

Additional Comments on
THE RIGHT OF MAKING AVAILABLE

Submitted By

THE SOFTWARE & INFORMATION INDUSTRY ASSOCIATION

to

THE UNITED STATES COPYRIGHT OFFICE

September 15, 2014

The Software & Information Industry Association (“SIIA”) respectfully submits these additional comments to the United States Copyright Office in response to the Notice entitled “Study on the Right of Making Available: Request for Additional Comments” published in the Federal Register on July 15, 2014 (FR Doc. 2014-16537) and August 1, 2014 (FR Doc. 2014-18097).

Pursuant to the original Copyright Office inquiry on the right of making available, we reviewed the international obligations of the United States as they relate to the right of making available as well as the relevant provisions provided under U.S. law. We undertook an extensive review of the vast amount of court decisions interpreting and applying these statutory provisions in the context of acts of making available, as well as reviewing other secondary sources. Based on this review, we concluded that the act of making available is adequately and effectively addressed under U.S. law through the exclusive right of distribution and a combination of the exclusive rights of reproduction, public performance¹ and public display in section 106 of the Copyright

¹ SIIA members comprise software and digital content companies who produce information and technology products and services that rarely implicate the performance right in section 106(4) of the Copyright Act. Accordingly, while there are many cases and other resources interpreting the proper scope of the performance right, as was the case with our initial comments, these additional comments focus primarily on the exclusive rights of

Act; theories of secondary liability applied by the courts under the copyright law; the anti-circumvention provisions in section 1201 of the Digital Millennium Copyright Act (DMCA); other federal laws, such as the Computer Fraud and Abuse Act (CFAA), and various state laws. A detailed explanation of this analysis and conclusions can be found in our initial comments filed with the U.S. Copyright Office on April 4, 2014. In particular, we highlight the fact that our initial filing provided a detailed response to questions three and five, including case citations. Our responses to questions three and five below are intended to supplement the earlier filing.

As to the first two questions posed by the Copyright Office, which asks about the effect of the recent decision by the Supreme Court in *American Broadcast Cos., Inc. v Aereo, Inc.*, we conclude that the analysis and result in the *Aereo* decision does not alter the conclusions reached and stated in our initial comments. We continue to believe that legislation or any type of further Congressional clarification is not needed to provide for a making available right under U.S. law.

As to questions three through five posed by the Office, we provide our responses below.

Question #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?

Theories of secondary liability (also referred to as indirect infringement) play a significant role in determining whether a third party is liable for acts of unauthorized making available of a copyrighted work by another. Secondary liability arises when a person materially contributes to, facilitates, induces, or is otherwise indirectly responsible for the acts of a third party that infringe one of the exclusive rights in section 106 of the Act. Significantly, for purposes of the Copyright Office study, there must be a direct infringement by someone else for secondary liability to be found.

distribution, reproduction, and display and leave it to those in the entertainment copyright community and others to address how acts of making available are subsumed by the performance right.

The three theories of secondary liability – vicarious liability,² contributory infringement³ and intentional inducement⁴ – often arise in the digital environment when a third-party service does not possess the copyrighted work but is otherwise facilitating an unauthorized act of distribution by one of its users. There is an abundance of cases in which one or more of these theories of secondary liability are applied by a court in the context of a user’s distribution. SIIA’s initial comments discuss all of these cases in detail. We refer you to our initial comments for those detailed discussions.

The most common types of secondary liability cases in which acts of making available are at issue are those where an ISP or other third-party service is directing users to one or more infringing work(s). The courts’ discussions and analyses in most of these cases may not be entirely helpful for the purposes of this study, however, because they tends to focus more directly on the legal requirements to prove the elements of secondary liability – as opposed to focusing on the act of making available engaged in by the direct infringer-user. The courts often simply take it as a given that the infringing material is being distributed/made available by all the defendants under the Copyright Act (including those potentially liable for secondary liability) and instead focus their efforts on the legal requirements necessary to prove secondary liability, which are not particular to the act of making available. Therefore, these secondary liability court decisions focus more on the relationship between the third-party service and the user and the relationship between the third party service and the infringing act. While they would be helpful to someone conducting a study of the applicability of secondary liability, they generally are not particularly helpful in a study of the right of making available.

As a result of the approach taken by courts in these cases, there does not seem to be any question that theories of secondary liability are being regularly used by U.S. courts to apply the

² Vicarious liability occurs when the person has the right and ability to control the infringement, and has a direct financial interest in the infringement.

³ Contributory infringement occurs when the person has knowledge of infringing activity and materially contributes to the infringing activity.

