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Library of Congress U.S. Copyright Office 101 Independence Ave., SE. Washington, D.C. 20559-6000 Attn: Karyn Temple Claggett, Acting Register of Copyrights Sarang V. Damle, General Counsel and Associate Register of Copyrights

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RE: Section 512 Study: Request for Additional Comments

Thank you for conducting an evaluation of the Digital Millennium Copyright Act ("DMCA") and its safe harbor provisions as contained in 17 U.S.C. § 512 (the "Safe Harbor Provisions"). I appreciate the opportunity to submit comments concerning the effectiveness of the Safe Harbor Provisions in today's digital marketplace. My hope is that, in an effort to further the goal of the Copyright Office in providing fair and robust copyright protection for music and other creators, this paper will compel the Copyright Office to consider revisions to the Safe Harbor Provisions.

I. **Introduction**

My name is Dina LaPolt and I own the boutique transactional entertainment law firm, LaPolt Law, P.C., which specializes in representing music creators including songwriters, recording artists, producers, and musicians. Over the years it has become my priority to advocate for the music creator community, and to participate in legislative efforts to reform and improve copyright and licensing laws in Washington, D.C. I previously submitted comment papers to the Copyright Office in 2014 and 2016 in connection with its music licensing study and initial review and evaluation of the Safe Harbor Provisions. As an attorney who represents music creators, I have frequently made use of the DMCA's takedown process and I am well qualified to discuss the effectiveness of the Safe Harbor Provisions.

The rise of digital piracy has undermined music creators' ability to protect their work and make a living through their craft. Unfortunately, the Safe Harbor Provision often act as a burden and

hinder creators and their representatives who wish to end the proliferation of infringing activity on the internet. I am submitting this paper to highlight the perspectives of these music creators. These individuals are the driving force behind the music industry and their works are creating a profit for Internet Service Providers (ISPs) who are given an unfair advantage under the Safe Harbor Provisions. Accordingly, § 512 of the DMCA is in urgent need of modernization in order to address the concerns of music creators and appropriately rebalance the interests of creators with those of the ISPs.

II. The Operation of the Current Safe Harbor System Does Not Effectively Address its Intended Purpose of Preventing the Proliferation of Online Piracy

Congress passed the Digital Millennium Copyright Act in 1998 with the intention of creating "strong incentives for internet services providers (ISPs) and copyright holders to detect and deal with copyright infringements that take place in the digital networked environment." In the early 2000s, the rise of peer-to-peer sharing placed ISPs at the forefront of preventing copyright infringement. As peer-to-peer and content sharing gained popularity, copyright holders were left without realistic recourse to pursue each individual instance of infringement. The Safe Harbor Provisions, as presently drafted and applied, have proven to be a barrier for copyright holders making recovery against ISPs painstakingly and unreasonably difficult.

A. The Notice-and-Takedown and Counter-Notice Processes have Significant Practical Barriers Which Prevent Creators from Successfully Protecting Their Works

The current notice and counter-notice processes place an overwhelming burden on creators and copyright holders due, in part, to the inability of these processes to effectively address the vast amount of infringing activity on the internet. Artists and musicians already struggle to make an adequate living; these creators now also have the daunting task of policing the internet to ensure that others are not infringing their works further impairing their livelihood. The notice-and-takedown process was created to address the internet landscape over 20 years ago which, at that time, consisted of dial up connections and "user-generated content" made up of text-only posts on internet bulletin boards.² Now, creators are forced to comb through a daunting internet ecosystem where content, including music and videos, is being shared and reposted at alarmingly rapid rates.

At the core of the plagued notice-and-takedown system are the various practical barriers the system itself has created for creators attempting to protect their works. Astonishingly, the notice-and-takedown process places the burden of identifying infringing activity on creators,

¹ S. Rep. 105-190, at 20 (1998).

