

Before the United States Copyright Office

**Study on the Right of Making
Available; Request for Comments**

Docket No. 2014-02

Comments of DISH Network Corporation

Introduction

DISH Network Corporation (“DISH”) respectfully submits the following comments in response to the U.S. Copyright Office’s request for further comments on the U.S. copyright law’s recognition of the rights of “making available” and “communication to the public.” 79 Fed. Reg. 41309. In particular, DISH welcomes the opportunity to address the Supreme Court’s recent decision in *American Broadcasting Companies v. Aereo Inc.*¹

The copyright law must balance copyright protection with technological innovation.² Congress has struck that balance through a comprehensive set of particularized rights, on the one hand, and on the other a set of principles that have provided breathing room for the development of new technologies. Two such principles are the volitional conduct requirement—which separates direct infringement from secondary infringement—and the “to the public” limitation—which cabins several of the Copyright Act’s exclusive rights. Without these limitations, the digital world would suffocate. But as crucial as they are to the digital ecosystem, they limit copyright protection modestly, if at all—certainly neither limitation undermines our WIPO Treaty obligations.

In *Aereo*, the Supreme Court was sensitive to the copyright law’s balance. Although the Court found that the particular system of mini-antennas at issue in that case trespassed on a right Congress had reserved to content owners, it also made clear that Congress “did not intend to discourage or to control the emergence or use of different kinds of technologies” and confined its “limited holding” short of “that effect.”³ And the majority opinion went out of its way to avoid disrupting established norms. The Court thus sought to preserve the benefits of a balanced and nuanced approach to copyright protection.

¹ 134 S. Ct. 2498 (2014).

² *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 429 (1984); *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, 545 U.S. 913, 928-29 (2005).

³ *Aereo*, 134 S. Ct. at 2510.

I. The Volitional Conduct Requirement Remains Essential to the Balance Between Copyright Protection and Technological Innovation

The text of § 106 of the Copyright Act imposes direct liability only on those who “do” one of the acts enumerated in the statute—reproduce, perform, distribute, and so forth.⁴ Copyright law also recognizes several forms of secondary infringement, applicable where a party that does not “do” the act in question nevertheless encourages or induces it, or profits from it instead of exercising a right to limit it.⁵ Because direct copyright infringement is a strict liability tort, it is essential that actors be able to discern the line between direct and secondary infringement. But that line is not always self-evident, and this is where the volitional conduct requirement comes in.

Importantly, the volitional conduct requirement does not diminish the scope of a copyright holder’s exclusive rights—that is, it says nothing about whether a particular act ultimately constitutes infringement. Rather, it serves “to identify the actor (or actors) whose conduct has been so significant and important a cause that he or she should be legally responsible.”⁶ So while it protects innovators from unexpected and undeserved liability, it in no way contracts the copyright protection contemplated by the WIPO Treaty and protected by § 106 of the Copyright Act.

1. *The Volitional Conduct Requirement.* It has been 30 years since the Supreme Court “ma[de] clear [that] the producer of a technology which *permits* unlawful copying does not himself *engage* in unlawful copying.”⁷ Lower courts have followed that lead.⁸ “[A] person ha[s] to engage in volitional conduct—specifically, the act constituting infringement—to become a direct infringer.”⁹ And merely “operating a system used to make copies at the user’s command does not mean that the system operator, rather than the user, caused the copies to be made.”¹⁰

Nowhere is the volitional conduct requirement more vital than in the digital environment. Indeed, volitional conduct principles are what permit online service providers to offer hyperlinks, search engines, web space, cloud storage, and any

⁴ 17 U.S.C. § 106.

⁵ *Grokster*, 545 U.S. at 930.

⁶ *Cartoon Network LP v. CSC Holdings, Inc.* (“*Cablevision*”), 536 F.3d 121, 132 (2d Cir. 2008) (quotation marks and brackets omitted).

⁷ *Id.* at 960 (Breyer, J., concurring) (emphasis in original).

