

Los Angeles Copyright Society

Wednesday, September 8, 2021

Hey, who said you could post that there?

The state of the server test and other novel legal issues
in social media embedded content litigation

Panelists: James Bartolomei & James Rosenfeld

Moderator: Rose Leda Ehler

SERVER TEST CASES



KeyCite Yellow Flag - Negative Treatment

Disagreed With by [Nicklen v. Sinclair Broadcast Group, Inc.](#), S.D.N.Y., July 30, 2021

508 F.3d 1146

United States Court of Appeals,
Ninth Circuit.

PERFECT 10, INC., a California
corporation, Plaintiff–Appellant,

v.

AMAZON.COM, INC., a
corporation; A9.Com Inc., a
corporation, Defendants–Appellees.

Perfect 10, Inc., a California
corporation, Plaintiff–Appellant,

v.

Google Inc., a corporation,
Defendant–Appellee.

Perfect 10, Inc., a California
corporation, Plaintiff–Appellee,

v.

Google Inc., a corporation,
Defendant–Appellant.

Perfect 10, Inc., a California
corporation, Plaintiff–Appellant,

v.

Google Inc., a corporation,
Defendant–Appellee.
Perfect 10, Inc., a California
corporation, Plaintiff–Appellee,

v.

Google Inc., a corporation,
Defendant–Appellant.
Perfect 10, Inc., a California
corporation, Plaintiff–Appellee,

v.

Google Inc., a corporation,
Defendant–Appellant.

Nos. 06–55405, 06–55406, 06–55425,
06–55759, 06–55854, 06–55877.

Argued and Submitted Nov. 15, 2006.

Filed May 16, 2007.

Amended Dec. 3, 2007.

Synopsis

Background: Copyright owner brought actions against operator of Internet search engine and Internet retailer for, inter alia, infringement of copyrighted images. Actions were consolidated. The United States District Court for the Central District of California, [A. Howard Matz, J.](#), [416 F.Supp.2d 828](#), entered preliminary injunction against some allegedly infringing conduct. Both owner and search engine operator appealed.

Holdings: The Court of Appeals, [Ikuta](#), Circuit Judge, held that:

[1] owner established prima facie case of direct infringement based on operator's communication of thumbnail images;

[2] operator's act of framing in-line linked full-size images of copyrighted photographs was not “display” of owner's works;

[3] operator did not “distribute” owner's full-size images;

[4] operator's display of thumbnail images of copyright owner's photographs was fair use;

[5] operator substantially assisted third-party websites in distributing their infringing copies of photographs to a worldwide market and assisted worldwide audience of users to access infringing materials, for purpose of owner's contributory infringement claim;

[6] owner failed to show likelihood of success on its vicarious infringement claim; and

[7] owner was unlikely to succeed on merits of its direct infringement and vicarious infringement claims against Internet retailer.

Affirmed in part, reversed in part, and remanded.

Opinion, 487 F.3d 701, superseded.

West Headnotes (49)

- [1] **Copyrights and Intellectual Property** Preliminary or temporary relief
Federal Courts Preliminary injunction; temporary restraining order

Where some of allegedly infringed images were registered, district court was authorized to enter preliminary injunction covering both registered and unregistered works, in owner's copyright infringement action against Internet search engine operator and Internet retailer, and Court of Appeals thus had jurisdiction over appeal from district court's decision and order. 17 U.S.C.A. §§ 411, 502(a).

[4 Cases that cite this headnote](#)

- [2] **Copyrights and Intellectual Property** Copyright Infringement

Although registration is generally a jurisdictional prerequisite to a suit for copyright infringement, Copyright Act does not limit the remedies a court can grant; rather, the Copyright Act gives courts broad authority to issue injunctive relief. 17 U.S.C.A. §§ 411, 502(a).

[9 Cases that cite this headnote](#)

- [3] **Copyrights and Intellectual Property** Preliminary or temporary relief

Once a court has jurisdiction over an action for copyright infringement under provision of Copyright Act governing initiation of infringement actions, the court may grant injunctive relief to restrain infringement of any copyright, whether registered or unregistered. 17 U.S.C.A. §§ 411, 502(a).

[14 Cases that cite this headnote](#)

- [4] **Federal Courts** Preliminary injunction; temporary restraining order

Court of Appeals reviews the district court's grant or denial of a preliminary injunction for an abuse of discretion.

[7 Cases that cite this headnote](#)

- [5] **Federal Courts** Preliminary injunction; temporary restraining order

Injunction Findings and conclusions

District court must support a preliminary injunction with findings of fact, which Court of Appeals reviews for clear error.

[32 Cases that cite this headnote](#)

- [6] **Federal Courts** Preliminary injunction; temporary restraining order

In reviewing grant or denial of preliminary injunction, Court of Appeals reviews the district court's conclusions of law de novo.

[31 Cases that cite this headnote](#)

- [7] **Injunction** Grounds in general; multiple factors

Injunction Balancing or weighing factors; sliding scale

Preliminary injunctive relief is available to a party who demonstrates either (1) a combination of probable success on the merits and the possibility of irreparable harm, or (2) that serious questions are raised and the balance of hardships tips in its favor; these two formulations represent two points on a sliding scale in which the required degree of irreparable harm increases as the probability of success decreases.

[11 Cases that cite this headnote](#)

- [8] **Injunction** Likelihood of success on merits

Injunction Presumptions and burden of proof

In order to demonstrate its likely success on the merits, the party moving for a preliminary

injunction must necessarily demonstrate it will overcome defenses raised by the non-moving party; this burden is correctly placed on the party seeking to demonstrate entitlement to the extraordinary remedy of a preliminary injunction at an early stage of the litigation, before the defendant has had the opportunity to undertake extensive discovery or develop its defenses.

[24 Cases that cite this headnote](#)

[9] Copyrights and Intellectual Property — Presumptions, Inferences, and Burden of Proof

Because defendant in copyright infringement action bears burden of proving fair use, once plaintiff moving for preliminary injunction has carried its burden of showing likelihood of success on merits, burden shifts to defendant to show likelihood that its affirmative defense will succeed.

[44 Cases that cite this headnote](#)

[10] Copyrights and Intellectual Property — Limitations on Liability Relating to Material Online; “Afe Harbor”

Congress enacted Digital Millennium Copyright Act (DMCA) provisions governing liability of online service providers to provide greater certainty to service providers concerning their legal exposure for infringements that may occur in the course of their activities. 17 U.S.C.A. § 512.

