The struggle between social networks and content providers

A three judge panel from the US 7th Circuit, recently handed down a significant decision regarding the copyright implications of video streaming over social networks in Flava Works v. Gunter, as Timothy Bradley Associate at Coats + Bennett, explains.

Plaintiff Flava Works produces pornographic movies which are only viewable behind a pay wall. As the court noted, 'Flava specialises in the production and distribution of videos of black men engaged in homosexual acts.' The defendant Marques Gunter runs a 'social video bookmarking' website called myVidster.com in which users can bookmark and playback videos from across the web. Posted videos are tagged for categorisation, and can be viewed by any visitors to the site. Notably, the videos booked on myVidster stream directly from their original source to an end user computer, without myVidster touching the data stream.

By default, myVidster has a 'family' filter turned on, which results in content that is standard YouTube fare. However, if the filter is turned off, the court noted that 'your visit will reveal a mixture of pornographic and non-pornographic videos, with the former predominating, and of those the majority are homosexual and many of the actors in the homosexual videos are black.' Thus, while myVidster initially appears like many other websites that aggregate and stream videos from across the web, it appears that myVidster was specifically known, as least to a subset of submitting users, as a source for the type of adult content marketed by Flava.

Flava sued Gunter because myVidster users were bookmarking and streaming Flava videos that had been illegally uploaded to third party servers. The district court granted Flava a preliminary injunction on its contributory infringement claim, finding that even though myVidster may not have actually copied Flava's videos that they nevertheless facilitated such copying (Flava Works v. Gunter, No. 10 C 6517, 2011 WL 3876910 (N.D. Ill. 2011)). In its analysis the district court emphasised the fact that myVidster users viewed bookmarked videos on the myVidster site, and when viewing videos they were not taken to the third party sites that hosted the videos. The granted injunction would have forced myVidster to disable accounts of users who had repeatedly posted Flava videos from the offending third party servers. On appeal, however, the 7th Circuit reversed the preliminary injunction.

The 7th Circuit found that the district court had improperly performed its preliminary injunction analysis. While the district court had cited the correct four factor preliminary injunction test in its analysis (likelihood of success on the merits, an irreparable injury to the plaintiff, the balance of hardships between the moving and non-moving party, and that the public interest favours the injunction), the appeals court stated that the district the court had only really considered the first factor without adequate consideration of the other factors.

Moreover, the 7th Circuit extended the holding in eBay Inc. v. MercExchange, L.L.C., 547 U.S. 388 (2006) to copyrights. In eBay, the US Supreme Court held that patent owners were not entitled to a presumption of irreparable harm if their patent had been infringed. The 7th Circuit followed the 2nd and 9th circuits by extending this to copyrights, and consequently found that Flava was not entitled to a presumption or irreparable harm merely because its copyrights had been violated.

The 7th Circuit also sought to provide guidance for the analysis of what constitutes contributory copyright infringement. The appeals court found the common definition of 'one who, with knowledge of the infringing activity, induces, causes or materially contributes to the infringing conduct of another' to be unhelpful, and instead characterised contributory infringement as 'personal conduct that encourages or assists the infringement.' With this in mind, the appeals court analysed both infringement by copying and infringement by public performance.

Infringement by copying

Regarding infringement by copying, the appeals court found that myVidster was not a contributory infringer. The 7th Circuit reasoned that the infringers here were those who actually copied Flava's copyrighted videos by uploading them to third party servers on the internet, and that there was no evidence that these infringers were users of myVidster, or that myVidster was encouraging or assisting in the upload of Flava's videos to those third party servers.

The appeals court compared myVidster's actions to that of a publication providing movie showtimes, as myVidster was providing the addresses to third party locations where videos can be viewed, and letting users stream such videos directly from those locations. The court reasoned that '[s]omeone who uses one of those addresses to bypass Flava's pay wall and watch a copyrighted video for free is no more a copyright infringer than if he had snuck into a movie theater and watched a copyrighted movie without buying

a ticket. The facilitator of conduct that doesn't infringe copyright is not a contributory infringer.' The 7th Circuit also compared the conduct of myVidster users to one who 'steal[s] a copyrighted book from a bookstore and read[s] it,' which 'is a bad thing to do... but is not copyright infringement.'

