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Search Engine Liability for Copyright Infringement

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Summary The chapter provides a broad overview to the topic of search engine liability for copyright infringement. In doing so, the chapter examines some of the key copyright law principles and their application to search engines. The chapter also provides a discussion of some of the most important cases to be decided within the courts of the United States, Australia, China and Europe regarding the liability of search engines for copyright infringement. Finally, the chapter will conclude with some thoughts for reform, including how copyright law can be amended in order to accommodate and realise the great informative power which search engines have to offer society.

7.1 Introduction

The evolution and development of search engines over the past ten years to their current level of sophistication, poses a number of challenging legal issues to the area of copyright law. While search engines like Google have rapidly expanded their online services and activities, copyright law for its part, has largely failed to adequately respond to these technological developments and advances. Instead, the result has been rigid copyright laws being applied to the types of online activities, which were never contemplated when the original legislative provisions were drafted causing great ambiguity and uncertainty.

Search engines also play a vital role in ensuring the free flow of the Internet and its core purpose – access to information. However, copyright laws by their very nature, fundamentally challenge this concept of a freely accessible and flowing Internet. This conflict was alluded to in a recent decision of the United States District Court, where the Court held that the principal legal issues for search engines arise:

out of the increasingly recurring conflict between intellectual property rights on the one hand and the dazzling capacity of Internet technology to assemble, organize, store, access and display intellectual property “content” on the one hand.⁸

⁸ *Perfect 10 v Google Inc*, 416 F Supp 2d 828, 831 (CD Cal, 2006)

Indeed, it has been argued that the revolution which search engines have brought to the Internet world, has only been made possible by the fact that search engines have been able to exercise many of the exclusive rights of the copyright owner, which would not have been possible in the non-digital based world.⁹

The following chapter will provide a broad overview of the liability of search engines for copyright infringement. In doing so, the chapter will examine some of the most important cases to be decided within the United States, Australia, China and Europe regarding the liability of search engines for copyright infringement. Finally, the chapter will conclude with some thoughts for reform, including how copyright law can be amended in order to accommodate and realise the great informative power which search engines have to offer society.

7.2 Copyright Law

7.2.1 *Copyright Principles*

Much of the digital content distributed through the Internet, or available for viewing or downloading at Internet locations, is protected by copyright. However, the conceptual basis and core principles of copyright law were established centuries before digital era technologies, like search engines were invented. Copyright emerged in the late 15th century, in the years following the invention of the printing press. Over the ensuing centuries the scope of copyright expanded incrementally to encompass new forms of creative material, as well as new ways of distributing those materials, that have been made possible by rapid advances in technology. As new ways of expressing and exploiting creative materials have been developed, the exclusive rights conferred on creators have been reformulated and extended with the aim of ensuring that creators may reap the rewards of their efforts.¹⁰

Dating back to the Berne Convention on Literary and Artistic Works 1886 there have also been a variety of international treaties covering copyright law. The multi-lateral Agreement on Trade Related Aspects of Intellectual Property Rights 1994, World Intellectual Property Organisation Copyright Treaty 1996, World Intellectual Property Organisation Performers and Phonograms Treaty 1996 and bilateral free trade agreements, such as the Australia–United States Free Trade Agreement 2004 are also part of this landscape. These treaties which seek to harmonise copyright law across the world tend to be implemented through national or domestic law, such as the Copyright Act or Code in each country. An example of this is TRIPS, which

⁹Greenleaf G, (2006) Creating commons by friendly appropriate. In AIPL-Res 10 <http://www.austlii.edu.au/au/other/AIPLRes/2006/10.html>

¹⁰For an overview of the origins and evolution of copyright see (Fitzgerald and Fitzgerald 2004, p. 82-84).

requires member countries to enact copyright laws that uphold the Berne Convention and to ensure that adequate enforcement mechanisms are in place. A failure to do this can lead to the non-complying member being taken to the World Trade Organisation's Dispute Settlement Body and trade sanctions imposed.¹¹

The *Berne Convention* sets up a system of copyright law where the creator or author is the copyright owner at the outset, but they can (and often do) assign their copyright to a commercialising agent, such as a publisher who then becomes the copyright owner. Copyright attaches to subject matter such as literary, musical, dramatic and artistic works (including photographs), sound recordings and film. A song for instance can be made up of a literary work (lyrics), musical work (score) and a sound recording, with the different aspects owned by different copyright owners. In most countries except the United States (where such personal rights in copyright law are very limited) creators or authors hold moral rights to be attributed as the author of copyright material and to ensure the integrity of their work (not to have it mutilated in such a manner as to cause dishonour). These rights are not usually assignable, but in some countries they can be waived or overridden with consent. However, in some countries, like France and Germany waiver is not possible.

Moral rights stay with the creator or author, while economic rights remain with the copyright owner. The key economic rights give the copyright owner power to control things such as reproduction and communication to the public. If any of these rights are exercised, the permission of the copyright owner will normally be required unless one of the exceptions under the various copyright laws that allow use of copyright material without the permission of the copyright owner applies. In the United States the fair use provision allows a broad range of uses without permission, for purposes such as parody or critique, while in other countries narrower notions, such as fair dealing allow strictly controlled use for research or study, parody or satire, news reporting and criticism or review. There may also be statutory licences (e.g., for private or educational use) that allow the use of the material without the permission of the copyright owner if compensation is paid.