[4 Cases that cite this headnote](#)

[11] Copyrights and Intellectual Property — Persons Liable for Violations

Liability of online service providers for direct, contributory, or vicarious copyright infringement would be determined without reference to liability limitations set forth by Digital Millennium Copyright Act (DMCA); DMCA did not change copyright law, but instead provided limitations of liability if provider was found to be liable under existing principles of law, and claims against service providers were

generally evaluated just as they would be in the non-online world. 17 U.S.C.A. § 512.

[7 Cases that cite this headnote](#)

[12] Copyrights and Intellectual Property — Nature and Elements in General

Plaintiffs must satisfy two requirements to present a prima facie case of direct copyright infringement: (1) they must show ownership of the allegedly infringed material, and (2) they must demonstrate that the alleged infringers violate at least one exclusive right granted to copyright holders under the Copyright Act. 17 U.S.C.A. §§ 106, 501(a).

[87 Cases that cite this headnote](#)

[13] Copyrights and Intellectual Property — As defense to infringement

Copyrights and Intellectual Property — Fair use

Even if a plaintiff presents a prima facie case of direct copyright infringement by showing ownership of the allegedly infringed material and that the alleged infringers violated at least one of the plaintiff's exclusive rights, the defendant may avoid liability if it can establish that its use of the images is a fair use as set forth in the Copyright Act. 17 U.S.C.A. §§ 106, 107, 501(a).

[80 Cases that cite this headnote](#)

[14] Copyrights and Intellectual Property — Embodiment of work; fixation in tangible medium

A photographic image is a work that is fixed in a tangible medium of expression, for purposes of the Copyright Act, when embodied, that is, stored, in a computer's server or hard disk, or other storage device, while the image stored in the computer is the “copy” of the work for purposes of copyright law. 17 U.S.C.A. § 101.

[11 Cases that cite this headnote](#)

[15] Copyrights and Intellectual**Property**  Pictorial, graphic, and sculptural works

Owner of copyrights for photographs established prima facie case of direct infringement of owner's statutory right to display copyrighted works, based on communication of thumbnail images of owner's photographs by operator of Internet search engine, which were stored on operator's computers, to search engine users, in response to searches by such users. 17 U.S.C.A. §§ 101, 106(5).

[7 Cases that cite this headnote](#)

[16] Copyrights and Intellectual**Property**  Copying; access

Internet search engine operator's act of framing in-line linked full-size images of copyrighted photographs on operator's website did not constitute "display" of copies of such photographs, within meaning of Copyright Act, as would amount to direct infringement, where full-size images were not stored on operator's own computers, but, rather, operator provided hypertext markup language (HTML) instructions that directed user's browser to an unrelated website publisher's computer, which stored the full-size image. 17 U.S.C.A. § 106(5).

[13 Cases that cite this headnote](#)

[17] Copyrights and Intellectual**Property**  Nature and Elements in General

Copyright Act, unlike the Trademark Act, does not protect a copyright holder against acts that cause consumer confusion. Trademark Act of 1946, § 32(1), 15 U.S.C.A. § 1114(1); 17 U.S.C.A. § 101 et seq.

[1 Cases that cite this headnote](#)

[18] Copyrights and Intellectual**Property**  Copying; access

Internet search engine operator's act of framing, in users' search results, in-line linked full-size images of copyrighted photographs that

were stored on third parties' computers was not transmission or communication of performance or display of work to the public, within meaning of Copyright Act; operator transmitted or communicated only an address which directed a user's browser to location where copy of full-size image was displayed and did not communicate a display of the work itself. 17 U.S.C.A. § 101.

[8 Cases that cite this headnote](#)

[19] Copyrights and Intellectual**Property**  Adaptations or Derivative Works as Infringing

Under some circumstances, more than one right protected by the Copyright Act must be infringed in order for an infringement claim to arise; copyright infringement claimant must be able to claim infringement of its reproduction right in order to claim infringement of its right to prepare derivative works. 17 U.S.C.A. § 106.

[18 Cases that cite this headnote](#)

[20] Copyrights and Intellectual**Property**  Pictorial, Graphic, and Sculptural Works

Cache used by operator of Internet search engine for storing copies of webpages organized and indexed by operator did not infringe the display or distribution rights belonging to owner of copyrighted photographs, to extent that cached webpages in-linked to full-sized images of photographs that were stored on third-party website publishers' computers; regardless of whether cache copies directed user's browser to third-party images that were no longer available on a particular publisher's website, it was publisher's computer, not operator's computer, that stored and displayed the infringing image. 17 U.S.C.A. § 106.

[7 Cases that cite this headnote](#)

[21] Copyrights and Intellectual**Property**  Pictorial, Graphic, and Sculptural Works

Operator of Internet search engine did not “distribute” images of owner’s copyrighted photographs, within meaning of Copyright Act, by framing in-line linked full-size images of copyrighted photographs on operator’s website in response to search and selection by user; operator did not itself communicate full-size images to user’s computer but instead communicated hypertext markup language (HTML) instructions that told user’s browser where to find full-size images on a website publisher’s computer, which then distributed copies of the works, and because operator did not have collection of stored full-size images that it made available to the public, it could not be deemed to distribute copies of the images. 17 U.S.C.A. §§ 101, 106(3).

[9 Cases that cite this headnote](#)

[22] Copyrights and Intellectual Property  **As defense to infringement**

The “fair use defense” permits the use of copyrighted works without the copyright owner’s consent under certain situations; the defense encourages and allows the development of new ideas that build on earlier ones, thus providing a necessary counterbalance to the copyright law’s goal of protecting creators’ work product. 17 U.S.C.A. § 107.

[11 Cases that cite this headnote](#)

[23] Copyrights and Intellectual Property  **As defense to infringement**

Fair use doctrine to copyright infringement permits and requires courts to avoid rigid application of the copyright statute when, on occasion, it would stifle the very creativity which that law is designed to foster. 17 U.S.C.A. § 107.

[3 Cases that cite this headnote](#)

[24] Copyrights and Intellectual Property  **Factors considered in general**

Court must be flexible in applying a fair use analysis; it is not to be simplified with bright-line rules, for the copyright statute, like the doctrine

it recognizes, calls for case-by-case analysis. 17 U.S.C.A. § 107.

[25] Copyrights and Intellectual Property  **Factors considered in general**

Four statutory fair use factors, under the Copyright Act, may not be treated in isolation, one from another; all are to be explored, and the results weighed together, in light of the purposes of copyright. 17 U.S.C.A. § 107.