⁸ *CoStar Group, Inc v. LoopNet, Inc.*, 373 F.3d 544, 551 (4th Cir. 2004); *Perfect 10 v. Amazon*, 508 F.3d 1146, 1160-61 (9th Cir. 2007); *Fox Broadcasting Co., Inc. v. DISH Network L.L.C.*, 747 F.3d 1060 (9th Cir. 2013); *Cablevision*, 536 F.3d at 132; *Religious Tech. Ctr. v. Netcom On-Line Commc’n Servs., Inc.*, 907 F. Supp. 1361, 1371 (N.D. Cal. 1995); *UMG Recordings, Inc. v. Shelter Capital Partners LLC*, 718 F.3d 1006, 1015-16 (9th Cir. 2011); *Parker v. Google, Inc.*, 242 F. App’x 833 (3d Cir. 2007) (non-precedential).

⁹ *CoStar Group*, 373 F.3d at 551.

¹⁰ *Fox Broad.*, 747 F.3d at 1067.

number of other services without fear of crushing liability.¹¹ Congress also endorsed these principles by including them in the Digital Millennium Copyright Act (DMCA).¹² As the House Judiciary Committee’s report on the DMCA explained, “[a]s to direct infringement, liability is ruled out for passive, automatic acts engaged in through a technological process initiated by another.”¹³ The Internet is built on the promise that direct liability will not be arbitrarily imposed upon those that provide online functionality for the infringing clicks of so many anonymous end users.

2. *Aereo and Volitional Conduct.* In the *Aereo* case, decided this past term, the Supreme Court had occasion to consider the volitional conduct requirement. *Aereo*, the proprietor of an Internet television service, attempted to interpose that requirement between itself and the television networks’ claim of direct infringement of 17 U.S.C. § 106(4)’s public performance right.¹⁴ The majority in *Aereo* rebuffed *Aereo*’s argument, over a dissent that would have applied it to absolve *Aereo* of liability.¹⁵ Does the *Aereo* majority’s opinion undermine the volitional conduct requirement generally? Hardly. Properly understood, *Aereo* is simply a rejection of the volitional conduct requirement for an exceedingly narrow class of conduct, namely “the activities of cable systems.”¹⁶

Aereo’s television system used thousands of tiny antennas to capture live network broadcasts at a centralized location, then send the signals straight from these centralized facilities, over the Internet, to paying subscribers.¹⁷ Thus, the Court found that *Aereo* did exactly the same thing cable systems do. This fact was plainly the motor of the majority opinion. Indeed, the Court framed its entire opinion with Congress’s intent to “bring the activities of cable systems within the scope of the Copyright Act,”¹⁸ and made it abundantly clear that it was “the many similarities between *Aereo* and cable companies” that led it to reject the notion that “*Aereo* is ... just an equipment supplier” that does not engage in volitional conduct.¹⁹

The majority’s treatment of the dissent underscores this point. Nowhere, in response to the dissent’s thorough discussion of volitional conduct principles, does the majority offer a generalized rebuke. It responds simply that “[g]iven *Aereo*’s overwhelming likeness to the cable companies targeted by the 1976 amendments [to the Copyright Act],” the volitional conduct requirement articulated by the dissent

¹¹ See, e.g., *Perfect 10, Inc.*, 508 F.3d 1146 (image linking); *CoStar Group*, 373 F.3d at 551 (bulletin board space).

¹² 17 U.S.C. § 512(a)(1)-(5).

¹³ H.R. Rep. No. 105-551, at 11 (1998).

¹⁴ *Aereo*, 134 S.Ct. at 2504-07.

¹⁵ *Id.*; *id.* at 2511-18.

¹⁶ *Id.* at 2506.

¹⁷ *Id.* at 2503.

¹⁸ *Id.* at 2506.

