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Searching for "Something More": *Viacom* Interprets the Control Provision of the DMCA § 512(c) Safe Harbor

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SEARCHING FOR “SOMETHING MORE”: VIACOM INTERPRETS THE CONTROL PROVISION OF THE DMCA § 512(c) SAFE HARBOR

Abstract: On April 5, 2012, in *Viacom International, Inc. v. YouTube, Inc.*, the U.S. Court of Appeals for the Second Circuit held that 17 U.S.C. § 512(c)(1)(B) requires a service provider to exert “substantial influence” over user activity to show the requisite control necessary to remove it from safe harbor protection. In doing so, the Second Circuit created a circuit split with the U.S. Court of Appeals for the Ninth Circuit regarding the proper interpretation of the § 512(c)(1)(B) control provision. This Comment argues that, unlike the Ninth Circuit, the Second Circuit rendered the statute internally consistent by giving effect to all of § 512(c)’s language. It further contends that the Second Circuit’s holding in *Viacom* is consistent with the broad policy goals behind Congress’s passage of the Digital Millennium Copyright Act of 1998 and enactment of safe harbor protection for service providers.

INTRODUCTION

Congress passed the Digital Millennium Copyright Act of 1998 (DMCA) in an attempt to keep pace with emerging web technology by bringing U.S. copyright law into the digital age.¹ Title II of the DMCA, separately titled the Online Copyright Infringement Limitation Liability Act (“OCILLA”), tried to incentivize cooperation between online service providers and copyright owners to detect and address digital copyright infringement.² OCILLA aimed to provide certainty for both copyright owners and service providers by clarifying the liability faced by service providers who transmit potentially infringing material over their networks.³ Congress feared that service providers’ everyday operations could potentially expose them to massive infringement liability.⁴

¹ S. REP. NO. 105-190, at 1–2 (1998).

² See 17 U.S.C. § 512 (2006 & Supp. IV 2011); *Viacom Int’l, Inc. v. YouTube, Inc.*, 676 F.3d 19, 27 (2d Cir. 2012); H.R. REP. NO. 105-551, pt. 2, at 49 (1998); S. REP. NO. 105-190, at 20, 40. A ‘service provider’ is defined as a provider of online services or network access, or an operator of those facilities. See 17 U.S.C. § 512(k)(1)(B).

³ H.R. REP. NO. 105-551, pt. 2, at 49–50; S. REP. NO. 105-190, at 2, 20, 40.

⁴ See S. REP. NO. 105-190, at 8.

Rather than undertake a wholesale clarification of existing copyright liability doctrines,⁵ Congress chose to create a series of four “safe harbors” for certain common activities of qualifying service providers to protect the providers from monetary liability for direct, vicarious, and contributory infringement.⁶

One of the four safe harbors, § 512(c), limits service provider liability for copyright-infringing material that resides on systems or networks at the direction of users.⁷ One provision of § 512(c)—the § 512(c)(1)(B) control provision—removes a service provider from

⁵ *Viacom*, 676 F.3d at 27; S. REP. NO. 105-190, at 19. The Senate Report accompanying the DMCA noted that several pre-DMCA cases relevant to service provider liability had analyzed the issue from the standpoint of contributory and vicarious liability. *See* S. REP. NO. 105-190, at 19.

⁶ *Viacom*, 676 F.3d at 27; H.R. REP. NO. 105-796, at 73 (1998) (Conf. Rep.), *reprinted in* 1998 U.S.C.C.A.N. 639, 649; H.R. REP. NO. 105-551, pt. 2, at 50; S. REP. NO. 105-190, at 19–20; *see* Justin Hughes, *The Internet and the Persistence of Law*, 44 B.C. L. REV. 359, 385 (2003). To qualify for safe harbor protection, a service provider must first meet a set of threshold criteria. *Viacom*, 676 F.3d at 27. In the 2012 case, *Viacom International, Inc. v. YouTube, Inc.*, the Second Circuit identified the threshold criteria as: (1) establishing that they are in fact a service provider (§ 512(k)(1)(B)); (2) adopting and implementing a “repeat infringer” policy (§ 512(i)(1)(A)); and (3) accommodating “standard technical measures” used by copyright owners to identify or protect copyrighted works (§ 512(i)(1)(B), (i)(2)). *Id.*; *see* 17 U.S.C. § 512(i), (k). Once those criteria are met, the service provider then must satisfy the specific provisions of a particular safe harbor. *Viacom*, 676 F.3d at 27; *see* 17 U.S.C. § 512(a)–(d). The Online Copyright Infringement Limitation Liability Act (“OCILLA”) created four safe harbors for various types of service providers: (a) “transitory digital network communications”; (b) “system caching”; (c) “information residing on systems or networks at [the] direction of users”; and (d) “information location tools.” 17 U.S.C. § 512(a)–(d); *Viacom*, 676 F.3d at 27.

