



Svenska Föreningen för Upphovsrätt, SFU,
2019-05-07

An American Perspective on the DSM Directive

Jane C. Ginsburg
Professor
Columbia University Law School



The DSM Directive art. 17: US Copyright Perspectives

Jane C. Ginsburg

Columbia University Law School

Art. 2(6) *Definition OCSSP*

'online content-sharing service provider' means a provider of an information society service of which the main or one of the main purposes is to store and give the public access to a **large amount** of copyright-protected works or other protected subject matter **uploaded by its users**, which it **organises and promotes for profit-making purposes**. [*UGC platforms*]

[*Exclusions*] Providers of services, such as not-for-profit online encyclopedias, not-for-profit educational and scientific repositories, open source software-developing and-sharing platforms, electronic communication service providers as defined in Directive (EU) 2018/1972, online marketplaces, business-to-business cloud services and cloud services that allow users to upload content for their own use, are **not** 'online content sharing service providers' within the meaning of this Directive.

Recital 62

“Such services should not include services that have **a main purpose other than that of enabling users to upload and share a large amount of copyright-protected content** with the purpose of obtaining profit from that activity.”

Quid, search engines?



Search engines? DSM EU Parliament proposal, art 13b [not adopted in final version]:

Member States shall ensure that **information society service providers that automatically reproduce or refer to significant amounts of copyright-protected visual works and make them available to the public for the purpose of indexing and referencing** conclude fair and balanced licensing agreements with any requesting rightholders in order to ensure their fair remuneration. Such remuneration may be managed by the collective management organisation of the rightholders concerned.

Search engines: CJEU coverage of linking practices uncertain (caselaw didn't concern search engines)

2000 eCommerce directive does not explicitly cover search engines' links to un/lawful sources

Svensson (2014) - links to lawful sources make available, but no “new public” so not an act of “communication to the public”

GS Media (2016) - links to unlawful sources don't infringe if linker lacked knowledge (presumption of knowledge if linker acts for profit)

Filmspeler (2017) - aggregating links to known infringing sites is an unlawful communication

Art. 17(1) Prima facie infringement; obligation to obtain authorization

Member States shall provide that an online content-sharing service provider **performs an act of communication to the public or an act of making available to the public** for the purposes of this Directive when it **gives the public access** to copyright-protected works or other protected subject matter **uploaded by its users**.

An online content-sharing service provider shall therefore **obtain an authorisation from the rightholders** . . ., for instance by concluding a **licensing agreement**, in order to communicate to the public or make available to the public works or other subject matter

Art. 17(2): Authorisation to cover OCSSP's users

Member States shall provide that, where an online content-sharing service provider obtains an authorisation, for instance by concluding a licensing agreement, that **authorisation shall also cover acts carried out by users of the services** falling within the scope of Article 3 of Directive 2001/29/EC [exclusive right of communication to the public] when they are **not acting on a commercial basis or where their activity does not generate significant revenues.**

Art. 17(3) Preemption of 2000 eCommerce Directive liability limitation

When an online content-sharing service provider performs an act of communication to the public or an act of making available to the public under the conditions laid down in this Directive, the **limitation of liability established in Article 14(1) of Directive 2000/31/EC [similar to 17 USC sec 512(c)] shall not apply to the situations covered by this Article.**

The first subparagraph of this paragraph shall not affect the possible application of Article 14(1) of Directive 2000/31/EC to those service providers for purposes falling outside the scope of this Directive.

Art. 17(4) Liability unless . . . (burden on OCSSP)

If no authorisation is granted, online content-sharing service providers **shall be liable** for unauthorised acts of communication to the public, including making available to the public, of copyright-protected works and other subject matter, **unless** the **service providers demonstrate** that they have:

- (a) [*tried to get a license*] made **best efforts to obtain an authorisation**, and
- (b) [*filter*] made, in accordance with high industry standards of professional diligence, **best efforts to ensure the unavailability of specific works and other subject matter for which the rightholders have provided the service providers with the relevant and necessary information**; and in any event
- (c) [*take down/stay-down*] **acted expeditiously, upon receiving a sufficiently substantiated notice from the rightholders, to disable access to, or to remove from, their websites the notified works or other subject matter, and made best efforts to prevent their future uploads in accordance with point (b).**