² See Comments of Music Managers, Submitted in Response to the U.S. Copyright Office's Dec. 31, 2015 Notice of Inquiry at 1, April 1, 2016.

while giving ISPs broad discretion in determining how and when they will address takedown notices. As presently written, under § 512 of the U.S. Copyright Act, if a copyright owner meets the notice requirements under the statute, an ISP must "respond expeditiously to remove, or disable access to, the material that is claimed to be infringing." However, in practice, this process (including meeting the notice requirements) is not as simple or effective as it sounds as the sheer volume of infringing content appearing online turns the nature of the takedown system into a frustrating game of "whack-a-mole" for content owners.⁴

In order to address the barriers described which hinder an effective notice-and-takedown process, the Safe Harbor Provisions must encourage and incentivize ISPs to cooperatively work together with creators to identify instances of infringement. Music creators are not the parties reaping the benefits that flow from unauthorized copies of their works appearing online. However, it is the music creators who have the burden of policing the internet for instances of infringement. ISPs on the other hand, because of their resources and technology, are better situated to effectively discover and combat piracy, but it is the ISPs which continue to profit from the infringing content posted on their service (and without any obligation to remove such content unless and until they receive a qualifying takedown notice). ISPs must be held to a due diligence standard similar, if not greater, to that which is required of the music creators; especially, in light of the fact that it is the ISPs who enjoy the benefits of having infringing content available on their services, namely in the form of increased traffic, ad revenue and e-commerce.

Further, ISPs are thriving from the "whack-a-mole" process wherein they actively allow infringing content to reappear on their services. The current internet ecosystem allows for unremunerated consumption of a user's content, even when the content owner has taken all possible steps to have the infringing content taken down. ISPs are fully aware that its users may repost infringing content which was once removed, and as a result have built business models based on the fact that they have no obligation to proactively stop this activity. Creators already face the daunting task of scouring the internet for infringement without help from ISPs, a task that can be merely impossible for large-scale content creators with significant resources. During the first two months of 2016, the Recording Industry Association of America sent over 6,500 notices of repeat infringement to one service alone. This makes clear what an enormous responsibility it is for independent and small scale copyright owners who exhaust substantial resources in acts of desperation to protect the value of their works.

³ 17 U.S.C. § 512 (C)(1)(c).

⁴ See Section 512 of Title 17: Hearing Before the Subcomm. On Courts, Intell. Prop. And the Internet of the H. Comm on the Judiciary, 113th Cong. 57 (2014) (statement of Maria Schneider).

⁵ See Am. Ass'n of Independent Music, Comments Submitted in Response to U.S. Copyright Office's Dec. 31, 2015 Notice of Inquiry at 20, April 1, 2016 (The site at issue was 4shared.com. We can assume for a mainstream site such as YouTube, the number of notices would have been an exponentially greater number).

Consequently, the Safe Harbor Provisions must be amended to effectuate a notice-and-*staydown* system in order to appropriately address the continuing reappearance of infringing content. Instead of placing the burden on creators to monitor services to ensure that infringing content has been removed and is not reposted, ISPs are in the superior position to monitor their own services once they have received a takedown notice and have actual knowledge as to a copyright owner's work. Again, as the ISPs benefit from the infringing activity, they should share the burden of combating against such illicit activity.

I would propose that ISPs be required to implement a type of digital fingerprinting technology to prevent users from repeatedly uploading infringing content. Through the use of this technology, an ISP could readily identify and circumvent the reposting of infringing content. Although there are costs involved in implementing this type of measure, because creators are already being forced to use their limited resources to monitor both initial instances of infringement as well as infringing re-posts, it is only fair that an ISP (again, as their business model benefits from such behavior) share the cost of protecting the works its platform may otherwise leave vulnerable to abuse. An ISP's decision to start a business that relies on and profits from user-generated content should therefore take into account the cost involved in implementing certain technological measures which would prevent the reappearance of known infringing content. This in turn, would balance the burden currently faced by content owners.