¹⁹ *Id.* at 2507.

does not apply.²⁰ The majority then explained that “[i]n other cases involving different kinds of service or technology providers, a user’s involvement in the operation of the provider’s equipment and selection of the content transmitted may well bear on whether the provider performs within the meaning of the [Copyright] Act.”²¹ Nothing the Court said undermines the virtual unanimity among the Courts of Appeals that volitional conduct principles are essential to the copyright balance.

3. *Sensible Volitional Conduct Principles for the Digital World.* The digital world would collapse without volitional conduct principles—the game would simply not be worth the candle if every innovation that could be used for infringing purposes subjected the innovator to copyright liability. But although most courts that have confronted the question have recognized as much, endorsing the notion of a volitional conduct requirement generally, there are tensions. These tensions can be costly, since they may cause an actor to forego a productive innovation for fear of mistaken infringement.²²

The Ninth Circuit’s opinion in *Perfect 10, Inc. v. Amazon, Inc.* presents this doctrinal tension in a nutshell.²³ Consider first the Court’s analysis of section 106(3)’s distribution right. Perfect 10 had argued that Google’s image search engine distributed a Perfect 10 photograph each time one private individual used it to pull down a photo another private user had uploaded into publicly available web space.²⁴ Perfect 10 advanced a “making available” rule—even though Google did not upload the photos itself, its hyperlinks made them available, the argument went, so Google is the distributor. The Court rejected the rule, agreeing with the district court’s conclusion that “distribution requires an actual dissemination of a copy.”²⁵ “Google’s search engine communicates HTML instructions that tell a user’s browser where to find full-sized images on a website publisher’s computer, but Google does not itself distribute copies of the infringing photographs.”²⁶

Imagine the Internet were it otherwise. Users all over the world upload content every day—that is the point of the Internet—and some of it is bound to be infringing. Does it make sense that Congress would have imposed strict liability on any third party that provides *so much as a hyperlink* to others that goes to the infringing content—even if they have not the foggiest idea whether or what content is licensed by the owner? To imagine the prospect of hundreds of millions of inadvertent infringers is to dismiss it—as other courts now have.²⁷ So the *Perfect*

²⁰ *Id.*

²¹ *Id.*

²² Mark A. Lemley & R. Anthony Reese, *Reducing Digital Copyright Infringement Without Restricting Innovation*, 56 Stan. L. Rev. 1345, 1386-87 (2005).

²³ 508 F.3d at 1059.

²⁴ *Id.* at 1162-63.

²⁵ *Id.* at 1162 (internal quotation marks omitted).

²⁶ *Id.*

²⁷ See *id.*; *Flava Works, Inv. v. Gunter*, 689 F.3d 754 (7th Cir. 2012) (rejecting copyright challenge to website with in-line linked content); *CoStar*, 373 F.3d at 551 (rejecting copyright challenge to Internet bulletin board).

10 court surely got to the right place on the distribution right—if a mere “making available” were infringement of the distribution right, the internet would break. No principle of copyright jurisprudence—national or international—requires or authorizes any such result.

But the *Perfect 10* court seems to have betrayed this logic in its analysis of Perfect 10’s parallel argument that Google Images publicly displayed Perfect 10’s photos by showing users thumbnails and linking to the full-sized images. Instead of rejecting the argument wholesale as it did with the distribution right, it adopted the so-called “server test.” That test, as the Ninth Circuit conceives of it, holds that “a computer owner that stores an image as electronic information and serves that electronic information directly to the user (i.e., physically sending ones and zeroes over the Internet to the user’s browser) is displaying the electronic information in violation of the copyright holder’s exclusive display right.”²⁸ The *Perfect 10* court adopted the inverse corollary for the display right than with respect to § 106’s distribution right—since there was a copy displayed by Google, there must have been a direct invasion of the public display right. The Court ignored the question of *who* caused the display. The upshot of the rule would seem to be that where a copy of particular content resides on a centrally located server, any user’s later decision to access that content would result in direct liability *in the server operator* for the resulting display (or distribution, if an actual copy is disseminated).