In addition to liability for the primary infringement of copyright, in most jurisdictions there are also provisions, whereby third parties can be held liable for authorising (or contributing to) copyright infringement. The rationale behind such provisions are that third parties are in many cases in a better position to discourage copyright infringement, either by monitoring primary infringers or redesigning their technologies to make infringement more difficult. Generally, since authorising others to do an act in relation to copyrighted material is one of the copyright owner's exclusive rights, copyright will also be infringed by authorising another person to do the infringing act without the licence of the copyright owner.¹² However, in

¹¹ For example see the United States complaint filed against China (Montgomery and Cha 2007).

¹² For example under Australian law see *Copyright Act 1968* (Cth) ss 36(1) 101(1)

considering whether an infringement of copyright has been authorised by a third party, it is always necessary to first establish a primary act of infringement that has a causal connection to the act or acts of authorisation.

Similarly, in one of the most important jurisdictions for search engines, the United States, the Courts have also held third parties liable for copyright infringement under two long standing common law doctrines of contributory infringement¹³ and vicarious liability.¹⁴ Under the doctrine of contributory infringement, a third party can be held liable for indirectly infringing copyright where they have knowledge of the infringing activity and either induce, cause or materially contribute to the infringing conduct of another. While, under the doctrine of vicarious liability a third party can be held liable where they have the right and ability to supervise the infringing activity and have a direct financial interest in the activities.

It should also be noted that in *Metro-Goldwyn-Mayer Studios Inc v Grokster Ltd*,¹⁵ the Supreme Court of the United States introduced an additional form of third party liability for copyright law, the doctrine of inducement. Under this doctrine the Supreme Court held that:

one who distributes a device with the object of promoting its use to infringe copyright, as shown by clear expression or other affirmative steps taken to foster infringement, is liable for the resulting acts of infringement by third parties.¹⁶

Importantly, for search engines and other online intermediaries, provisions exist in most jurisdictions called ‘safe harbours’ which – although not always providing a complete defence to copyright infringement – act to mitigate liability by limiting the remedies available against third parties for copyright infringement in certain circumstances. In the United States, ‘safe harbor’ provisions exist under the *Digital Millennium Copyright Act 1998*.¹⁷ These provisions immunise search engines, Internet access providers, telecommunication companies and other online service providers from secondary liability for copyright infringement providing these entities first satisfy a number of specific requirements which are designed to safeguard the interests of copyright holders.¹⁸ Similarly, in other jurisdictions, like Australia, ‘safe harbour’ provisions also exist, although arguably their operation, at least in Australia, is much narrower than other jurisdictions.¹⁹

¹³ *Shapiro, Bernstein & Co v HL Green Co*, 316 F3d 304 (2d Cir 1963)

¹⁴ *Gershwin Publishing Corp v Columbia Artists Management Inc*, 443 F2d 1159 (2d Cir 1971)

¹⁵ 545 US 913 (2005); Radcliffe (2006)

¹⁶ *Metro-Goldwyn-Mayer Studios Inc v Grokster Ltd*, 545 US 913, 919 (2005)

¹⁷ § 512(c) 17 USC

¹⁸ See Walker (2004). While the safe harbors contain specific provisions/immunity for caching and information location tools and thereby provide search engines with some level of certainty, they are conditional upon strict requirements relating to knowledge, financial benefit and the type of caching. This serves to complicate and restrict their application. A number of the cases discussed below fall outside the safe harbors for these reasons. On the requirements of the safe harbors see *Perfect 10 Inc v CCBill LLC*, 481 F 3d 751 (9th Cir, 2007)

¹⁹ *Copyright Act 1968* (Cth) ss 116AA-116AJ; also see O’Brien and Fitzgerald (2006)

7.2.2 *Copyright Issues for Search Engines*

Copyright law raises a number of challenging legal issues for search engines, particularly in regard to the reproduction and communication to the public of any text, images or sound recordings. Importantly, search engines do not own content, but instead organise and provide access to the vast store of material that is posted on, or to Websites and the Internet, generating revenue by selling advertising. Since much of the activity carried out by search engines involves the reproduction of copyright content that has been made available on the Internet by third parties, in many cases questions of copyright infringement are likely to arise. It also should be noted, that the types of copyright issues which will arise are likely to vary to some degree depending upon the nature of the search engine and the services provided by that search engine.²⁰

A series of United States cases during 2006 considered whether the ‘fair use’ doctrine or the notion of an ‘implied licence’ could protect Google from liability for copyright infringement in its day-to-day activities. The outcome of these cases has been somewhat uncertain and it is too early to predict how the law will settle in this area. However, as Google becomes one of the most valuable companies in the world by providing access and search services and as other players assume copyright interests, it is expected that further challenges will emerge in regard to the liability of search engines for copyright infringement.

7.3 Case Law

7.3.1 *United States*

The majority of decisions to have emerged from the courts involving search engine liability for copyright infringement have been from the United States, where the majority of search engines are based.