⁷ 17 U.S.C. § 512(c); *Viacom*, 676 F.3d at 25, 27. The § 512(c) safe harbor applies only if the service provider:

- (1) . . . (A)(i) does not have actual knowledge that the material . . . on the system or network is infringing;
 - (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 . . . 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)(A)–(C). Section 512(c) also sets forth a detailed notification scheme that requires service providers to “designate[] an agent to receive notifications of claimed infringement.” *Viacom*, 676 F.3d at 27; *see* 17 U.S.C. § 512(c)(2). Finally, § 512(c) specifies the components of a proper notification to the agent, commonly referred to as a “takedown notice.” *Viacom*, 676 F.3d at 27; *see* 17 U.S.C. § 512(c)(3).

safe harbor protection if that provider has “the right and ability to control” infringing material placed on its website by users.⁸

In April 2012, in *Viacom International, Inc. v. YouTube, Inc.*, a panel of the U.S. Court of Appeals for the Second Circuit interpreted the § 512(c)(1)(B) control provision to require “something more” than the service provider’s mere ability to remove or block access to materials posted on its site.⁹ Specifically, the service provider would need to “exert[] substantial influence” on its users’ activities to show the requisite control to remove itself from safe harbor protection.¹⁰ This interpretation created a circuit split with the U.S. Court of Appeals for the Ninth Circuit’s 2011 decision in *UMG Recordings, Inc. v. Shelter Capital Partners LLC*.¹¹

This Comment evaluates the Second Circuit’s interpretation in *Viacom* of the “something more” that would satisfy the § 512(c)(1)(B) control provision and potentially remove a service provider from safe harbor protection.¹² Part I outlines the facts and procedural history of *Viacom*.¹³ Part II discusses the circuit split created by the Second and Ninth Circuits’ conflicting interpretations of the § 512(c)(1)(B) control provision.¹⁴ Finally, Part III argues that the Second Circuit’s decision in *Viacom* correctly avoided making § 512(c)(1)(B) a superfluous statutory provision and resulted in an internally consistent reading of § 512(c).¹⁵ It also argues that the *Viacom* decision furthers the policies behind the DMCA and allows service providers to structure their activities to ensure they maintain safe harbor protection.¹⁶

⁸ S. REP. NO. 105-190, at 44; *see* 17 U.S.C. § 512(c)(1)(B); *Viacom*, 676 F.3d at 36. Section 512(c) only applies if a service provider meets all of its provisions, and thus, the section lays out the various ways in which a service provider can *lose* protection from liability. *See Viacom*, 676 F.3d at 27. One way for a service provider to lose liability protection is if it receives a financial benefit directly attributable to the infringing activity in a case in which it has “the *right and ability to control* such activity.” 17 U.S.C. § 512(c)(1)(B) (emphasis added). This Comment refers to § 512(c)(1)(B)’s “right and ability to control” language as “the § 512(c)(1)(B) control provision.” *See infra* notes 9–76 and accompanying text.

⁹ *Viacom*, 676 F.3d at 19, 26, 30–41.

¹⁰ *Id.* at 36–38.

¹¹ *See id.* at 36; *UMG Recordings, Inc. v. Shelter Capital Partners LLC*, 667 F.3d 1022, 1042–43 (9th Cir. 2011).

¹² *See infra* notes 58–76 and accompanying text.

¹³ *See infra* notes 17–34 and accompanying text.

¹⁴ *See infra* notes 35–57 and accompanying text.

¹⁵ *See infra* notes 58–76 and accompanying text.

¹⁶ *See infra* notes 58–76 and accompanying text.

I. THE SECOND CIRCUIT'S DECISION IN *VIACOM*

Founded in 2005, YouTube is a consumer media company that allows people to share original videos over the Internet.¹⁷ YouTube enables users to upload short video clips that its computer systems automatically process and store.¹⁸ Other users can then watch the videos free of charge.¹⁹ YouTube, not unlike many platforms dedicated to user-generated content, not only facilitated an increase in creativity and originality, but also served as an outlet for users to post pirated materials, often without the permission of copyright owners.²⁰

In March 2007, Viacom, an American media conglomerate, alongside various affiliates, filed suit against YouTube in the U.S. District Court for the Southern District of New York.²¹ In May 2007, Premier League, an English soccer league, and Bourne Co., a music publisher, filed a putative class action against YouTube in the same court.²² The district judge for the *Viacom* case was assigned the *Premier League* class

¹⁷ *Viacom*, 676 F.3d at 28; *About YouTube*, YOUTUBE, http://www.youtube.com/t/about_youtube (last visited Mar. 15, 2013). Under the slogan "Broadcast Yourself," YouTube became one of the most popular and influential entities of the "Web 2.0" movement—networks consisting of websites and service providers focused on user-generated content ("UGC") and participation. See Lital Helman & Gideon Parchomovsky, *The Best Available Technology Standard*, 111 COLUM. L. REV. 1194, 1195 & n.1 (2011) (providing examples of UGC sites and services—including video-sharing sites); *About YouTube*, *supra*. YouTube's initial notoriety, profitability, and popularity grew at an astronomical rate, and by the summer of 2006 it was the fastest growing website in terms of visitor traffic. Gavin O'Malley, *YouTube Is the Fastest Growing Website*, ADAGE DIGITAL (July 21, 2006), <http://adage.com/article/digital/youtube-fastest-growing-website/110632/>. In November 2006, Google purchased YouTube for \$1.65 billion. *Viacom*, 676 F.3d at 28. YouTube continued to grow, and by May 2010 users uploaded twenty-four hours of video per minute and watched more than two billion videos per day. *About YouTube*, *supra*.