This cannot be right. The very reason volitional conduct principles are so important in the context of the Internet is that so many “bits of data flow through the Internet and are necessarily stored on servers throughout the network [that] it is thus practically impossible to screen out infringing bits from noninfringing bits.”²⁹ The fact that a system’s architecture—likely for reasons of cost and efficiency—stores content on centrally-located servers is an entirely arbitrary reason to impose direct liability. Indeed, even the *Perfect 10* court seemed wary about its rule, noting that it “d[id] not address whether an entity that merely passively owns and manages an Internet bulletin board or similar system violates a copyright owner’s display and distribution rights when the users of the bulletin board or similar system post infringing works.”³⁰

However its scope is drawn, copyright law should strive for consistency and reject arbitrary rules. If using a remote server to manage content is cheaper than the alternative, there is no reason that doing so should give rise to increased liability. Nor is there any reason that volitional conduct principles should vary depending upon the § 106 right at issue. If a website operator is not the one doing the distributing when one private individual uses it to see an image another private individual uploaded, it is not the one doing the displaying either—there is simply no justification for the same level of volitional involvement to give rise to strict liability on one claim and only secondary on another.

²⁸ *Perfect 10*, 508 F.3d at 1159 (internal citations omitted).

²⁹ *CoStar*, 373 F.3d at 548 (quoting *Netcom*, 907 F. Supp. at 1372-73).

³⁰ *Perfect 10*, 508 F.3d at 1160 n.6.

The law should incentivize productive behavior. If Congress is to amend the copyright law, it ought to focus not on adopting umbrella protections such as a so-called “right of making available” that raise substantial new uncertainty, but on sharpening existing principles to provide the proper incentives. A comprehensive and sensible framework that recognizes the sense in requiring “actual dissemination” by the operator and avoids arbitrary rules like the “server test” would help ease doctrinal tension and foster the continued growth of the digital environment.

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The volitional conduct requirement remains essential to the copyright law’s essential balance. As a doctrine that in no way diminishes the universe of rights reserved to content owners, it is fully consistent with WIPO Treaty obligations. The law should strive toward a coherent set of volitional conduct rules that makes sense within the world of servers, tubes, and netizens that is the Internet.

II. *Aereo*’s Construction of “To the Public” Is Crucial to the Digital Environment and Fully Consistent with the Structure of the Copyright Act

Four of the six rights enumerated in § 106 reference “the public.” The distribution right, § 106(3), reserves to the copyright owner not the right to distribute *simpliciter*, but the right “to distribute ... to the public.” Section 106(4), (5), and (6) encode the right “to perform the copyrighted work publicly,” “to display the copyrighted work publicly,” and “in the case of sound recording, to perform the copyrighted work publicly by means of digital audio transmission.” And to “perform or display a work ‘publicly’ means “(1) to perform or display it at a place open *to the public* ... or (2) to transmit or otherwise communicate a performance ... *to the public*.”³¹

The inclusion of “the public” in § 106 reflects Congress’s view that the configuration between content owner, content, and consumer matters to the copyright analysis. But the Internet age, because it has given rise to new physical configurations, has raised questions about the nature of “the public” in the digital environment. As explained below, the Supreme Court’s decision in *Aereo* is a step towards clarifying matters. *Aereo* makes clear that devices, features, or services—online or otherwise—that operate only downstream from an end-user’s lawful receipt, ownership, or possession of content are quintessentially private. This rule is critical to modern technology, and it harmonizes perfectly with the structure of the Copyright Act generally. It is also fully consistent with WIPO Treaty obligations, which similarly recognize the right of “communication *to the public*.”

1. *Aereo* and “to the Public.” *Aereo* addressed the “to the public” requirement in the so-called Transmit Clause, which in part defines the rights of public performance and display. The Transmit Clause reserves to copyright owners the

³¹ 17 U.S.C. § 101 (emphasis added).

exclusive rights “to transmit or otherwise communicate a performance or display ... to the public.”³² The *Aereo* court found that Aereo’s system—contemporaneous broadcasts from a centralized location to large numbers of unrelated subscribers—constituted transmission “to the public.” It went out of its way, however, to explain what the concept of “to the public” entails.