[26] Copyrights and Intellectual Property  **Purpose and construction in general**

Purpose of copyright law is to promote the progress of science and useful arts and to serve the welfare of the public. U.S.C.A. Const. Art. 1, § 8, cl. 8.

[1 Cases that cite this headnote](#)

[27] Copyrights and Intellectual Property  **Transformative use**

Central purpose of statutory fair use factor that looks at the purpose and character of the use of a copyrighted work, including whether such use is of a commercial nature or is for nonprofit educational purposes, is to determine whether and to what extent the new work is transformative. 17 U.S.C.A. § 107(1).

[32 Cases that cite this headnote](#)

[28] Copyrights and Intellectual Property  **Transformative use**

A work is “transformative,” for purpose of inquiry into fair use factor that looks at the purpose and character of the use of a copyrighted work, when the new work does not merely supersede the objects of the original creation but rather adds something new, with a further purpose or different character, altering the first with new expression, meaning, or message; conversely, if the new work supersedes the use of the original, the use is likely not a fair use. 17 U.S.C.A. § 107(1).

[47 Cases that cite this headnote](#)

[29] Copyrights and Intellectual

Property  Pictorial, graphic, and sculptural works

Statutory fair use factor that looked at purpose and character of the use of a copyrighted work weighed in favor of defendant operator of Internet search engine in copyright infringement action brought by owner of copyrighted photographs, based on operator's display of thumbnail images of owner's works in response to searches by users, even if thumbnail images were derived from infringing third-party websites and showed the image in its entirety, because operator's use of works was highly transformative; search engine provided social benefit by incorporating an original work into a new work, namely, an electronic reference tool, and to extent that operator's use was commercial and could supersede owner's sale of images, such use was not presently significant. 17 U.S.C.A. § 107(1).

[27 Cases that cite this headnote](#)

[30] Copyrights and Intellectual

Property  Right of first publication

The right of first publication is the author's right to control the first public appearance of his expression; because this right encompasses the choices of when, where, and in what form first to publish a work, an author exercises and exhausts this one-time right by publishing the work in any medium.

[3 Cases that cite this headnote](#)

[31] Copyrights and Intellectual

Property  Pictorial, graphic, and sculptural works

Statutory fair use factor that looked at nature of the copyrighted work weighed slightly in favor of plaintiff owner of copyrighted photographs, in its action alleging copyright infringement by operator of Internet search engine that displayed thumbnail images of owner's works in response

to searches by users; images were creative, even if they were primarily un-retouched, but images were previously published when owner placed its images on the Internet for paid subscribers. 17 U.S.C.A. § 107(2).

[5 Cases that cite this headnote](#)

[32] Copyrights and Intellectual

Property  Pictorial, graphic, and sculptural works

Statutory fair use factor that looked at amount and substantiality of the portion used in relation to the copyrighted work as a whole weighed in favor of neither party, in action by owner of copyrighted photographs alleging infringement by operator of Internet search engine that displayed thumbnail images of owner's works in response to searches by users; use of entire image was reasonable in light of purpose of search engine. 17 U.S.C.A. § 107(3).

[2 Cases that cite this headnote](#)

[33] Copyrights and Intellectual

Property  Pictorial, graphic, and sculptural works

Statutory fair use factor that looked at effect of the allegedly infringing use upon the potential market for or value of the copyrighted work favored neither party, in action by owner of copyrighted photographs alleging infringement by operator of Internet search engine that displayed thumbnail images of owner's works in response to searches by users; operator's use of images was highly transformative, so there was no presumption of market harm, and any potential harm to owner's market was hypothetical. 17 U.S.C.A. § 107(4).

[9 Cases that cite this headnote](#)

[34] Copyrights and Intellectual

Property  Fair use

Presumption, under fair use analysis, that likelihood of market harm exists if the intended use of an image is for commercial gain does not arise when a work is transformative because

market substitution is at least less certain, and market harm may not be so readily inferred. 17 U.S.C.A. § 107(4).

[6 Cases that cite this headnote](#)

[35] Copyrights and Intellectual Property  Pictorial, graphic, and sculptural works

Internet search engine operator's display of thumbnail images of copyright owner's photographs, in response to user searches, was fair use of copyrighted photographs; operator put images to a use fundamentally different than use intended by owner, thereby providing significant benefit to the public. 17 U.S.C.A. § 107.

[10 Cases that cite this headnote](#)

[36] Copyrights and Intellectual Property  Vicarious liability and respondeat superior

Copyrights and Intellectual Property  Contributory Liability

One infringes a copyright contributorily by intentionally inducing or encouraging direct infringement, and infringes vicariously by profiting from direct infringement while declining to exercise a right to stop or limit it.

[152 Cases that cite this headnote](#)

[37] Copyrights and Intellectual Property  Pictorial, graphic, and sculptural works

Even if search engine users who linked to websites showing owner's copyrighted photographs automatically made "cache" copies of full size images of the works, and such action amounted to direct infringement of owner's right of reproduction, such automatic copying was fair use of copyrighted images; such copying was a transformative use, the cache copied no more than was necessary to assist the user in Internet use, and the copying had no more than a minimal effect on owner's rights, while having a considerable public benefit. 17 U.S.C.A. § 107.

[10 Cases that cite this headnote](#)

[38] Copyrights and Intellectual Property  Contributory Liability

Copyrights and Intellectual Property  Inducement

Within the general rule that one infringes a copyright contributorily by intentionally inducing or encouraging direct infringement, there are two categories of contributory liability: liability may be predicated on actively encouraging or inducing infringement through specific acts or on distributing a product distributees use to infringe copyrights, if the product is not capable of substantial or commercially significant noninfringing uses.

[33 Cases that cite this headnote](#)

[39] Copyrights and Intellectual Property  Contributory Liability

Contribution to copyright infringement must be intentional for liability to arise.

[14 Cases that cite this headnote](#)

[40] Copyrights and Intellectual Property  Contributory Liability

Contributory liability for copyright infringement is analyzed in light of rules of fault-based liability derived from the common law, and common law principles establish that intent may be imputed.

[3 Cases that cite this headnote](#)

[41] Copyrights and Intellectual Property  Contributory Liability

An actor may be contributorily liable for intentionally encouraging direct copyright infringement if the actor knowingly takes steps that are substantially certain to result in such direct infringement.

[23 Cases that cite this headnote](#)

[42] Copyrights and Intellectual Property  [Contributory Liability](#)

A computer system operator can be held contributorily liable for copyright infringement if it has actual knowledge that specific infringing material is available using its system and can take simple measures to prevent further damage to copyrighted works, yet continues to provide access to infringing works.