¹⁸ *Viacom*, 676 F.3d at 28. Users can upload videos only after they register for an account and accept YouTube's "Terms of Service" agreement. *Id.*; see *About YouTube*, *supra* note 17. The agreement provides that the user will not submit copyrighted material unless the user is the owner of such rights, has permission from the rightful owner to post the material, or is otherwise legally entitled to post the material. *Viacom*, 676 F.3d at 28; see *About YouTube*, *supra* note 17.

¹⁹ *Viacom*, 676 F.3d at 28.

²⁰ See *id.* at 33; Opening Brief for Plaintiffs-Appellants at 10, *Viacom*, 676 F.3d 19 (No. 10-3270), 2010 WL 4930315, at *10 (noting that YouTube's lead project manager acknowledged that "probably 75-80% of [YouTube's] views" came from copyrighted material); Helman & Parchomovsky, *supra* note 17, at 1197-98 (noting the prevalence of user-posted material on Internet platforms like YouTube that, in many cases, occurs without permission from the copyright owner).

²¹ *Viacom*, 676 F.3d at 26, 28.

²² *Id.* at 28-29; see *BOURNE CO.*, <http://www.bournemusic.com> (last visited Mar. 15, 2013). The named plaintiffs sued on behalf of a class of similarly situated copyright owners. Brief for Plaintiffs-Appellants [Redacted Public Version] at 6, *Viacom*, 676 F.3d 19 (No. 10-3342), 2010 WL 5066008, at *6.

action after finding the two suits sufficiently related.²³ Both suits alleged direct and secondary copyright infringement,²⁴ with the collective plaintiffs contending that approximately 79,000 audiovisual clips stored, displayed, and viewed on YouTube between 2005 and 2008 infringed their ownership of copyrighted material.²⁵ The plaintiffs demanded statutory damages pursuant to 17 U.S.C. § 504(c), or, alternatively, actual damages from the alleged infringement, as well as declaratory and injunctive relief.²⁶

At the end of discovery, the parties cross-moved for partial summary judgment as to the applicability of YouTube's § 512(c) safe harbor defense.²⁷ The district court granted YouTube's motion for summary judgment, finding that YouTube qualified for DMCA safe harbor protection as to all claims of direct and secondary copyright infringement.²⁸ The district court reasoned that a service provider could not satisfy the § 512(c)(1)(B) control provision until it was aware of particular instances of copyright infringement.²⁹

On appeal, in *Viacom*, the Second Circuit issued a unanimous two-judge panel opinion, in various parts affirming, vacating, reversing, and remanding the district court's ruling.³⁰ The Second Circuit reversed

²³ *Viacom*, 676 F.3d at 29.

²⁴ *Id.* at 26, 28–29. Secondary copyright liability comprises the doctrines of contributory, vicarious, and inducement liability. *Id.* at 28–29 & n.5.

²⁵ *Id.* at 26, 29. The year after Viacom filed suit, YouTube introduced “ContentID”—a system that proactively screens uploaded videos to determine whether they match a database of copyrighted work. Peter S. Menell, *Assessing the DMCA Safe Harbors: The Good, the Bad, and the Ugly*, MEDIA INST. (Aug. 31, 2010), <http://www.mediainstitute.org/IPI/2010/090110.php>. The technology has substantially reduced the level of infringing content and the costs of policing for content owners. *Id.* The implementation of ContentID served as the basis for Viacom dropping its prospective relief requests and only pursuing its claims on YouTube activities from 2005 to 2008. *See id.*

²⁶ *Viacom*, 676 F.3d at 26, 29. Section 504(c) allows a copyright owner to elect to recover statutory damages, instead of actual damages and profits, in a sum of not less than \$750 or more than \$30,000 per copyright infringement claim, determined at the court's discretion. 17 U.S.C. § 504(c)(1) (2006).

²⁷ *Viacom*, 676 F.3d at 29. The 17 U.S.C. § 512(c) safe harbor will shield a service provider from copyright liability only if the service provider satisfies its various provisions and, thus, identifies ways in which a provider might lose safe harbor protection. *See* 17 U.S.C. § 512(c) (2006 & Supp. IV 2011); *see also supra* note 7 (listing the provisions of 17 U.S.C. § 512(c)(1)(A)–(C)).

²⁸ *Viacom*, 676 F.3d at 29; *Viacom Int'l Inc. v. YouTube, Inc.*, 718 F. Supp. 2d 514, 529 (S.D.N.Y. 2010), *aff'd in part, vacated in part*, 676 F.3d 19 (2d Cir. 2012).

²⁹ *Viacom*, 718 F. Supp. 2d at 527.