Field v Google Inc

One of the first cases to have considered the legality of caching by a search engine was *Field v Google Inc*.²¹ In this case, the Nevada District Court held that Google did not infringe copyright when they copy Websites, store copies and enable them

²⁰For example additional copyright issues may arise for video sharing websites or blogs being hosted or provided by search engines see O’Brien and Fitzgerald (2006); O’Brien D Blogs and the law: Key legal issues for the blogosphere. *Media and Arts Law Review* (forthcoming); Black P, Delaney H, Fitzgerald B The challenge of user-generated and peer-produced knowledge, content and culture. *Murdoch e Law Journal* (forthcoming)

²¹412 F Supp 2d 1106 (District Court of Nevada, 2006)

to be downloaded by Internet users as a part of the Google cache feature.²² The plaintiff, Field, an author and attorney brought an action for copyright infringement against the search engine Google, claiming that they infringed his copyright when they automatically cached and copied a story he had posted to his Website.²³

At issue in this case were five claims by Field that Google's caching practices breached copyright law.²⁴ However, the Court rejected all five of Field's claims, holding five different defences protected Google from Field's claims that their caching practices breached copyright.²⁵ In doing so, the Court held that:

1. Google did not directly infringe copyright when Internet users downloaded pages from the Google cache, because there was no volitional act present;²⁶
2. Google was given an implied licence by the copyright owner where they know of the use and encourage it (for example, in this case despite knowing about the 'no-archive' meta-tag, Field chose not to use it);²⁷
3. Google was entitled to rely upon the doctrine of estoppel;²⁸
4. Google's caching practices were a fair use, as they were transformative in nature and there was no evidence that Google intended to profit from the caching;²⁹ and
5. Google was entitled to rely upon the 'safe harbor' provisions for intermediate and temporary storage.³⁰

Parker v Google Inc

Following the decision in *Field v Google Inc*,³¹ a similar action was brought against Google for direct copyright infringement in the United States District Court for the Eastern District of Pennsylvania. In *Parker v Google Inc*,³² Parker, an author, claimed that Google had directly infringed copyright by automatically archiving a copy of his posting (a chapter of one of his e-books) he put on USENET, an online bulletin board.³³ Parker also alleged that Google directly infringed copyright by

²² *Field v Google Inc*, 412 F Supp 2d 1106, 1109 (District Court of Nevada, 2006)

²³ *Field v Google Inc*, 412 F Supp 2d 1106, 1113-1114 (District Court of Nevada, 2006)

²⁴ See Kociubinski (2006); Bashor (2006).

²⁵ *Field v Google Inc*, 412 F Supp 2d 1106, 1109 (District Court of Nevada, 2006)

²⁶ *Field v Google Inc*, 412 F Supp 2d 1106, 1114-1115 (DC Nev, 2006)

²⁷ *Field v Google Inc*, 412 F Supp 2d 1106, 1115-1116 (DC Nev, 2006)

²⁸ *Field v Google Inc*, 412 F Supp 2d 1106, 1116-1117 (DC Nev, 2006)

²⁹ *Field v Google Inc*, 412 F Supp 2d 1106, 1117-1123 (DC Nev, 2006)

³⁰ *Field v Google Inc*, 412 F Supp 2d 1106, 1123-1125 (DC Nev, 2006)

³¹ 412 F Supp 2d 1106 (DC Nev, 2006)

³² 422 F Supp 2d 492 (ED Pa, 2006)

³³ *Parker v Google Inc*, 422 F Supp 2d 492, 495 (ED Pa, 2006)

providing users of the search engine with a list of links in response to a search query, with excerpts of his Website contained within the list of links.³⁴

However, the Court rejected Parker's claims of direct copyright infringement in the archiving of his USENET posting, by holding that Google's activities fell within those of an Internet service provider and thus did not constitute copyright infringement.³⁵ Importantly, the Court found that Google did not have the requisite volitional conduct to support a finding of direct copyright infringement. In this regard, the Court stated:

[w]hen an ISP automatically and temporarily stores data without human intervention so that the system can operate and transmit data to its users; the necessary element of volition is missing.³⁶

The Court also dismissed Parker's claim of direct copyright infringement through indexing and caching Websites on the basis of a failure to state a claim on which relief can be granted.³⁷ In briefly addressing this issue, the Court stated that s 512(b) of the *Digital Millennium Copyright Act 1998*³⁸ and the decision in *Field v Google Inc.*,³⁹ meant that Google was entitled to rely upon the 'safe harbor' provisions for its system caching activities. The Court also rejected Parker's claims against Google for contributory copyright infringement and vicarious copyright infringement.⁴⁰

Kelly v Arriba Soft Corporation

The legality of linking by search engines has also been considered in a number of recent United States cases. *Kelly v Arriba Soft Corporation*,⁴¹ involved a dispute between a commercial photographer and a company whose visual search engine enabled Web users to search for images on the Internet. Results retrieved by the search engine were displayed in the form of thumbnail images of lower resolution and quality than the originals from which they were made. The thumbnail images contained inline links to the full-size images, so that by clicking on a thumbnail, a full-size version of the image, as it appeared on the copyright owner's Website, was displayed, as well as the Webpage from which the image originated. In other words, the use of inline linking meant that the image displayed when a Web user clicked

³⁴ Ibid.

