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The Tension between Derivative Works Online Protected by Fair Use and the Takedown Provisions of the Online Copyright Infringement Liability Limitation Act

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**The Tension between Derivative Works Online Protected by
Fair Use and the Takedown Provisions of the Online
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The Tension between Derivative Works Online Protected by Fair Use and the Takedown Provisions of the Online Copyright Infringement Liability Limitation Act

By Frank Guzman*

The globalization and increasing ease of Internet access allow more people to share content than ever before. A substantial amount of this content relates to another's copyrighted material, whether it is infringing content such as piracy or noninfringing content such as commentaries, criticisms, parodies, or other material falling under fair use. Due in part to piracy concerns, the Online Copyright Infringement Liability Limitation Act (OCILLA) created a process meant to expedite removal of infringing content hosted on the Internet. However, this takedown process has been used to remove noninfringing content that uses another's copyright material, but falling under fair use.

This usage of the takedown process is enabled by the requirement that the original copyright owner only needs a good faith belief that the target's use is not authorized, and by the nature of fair use determination—the consideration of various factors—which makes determinations of individual works difficult. Due to this difficulty, copyright owners are able to easily meet the good faith standard, endangering fair use speech on the Internet. Therefore OCILLA needs to change in order to decrease the chilling effect on this type of speech.

Proposals have been made to ameliorate this situation. However, most of them overreach and impede copyright owners from expeditious removal of clearly infringing material, contrary to the purpose of OCILLA. This comment suggests a different solution: creation of safe harbor provisions where certain narrow categories of content are irrebuttably presumed to be fair use. Though this solution does not alleviate the problem on fair use content in general, it allows for greater certainty to people who want to create content based on another's work while qualifying as fair use, without obstructing copyright owners from protecting their works through removing infringing material.

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I. INTRODUCTION

The ubiquitous use of the Internet has allowed users to find people with similar shared interests, in increasingly larger numbers, and with greater ease. This widespread adoption of the Internet has led to an upsurge in the amount of ease in which users can share the content that they create themselves. When the subject matter of such content is itself protected by copyright, this user-shared content might appropriate that copyrighted material. A substantial amount of such content constitutes derivative works,¹ usually created without permission of the copyright owner.² Derivative works can be divided into two categories: transformative³ and non-transformative (though these categories operate in a continuum based on their level of transformation).⁴ The legal status of transformative work is of special importance to users who create or enjoy work based off other works.⁵ Usually such users are fans of the original work, which itself is almost always protected by copyright.⁶

¹ "A 'derivative work' is a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which a work may be recast, transformed, or adapted. A work consisting of editorial revisions, annotations, elaborations, or other modifications which, as a whole, represent an original work of authorship, is a 'derivative work.'" 17 U.S.C. § 101 (2012).

² A copyright owner has the exclusive right "to prepare derivative works based upon the copyrighted work" and to authorize another to do so, subject to other sections of the United States Code. *Id.* § 106.

³ A transformative work is a work created through transformative use of copyrighted material. Transformative use is "[t]he use of copyrighted material in a manner, or for a purpose, that differs from the original use in such a way that the expression, meaning, or message is essentially new." BLACK'S LAW DICTIONARY 1637 (9th ed. 2009).

⁴ *See* *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994), for an example of a court treating transformation on a continuum.

⁵ Examples of the ways that the original work are incorporated into new works include when written stories, images, songs, or videos use the characters or settings of a story expressed by that original work.

⁶ *See* 17 U.S.C. § 102 (2012) ("Copyright protection subsists . . . in original works of authorship fixed in any tangible medium of expression . . .").

¶12 With the success of content hosting sites⁷ like YouTube,⁸ the impact of the Online Copyright Infringement Liability Limitation Act (OCILLA)⁹ is entering the public consciousness in a progressively greater fashion. As these sites host more infringing content, the owners increasingly seek to protect their copyrights by having such content removed from the sites. The most widely used method for removal is sending a takedown notice to the content host that includes all the information that OCILLA requires,¹⁰ to which the hosting service must respond to by immediate removal of the allegedly infringing content in order to be shielded from liability for hosting that content.¹¹ However, it is not always straightforward to determine whether a single piece of content is infringed.

¶13 One of the broadest exceptions to the exclusive rights of copyright owners is the fair use doctrine.¹² Fair use is determined through four statutory factors,¹³ so no bright-line rule exists. This is aggravated by the fact-based nature of each case, which prohibits broad instruction. Therefore, many derivative works, which fall under ‘fair use,’ are targets of takedown notices.

¶14 OCILLA only requires that the takedown notice and the subsequent removal of the allegedly infringed content be done in good faith.¹⁴ Given the ambiguous nature of the doctrine of fair use, owners have little incentive to give the benefit of the doubt to users who assert the fair use defense—unless it is indisputable—because 1) owners derive almost no direct benefit from the existence of the derivative content, 2) giving the benefit of the doubt may lead to permitting infringing content to remain online, and 3) lastly, determining fair use takes time. This perceived lack of benefit may lead those owners of the original work to believe that a derivative work, even though protected by fair use, is still practically infringing nonetheless. This inevitably leads to some users losing their hard-earned work that they have invested time (and sometimes money) into, with little recourse.

¶15 There are many proposals advanced that attempt to correct this problem. However, most are overstretched and allow the infringer to claim fair use in order to delay the removal of the infringing content, prolonging the harm to the copyright owner. Other proposals disincentivize copyright owners and hosting services from finding and removing infringed contents, thereby conflicting with the purpose of OCILLA.¹⁵

¶16 A better solution is to establish safe harbor provisions for derivative works, which would provide explicit rules to create non-infringing material. This would allow greater clarity and protection for certain classes of content without interfering with the ability of original copyright owners to go after infringed works. This also incorporates the benefits

⁷ Content hosting sites are websites where one of the website's purposes is to host content created by the website's users on the website's servers, usually for public access.