³⁰ *Id.* at 19, 25, 41–42. Senior Circuit Judge Roger J. Miner was originally assigned to the panel, but passed away prior to the resolution of the case. *Id.* at 25. The remaining two members of the panel were in agreement and were thus able to decide the case. *Id.*

the district court on its interpretation of § 512(c)(1)(B)³¹—one provision of the § 512(c) safe harbor—concluding that the lower court erred by requiring “item-specific” knowledge to trigger the “right and ability to control” infringing activity.³² Rather than impose a specific knowledge requirement as the district court had, the Second Circuit held that the § 512(c)(1)(B) control provision “requires something more than [YouTube’s] ability to remove or block access to materials posted on [its] website.”³³ The court remanded the issue for the district court to conduct a fact-based inquiry to determine if YouTube possessed “something more” than simply the ability to remove or block access to copyrighted material.³⁴

³¹ *Viacom*, 676 F.3d at 26, 36–38. Section 512(c)(1)(B) provides: “A service provider shall not be liable . . . if the [] provider . . . 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.” 17 U.S.C. § 512(c)(1)(B) (emphasis added).

³² *Viacom*, 676 F.3d at 26, 36–38; *see* 17 U.S.C. § 512(c)(1)(B).

³³ *Viacom*, 676 F.3d at 38.

³⁴ *Id.* at 36–38. There were two other main issues on appeal, neither of which is directly applicable to the focus of this Comment. *See id.* at 26, 30–35, 38–40. The first was the type of knowledge needed under § 512(c)(1)(A) to remove a service provider from the safe harbor. *Id.* at 26, 30–32; *see* 17 U.S.C. § 512(c)(1)(A). The district court prefaced its analysis by noting that a jury could find that YouTube was not only *generally* aware of infringing material, but also welcomed such material on its site. *Viacom*, 718 F. Supp. 2d at 518. The district court concluded, however, that the “actual knowledge” or awareness of “facts or circumstances” that would disqualify an online service provider from safe harbor protection under § 512(c)(1)(A)(i) and (ii) refers to “knowledge of specific and identifiable infringements.” *Id.* at 523; *see* 17 U.S.C. § 512(c)(1)(A). Agreeing with the district court, the Second Circuit held that removal from § 512(c) safe harbor requires knowledge or awareness of *specific* infringing activity under § 512(c)(1)(A)(i) and (ii). *Viacom*, 676 F.3d at 26, 30–32; *see* 17 U.S.C. § 512(c)(1)(A). Nevertheless, the court vacated the district court’s order granting summary judgment on the issue, and remanded the matter because a reasonable jury could find that YouTube had actual knowledge or awareness of specific infringing activity on its website. *Viacom*, 676 F.3d at 26, 32–34. Moreover, on an issue of first impression, the court held that the plaintiffs could demonstrate the knowledge or awareness of specific instances of infringement under § 512(c)(1)(A) by proving that the defendants were willfully blind under common law. *Id.* at 34–35; *see* 17 U.S.C. § 512(c)(1)(A).

The other issue was whether certain automated software functions of YouTube’s website fell within § 512(c)(1). *Viacom*, 676 F.3d at 26, 38–40; *see* 17 U.S.C. § 512(c)(1). The § 512(c) safe harbor is only available when infringement occurs “by reason of the storage at the direction of a user.” *Viacom*, 676 F.3d at 38; *see* 17 U.S.C. § 512(c)(1). The district court held that all four of YouTube’s automated software functions—conversion of videos into a standard display format (“transcoding”), playback of videos on “watch” pages, a “related videos” function, and third-party syndication of videos uploaded—fell within the safe harbor for infringement that occurs “by reason of” user storage. *Viacom*, 676 F.3d at 38–39; *see Viacom*, 718 F. Supp. 2d at 526. The district court noted that a contrary holding would “confine[] the word ‘storage’ too narrowly to meet the statute’s purpose.” *Viacom*, 718 F. Supp. 2d at 526; *see* 17 U.S.C. § 512(c)(1). The Second Circuit affirmed the district

II. DIVERGENT INTERPRETATIONS OF THE DMCA'S § 512(C)(1)(B) CONTROL PROVISION

The U.S. Court of Appeals for the Second Circuit's interpretation in *Viacom* of the § 512(c)(1)(B) control provision created a circuit split with the U.S. Court of Appeals for the Ninth Circuit's 2011 decision in *UMG Recordings, Inc. v. Shelter Capital Partners LLC*.³⁵ Although both circuits refused to read common law vicarious liability into § 512(c)(1)(B), they stated different standards for determining what constitutes the "right and ability to control" infringing material that would remove a service provider from DMCA § 512(c) safe harbor protection.³⁶ The Ninth Circuit held that "something more" requires that a service provider has knowledge of specific instances of infringing material.³⁷ Conversely, the Second Circuit held that "something more" requires that a service provider exert substantial influence over user activity, regardless of the service provider's knowledge of particular infringing content.³⁸

In *Shelter Capital*, the Ninth Circuit rejected the concept that service providers have the "ability to control" infringing activity as long as they have the capability to locate infringing material and terminate users' access.³⁹ Moreover, the court rejected the notion that Veoh, a video-sharing website similar to YouTube, should be subject to common law

court's ruling on the first three software functions, but remanded for further fact finding as to the fourth function. *Viacom*, 676 F.3d at 38–39.

³⁵ See *Viacom Int'l, Inc. v. YouTube, Inc.*, 676 F.3d 19, 37–38 (2d Cir. 2012); *UMG Recordings, Inc. v. Shelter Capital Partners LLC*, 667 F.3d 1022, 1041–45 (9th Cir. 2011); Jack C. Schecter, *Is It Safe? The Digital Millennium Copyright Act's "Safe Harbor" in the Wake of Viacom v. YouTube*, FED. LAW., Aug. 2012, at 16, 17, 23.