[45 Cases that cite this headnote](#)

[43] Copyrights and Intellectual Property  [Contributory Liability](#)

Operator of Internet search engine that indexed and organized third-party webpages substantially assisted third-party websites in distributing their infringing copies of copyrighted photographs to a worldwide market and assisted worldwide audience of users to access infringing materials, for purpose of copyright owner's contributory infringement claim, even if operator did not undertake any substantial promotional or advertising efforts to encourage visits to infringing websites, nor provide a significant revenue stream to the infringing websites; operator could be held contributorily liable if it had knowledge that infringing images were available using its search engine, could take simple measures to prevent further damage to copyrighted works, and failed to take such steps.

[23 Cases that cite this headnote](#)

[44] Copyrights and Intellectual Property  [Vicarious liability and respondeat superior](#)

To succeed in imposing vicarious liability for copyright infringement, a plaintiff must establish that the defendant exercises the requisite control over the direct infringer and that the defendant derives a direct financial benefit from the direct infringement.

[84 Cases that cite this headnote](#)

[45] Copyrights and Intellectual Property  [Vicarious liability and respondeat superior](#)

A defendant exercises control over a direct copyright infringer, for purpose of imposing vicarious liability, when he has both a legal right to stop or limit the directly infringing conduct, as well as the practical ability to do so.

[66 Cases that cite this headnote](#)

[46] Copyrights and Intellectual Property  [Preliminary or temporary relief](#)

Owner of copyrighted photographs was not likely to succeed on its claim of vicarious copyright infringement by Internet search engine operator that provided, to its users, links to third-party websites that reproduced, displayed, and distributed unauthorized copies of owner's images, as required for preliminary injunction prohibiting such linking; owner did not demonstrate likelihood of showing that operator had legal right to stop or limit direct infringement of third-party websites, notwithstanding agreements, through an advertising program, permitting it to terminate an entity's participation in that program, operator could not terminate third-party websites or block their ability to host and serve infringing full-size images on the Internet, and operator lacked practical ability to police the infringing activities of third-party websites.

[9 Cases that cite this headnote](#)

[47] Copyrights and Intellectual Property  [Vicarious liability and respondeat superior](#)

Copyrights and Intellectual Property  [Contributory Liability](#)

Although the lines between direct copyright infringement, contributory infringement, and vicarious liability are not clearly drawn, in general, contributory liability is based on the defendant's failure to stop its own actions which facilitate third-party infringement, while vicarious liability is based on the defendant's

failure to cause a third party to stop its directly infringing activities.

[60 Cases that cite this headnote](#)

[48] Federal Courts 🔑 [Intellectual property](#)

Internet retailer's assertion that it had ended its relationship with operator of Internet search engine, whereby retailer was allowed to in-line link to search results generated by search engine, did not render moot copyright infringement action brought by owner of copyrighted photographs alleging that retailer provided links to third-party websites that displayed infringing images, absent showing by retailer that the allegedly wrongful behavior could not reasonably be expected to recur.

[2 Cases that cite this headnote](#)

[49] Copyrights and Intellectual Property 🔑 [Preliminary or temporary relief](#)

Owner of copyrighted photographs was unlikely to succeed on merits of its direct infringement and vicarious infringement claims against Internet retailer that provided, by agreement with operator of Internet search engine, search results to users that included links to third-party websites that contained infringing images, as required for preliminary injunction prohibiting such conduct, as retailer merely directed users to images stored on computers of operator or third parties, and lacked ability to supervise infringing activity of operator or third parties.

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Appeal from the United States District Court for the Central District of California; [A. Howard Matz](#), District Judge, Presiding. D.C. Nos. CV-05-04753-AHM, CV-04-09484-AHM.

Before: CYNTHIA HOLCOMB HALL, HAWKINS, and SANDRA S. IKUTA, Circuit Judges.

Opinion

IKUTA, Circuit Judge:

[1] [2] [3] In this appeal, we consider a copyright owner's efforts to stop an Internet search engine from facilitating access to infringing images. Perfect 10, Inc. sued Google Inc., for infringing Perfect 10's copyrighted photographs of nude models, among other claims. Perfect 10 brought a similar action against Amazon.com and its subsidiary A9.com (collectively, "Amazon.com"). The district court preliminarily enjoined Google from creating and publicly displaying thumbnail versions of Perfect 10's images, *Perfect 10 v. Google, Inc.*, 416 F.Supp.2d 828 (C.D.Cal.2006), but did not enjoin Google from linking to third-party websites that display infringing full-size versions of Perfect 10's images. Nor did the district court preliminarily enjoin Amazon.com from giving users access to information provided by Google. Perfect 10 and Google both appeal the district court's order. We have jurisdiction pursuant to 28 U.S.C. § 1292(a)(1).¹

¹ Google argues that we lack jurisdiction over the preliminary injunction to the extent it enforces unregistered copyrights. Registration is generally a jurisdictional prerequisite to a suit for copyright infringement. See 17 U.S.C. § 411. But section 411 does not limit the remedies a court can grant. Rather, the Copyright Act gives courts broad authority to issue injunctive relief. See 17 U.S.C. § 502(a). Once a court has jurisdiction over an action for copyright infringement under section 411, the court may grant injunctive relief to restrain infringement of any copyright, whether registered or unregistered. See, e.g., *Olan Mills, Inc. v. Linn Photo Co.*, 23 F.3d 1345, 1349 (8th Cir.1994); *Pac. & S. Co., Inc. v. Duncan*, 744 F.2d 1490, 1499 n. 17 (11th Cir.1984). Because at least some of the Perfect 10 images at issue were registered, the district court did not err in determining that it could issue an order that covers unregistered works. Therefore, we have jurisdiction over the district court's decision and order.

*1155 The district court handled this complex case in a particularly thoughtful and skillful manner. Nonetheless, the district court erred on certain issues, as we will further explain below. We affirm in part, reverse in part, and remand.

I

Background

Google's computers, along with millions of others, are connected to networks known collectively as the "Internet." "The Internet is a world-wide network of networks ... all sharing a common communications technology." *Religious Tech. Ctr. v. Netcom On-Line Commc'n Servs., Inc.*, 923 F.Supp. 1231, 1238 n. 1 (N.D.Cal.1995). Computer owners can provide information stored on their computers to other users connected to the Internet through a medium called a webpage. A webpage consists of text interspersed with instructions written in Hypertext Markup Language ("HTML") that is stored in a computer. No images are stored on a webpage; rather, the HTML instructions on the webpage provide an address for where the images are stored, whether in the webpage publisher's computer or some other computer. In general, webpages are publicly available and can be accessed by computers connected to the Internet through the use of a web browser.