Art. 17(6): Small and medium enterprise limitations

[just notice and take-down] Member States **shall** provide that, in respect of **new** online content-sharing service providers the services of which have been available to the public in the Union for **less than three years** and which have an annual turnover **below EUR 10 million**, calculated in accordance with Commission Recommendation 2003/361/EC1, the conditions under the liability regime set out in paragraph 4 are **limited to compliance with point (a) of paragraph 4 and to acting expeditiously, upon receiving a sufficiently substantiated notice, to disable access** to the notified works or other subject matter or to remove those works or other subject matter from their websites.

[take-down/stay-down] Where the **average number of monthly unique visitors of such service providers exceeds 5 million**, calculated on the basis of the previous calendar year, they **shall also demonstrate** that they have made **best efforts to prevent further uploads** of the notified works and other subject matter for which the rightholders have provided relevant and necessary information.

Art. 17(5) Proportionality

In determining whether the service provider has complied with its obligations under paragraph 4, and in light of the **principle of proportionality**, the following elements, among others, **shall** be taken into account:

(a) the type, the audience and the size of the service and the type of works or other subject matter uploaded by the users of the service; and

(b) the availability of suitable and effective means and their cost for service providers.

Recital 66

For the purposes of that assessment, a number of elements should be considered, such as the size of the service, the evolving state of the art as regards existing means, including potential future developments, to avoid the availability of different types of content and the cost of such means for the services. **Different means to avoid the availability of unauthorised copyright-protected content could be appropriate and proportionate depending on the type of content, and, therefore, it cannot be excluded that in some cases availability of unauthorised content can only be avoided upon notification of rightholders.** Any steps taken by service providers should be effective with regard to the objectives pursued but should not go beyond what is necessary to achieve the objective of avoiding and discontinuing the availability of unauthorised works and other subject matter.

Recital 66, continued

Where rightholders do not provide online content-sharing service providers with the relevant and necessary information on their specific works or other subject matter [*i.e., if rightholders don't provide notice needed for takedown*], or where no notification concerning the disabling of access to, or the removal of, specific unauthorised works or other subject matter has been provided by rightholders, and, as a result, those service providers cannot make their best efforts to avoid the availability of unauthorised content on their services, in accordance with high industry standards of professional diligence [*i.e., if rightholders don't provide information enabling proactive filtering*], **such service providers should not be liable for unauthorised acts of communication to the public or of making available** to the public of such unidentified works or other subject matter.

Art. 17.7 Exceptions and limitations

The cooperation between online content-sharing service providers and rightholders **shall not result in the prevention of the availability of works or other subject matter uploaded by users, which do not infringe copyright and related rights,** including where such works or other subject matter are covered by an **exception or limitation.**

Member States **shall ensure that users** in each Member State are able to rely on any of the following **existing exceptions or limitations when uploading and making available content generated by users** on online content-sharing services:

- (a) quotation, criticism, review;
- (b) use for the purpose of caricature, parody or pastiche.

Recital 70

The steps taken by online content-sharing service providers in cooperation with rightholders should be without prejudice to the application of exceptions or limitations to copyright, including, in particular, those which guarantee the freedom of expression of users. Users should be allowed to upload and make available content generated by users for the specific purposes of quotation, criticism, review, caricature, parody or pastiche. **That is particularly important for the purposes of striking a balance between the fundamental rights laid down in the Charter of Fundamental Rights of the European Union ('the Charter'), in particular the freedom of expression and the freedom of the arts, and the right to property, including intellectual property. Those exceptions and limitations should, therefore, be made mandatory in order to ensure that users receive uniform protection across the Union.** It is important to ensure that online content-sharing service providers operate an effective complaint and redress mechanism to support use for such specific purposes.

Art. 17(8) Monitoring; OCSSP-rightholder information for enforcement and revenue sharing

The application of this Article shall not lead to any **general** monitoring obligation.