³⁶ See *Viacom*, 676 F.3d at 36–38; *Shelter Capital*, 667 F.3d at 1043–45; see 17 U.S.C. § 512(c)(1)(B) (2006 & Supp. IV 2011). Vicarious liability is defined as "[l]iability that a supervisory party . . . bears for the actionable conduct of a subordinate or associate . . . based on the relationship between the two parties." BLACK'S LAW DICTIONARY 998 (9th ed. 2009). The common law imposes vicarious liability for copyright infringement "[w]hen the right and ability to supervise coalesce with an obvious and direct financial interest in the exploitation of copyrighted materials—even in the absence of actual knowledge." *Viacom*, 676 F.3d at 36 (quoting *Shapiro, Bernstein & Co. v. H.L. Green Co.*, 316 F.2d 304, 307 (2d Cir. 1963)); see Alfred C. Yen, *A First Amendment Perspective on the Construction of Third-Party Copyright Liability*, 50 B.C. L. REV. 1481, 1485–86 (2009).

Neither the *Viacom* court nor the *Shelter Capital* court reached the question of whether YouTube or Veoh (the service provider defendant in *Shelter Capital*) received a financial benefit directly attributable to the infringing activity—the second component of § 512(c)(1)(B) that plaintiffs must show is satisfied before a service provider can lose safe harbor protection. See 17 U.S.C. § 512(c)(1)(B); *Viacom*, 676 F.3d at 38; *Shelter Capital*, 667 F.3d at 1041 n.15.

³⁷ See *Shelter Capital*, 667 F.3d at 1041–45.

³⁸ See *Viacom*, 676 F.3d at 36–38.

³⁹ *Shelter Capital*, 667 F.3d at 1042–43.

vicarious liability.⁴⁰ As a result, the Ninth Circuit affirmed summary judgment for Veoh and held that the § 512(c) safe harbor protected Veoh from copyright liability.⁴¹

Rather than hinging the “ability to control” on a service provider’s capability, the Ninth Circuit concluded that service providers must be aware of *specific* infringing material to have the “ability to control” requisite under § 512(c)(1)(B).⁴² The court reasoned that only then could a service provider’s control constitute the “something more” that could satisfy the § 512(c)(1)(B) control provision and trigger copyright liability.⁴³ Citing the district court’s holding in *Viacom*, the Ninth Circuit held that although a service provider may generally have the legal right and necessary technology to remove infringing content, it cannot exercise its “power of authority” over the material until it becomes aware of specific unauthorized material.⁴⁴

In *Viacom*, the Second Circuit began its § 512(c)(1)(B) control provision analysis by rejecting the reasoning of the district court in *Viacom* and the Ninth Circuit in *Shelter Capital*.⁴⁵ The court reasoned that reading a specific knowledge requirement into the § 512(c)(1)(B) control provision would render the provision duplicative of § 512(c)(1)(A).⁴⁶ Specifically, any service provider that had item-specific knowledge of infringing activity would already be excluded from the safe harbor for having specific knowledge of infringing material and failing to effect expeditious removal under § 512(c)(1)(A).⁴⁷ Therefore, § 512(c)(1)(B)

⁴⁰ *Id.* at 1043–45. Discussing Congress’s intentions in enacting the safe harbor provision, the court noted that “§ 512(c) nowhere mentions the term ‘vicarious liability.’” *Id.* at 1043. Moreover, the court stated that, “although not definitive, the legislative history informs our conclusion that Congress did not intend to exclude from § 512(c)’s safe harbor all service providers who would be vicariously liable for their users’ infringing activity under the common law.” *Id.* at 1044. As a result, the court concluded that

Given Congress’ explicit intention to protect qualifying service providers who would otherwise be subject to vicarious liability, it would be puzzling for Congress to make § 512(c) entirely coextensive with the vicarious liability requirements, which would effectively exclude all vicarious liability claims from the § 512(c) safe harbor.

Id.

⁴¹ *Id.* at 1026.

⁴² *Id.* at 1042; see 17 U.S.C. § 512(c)(1)(B) (2006 & Supp. IV 2011).

⁴³ *Shelter Capital*, 667 F.3d at 1042–43.

⁴⁴ *Id.* at 1041–42; see *Viacom Int’l Inc. v. YouTube, Inc.*, 718 F. Supp. 2d 514, 527 (S.D.N.Y. 2010), *aff’d in part, vacated in part*, 676 F.3d 19 (2d Cir. 2012).

⁴⁵ *Viacom*, 676 F.3d at 36; see *Shelter Capital*, 667 F.3d at 1041–42; *Viacom*, 718 F. Supp. 2d at 527.

⁴⁶ *Viacom*, 676 F.3d at 36; see 17 U.S.C. § 512(c).