⁸ YouTube is the most widely used video hosting site, with more than one billion users, hundreds of millions hours of video watched every day, and three hundred hours of video uploaded every minute. *Statistics*, YOUTUBE, <http://www.youtube.com/yt/press/statistics.html> (last visited Feb 18, 2015).

⁹ 17 U.S.C. § 512 (2012).

¹⁰ *Id.* § 512(c)(3).

¹¹ *Id.* § 512(c)(1)(C).

¹² *Id.* § 107.

¹³ *Id.*

¹⁴ *Id.* § 512(c)(3)(v).

¹⁵ "[The Online Copyright Infringement Liability Limitation Act] preserves strong incentives for service providers and copyright owners to cooperate to detect and deal with copyright infringements that take place in the digital networked environment." H.R. REP. NO. 105-551(II), at 49 (1998).

of the approach that most international communities use to limit the exclusive right of copyright owners—delineating explicit cases that fall outside such rights of the owner.¹⁶

¶7 Part II of this comment will focus on the takedown provisions of OCILLA and its background. Part III will provide an overview of the current doctrine of fair use. Part IV will discuss the effects of takedown provisions on derivative works that are protected by fair use. Part V will briefly discuss international alternatives to fair use as well as international reactions to proliferation of derivative works posted by online users. Part VI will talk about solutions to this issue advanced by others, and Part VII will advance the idea of introducing safe harbor provisions for some classes of such work.

¶8 This comment will not cover possible concerns involving the First Amendment's freedom of speech and the current application of the OCILLA takedown provisions,¹⁷ nor will it cover the effects of takedown notices on non-infringing content other than derivative works covered by fair use.¹⁸

II. THE TAKEDOWN PROVISIONS OF THE ONLINE COPYRIGHT INFRINGEMENT LIABILITY LIMITATION ACT

¶9 The Online Copyright Infringement Liability Limitation Act (OCILLA), codified at 17 U.S.C. § 512 (2012), was passed as part of the Digital Millennium Copyright Act (DMCA) on October 28, 1998.¹⁹ OCILLA was created in response to the controversy regarding "[t]he liability of on-line service providers and Internet access providers for copyright infringements that take place in the on-line environment."²⁰ The purpose of the act was to encourage cooperation between copyright owners and service providers in combating copyright infringement on the internet while "provid[ing] greater certainty to service providers concerning their legal exposure for infringements that may occur in the course of their activities."²¹

¶10 OCILLA provides a procedure for copyright owners to deal with infringing content hosted by service providers. This process allows copyright owners to notify service providers of infringing content. The service provider responds to the notice by removing the content in order to limit the liability that it may have for hosting the infringing material.²²

¶11 To begin the process, the copyright owner²³ sends a takedown notice²⁴ to the service

¹⁶ For examples of these delineations, see *Copyright Act 1968* (Cth) ss 40-47J (Austl.); Sections 41-92E of the Copyright Act 1994 (N.Z.).

¹⁷ For an article focusing on this aspect, see Wendy Seltzer, *Free Speech Unmoored in Copyright's Safe Harbor: Chilling Effects of the DMCA on the First Amendment*, 24 HARV. J.L. & TECH. 171 (2010).

¹⁸ For an article regarding the effects on works under public domain, see John Tehranian, *Curbing Copyblight*, 14 VAND. J. ENT. & TECH. L. 993 (2012).

¹⁹ Digital Millennium Copyright Act, Pub. L. No. 105-304, 112 Stat. 2860 (1998).

²⁰ H.R. REP. NO. 105-551(II), at 49 (1998).

²¹ *Id.* at 49-50.

²² 17 U.S.C. § 512(c) (2012).

²³ This need not be the owner personally, but may also be someone who is authorized to act on behalf of the owner. Subsequent references to the copyright owner in regards to the takedown provisions imply this. See *id.* § 512(c)(vi).

²⁴ A takedown notice is a written notification to a service provider of infringing material stored on the provider's system or network, specifically a notification that conforms to § 512(c)(3)(A).

provider containing, among other things,²⁵ information identifying the allegedly infringed content.²⁶ The owner need only a good faith belief that the use of its copyright is not authorized in order to send a takedown notice.²⁷ Once the service provider receives the takedown notice, it must act expeditiously to remove or prevent access to the allegedly infringing material.²⁸

¶12 The person who posted the content may then attempt to have it restored by sending a counter notification to the service provider.²⁹ This counter notification must contain, among other things,³⁰ "[a] statement under penalty of perjury that [he] has a good faith belief that the material was removed or disabled as a result of mistake or misidentification of the material to be removed or disabled."³¹ Once the service provider receives the counter notification, the service provider delivers to the copyright owner a copy of the counter notification and informs the owner that the service provider will restore the content in ten business days.³² After ten to fourteen business days, the service provider restores the allegedly infringing content, unless it receives notice first that the copyright owner filed an action asking the court to prohibit the user from "engaging in infringing activity relating to the material on the service provider's system or network."³³

¶13 One additional subsection of OCILLA comes into play if parties base either their takedown notice or their counter notification on misrepresentation.³⁴ Section 512(f) was added to discourage parties from knowingly make such misrepresentations due to the harm that they would cause to all parties involved: copyright owners, service providers, and Internet users.³⁵ It creates a cause of action against a party who "knowingly materially misrepresents"³⁶ that either the content is infringing³⁷ or that it "was removed or disabled by mistake or misidentification."³⁸

III. FAIR USE

¶14 Fair use is a limitation to the copyright owners' exclusive rights³⁹ over copyrighted

²⁵ See *id.* § 512(c)(3)(A)(i)-(vi), for a full list of the requirements that the takedown notice must include.

²⁶ See *id.* § 512(c)(3)(A).