Furthermore, the counter-notice process is alarmingly skewed in favor of an alleged infringer. If a counter-notice meets the requirements of § 512,⁶ the ISP must re-enable the user's posting unless the copyright holder files an infringement lawsuit within 10 business days from the date the counter notice was received.⁷ This provision presumes that copyright owners are sophisticated individuals with a plethora of time and resources at their disposal and which can be dedicated to copyright litigation. Many creators lack sufficient legal representation and are forced to forfeit valid infringement claims because pursuing litigation is practically, and financially, impossible. The significant cost of litigation acts as yet another barrier which prevents copyright holders from enforcing their intellectual property rights under the DMCA.

Accordingly, the process of responding to counter-notices must be streamlined and the period of time a copyright owner has to answer to the counter-notice must be extended. I would propose that the Copyright Office act as a central hub for these types of disputes. For the purpose of illustration, the Copyright Office could perhaps require the notice sender to mail in a demand letter opposing the position of the counter-notice. As it is the Copyright Office's job to handle the administration of the copyright law⁸, the Copyright Office is therefore well situated to

⁶ 17 U.S.C. § 512(g)(3)(A)-(D).

⁷ 17 U.S.C. § 512(g)(2)(C).

⁸ See United States Copyright Office A Brief Introduction and History, United States Copyright Office, https://www.copyright.gov/circs/circ1a.html.

analyze the legal issues which form the basis of copyright infringement notices under the DMCA, and further, to decide whether an infringement claim is credible or not.

Currently, creators are left with the option of attempting to work through a defective notice-and-takedown system or, in the alternative, partnering with various media services which in turn license their valuable works for much less than their actual worth, as these services recognize that creators have no real remedy to reduce or stop online infringement of their content. If these barriers are not addressed, creators will be stifled in their ability to earn a living from their craft, and the future of the music industry (and potentially other creative industries) would be at risk.

B. § 512(i)(A) Must Set Forth Specific Obligations for all Internet Service Providers in Order to Ensure the Effective and Efficient Removal of Repeat Infringers

The DMCA's four statutory safe harbors were enacted to provide ISPs with immunity from liability for their subscribers' infringing activities. These four safe harbors offer protection to ISPs whose involvement is limited to: (a) transitory digital networking communications; (b) system caching; (c) information residing on an ISP's system or network at the direction of users; or (d) information location tools. Although all four of the foregoing safe harbors contain distinct requirements, § 512(i)(1) contains two requirements which are common to each of the four safe harbors: ISPs must (1) adopt and reasonably implement a policy to terminate "repeat infringers" when the situation is "appropriate" and (2) accommodate "standard technical measures" in order to identify and protect copyrighted works. Since all ISPs falling within § 512(a)-(d) must abide by the requirement to reasonably implement an appropriate repeat infringer policy a clear and uniform repeat infringer policy must be mandated for all ISPs regardless of which of the four safe harbors the ISP qualifies for.

The problem with § 512(i)(1) which, on its face, requires a reasonable policy to terminate repeat infringers¹², lies in the fact that it fails to actually specify what finding necessitates the implementation of an ISP's repeat infringer policy. This lack of clarity in turn prevents ISPs from reasonably implementing a repeat infringer policy with clear and enforceable parameters, while allowing ISPs to continue to claim protection under the Safe Harbor Provisions. Instead, the language of this section should clearly set forth a number of factors that must be considered when determining whether someone is a "repeat infringer". Such factors could include the number of credible takedown notices received regarding a particular user's infringing activity and whether or not a user changes his or her username but continues to post infringing content

⁹ See Hollaar, L., Chapter 3: Copyright of Digital Information, Digital Law Online, 2002, http://digital-law-online.info/lpdi1.0/treatise33.html.

¹⁰ 17 U.S.C. § 512(a)-(d).

¹¹ 17 U.S.C. § 512(i)(1).