⁴⁷ *Viacom*, 676 F.3d at 36.

would fail to exclude any service provider from the safe harbor that was not already excluded by § 512(c)(1)(A).⁴⁸

The Second Circuit also rejected the plaintiffs' interpretation of the § 512(c)(1)(B) control provision, which contended that the provision codified the common law doctrine of vicarious liability.⁴⁹ The court noted that to impose common law vicarious liability in the DMCA context would render the statute internally inconsistent because the prerequisite to liability protection under § 512(c)(1)(A)(iii) and § 512(c)(1)(C) would simultaneously be a disqualifier under § 512(c)(1)(B).⁵⁰ Moreover, the court stated that had Congress intended § 512(c)(1)(B) to be coextensive with vicarious liability, it could have said so explicitly.⁵¹ Thus, the Second Circuit concluded that the "foregoing tension" was sufficient to hold that the control provision "dictate[d]" a departure from the common law vicarious liability standard.⁵²

Accordingly, the court held that the "right and ability to control" infringing activity under § 512(c)(1)(B) "requires something more" than just the ability to remove or block access to materials posted to a service provider's website.⁵³ The Second Circuit then attempted to define "something more."⁵⁴ The court determined that a service provider must "exert[] substantial influence" on its users' activities, but does not need to acquire actual knowledge of specific instances of infringement.⁵⁵ As such, the court's ruling makes it comparatively harder for a

⁴⁸ *Id.*

⁴⁹ *Id.* at 36–38.

⁵⁰ *Id.* at 37; see 17 U.S.C. § 512(c). The court explained:

Section 512(c) actually presumes that service providers have the ability to "block . . . access" to infringing material. Indeed, a service provider who has knowledge or awareness of infringing material or who receives a takedown notice . . . is *required* to "remove, or disable access to, the material" in order to claim the benefit of the safe harbor. . . . [I]n taking such action, the service provider would . . . be admitting the "right and ability to control."

Viacom, 676 F.3d at 37 (first alteration in original) (citations omitted).

⁵¹ *Viacom*, 676 F.3d at 37.

⁵² *Id.* at 37–38.

⁵³ *Id.* at 38; accord *Wolk v. Kodak Imaging Network, Inc.*, 840 F. Supp. 2d 724, 747–48 (S.D.N.Y. 2012); *Corbis Corp. v. Amazon.com, Inc.*, 351 F. Supp. 2d 1090, 1109–10 (W.D. Wash. 2004), *overruled on other grounds by* *Cosmetic Ideas, Inc. v. IAC/Interactivecorp*, 606 F.3d 612 (9th Cir. 2010); *Hendrickson v. eBay Inc.*, 165 F. Supp. 2d 1082, 1093–94 (C.D. Cal. 2001).

⁵⁴ *Viacom*, 676 F.3d at 38.

⁵⁵ See *id.* The court gave two examples of influence that would rise to the level of control required by § 512(c)(1)(B). *Id.* First, the court cited the 2002 case, *Perfect 10, Inc. v. Cybernet Ventures, Inc.*, in which the U.S. District Court for the Central District of California

service provider to retain safe harbor protection.⁵⁶ Rather than establish a rigid, specific analytical test, the court remanded the issue for the district court to determine factually whether YouTube exerted such a substantial influence on the activities of its users.⁵⁷

III. VIACOM'S STATUTORY INTERPRETATION FURTHERS THE POLICIES BEHIND THE DMCA

The U.S. Court of Appeals for the Second Circuit's interpretation of the § 512(c)(1)(B) control provision in *Viacom* is preferable to the interpretation used by the U.S. Court of Appeals for the Ninth Circuit in the 2011 case, *UMG Recordings, Inc. v. Shelter Capital Partners LLC*.⁵⁸ The Second Circuit's *Viacom* holding not only rendered the statute internally consistent by giving effect to all of its language, but also furthered the broad policy goals behind the DMCA.⁵⁹ Additionally, the court provided lower courts with general guidelines and examples by which to determine whether a defendant's conduct satisfies the § 512(c)(1)(B) control provision.⁶⁰ The result will be predictable outcomes that better reflect the DMCA's goal to balance the interests of, and provide certainty to, copyright owners and service providers.⁶¹ In

found that a service provider had the requisite control after it instituted a monitoring program that provided its user websites with "detailed instructions regard[ing] issues of layout, appearance, and content." 213 F. Supp. 2d 1146, 1173–74 (C.D. Cal. 2002). Second, citing the 2005 U.S. Supreme Court case, *Metro-Goldwyn-Mayer Studios Inc. v. Grokster*, the court noted that "inducement of copyright infringement . . . which 'premises liability on purposeful, culpable expression and conduct,' might also rise to the level of control under § 512(c)(1)(B)." *Viacom*, 676 F.3d at 38 (citing *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, 545 U.S. 913 (2005)). The court also identified two cases in which control was *not* found; in those cases, the service providers were not involved in listing items for sale on their websites, nor did they preview, edit, or suggest prices. *Viacom*, 676 F.3d at 38 n.13; see *Corbis Corp.*, 351 F. Supp. 2d at 1109–10; *Hendrickson*, 165 F. Supp. 2d at 1093–94.

⁵⁶ See *Viacom*, 676 F.3d at 38.

⁵⁷ *Id.*

⁵⁸ See *infra* notes 59–76 and accompanying text.

