

Recent S.D.N.Y. Decision Provides Guidance Concerning DMCA Agent Designations

By J. Brugh Lower, Esq.

A recent S.D.N.Y. decision should be closely read by online service providers that seek safe harbor from copyright infringement claims under the Digital Millennium Copyright Act (“DMCA”). In *BWP Media USA Inc. v. Hollywood Fan Sites LLC*, No. 14-CV-121, 2015 WL 3971750 (S.D.N.Y. June 30, 2015), Judge Oetken of the Southern District of New York ruled that the defendant online service providers were not entitled to safe harbor under the DMCA because (1) safe harbor does not extend to infringement that occurred prior to a proper DMCA agent designation; (2) a DMCA agent designation by a parent corporation on behalf of “subsidiaries and affiliates” did not extend safe harbor to unnamed subsidiaries and affiliates; and (3) specifying an agent on a corporate website without registration with the Copyright Office is not an effective DMCA agent designation.

A. Background of DMCA Safe Harbor Provisions

Congress enacted the DMCA in order to update copyright law for the digital age. Recognizing the potential for online service providers to be exposed to copyright infringement claims in connection with data residing on their systems or networks as a result of users, Congress added four safe harbor provisions to the Copyright Act that, under certain circumstances, shield service providers from copyright infringement liability. In order to receive protection under the safe harbors, a party must meet certain threshold criteria—namely, it must qualify as a “service provider” as defined in the statute, have adopted and reasonably implemented a “repeat infringer policy,” and accommodate “standard technical measures” used by copyright owners to protect copyrighted works. *Id.* at *3 (quoting *Viacom Int’l, Inc. v. YouTube, Inc.*, 676 F.3d 19, 27 (2d Cir. 2012)); *see* 17 U.S.C. § 512(k)(1)(B), (i)(1)(A)-(B), (i)(2).

Once those initial requirements have been satisfied, an online service provider must also satisfy the requirements of one of the four safe harbor provisions codified at 17 U.S.C. § 512(a) through § 512(d). *See Hollywood Fan Sites*, 2015 WL 3971750, at *3. The safe harbor provision at § 512(c), the provision implicated in *Hollywood Fan Sites*, covers infringement claims that arise “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.” 17 U.S.C. § 512(c)(1). One of the requirements under § 512(c) is that the service provider “designate[] an agent to receive notifications of claimed infringement.” *Id.* § 512(c)(2). In order to make a proper designation, a service provider must “mak[e] available through its service, including on its website in a location accessible to the public, . . . substantially . . . the name, address, phone number, and electronic mail address of the agent,” as well as “other contact information which the Register of Copyrights may deem appropriate.” *Id.* The statute also requires that the same information be provided to the U.S. Copyright Office (“USCO”), which maintains a public online directory of DMCA agents. *Id.* The agent designation and filing with the USCO provides copyright holders a way to easily find and notify service providers of any claims of copyright infringement.

B. *Hollywood Fan Sites* Decision

In *Hollywood Fan Sites*, Plaintiffs BWP Media USA Inc., National Photo Group, LLC, and Fameflynet, Inc. (“Plaintiffs”) filed a lawsuit in the Southern District of New York against Hollywood.com, LLC (“Hollywood”) and two of its subsidiaries, Hollywood Fan Sites LLC (“HFS”) and Fan Sites Org, LLC (“FSO”) (collectively, “Defendants”), for copyright infringement. Plaintiffs alleged that they owned rights to certain celebrity photographs that appeared on websites operated by Defendants without a license and in violation of Plaintiffs’ copyrights. In response, Defendants asserted the affirmative defense that Plaintiffs’ claims were barred by the safe harbor provisions of the DMCA. Plaintiffs moved for partial summary judgment seeking to strike Defendants’ safe harbor defense. Plaintiffs contended that Defendants did not qualify for safe harbor protection because no agent was designated for DMCA notifications at the time of the infringements alleged in Plaintiffs’ complaint. The Court granted in part and denied in part Plaintiffs’ motion, providing guidance as to the DMCA agent designation requirement under § 512(c).

1. The § 512(c) safe harbor does not extend to acts of infringement that occur prior to the date of the DMCA agent designation.

At the time Plaintiffs filed their complaint against Defendants, each of the Defendants had properly filed a DMCA agent designation. Important to the court’s decision in granting Plaintiffs’ motion in part, however, was the holding that “[a] service provider cannot retroactively qualify for the safe harbor for infringements occurring before the proper designation of an agent under the statute.” *Hollywood Fan Sites*, 2015 WL 3971750, at *3. In reaching that conclusion, the court relied on the express language of the DMCA, which provides that the “[t]he limitations on liability . . . apply to a service provider only if the service provider has designated an agent to receive notifications of claimed infringement.” 17 U.S.C. § 512(c)(2). The court also relied on a recent decision from the Northern District of California, *Oppenheimer v. Allvoices, Inc.*, No. C 14-00499, 2014 WL 2604033 (N.D. Cal. June 10, 2014), that also expressly addressed this issue. There, the court concluded that because § 512(c) “plainly specifies that a registered agent is a predicate, express condition” that must be met for safe harbor to apply, a party “may not invoke the safe harbor . . . with respect to infringing conduct that occurred prior to . . . designating a DMCA-related agent.” *Oppenheimer*, 2014 WL 2604033, at *5.