⁴ Intentional inducement, which was created in 2005 by the Supreme Court in *Metro-Goldwyn-Mayer Studios Inc. v. Grokster Ltd*, 545 U.S. 913 (2005), occurs when a party doesn’t just know about the copyright infringement or contribute to it, but actually takes affirmative steps to foster the infringement by others. There is some debate whether intentional inducement is a stand-alone theory of secondary liability or a form of contributory infringement.

distribution right under section 106(3) of the Copyright Act and to satisfy U.S. obligations to provide a making available right. While the WPT and the WPPT explicitly require that the United States, as a signatory to both treaties, provide “authors of literary and artistic works [with] the exclusive right of authorizing any communication to the public of their works, by wire or wireless means, including *the making available to the public* of their works in such a way that members of the public may access these works from a place and at a time individually chosen by them” (emphasis added), neither Treaty specifies the manner in which the United States or any member country must satisfy this obligation. Thus, the United States is free to satisfy its WPT and WPPT making available obligations through direct and/or indirect (*i.e.*, secondary liability) copyright infringement liability theories, as well as through other means.

Question #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?

There is no definition of “material objects” in the Copyright Act. However, the term “material objects” is used throughout the Act to help define the scope and application of rights and exceptions in the Act. For the purpose of evaluating the interplay between the term “material objects” and the exclusive right of distribution in section 106(3), the most relevant uses of the term “material object”⁵ are found in the following sections:

Section 101 – Definitions

“Copies” are *material objects*, other than phonorecords, in which a work is fixed by any method now known or later developed, and from which the work can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. The term “copies” includes the *material object*, other than a phonorecord, in which the work is first fixed.

⁵ The term is also used in Sections 111 (Limitations on exclusive rights: Secondary transmissions of broadcast programming by cable) and 1001 (Definitions used to in the Digital Audio Recording Devices and Media section), but use of the term in those sections is not particularly helpful to the inquiry here.

“Audiovisual works” are works that consist of a series of related images which are intrinsically intended to be shown by the use of machines or devices such as projectors, viewers, or electronic equipment, together with accompanying sounds, if any, regardless of the nature of the *material objects*, such as films or tapes, in which the works are embodied.

“Literary works” are works, other than audiovisual works, expressed in words, numbers, or other verbal or numerical symbols or indicia, regardless of the nature of the *material objects*, such as books, periodicals, manuscripts, phonorecords, film, tapes, disks, or cards, in which they are embodied.

“Phonorecords” are *material objects* in which sounds, other than those accompanying a motion picture or other audiovisual work, are fixed by any method now known or later developed, and from which the sounds can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. The term “phonorecords” includes the *material object* in which the sounds are first fixed.

“Sound recordings” are works that result from the fixation of a series of musical, spoken, or other sounds, but not including the sounds accompanying a motion picture or other audiovisual work, regardless of the nature of the *material objects*, such as disks, tapes, or other phonorecords, in which they are embodied.

17 U.S. Code § 101 (emphasis added)

Section 202 – Ownership of copyright as distinct from ownership of material object

Ownership of a copyright, or of any of the exclusive rights under a copyright, is distinct from ownership of any *material object* in which the work is embodied. Transfer of ownership of any *material object*, including the copy or phonorecord in which the work is first fixed, does not of itself convey any rights in the copyrighted work embodied in the object; nor, in the absence of an agreement, does transfer of ownership of a copyright or of any exclusive rights under a copyright convey property rights in any *material object*. 17 U.S. Code § 202 (emphasis added)

The other provision relevant to the inquiry is Section 106(3), which provides: “Subject to sections 107 through 122, the owner of copyright under this title has the exclusive rights to do

and to authorize any of the following: ... (3) to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending.” Although section 106(3) does not employ the term “material object,” it does include the terms “copy,” “copies,” “phonorecord” and “phonorecords,” and each of these terms incorporates the “material object” terminology in its definition in section 101.

Based on the usage of the terms “material objects,” “copy/copies” and “phonorecord(s)” the issue⁶ that has arisen in the courts is whether the section 106(3) distribution right is implicated *only* when a “material object” physically changes hands or whether it can also be implicated when a copy/phonorecord is digitally transmitted from one place to another so that a new copy of the same work resides with the transferee.⁷

The case law clearly demonstrates that the section 106(3) distribution right can be implicated by digital transmissions where there is no physical transfer of the material object owned by the transferor. Most notably, in *New York Times Co., Inc. v. Tasini* the Supreme Court held that “LEXIS/NEXIS, by selling copies of the Articles through the NEXIS Database, ‘distribute copies’ of the Articles ‘to the public by sale,’ § 106(3)”.⁸