³⁵ *Parker v Google Inc*, 422 F Supp 2d 492, 496-498 (ED Pa, 2006)

³⁶ *Parker v Google Inc*, 422 F Supp 2d 492, 497 (ED Pa, 2006)

³⁷ *Parker v Google Inc*, 422 F Supp 2d 492, 497-498 (ED Pa, 2006)

³⁸ § 512(c) 17 USC

³⁹ 412 F Supp 2d 1106 (DC Nev, 2006)

⁴⁰ *Parker v Google Inc*, 422 F Supp 2d 492, 498-500 (ED Pa, 2006)

⁴¹ 280 F 3d 934 (9th Cir, 2002; withdrawn 9th Cir 3 July 2003)

on the thumbnail was the actual image that appeared on the copyright owner's Website. The plaintiff owned photographic images he had posted on his Website on which he sold advertising space as well as books and travel packages. When the plaintiff found that the defendant had made thumbnail images of, and links to, his photographs, he objected and commenced proceedings against the defendant for copyright infringement.

In 2002, the 9th Circuit Court of Appeals held that while the plaintiff had established a *prima facie* case of copyright infringement by the defendant's when they copied his photographs to create the thumbnail images, the defendant's actions were not infringing, because based on a weighing of the factors set out in s 107 of the United States *Copyright Act 1976*, they were a fair use of the copyright works.⁴² This finding was based on the fact that the thumbnails were smaller, lower resolution images that served a different function to the plaintiff's original images. In other words, whereas the defendant made the copies as part of his efforts to index and improve access to images on the Web, the plaintiff used the images to portray scenery in an artistic manner and attract viewers to his Website. Users were unlikely to enlarge the thumbnails and use them for artistic purposes because they were of much lower resolution than the originals.

This meant that they were not suitable for use as substitutes for the originals and did not harm the market for the sale or licensing of the originals. By contrast, the display of the full-size version of the images as they appeared on the plaintiff's Website when a thumbnail was clicked was held to be an infringement of the plaintiff's exclusive right to publicly display the copyright work under s 106 of the United States *Copyright Act*. This was the case even though the use of inline linking meant that when a thumbnail was clicked the image that was displayed was imported directly from the plaintiff's site and did not involve any copying of the images by the defendant. The Court held that the public display of the images was not a fair use because the defendant's use of the images was not for a different purpose than the plaintiff's use of them and the defendant's use of the images was likely to divert Web users away from the plaintiff's site, thereby damaging the plaintiff's market for sales and licensing of the images.

The 9th Circuit's 2002 decision was withdrawn and superseded by a subsequent decision of the same court in July 2003, which affirmed the finding that the defendant's copying of the plaintiff's photographs to create and retrieve the thumbnail images was a non-infringing fair use.⁴³ However, the court avoided resolving the issue of whether the defendant's inline linking to the full-size images of the plaintiff's photographs also infringed copyright because the parties had not

⁴²Section 107 of the United States *Copyright Act* requires a consideration of four factors: the nature of the use of the work; the nature of the copyright work itself; the amount and substantiality of the portion used; and the effect of the use upon the potential market for the copyright work

⁴³*Kelly v Arriba Soft Corp* 336 F 3d 811 (9th Cir, 2003)

requested summary judgment on that point. After the parties failed to reach a settlement, default judgment was entered in favour of the plaintiff in March 2004.⁴⁴

Perfect 10 v Google Inc

Similarly, in proceedings for an interlocutory injunction in *Perfect 10 v Google Inc*,⁴⁵ the Court concluded that the plaintiff, an adult-oriented Website, was likely to succeed in copyright infringement proceedings against the defendant, whose Google image search engine displayed thumbnail images of the plaintiff's copyright photographs.⁴⁶ When a search was conducted, each of the thumbnail images presented contained an inline link to the Web page on which the image in question had been located by Google's search engine.

The plaintiff was the owner of copyright photographs from which it derived revenue in various ways, including publication in a magazine, display on a subscription Website and the licensing of a third party to sell thumbnails of the images for downloading to mobile phones. Google's image search engine enables Web users to search for images. When a Web user conducts an image search, the Google search engine responds by presenting the user with thumbnail images created by Google from the original images it located on the Internet and which it stored on its own servers. The Court held that the plaintiff was likely to succeed in proving that Google was infringing copyright by creating and displaying the thumbnail images of the plaintiff's photographs.⁴⁷

Furthermore, the court held that Google's actions were not likely to be exempted from infringement as a fair use of the plaintiff's copyright photographs, in light of the commercial nature of Google's use of the photographs and the likelihood that Google's activities would interfere with the market for the plaintiff's photographs, since Perfect 10 sold similar size versions of the photographs to mobile phone users.⁴⁸ The court also found that Google's practice of framing and inline linking to an image when a user conducts an image search did not infringe copyright.⁴⁹ The Court's rationale for this was that Google did not display the image within the meaning of the United States *Copyright Act* as Google only linked to the images which were available for download or viewing from a third party Website.⁵⁰

⁴⁴ Judgment was entered in favour of the plaintiff in the sum of US\$345,000 plus attorney fees in the sum of US\$6,068.20: see <http://netcopyrightlaw.com/pdf/kellyvarribasoftjudgement03182004.pdf> (accessed 26 February 2007).

