

ELLISON V. ROBERTSON*357 F.3d 1072 (9th Cir. 2004)*

The Ninth Circuit ruled that storage and grant of access to infringing copies by an Internet service provider (ISP) resulting from posts to a USENET newsgroup can constitute contributory and vicarious infringement. The court further found that there was a triable issue of fact regarding the ISP's eligibility for the safe harbor provided by § 512 of the Digital Millennium Copyright Act (DMCA), where the ISP had changed its e-mail address for copyright notices without appropriate forwarding measures and should have been on notice of the infringing activities.

Defendant Robertson posted unauthorized copies of well-known author Harlan Ellison's novels on a USENET newsgroup, which in accord with the newsgroup's protocols were then forwarded to all USENET servers worldwide, including those owned by America Online (AOL). Ellison sued Robertson as a direct copyright infringer and AOL under theories of vicarious contributory infringement. AOL moved for summary judgment. In addition to claiming that it was not liable, AOL asserted that it qualified for the safe harbor provided in 17 U.S.C. § 512. The district court concluded that AOL was not liable for vicarious infringement, but found that triable issues existed with regard to the contributory infringement claim. Nevertheless, the court granted summary judgment for AOL because it found that AOL qualified for a DMCA safe harbor. Ellison appealed.

The Ninth Circuit affirmed the district court's rulings on infringement, but reversed on its application of the safe harbor provisions. A triable issue of fact remained as to contributory infringement because a reasonable jury could find that AOL had knowledge of the infringement, based on the unreasonable change of AOL's e-mail address for copyright infringement notification and telephone notification of the alleged infringement by the plaintiff, and that AOL materially contributed to the infringement, based on AOL's storage of and grant of access to the infringing works. As for vicarious liability, the court stated that Ellison must demonstrate a causal connection between the infringing activity and a "direct financial benefit" to AOL, regardless of "*how substantial*" the benefit was in relation to the defendant's net profits. Since Ellison failed to offer evidence that AOL attracted or retained customers because of the infringing activity or that AOL lost customers when it eventually obstructed the infringement, the Ninth Circuit affirmed the district court's holding of no vicarious liability.

In reversing the district court's holding that AOL was eligible for the DMCA safe harbor, the Ninth Circuit ruled that "ample evidence" of problems with AOL's notification procedure precluded judgment as a matter of law that AOL implemented the measures against repeat infringers as the statute requires. The court noted, however, that if AOL established its eligibility on remand, then the district court would not need to revisit the qualification issue.