Google operates a search engine, a software program that automatically accesses thousands of websites (collections of webpages) and indexes them within a database stored on Google's computers. When a Google user accesses the Google website and types in a search query, Google's software searches its database for websites responsive to that search query. Google then sends relevant information from its index of websites to the user's computer. Google's search engines can provide results in the form of text, images, or videos.

The Google search engine that provides responses in the form of images is called "Google Image Search." In response to a search query, Google Image Search identifies text in its database responsive to the query and then communicates to users the images associated with the relevant text. Google's software cannot recognize and index the images themselves. Google Image Search provides search results as a webpage of small images called "thumbnails," which are stored in Google's servers. The thumbnail images are reduced, lower-resolution versions of full-sized images stored on third-party computers.

When a user clicks on a thumbnail image, the user's browser program interprets HTML instructions on Google's webpage. These HTML instructions direct the user's browser to cause a rectangular area (a "window") to appear on the user's

computer screen. The window has two separate areas of information. The browser fills the top section of the screen with information from the Google webpage, including the thumbnail image and text. The HTML instructions also give the user's browser the address of the website publisher's computer that stores the full-size version of the thumbnail.² By following *1156 the HTML instructions to access the third-party webpage, the user's browser connects to the website publisher's computer, downloads the full-size image, and makes the image appear at the bottom of the window on the user's screen. Google does not store the images that fill this lower part of the window and does not communicate the images to the user; Google simply provides HTML instructions directing a user's browser to access a third-party website. However, the top part of the window (containing the information from the Google webpage) appears to frame and comment on the bottom part of the window. Thus, the user's window appears to be filled with a single integrated presentation of the full-size image, but it is actually an image from a third-party website framed by information from Google's website. The process by which the webpage directs a user's browser to incorporate content from different computers into a single window is referred to as "in-line linking." *Kelly v. Arriba Soft Corp.*, 336 F.3d 811, 816 (9th Cir.2003). The term "framing" refers to the process by which information from one computer appears to frame and annotate the in-line linked content from another computer. *Perfect 10*, 416 F.Supp.2d at 833–34.

² The website publisher may not actually store the photographic images used on its webpages in its own computer, but may provide HTML instructions directing the user's browser to some further computer that stores the image. Because this distinction does not affect our analysis, for convenience, we will assume that the website publisher stores all images used on its webpages in the website publisher's own computer.

Google also stores webpage content in its cache.³ For each cached webpage, Google's cache contains the text of the webpage as it appeared at the time Google indexed the page, but does not store images from the webpage. *Id.* at 833. Google may provide a link to a cached webpage in response to a user's search query. However, Google's cache version of the webpage is not automatically updated when the webpage is revised by its owner. So if the webpage owner updates its webpage to remove the HTML instructions for finding an infringing image, a browser communicating directly with the webpage would not be able to access that image. However, Google's cache copy of the webpage would

still have the old HTML instructions for the infringing image. Unless the owner of the computer changed the HTML address of the infringing image, or otherwise rendered the image unavailable, a browser accessing Google's cache copy of the website could still access the image where it is stored on the website publisher's computer. In other words, Google's cache copy could provide a user's browser with valid directions to an infringing image even though the updated webpage no longer includes that infringing image.

³ Generally, a "cache" is "a computer memory with very short access time used for storage of frequently or recently used instructions or data." *United States v. Ziegler*, 474 F.3d 1184, 1186 n. 3 (9th Cir.2007) (quoting Merriam–Webster's Collegiate Dictionary 171 (11th ed.2003)). There are two types of caches at issue in this case. A user's personal computer has an internal cache that saves copies of webpages and images that the user has recently viewed so that the user can more rapidly revisit these webpages and images. Google's computers also have a cache which serves a variety of purposes. Among other things, Google's cache saves copies of a large number of webpages so that Google's search engine can efficiently organize and index these webpages.

In addition to its search engine operations, Google generates revenue through a business program called "AdSense." Under this program, the owner of a website can register with Google to become an AdSense "partner." The website owner then places HTML instructions on its webpages that signal Google's server to place advertising on the webpages that is relevant to the webpages' content. Google's computer program selects the advertising automatically by means of an algorithm. AdSense participants agree to share the revenues that flow from such advertising with Google.

*1157 Google also generated revenues through an agreement with Amazon.com that allowed Amazon.com to in-line link to Google's search results. Amazon.com gave its users the impression that Amazon.com was providing search results, but Google communicated the search results directly to Amazon.com's users. Amazon.com routed users' search queries to Google and automatically transmitted Google's responses (i.e., HTML instructions for linking to Google's search results) back to its users.

Perfect 10 markets and sells copyrighted images of nude models. Among other enterprises, it operates a subscription website on the Internet. Subscribers pay a monthly fee to view Perfect 10 images in a "members' area" of the site. Subscribers must use a password to log into the members' area. Google

does not include these password-protected images from the members' area in Google's index or database. Perfect 10 has also licensed Fonestarz Media Limited to sell and distribute Perfect 10's reduced-size copyrighted images for download and use on cell phones.

Some website publishers republish Perfect 10's images on the Internet without authorization. Once this occurs, Google's search engine may automatically index the webpages containing these images and provide thumbnail versions of images in response to user inquiries. When a user clicks on the thumbnail image returned by Google's search engine, the user's browser accesses the third-party webpage and in-line links to the full-sized infringing image stored on the website publisher's computer. This image appears, in its original context, on the lower portion of the window on the user's computer screen framed by information from Google's webpage.

Procedural History. In May 2001, Perfect 10 began notifying Google that its thumbnail images and in-line linking to the full-size images infringed Perfect 10's copyright. Perfect 10 continued to send these notices through 2005.

On November 19, 2004, Perfect 10 filed an action against Google that included copyright infringement claims. This was followed by a similar action against Amazon.com on June 29, 2005. On July 1, 2005 and August 24, 2005, Perfect 10 sought a preliminary injunction to prevent Amazon.com and Google, respectively, from “copying, reproducing, distributing, publicly displaying, adapting or otherwise infringing, or contributing to the infringement” of Perfect 10's photographs; linking to websites that provide full-size infringing versions of Perfect 10's photographs; and infringing Perfect 10's username/password combinations.

The district court consolidated the two actions and heard both preliminary injunction motions on November 7, 2005. The district court issued orders granting in part and denying in part the preliminary injunction against Google and denying the preliminary injunction against Amazon.com. Perfect 10 and Google cross-appealed the partial grant and partial denial of the preliminary injunction motion, and Perfect 10 appealed the denial of the preliminary injunction against Amazon.com. On June 15, 2006, the district court temporarily stayed the preliminary injunction.