⁴⁵ 416 F Supp 2d 828 (CD Cal, 2006)

⁴⁶ *Perfect 10 v Google Inc*, 416 F Supp 2d 828, 858-859 (CD Cal, 2006)

⁴⁷ *Perfect 10 v Google Inc*, 416 F Supp 2d 828, 858-859 (CD Cal, 2006)

⁴⁸ *Perfect 10 v Google Inc*, 416 F Supp 2d 828, 845-851 (CD Cal, 2006)

⁴⁹ *Perfect 10 v Google Inc*, 416 F Supp 2d 828, 844-845 (CD Cal, 2006)

⁵⁰ *Perfect 10 v Google Inc*, 416 F Supp 2d 828, 838-844 (CD Cal, 2006)

In May 2007, the United States Court of Appeals for the Ninth Circuit in *Perfect 10 Inc v Amazon.com Inc and Google Inc*,⁵¹ overturned the District Court's finding that Google's actions were an infringement and unlikely to be a fair use. The Court held:

[i]n this case, Google has put Perfect 10's thumbnail images (along with millions of other thumbnail images) to a use fundamentally different than the use intended by Perfect 10. In doing so, Google has provided a significant benefit to the public. Weighing this significant transformative use against the unproven use of Google's thumbnails for cell phone downloads, and considering the other fair use factors, all in light of the purpose of copyright, we conclude that Google's use of Perfect 10's thumbnails is a fair use. Because the district court here "found facts sufficient to evaluate each of the statutory factors ... [we] need not remand for further factfinding." *Harper & Row*, 471 U.S. at 560 (internal quotation omitted). We conclude that Perfect 10 is unlikely to be able to overcome Google's fair use defense and, accordingly, we vacate the preliminary injunction regarding Google's use of thumbnail images.⁵²

Interestingly, the Court also reversed the District Court's findings on secondary liability, as it had failed to fully apply the doctrine of inducement articulated in *Metro-Goldwyn-Mayer Studios Inc v Grokster Ltd*,⁵³. It is unclear what this will mean for the law of secondary liability for search engines. The Court held:

[t]he district court also erred in its secondary liability analysis because it failed to consider whether Google and Amazon.com knew of infringing activities yet failed to take reasonable and feasible steps to refrain from providing access to infringing images. Therefore we must also reverse the district court's holding that Perfect 10 was unlikely to succeed on the merits of its secondary liability claims. Due to this error, the district court did not consider whether Google and Amazon.com are entitled to the limitations on liability set forth in title II of the DMCA. The question whether Google and Amazon.com are secondarily liable, and whether they can limit that liability pursuant to title II of the DMCA, raise fact intensive inquiries, potentially requiring further fact finding, and thus can best be resolved by the district court on remand. We therefore remand this matter to the district court for further proceedings consistent with this decision.⁵⁴

This decision will also be of interest in regard to the application of the safe harbors to search engines, as there have been some suggestions, that a strict or narrow reading of the provisions may make their potential application to some search engines problematic.⁵⁵ On this view, it is uncertain how terms like 'subscribers' 'account holders' and 'accounts', which are pre-conditions to the operation of the safe harbors, will apply to search engines. One view, is that as search engines in their strictest sense do not have subscribers or account holders, then they may

⁵¹ CV-05-04753-AHM (9th Cir, 16 May 2007)

⁵² CV-05-04753-AHM, 5785-5786 (9th Cir, 16 May 2007)

⁵³ 545 US 913, 930 (2005)

⁵⁴ CV-05-04753-AHM, 5800-5801 (9th Cir, 16 May 2007)

⁵⁵ See Walker (2004, p. 17); see for example 17 USC § 512(i); *Copyright Act 1968* (Cth) s 116AH

potentially lose their protection under the safe harbors, as they fail to satisfy the necessary pre-conditions.⁵⁶

Agence France Presse v Google Inc

Agence France Presse and Google have recently settled a high profile media lawsuit – involving the popular Google news search – which was filed by Agence France Presse in a United States District Court for the District of Columbia in March 2005.⁵⁷ Under the agreement reached between both parties, Agence France Presse has agreed to allow Google to post Agence France Presse content, including new stories and photographs, to the Google News Website and other Google services.⁵⁸

Agence France Presse had alleged that Google News infringed copyright by unlawfully including its photographs, headlines and excerpts from the beginning of articles (story leads) in the Google News search. Agence France Presse also alleged that Google was in breach of federal law by removing copyright management information (photo credits and copyright notices) from its copyright material. Countering these claims, Google argued that Agence France Presse’s headlines were not ‘original and creative’ enough to be protected under copyright law.⁵⁹

Viacom Inc v YouTube Inc and Google Inc

It also worth noting that Google owned subsidiary, YouTube Inc is currently the subject of a high profile copyright lawsuit brought by Viacom International Inc in a United States District Court.⁶⁰ In this case before the Southern District of New York, Viacom alleges six causes of action for copyright infringement against YouTube and Google, being:

1. direct copyright infringement related to the unauthorised public performance of the uploaded videos;
2. direct copyright infringement related to the unauthorised public display of the uploaded videos;
3. direct copyright infringement related to the unauthorised reproduction of the uploaded videos;
4. inducement of copyright infringement;
5. contributory copyright infringement; and

⁵⁶ Ibid.