¹² *Id*.

with the same IP address. Further, this section should also clarify what constitutes an adequate and reasonably *implemented* repeat infringer policy. This could be achieved by specifying conditions and time periods under which an ISP must terminate or suspend the account of a user who qualifies as a "repeat infringer". Lastly, ISPs should also be required to set into place a system which records repeat instances of infringing action by its users. ISPs could offer proof showing that they are following through with the termination of a repeat infringer's access to their service, as required under the Safe Harbor Provisions.

It would benefit both ISPs and copyright holders to revise the Safe Harbor Provisions. These new Safe Harbor provisions must clearly identify which users qualify as "repeat infringers" and what specific steps an ISP must take in order for its repeat infringer policy to constitute one that is reasonably implemented. In order for an ISP to take advantage of the Safe Harbor Provisions and gain immunity for the infringing content that appears on its service, it is both reasonable and fair to require that an ISP show that it has taken affirmative steps to set up a system which effectively deals with repeat infringers.

III. Changes Must Be Made to the Language of § 512 and the Structure of the Copyright Office in Order to Appropriately and Effectively Move Forward with Copyright Protection in the Digital Age

The expanding scale of the internet along with the broad interpretations of § 512(i)(1)¹³ have caused an unbalanced relationship between creators and ISPs. This imbalance heavily favors ISPs and has fundamentally affected the music marketplace due to the onerous and ineffective burdens placed on copyright owners and the lack of specify when it comes to the responsibilities of ISPs.

In order to appropriately meet the administrative and policy challenges of the digital age, a major relocation by the Copyright Office may be in order. Modernization of the Copyright Office and the creation of an independent agency are necessary for copyright law to function effectively and to efficiently balance the interests of rights holders and ISPs.

A. Judicial Decisions Issued Since the First Round of Public Comments Have Highlighted the Need for § 512 to be Amended to Include More Clear and Uniform Standards for Participants Who Wish to Take Advantage of the Safe Harbor System

Congress intended that the DMCA provide "greater certainty to service providers concerning their legal exposure for infringements that may occur in the course of their activities." ¹⁴

¹³ 17 U.S.C. § 512(i)(1).

¹⁴ S. Rep. 105-190, at 20 (1998).

However, the broad language of the Safe Harbor Provisions and judicial interpretations of the law have left stakeholders without certainty concerning the safeguards and procedures that an ISP must implement in order to be afforded immunity from liability.

In *BMG v. Cox*, Cox sought protection under the first safe harbor by claiming its service was merely a transitory networking service for its subscribers¹⁵. Cox was unable to avoid liability with this defense because of its lackluster procedures for dealing with notices of its subscribers' alleged infringing activities.¹⁶ Like many other ISPs, Cox handled complaints by copyright holders through a graduated response procedure, where Cox sent its users a series of notifications which warned users that they were allegedly uploading infringing content.¹⁷ However, Cox's procedure involved only *considering* whether to terminate a user, but only after the service received 14 notices for infringement.¹⁸ Cox's repeat infringer policy never noted that termination would definitively occur after the fourteenth notice.¹⁹ Although the Court stated that Cox intentionally circumvented the DMCA's requirements by failing to terminate access to known repeat infringers, the Court merely suggested that taking action after 14 notices was unreasonable, and also failed to specify a number or range that would allow an ISP to know whether or not its repeat infringer policy was in fact "reasonably implemented."²⁰

Additionally, Cox's procedures were further troublesome because there was evidence that the service provider's Customer Abuse Manager was instructing his team to reactivate repeat infringer accounts, instead of terminating them.²¹ The Court never mentioned if either the high penalty requirement or its employees' disregard for the DMCA obligations was dispositive on its own, which leaves ISPs uncertain of whether or not their current repeat infringer procedures meet the Safe Harbor Provision requirements. The Court also noted Cox's decision to block emails from individuals or companies attempting to send notices of infringing activity was likely unreasonable.²² Again, without specifying what needs to be done or what cannot be done, it can

¹⁵ BMG Rights Mgmt. (US) LLC v. Cox Commc'ns., Inc., No. 1:14-cv-1611, 2016 WL 4224964 (E.D. Va. August 8, 2016).