The appeals court rejected the analytical framework provided in amicus briefs from the likes of Google and Facebook, which suggested that those who actually uploaded Flava's videos to the internet were 'direct' infringers, those who bookmarked Flava's videos on myVidster were 'secondary' infringers, and that myVidster was at best a 'tertiary' infringer. The appeals court noted that the only relevant distinction in this case was between direct infringement, contributory infringement, and non-infringement. Thus, with regards to infringement by copying, the appeals court found that myVidster's users were not direct infringers and that myVidster was therefore not a contributory infringer.

The appeals court found that a Digital Millennium Copyright Act (DMCA) safe-harbor analysis, often relied upon by Internet Service Providers (ISPs) whose networks inadvertently include user-submitted copyrighted content, was unnecessary, because 'a non-infringer doesn't need a safe harbor.'

Infringement by public performance

The appeals court also considered whether myVidster was a contributory infringer by facilitating public performance of Flava's copyrighted works. As part of this analysis, the appeals court considered that myVidster's conduct may be considered analogous to that of a 'swap meet' for copyrighted goods. In this regard, the appeals court considered Fonovisa, Inc. v. Cherry Auction Inc., 76 F.3d 259 (9th Cir. 1996), in which the defendant ran a flea market at which pirated recordings of the plaintiff's copyrighted music were sold in such quantities as to potentially constitute a public performance. The court found any analogy to Fonovisa to be inappropriate, because myVidster was not selling Flava's videos and was not providing a market for such works. The court also considered the Aimster case, in which large amounts of almost exclusively copyrighted music were exchanged through dedicated file sharing software (In re Aimster Copyright Litigation, 334 F.3d 643 (7th Cir. 2003)). However, unlike Aimster, myVidster was not encouraging swapping. Thus, the appeals court found the swap meet analogy to be unpersuasive, and further found that myVidster was not contributing to the public performance of Flava's content.

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Social networks

It is important to keep in mind that procedurally this was an appeal from a preliminary injunction - a remedy applied at a very early stage in the legal process, and that this decision is not dispositive of Flava's claims against myVidster. For example, even though Flava is not entitled to a preliminary injunction against myVidster, they may nevertheless be entitled to a permanent injunction once the case proceeds to trial. Moreover, the appeals court recognised that myVidster's video backup service (through which bookmarked videos could be copied for backup), which was previously available to myVidster's premium account holders, may have directly infringed Flava's copyrights. However, this argument was not pursued by Flava and was therefore not used as a basis to maintain the injunction. In an apparent nod to Flava's counsel, the 7th Circuit noted that although myVidster had disabled this backup functionality that Flava 'seems at least entitled to an injunction against myVidster's uploading to its website videos in which Flava owns copyrights,' since myVidster may reintroduce its backup functionality for those videos. Thus, by recasting its arguments Flava may nevertheless be entitled to some relief.

The most notable aspects of this case are the abrogation of the presumption of irreparable harm in a copyright preliminary injunction analysis in the 7th Circuit, and the 7th Circuit's analysis of what constitutes 'contributory infringement' with respect to embedded video streaming. Application of laws to modern technology is always a difficult task, and the court has provided good insights for addressing these issues.

This ruling will surely be welcomed by social networks such as Facebook, where sharing, embedding and playing back videos are indispensable. Although social networks can already rely on the DMCA safe harbors for protection when their users post copyrighted content without authorisation, this holding is nevertheless favourable. Cases like this highlight the balancing act that courts must perform as they try to strike a balance between social networks, where content sharing is encouraged, and content providers who seek to protect their assets - especially when technology moves faster than the law.

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