⁵⁷ See McCarthy (2007)

⁵⁸ Ibid.

⁵⁹ See McCullagh and Broache (2006).

⁶⁰ *Viacom International Inc v YouTube Inc, YouTube LLC and Google Inc*, (United States District Court for the Southern District of New York, filed 13 March 2007). For a copy of the complaint see Brown E, (2007) *Viacom sues YouTube* Internet Cases http://www.Internetcases.com/archives/2007/03/viacom_sues_you.html; also see Broache and Sandoval (2007).

6. vicarious copyright infringement.

YouTube and Google's defence, essentially denies each of the allegations in Viacom's complaint and raises 12 defences in their favour. These defences include the safe harbors, licence, fair use, failure to mitigate, failure to state a claim, innocent intent, copyright misuse, estoppel, waiver, unclean hands, laches and substantial non-infringing uses.⁶¹

YouTube is also the subject of recent class action filed by the English Premier League and independent music publisher, Bourne Co in the United States District Court for the Southern District of New York.⁶² The action essentially duplicates the claims made by Viacom in their complaint.⁶³

7.3.2 *Australia*

In Australia there is yet to be a major decision involving the liability of search engines for copyright infringement, although there have been a number of recent related decisions, particularly in regard to the area of 'linking' and whether linking to another Website containing material that infringes copyright can amount to an authorisation of copyright infringement.⁶⁴ It is likely that these decisions will have implications for search engine liability for copyright infringement in Australia.

Universal Music Australia Pty Ltd v Cooper

In *Universal Music Australia Pty Ltd v Cooper*,⁶⁵ a decision of the Federal Court of Australia, Tamberlin J concluded that the defendant, by providing hyperlinks from his Website to thousands of sound recordings located on remote Websites, had authorised the infringement of copyright in music sound recordings, both by Internet users who accessed his Website and by the operators of the remote Websites from

⁶¹ See Mills (2007)

⁶² The Football Association Premier League Limited and Bourne Co v YouTube Inc, YouTube LLC and Google Inc, (United States District Court for the Southern District of New York, filed 4 May 2007); for more information see <http://www.youtubeclassaction.com>. Also see Tur v YouTube Inc, (CD Cal, 2006), 797

⁶³ See Sandoval (2007).

⁶⁴ *Copyright Act 1968* (Cth) ss 36(1), (1A), 101(1), (1A); *University of New South Wales v Moorhouse and Angus & Robertson* (1975) 133 CLR 1; *Universal City Studios Inc v Corley and 2600 Enterprises Inc*, 273 F 3d 429 (2001). Also note in Australia and a number of other jurisdictions a defence to authorisation liability exists for the mere provision of communication facilities, for example see *Copyright Act 1968* (Cth) ss 39B, 112E

⁶⁵ [2005] FCA 972

which the infringing recordings were downloaded.⁶⁶ The defendant operated a Website called MP3s4free.net Website, which did not host sound recordings, but provided hyperlinks which, when clicked, enabled users to directly access and activate the downloading of sound recordings on remote Websites. When a visitor to the defendant's Website clicked on a link on that site to an MP3 file hosted on another server, the user's browser sent a "GET" request to the server so that the MP3 file was transmitted directly on the Internet from the host server to the user's computer.⁶⁷

The defendant's Website was designed to, and did, facilitate and enable this infringing downloading. It would have been possible for the defendant to prevent the infringements by removing the hyperlinks from his Website or by structuring the Website in such a way that the operators of the remote Websites from which MP3 files were downloaded could not automatically add hyperlinks to the defendant's Website without some supervision or control on his part. Tamberlin J explained:

[A] Website operator is always able to control the hyperlinks on his or her Website, either by removal of the links or by requiring measures to be taken by the remote Website operator prior to adding a hyperlink. A person cannot create a hyperlink between a music file and a Website without the permission of the operator of the Website because access to the code that is required to create the link must occur at level of the Website. The Cooper Website employed a "CGI-BIN" script to accept hyperlink suggestions from visitors to the Website. By virtue of this script, such suggestions were automatically added to the Website without the intervention of Cooper. The evidence is that alternative software was in existence that would have enabled a third party to add a hyperlink to a Website but which required the consent or approval of the Website operator before such hyperlinks were added.⁶⁸

The defendant had sufficient control over his own Website, both with regard to users accessing his Website and remote operators placing hyperlinks on his Website, that he could have taken steps to prevent the infringement.⁶⁹ However, the defendant made no attempt, when hyperlinks were submitted to his Website, to take any steps to ascertain the legality of the MP3s to which the hyperlinks related or the identity of the persons submitting the MP3s. Subsequently, it was held that the defendant had authorised the infringement of copyright in the sound recordings.⁷⁰