²⁷ See *id.* § 512(c)(3)(A)(v); see also *id.* § 512(f)(1). The good faith belief is judged by a subjective standard, not an objective one. See *Rossi v. Motion Picture Ass'n of Am. Inc.*, 391 F.3d 1000, 1004 (9th Cir. 2004).

²⁸ *Id.* § 512(c)(1)(C).

²⁹ *Id.* § 512(g).

³⁰ See *id.* § 512(g)(3)(A)-(D), for a full list of the requirements that the counter notification must include.

³¹ *Id.* § 512(g)(3)(D).

³² *Id.* § 512(g)(2)(B).

³³ *Id.* § 512(g)(2)(C).

³⁴ *Id.* § 512(f).

³⁵ H.R. REP. NO. 105-551(II), at 59 (1998) (referred to as § 512(e)).

³⁶ 17 U.S.C. § 512(f). Though this language has yet to be interpreted by any federal appellate court, at least one district court has read the language to include "[a] good faith consideration of whether a particular use is fair use." *Lenz v. Universal Music Corp.*, 572 F. Supp. 2d 1150, 1156 (N.D. Cal. 2008).

³⁷ 17 U.S.C. § 512(f)(1).

³⁸ *Id.* § 512(f)(2).

³⁹ The list of exclusive rights that a copyright owner has is listed in 17 U.S.C. § 106 (2012).

works.⁴⁰ Current fair use analysis has its roots in *Folsom v. Marsh*,⁴¹ and, codified by the Copyright Act of 1976.⁴² "Fair use is a mixed question of law and fact."⁴³ To determine whether the appropriation of a copyrighted work falls under fair use, four factors are considered:

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market for or value of the copyrighted work.⁴⁴

¶15 The first factor requires determination of whether the new work just takes the place of the original or it instead transforms that original work, "add[ing] something new, with a further purpose or different character, altering the first with new expression, meaning, or message."⁴⁵ Transformative use is not necessary for a work to fall under fair use, but a more transformative work would make the other factors weigh less in the fair use analysis.⁴⁶ "[T]he commercial or nonprofit educational purpose of a work is only one element of the first factor enquiry into its purpose and character."⁴⁷

¶16 The second factor, the nature of the copyrighted work, "calls for recognition that some works are closer to the core of intended copyright protection than others, with the consequence that fair use is more difficult to establish when the former works are copied."⁴⁸ Elements to consider include whether the original work is unpublished⁴⁹ and whether it is a "creative expression for public dissemination."⁵⁰

¶17 For the third factor, the amount and substantiality of the portion used, the analysis focuses on "the persuasiveness of [the] justification for the particular copying done."⁵¹ Part of the determination depends on the first factor, since "the extent of permissible copying varies with the purpose and character of the use."⁵² This factor also overlaps with the fourth since the amount taken and the significance of that portion helps determine "the degree to which the [work] may serve as a market substitute for the original or potentially licensed derivatives."⁵³

⁴⁰ 17 U.S.C. § 107 (2012).

⁴¹ *Folsom v. Marsh*, 9 F. Cas. 342 (C.C.D. Mass. 1841).

⁴² Act of Oct. 19, 1976, Pub. L. No. 94-553, 90 Stat. 2541 (1976) (codified as amended at 17 U.S.C. §§ 101-810 (2012)).

⁴³ *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 560 (1985).

⁴⁴ 17 U.S.C. § 107.

⁴⁵ *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994).

⁴⁶ *Id.*

⁴⁷ *Id.* at 584.

⁴⁸ *Id.* at 586.

⁴⁹ "[T]he scope of fair use is narrower with respect to unpublished works." *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 564 (1985) (discussing the weight of the right of first publication against actions that may otherwise fall under fair use).

⁵⁰ *Campbell*, 510 U.S. at 586.

⁵¹ *Id.*

⁵² *Id.* at 586-87.

⁵³ *Id.* at 587.

¶18 The fourth factor, the effect of the use on the potential market for the copyrighted work, "is undoubtedly the single most important element of fair use."⁵⁴ It requires consideration of the magnitude of harm to the original work, not just the harm caused by the particular alleged infringing work, but also the impact of similar uses if they were to become pervasive and allowed to be unabated.⁵⁵ "Fair use, when properly applied, is limited to copying by others which does not materially impair the marketability of the work which is copied."⁵⁶ The analysis of market harm must include the level of impairment regarding the market for the exclusive rights of the owner, including the market for derivative works.⁵⁷ "[T]o negate fair use one need only show that if the challenged use 'should become widespread, it would adversely affect the *potential* market for the copyrighted work."⁵⁸ However, there is a difference between market harm caused by displacement, which copyright law is meant to protect against, and harm caused by criticism, which is not a protectable part of the market for derivative works.⁵⁹ "[T]he only harm to derivatives that need concern us . . . is the harm of market substitution."⁶⁰

¶19 Even after going through the analysis above, a determination based on the four factors alone is not enough. "The factors enumerated in the section are not meant to be exclusive: '[S]ince the doctrine is an equitable rule of reason, no generally applicable definition is possible, and each case raising the question must be decided on its own facts.'⁶¹ Moreover, no single factor is dispositive in the question of fair use.⁶² Therefore, the doctrine of fair use remains complex and clouded, allowing for little certainty on whether any classification of content falls under fair use or not.⁶³

IV. EFFECTS OF THE TAKEDOWN PROVISIONS OF THE ONLINE COPYRIGHT INFRINGEMENT LIABILITY LIMITATION ACT ON DERIVATIVE WORKS PROTECTED BY FAIR USE

¶20 The takedown provisions of the Online Copyright Infringement Liability Limitation Act (OCILLA) have had an inadvertent effect when the user who uploaded the allegedly infringing material asserts fair use. The factor-based approach used to determine fair use⁶⁴ lacks clarity and fails to draw the contours. This problem is exacerbated when neither party has any training or experience in fair use doctrine, making such determination at best guesswork or at worse completely biased to their own position.

