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DOES “MAKING AVAILABLE” = MAKING INFRINGEMENT?

1 New York CLE Credit (Transitional and Nontransitional)

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Speakers:

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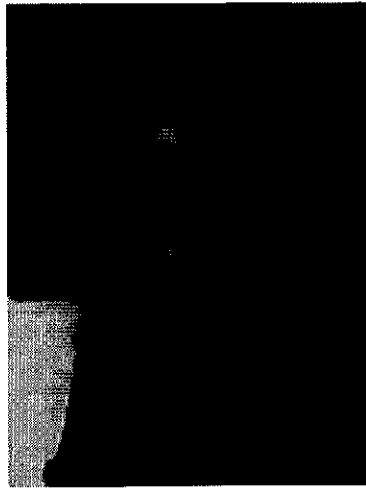
Jennifer Pariser (Sony BMG)

Prof. Frank Pasquale (Seton Hall Law School)

Moderator:

Eric Schwartz (Mitchell, Silberberg & Knupp)

Dedication



In Memory of
Marya Lenn Yee

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Speakers / Moderator

SPEAKERS:

DANIEL BROTMAN has been CEO of FutureMusic, an online music magazine, since 2001. Prior to his current position, he was Vice President of New Media and Internet Development at TVT Records, the first record label to have an on-demand music video jukebox, free time-restricted digital downloads and viral promotional eCards. Before TVT, he was Vice President of New Media at RomeBlack. Daniel obtained his BFA in Film Production at the Tisch School of the Arts of New York University.

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“Making Available” Music Online and Infringement of the Distribution Right

By Joseph P. Salvo*

As the Recording Industry Association of America (“RIAA”) commences its thirteenth wave of antipiracy lawsuits against college campuses, one unintended consequence has been the emerging spate of cases challenging the contours of the “distribution right” under Section 106(3) of the Copyright Act and its application to peer-to-peer file sharing. More specifically, a number of district courts have recently opined that infringement of the “distribution right” requires something more than merely “making available” an uploaded digital file to others for downloading.

The issue has surfaced primarily in the context of unsuccessful motions by alleged file sharers seeking to dismiss complaints against them. But while courts have generally been reluctant to nonsuit these claims,¹ a number of recent decisions have sought to define the distribution right in a manner that may pose challenges to content owners seeking to prove infringement and collect damages for unauthorized file sharing of their content.

The Early Cases

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As is often the case with new technologies, the earliest decisions construing the application of the “distribution right” to the internet initially arose out of the adult entertainment industry. In the case of *Playboy Enterprises, Inc. v. Frena*,² an award of summary judgment was granted against an internet bulletin board operator for, *inter alia*, direct infringement of the Playboy’s distribution right in allowing subscribers to the service to upload copyrighted Playboy pictures for potential viewing and downloading by other subscribers. Similarly, in *Sega Enterprises, Ltd. v. Maphia*,³ a preliminary injunction was granted to a video game manufacturer based on a showing that plaintiff’s games had been made “available” on the defendant’s system. In *Playboy Enterprises Inc. v. Russ Hardenburgh, Inc.*,⁴ liability for direct infringement of the distribution right was again held to result from “. . . Defendant’s policy of encouraging subscribers to upload files . . . onto the system.” From these early decisions, it thus seemed clear that uploading unauthorized content to the internet and making it available to others to consume was sufficient to sustain a claim for violation of the distribution right.

The Napster Decision

Despite the occasional departure,⁵ that rule essentially remained unchallenged until the *Napster* litigations commenced in 1999. As part of the recording industry challenge to the Napster file-sharing service, Napster sought to defend itself against a motion for a preliminary injunction (for secondary infringement liability) by asserting that plaintiffs had failed to establish a likelihood of success in establishing a case for primary infringement liability by Napster users. Napster argued the record labels could not show that digital music files available by way of the Napster index had actually

been downloaded by third parties. Judge Patel disagreed and granted the preliminary injunction, finding that evidence of widespread unauthorized uploading and downloading of copyrighted music files by Napster users established a *prima facie* case of direct infringement.⁶

Nevertheless, after Napster declared bankruptcy, the labels sought to add to the suit additional entities that had funded Napster's continued operations. In evaluating the secondary infringement claims against the financiers, Judge Patel revisited the underlying claims of primary infringement liability – this time *by Napster* – arising from Napster's use of a centralized indexing system. The court noted that the gravamen of that claim “lies in whether the Copyright Act requires proof of actual dissemination of a copy or phonorecord in order to establish unlawful distribution . . .”⁷ Ultimately, Judge Patel found that it did, holding that “to the extent [Hotaling decision] suggests that a *mere offer to distribute* a copyrighted work gives rise to liability under section 106(3), that view is contrary to the weight of the . . . authorities [and] is also inconsistent with the text and legislative history of the Copyright Act” (emphasis added). Thus Judge Patel awarded summary judgment to the defendant financiers on the basis that the Napster central index, in merely “making available” unauthorized files without more, did *not* infringe the record label's distribution rights (although she held that the other claims relating to uploading and downloading by users provided ample primary infringement basis for secondary infringement liability).