¹⁶ See Resnikoff, P., Federal Judge Upholds \$25 Million Infringement Penalty Against Cox Communications, Digital Music News, August 10, 2016, http://www.digitalmusicnews.com/2016/08/10/judge-cox-communications-25-million/.

¹⁷ See Mullin, J., Rightscorp wins landmark ruling, Cox hit with \$25M verdict in copyright case. ars Technica, Dec. 17, 2015, https://arstechnica.com/tech-policy/2015/12/rightscorp-wins-landmark-ruling-cox-hit-with-25m-verdict-in-copyright-case/.

¹⁸ See Carlisle, S., 14 Strikes and You're Out! (Maybe): How Cox Communications Lost its DMCA Safe Harbor, Nova Southern University, December 10, 2015, http://copyright.nova.edu/cox-communications/.

¹⁹ Id.

 $^{^{20}}$ Id

²¹ See Capo, R., Lesson To Take From Cox Communications \$25 Million Copyright Judgment, Law Office of Richard A. Chapo, January 12, 2016, http://www.socalinternetlawyer.com/cox-communications-25-million-copyright-judgment/.

²² See Frankel, S. J., Kamin, M. A., & Sahni, N. T., What We All Can Learn from BMG v. Cox, BNA's Patent, Trademark & Copyright Journal, April 15, 2016, https://www.cov.com/-/media/files/corporate/publications/2016/04/what we all can learn from bmg v cox.pdf

be argued only that ISPs, at a minimum, must allow for all notices to be accepted, recorded and tracked.

In Capitol Records vs. Vimeo²³, the Court upheld Vimeo's safe harbor defense because it determined that the service did not have "red flag knowledge" of copyright infringement nor was it "willfully blind" to such infringement.²⁴ The Court also affirmed the idea that the burden of proof is on the individual or company contesting an ISP's eligibility under the Safe Harbor Provisions to show that the ISP had "actual or red flag knowledge" of specific instances of copyright infringement.²⁵ Placing this burden on copyright owners is overwhelming without also providing clear guidelines as to what evidence constitutes "red flag knowledge" or "willful blindness."

The highlight of this case was that Vimeo was not disqualified from safe harbor protection even though its employees viewed and interacted with infringing videos on the service which featured "recognizable" songs.²⁶ The Court's determination was based on the fact that ISPs are not legally obligated to have their employees investigate whether or not the use of a song was authorized.²⁷ Although its employees interacted with infringing content, the Court held that the employees' mere suspicion of infringement was insufficient to remove Vimeo from safe harbor protection.²⁸ This narrow reading of red flag knowledge is counterintuitive to Congress's purpose of using the Safe Harbor Provisions as a tool for both ISPs and creators to combat online infringement.²⁹

Furthermore, Vimeo's employees sent questionable responses to users who asked about posting copyrighted music and whether or not it was allowed on the service.³⁰ The employees never stated that such activity was prohibited³¹; however, the Second Circuit was willing to overlook this evidence finding that it was too general.³² Instead, these were considered sporadic instances of encouragement by Vimeo and were insufficient to show "willful blindness" because "willful blindness" must relate to specific instances of infringements and not generalized statements of

²³ Capitol Records, LLC v. Vimeo, LLC, 826 F.3d 78 (2d Cir. 2016).

²⁴ See Second Circuit Extends DMCA Safe-Harbor Protection to Pre-1972 Sound Recordings, Clarifies Scope of Exceptions for Willful Blindness and Red Flag Knowledge, Wilson Sonsini Goodrich & Rosati, June 20, 2016, https://www.wsgr.com/WSGR/Display.aspx?SectionName=publications/PDFSearch/wsgralert-vimeo.htm.

²⁵ Capitol Records, LLC v. Vimeo, LLC, Stanford University Libraries, June 16, 2016,

http://fairuse.stanford.edu/case/capitol-records-llc-v-vimeo-llc/.