⁵⁴ *Harper & Row Publishers, Inc.*, 471 U.S. at 566.

⁵⁵ *Campbell*, 510 U.S. at 590.

⁵⁶ *Harper & Row Publishers, Inc.*, 471 U.S. at 566-67 (quoting 1 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 1.10[D], at 1-87 (1993)).

⁵⁷ *Id.* at 568.

⁵⁸ *Id.* (quoting *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 451 (1984)).

⁵⁹ *Campbell*, 510 U.S. at 592.

⁶⁰ *Id.* at 593.

⁶¹ *Harper & Row Publishers, Inc.*, 471 U.S. at 560 (alteration in original) (quoting H.R. REP. NO. 94-1476, at 65 (1976)).

⁶² See *Campbell*, 510 U.S. at 584.

⁶³ The examples of fair use listed in 17 U.S.C. § 107 (2012) are not meant to be per se categories of fair use. "[W]hether a use referred to in the first sentence of section 107 is a fair use in a particular case will depend upon the application of the determinative factors, including those mentioned in the second sentence." *Harper & Row Publishers, Inc.*, 471 U.S. at 561 (quoting S. REP. NO. 94-473, at 62 (1975)).

⁶⁴ See 17 U.S.C. § 107 (2012).

¶21 OCILLA's language intended to curb abuse of the takedown notice process aggravates the problem. For instance, OCILLA requires that all takedown notices include "[a] statement that the complaining party has a good faith belief that use of the material in the manner complained of is not authorized by the copyright owner, its agent, or the law."⁶⁵ The good faith belief has been interpreted with a subjective standard.⁶⁶ This standard allows the copyright owner to take advantage of the lack of bright-line rules in the determination of fair use by always presuming that the content is not protected by fair use unless it is facially obvious. In fact, the question of whether good faith requires the consideration of the applicability of fair use was not addressed by any court until ten years after the passage of OCILLA in *Lenz v. Universal Music Corp.*⁶⁷ In *Lenz*, the copyright owner expressed its view to the court as such:

Universal suggests that copyright owners may lose the ability to respond rapidly to potential infringements if they are required to evaluate fair use prior to issuing takedown notices. Universal also points out that the question of whether a particular use of copyrighted material constitutes fair use is a fact-intensive inquiry, and that it is difficult for copyright owners to predict whether a court eventually may rule in their favor.⁶⁸

¶22 The court responded by saying that Universal overstated the actual impact of requiring fair use evaluation.⁶⁹ However, the court acknowledged that "there are likely to be few [cases] in which a copyright owner's determination that a particular use is not fair use will meet the requisite standard of subjective bad faith required to prevail in an action for misrepresentation under 17 U.S.C. § 512(f)."⁷⁰ This implies that while copyright owners must consider fair use before sending a takedown notice, their fair use consideration need not be completely thorough, thus leaving the overall dilemma largely unresolved.⁷¹

¶23 The requirement to consider fair use in good faith allows 17 U.S.C. § 512(f)⁷² to serve as a possible remedy for a user whose work was removed or disabled due to a takedown notice from the copyright owner. However, the standard for determining whether the owner knowingly materially misrepresents is if the owner "did not possess a subjective good faith belief that its copyright was being infringed."⁷³ This places the burden on the user in proving that the owner knowingly misrepresented that the allegedly infringing

⁶⁵ *Id.* § 512(c)(3)(A)(v).

⁶⁶ *Rossi v. Motion Picture Ass'n of Am. Inc.*, 391 F.3d 1000, 1004 (9th Cir. 2004).

⁶⁷ *Lenz v. Universal Music Corp.*, 572 F. Supp. 2d 1150 (N.D. Cal. 2008).

⁶⁸ *Id.* at 1155.

⁶⁹ *Id.*

⁷⁰ *Id.*

⁷¹ Not all courts have agreed that copyright owners must explore the possibility of fair use before sending a takedown notice in order to show good faith. *See Tuteur v. Crosley-Corcoran*, 961 F. Supp. 2d 333 (D. Mass. 2013).

⁷² "Any person who knowingly materially misrepresents . . . that material or activity is infringing . . . shall be liable for any damages . . ." 17 U.S.C. § 512(f) (2012).

⁷³ *UMG Recordings, Inc. v. Augusto*, 558 F. Supp. 2d 1055, 1065 (C.D. Cal. 2008), *aff'd*, 628 F.3d 1175 (9th Cir. 2011). *See also Dudnikov v. MGA Entm't, Inc.*, 410 F. Supp. 2d 1010, 1012 (D. Colo. 2005) ("Thus, as long as [the copyright owner] acted in good faith belief that infringement was occurring, there is no cause of action under § 512(f).").

content does not fall under fair use, thus setting a high bar which limits the usefulness of § 512(f).

¶24 Given the limited power that § 512(f) affords to users whose content is removed, the copyright owners are largely unchallenged. This promotes an aggressive stance against any use of copyrighted material, whether or not it falls under fair use. One of the upsides is that this reduces the harm from the infringing activities on the owners since the owners can respond to infringement of their material quickly, as they need only perform minimal investigation into infringement. However, one downside is that this creates a significant amount of collateral damage by also encompassing material whose use of the copyrighted content may fall under fair use. This inequity is contrary to one of the purposes of OCILLA, namely that it fails to "balance the need for rapid response to potential infringement with the end-users legitimate interests in not having material removed without recourse."⁷⁴

¶25 Compounding this problem is the role of the service providers that host the content alleged to be infringing. Since one of the goals of OCILLA was to have the service providers cooperate with the copyright owners "to detect and deal with copyright infringements,"⁷⁵ OCILLA provides strong incentives for service providers to comply with any takedown notice they receive by having provisions which limit the liability they have for hosting the possibly infringing content.⁷⁶ Such limitation on their liability is contingent on their expeditious removal or disabling of that content.⁷⁷ Furthermore, the service providers are shielded from liability arising from the good faith disabling or removing the allegedly infringing material.⁷⁸ Consequently, the providers have no incentive to act as gatekeepers by ignoring abusive takedown notices. In fact, any action toward that end could open the floodgates of litigation from copyright owners, which would be costly to the service providers and would prevent service providers from responding to takedown requests expeditiously, given the amount of resources it would take to scrutinize each notice.