Aereo’s first contribution was a definition of “the public.” “[A]lthough the Act does not define ‘the public,’ it specifies that an entity performs publicly when it performs at ‘any place where a substantial number of persons outside of a normal circle of a family and its social acquaintances is gathered.’”³³ This means that “‘the public’ consists of a large group of people outside of a family and friends.”³⁴ The upshot, for the Court, was that “an entity does not transmit to the public if it does not transmit to a substantial number of people outside of a family and its social circle.”³⁵

This limitation states the general rule that the Transmit Clause does not cover discrete, limited transmissions that go only to one individual or household. To be sure, *Aereo* holds that a multiplicity of transmissions of the same performance, relaying a public broadcast signal from a centralized location directly to unrelated members of the public, may amount to a “set” of actions that transmit “to the public.” This flowed from the court’s application of the “statute’s highly general language in light of the statute’s basic purposes”—namely, constructing a framework for regulating activities of cable systems.³⁶ But absent the fully centralized characteristics of a cable system— where transmissions do not come from the same centralized location, say, or there is no centralized source of underlying content—the general rule applies.

This is underscored by the *Aereo* court’s second clarification. *Aereo* teaches that “when an entity performs to a set of people, whether they constitute ‘the public’ often depends upon their relationship to the underlying work.”³⁷ The Court explained that “‘the public’ does not extend to those who act as owners or possessors of the relevant product.”³⁸ In other words, once a member of the public has lawfully owned or received content, an entity does not transmit it “to the public” by sending it back to that individual at her command.

2. “*To the Public*” and the Structure of the Act. The *Aereo* court’s interpretation of the concept of “to the public” is fully consistent with the overall structure of the Copyright Act. That structure—like any system of intellectual property rights—recognizes that rights cannot be limitless. Copyright has always been a limited monopoly; the advent of digital copies and the Internet did not

³² 17 U.S.C. § 101.

³³ 134 S. Ct. at 2509-10 (quoting 17 U.S.C. § 101).

³⁴ *Id.* at 2510.

³⁵ *Id.* at 2511.

³⁶ *Id.*

³⁷ *Id.* at 2510.

³⁸ *Id.*

expand it to provide perpetual control over every single use of copyrighted content, or a right to extract repeated payments for every single use, rather than payment for the initial conferral of content “to the public.” The Supreme Court’s understanding of “to the public” honors the many provisions in the Copyright Act that establish the point at which a copyright owner’s right to a return for a particular copy ends, and the individual’s right to unfettered private noncommercial use, or disposal, of that lawful copy must begin.³⁹

Perhaps the most prominent marker of the realm of private uses is the grand reservoir of fair use rights in § 107 of the Copyright Act. The Supreme Court applied § 107 in the context of a transmission in *Sony*, where it recognized that once a viewer receives an initial television broadcast, she is free to make a private, non-commercial use of the content—time- or place-shifting the content to watch later or somewhere else are the paradigmatic examples.⁴⁰ *Aereo*’s construction of the term “to the public” echoes *Sony*’s recognition that once a copy of content is conferred to the public, that copy can become private in character. Indeed, in a nod to the two opinions’ kinship, the *Aereo* court cited *Sony* for the proposition that “the doctrine of ‘fair use’ can help to prevent inappropriate or inequitable applications of the [Transmit] Clause.”⁴¹

The “to the public” limitation and the doctrine of fair use are joined by still other markers. Indeed, many of the § 106 rights have their own specific limitations. Section 106(3)’s distribution right is truncated by § 109(a)’s “first-sale doctrine.”⁴² Section 110(5)’s “homestyle exemption” limits the public performance right, § 106(4), by excluding viewing or listening in public places so long as it takes place on the kind of equipment normally used in the home. Section 117(a) cuts off the reproduction right, § 106(1), when it comes to certain copies of lawfully obtained software. And compulsory licensing schemes for sound recordings, § 115, cable broadcasts, § 111, and satellite broadcasts, §§ 119, 122, mark the boundary of owners’ rights too. Together, these limitations define an area of private, individual noncommercial use at the boundary of which copyright owners’ rights must stop.⁴³

