Question Q216A

National Group:	**U.S.**
Title:	**Exceptions to copyright protection and the permitted uses of copyright works in the hi-tech and digital sectors**
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Questions

The purpose of Q216A is to explore exceptions to copyright protection resulting not from issues of eligibility/qualification for protection but from various exceptions, permitted uses or defences. As stated above, this purpose is of itself extremely broad ranging. As such, the work will be limited to a small number of the potential exceptions, permitted uses or defences.

Questions about specific exceptions or permitted uses existing in your country/region

1. What exceptions or permitted uses apply in relation to the activities of an ISP or other intermediaries? Are there any limitations on those exceptions/uses, for example when the ISP is put on notice of unlawful content? Which types of service provider may benefit from such exceptions: would they, for example, apply to UGC sites such as YouTube or social networking sites such as FaceBook?

Section 512 of the Digital Millennium Copyright Act ("DMCA," 17 U.S.C. § 500 et seq.) sets forth a number of safe harbor provisions that exempt service providers from copyright infringement under certain conditions. Although one provision applies only to traditional ISPs (i.e. connection providers), the majority of the DMCA applies to a more general definition of service provider. These safe harbor provisions are designed to protect service providers from infringing activities of their customers. If a service provider qualifies for the safe harbor exemption, it is not liable for monetary damages, and injunctive relief is limited. Furthermore, if a service provider does not qualify for an exemption under the DMCA, it may still avail itself of any other exceptions or permitted uses that apply to copyright defendants in general (e.g., fair use as discussed with respect to Question 6).

With respect to the question of notice, the DMCA safe harbor requires service providers who receive notice of their customers' infringing activities to act expeditiously to remove, or disable access to, the infringing material. Service providers who do not act in response to a so-called "takedown notice" lose the protection of the safe harbor, and may be liable for monetary damages. However, the DMCA also provides for a "counter notification" system wherein alleged infringers can dispute accusation of infringement.

Under the majority of the DMCA safe harbor provisions, a service provider is any provider of "online services or network access." Thus, the provisions nominally apply to user-generated content sites such as YouTube and FaceBook. However, service providers must meet the other requirements of the provisions, most notably the requirements that the service provider have no knowledge of the infringing activity and reap no financial benefit that is directly attributable to the infringing activity. Whether willful blindness qualifies as knowledge is a contentious issue in *Viacomm v. YouTube*, a federal district court case currently pending in the Southern District of New York.

2. Do service or access providers have any obligation (in co-operation with intellectual property right owners or otherwise) to identify, notify or take remedial steps (including termination of access) in relation to their customers who infringe? Is the position different depending on whether the customer has only infringed once or has carried out repeated infringing activities? Do any such obligations affect the scope of the exceptions or permitted uses that apply to those service or access providers?

As discussed in the answer to Question 1, service providers who wish to remain within the safe harbor of the DMCA are obligated to remove allegedly infringing material in response to a takedown notice from a copyright holder. Service providers are also protected from liability to the customer who originally provided the infringing material if they take reasonable steps to notify that customer of the takedown. Furthermore, service providers are obligated to disclose the identity of an infringing customer on receipt of a subpoena. Finally, service providers must adopt a termination policy that terminates the access of customers who repeatedly infringe copyrighted material. The DMCA does not, however, explicitly define repeat infringement and the term has been interpreted loosely (*See Corbis Corp. v. Amazon.com, Inc.*, 351 F. Supp. 2d 1090 (W.D. Wash. 2004)).

For the most part, the aforementioned obligations arise only as necessary conditions for obtaining the exceptions of the safe harbor provisions. In other words, a service provider that does not comply with the notice and takedown procedure loses its exemption under the DMCA. For example, a service provider that is aware of facts or circumstances from which infringing activity was apparent will not qualify for the safe harbor (17 U.S.C. § 512(C)(1)(A)(ii))). Thus, while there is no affirmative duty to seek out alleged infringers, a service provider cannot deliberately proceed in the face of "red flags" of obvious infringement (*See Corbis*; *See also* H.R. Rep. No. 105-551, pt. 2, at 42).

3. What exceptions exist for "digitisation" or to allow for format shifting of sound recordings, films, broadcasts or other works?