II

Standard of Review

[4] [5] [6] We review the district court's grant or denial of a preliminary injunction for an abuse of discretion. *A & M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1013 (9th Cir.2001). The district court must support a preliminary injunction with findings of fact, which we review for clear error. *Earth Island Inst. v. U.S. Forest Serv.*, 442 F.3d 1147, 1156 (9th Cir.2006). We review the district court's conclusions of law de novo. *Napster*, 239 F.3d at 1013.

*1158 [7] Section 502(a) of the Copyright Act authorizes a court to grant injunctive relief “on such terms as it may deem reasonable to prevent or restrain infringement of a copyright.” 17 U.S.C. § 502(a). “Preliminary injunctive relief is available to a party who demonstrates either: (1) a combination of probable success on the merits and the possibility of irreparable harm; or (2) that serious questions are raised and the balance of hardships tips in its favor. These two formulations represent two points on a sliding scale in which the required degree of irreparable harm increases as the probability of success decreases.” *Napster*, 239 F.3d at 1013 (internal quotation and citation omitted).

[8] [9] Because Perfect 10 has the burden of showing a likelihood of success on the merits, the district court held that Perfect 10 also had the burden of demonstrating a likelihood of overcoming Google's fair use defense under 17 U.S.C. § 107. *Perfect 10*, 416 F.Supp.2d at 836–37. This ruling was erroneous. At trial, the defendant in an infringement action bears the burden of proving fair use. See *Campbell v. Acuff–Rose Music, Inc.*, 510 U.S. 569, 590, 114 S.Ct. 1164, 127 L.Ed.2d 500 (1994). Because “the burdens at the preliminary injunction stage track the burdens at trial,” once the moving party has carried its burden of showing a likelihood of success on the merits, the burden shifts to the non-moving party to show a likelihood that its affirmative defense will succeed. *Gonzales v. O Centro Espirita Beneficente Uniao do Vegetal*, 546 U.S. 418, 429, 126 S.Ct. 1211, 163 L.Ed.2d 1017 (2006); see also *Abbott Labs. v. Andrx Pharms., Inc.*, 473 F.3d 1196, 1201 (Fed.Cir.2007) (to defeat a motion for preliminary injunctive relief in a patent infringement case, the non-moving party must establish a likelihood of success in proving its defenses of invalidity or unenforceability); *PHG Techs., LLC v. St. John Cos.*, 469 F.3d 1361, 1365 (Fed.Cir.2006). Accordingly, once Perfect 10 has shown a

likelihood of success on the merits, the burden shifts to Google to show a likelihood that its affirmative defenses will succeed.

[10] [11] In addition to its fair use defense, Google also raises an affirmative defense under title II of the Digital Millennium Copyright Act (“DMCA”), 17 U.S.C. § 512. Congress enacted title II of the DMCA “to provide greater certainty to service providers concerning their legal exposure for infringements that may occur in the course of their activities.” *Ellison v. Robertson*, 357 F.3d 1072, 1076 (9th Cir.2004) (internal quotation omitted). Sections 512(a) through (d) limit liability for (respectively): “(1) transitory digital network communications; (2) system caching; (3) information residing on systems or networks at the direction of users; and (4) information location tools.” *Id.* at 1077. A service provider that qualifies for such protection is not liable for monetary relief and may be subject only to the narrow injunctive relief set forth in section 512(j). 17 U.S.C. § 512(a). If Perfect 10 demonstrates a likelihood of success on the merits, Google must show a likelihood of succeeding in its claim that it qualifies for protection under title II of the DMCA.⁴

⁴ Perfect 10 argues that we are bound by the language and structure of title II of the DMCA in determining Google’s liability for copyright infringement. We have noted that the DMCA does not change copyright law; rather, “Congress provided that [the DMCA’s] limitations of liability apply if the provider is found to be liable under existing principles of law.” *Ellison*, 357 F.3d at 1077 (emphasis and internal quotation omitted). As a result, “[c]laims against service providers for direct, contributory, or vicarious copyright infringement, therefore, are generally evaluated just as they would be in the non-online world.” *Id.*; see also 17 U.S.C. § 512(l) (“The failure of a service provider’s conduct to qualify for limitation of liability under this section shall not bear adversely upon the consideration of a defense by the service provider that the service provider’s conduct is not infringing under this title or any other defense.”). Therefore, we must consider Google’s potential liability under the Copyright Act without reference to title II of the DMCA.

*1159 III

Direct Infringement

[12] [13] Perfect 10 claims that Google’s search engine program directly infringes two exclusive rights granted to copyright holders: its display rights and its distribution rights.⁵ “Plaintiffs must satisfy two requirements to present a prima facie case of direct infringement: (1) they must show ownership of the allegedly infringed material and (2) they must demonstrate that the alleged infringers violate at least one exclusive right granted to copyright holders under 17 U.S.C. § 106.” *Napster*, 239 F.3d at 1013; see 17 U.S.C. § 501(a). Even if a plaintiff satisfies these two requirements and makes a prima facie case of direct infringement, the defendant may avoid liability if it can establish that its use of the images is a “fair use” as set forth in 17 U.S.C. § 107. See *Kelly*, 336 F.3d at 817.

⁵ 17 U.S.C. § 106 states, in pertinent part:
 Subject to sections 107 through 122, the owner of copyright under this title has the exclusive rights to do and to authorize any of the following:
 (1) to reproduce the copyrighted work in copies or phonorecords;

 (3) to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending;

 (5) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual work, to display the copyrighted work publicly....

Perfect 10’s ownership of at least some of the images at issue is not disputed. See *Perfect 10*, 416 F.Supp.2d at 836.

The district court held that Perfect 10 was likely to prevail in its claim that Google violated Perfect 10’s display right with respect to the infringing thumbnails. *Id.* at 844. However, the district court concluded that Perfect 10 was not likely to prevail on its claim that Google violated either Perfect 10’s display or distribution right with respect to its full-size infringing images. *Id.* at 844–45. We review these rulings for an abuse of discretion. *Napster*, 239 F.3d at 1013.