The first instance decision in *Universal Music Australia Pty Ltd v Cooper*⁷¹ by the Federal Court of Australia was upheld by the Full Court of the Federal Court of Australia in *Cooper v Universal Music Australia Pty Ltd*.⁷² In this case, taking into account the elements of s 101(A) of the Australian *Copyright Act 1968* (Cth), the Court found that Cooper had authorised infringement because he:

⁶⁶ *Universal Music Australia Pty Ltd v Cooper* [2005] FCA 972 (Tamberlin J, 14 July 2005) [77]–[88]

⁶⁷ *Universal Music Australia Pty Ltd v Cooper* [2005] FCA 972 (Tamberlin J, 14 July 2005) [65]

⁶⁸ *Universal Music Australia Pty Ltd v Cooper* [2005] FCA 972 (Tamberlin J, 14 July 2005) [85]

⁶⁹ *Universal Music Australia Pty Ltd v Cooper* [2005] FCA 972 (Tamberlin J, 14 July 2005) [86]

⁷⁰ *Universal Music Australia Pty Ltd v Cooper* [2005] FCA 972 (Tamberlin J, 14 July 2005) [88]

⁷¹ [2005] FCA 972 (Tamberlin J, 14 July 2005)

⁷² [2006] FCAFC 187 (French, Branson and Kenny JJ, 18 December 2006)

- had the power to prevent users of his Website from infringing copyright by not making available the technical capacity for those acts to be committed;
- benefited financially and therefore had a financial relationship with users whom he attracted to his Website through sponsorship and advertising; and
- did not take reasonable steps to prevent or avoid copyright infringement by users of his Website.⁷³

Importantly, from the perspective of search engine liability, one of the Judges in this case briefly considered the legal position of search engines under Australian copyright law. The appellant (Cooper) submitted that his Website was, in relevant respects, no different from a search engine, such as Google and attempted to rely upon the United States decision in *Perfect 10 Inc v Google Inc*.⁷⁴ This argument was expressly rejected by Branson J who stated:

Mr Cooper placed considerable weight on a suggested analogy between his Website and Google. Two things may be said in this regard. First, Mr Cooper's assumption that Google's activities in Australia do not result in infringements of the [Copyright] Act is untested. *Perfect 10 Inc v Google Inc* 416 F Supp 2d 828 (CDCal 2006) upon which Mr Cooper placed reliance is a decision under the law of the United States of America which includes the doctrine of "fair use". Secondly, Google is a general purpose search engine rather than a Website designed to facilitate the downloading of music files. The suggested analogy is unhelpful in the context of Mr Cooper's appeal.⁷⁵

7.3.3 Europe

Clearly, incorporating HTML code or content from the linked site onto the host site, may amount to a direct infringement of copyright if a substantial part of the original code or content has been taken. For example, where an Internet search engine uses a robotic spider or crawler to automatically return search results from newspapers, magazines and books, reproducing headlines, abstracts or articles or a few sentences of text from the retrieved items in a news amalgamation service, it could be argued that the newspaper publishers' copyright has been infringed, providing a 'substantial part' of the item has been reproduced.⁷⁶ In this regard, Google has been sued by a number of European newspaper publishers, who allege that the Google News service, which lists headlines and a few sentences of text from news

⁷³ *Cooper v Universal Music Australia Pty Ltd* [2006] FCAFC 187 (French, Branson and Kenny JJ, 18 December 2006) [41]–[51], [148]–[151]

⁷⁴ F Supp 2d 828 (CD Cal 2006)

⁷⁵ *Cooper v Universal Music Australia Pty Ltd* [2006] FCAFC 187 (French, Branson and Kenny JJ, 18 December 2006) [40]

⁷⁶ *Copyright Act 1968* (Cth) ss 13 (2), 36(1) and 101(1)

articles that are linked back to the publications' own Websites, infringes copyright in their online newspaper content.⁷⁷

Copiepresse v Google Inc

In a recent case brought in Belgium by Copiepresse, an organisation that manages copyright for Belgium's French and German language newspapers, the court held that Google had infringed the newspaper publishers' copyright by caching, making automatic summaries of and reproducing the newspapers' materials on the Google News Website. In September 2006, the President of the Court of First Instance of Brussels (Tribunal de Première Instance de Bruxelles) ordered Google to remove the articles, photographs and graphical images from the various Belgian newspapers on Google News and Google's Belgian search Website, imposing a penalty of up to €1million per day for continued infringements. The Court rejected Google's argument that it was a non-infringing fair use to store cached copies of the newspaper articles and use short extracts from the articles on the Google News Website. Google removed links to 17 of the newspapers from the Google News Website and sought a rehearing of the case. In February 2007, the injunction was upheld but the Court reduced the penalty payable by Google (if it continued to reproduce infringing material on its Website) to a maximum daily fine of €25,000.

7.3.4 China

Seven Record Labels v Baidu.com Inc⁷⁸

Recent litigation in the Beijing No 1 Intermediate People's Court has brought attention to the liability of search engines for copyright infringement in China. Chinese search Baidu was recently sued by seven record labels, including EMI Group Hong Kong, Sony BMG Music Hong Kong, Warner Music Hong Kong, Universal Music Hong Kong, Cinepoly Music, Go East Entertainment and Gold Label Entertainment. The record companies claimed that Baidu's act of linking songs to the public on the Internet infringed the communication right of the record companies under Chinese law.