⁵⁹ See *Viacom Int'l, Inc. v. YouTube, Inc.*, 676 F.3d 19, 27, 36–38 (2d Cir. 2012); H.R. REP. NO. 105-796, at 72–73 (1998) (Conf. Rep.), reprinted in 1998 U.S.C.A.N. 639, 649; H.R. REP. NO. 105-551, pt. 2, at 49–50 (1998); S. REP. NO. 105-190, at 2, 8, 20, 40 (1998).

⁶⁰ See *Viacom*, 676 F.3d at 38. One commentator disagrees. See Schechter, *supra* note 35, at 17 (arguing that although the Second Circuit's examples are somewhat helpful, the court "avoided an opportunity to provide some much needed clarity," and, by and large, passed on the question of how to define the "something more" required).

⁶¹ See *Viacom*, 676 F.3d at 38; S. REP. NO. 105-190, at 8, 20, 40. Several commentators have criticized the DMCA as outdated and illogical in today's Web 2.0 environment. See, e.g., Helman & Parchomovsky, *supra* note 17, at 1194, 1196–97, 1217 (proposing a "radical change" in webhosts' copyright liability for illegal content posted by users in which webhosts that employ the "best filtering technology" available on the market would be immune from

contrast, by requiring specific knowledge of infringing material to satisfy the § 512(c)(1)(B) control provision, the Ninth Circuit's ruling in *Shelter Capital* failed to effect an internally consistent statute or to further broader DMCA policy goals.⁶² As such, other circuit courts should reject the Ninth Circuit's approach and adopt the Second Circuit's standard for satisfying the § 512(c)(1)(B) control provision.⁶³

The Second Circuit correctly rejected the Ninth Circuit's flawed reading of § 512(c)(1)(B), and instead interpreted the control provision in a way that rendered the statute internally consistent and gave meaning to all of its provisions.⁶⁴ Courts should interpret a statute such that all of its language, if possible, is given effect.⁶⁵ Indeed, both courts cited the proposition that statutory interpretations that render language superfluous are disfavored.⁶⁶ Thus, the Second Circuit correctly determined that the Ninth Circuit erred by holding that a service provider must have specific knowledge of infringing material to have the "ability to control," as that reading would render the control provision duplicative of earlier statutory text.⁶⁷ Furthermore, had the Second Circuit followed the plaintiffs' reading of the control provision and held that the "ability to control" was a codification of common law vi-

liability); Edward Lee, *Decoding the DMCA Safe Harbors*, 32 COLUM. J.L. & ARTS 233, 234–35, 260–69 (2009) (arguing that much uncertainty and confusion exists around the decade-old DMCA safe harbors, and providing five principles for Congress to consider in amending the safe harbors); Brandon Brown, Note, *Fortifying the Safe Harbors: Reevaluating the DMCA in a Web 2.0 World*, 23 BERKELEY TECH. L.J. 437, 438, 463–67 (2008) (arguing that Congress originally set up a binary system to shift the burden of policing infringing material to the least-cost-avoider—the copyright owner—but that in a Web 2.0 world, a balancing test should be implemented to allow for an economical and just balance of the burden for policing copyright infringement). This Comment takes no position on the argument, but acknowledges the common refrain. See *infra* notes 62–76 and accompanying text.

⁶² See *UMG Recordings, Inc. v. Shelter Capital Partners LLC*, 667 F.3d 1022, 1041–42 (9th Cir. 2011); H.R. REP. NO. 105-796, at 72–73 (Conf. Rep.); H.R. REP. NO. 105-551, pt. 2, at 49–50; S. REP. NO. 105-190, at 2, 8, 20, 40.

⁶³ See *Viacom*, 676 F.3d at 38; *Shelter Capital*, 667 F.3d at 1041–45.

⁶⁴ See *Viacom*, 676 F.3d at 36–38; *Shelter Capital*, 667 F.3d at 1041–42.

⁶⁵ *TRW Inc. v. Andrews*, 534 U.S. 19, 31 (2001); *Duncan v. Walker*, 533 U.S. 167, 174 (2001); *United States v. Menasche*, 348 U.S. 528, 538–39 (1955).

⁶⁶ *Viacom*, 676 F.3d at 36; *Shelter Capital*, 667 F.3d at 1041.

⁶⁷ See 17 U.S.C. § 512(c) (2006 & Supp. IV 2011); *Viacom*, 676 F.3d at 36. By interpreting § 512(c)(1)(B) to require a service provider to expeditiously remove material if it has specific knowledge of infringement, the Ninth Circuit renders § 512(c)(1)(B) irrelevant and superfluous, because such a service provider would already be required to do so under § 512(c)(1)(A)(i) and (iii). *Viacom*, 676 F.3d at 36; see 17 U.S.C. § 512(c).

carious liability, the result would have been an internally inconsistent statute.⁶⁸