A. Display Right

In considering whether Perfect 10 made a prima facie case of violation of its display right, the district court reasoned that a computer owner that stores an image as electronic information and serves that electronic information directly to

the user (“i.e., physically sending ones and zeroes over the [I]nternet to the user’s browser,” *Perfect 10*, 416 F.Supp.2d at 839) is displaying the electronic information in violation of a copyright holder’s exclusive display right. *Id.* at 843–45; see 17 U.S.C. § 106(5). Conversely, the owner of a computer that does not store and serve the electronic information to a user is not displaying that information, even if such owner in-line links to or frames the electronic information. *Perfect 10*, 416 F.Supp.2d at 843–45. The district court referred to this test as the “server test.” *Id.* at 838–39.

Applying the server test, the district court concluded that Perfect 10 was likely to succeed in its claim that Google’s thumbnails constituted direct infringement but was unlikely to succeed in its claim that Google’s in-line linking to full-size infringing images constituted a direct infringement. *1160 *Id.* at 843–45. As explained below, because this analysis comports with the language of the Copyright Act, we agree with the district court’s resolution of both these issues.

We have not previously addressed the question when a computer displays a copyrighted work for purposes of section 106(5). Section 106(5) states that a copyright owner has the exclusive right “to display the copyrighted work publicly.” The Copyright Act explains that “display” means “to show a copy of it, either directly or by means of a film, slide, television image, or any other device or process....” 17 U.S.C. § 101. Section 101 defines “copies” as “material objects, other than phonorecords, in which a work is fixed by any method now known or later developed, and from which the work can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device.” *Id.* Finally, the Copyright Act provides that “[a] work is ‘fixed’ in a tangible medium of expression when its embodiment in a copy or phonorecord, by or under the authority of the author, is sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration.” *Id.*

[14] [15] We must now apply these definitions to the facts of this case. A photographic image is a work that is “‘fixed’ in a tangible medium of expression,” for purposes of the Copyright Act, when embodied (i.e., stored) in a computer’s server (or hard disk, or other storage device). The image stored in the computer is the “copy” of the work for purposes of copyright law. See *MAI Sys. Corp. v. Peak Computer, Inc.*, 991 F.2d 511, 517–18 (9th Cir.1993) (a computer makes a “copy” of a software program when it transfers the program from a third party’s computer (or

other storage device) into its own memory, because the copy of the program recorded in the computer is “fixed” in a manner that is “sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration” (quoting 17 U.S.C. § 101)). The computer owner shows a copy “by means of a ... device or process” when the owner uses the computer to fill the computer screen with the photographic image stored on that computer, or by communicating the stored image electronically to another person’s computer. 17 U.S.C. § 101. In sum, based on the plain language of the statute, a person displays a photographic image by using a computer to fill a computer screen with a copy of the photographic image fixed in the computer’s memory. There is no dispute that Google’s computers store thumbnail versions of Perfect 10’s copyrighted images and communicate copies of those thumbnails to Google’s users.⁶ Therefore, Perfect 10 has made a prima facie case that Google’s communication of its stored thumbnail images directly infringes Perfect 10’s display right.

⁶ Because Google initiates and controls the storage and communication of these thumbnail images, we do not address whether an entity that merely passively owns and manages an Internet bulletin board or similar system violates a copyright owner’s display and distribution rights when the users of the bulletin board or similar system post infringing works. Cf. *CoStar Group, Inc. v. LoopNet, Inc.*, 373 F.3d 544 (4th Cir.2004).

[16] Google does not, however, display a copy of full-size infringing photographic images for purposes of the Copyright Act when Google frames in-line linked images that appear on a user’s computer screen. Because Google’s computers do not store the photographic images, Google does not have a copy of the images for purposes of the Copyright Act. In other words, Google does not have any “material objects ... in *1161 which a work is fixed ... and from which the work can be perceived, reproduced, or otherwise communicated” and thus cannot communicate a copy. 17 U.S.C. § 101.

Instead of communicating a copy of the image, Google provides HTML instructions that direct a user’s browser to a website publisher’s computer that stores the full-size photographic image. Providing these HTML instructions is not equivalent to showing a copy. First, the HTML instructions are lines of text, not a photographic image. Second, HTML instructions do not themselves cause infringing images to appear on the user’s computer screen. The HTML merely gives the address of the image to the user’s browser. The browser then interacts with the computer that

stores the infringing image. It is this interaction that causes an infringing image to appear on the user's computer screen. Google may facilitate the user's access to infringing images. However, such assistance raises only contributory liability issues, see *Metro–Goldwyn–Mayer Studios, Inc. v. Grokster, Ltd.*, 545 U.S. 913, 929–30, 125 S.Ct. 2764, 162 L.Ed.2d 781 (2005), *Napster*, 239 F.3d at 1019, and does not constitute direct infringement of the copyright owner's display rights.

[17] [18] Perfect 10 argues that Google displays a copy of the full-size images by framing the full-size images, which gives the impression that Google is showing the image within a single Google webpage. While in-line linking and framing may cause some computer users to believe they are viewing a single Google webpage, the Copyright Act, unlike the Trademark Act, does not protect a copyright holder against acts that cause consumer confusion. *Cf.* 15 U.S.C. § 1114(1) (providing that a person who uses a trademark in a manner likely to cause confusion shall be liable in a civil action to the trademark registrant).⁷

⁷ Perfect 10 also argues that Google violates Perfect 10's right to display full-size images because Google's in-line linking meets the Copyright Act's definition of "to perform or display a work 'publicly.'" 17 U.S.C. § 101. This phrase means "to transmit or otherwise communicate a performance or display of the work to ... the public, by means of any device or process, whether the members of the public capable of receiving the performance or display receive it in the same place or in separate places and at the same time or at different times." *Id.* Perfect 10 is mistaken. Google's activities do not meet this definition because Google transmits or communicates only an address which directs a user's browser to the location where a copy of the full-size image is displayed. Google does not communicate a display of the work itself.

[19] Nor does our ruling that a computer owner does not display a copy of an image when it communicates only the HTML address of the copy erroneously collapse the display right in section 106(5) into the reproduction right set forth in section 106(1). Nothing in the Copyright Act prevents the various rights protected in section 106 from overlapping. Indeed, under some circumstances, more than one right must be infringed in order for an infringement claim to arise. For example, a "Game Genie" device that allowed a player to alter features of a Nintendo computer game did not infringe Nintendo's right to prepare derivative works because the Game Genie did not incorporate any portion of the game itself. See *Lewis Galoob Toys, Inc. v. Nintendo of*

Am., Inc., 964 F.2d 965, 967 (9th Cir.1992). We held that a copyright holder's right to create derivative works is not infringed unless the alleged derivative work "incorporate[s] a protected work in some concrete or permanent 'form.'" *Id.* In other words, in some contexts, the claimant must be able to claim infringement of its reproduction right in order to claim infringement of its right to prepare derivative works.