Member States shall provide that online content-sharing service providers provide rightholders, at their request, with adequate information on the functioning of their practices with regard to the cooperation referred to in paragraph 4 and, where licensing agreements are concluded between service providers and rightholders, information on the use of content covered by the agreements.



Art. 17(9) User rights

Member States shall provide that online content-sharing service providers put in place **an effective and expeditious complaint and redress mechanism** that is available to users of their services in the event of **disputes over the disabling of access** to, or the removal of, works or other subject matter **uploaded by them**.

Where rightholders request to have access to their specific works or other subject matter disabled or those works or other subject matter removed, they shall **duly justify the reasons for their requests**. Complaints submitted under the mechanism provided for in the first subparagraph shall be processed without undue delay, and **decisions to disable access to or remove uploaded content shall be subject to human review [by OSCCP]**.

User rights, continued

Member States shall also ensure that **out-of-court redress mechanisms are available for the settlement of disputes**. Such mechanisms shall enable disputes to be settled impartially and shall not deprive the user of the legal protection afforded by national law, **without prejudice to the rights of users to have recourse to efficient judicial remedies**. In particular, Member States shall ensure that users have **access to a court or another relevant judicial authority to assert the use of an exception or limitation to copyright and related rights**.

This Directive **shall in no way affect legitimate uses, such as uses under exceptions or limitations** provided for in Union law, and shall not lead to any identification of individual users **nor to the processing of personal data, . . .**

Online content-sharing service providers **shall inform their users in their terms and conditions that they can use works and other subject matter under exceptions or limitations to copyright and related rights provided for in Union law**.

Art 17(10) stakeholder dialogues

As of ... [date of entry into force of this Directive] the Commission, in cooperation with the Member States, shall organise stakeholder dialogues to discuss best practices for cooperation between online content-sharing service providers and rightholders. The Commission shall, in consultation with online content-sharing service providers, rightholders, users' organisations and other relevant stakeholders, and taking into account the results of the stakeholder dialogues, issue guidance on the application of this Article, in particular regarding the cooperation referred to in paragraph 4. When discussing best practices, special account shall be taken, among other things, of the need to balance fundamental rights and of the use of exceptions and limitations. For the purpose of the stakeholder dialogues, users' organisations shall have access to adequate information from online content-sharing service providers on the functioning of their practices with regard to paragraph 4.

Comparison with DMCA (1998) 17 U.S.C. sec. 512(c): “safe harbors”: doesn’t create liability, but limits remedies

Concerns copyright infringement only

512(c): host service providers (including UGC sites); 512(d) search engines

Even if host provider liable as direct or secondary infringer, remedies limited to injunctive relief

Failure to qualify for safe harbor does not automatically mean host is an infringer

Remedies 512(j)(1)(A)

the court may grant **injunctive relief** [*no damages v host*] with respect to a service provider only in one or more of the following forms:

(i) An order restraining the service provider from providing access to infringing material or activity residing at a **particular online site on the provider's system or network**.

(ii) An order restraining the service provider from providing access to a subscriber or account holder of the service provider's system or network who is engaging in infringing activity and is identified in the order, by **terminating the accounts of the subscriber or account holder** that are specified in the order.

(iii) Such **other injunctive relief** as the court may consider necessary to prevent or restrain infringement of copyrighted material specified in the order of the court at a particular online location, if such relief is the least burdensome to the service provider among the forms of relief comparably effective for that purpose.

Threshold requirements for safe harbor:

Definition of “service provider”: “a provider of online services or network access, or the operator of facilities therefor” [very broad; no profit/non profit distinctions]

Isp's have **no duty of “monitoring its service or affirmatively seeking facts indicating infringing activity”** [Cf. eCommerce dir. Art. 15, no “general” duty to monitor]

All isp's must implement a **“repeat infringer” policy** and have “designated an agent to receive notifications of claimed infringement” [relationship of repeat infringer ban to absence of duty to monitor]

512(c) Information Residing on Systems or Networks at Direction of Users

(1) In general.—A [host] service provider shall not be liable for monetary relief, or . . . for injunctive or other equitable relief, **for infringement of copyright by reason of the storage at the direction of a user** of material that resides on a system or network controlled or operated by or for the service provider

Safe harbor if the service provider:

(A)(i) does not have **actual knowledge** that the material or an activity using the material on the system or network is infringing;

(ii) in the absence of such actual knowledge, is not **aware of facts or circumstances from which infringing activity is apparent** [“red flag” - interpretation can permit or preclude take down/stay down]; or

(iii) upon obtaining such knowledge or awareness, **acts expeditiously to remove**, or disable access to, the material . . .