At issue in this case was whether Baidu through their MP3 search engine service⁷⁹ had communicated MP3 songs to the public by allowing users to search and

⁷⁷ *Copiepresse v Google Inc* No 2006/9099/4 Tribunal de première instance de Bruxelles 8 September 2006; *Copiepresse v Google Inc* No 06/10.928/C Tribunal de première instance de Bruxelles 13 February 2007; *Agence France Presse v Google Inc*, US District Court (District of Columbia). Note in November 2006, Google reached a settlement with the Belgian copyright organisations, Sofam, representing about 3 700 photographers, and Scam, which represents journalists

⁷⁸ Note this name refers to a number of separate cases brought against Baidu

⁷⁹ See Baidu MP3 <http://mp3.baidu.com>

download illegal MP3 files through the Baidu MP3 search engine service. The nature of the Baidu MP3 search engine service was such that Baidu did not directly upload MP3 files to their servers, instead they only provided the links to the MP3 files stored on other servers.

The Court held that the ‘sampled’ and ‘downloaded’ MP3 files in question did not originate from the Baidu Website, instead they originated from other Web servers.⁸⁰ Thus the Court found that the communication occurs between the users downloading the MP3 files and the Website that uploaded the files.⁸¹ The Court clearly ruled that the Website providing the links does not engage in the act of communication via the Internet under the Copyright Law of the People’s Republic of China.⁸²

Importantly for search engines, the Court also held that there was insufficient basis for a search engine to be held liable for the uploading and downloading of infringing sound recordings, by third party Websites. The rationale behind this finding was that search engines are unable to determine the legal status of linked Websites.

7.4 Search Engines and Copyright Law: The Future

Search engines, such as Google, Yahoo and Baidu are critical to accessing knowledge in the Internet environment. They enable Internet users to find and retrieve information and documents, trawling the Internet using ‘robots’ and caching material for ease of access and presentation. It is therefore essential, that copyright laws accommodate the great potential which search engines have to offer society and ensure the free flow of information on the Internet.

In many jurisdictions throughout the world there still remains uncertainty as to whether search engines can be held liable for infringing copyright. In particular, provisions regarding the caching of copyright material, the extent to which fair use or fair dealing will apply, secondary or authorisation liability and the operation of safe harbour provisions all need to be clarified from the perspectives of search engines. Compounding this uncertainty is the lack of clear judicial precedent regarding search engine liability for copyright infringement.

One example of this is under the Australian *Copyright Act 1968* (Cth), which fails to clarify whether a search engine will be entitled to the protection of the Australian ‘safe harbour’ provisions. Similar, ambiguity exists in regard to the potential application of the fair dealing defence for search engines and whether

⁸⁰ See Qian (2007)

⁸¹ Ibid

⁸² Ibid. Note that on 24 April 2007 the Beijing Second Intermediary Court reached a different conclusion, finding Yahoo! China liable for copyright infringement for links in its music search results

the practice of caching by search engines will constitute a reproduction and subsequently infringe copyright law in Australia. This example illustrates the type of uncertainty which exists under national copyright laws when considering search engines and the increasingly diverse operations which they provide.

In order to create further certainty in this area the World Intellectual Property Organisation (WIPO) through its member states should convene a conference on search engine liability. Such a conference could assess in detail the effectiveness of the current law in allowing search engines to operate without fear of being sued. A more radical proposal, which could be tabled at such a conference, would be to allow search engines the broadest possible immunity to operate in hope that they might vastly improve our ability to research, manage and process knowledge for social, cultural and economic good. An intermediate proposal would be to simply assess the series of cases discussed in this chapter and provide clarity under law in all jurisdictions about the legality of the activities of search engines.

Ultimately one of the aims of copyright law is to find a workable balance between the right to own and exploit information in the form of creative expression and the ability of users (and their intermediaries) to access and reuse informational resources especially in a knowledge economy. The complicating factor in these circumstances is that in the process of providing access to knowledge, companies like Google, Baidu and Yahoo make an enormous amount of money, at the expense, so it is argued, of the copyright owners. Some of the reproduction and communication that search engines engage in to bring us our daily fix of information clearly must be tolerated in order for the system to work. In many instances such access will also promote the interests of the copyright owner through greater profiling. The sticking point here is not so much about whether search engines should be given greater immunity from liability but about how much advertising revenue they are willing to share with copyright owners for buying such immunity.

7.5 Conclusion

This chapter has highlighted the stream of litigation that has confronted the operators of search engines in the last two years across the world. It is our suggestion that such a trend should be arrested by a closer analysis (through an international conference convened by WIPO) of the scope of immunity search engines currently possess and proposals for how and on what conditions it should be expanded. This involves the consideration of many competing interests and the resolution of difficult policy questions but the foundational importance of search engines to our 21st existence makes such a process vitally important to economic and social prosperity. In short, search engines are now a key part of our everyday lives and to this end we should ensure that their freedom to operate is clearly articulated and reinforced in law.

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