

New Regulations Will Affect Service Provider Protections Under the DMCA

December 1, 2016

The Copyright Office recently announced amendments to its regulations that, if not followed, will affect a service provider's eligibility to seek protection under the safe harbor provisions of the Digital Millennium Copyright Act ("DMCA").¹ The DMCA affords service providers limitations on copyright liability relating to online materials under what is commonly referred to as the "safe harbor provisions."² Under these provisions, service providers will not be liable for monetary,³ injunctive, or other equitable relief for copyright infringement if the service provider follows certain requirements.⁴ One of those requirements is the recordation of a designated agent with the Copyright Office.⁵

With the rising trend of companies using social media, many are becoming more and more exposed to copyright liability. One of the more common ways this occurs is when a third party posts infringing materials on the company's website. Fortunately, under one of the safe harbor provisions—§ 512(c)—such company would likely not be liable for copyright infringement for that third party's actions. However, in order to claim this protection, the company must: (a) be a "service provider" and (b) follow certain procedures and conduct.

The DMCA defines "service provider," when used in § 512(c), as "a provider of online services or network access, or the operator of facilities therefor."⁶ The definition also includes "an entity offering the transmission, routing, or providing of connections for digital online communications, between or among points specified by a user, of material of the user's choosing, without modification to the content of the material as sent or received."⁷

While these definitions may seem simple and straightforward, a review of the case law reveals that it is anything but. For example, while some courts have held this definition to be broad,⁸ others have held that "service providers" either must function merely as "conduits"⁹ or must be an "entity engaged in facilitating or supporting online access or the activities of users of the internet."¹⁰ One court even went as far as to state that the definition does not contemplate an entity that is "*selling a product* or...licensing a copyrighted work, because that entity would not be doing something useful for a person or a [third party] company or providing a commodity in the form of human effort."¹¹ Without more decisions made at the appellate court level, the definition of "service provider" is still uncertain. Perhaps one of the ways to minimize a company's copyright liability is to assume that it is a "service provider" and meet the requirements under the DMCA.



There are many requirements a service provider must meet before it can be eligible for protection under the safe harbor provisions.¹² However, this client alert will only focus on the requirement that is affected by the new rules—*i.e.*, designation of an agent with the Copyright Office. Under the DMCA, the limitations on liability established in § 512(c) applies *only* if the service provider has designated an agent to receive notification of a claimed infringement *and* by providing the information of that individual to the Copyright Office.¹³ Thus, if a service provider does not record with the Copyright Office information about the company's designated agent, it will not be eligible for protection under § 512(c).

The new rules require that all service providers designate an agent electronically through the Copyright Office's website, as opposed to paper or other methods as was previously done since 1998.¹⁴ The new rules also require a renewal of the designations every three years.¹⁵ Significantly, these new rules apply to both new *and* designated agents previously recorded with the Copyright Office.¹⁶ In the latter instance, the rules require companies to submit a new designation electronically using the online registration system by December 31, 2017—even if it had previously submitted a designation; otherwise, any designation previously submitted will expire and become invalid after December 31, 2017.¹⁷ In other words, even if a company previously submitted a designation and would otherwise be eligible for protection under the safe harbor provisions, it will become *ineligible* if it does not file a new designation by December 31, 2017.

In light of these amendments, we recommend that you consider filing a new designation with the Copyright Office if you are engaged in any form of online activity—and especially if you have a social media account for your business.

Please contact your Lathrop Gage attorney or the attorneys listed above if you have any questions on how we can best minimize your third party copyright liability.

¹ Designation of Agent to Receive Notification of Claimed Infringement, 81 Fed. Reg. 75695 (Nov. 1, 2016).

² See 17 U.S.C. § 512 (§ 512(a) pertains to transitory digital network communications; § 512(b) pertains to intermediate or temporary storage of materials; § 512(c) relates to materials posted online at user's direction; and § 512(d) relates to links posted to other online materials located at a third party site).

³ "Monetary relief" means "damages, costs, attorneys' fees, and any other form of monetary payment." 17 U.S.C. 512(k)(2).



4 17U.S.C. §§ 512(a), (b), (c), (d).

5 17U.S.C. § 512(c)(2).

6 17 U.S.C. § 512(k)(1). Subparagraph (A), which refers back to §512(a), defines a "service provider" as an entity offering the transmission, routing, or providing of connections for digital online communications, between or among points specified by a user, of material of the user's choosing, without modification to the content of the material as sent or received.

7 *Id.*

8 See *In reAimster Copyright Litig.*, 252 F.Supp. 2d 634, 658 (N.D. Ill. 2002); *Perfect10, Inc. v. Cybernet Ventures, Inc.*, 213 F. Supp. 2d 1146, 1175 (C.D. Cal.2002); *Wolk v. Kodak Imaging Network, Inc.*, 840 F. Supp. 2d 724, 744 (S.D.N.Y. 2011).

9 See *Columbia Pictures Indus. v. Fung*, 710 F.3d 1020, 1041 (9th Cir. 2013); see also H.R. Rep. 105-551(II), 63(1998) (explaining that § 512(a) is limited to service providers performing "conduit-only functions").

10 *Agence Fr. Presse v. Morel*, 934 F. Supp.2d 547, 567 (S.D.N.Y. 2013).

11 *Agence Fr. Presse*, 934 F. Supp. 2d at 564 (emphasis added); see also *Gardner v. Cafepress Inc.*, No. 3:13-cv-1108-GPC-JMA, 2014U.S. Dist. LEXIS 25405, at *12 (S.D. Cal. Feb. 26, 2014). *But see Hendrickson v. Ebay, Inc.* 165 F. Supp. 2d 1082, 1084 (C.D. Cal. 2001) and *Corbis Corp. v. Amazon.com, Inc.*, 351 F.Supp. 2d 1090, 1100 (W.D. Wash. 2004).

12 See §§ 512(c), (i).

13 §512(c)(2).

14 81Fed. Reg. 75695, 75708.

15 *Id.*

16 *Id.*

17 *Id.*