¶26 Those users whose derivative works fall under fair use may feel that they have no practical way of fighting back against the overzealous use of takedown notices. Like the copyright owners, the large grey area concerning the factor-based nature of fair use determination leaves a lot of uncertainty as to whether their content is actually within fair use. Many of those users have no experience and training in copyright law, and they cannot or choose not to spend money for a lawyer. Because much of this content is noncommercial, the users do not have a financial stake in the matter. Therefore, most users err on the side of caution and abandon any attempt to resist the removal or disabling of their material. Even if those users want to assert their rights, most find the threat of litigation too daunting.

¶27 Users also face a massive disadvantage in terms of procedure. If they file a counter notification in response to the takedown request, the service provider must wait at least ten business days before restoring the content.⁷⁹ That time interval may deprive the content of

⁷⁴ S. REP. NO. 105-190, at 21 (1998).

⁷⁵ H.R. REP. NO. 105-551(II), at 49 (1998).

⁷⁶ 17 U.S.C. § 512(c)(1).

⁷⁷ 17 U.S.C. § 512(c)(1)(C).

⁷⁸ *Id.* § 512(g)(1).

⁷⁹ *Id.* § 512(g)(2)(C).

any real value if the value of the content depends on quick distribution.⁸⁰ A counter notification may also lead the copyright owner to file a suit against the user.⁸¹ An attempt to deal with the copyright owners directly through a § 512(f)⁸² cause of action would require users to pass the high bar set by the subjective good faith standard, which is nearly impossible given the uncertain state of fair use. The users have virtually no other causes of action based on the same claim because § 512(f) preempts state law claims.⁸³ Even if users believed they would be successful in such a suit, litigation would be too costly and consume too much time for most users.

¶28 The current framework regarding the takedown process has another effect on the users beyond the actions of the copyright owners. The apprehension that users have of fighting back against any takedown notices against them, coupled with the lack of scrutiny that service providers give to the notices, allows individuals to impersonate⁸⁴ copyright owners by filing false takedown notices without any repercussions. The ability of individuals to abuse the process to remove content that the users had a right to express is of grave concern, but a thorough analysis and discussion of possible remedies is beyond the scope of this comment.

V. INTERNATIONAL ALTERNATIVES TO FAIR USE AND INTERNATIONAL REACTIONS TO USER-GENERATED CONTENT

¶29 The Internet is a global medium, allowing communication on an international scale. This creates tension between copyright holders and those who legally appropriate their work, and is not uniquely American. However, America is fairly unique in the vagueness of its fair use doctrine.⁸⁵ For most other countries, the law carves out specific exceptions to copyright holder rights.

¶30 One hundred sixty-seven nations, including the United States, are currently parties to the Berne Convention for the Protection of Literary and Artistic Works.⁸⁶ The treaty provides "[i]t shall be a matter for legislation in the countries of the Union to permit the

⁸⁰ One example of such content would be breaking news, since most of the value comes from reporting about the events as it unfolds.

⁸¹ If the copyright owners "file[] an action seeking a court order to restrain the subscriber from engaging in infringing activity relating to the material on the service provider's system or network," then the provider does not have to restore the allegedly infringing material within the ten to fourteen business day period. *Id.* § 512(g)(2)(C).

⁸² *Id.* § 512(f).

⁸³ *Amaretto Ranch Breedables, LLC v. Ozimals, Inc.*, No. C 10-05696 CRB, 2011 WL 2690437, at *3-5 (N.D. Cal. July 8, 2011).

⁸⁴ Either through forging the copyright owner's information or by claiming that they own the purported copyright.

⁸⁵ The Philippines has a concept of fair use with statutory language that is similar to that found in 17 U.S.C. § 107 (2012). *See An Act Prescribing the Intellectual Property Code and Establishing the Intellectual Property Office, Providing for Its Powers and Functions, and for Other Purposes*, Rep. Act No. 8293, § 185 (June 6, 1997) (Phil.), *available at* <http://www.gov.ph/1997/06/06/republic-act-no-8293/>. Israel recently also added fair use in its statute with wording similar to that of 17 U.S.C. § 107. *See Israel Copyright Act, 5768-2007*, 2007 LSI 34, § 19 (2007).

⁸⁶ *Contracting Parties to the Berne Convention*, WIPO – WORLD INTELLECTUAL PROPERTY ORGANIZATION, 13 (Jan. 15, 2014), <http://www.wipo.int/export/sites/www/treaties/en/documents/pdf/berne.pdf>.

reproduction of such works in certain special cases, provided that such reproduction does not conflict with a normal exploitation of the work and does not unreasonably prejudice the legitimate interests of the author."⁸⁷ Most countries use this "special cases" approach.

¶31 For example, the European Union enacted a directive⁸⁸ regarding copyright that included a list of exceptions to the rights of copyright owners.⁸⁹ The list itself is limited to "certain special cases which do not conflict with a normal exploitation of the work or other subject-matter and do not unreasonably prejudice the legitimate interests of the right-holder."⁹⁰ Though this limitation operates on the list of exceptions, the exceptions on the list (particularly Article 5(3)) give a good idea on the type of cases that most people feel should not be within the exclusive rights of the copyright owner.

¶32 The approach of delineating content that falls within fair dealing gives greater clarity than the factor-based approach of fair use in the United States. However, its under-inclusive and reactive nature requires changing the law to include new content to protect.

