability for ISPs, they are not the ISPs' exclusive recourse. Finally, Section E addresses concerns that copyright holders will abuse the notice system of the safe harbor provisions by demanding that ISPs remove material that is not in fact copyright protected or otherwise subject to the DMCA.

#### A. Background

Another statutory exemption to liability under the DMCA, in addition to the regulatory exceptions promulgated by the Librarian of Congress, is the so-called "safe harbor" provision for ISPs. As part of the compromise leading to the DMCA, ISPs received immunity from the copyright-infringing activities of their subscribers. Sections 512(a)-(d) provide protection from liability for: (a) transitory digital network communications,<sup>58</sup> (b) system caching;<sup>59</sup> (c) information residing on systems or networks at the direction of users;<sup>60</sup> and (d) information location tools.<sup>61</sup> To raise any of these safe harbor defenses, an ISP must meet certain threshold requirements.<sup>62</sup> Depending on which safe harbor the ISP seeks to establish, the statute imposes different conduct obligations on both the copyright holder and the ISP. For instance, the storage safe harbor in § 512(c) requires notice by the copyright holder and "take down" by the ISP, yet the conduit safe harbor in § 512(a) requires neither.

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58. 17 U.S.C. § 512(a) (2000).

59. *Id.* § 512(b).

60. *Id.* § 512(c).

61. *Id.* § 512(d).

62. *Id.* § 512(i).

## B. Notice Requirements

Under the DCMA, a successful claim for secondary copyright infringement depends on effective notice of the allegedly infringing activity by the copyright holder. Without such notice, an ISP can more easily demonstrate that it lacks “actual knowledge” of infringing materials required for safe harbor under § 512(a), (b), and (c). Adequate notice requires that a copyright holder provide an ISP with: its contact information and personal signature (or the signature of its representative); identification of the alleged infringing work; the location of the alleged infringing work; a statement of good faith belief that the alleged infringing work is unauthorized; and a statement that all information in the notification is accurate.<sup>63</sup> In addition, the court in *Hendrickson v. Amazon.com, Inc.* held that notice from a copyright holder is not viable for an indefinite period of time.<sup>64</sup> Instead, the notice only applies to items infringing the copyrighted work at the time the copyright holder sends the notice.<sup>65</sup> The notice will not be adequate as to future infringing works. Once effective notice is given, ISPs must meet increasing obligations in order to avoid liability.

In *Hendrickson*, the plaintiff owned the copyright to a film which he had not yet released in DVD format.<sup>66</sup> Nevertheless, Hendrickson found that he was able to purchase the film on DVD from a third-party seller on Amazon’s website.<sup>67</sup> Hendrickson thus brought suit against Amazon.com (Amazon) for both direct and indirect copyright infringement. The court dismissed the direct infringement claim for lack of sufficient evidence and focused on the merits of the vicarious infringement claim.<sup>68</sup> In order to qualify for the storage safe harbor in § 512(c), Amazon had to demonstrate that (1) it lacked actual knowledge of the infringing material; (2) it did not receive a financial benefit from the infringing activity; and (3) once notified by the copyright holder, it acted quickly to remove the material.<sup>69</sup>

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63. *Id.* § 512(c)(3)(A)(i)-(vi).

64. 298 F. Supp. 2d 914, 917 (C.D. Cal. 2003).

65. The court reasoned that “[b]ecause the language of the statute is present tense, it clearly indicates that Congress intended for the notice to make the service provider aware of the infringing activity that is occurring at the time it receives the notice.” *Id.*

66. *Id.* at 915.

67. *Id.* at 916.

68. In granting summary judgment for Amazon on the direct infringement claim, the court reasoned that an auto-generated e-mail from Amazon after the purchase and web-pages displaying the item were insufficient to establish that Amazon was the direct seller of the infringing material. *Id.* at 915.

69. Section 512(c)(1) requires that a service provider:

(A) (i) does not have actual knowledge that the material or an activity using the material on the system or network is infringing;

Primarily due to the inadequacy of Hendrickson's notice to Amazon, the court held that Amazon was able to satisfy all three elements of § 512(c). The court found that Amazon lacked actual knowledge under the first element because Hendrickson's initial notice was inadequate with respect to the DVD he purchased from the third-party seller nine months later.<sup>70</sup> The second element was more problematic for Amazon because it received a financial benefit from the third-party seller. The court found, however, that Amazon had neither the right nor ability to control the activity of third-party sellers, thus satisfying the second element.<sup>71</sup> Finally, also because of Hendrickson's lengthy delay after providing notice, the court held that the third element did not apply and that Amazon qualified for the safe harbor defense of the DMCA.<sup>72</sup> The time lapse between Hendrickson's initial notice and his purchase of the infringing DVD was simply too great to trigger Amazon's take down duties under the statute. Ultimately, Amazon owed the success of their safe harbor defense to Hendrickson's inadequate notice.