With respect to sound recordings, the Audio Home Recording Act of 1992 (AHRA) protects consumers who make analog or digital audio recordings of copyrighted music for their private, non-commercial use. The AHRA has been interpreted to allow, for example, digital storage of music (*RIAA v. Diamond Multimedia*, 180 F.3d 1072 (9th Cir. 1999)). The AHRA does not cover video, however, and the DMCA contains no explicit provisions for format-shifting. Nevertheless, format shifting of other works is expected to fall under fair use, at least under certain circumstances (*see, e.g.* 2-8B Nimmer on Copyright § 8B.01, and Question 6).

While there are no significant appellate decisions on format-shifting, the Supreme Court has held that off-the-air video recording for private use (time-shifting) is fair use (Sony *Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417 (1984)). Furthermore, remote-storage digital video recorder (DVR) services have been protected from direct-infringement claims (*Cartoon Network v. CSC Holdings*, 536 F.3d 121 (2nd Cir. 2008)). Finally, the digitization of entire written works for the purpose of detecting plagiarism has been held to be fair use (*A.V. v. iParadigms, LLC*, 562 F.3d 630 (4th Cir. Va. 2009)). These cases are likely to guide future rulings on digitization and format shifting.

4. Are there specific exceptions permitting libraries to format shift or to make digital copies for archive or other purposes?

As discussed with respect to Question 3, certain forms of format shifting may fall under fair use. To the extent that there are not explicit provisions, library use may be more likely to meet the four-part fair use test (see Question 6).

With respect to digital copies, libraries and archives have limited exceptions to make copies under 17 U.S.C. § 108. For example, under 17 U.S.C. § 108(h)(1), libraries may reproduce, distribute, display, or perform a work for purposes of preservation, scholarship, or research during the last 20 years of copyright term, provided that the work meets certain criteria. Specifically, the library must perform a reasonable investigation to determine that the work is not "subject to normal commercial exploitation," cannot "be obtained at a reasonable price," and the copyright holder has not provided such notice. The copies may be digital as long they are not made available outside the library.

In order to qualify as a library or archive, the institution in question must be open to the public or accessible to nonaffiliated researchers working in a specialized field. Therefore, a library in a for-profit business or a virtual library may arguably be eligible for the exceptions (*See* Hirtle, Peter B., et al., *Copyright & Cultural Institutions: Guidelines for Digitization for U.S. Libraries, Archives, & Museums*. Ithaca: Cornell University Library, 2009). For more information, see *The Section 108 Study Group Report*, published in 2008. The Google Books settlement applies to collections of libraries which means that it appears to extend to works of foreign authors to the extent that they are in such collections.

5. Are there exceptions or permitted uses allowing the use of orphan works? If so, what is their scope?

As discussed with respect to Question 5, libraries have a limited exception to make copies of certain orphan works under 17 U.S.C. 108(h)(1). There are no other explicit exceptions or permitted uses allowing the use of orphan works. While two bills addressing orphan works have been introduced in Congress over the last few years, neither became law (Orphan Works Act of 2006, H.R. 5439 and Orphan Works Act of 2008, H.R. 5889).

6. What, if any, fair dealing/fair use provisions apply? Are there any examples of fair dealing/use provisions having a particular application to Library/search facilities such as Google Book Search?

The U.S. recognizes a fair use doctrine both at common law and codified under 17 U.S.C. § 107. Fair use analysis under § 107 entails a four-part balancing test that considers: the purpose and character of the use, the nature of the copyrighted work, the amount and substantiality of the portion used in relation to the copyrighted work as a whole, and the effect of the use upon the potential market for or value of the copyrighted work. Examples of fair use under § 107 may include copies made for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, and research. Although the codified rule under § 107 uses this balancing test, fair use at

common law remains an "equitable rule of reason" to be applied in light of the overall purposes of the Copyright Act. The common law has built a body of caselaw around this principle that provides a reasonable degree of certainty with respect to what constitutes an exception to copyright.

With respect to library/search facilities, the Congressional Research Service issued a report on fair use in the U.S. as applied to Google Book Search (Jeweler, Robin. "The Google Book Search Project: Is Online Indexing a Fair Use Under Copyright Law?" 29 Dec. 2005). The report concludes that a reasonable court may very well decide either way.