The Recent Decisions

More recently, in the space of six weeks, three separate decisions issued revisiting the scope of the distribution right, and whether merely “making available” a

copy of a digital file, without establishing the actual dissemination of the copy, was enough to constitute infringement.

First, in *Atlantic Recording Corp. v. Brennan*,⁸ Judge Arterton in the District of Connecticut took the rather unusual step of refusing, *sua sponte*, to grant a motion for a default against an alleged file-sharer following entry of a default by the clerk, finding that record label claims of infringement based on “making the Copyrighted Recordings available for distribution to others” were “problematic” absent “actual distribution of copies.” Then, on March 31, 2008, two additional decisions⁹ issued, both challenging RIAA-based infringement actions against alleged file-sharers on the same basis.

In *Elektra Entertainment Group, et al. v. Barker*, an alleged file-sharer moved under F.R.C.P. 12(b)(6) to dismiss an RIAA-styled complaint. Amicus briefs were filed by the U.S. Attorneys’ office, the Computer & Communications Industry Association, the Motion Picture Association and the Electronic Frontier Foundation (the main proponent of this challenge). Defendant alleged the complaint should be dismissed because the allegation that the defendant had merely “made available” copyrighted recordings for distribution by others, without alleging actual dissemination, failed to state a claim for infringement of the distribution right.

The *Barker* court began its analysis of the scope of the distribution right – embodied in section 106(3) of the Copyright Act – by noting there is no definition of “distribution” found within the Copyright Act itself, although one exists for “publication.” The court noted that the language of the first sentence of the definition of “publication” is virtually identical to the articulation of the distribution right in section

106(3) – *i.e.*, it is the “distribution of copies or phonorecords of a work to the public by sale or other transfer of ownership, or by rental, leasing or lending.” The court further noted that a number of U.S. courts – including the Supreme Court in *Harper & Row v. Nation Enters.* – have previously determined that the terms “distribution” and “publication” are “synonymous.”¹⁰

As a historical matter, the court noted that under the 1909 Copyright Act, “publication” of work with notice was the act triggering federal copyright protection. Under the 1909 Act, then, the distribution of copies with notice – or “publication” – started the clock on the initial 28-year term of protection. With the passage of the 1976 Act (and the elimination of “publication” as a precondition to copyright protection), the *Barker* court found that Congress intended to carry forward the concept of “publication” by utilizing the term “distribution” in the Copyright Act to refer to what was previously the right to control first publication of the work. The court found support for that view in the House Report accompanying the passage of the 1976 Act, which described Section 106(3) as “establish[ing] the exclusive right of publications.”

Thus satisfied that “publication” and “distribution” were co-extensive in scope, the court turned to the second sentence of the definition of “publication” in Section 101 of the current Act for guidance, which reads:

The offering to distribute copies or phonorecords to a group of persons for purposes of further distribution, public performance or public display, constitutes publication.¹¹

Based on this language, the *Barker* court held that an offer to distribute copies for purposes of further distribution, performance or display *would* potentially violate the distribution right.

The court also examined a number of conflicting authorities cited by the parties, including (i) the U.S. accession to the WIPO treaties (referencing and therefore arguably supporting a “making available” right as part of the distribution right); (ii) copyright treatises by Professor Nimmer and Goldstein (both of which suggest that a mere offer to distribute, without an actual transfer of the copy, does *not* constitute a distribution) and (iii) the *Hotaling v. Church of Jesus Christ of Latter Day Saints* opinion (holding that making an unauthorized book available for borrowing from a library suffices for infringement of the distribution right). It would thus seem that, under *Barker*, the record companies had prevailed – that a mere *offer* to distribute a copyrighted file was enough to trigger liability.¹²

But the *Barker* court went further and clarified that, in order to remain faithful to the statute, the “offer to distribute” must be “for the purpose of further distribution, public performance or display.” Since the statute contains no express “make available” language, the *Barker* court rejected the record company argument that “making available” copyrighted files alone was equivalent to “offering to distribute . . . for the purposes of further distribution.” The decision thus suggests that in order for the distribution right to be violated, the unauthorized “making available” must both (i) constitute an offer to distribute and (ii) be accompanied by an allegation (and for damages, would require further proof) that such posting of the file was intended as an “offer to distribute copies to a group of persons for purposes of . . . further distribution.”

As an alternative theory, the MPAA argued in its amicus that because section 106 sets forth “the exclusive rights to do *and authorize* . . .” each of the enumerated rights therein, the word “authorize” provided separate justification for why

the unauthorized “making available” of a work, without more, was still an infringement. The court disagreed, siding with Judge McKenna in *NFL v. Primetime 24 Joint Venture*, holding that section 106 “does not create an infringeable right of authorization independent of infringement of one of the specific enumerated rights set forth in that section.”¹³ The court noted that the “authorization” language in Section 106 was intended to “avoid any confusion with regard to contributory infringers”. The court nonetheless denied the motion to dismiss, finding the complaint sufficient as a result of having alleged actual distribution of plaintiffs’ work.