The *Hendrickson* case represents an important clarification of the roles of both copyright holders and ISPs in responding to the availability of infringing works on the Internet. Copyright holders cannot expect their duty to end and ISPs' liability to begin once they send a single notice of infringing works. While the court's holding did not provide an outside limit on the viability of a copyright holder's notice, it suggests at the very least that nine months is too long. In this respect, the court aptly reasoned that Congress did not intend for ISPs' to monitor their websites indefinitely. The copyright holder must share some of the burden in policing the Internet for infringing works.

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- (ii) in the absence of such actual knowledge, is not aware of facts or circumstances from which infringing activity is apparent; or
  - (iii) upon obtaining such knowledge or awareness, acts expeditiously to remove, or disable access to, the material;
  - (B) does not receive a financial benefit directly attributable to the infringing activity, in a case in which the service provider has the right and ability to control such activity; and
  - (C) upon notification of claimed infringement as described in paragraph (3), responds expeditiously to remove, or disable access to, the material that is claimed to be infringing or to be the subject of infringing activity.

17 U.S.C. § 512(c)(1) (2000).

70. *Hendrickson*, 298 F. Supp. at 917-18.

71. *Id.* at 918.

72. *Id.* at 917-18 (stating that the delay was nine months).

### C. Threshold Eligibility

Another recent case, *Ellison v. Robertson*, demonstrates the importance of meeting threshold requirements under § 512(i) before an ISP can qualify for any of the four safe harbor limitations of liability under § 512(a)-(d).<sup>73</sup> In this case, Harlan Ellison, author of several novels and short stories, sued America Online (AOL) for vicarious and contributory copyright infringement after an Internet user posted digital copies of Ellison's copyrighted works on a USENET news group which, according to standard USENET protocol, were ultimately forwarded to AOL's server.<sup>74</sup> The district court granted summary judgment for AOL, having found that AOL qualified for safe harbor protection as an ISP. However, AOL had changed its contact e-mail address for reporting copyright abuses but did not register the change with the U.S. Copyright Office until several months later.<sup>75</sup> AOL had also failed to configure its old e-mail address for reporting abuses to allow messages to be either forwarded to the new address or returned to the sender.<sup>76</sup> The Ninth Circuit held that AOL's poor notification procedures could lead a jury to believe that AOL had not rea-

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73. See *Ellison v. Robertson*, 357 F.3d 1072 (9th Cir. 2004). Section 512(i) provides the following:

Conditions for eligibility.

- (1) Accommodation of technology. The limitations on liability established by this section shall apply to a service provider only if the service provider—
  - (A) has adopted and reasonably implemented, and informs subscribers and account holders of the service provider's system or network of, a policy that provides for the termination in appropriate circumstances of subscribers and account holders of the service provider's system or network who are repeat infringers; and
  - (B) accommodates and does not interfere with standard technical measures.
- (2) Definition. As used in this subsection, the term "standard technical measures" means technical measures that are used by copyright owners to identify or protect copyrighted works and—
  - (A) have been developed pursuant to a broad consensus of copyright owners and service providers in an open, fair, voluntary, multi-industry standards process;
  - (B) are available to any person on reasonable and nondiscriminatory terms; and
  - (C) do not impose substantial costs on service providers or substantial burdens on their systems or networks.

17 U.S.C. § 512(i).

74. *Ellison*, 357 F.3d at 1074-75.

75. *Id.* at 1077.

76. *Id.*

sonably implemented a policy against repeat infringers, as required by § 512(i)(A).<sup>77</sup>

The ineffectiveness of notice in *Ellison* turned not on the actions of the copyright holder but rather on the actions of the ISP. AOL's poor notification procedures led the court to hold that there were triable issues of material fact regarding AOL's threshold eligibility for safe harbor under § 512(i). This case demonstrates the cost at which safe harbor protection comes to ISPs—they must meet their obligations under the statute in order to receive immunity from liability. This includes enacting reasonable policies against repeat infringers.

