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Supplemental Comment for the Right of Making Available

**Submitted by Rick Sanders of Aaron & Sanders, PLLC, a private law firm
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I. INTRODUCTION

I am a lawyer in private practice in Nashville, Tennessee. Along with my law partner, Tara Aaron, I am a partner at Aaron & Sanders, PLLC, a technology and intellectual-property law firm. We represent both rights holders and licensees, and we both enforce intellectual-property rights and defend against them. As a matter of firm policy, we do not advocate for major policy changes in copyright, since most such changes would benefit only some of our clients and would hurt others. We, therefore, do not advocate for or against the recognition of a “making available” right.

In my original comments on this issue, I argued that there was no “making available” right *per se*, despite the claims of some scholars that this right could be found in the legislative history of the Copyright Act of 1976. I further cautioned that, if Congress wished to adopt such a right, it should take certain consequences into account, most notably its effect on the calculation of statutory damages.

II. RESPONSES TO SPECIFIC QUESTIONS

A. Question No. 1

To what extent does the Supreme Court’s construction of the right of public performance in Aereo affect the scope of the United States’ implementation of the rights of making available and communication to the public?

At this early stage, it appears that the effect of *American Broadcast Cos. v. Aereo, Inc.*, 573 U.S. ___ (2014) on the scope of the rights of making available and communication to the public will be very limited. Although the Court held that Aereo violated the public performance right, it did not place its reasoning in any recognizable theoretical framework. For example, it did not address the issue of “volitional conduct,” on which Aereo and the dissent placed so much weight. Instead, it concluded that Aereo must have violated the public performance right because its activities resembled the community access television (CATV) systems found to be legal in *Fortnightly* and *Teleprompter*, and Congress intended to legislatively overturn those decisions.¹

Under a correct reading, therefore, the holding of *Aereo* is very narrow. It is not out of the question that lower courts will read the majority’s refusal to engage with Aereo’s and the dissent’s arguments as a rejection of those arguments and will, therefore, draw broader principles from the case. For example, one might read *Aereo* as a rejection, or at least a limiting, of the principle of “volitional conduct.” I think such readings “make too much out of too little.”

B. Question No. 2

How should courts consider the requirement of volitional conduct when assessing direct liability in the context of interactive transmission of content over the Internet, especially in the wake of Aereo?

To answer this question, we must first address what courts mean by “volitional conduct,” which is not at all clear. The only thing that is clear is that volitional conduct relates to direct copyright infringement. Beyond that, it is not even clear whether “volitional conduct” is a kind of intent element, as the leading copyright treatise believes, see 4 Melville and David Nimmer, NIMMER ON COPYRIGHT § 13.08[C], or a kind of causation element, as the courts that developed the doctrine believe, see *Religious Tech.*

¹ Although I do not necessarily disagree with the Court’s ultimate holding, the Court’s reasoning is flawed. All the 1976 Act did was remove what was in effect an immunity to claims of copyright infringement, but that removal did not spare the burden of the copyright holder to prove Aereo was publicly performing the copyrighted content. See Rick Sanders, *Aereo to the Sun: Making Sense of the Supreme Court’s Decision*, THE IP BREAKDOWN, July 24, 2014, (<http://ipbreakdown.com/blog/aereo-to-the-sun-making-sense-of-the-supreme-courts-decision/>).

Ctr. v. Netcom On-line Comm., 907 F. Supp. 1361, 1368-70 (N.D. Cal. 1995); *CoStar Group, Inc. v. LoopNet, Inc.*, 373 F.3d 544, 549-50 (4th Cir. 2004); *Cartoon Network, LP v. CSC Holdings, Inc.*, 536 F.3d 121, 132 (2d Cir. 2008) (hereinafter, *Cablevision*). It is probably most accurate to say that volitional conduct partakes of causation and intent, but intent is always with respect to an intent to carry out a certain conduct, not with respect to whether the actor understands the infringing consequences the conduct—much like the “intent” element of the common-law tort of trespass to land. Cf. Wendy J. Gordon, *Trespass-Copyright Parallels and the Harm-Benefit Distinction*, 122 HARVARD L. REV. 62, 63 (2009).

Volitional conduct derives from *Netcom* and *LoopNet*, which involved internet service providers. In the course of providing their services, they incidentally and automatically copied content that had been uploaded by their users. Their systems could not distinguish between user-generated and other legal content and illegal third-party content. The courts refused to find direct copyright infringement under these circumstances, even though the systems were designed such that *some* infringing copying was inevitable.

Based on *Netcom* and *LoopNet*, one may draw a weak and a strong form of volitional conduct. If one emphasizes the incidental and non-discriminatory nature of the systems at issue in those cases, volitional conduct, in its weak form, means an awareness that one’s specific act upon a specific work might result in infringement. Thus, the ISPs in *Netcom* and *LoopNet* might have been aware that there will be *some* infringement caused by their systems, but they were not aware that their systems were infringing *the plaintiffs’* works.

