COPYRIGHT COMMENT

The dancing baby case: where do we go from here?


Craig Whitney


LiJia Gong

The '*dancing baby*' case could change the way media companies and copyright holders deal with infringing content online, say **Craig Whitney** and **LiJia Gong**

Copyright holders must consider fair use before issuing takedown notices to remove allegedly infringing content from websites such as YouTube and Facebook. That was the decision of the US Court of Appeals for the Ninth Circuit in *Lenz v Universal Music Corp*, which is also known as the *'dancing baby'* case.[1]

The court, which covers California and many other Western US states, made clear that copyright owners may not exercise their rights under the Digital Millennium Copyright Act (DMCA)[2] to remove infringing online content without first having a good faith belief that the use of the copyrighted material was not fair use.

The Ninth Circuit subsequently amended its opinion to excise several paragraphs from the original opinion that had offered some guidance on what copyright holders could do to satisfy this good faith belief requirement. The *Lenz* decision thus unsettles the existing 'notice and takedown' landscape and could require media companies and other copyright holders to change the way they deal with infringing content on the internet.

Facts of the Lenz case: take down that dancing baby at once!

In 2007, Stephanie Lenz uploaded a 29-second home video to YouTube that showed her two young children in the kitchen dancing to the song *Let's Go Crazy* by Prince.[3] Early in the video, Lenz asks her 13-month old son: "What do you think of the music?" The toddler then bobs up and down to the music while holding a push toy.

> **"The *Lenz* decision unsettles the existing 'notice and takedown' landscape."**

An assistant in the legal department at Universal Music Publishing found the dancing-baby video in the course of monitoring YouTube for infringing content. As part of his job responsibilities, the assistant searched YouTube for Prince's songs and evaluated the videos pursuant to general guidelines, that is whether the song was recognisable, whether it was in a significant portion of the video and whether the song was the focus of the video. Critically, the evaluation of YouTube videos did not include a fair-use analysis. The assistant concluded that Prince's song was the focus of Lenz's video, and Universal issued a takedown notice to YouTube for the dancing-baby video pursuant to the DMCA.

The DMCA outlines notice and takedown procedures for copyright holders to remove infringing content. Pursuant to Section 512(c), the DMCA permits service providers like YouTube to avoid copyright infringement liability for storing users' content if, among other requirements, the service provider "expeditiously" removes or disables access to the content after receiving notification from a copyright holder that the content is infringing, commonly referred to as a takedown notice.

A takedown notice states, among other things, that "the complaining party has a good faith belief that the use of the material in the manner complained of is not authorised by the copyright owner, its agent, or the law". The service provider, which in this case was YouTube, must also notify its user of the takedown notice, and the user may seek to have the content restored by sending a counter-notification to the service provider, stating that the user "has a good-faith belief that the material was removed or disabled as a result of mistake or misidentification". The service provider must then restore the content within 10 to 14 days unless the copyright owner files an infringement lawsuit.

Following receipt of Universal's takedown notice, which included the requisite good-faith belief statement, YouTube took down the dancing-baby video and notified Lenz of its removal. The video was restored after Lenz

Craig Whitney is a partner at Frankfurt Kurnit Klein & Selz. He handles copyright, trademark, trade secret, right of publicity, false advertising and patent disputes, protecting valuable intellectual property rights from would-be infringers and defending clients against wrongful accusations of infringement.

LiJia Gong is an associate in the firm's litigation group, where she focuses on intellectual property matters and commercial disputes.

sent a counter-notification of fair use. Lenz subsequently sued Universal under the Section 512(f) of the DMCA for misrepresenting that the dancing-baby video was infringing. Section 512(f) prohibits any person from knowingly misrepresenting that "material or activity is infringing". The key question in the case turned on whether Universal's failure to consider fair use prior to sending a takedown notice violated Section 512(f).

Ninth Circuit's ruling: copyright owners must consider fair use

The Ninth Circuit ruled that, in order to meet the requirement that a takedown notice is based on a good-faith belief that the use of the material is not authorised by the law, a copyright owner "must consider the existence of fair use before sending a takedown notification". Although the court stated that a copyright owner only needs to show that he or she has a subjective good faith belief that the use is not authorised by fair use, the court also warned that a copyright holder must pay more than "lip service to the consideration of fair use". Copyright holders also cannot be "willfully blind" to facts concerning whether content is fair use. The court, however, left the question of whether Universal's actions were sufficient to form a subjective good-faith belief about the video's fair use or lack thereof for a jury to determine at trial.

The Ninth Circuit ruled that if a copyright holder fails to properly consider fair use prior to sending a takedown notice, that copyright holder may be liable for nominal damages to the accused infringer even if he or she suffered no actual damages. Because the ultimate question of liability turns on a factual question for the jury, the Ninth Circuit did not decide whether the scope of recoverable damages included the accused infringer's costs and attorneys' fees. Section 512(f), however, provides for recovery of "costs and attorneys' fees by the alleged infringer ... who is injured by such misrepresentation".

"The *Lenz* decision is a significant development in the notice and takedown regime because it arguably places the burden of conducting the very fact-intensive fair-use analysis on the copyright holder prior to sending a takedown notice."

What now?

The burden is on copyright holders. The *Lenz* decision is a significant development in the notice and takedown regime because it arguably places the burden of conducting the very fact-intensive fair-use analysis on the copyright holder prior to sending a takedown notice, even though fair use is a defence to, not an element of, copyright infringement. For entities with large content portfolios that send numerous takedown notices every year, *Lenz* will require substantial changes to their notice and takedown procedures.[4]

The decision also raises more questions than answers. Other than the Ninth Circuit's definitive holding that a copyright holder must consider fair use before sending a takedown notice, the court's opinion provides little guidance for copyright holders. The Ninth Circuit amended its opinion to remove the paragraphs of the opinion permitting, for example, the implementation of computer algorithms to process "a plethora of content while still meeting the DMCA's requirements to somehow consider fair use". The law on the question of what copyright holders must do to adequately consider fair use will therefore continue to develop in the next several years as courts grapple with the answer.[5]

Here's what you can do

Studios, record labels, publishers and any other holders of copyrighted content that may need to issue a DMCA takedown notice at any point should take preventative action to best protect themselves from liability. We recommend taking the following steps:

- Make sure that your company is considering whether content is authorised by fair use prior to sending a takedown notice. This may require changing guidelines and providing training to employees who monitor infringing content on the internet.
- Document and preserve all records of your decision-making process prior to sending a takedown notice, especially your consideration of fair use.
- Consult outside counsel to determine whether your current notice and takedown procedures are likely to withstand scrutiny.

Footnotes

1. *Lenz v Universal Music Corp*, 815 F3d 1145 (9th Cir 2015) (amended 17 Mar 2016).
2. Effective on 28 October 1998, the DMCA added new sections to existing copyright law. The provisions relevant to this case are codified in 17 USC § 512.
3. We note that Prince, who passed away suddenly and tragically in April, was "perhaps the recording industry's most tenacious defender of copyright protections". Jacob Gershman, The Prince of Copyright Enforcement, *The Wall Street Journal*, 21 Apr 2016, http://blogs.wsj.com/law/2016/04/21/the-prince-of-copyright-enforcement/.
4. See, eg, Brief for the Motion Picture Association of America as *amicus curiae* at 3, *Lenz v Universal Music Corp*, 815 F3d 1145 (9th Cir 2015) (MPAA sends "millions" of takedown notices every year).
5. The parties have until 15 June 2016 to file a petition requesting that the Supreme Court review the *Lenz* decision.