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Intellectual Property

SDNY Reaffirms 'Volitional Conduct' Element of Infringement

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One of the major challenges facing any practicing intellectual property lawyer is advising clients on whether a given course of conduct or proposed business model will subject them to liability for copyright infringement. It may seem (to the client) like a simple enough question, and one a lawyer should be able to answer with a simple "yes" or "no." But for the lawyer, such a determination is extremely complex. For one thing, under the modern copyright law, the concept of infringement has expanded to include a host of behaviors that may not look, at first glance, like "copying." Public performance of a sound recording, displaying an artwork without proper attribution and "circumventing" the copy-protection on digital media can all be violations of the copyright laws under the right (or wrong) factual circumstances. Defenses to infringement—most notably fair use—are similarly complex and fact specific, and the courts are constantly refining the parameters of acceptable conduct as new paradigms emerge. On top of all of that, there is potential liability for direct infringers (those who actually commit the infringement), and secondary infringers (those who knowingly aid in, profit from, or provide the means for, infringement). Copyright infringement is never simple.

But in New York, even the simple cases aren't simple. A traditional claim for direct infringement is as straightforward as copyright claims can get. It has just two elements: "(1) ownership of a valid copyright, and (2) copying of constituent elements of the work that are original." *Feist Publ'ns v. Rural Tel. Serv.*, 499 U.S. 340, 361 (1991). Generally, if defendant admits that copies have been made of plaintiff's copyrighted works, liability is established. But in the Second Circuit, there is a wrinkle: the question of who actually made the copies. If defendant is merely a passive participant in the copying process—not the source of the "volitional conduct" responsible for the copying—then defendant is not liable for infringement. The volitional conduct test is controversial, especially in light of recent U.S. Supreme Court jurisprudence, and in particular the context of Internet service providers (ISPs) (which have other protections against liability, including "safe harbor" provisions under the Digital Millennium Copyright Act (DMCA)), but a recent decision from the Southern District of New York makes it clear that the doctrine is alive and well, at least for the time being.

The 'Polyvore' Case

In *BWP Media USA v. Polyvore,* 2016 WL 3926450, at *2 (S.D.N.Y. July 15, 2016), plaintiff was an entertainment company that owned the rights to a variety of photographs and other media, primarily featuring celebrities, which they licensed to online and print publications for profit. Defendant Polyvore was an ISP that ran (and still runs) a website that allowed users to create and share collages of

fashion, art and design-related digital images. Polyvore provided its users with a "clipper" application that they could use to collect images from the Internet, and various tools to manipulate those images and create and share their collages. User-selected images and content—much of it undisputedly copyrighted by others—were stored on Polyvore's server and displayed on Polyvore's website.

Plaintiff sued Polyvore for displaying its copyrighted photos without permission on the Polyvore website. Plaintiff asserted various copyright infringement claims—direct, contributory, and vicarious—as well as claims for inducing infringement. Polyvore initially moved to dismiss the claims, but the motion was denied. In discovery, however, plaintiff did little to advance its claims and failed to take meaningful discovery on many key allegations.

As a result, faced with cross-motions for summary judgment from both sides, the court was largely limited to what could be found in the pleadings, and based upon that record, it granted summary judgment in favor of defendant Polyvore.

Interestingly, the case did not turn on the issues that the parties might initially have thought it would. Polyvore, as an ISP, would generally be entitled to protection from liability for the infringing acts of its users, provided it complied with the "safe harbor" provisions of the DMCA. Plaintiff argued that Polyvore had failed to do so, because its software failed to preserve certain metadata on posted media. Plaintiff argued that this metadata was a "standard technical measure" that the safe harbor provisions required Polyvore to accommodate. This is an interesting legal issue, and one on which there is not a great deal of law, but the court did not reach it, because it ruled that plaintiff had failed to carry its burden of proving a prima facie case of infringement.

A typical claim for direct copyright infringement requires only proof of ownership of a valid copyright and copying of the protectable elements of it. Here, Polyvore did not dispute that plaintiffs copyrighted material appeared on their servers, and that their software made digital copies of that material. The issue was "volitional conduct": Who actually *caused* the copies to be made, Polyvore or its users?

Volitional Conduct in 'Cablevision'

In the Second Circuit, under a case generally referred to as "Cablevision" (*Cartoon Network LP v. CSC Holdings*, 536 F.3d 121, 130 (2d Cir. 2008)), there is a "volitional conduct" requirement on direct infringement claims. As the *Polyvore* court noted, "the 'volitional conduct that causes the copy to be made' must be performed by the defendant and not someone else." In cases involving user-generated content and automated systems, it can be hard to determine who the ultimate actor really is. Courts focus on "the purpose and general use of the service in question, finding 'volitional conduct' where a service or program was designed solely to collect and sell copyrighted material, and where a program collected material that its creators knew to be copyrighted."Id. at *5. Here the *Polyvore* court found that plaintiff had provided no evidence defendant had acted volitionally, either in running its service or in providing the clipping software. Ultimately, the court held that it was the service's users that made the decision to copy and took the steps necessary to do so.

Plaintiff argued, with some force, that the volitional conduct requirement should not apply to ISPs, who already have the explicit statutory protection of the safe harbor provisions of the DMCA. Plaintiff's argument is that the statute lays out explicitly the requirements an ISP must follow to avoid liability for its users' conduct, and that the idea of "volition" simply adds another hurdle that gives ISPs a disincentive to follow safe harbor rules. The court rejected this argument, however, noting that the legislative history and text of the DMCA make clear that the safe harbor provisions are intended to provide ISPs with *additional* defenses, not to eliminate existing defenses such as the requirement of volitional conduct.

Notably, the volitional conduct requirement applies only to claims of direct infringement, not to claims of secondary infringement, which plaintiff also asserted. However, the court granted Polyvore

summary judgement on those claims as well, holding that there was no contributory infringement (because Polyvore's service was capable of a substantial non-infringing use), no vicarious infringement (because there was no evidence Polyvore could supervise or control its users, nor that it profited from their infringement), and no inducement (because there was no evidence that Polyvore purposefully sought to foster infringement). These issues could have been addressed with substantive discovery, but plaintiff apparently failed to pursue it. Thus the court granted summary judgment to Polyvore on all claims against it.

Is New York an Outlier?

Polyvore and a few other recent cases make it clear that volitional conduct remains an important element of infringement in the Second Circuit, and one that any lawyer dealing with shared information systems must understand. But the fate of the doctrine outside this Circuit is less clear. In 2014, the Supreme Court decided *Am. Broad. Companies v. Aereo*, 134 S. Ct. 2498, 2511 (2014), shutting down Aereo, a company that transmitted television broadcasts from an array of tiny TV antennas to its subscribers over the Internet. In that case, the Supreme Court held that Aereo was "performing" those broadcasts under the Transmit Clause of the Copyright Act and could be held liable for direct infringement. The Supreme Court reached this conclusion even though each Aereo subscriber controlled his or her own tiny antenna in Aereo's array and made all of the decisions regarding what would be received by that antenna and automatically transmitted on. In dissent, Justice Antonin Scalia focused on the "volitional conduct" requirement for direct infringement, specifically citing *Cablevision*, and wondered how there could be volitional conduct by Aereo when its "subscribers call all the shots."

The majority's rejection of Justice Scalia's view has been widely viewed by some commentators as the death knell for the idea of "volitional conduct" generally, and in fact plaintiffs in *Polyvore* made that exact argument. But the *Polyvore* court rejected it, distinguishing *Aereo* and noting that, at least for now, volitional conduct remains the law of the Second Circuit. One might well ask: for how long?

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