Further conditions on availability of safe harbor

(B) does not receive a financial benefit **directly attributable to the infringing activity**, in a case in which the service provider has the right and ability to control such activity

Direct financial benefit (*Columbia Pictures v. Fung* (9th Cir. 2013): Bit torrent site)

“direct” financial benefit exists “where there is a **causal relationship between the infringing activity and any financial benefit**”

Is the infringing activity a “**draw**” for subscribers, “not just an added benefit”?

In advertising-revenue model, advertisement rates depend on audience size, which in turn depends on whether infringements are a “draw”

Implementation - Sec. 512(c)(1)(C): Notice for takedown

upon notification of claimed infringement as described in paragraph (3), responds expeditiously to remove, or disable access to, the material that is claimed to be infringing or to be the subject of infringing activity.

Paragraph (3) sets out the “elements of notification” including

- (ii) Identification of the copyrighted work claimed to have been infringed, or, if multiple copyrighted works at a single online site are covered by a single notification, a representative list of such works at that site.
- (iii) Identification of the material that is claimed to be infringing or to be the subject of infringing activity and that is to be removed or access to which is to be disabled, and information reasonably sufficient to permit the service provider to locate the material.

Counternotification and put-back

512(g)(2)(A) takes reasonable steps promptly to **notify the subscriber** that it has removed or disabled access to the material;

(B) upon receipt of a counter notification described in paragraph (3), promptly **provides the person who provided the notification under subsection (c)(1)(C) with a copy of the counter notification**, and informs that person that it **will replace the removed material or cease disabling access to it in 10 business days**; and

(C) replaces the removed material and ceases disabling access to it not less than 10, nor more than 14, business days following receipt of the counter notice, **unless its designated agent first receives notice from the person who submitted the notification under subsection (c)(1)(C) that such person has filed 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.

Sanctions for misrepresentation 512(f)

Any person who **knowingly materially misrepresents** under this section—

- (1) that material or activity is infringing, or
- (2) that material or activity was removed or disabled by mistake or misidentification, shall be liable for any **damages, including costs and attorneys' fees**, incurred by the alleged infringer, by any copyright owner or copyright owner's authorized licensee, or by a service provider, who is injured by such misrepresentation, **as the result of the service provider relying upon such misrepresentation in removing or disabling access to the material or activity claimed to be infringing, or in replacing the removed material or ceasing to disable access to it.**

Misrepresentation includes claims that manifestly “fair” uses are infringing

Examples: pretextual invocation of copyright to protect embarrassing business information disclosed in internal email, *Online Policy v Diebold* (N.D. Cal. 2004)

Copyright owner may not rely solely on automated notices generated when search “bot” identifies works on third-party sites; copyright owner has duty to review allegedly infringing postings to form a good faith view as to whether the postings are fair use, *Lenz v. Universal* (9th Cir. 2016)



US: Search engine safe harbor

512(d) Information Location Tools.—A service provider shall not be liable for monetary relief, or, except as provided in subsection (j), for injunctive or other equitable relief, for infringement of copyright by reason of the provider **referring or linking users to an online location containing infringing material** or infringing activity, by using information location tools, including a directory, index, reference, pointer, or hypertext link, if the service provider—

[same conditions as 512(c)]

Links to lawful source?

US: “server rule” - act of public display committed by host server, not by linker who frames third party content (whether or not the source is lawful)

But some courts have rejected server rule for framing links; unclear whether act excused by express or implied license or by fair use

Storing and showing thumbnails of photos for reference and image-location may be fair use

Thus unclear whether photographers and visual arts have a legal basis for requiring search engines to obtain authorization