7. How does the law in your country/region understand the requirement of international treaties that exceptions to copyright must not conflict with a normal exploitation of the work and must not unreasonably prejudice the legitimate interests of the author?

The question refers to two parts of the three step test provided in the Berne Convention, TRIPS, and the WIPO copyright treaties. The United States considers the three step test to be a central pillar of the international copyright system and we believe that all the exceptions in US copyright law, as detailed in sections 107 to 122 of Title 17 meet the three step test. This is particularly true because of the careful analyses of these statutory exceptions that our courts have provided. We view the three step test as a flexible doctrine that, like American fair use, draws the limits of exceptions in terms of adverse effect on the normal, reasonable exploitation of copyrighted works.

8. Are there any other exceptions or permitted uses which you consider particularly relevant to the hi-tech and digital sectors with regard to ISPs, digitisation and format shifting or orphan works?

As is increasingly recognized in many jurisdictions, the ability of legislatures to predict the needs of technology is limited in relation to copyright. For that reason, the U.S. has found that its fair use test (see Question 6), as implemented by the judicial system, has been critical to protect the balance between protecting the creators of new works and the fostering of technological innovation. For example, time shifting is permitted as an exception under the fair use test (*Sony*); so too is intermediate copying of software in the preparation of a new work (*Sega v. Accolade*, 977 F.2d 1510 (9th Cir. 1992)) and development of "thumbnail" images by search engines where the search engine results do not detract from the normal, reasonable exploitation of the underlying copyrighted works (*Kelly v. Arriba Soft*, 336 F.3d 811(9th Cir. 2000).

We consider the "orphan works" problem to be an issue for the copyright system as a whole, not for high tech or digital sectors in particular. As mentioned in the answer to Question 5, special orphan works legislation was considered in the last session of the US Congress and, because it did not pass then, we expect that such efforts will probably be renewed in the future.

Your views

(a) In your opinion, are the exceptions to copyright protection for (i) the activities of an ISP (ii) digitisation or format shifting; and (iii) orphan works, and the fair dealing/fair use provisions that apply to Library/search facility applications in your country/region suitable to hold the balance between the interest of the public at large and of copyright owners in the hi-tech and digital sector?

Some in Congress believe that legislation is required for resolving the problem of orphan works. Google has resolved some issues through its U.S. settlement, but there still remains open questions regarding whether virtual libraries receive the benefits of archiving. Of greater concern is whether a virtual library that digitizes and/or reformats has any rights to distribute such works.

(b) Are these exceptions and permitted uses appropriate to the technology, understandable and realistic? Do they contribute to a situation where copyright is enforceable in practice?

Yes. Particularly, the fair use rule that allows for the flexible expansion of exceptions according to the uses that arise in conjunction with new technologies.

(c) What, if any, additional exceptions would you wish to see relevant to these areas?

A resolution to the treatment of the use of orphan works for commercial purposes could be accomplished by legislative action.

(d) Given the international nature of the hi-tech and digital fields, do you consider that an exhaustive list of exceptions and permitted uses should be prescribed by international treaties in the interests of international harmonisation of copyright? Might you go further and say that there should be a prescribed list? If so, what would you include?

With respect to any proposal for a general international list of exceptions, that is believed to be premature, particularly in the changing circumstances of the digital, networked environment. It has traditionally been a matter for each nation to establish its own exceptions according to its unique socioeconomic circumstances; that is the spirit of the three step test as well as the minor exceptions doctrine in the Berne Convention, which is integrated into the TRIPS system as part of the Berne acquis. At the same time, greater international harmonization of copyright exceptions and limitations may be appropriate on a case-by-case basis. For example, in December 2009, the U.S. Government announced its willingness and commitment to work on international exceptions for the sharing of special format copies of works made for people with visual impairments or print disabilities.

Summary:

For the most part, the existing copyright paradigm functions adequately. Within the United States, it may be helpful for the legislature to clarify the treatment of orphan works for commercial purposes. Internationally, we do not propose that a list of exceptions or permitted uses be prescribed by treaty. Each nation has its own unique socioeconomic circumstances that need to be accounted for independently. Therefore, international harmonization of copyright exceptions is best accomplished on a case-by-case basis such as for works for the visually impaired.

Note: It will be helpful and appreciated if the Groups follow the order of the questions in their Reports and use the questions and numbers for each answer.

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