

Think Again

Webmasters beware! Monitoring third-party postings can be a double-edged sword when it comes to liability for intellectual property infringements

By Eric P. Bergner

The law is always a few steps behind technology. When new technology is introduced into the mainstream, what usually happens is this: first, the businesses which control the technology establish customs governing its use, application and exploitation; then, when existing legislation proves inadequate, Congress enacts new legislation intended to address the new technology and accommodate the newly established industry custom, which may well already have taken on a life of its own.

Clearly, it is not easy to legislate around industry custom. The result is often a law in need of refinement. Nowhere is this clearer than with the laws governing the liability of a Web site operator for content posted or uploaded onto its Web site by third parties. Congress has tried to legislate some certainty into this area, but its efforts have been inadequate. The statutes it has enacted—specifically, the Communications Decency Act of 1996 (CDA) and the Digital Millennium Copyright Act of 1998 (DMCA)—send conflicting messages to the Web site operator as to whether to police the third-party content on its site. As a result, the Web site operator is left perplexed and in search of a policy that will best insulate it from liability while allowing it to control the content posted on its Web site.

The Communications Decency Act was enacted in large part to respond to the 1995 decision of a New York State court in *Stratton Oakmont, Inc. v. Prodigy Services Co.* In *Stratton Oakmont*, the court found that Prodigy’s policy of actively screening and editing messages posted on its online bulletin boards made it liable for defamatory material posted by third parties. Congress, however, did not want to deter Web site operators from blocking offensive material on their message boards, so it provided in the CDA that a Web site operator will not be liable for the defamatory content of others, whether it exercises editorial control over content or not.

In keeping with the law-meets-technology paradigm described above, the CDA represents Congress’s attempt to reconcile the then-existing law governing content—that is, publishers of defamatory statements are liable for defamation—with the industry custom adopted for a new technology— i.e., Web site operators like to exercise editorial control over the content of their sites. The solution: a Web site operator is not required to screen third-party content, but will not be punished for doing so.

So, what’s the issue? Well, Congress could not reconcile industry custom with all of the existing laws governing content, so it carved out certain types of

content from the protective provisions of the CDA. In particular, the statute does not have any effect on laws pertaining to intellectual property. The implications of this carve-out are troubling and perhaps were not fully considered by Congress.

Let's look at copyright infringement. Generally, a party can be liable for the infringing acts of third parties under three theories: direct infringement, vicarious liability and contributory infringement. It is possible for a Web site operator to be directly liable for infringing material uploaded by others—as Sega Enterprises showed in a law suit brought against a site operator that had encouraged visitors to its site to upload Sega games onto a bulletin board and charged a fee for the right to download the games. Direct liability for copyright infringement is not inconsistent with the policies underlying the CDA; the CDA does not insulate site operators from liability where the operator assumes an active role in publishing content. The same could be said for vicarious liability, which could be shown if the Web site operator had the right to control the infringer's acts and received a direct financial benefit from the infringing conduct. Contributory copyright liability, on the other hand, is another story.

A party will be liable for contributory copyright infringement not where that party is directly involved in the infringement, or even profits from the infringement, but where that party has knowledge of another's infringing activity and induces, causes or materially contributes to that infringing conduct. The application of this theory to an online bulletin-board service was explored in the case of *Religious Technology Center v. Netcom On-Line Communication Services, Inc.* In this case, the owners of the rights to L. Ron Hubbard's writings asserted that Netcom, the operator of the bulletin board service on which the works had been

A LITTLE KNOWLEDGE IS A DANGEROUS THING. IF THE WEB SITE OPERATOR KNOWS ABOUT AN INFRINGEMENT BUT DOES NOTHING TO STOP IT, IT IS AN INFRINGER. IF THE OPERATOR HAS NO KNOWLEDGE, IT WILL NOT BE LIABLE.

uploaded by a third party, had infringed the copyright in those writings. The court found that there was a fact issue as to whether Netcom had notice that the infringing writings had been posted on its site. If notice could be shown, the court stated, Netcom would be liable for contributory infringement since its failure to take the infringing message down and stop its distribution would constitute a substantial participation in the public distribution of the message.

What does this case tell the Web site operator about policing the interactive areas of its site? A little knowledge is a dangerous thing. If the Web site operator knows about an infringement but does nothing to stop it, it is an infringer. If the operator has no knowledge, it will not be liable. The federal case law of contributory infringement sends an entirely different message from the Communications Decency Act. While the CDA invites the Web site operator to police the interactive areas of its Web site, the CDA will not insulate the operator from liability if the operator finds any infringing material which it neglects to take down.

The practical effects of this are troubling. If a Web site operator has a policy in place consistent with the CDA to sanitize its Web site, that same policy could be used as evidence in a copyright infringement action to show that the operator had notice of the infringing material.

Recognizing the problems with infringing material on the Web, Congress enacted the Digital Millennium Copyright Act. The DMCA contains a number of provisions which insulate the "online service provider" from copyright liability. For example, section

5 12(c) limits the liability of service providers for infringing material stored on a Web site (or other information repository) hosted on their systems, provided that the service provider has complied with the notice and take-down requirements of the DMCA. While it is unclear whether this safe-harbor provision is intended to protect Web site operators from infringing materials posted on message boards hosted on their sites, the online industry is treating it as if it does (evidenced by the companies listed on the Copyright Office's Web site that have designated agents to receive notifications of claimed infringement under the DMCA).

Assuming that the safe-harbor provision does limit the liability of a Web site operator for the infringing material of third parties, to qualify for the protection, the operator must not have actual knowledge of the infringement or be aware of facts or circumstances that would make the infringement apparent and, upon gaining such knowledge or awareness, must respond expeditiously to take the material down.

So, practically speaking, how has the DMCA affected the laws governing contributory infringement? It seems to have changed little. If you have knowledge and you take the infringing material down, you are not liable for monetary damages. But if you have knowledge and you do not take the material down, you could be a contributory infringer. And again, it appears that a Web site operator, by implementing a thorough and thoughtful policy towards policing third-party content, is laying the groundwork for a copyright owner to show that the operator had knowledge of the infringing material. On this issue, the lesson of the DMCA is no different from the lesson of the common law governing contributory infringement on the Internet—keep your eyes closed until the copyright owner tells you to open them. It is hard to reconcile this lesson with

operators should be worried of uploaded files containing images or music, which probably are protected by copyright and are not being used under license. Any material for which third-party attribution is given, too, should be strongly questioned; however, much will depend upon the nature of the site and of the material. While an educational site devoted to discussions of art may decide not to take down an uploaded file of a photograph that is the subject of critical discussion on the site, a site devoted to movies may not feel the same way about an uploaded file containing the entire text of a review from the *New York Times*. The answer will vary with the particulars of the site.

All a Web site operator can do is adopt a policy suitable to its site, which incorporates the notification provisions of the DMCA and a policy for the expeditious removal of allegedly infringing material. This should at least reduce the likelihood of copyright liability for third-party postings - until Congress catches up.

Eric Bergner (ebergner@mosessinger.com) is a partner in the New Media Practice Group at the law firm of Moses & Singer LLP in New York City.