Moreover, the Second Circuit's ruling furthers the policies behind the DMCA.⁶⁹ Instead of undertaking a wholesale clarification of existing third-party liability, Congress chose to create a series of safe harbors to protect service providers' common activities from liability for direct, vicarious, and contributory infringement.⁷⁰ In so doing, Congress aimed to ensure that innocent service providers, in the normal course of their operations, were not exposed to potentially debilitating copyright infringement liability.⁷¹ The Second Circuit's reading of § 512(c)(1)(B) in *Viacom* ensures that a service provider that simply stores material at its users' direction will fall within the safe harbor and remain protected from liability.⁷² At the same time, a service provider will forfeit safe harbor protection if it can be proven that the provider "exert[ed] substantial influence" over the activities of its users and essentially became an active participant, whether or not it knew of specific instances of infringement.⁷³ Therefore, the Second Circuit's interpretation of the § 512(c)(1)(B) control provision prevents service providers that influence their users' activities from hiding behind protections meant for innocent service providers who do not do so.⁷⁴ This interpretation is consistent with Congress's goal to provide certainty to both copyright

⁶⁸ *Viacom*, 676 F.3d at 37; see 17 U.S.C. § 512(c). The court reasoned that § 512(c) begins with a presumption that service providers have the ability to block access to infringing material, and, in fact, that § 512(c)(1)(A) requires service providers that know of infringement to take down the offending material. *Viacom*, 676 F.3d at 37. As such, if the court interpreted the § 512(c)(1)(B) control provision to codify common law vicarious liability standards and the service provider took action after receiving a takedown notice under § 512(c)(1)(A), the provider would end up in a "catch22" where liability would be inevitable. *Id.* at 37–38; see 17 U.S.C. § 512(c). Therefore, the court correctly held that § 512(c)(1)(B) dictated a departure from common law vicarious liability. See *Viacom*, 676 F.3d at 37–38.

⁶⁹ See *id.* at 27, 36–38; H.R. REP. NO. 105-796, at 72–73 (1998) (Conf. Rep.), reprinted in 1998 U.S.C.C.A.N. 639, 649; H.R. REP. NO. 105-551, pt. 2, at 49–50 (1998); S. REP. NO. 105-190, at 2, 8, 20, 40 (1998).

⁷⁰ *Viacom*, 676 F.3d at 27; H.R. REP. NO. 105-796, at 73 (Conf. Rep.); H.R. REP. NO. 105-551, pt. 2, at 50; S. REP. NO. 105-190, at 19–20; see 17 U.S.C. § 512(a)–(d).

⁷¹ See S. REP. NO. 105-190, at 8 ("In the ordinary course of their operations service providers must engage in all kinds of acts that expose them to potential copyright infringement liability."). Specifically, the § 512(c) safe harbor was meant to ensure that providers that simply stored material at the direction of their users were not liable for vicarious liability. See *id.*

⁷² See *Viacom*, 676 F.3d at 38.

⁷³ See *id.*

⁷⁴ See *id.*

owners and service providers.⁷⁵ Moving forward, service providers can structure their operations with the certainty that they will remain eligible for safe harbor protection under § 512(c)(1)(B) as long as they do not substantially direct or influence the activities of their users.⁷⁶

CONCLUSION

The Second and Ninth Circuits are the only circuits to date to have interpreted the § 512(c)(1)(B) control provision. The Second Circuit's analysis of the control provision in *Viacom* caused a circuit split with the Ninth Circuit's holding in *Shelter Capital*. The Ninth Circuit held that the "something more" required to trigger the control provision and potentially remove a service provider from safe harbor protection is satisfied only when the service provider becomes aware of specific unauthorized material and can exercise its "power of authority" over the material. In contrast, the Second Circuit held that "something more" is satisfied when a service provider "exert[s] substantial influence" over the activities of users, regardless of whether the service provider has actual knowledge of specific instances of infringement.

The Second Circuit's holding in *Viacom* correctly rejected the Ninth Circuit's flawed interpretation of the § 512(c)(1)(B) control provision to produce an internally consistent statute that gave effect to all of its language. Moreover, the Second Circuit provided lower courts with helpful guidelines for analyzing whether a defendant's conduct satisfies § 512(c)(1)(B). This holding will lead to predictable outcomes that better reflect the DMCA's goal of balancing the interests of copyright owners and service providers, and providing both parties certainty. To promote this predictability around the country, other circuit

⁷⁵ See *id.* at 27; H.R. REP. NO. 105-796, at 72 (Conf. Rep.); H.R. REP. NO. 105-551, pt. 2, at 49-50; S. REP. NO. 105-190, at 2, 8, 20, 40.

⁷⁶ See *Viacom*, 676 F.3d at 38; see also Lee, *supra* note 61, at 262 & n.126 (arguing that the DMCA safe harbors should be interpreted to promote clarity for private planning and that courts should articulate steps that service providers can take to fall within the § 512(c) safe harbor); Nick Morgan, *Viacom v. YouTube and the Future of Service Provider Liability for User Infringements of Copyright*, COMM. LAW., Nov. 2012, at 1, 32 (reading the control provision to prohibit service providers from prescreening, reviewing, or rejecting user uploads, imposing quality control standards, or otherwise taking an active role in culling or shaping user-submitted content); Schechter, *supra* note 35, at 23 (positing that as long as a service provider is not purposefully and actively dictating the content of its users, it seems unlikely that it would forfeit safe harbor protection by reason of the control provision). On remand, the district court will need to address this question: was YouTube simply storing user material as it was uploaded to the site, or was it influencing the activities and decisions of its users? See *Viacom*, 676 F.3d at 38.

courts should adopt the Second Circuit's standard for satisfying the § 512(c)(1)(B) control provision.

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