The *London-Sire v Doe 1* decision, issued on the same day as *Elektra v. Barker*, wrestled with the scope of the distribution right in the context of motions by unnamed, “John Doe” file-sharers to quash subpoenas issued by the labels to internet service providers to determine the defendants’ actual identities. As part of their motions, the defendants moved to dismiss the underlying complaints for failure to state a claim. The labels again argued the terms “distribution” and “publication” were synonymous and that a mere “offer to distribute” or “make available” was therefore sufficient to sustain the claim.

Unlike the *Barker* court, the *London-Sire* court held that “distribution” and “publication” were *not* synonymous, noting that for an infringement of the distribution right, there had to be *actual distribution* or dissemination of the file. While again finding a legally sufficient pleading, the case made clear that further proof would be necessary to support the inference inherent in the pleadings “that defendants participated in the peer-to-peer network with the intent that other users could download *from the defendants’ copies . . .*” (emphasis added). This modicum of proof – actual downloading by third

parties of the same content posted and made available by a defendant – may be extremely difficult to adduce, and may provide a formidable challenge to recovery of damages.

While the above holdings should have little impact on the form of subsequent pleadings – the phrase “making available” can be deleted in favor of the formulation adopted by the *Barker* court or in favor of an allegation of actual distribution, per the *London-Sire* and *Brennan* courts-- the quantum of proof necessary to establish damages likely will be more severely impacted. Under the *Barker* decision, plaintiff will need to show the files posted were “for the purpose of further distribution”, seemingly suggesting proof of a *mens rea* element largely absent from copyright jurisprudence. And under the *London-Sire* and *Brennan* decisions, proof of *actual* delivery of the *same* uploaded files may well be necessary.

¹ See, e.g., *Elektra Entertainment Group, et al. v. Barker*, No. 05-CV-7340 (KMK), 2008 WL 857257 (S.D.N.Y. March 31, 2008) (denying 12(b)(6) motion to dismiss for failure to state a claim); *London-Sire Records, Inc. v. Doe 1*, No. 04 CV 12434, 2008 WL 887491 (D. Mass. March 31, 2008) (holding that for purposes of motion to quash, plaintiffs entitled to inference actual dissemination took place); *Warner Bros. Records v. Payne*, No. 06-CA-051, 2006 WL 2844415 (W.D. Tex. July 17, 2006). But see *In re Napster*, 377 F. Supp. 2d 796, 805-06 (N.D. Cal. 2005) (granting summary judgment as against record labels’ “indexing” claim as basis for primary infringement liability, but denying defendants summary judgment motion based on “uploading” and “downloading” theories of primary infringement liability); *Atlantic Recording Corp. v. Brennan*, No. 3:07 CV 232, 2008 WL 445819 (D. Conn. February 13, 2008) (denying entry of default judgment by record labels against alleged file sharer on grounds there may be “meritorious defenses” to alleged acts of infringement).

² 839 F. Supp. 1552, 1556 (M.D. Fla. 1993).

³ 857 F. Supp. 679, 686 (N.D. Cal. 1994).

⁴ 982 F. Supp. 503, 513 (N.D. Ohio 1997).

⁵ See, e.g., *Religious Tech Center v. Netcom On-Line Community*, 907 F. Supp. 1361 (N.D. Cal. 1995) (holding that direct infringement of the distribution right required more than merely creating a place where information may be exchanged, lest infringement

liability result “for every single . . . server in the worldwide link of computers transmitting [the] message to every other computer”); *see also National Car Rental Sys. Inc. v. Computer Associates, Int’l, Inc.*, 991 F.2d 426, 434 (8th Cir. 1993); and *Arista Records, Inc. v. Mp3Board, Inc.*, No. 00-Civ. 4660 (SHS), 2002 WL 1997918, at *4 (S.D.N.Y. Aug. 29, 2002) (both holding infringement of distribution right requires actual dissemination of either copies or phonorecords).

⁶ *A&M Records Inc. v. Napster, Inc.*, 114 F. Supp.2d 896, 911 (N.D. Cal. 2000).

⁷ *In re Napster*, 377 F. Supp.2d 796, 802 (N.D. Cal. 2005).

⁸ 2008 WL 445819, at *3 (Feb. 13, 2008).

⁹ *See London-Sire Records v. Doe I*, No. 04 CV 12434, 2008 WL 887491 (D. Mass., March 31, 2008) (motion to quash a subpoena granted, though basic claim of infringement of distribution right upheld as sufficient); *Elektra Entertainment Group v. Barker*, No. 05 CV 7340 (KMK), 2008 WL 857257 (S.D.N.Y., March 31, 2008) (denying motion to dismiss).

¹⁰ 471 U.S. 539, 552 (1985). But *see London-Sire*, 2008 WL 887491, at *16 (“Plainly, “publication” and “distribution” are not identical.”)

¹¹ 17 U.S.C. § 101 (definition of “publication”).

¹² *Elektra Entert. Group v. Barker*, at *6. See also *Hotaling*, 118 F.3d 199 (4th Cir. 1997).

¹³ *National Football League v. Primetime 24 Joint Venture*, No. 98-CV-3778, 1999 WL 163181 (S.D.N.Y. Mar. 24, 1998), at *4.