Those uncomfortable with the whiff of knowledge and intent inherent in this weak form might choose to draw from *Netcom* and *LoopNet* a stronger form of volitional conduct. Under the strong form, the automated nature of the systems is paramount, and what matters is that some human agency (as opposed to mechanical or computerized) affirmatively (as opposed to accidental) caused the infringement.

The *Cablevision* case showcases both the weak and strong forms of volitional conduct. In contrast to the ISPs of *Netcom* and *LoopNet*, *Cablevision* was aware that the content its system could copy was copyrighted. The trial court held that *Cablevision* was a direct copyright infringer. See *Twentieth Century Fox Film Corp. v. Cablevision Sys. Corp.*, 478 F. Supp. 2d 607 (S.D.N.Y. 2007). In doing so, it distinguished *Netcom* and

LoopNet on grounds that, in those cases, the copying was “incidental,” but that the copying in Cablevision’s system was “instrumental” to the system’s function. *Id.* at 620. The Second Circuit reversed, specifically rejecting the district court’s distinction between “incidental” and “instrumental.” See *Cablevision*, 536 F.3d at 131. To the Second Circuit, it was only of slight relevance whether or not Cablevision aware that any copying that its system inevitably performed would be of copyrighted content and, therefore, infringing. See *id.* at 131. What mattered was “who actually presses the button to make the recording.” *Id.*

It may be asked why a concept like volitional conduct has not arisen until relatively recently. There are two reasons for this. First, it has been (and remains) normally unnecessary to carefully define direct infringement because, in a close case, the defendant will almost certainly be liable for secondary copyright infringement. Indeed, the court in *Netcom* denied Netcom’s summary judgment to the extent of the claim of contributory copyright infringement. In *Loopnet* and *Cablevision*, the plaintiffs voluntarily waived their claims for secondary infringement for strategic reasons, and claims for contributory and vicarious infringement would seem to have been quite strong against Cablevision. Second, before the advent of computerized networks, like the internet, it was difficult to image any act of direct infringement without the involvement of some identifiable volitional human agency. *Netcom*, as it turned out, was a foretaste of things to come.

Which form of volitional conduct is correct, the weak form, used by the district court in *Cablevision*, or the strong form, used by the Second Circuit in *Cablevision*? There is no easy answer. Where a tort is statutory in nature, its causation element derives from the statutory language. See *CSX Transportation, Inc. v. McBride*, 131 S.Ct. 2630 (2011) (holding, over a strenuous dissent, that Congress intended a causation standard less exacting than common law’s proximate causation standard for a federal strict-liability statutory tort); *New York v. Shore Realty Corp.*, 759 F.2d 1032, 1044 (2d Cir. 1985) (holding that a federal statute has no causation element, in part because it provides affirmative defenses based on lack of causation).

Unfortunately, the statutory text of the Copyright Act provides little guidance with regard to a causation standard for direct copyright infringement. The Copyright Act defines an infringer as “anyone who violates any of the exclusive rights of the copyright owner” (among other things). 17 U.S.C. § 501(a). The Supreme Court has not

clarified matters much. It has defined an infringer as “anyone who trespasses into the exclusive domain by using or authorizing the use of the copyrighted work in one of the five ways set forth in the statute.” See *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 433 (1984). Further, resort to the common-law tort of trespass to land is of limited utility. Even though that tort’s “intent” element is analogous to copyright law’s volitional conduct, any lessons drawn from a common-law tort must be of the most fundamental and uniform principles, and the fundamental nature of trespass to land’s intent element is simply not granular enough to be of much help. See Restatement (Second) of Torts § 158; Gordon, *infra*, at 63.

Did *Aereo* shed any light on whether the weak or strong form of volitional conduct is the correct one? No, it did not. The dissent in *Aereo* adopted the strong form. It describes volitional conduct as a “simple but profoundly important rule.” Dissent slip op. at 2 (Scalia, J., dissenting). “Most of the time that issue will come down to who selects the copyrighted content: the defendant or its customers.” *Id.* at 4 (citing *Cablevision*). The dissent, however, did not explain why it had chosen the strong form or even seem aware that there were other forms of volitional conduct to be considered. For its part, the majority does not mention volitional conduct, or even causation or intent. Indeed, the majority makes no attempt to place its holding within any theoretical framework of copyright law.