This is the realm of a host of consumer devices and online services that harness the power of the internet. Take devices like Sling, TiVo Roamio, or DIRECTV Genie. These are in-home devices, like a VCR or DVR, that a consumer can use to send herself the TV programming she has already lawfully received in

³⁹ See generally *Sony*, 464 U.S. at 439; *Kirtsaeng v. John Wiley & Sons, Inc.*, 133 S. Ct. 1351 (2013); *Bobbs-Merrill Co. v. Straus*, 210 U.S. 339 (1908).

⁴⁰ *Sony*, 464 U.S. at 439.

⁴¹ *Aereo*, 134 S. Ct. at 2511.

⁴² 17 U.S.C. 109(a) (permitting “the owner of a particular copy or phonorecord lawfully made under this title . . . , without the authority of the copyright owner, to sell or otherwise dispose of the possession of that copy or phonorecord.”).

⁴³ See Jessica Litman, *Lawful Personal Use*, 85 Tex. L. Rev. 1871, 1895-97 & nn.134-54, 1904-06 & nn.186-96 (cataloging nearly a dozen examples of congressional protection of private in-home content manipulation); Pamela Samuelson, *Unbundling Fair Uses*, 77 Fordham L. Rev. 2537, 2588-92 (2009) (opining that personal uses are presumptively fair under the Copyright Act).

her home. Together, *Aereo* and *Sony* shelter these devices, the former by making clear that any performance they make is not “to the public,” the latter by guaranteeing the public’s right to make such a performance for noncommercial purposes.

Sony’s fair use right for consumers would not mean much if technology providers could not offer the technology that provides users the capability to engage in a use immunized under §107. In recognizing that fair use can limit the Transmit Clause, the *Aereo* court necessarily understood that *Sony* lives on to limit the public performance right in circumstances where—even for commercial advantage—a remote storage provider does nothing more than provide members of the public with something they have already lawfully received.⁴⁴

Thus, the analysis is similar for cloud computing services. Consider a music listener who purchases an .mp3 copy of a favorite tune. Once he has done so, he can use a personal device—an .mp3 player or smartphone, for example—to make a copy he can listen to somewhere else under § 107 and § 1001 of the Audio Home Recording Act.⁴⁵ And he can play it back on a park bench through his headphones under § 110(5). If he uses his cloud storage space to accomplish this, some of it happens remotely. As a technological matter, he transmits the zeroes and ones through the Internet to a cloud server, where his place-shifting copy is stored. And when he chooses to listen later, the zeroes and ones that make up this particular embodiment of this work are transmitted back to him, wherever he may be. But as far as the Copyright Act is concerned, *Aereo* makes clear, he is simply storing a copy and transmitting to himself.

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Like the volitional conduct requirement, the “to the public” requirement that limits several of § 106’s rights provides essential breathing room for digital world. And because the WIPO Treaty incorporates the identical concept of “communication *to the public*,” the U.S. copyright law’s recognition of that limitation is fully consistent with treaty obligations.

Conclusion

DISH thanks the Copyright Office for this opportunity to comment on the “making available” and “communication to the public” rights under the WIPO Treaty, and to address *Aereo*’s impact on the scope of U.S. copyright protection. As a party deeply interested in both the continued creation of quality content and the continued development of better ways to get that content to customers, DISH urges continued commitment to a balanced copyright law.

⁴⁴ *Aereo*, 134 S. Ct. 2511.

⁴⁵ *Recording Indus. Ass’n of Am. v. Diamond Multimedia Sys. Inc.*, 180 F.3d 1072, 1080 (9th Cir. 1999).