For those reasons, the court in *Hollywood Fan Sites* held that the defendants FSO and HFS, which had first filed their own DMCA agent designations on November 5, 2012, and December 5, 2013, respectively, could not utilize those designations to implicate the DMCA safe harbor for infringements prior to those dates. The court, however, denied Plaintiffs’ motion for summary judgment as to any infringement that occurred after those agent designations, finding that HFS and FSO could still be entitled to safe harbor for any such infringement.

2. A parent company’s DMCA agent designation on behalf of “subsidiaries and affiliates” does not extend the § 512(c) safe harbor to unnamed subsidiaries or affiliates.

In addition to its own agent designation, HFS also attempted to rely on a DMCA agent designation filed much earlier by its parent company, Hollywood. Defendants claimed that Hollywood filed that designation on November 3, 2008 “on behalf of and its subsidiaries and affiliates,” and that HFS was entitled to safe harbor under § 512(c) by way of Hollywood’s designation.

The court disagreed, reasoning that the Hollywood designation made no express reference to HFS and, moreover, that HFS was not specifically listed in the USCO directory at the time. The court concluded that “the statute does not contemplate that a service provider entity can be shielded by the safe harbor where that entity has no presence at all in the USCO directory.” *Hollywood Fan Sites*, 2015 WL 3971750, at *5. The Court found it unreasonable to expect “parties attempting to find a provider’s DMCA agent designation . . . to have independent knowledge of the corporate structure of a particular service provider.” *Id.* Accordingly, the court held that Hollywood’s designation could not serve as a basis for HFS’s safe harbor defense.

Although the court’s holding on this point turned on the failure of the Hollywood designation to specifically refer to HFS, the court went on to reason that even if the Hollywood designation expressly stated that it included HFS, that might still be insufficient because “it is far from clear that a single designation can cover multiple entities.” *Id.* The court examined the interim regulations promulgated by the USCO with respect to DMCA designations and concluded that they “explicitly reject[] a joint designation by a parent and subsidiary.” *Id.* Specifically, the preamble to the interim regulations provides that “[f]or purposes of these interim regulations, related companies (e.g., parents and subsidiaries) are considered separate service providers who would file separate Interim Designations.” *Id.* (quoting Designation of Agent to Receive Notification of Claimed Infringement, 63 Fed. Reg. 59,233, 59,234 (Nov. 3, 1998)). Based on that language, the court found HFS’s argument that it was covered by the designation of its parent company to be “disallowed under the USCO’s current scheme for the designation of DMCA agents.” *Id.*

Despite its analysis of the interim regulations, the court recognized that the issue of “the validity of a joint DMCA agent designation [was] not squarely presented” because “there was insufficient information in the Hollywood designation to cover HFS in any event.” *Id.* at *5 n.7. For that reason, the court declined to expressly decide “whether the USCO’s present interpretation of the statute deserve[d] deference or [wa]s otherwise the correct reading of § 512(c)(2).” *Id.* The court’s reasoning however, indicates that if presented with the issue, a court could find that a single DMCA agent designation covering multiple entities does not qualify the entities for protection under § 512(c)(2)’s safe harbor.

3. A DMCA agent designation on a website alone, without registration with the USCO, is insufficient for a service provider to qualify for safe harbor under § 512(c).

HFS also argued that it was entitled to safe harbor protection earlier than its 2013 registration date because, prior to that time, information concerning a DMCA agent was available on its websites. HFS contended that because it included the proper information on its websites, Plaintiff National Photo Group (“NPG”) was able to submit copyright infringement notices to HFS and HFS was able to remedy the alleged infringement by removing the images from its websites.

The court rejected HFS’s argument, concluding that even if its factual assertions were true, they were irrelevant. The court explained that “the statutory scheme expressly requires two publicly available, parallel sources of a service provider’s DMCA agent information (the service provider’s website and the USCO directory) in order for that provider to be shielded by the § 512(c) safe harbor.” *Hollywood Fan Sites*, 2015 WL 3971750, at *6. The court found that even if agent information was provided on HFS websites and HFS removed images in response to notices it received from NPG, those actions were insufficient to qualify HFS for the § 512(c) safe harbor because the USCO registration requirement is an express condition under the statute.

C. Conclusion

At least three takeaways result from the *Hollywood Fan Sites* decision. First, because the section 512(c) safe harbor is effective only if there has been a proper DMCA agent designation, service providers should not expect to be shielded from liability for acts of copyright infringement that occur prior to the date of designation. Second, a separate agent designation should be filed for each entity within an organization because, although not expressly deciding the issue, the court in *Hollywood Fan Sites* suggested that a designation covering multiple entities may not qualify the entities for the section 512(c) safe harbor. Third, publication of DMCA agent information on a corporate website alone will not suffice for safe harbor protection; rather, the section 512(c) safe harbor provision requires that the agent information be made available online *and* by publication with the USCO.



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