¶33 One type of content that has appeared recently is a type of derivative work popularized by the Internet: user-generated content (UGC). The term UGC does not have a generally accepted definition,⁹¹ but it has been described as "material uploaded to the Internet by website users"⁹² and as "content that is 'voluntarily developed by an individual or a consortium and distributed through an online platform.'"⁹³ Therefore, UGC may be subject to OCILLA takedown notices from copyright owners.

¶34 The surge in UGC has led some countries to move to amend their copyright laws to have such content considered noninfringing, as most UGC do not fall under any preexisting categorical exceptions to the rights of copyright owners.⁹⁴ One country has recently passed legislation specific to this matter. In 2012, Canada amended its Copyright Act to add a new section specifically on the subject of UGC, which states that content incorporating existing publicly disseminated works are not infringing if it meets four criteria:

1. it is solely done for non-commercial purposes,
2. the source of the original work is mentioned (if reasonable to do so),
3. the person creating the content has reasonable grounds to believe that the original work is not infringing any copyrights,
4. and such use does not significantly negatively impact current or potential exploitation of the original work or the market for it.⁹⁵

⁸⁷ Berne Convention for the Protection of Literary and Artistic Works art. 9(2), Sept. 9, 1886, 828 U.N.T.S. 221.

⁸⁸ A directive is a binding act, which requires member states to achieve a particular result. *See* Consolidated Version of the Treaty on the Functioning of the European Union art. 288, May 9, 2008, 2012 O.J. (C 326) 174.

⁸⁹ Council Directive 2001/29/EC, On the Harmonisation of Certain Aspects of Copyright and Related Rights in the Information Society, 2001 O.J. (L 167/10) [hereinafter Directive 2001/29/EC].

⁹⁰ *Id.* art. 17.

⁹¹ Len Glickman & Jessica Fingerhut, *User-Generated Content: Recent Developments in Canada and the United States*, 30 ENT. & SPORTS LAW. 3 (2012).

⁹² *Id.*

⁹³ *Id.* at 3 n.2 (quoting SAMUEL E. TROSOW ET AL., MOBILIZING USER-GENERATED CONTENT FOR CANADA'S DIGITAL ADVANTAGE 10 (2010)).

⁹⁴ *See, e.g.*, Directive 2001/29/EC, *supra* note 89.

⁹⁵ Copyright Act, R.S.C. 1985, c. C-42, § 29.21(1), amended by S.C. 2012, c. 20 (Can.).

¶35 Though this statute is not clear-cut on which specific uses are noninfringing, it provides more clarity than fair use doctrine in the United States, while also being broad enough to encapsulate most of the activity that the legislators sought to protect.

¶36 Canada is not the only body working on welcoming the advent of UGC. The European Commission, as part of its effort to modernize the European Union's copyright framework in response to the growth in the importance of the digital environment, initiated stakeholder dialog on four issues, one of which it calls "User-Generated Content and Licensing for Small-Scale Users of Protected Material."⁹⁶ The Commission's purpose in raising this issue is "to foster transparency and ensure that end-users have greater clarity on uses of protected material."⁹⁷ However, the group set up to address this issue was unable to reach a consensus on how to handle the issue or even how to define UGC.⁹⁸ Nevertheless, groups raised various ways to approach this phenomenon.⁹⁹ One approach was to create "a new exception . . . to cover UGC, in particular non-commercial activities by individuals such as combining existing musical works with videos, sequences of photos, etc."¹⁰⁰ Another approach was to avoid any changes in the law since licenses are increasingly becoming more readily available, both between the copyright owners and the service providers and between the owners and the users creating the content.¹⁰¹ At the time this comment was written, the European Commission allowed the public to comment on this matter through answering questions listed on its consultation document.¹⁰²

¶37 Though the United States is nearly alone in its broad, vague fair use doctrine, most countries recognize that there should exist some degree of limitation to copyrights.¹⁰³ Many of those other countries approach the issue with specific rules rather than a broad, all-encompassing standard, which allows for greater certainty in determining whether a given use is infringing.¹⁰⁴ User-generated content, which includes many online derivative works that fall under fair use in the United States, is starting to be addressed in the global community as UGC becomes more prevalent on the Internet. Canada's response to the rise of UGC and the European Union's grappling with this new class of content may help provide solutions on how to deal with the problem of the ambiguous nature of fair use here in the United States as applied to such content.

⁹⁶ Press Release, European Commission, Copyright: Commission Urges Industry to Deliver Innovative Solutions for Greater Access to Online Content, *available at* http://europa.eu/rapid/press-release_IP-12-1394_en.htm.

⁹⁷ *Id.*

⁹⁸ Public Consultation on the Review of the EU Copyright Rules, EUROPEAN COMMISSION 29, http://ec.europa.eu/internal_market/consultations/2013/copyright-rules/docs/consultation-document_en.pdf (last visited Feb. 4, 2014).

⁹⁹ *Id.*

¹⁰⁰ *Id.*

¹⁰¹ *Id.*

¹⁰² *Id.* at 2-3.

¹⁰³ One such limitation regarding quoting publicized works is explicitly stated in the Berne Convention. *See Berne Convention for the Protection of Literary and Artistic Works*, art. 10(1), Sept. 9, 1886, *as revised at Paris July 24, 1971 as amended on Sept. 28, 1979*, 25 U.S.T. 1341, 828 U.N.T.S. 221.

¹⁰⁴ For examples of other countries' approaches, *see Copyright Act 1968* (Cth) ss 40-47J (Austl.); Sections 41-92E of *Copyright Act 1994* (N.Z.).

VI. POSSIBLE SOLUTIONS TO TAKEDOWN ABUSES

¶38 The misuse of the current OCILLA framework by copyright owners by abusing the takedown system has become increasingly visible to a growing number of people. Faced with this growing problem, a number of potential solutions have been advanced. This section will briefly discuss several solutions advanced by others.

