



Intellectual Property Alert: DMCA Takedowns Require Consideration of Fair Use

By **Steve S. Chang**

September 15, 2015 — The U.S. Court of Appeals for the Ninth Circuit has held that copyright holders must at least consider fair use before issuing a takedown notice under the Digital Millennium Copyright Act (DMCA). The decision, in *Lenz v. Universal Music Corp. et al.*¹, is the first to address this issue, and will help shape the future administration of copyright protections in the digital age.

Background

The DMCA, codified at 17 U.S.C. 512, provides online service providers with some protection against copyright infringement liability. In particular, when an online service provider, such as YouTube, allows users to upload content for other users to download and see, there is a risk that some users will upload copyrighted materials without the authorization of the copyright owner. In that situation, when the service provider reproduces that content for other users to see, the service provider risks infringing the copyright owner's rights. The DMCA protects this service provider from copyright liability if the service provider acts expeditiously to remove the copyrighted material once the service provider has received notice, a.k.a. a "takedown notice," of a claim of infringement².

The person supplying that notice must satisfy certain conditions, and certify that they have a "good faith belief that the use of the material in the manner complained of is not authorized by the copyright owner, its agent, or the law."³ The DMCA also has some measures to prevent abuse, providing for damages if a person "knowingly materially misrepresents ... that the material or activity is infringing."⁴

In *Lenz*, Stephanie Lenz uploaded to YouTube a 29-second home video of her children dancing to the song "Let's Go Crazy" by Prince⁵. She titled the video "Let's Go Crazy' #1," and in the

¹ No. 13-16106 and 13-16107 (September 14, 2015)

² 17 U.S.C. 512(c)(1)(C)

³ 17 U.S.C. 512(c)(3)(A)(v)

⁴ 17 U.S.C. 512(f)(1)

⁵ No. 13-16106 and 13-16107, p. 5.

video, she asks her 13-month-old son what he thought of the music, eliciting a bobbing-up-and-down response⁶.

At that time, Universal was responsible for enforcing Prince's copyrights, and had assigned a legal department assistant to monitor YouTube on a daily basis. The assistant would search for Prince's songs on YouTube, and evaluate whether any of the videos "embodied a Prince composition" by making "significant use of ... the composition, specifically if the song was recognizable, was in a significant portion of the video or was the focus of the video."⁷ If a video met such criteria, then the assistant would send a takedown notice to YouTube. The assistant noted that videos would not meet the criteria if, for example, the videos only used a very small portion of the Prince song (e.g., less than a second, or a line), or if the song was distorted in the video due to a noisy environment or being deep in the background⁸.

Notably for this case, the assistant's criteria did not explicitly include consideration of the Fair Use Doctrine. The Fair Use Doctrine, codified in 17 U.S.C. 107, generally states that certain types of reproductions of copyright works for criticism, comment, news reporting, teaching, scholarship, or research are not infringements of copyright, and sets forth four factors in particular to be considered when determining whether a particular use is a fair use. The factors are:

- 1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- 2) the nature of the copyrighted work;
- 3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- 4) the effect of the use upon the potential market for or value of the copyrighted work⁹.

Universal sent a takedown notice to YouTube, resulting in the removal of the video, and Lenz sued Universal alleging, *inter alia*, that Universal had misrepresented the infringement in violation of 17 U.S.C. 512(f). The district court denied her summary judgment motion on that claim, and an interlocutory appeal to the Ninth Circuit was filed on this issue.

The Arguments and Analysis

The core disagreement between the parties was whether fair use is "authorized by the law" within the meaning of the Section 512(c) good faith statement. Universal contended that fair use

⁶ No. 13-16106 and 13-16107, p. 5.

⁷ No. 13-16106 and 13-16107, p. 6.

⁸ No. 13-16106 and 13-16107, p. 6.

⁹ 17 U.S.C. 107(1)-(4).

was not a use authorized by the law, but was rather an affirmative defense that would excuse otherwise impermissible conduct. Under that reasoning, a good faith statement could be made without considering fair use¹⁰.

The Ninth Circuit, however, did not agree. First, the court noted that the Copyright Act itself relied on fair use to define what is, or is not, an infringement at all, thereby defining uses that are not infringing. The Act, at 17 U.S.C. 107, states that "... the fair use of a copyrighted work ... is not an infringement of copyright." From this, the court concluded that "[t]he statute explains that the fair use of a copyrighted work is permissible because it is a non-infringing use."¹¹ By defining a use as a non-infringing use, it defines an authorized use.

Having determined that fair use is an expressly authorized use in the Copyright Act, the court went on to say that labeling fair use as an "affirmative defense" would be a misnomer. The court also cited several prior Ninth Circuit decisions that also found fair use to be distinct from traditional affirmative defenses¹².

To further support its conclusion, the court noted that Universal conceded that it must give consideration to other uses authorized by the law, such as the compulsory licenses authorized in Section 112¹³. The court compared the statutory language for compulsory licenses with the fair use language¹⁴, and noted that both sections phrase their requirements as setting forth what "is not an infringement of copyright." The court did not see a reason to treat compulsory licenses and fair uses differently in this regard.

Having concluded that fair use is indeed a use "authorized by the law," the court then went on to discuss whether Lenz's summary judgment motion should have been granted. The court began by noting that the good faith requirement is a subjective requirement, not an objective one¹⁵. Although Lenz presented evidence that Universal did not consider fair use at all, Universal presented evidence of the criteria that its legal assistant used in deciding to issue the takedown notice, and the court concluded that it must be up to a jury to determine whether the criteria used by the Universal legal department assistant were tantamount to a good faith determination, and whether they were sufficient to form a good faith belief about fair use.

The court affirmed the denial of Lenz's summary judgment motion, but before doing so, the court was careful to reiterate its holding about the law, and to offer some guidance on determining whether the good faith requirement had been met. The court noted that the good

¹⁰ No. 13-16106 and 13-16107, p. 13.

¹¹ No. 13-16106 and 13-16107, p. 12.

¹² No. 13-16106 and 13-16107, p. 14.

¹³ 17 U.S.C. 112, generally covering compulsory licenses for certain uses otherwise authorized in the Copyright Act

¹⁴ No. 13-16106 and 13-16107, p. 14.

¹⁵ No. 13-16106 and 13-16107, pp. 15-17.

faith belief need only be subjective, but the copyright holder must do more than simply pay “lip service” to the consideration¹⁶.

The court acknowledged the “pressing crush of voluminous infringing content that copyright holders face in a digital age,” and stated that “a subjective good faith belief does not require investigation of the allegedly infringing content.¹⁷” The court suggested that the consideration of fair use need not be complicated. The court noted, without passing judgment, that computer algorithms could be a valid approach to “processing a plethora of content while still meeting the DMCA’s requirements to somehow consider fair use.¹⁸”

Conclusion and Takeaways

The takeaways here are simple. Before issuing a DMCA takedown notice, you must at least consider, in some way, whether the allegedly infringing use might qualify as a fair use. Your consideration must be enough to form a subjective good faith belief that the allegedly infringing use is not a fair use. The consideration need not be a full-blown investigation, but it should be enough to be considered reasonable under your circumstances.

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¹⁶ No. 13-16106 and 13-16107, pp. 17-20.

¹⁷ No. 13-16106 and 13-16107, p. 18.

¹⁸ No. 13-16106 and 13-16107, p. 19.