In the 2007 case of *Perfect 10, Inc. v. Amazon.com, Inc.*, following the Supreme Court lead, the Ninth Circuit held that the distribution right is implicated by online transmissions.⁹ In reaching this conclusion, the court stated that “the website publisher’s computer ... distributes copies of

⁶ Some have raised the definition of “material objects” as an issue that may arise in the context of a first sale defense. See May 5th public roundtable and *Adobe v. Kornrumpf*, 2014 WL 2444313 (NO. 12-16616) (9th Cir. June 2, 2014) (“material object” argument raised unsuccessfully to distinguish between the CD and the licensed software embedded on the CD). SIIA has not addressed this erroneous allegation in our response, because the first sale doctrine is beyond the scope of this study.

⁷ It is well-established that fixation of a copyrighted work on a computer medium — such as a hard drive — constitutes a “copy.” See *MAI Sys. Corp. v. Peak Computer, Inc.*, 991 F.2d 511, 518-519 (9th Cir. 1993). Thus, there is no question that at the end of a digital transmission both the transferor’s and transferee possess a “copy.” The issue is whether the distribution right is implicated by that transfer.

⁸ 533 U.S. 483, 498 (2001)

⁹ 508 F.3d 1146, 1162 (9th Cir. 2007) (stating that “[t]he Supreme Court has indicated that in the electronic context, copies may be distributed electronically.”)

the images by transmitting the photographic image electronically to the user's computer. As in *Tasini*, the user can then obtain copies by downloading the photo or printing it.”¹⁰

Other courts have also followed suit. The court decision that perhaps focused more on this particular issue than any other decision was the case of *London-Sire Records, Inc. v. Doe 1 et al.*¹¹ In that decision Judge Gertner held “that § 106(3) confers on copyright owners the right to control purely electronic distributions of their work” and to conclude otherwise would require “an overly literal definition of ‘material object,’ and ... ignore[] the phrase’s purpose in the copyright statute.” She explains that “[w]hat matters ... is not whether a material object ‘changes hands,’ but whether, when the transaction is completed, the distributee has a material object.”¹² She then concludes that “[a]n electronic file transfer is plainly within the sort of transaction that § 106(3) was intended to reach.”¹³

Therefore, as these cases make abundantly clear, the “material object” requirement is not a barrier to application of the distribution in section 106(3) in the online environment.

Question #5

What evidentiary showing should be required to prove a copyright infringement claim against an 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?

As explained in great detail in SIIA’s initial comments, there have been over twenty court decisions decided under the 1976 Copyright Act to consider whether a copyright owner’s

¹⁰ *Id.*

¹¹ 542 F.Supp.2d 153 (D. Mass. 2008)

¹² *Id.* at 174.

¹³ *Id.* at 173.

exclusive distribution right in section 106(3) covers acts of making available. The vast majority of the courts to consider the issue have held that the distribution right does in fact encompass acts of making available. The case law and statute clearly establish that the distribution right in section 106(3) of the U.S. Copyright Act covers the making available of a copyrighted work when:

- (i) the transferor has completed all the necessary steps for a public distribution and the only step(s) necessary for a “transfer in ownership” (as required by the statute) are those that must be undertaken by the transferee or other third party; and
- (ii) the alleged infringer has the capacity to transfer a copy of the copyrighted work by possessing a copy of the copyrighted work alleged to be infringed.

The numerous court decisions relating to making available make clear that uploading a copyrighted work to a publicly accessible shared folder is sufficient to prove liability of a copyright owner’s distribution right because the uploader has completed all the necessary steps for a public distribution.¹⁴ The victim need not, and should not be required to, prove that someone actually downloaded a copy.

Although the uploader will be liable for direct infringement of the distribution right in this situation, a third-party service that provides either the means for the uploader to transfer a copy to potential downloaders or directs a potential transferee to the downloader will not be liable for *direct* infringement of the distribution right because that entity *does not actually possess* a copy of the work being transferred.¹⁵ Any liability for these third-party services must be established under one or more theories of secondary copyright liability. As discussed in detail in our response to question three above and in our initial comments, the making available right is being regularly applied by the U.S. courts through theories of secondary liability in a manner that clearly satisfies obligations of the United States to provide a making available right.

¹⁴ See cases cited in section A of SIIA’s initial comments.

¹⁵ See cases cited in sections B and D of the SIIA’s initial comments.

We would like to thank the Copyright Office for giving us the opportunity to participate in this process and to submit these comments. Any questions or requests for additional information about these comments can be directed to Keith Kupferschmid, SIIA's General Counsel and Senior Vice President for Intellectual Property, at (202) 789-4442 or keithk@siia.net.