¶39 One solution, advanced in a note by Jeffrey Cobia, is to have all takedown notices first examined by the U.S. Copyright Office.¹⁰⁵ His solution is to establish a new branch in the Copyright Office that would examine each takedown notice for two things: "1) whether the takedown notice originated from the same entity that holds the valid, registered copyright, and 2) whether the use was fair use."¹⁰⁶ This solution allows for the neutral determination on the validity of each takedown notice, thereby reducing the amount of content protected by fair use that is removed by service providers in response to takedown notices. This solution also has the benefit of checking the validity of each notice against the possibility of impersonation by the individual that sent the notice. However, the downsides to this plan vastly outweigh the upsides. First, a new branch and staffing for it would require funding by the federal government. Second, the solution proposed here, if implemented, would cause a backlog that would cripple the branch no matter how large. For example, in January 2015, Google received over 33.5 million takedown requests that month just for links on its search engine.¹⁰⁷ Any considerable delay in processing takedown notices would allow infringing activity to persist in the interim, causing harm to the copyright owners. Third, this solution enormously underestimates the skill required for fair use analysis. Determining fair use is a heavily fact-based process, and many categories of content have yet to be considered by any court whether they fall under fair use or not. If copyright attorneys could reasonably differ on the application of fair use on a given set of facts, then no amount of training would lead to consistent results that would be upheld by courts.

¶40 Another solution, proposed in a note by Patrick McKay, is to have the takedown process unavailable for non-commercial transformative works.¹⁰⁸ His proposal, tailored for the protection of "fan-made derivative works,"¹⁰⁹ is for "Congress [to] enact legislation specifying that the DMCA takedown process may not be used against non-commercial, transformative works. If a copyright owner is determined to have a non-commercial derivative work taken down, they should be required to either contact the creator directly or sue for an injunction, in which case, they would be required to justify suppressing that

¹⁰⁵ Jeffrey Cobia, Note, *The Digital Millennium Copyright Act Takedown Notice Procedure: Misuses, Abuses, and Shortcomings of the Process*, 10 MINN. J.L. SCI. & TECH. 387 (2009). His two other proposed solutions will not be discussed here, as the existence of 17 U.S.C. § 512(f) (2012) already plays a similar role to his cause of action solution, and *Lenz v. Universal Music Corp.*, 572 F. Supp. 2d 1150 (N.D. Cal. 2008) may render his last solution superfluous if supported by other courts.

¹⁰⁶ Cobia, *supra* note 105, at 404.

¹⁰⁷ Copyright Removal Requests, GOOGLE, <http://www.google.com/transparencyreport/removals/copyright/> (last updated Apr. 18, 2015).

¹⁰⁸ Patrick McKay, Note, *Culture of the Future: Adapting Copyright Law to Accommodate Fan-Made Derivative Works in the Twenty-First Century*, 24 REGENT U. L. REV. 117 (2011). His other proposed solutions will not be discussed here.

¹⁰⁹ *Id.* at 141.

creative expression before a court."¹¹⁰ The benefit that this solution has is that it affords greater protection to fan-made works, which does concern a significant segment of internet users. Narrowly tailoring this solution allows copyright owners to continue to go after most of the piracy of their content. However, this proposal also has many substantial detriments. Despite his assurance that "[t]his would in no way impair copyright holders' ability to use the DMCA takedown process for blatantly infringing direct copies of their work,"¹¹¹ it incentivizes infringers to minimally transform their work just enough to fall under this exception. His solution for copyright owners that want to go after such infringing content is for them "to either contact the creator directly or sue for an injunction,"¹¹² but this is inadequate if the amount of infringing content exceeds the resources that the owner has to deal with such infringement. His solution is also faulty because it requires a binary standard to examine the degree of transformation as opposed to the sliding scale commonly applied by courts.¹¹³ If the standard is one that would be sufficient to fulfill the standard of fair use (assuming one exists), then the problems of copyright owners determining fair use would instead become a problem of determining sufficient transformation, with them continuing to err in the side of insufficiency. The assumption that such a standard exists would run against current fair use doctrine. The four factors of 17 U.S.C. § 107 must all be considered, and even that is not an exhaustive list.¹¹⁴ Also, it is the fourth factor that "is undoubtedly the single most important element of fair use."¹¹⁵

¶41 There are numerous other solutions that are advanced, but most face the same two basic problems: the solution impedes on the ability of copyright owners to deal with infringing content on the Internet, and the solution underappreciates the fact-based nature of fair use analysis. Ignoring or minimizing the first problem is untenable because it lies in the purpose of the passage of OCILLA¹¹⁶ and because courts, in determining the existence of fair use, have shown great concern towards the possible harm to the copyright owner that the allegedly infringing content may cause.¹¹⁷

VII. ALTERNATE SOLUTION: INTRODUCTION OF SAFE HARBOR PROVISIONS

¶42 One solution would be to establish safe harbor provisions where any complying content would create a categorical determination¹¹⁸ of fair use. Naturally, such provisions would be under-inclusive, but would provide certainty to interested users. This would also provide the additional benefit of affording greater protection against takedown notices on conforming content. That is, because the safe harbor provisions spell out what constitutes

¹¹⁰ *Id.*

¹¹¹ *Id.*

¹¹² *Id.*

¹¹³ *See* *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994).

¹¹⁴ *Harper & Row Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 560 (1985) ("The factors enumerated in the section are not meant to be exclusive.").

¹¹⁵ *Id.* at 566.

¹¹⁶ *See* H.R. REP. NO. 105-551(II), at 49-50 (1998).

¹¹⁷ *See Harper & Row Publishers, Inc.*, 471 U.S. at 566-68; *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 590 (1994).