²⁶ See Second Circuit Extends DMCA Safe-Harbor Protection to Pre-1972 Sound Recordings, Clarifies Scope of Exceptions for Willful Blindness and Red Flag Knowledge.

²⁷ See Id.

²⁸ See Id.

²⁹ See H.R. Rep. No. 105-796, at 72 (1998).

³⁰ See Hartline.

³¹ See Id.

³² See Id.

encouragement.³³ Despite the fact that the videos at issue included full-length music videos of popular songs and contained copyright notices such as "© 2009 Capitol Records. All Rights Reserved.," the Court said it needed more evidence from Capitol Records showing that the infringement was "objectively obvious to a reasonable person."³⁴ If a major record label, such as Capitol Records, expended all of the resources at its disposal in an effort to find evidence which demonstrated Vimeo's disregard for copyright protection (which Capitol Records clearly did find), and even this evidence was not enough to prove Vimeo's culpability, how can Courts expect smaller copyright holders with fewer resources to even attempt the process of filing suit against ISPs?

The Safe Harbor Provisions must be clarified and refined in order that both rights holders and ISPs are informed and can better adhere to their obligations under the DMCA. The Safe Harbor Provisions need to set forth specific types of evidence which sufficiently demonstrate when an ISP has "red flag knowledge" or has been willfully blind to infringement. This in turn would ensure that creators and copyright holders feel comfortable to pursue legal action against ISPs, and also that ISPs are taking real steps to cooperatively fight online piracy.

B. The Copyright Office Should Become its Own Administrative Agency

Copyright law has become especially important in the digital age, enough so that it requires that the Copyright Office become its own distinct agency in order to most effectively tackle ongoing problems in copyright policy. The consistent examination of major copyright issues has demonstrated the need for this type of modification to the current Copyright Office structure. With the present structure, Congress must legislate in order to implement major policy changes in copyright law.³⁵ Creating a new regulatory entity would undoubtedly improve efficiency by reducing the need for legislative action.

As its own agency, the Copyright Office would exercise its own appropriate regulatory authority allowing the Librarian of Congress to focus on its distinct purpose of "encouraging and promoting the important work of the Congressional Research Services."³⁶ Creators are growing weary of the Copyright Office's ability to keep up to date with technology and to meet the basic needs of those who depend on copyright protection.³⁷ The Copyright Office's budgetary and technological deficiencies can be attributed to the fact that it falls under another entity.³⁸ A

³³ See Second Circuit Extends DMCA Safe-Harbor Protection to Pre-1972 Sound Recordings, Clarifies Scope of Exceptions for Willful Blindness and Red Flag Knowledge.

³⁴ See Hartline.

³⁵ Aistars, S., *A New Great Copyright Agency*, 38 Colum. J.L. & Arts at 304 (2015), http://jladev.journals.cdrs.columbia.edu/wp-content/uploads/sites/14/2015/08/6-38.3-Aistars.pdf. ³⁶ *Id.* at 303.

³⁷ See Pappas, P., A Copyright Office for the digital age, The Hill (February 26, 2015), http://thehill.com/blogs/congress-blog/technology/233846-a-copyright-office-for-the-digital-age ³⁸ See Id.

separate administrative agency responsible solely for copyright matters is necessary at a time where copyright laws have yet to adjust to the complexities of the present internet ecosystem.

IV. Conclusion

The DMCA was intended to serve as an efficient mechanism for fighting infringement online. As the internet continues to change the landscape of the music industry, piracy will continue to be a problem unless all stakeholders work cooperatively, as Congress intended, to create and implement policies that will effectively address infringing activity. Creators have been forced to compete in a distorted marketplace and have been overlooked for the benefit of new technology and services that distribute their works, with or without their authorization. Creators are vital for the success of the internet marketplace as a whole and without drastic changes to the copyright laws, this country stands to lose an art form that is crucial to its culture.

Thank you for your time and consideration.

Respectfully submitted,

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