#### **D. The Safe Harbor Is Not the Exclusive Defense to Liability for Copyright Infringement**

Failure to meet safe harbor requirements does not preclude ISPs from raising other affirmative defenses to copyright infringement claims. The statute itself provides that other defenses are not affected by the failure of an ISP to qualify for safe harbor protection.<sup>78</sup> The court in *CoStar Group, Inc. v. LoopNet, Inc.* recently affirmed that failure to satisfy safe harbor requirements does not preclude an ISP from raising other infringement defenses.<sup>79</sup> In *CoStar*, subscribers to a website administered by LoopNet posted CoStar's copyrighted photographs of commercial real estate. CoStar sued LoopNet for direct copyright infringement.<sup>80</sup> Although LoopNet had a cursory inspection procedure in place to check for infringing photographs, the court found that this process did not rise to the level of volitional conduct required to find liability for direct copyright infringement.<sup>81</sup> LoopNet's inability to qualify for safe harbor under § 512 notwithstanding, the court held that it was not liable for direct copyright infringement under a traditional copyright infringement analysis.<sup>82</sup>

While the § 512 safe harbor is arguably the most important shelter from liability for ISPs, the *LoopNet* case emphasized that it is not the exclusive reprieve from liability. The safe harbor provisions do not displace traditional defenses to copyright infringement claims. Rather, both tradi-

77. *Id.* at 1080.

78. "Other defenses not affected. The failure of a service provider's conduct to qualify for limitation of liability under this section shall not bear adversely upon the consideration of a defense by the service provider that the service provider's conduct is not infringing under this title or any other defense." 17 U.S.C. § 512(l).

79. 373 F.3d 544 (4th Cir. 2004).

80. *Id.* at 546.

81. *Id.* at 555-56.

82. *Id.* at 556.

tional defenses and the statutory exemptions are available to ISPs to defend infringement lawsuits.

### E. Cease-and-Desist Letters

In order to curb the misuse of the DMCA outside its express boundaries, courts have shown a willingness to award damages where persons misrepresent that their works are subject to protection under the Act. Under § 512(f) of the safe harbor provisions, alleged infringers and ISPs can recover damages where persons knowingly and materially misrepresent either that their works are copyrighted or that their copyrighted works have been infringed.<sup>83</sup>

In *Online Policy Group v. Diebold*, the court awarded monetary damages for the abuse of cease-and-desist letters.<sup>84</sup> Diebold, an electronic voting machine manufacturer, sent cease-and-desist letters to several ISPs after an e-mail archive acknowledging problems with the machines became available on the Internet.<sup>85</sup> Diebold advised the ISPs in these letters that if they removed or disabled access to the e-mail archive, they would be shielded from a copyright infringement suit.<sup>86</sup> However, because the court found that Diebold deliberately sought to suppress publication of content that it knew was not subject to copyright protection, the court found the company liable under § 512(f) of the DMCA for damages.<sup>87</sup>

In this case, the users who posted the archive and the ISP had both the time and the resources to call Diebold's bluff. However, the real danger is situations where the fear of liability causes users to buckle under demands of false copyright holders. While the *Diebold* decision shows the willing-

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83. Section 512(f) provides the following:

(f) Misrepresentations. Any person who knowingly materially misrepresents under this section—

- (1) that material or activity is infringing, or
- (2) that material or activity was removed or disabled by mistake or misidentification, shall be liable for any damages, including costs and attorneys' fees, incurred by the alleged infringer, by any copyright owner or copyright owner's authorized licensee, or by a service provider, who is injured by such misrepresentation, as the result of the service provider relying upon such misrepresentation in removing or disabling access to the material or activity claimed to be infringing, or in replacing the removed material or ceasing to disable access to it.

17 U.S.C. § 512 (f).

84. 337 F. Supp. 2d 1195 (N.D. Cal. 2004).

85. *Id.* at 1197.

86. *Id.* at 1198.

87. *Id.* at 1204-05.

ness of courts to sanction this kind of behavior, the ease with which the DMCA can be invoked to further improper ends is unsettling—especially considering that not every case in which copyright holders wield the DMCA to manage content will be litigated. Of real concern is where content is withheld from the public simply because it is adverse to the alleged copyright holder and the ISP is concerned about liability.

#### IV. CONCLUSION

While case law surrounding the DMCA continues to develop, some areas at least are relatively certain. The constitutionality of the Act is one example. For the prospective anti-circumvention defendant, challenging the statute itself is not going to be a successful strategy for evading liability. Those accused of violating the Act's anti-circumvention provisions will be more successful by conforming within one of the Act's enumerated exceptions, or by asserting affirmative defenses, such as fair use or copyright misuse.

Recent decisions under the anti-circumvention provisions also suggest a willingness of courts to limit the Act's reach outside the arena of traditionally copyright-protected works. These courts have struck down efforts by durable goods manufacturers to invoke the DMCA to protect consumer goods.

In addition, courts have shown a readiness to sanction misuses of the ISP safe harbor provisions of the DMCA, such as the abuse of cease-and-desist letters. More general decisions involving the safe harbor also indicate that immunity from liability comes at a cost to the ISPs, who must adhere to the conduct outlined in the statute in order to avail themselves of the Act's protection. Both content providers and ISPs will have to work within the confines of the DMCA to effectuate the ostensible purposes of the Act: policing the Internet to remove pirated works while fostering the Internet's ongoing development.