¹¹⁸ This determination is meant to exist in any claim of infringement advanced by the copyright owner, but Congress may limit it to only under OCILLA. The latter would still help alleviate the problem of takedown notice abuses, but would create two different standards in fair use determination.

fair use, copyright owners cannot claim good-faith basis for any notice sent (giving greater certainty to a 17 U.S.C. § 512(f) action against the owner). Though the protections that this solution provides are narrow, it would have the benefit of establishing fair use rules where, besides the scant case law, there are currently none.

¶43 This solution is also in accord with the purpose of OCILLA (and the DMCA as a whole) because it does not impair the ability of copyright owners to protect their interests against infringing activity. In fact, it goes further by helping "balance the need for rapid response to potential infringement with the end-users legitimate interests in not having material removed without recourse"¹¹⁹ by defining when the interests are legitimate without interfering in the rapid response to potential infringement.

¶44 The particulars of the safe harbor provisions must be carefully crafted to prevent previously infringing activity from becoming fair use when the provisions are passed. The purpose of these provisions is not to widen the scope of fair use, but to give certainty to specific categories of content that fall well within fair use. While the precise language of such provisions should be crafted by those most familiar with this area of law, a few thoughts are presented below to give an idea of where such work could begin.

¶45 One such provision could address commentary and criticism, recognized to be largely within fair use,¹²⁰ that appropriates portions of the original work through the use of clips to run concurrently with commentary. The provision could allow such a work to fall within the safe harbor if its use of the original material satisfies certain criteria. For instance, if each clip is composed of no more than ten seconds of continuous footage from the original work, and the commentary as a whole uses no more than half of the footage from the original work in total. Among other benefits, such a provision would allow the copyright holder to argue that more material than necessary was taken to comment or criticize the work.

¶46 Another provision could deal with the "fan-made derivative works" that McKay seeks to protect in his proposal.¹²¹ As mentioned in the introduction to this comment, transformative works made by fans have a special prominence on the Internet. Two of the most notable types are fan fiction¹²² and fan art.¹²³ A provision to preserve them might cover written text and visual images that are strictly noncommercial, where the use of the original work's characters and setting are unrestricted but does not reproduce the original story or an image from the original work. The degree of similarity required to be a reproduction should also be part of the provision. Though most copyright owners are tolerant of such works, some are hostile and actively try to suppress them.¹²⁴

¶47 Provisions like those suggested above trade off narrowness for clarity, and it may be that such restrictions would stifle creativity by coercing creators to fit their content into

¹¹⁹ S. REP. NO. 105-190, at 21 (1998).

¹²⁰ See 17 U.S.C. § 107 (2012). *But see supra* note 63.

¹²¹ See Patrick McKay, Note, *Culture of the Future: Adapting Copyright Law to Accommodate Fan-Made Derivative Works in the Twenty-First Century*, 24 REGENT U. L. REV. 117, 141 (2012).

¹²² Fan fiction is any written work made by fans based upon the original work's characters, setting, or both, usually made for public view on the Internet in a noncommercial manner.

¹²³ Fan art is any image created by fans based upon the original work's characters, setting, or both, usually made for public view on the Internet in a noncommercial manner. However, there are a substantial number of artists that accept commissions for fan art in return for financial compensation.

¹²⁴ Meredith McCardle, Note, *Fan Fiction, Fandom, and Fanfare: What's All the Fuss?*, 9 B.U. J. SCI. & TECH. L. 433, 449-50 (2003).

narrow categories. Therefore, a solution that would allow for much greater inclusion would be to adopt the Canadian copyright exception for user-generated content as a fair use standard.¹²⁵ However, the statute could still be broad enough for copyright owners to argue in good faith that content meant to fall within the exception does not in fact do so. Refinements would be necessary for this statute to be seriously considered, e.g. an enumerated list of specific categories that fall outside the exclusive rights of a copyright owner (as is the norm in most countries outside the United States).¹²⁶ Such refinements would also benefit users who are not trained or cannot find those trained in copyright law, as it would be easier for them to know whether their content is infringing. Whichever approach is taken, the proposed provisions would help illuminate the contours of the fair use doctrine, allowing for greater clarity in determining whether a work is infringing, and thus potentially reducing erroneous takedown notices without benefiting actual infringers.

VIII. CONCLUSION

¶48 The current OCILLA takedown process presents an opportunity for abuse, especially when coupled with the uncertainty that the fact-based nature of fair use determination produces. With no easy way to determine fair use in most situations, copyright owners can eradicate almost any work that appropriates their copyrighted material, even if it actually falls under fair use. The current scheme discourages the users that post allegedly infringing work from fighting back, encouraging them to err on the side of caution and setting a very high bar to prevail in a suit against the copyright owner for lacking an adequate good faith basis for the takedown notice.

¶49 Many of the solutions proposed by others attempt to rectify this situation by tipping the scales in favor of the users. However, most do so by weakening the ability copyright owners have to fight against infringers (who are still a widely pervasive problem in the Internet today). This cuts against the intent of Congress in passing the act in the first place and, given the recent attempts to pass stronger legislation, would find little to no support at this time.

¶50 The better solution to the takedown abuse problem is with the establishment of safe harbor provisions, introducing bright line rules that, while narrow in scope, allow some users to protect their works by creating content with the provisions in mind or by altering their content to fit within the safe harbor statute. The benefit to copyright providers is that it would not cause any deprivation in going after actually infringing material. Therefore, this solution would preserve the spirit and purpose of OCILLA while giving greater clarity to the indefinite nature of fair use.

¹²⁵ Copyright Act, R.S.C. 1985, c. C-42, § 29.21(1), amended by S.C. 2012, c. 20 (Can.).

¹²⁶ See, e.g., *Copyright Act 1968* (Cth) ss 40-47J (Austl.); Directive 2001/29/EC, *supra* note 89; Copyright Act 1994 §§ 41-92E (N.Z.).