Despite this uncertainty, if given the choice, I would choose the strong form over weak form, though neither is obviously incorrect. I reach this conclusion on the following grounds:

- Bright line rules are preferred, where practicable, over rules of reason because they are easier to apply, are more predictable and require fewer resources to prove in court.
- Bright light rules are to be avoided if they lead to too many anomalous results. Because of secondary copyright infringement, there will be few anomalous results from the application of a strong form of volitional conduct. Had the plaintiffs in *Cablevision* not voluntarily waived their claims for secondary copyright infringement, there almost certainly would have been a finding of infringement against *Cablevision*.
- *Aereo* would have been an anomalous result had the dissent had its way and applied the strong form of volitional conduct. What is unusual about *Aereo* is that the would-be direct infringers—*Aereo*’s customers—would not be infringing because *their* performances would not have been public. I would argue that this anomalous result is

tolerable and, if it comes to be imitated to the point it becomes dangerous, it is easily corrected through Congressional action.²

C. Question No. 3

To what extent do, or should, secondary theories of copyright liability affect the scope of the United States' implementation of the rights of making available and communication to the public?

Please see my answer to Question No. 2 above.

D. Question No. 4

How does, or should, the language on "material objects" in the Section 101 definitions of "copy" and "phonorecord" interact with the exclusive right of distribution, and/or making available and communication to the public, in the online environment?

Under the plain language of 17 U.S.C. § 106(3), there is no such thing as "digital distribution." The distribution must be of "copies or phonorecords," and "copies" and "phonorecords" are defined to be material objects. To distribute digital content under this plain language, one must fix the content to a material object and distribute *that* material object.

Despite this plain language, courts have held that electronic files are material objects with respect to § 106(3). *See London-Sire Records, Inc. v. Doe 1*, 542 F. Supp. 2d 153, 170-75 (D. Mass. 2008). The *London-Sire* court understood that an electronic file was not a material object *per se*, but that it became a material object once it was fixed to a tangible medium, such as a recipient's computer hard drive. *See id.* at 171-72. But it nevertheless held that it was not necessary for the *same* material object be found at either end of the distribution. The court based this decision on the purpose of the distribution right, as found in the Congressional report. *See id.* at 173.

² Furthermore, Aereo deliberately refused to serve customers outside the viewing area of the local television stations that supplied Aereo's content.

This conclusion does violence to the plain language of § 106(3) but not to Congressional intent. There is no way Congress could have predicted a digital economy in 1976. If it had, it might not only have drafted § 106(3) slightly differently, but it might have drafted § 109(a) differently as well. An anomalous result of the digital economy is that consumers who believe they own the music, books, and so forth resident on their devices may not be able to sell legally the content they paid for.

Recently, a court followed *London-Sire* to hold that transfers of digital content violated the distribution right, but then, contrary to *London-Sire*, held that the first-sale doctrine did not apply to digital transfers. See *Capitol Records, LLC v. ReDigi, Inc.*, 934 F. Supp. 2d 640, 655 (S.D.N.Y. 2013). In that case, the court refused to apply the first-sale doctrine because the customer had to upload the electronic file in order to re-sell it and, thus, was really selling a reproduction of the work in question.³

I would prefer that the distribution right be enforced as unambiguously written, and not as Congress might have written had it predicted the digital economy. If it is applied in accordance with *London-Sire*, it should at least be applied even-handedly, to apply not only to digital distributions but to the right to re-sell purchased copies and phonorecords.

E. Question No 5

What evidentiary showings should be required to prove a copyright infringement claim against a individual user or third-party service engaged in unauthorized filesharing? Should evidence that the defendant has placed a copyrighted work in a publicly accessible shared folder be sufficient to prove liability, or should courts require evidence that another party has downloaded a copy of the work? Can the latter showing be made through circumstantial evidence, or evidence that an investigator acting on the plaintiff's behalf has downloaded a copy of the work?

There should be no special evidentiary standards for proving file-sharing. While the plaintiff must show, by preponderance of the evidence, that actual downloading of the files took place, the plaintiff should be permitted to prove this circumstantially—just

³ There is a slight difference between *London-Sire* and *ReDigi*. In *ReDigi*, the customer made a reproduction of the file (by uploading it to ReDigi's server), *then* tried to re-sell it. By contrast, in *London-Sire*, the customer made the reproduction as part of the act of distributing the content. To my mind, this is too technical a distinction to matter.

like any element of any other claim. It is question of fact whether a file that has been deliberately made available for download on a public network has more likely than not been actually downloaded at least once. If the network were wide enough and subject to enough traffic, a fact-finder could well reach this conclusion, even if it were impossible to show actual downloads. By the same token, if a plaintiff could show nothing more than a file's availability on a public network, but nothing about the nature of the network, it would be appropriate for a court to direct a verdict in the defendant's favor.

Therefore, I would say that proof of actual downloading is not necessary, so long as there is sufficient circumstantial evidence of actual downloading.