*1162 [20] Because Google's cache merely stores the text of webpages, our analysis of whether Google's search engine program potentially infringes Perfect 10's display and distribution rights is equally applicable to Google's cache. Perfect 10 is not likely to succeed in showing that a cached webpage that in-line links to full-size infringing images violates such rights. For purposes of this analysis, it is irrelevant whether cache copies direct a user's browser to third-party images that are no longer available on the third party's website, because it is the website publisher's computer, rather than Google's computer, that stores and displays the infringing image.

B. Distribution Right

[21] The district court also concluded that Perfect 10 would not likely prevail on its claim that Google directly infringed Perfect 10's right to distribute its full-size images. *Perfect 10*, 416 F.Supp.2d at 844–45. The district court reasoned that distribution requires an "actual dissemination" of a copy. *Id.* at 844. Because Google did not communicate the full-size images to the user's computer, Google did not distribute these images. *Id.*

Again, the district court's conclusion on this point is consistent with the language of the Copyright Act. Section 106(3) provides that the copyright owner has the exclusive right "to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending." 17 U.S.C. § 106(3). As noted, "copies" means "material objects ... in which a work is fixed." 17 U.S.C. § 101. The Supreme Court has indicated that in the electronic context, copies may be distributed electronically. See *N.Y. Times Co. v. Tasini*, 533 U.S. 483, 498, 121 S.Ct. 2381, 150 L.Ed.2d 500 (2001) (a computer database program distributed copies of newspaper articles stored in its computerized database by selling copies of those articles through its database service). Google's search engine communicates HTML instructions that tell a user's browser where to find full-size images on a website publisher's computer, but Google does not itself distribute copies of the infringing photographs. It is the website publisher's computer

that distributes copies of the images by transmitting the photographic image electronically to the user's computer. As in *Tasini*, the user can then obtain copies by downloading the photo or printing it.

Perfect 10 incorrectly relies on *Hotaling v. Church of Jesus Christ of Latter-Day Saints* and *Napster* for the proposition that merely making images “available” violates the copyright owner's distribution right. *Hotaling v. Church of Jesus Christ of Latter-Day Saints*, 118 F.3d 199 (4th Cir.1997); *Napster*, 239 F.3d 1004. *Hotaling* held that the owner of a collection of works who makes them available to the public may be deemed to have distributed copies of the works. *Hotaling*, 118 F.3d at 203. Similarly, the distribution rights of the plaintiff copyright owners were infringed by *Napster users* (private individuals with collections of music files stored on their home computers) when they used the *Napster* software to make their collections available to all other *Napster users*. *Napster*, 239 F.3d at 1011–14.

This “deemed distribution” rule does not apply to Google. Unlike the participants in the *Napster* system or the library in *Hotaling*, Google does not own a collection of Perfect 10's full-size images and does not communicate these images to the computers of people using Google's search engine. Though Google indexes these images, it does not have a collection of stored full-size images it makes available to the public. Google therefore cannot be deemed to distribute copies of these images under the reasoning of *Napster* or *1163 *Hotaling*. Accordingly, the district court correctly concluded that Perfect 10 does not have a likelihood of success in proving that Google violates Perfect 10's distribution rights with respect to full-size images.

C. Fair Use Defense

Because Perfect 10 has succeeded in showing it would prevail in its prima facie case that Google's thumbnail images infringe Perfect 10's display rights, the burden shifts to Google to show that it will likely succeed in establishing an affirmative defense. Google contends that its use of thumbnails is a fair use of the images and therefore does not constitute an infringement of Perfect 10's copyright. See 17 U.S.C. § 107.

[22] [23] The fair use defense permits the use of copyrighted works without the copyright owner's consent under certain situations. The defense encourages and allows the development of new ideas that build on earlier ones, thus providing a necessary counterbalance to the copyright law's goal of protecting creators' work product. “From the

infancy of copyright protection, some opportunity for fair use of copyrighted materials has been thought necessary to fulfill copyright's very purpose” *Campbell*, 510 U.S. at 575, 114 S.Ct. 1164. “The fair use doctrine thus ‘permits [and requires] courts to avoid rigid application of the copyright statute when, on occasion, it would stifle the very creativity which that law is designed to foster.’ ” *Id.* at 577, 114 S.Ct. 1164 (quoting *Stewart v. Abend*, 495 U.S. 207, 236, 110 S.Ct. 1750, 109 L.Ed.2d 184 (1990)) (alteration in original).

Congress codified the common law of fair use in 17 U.S.C. § 107, which provides:

Notwithstanding the provisions of sections 106 and 106A, the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include—

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market for or value of the copyrighted work.

The fact that a work is unpublished shall not itself bar a finding of fair use if such finding is made upon consideration of all the above factors.

17 U.S.C. § 107.

[24] [25] [26] We must be flexible in applying a fair use analysis; it “is not to be simplified with bright-line rules, for the statute, like the doctrine it recognizes, calls for case-by-case analysis.... Nor may the four statutory factors be treated in isolation, one from another. All are to be explored, and the results weighed together, in light of the purposes of copyright.” *Campbell*, 510 U.S. at 577–78, 114 S.Ct. 1164; see also *Kelly*, 336 F.3d at 817–18. The purpose of copyright law is “[t]o promote the Progress of Science and useful Arts,” U.S. Const. art. I, § 8, cl. 8, and to serve “ ‘the welfare of

the public.’ ” *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 429 n. 10, 104 S.Ct. 774, 78 L.Ed.2d 574 (quoting H.R.Rep. No. 2222, 60th Cong., 2d Sess. 7 (1909)).

*1164 In applying the fair use analysis in this case, we are guided by *Kelly v. Arriba Soft Corp.*, which considered substantially the same use of copyrighted photographic images as is at issue here. See 336 F.3d 811. In *Kelly*, a photographer brought a direct infringement claim against Arriba, the operator of an Internet search engine. The search engine provided thumbnail versions of the photographer's images in response to search queries. *Id.* at 815–16. We held that Arriba's use of thumbnail images was a fair use primarily based on the transformative nature of a search engine and its benefit to the public. *Id.* at 818–22. We also concluded that Arriba's use of the thumbnail images did not harm the photographer's market for his image. *Id.* at 821–22.

In this case, the district court determined that Google's use of thumbnails was not a fair use and distinguished *Kelly*. *Perfect 10*, 416 F.Supp.2d at 845–51. We consider these distinctions in the context of the four-factor fair use analysis.

[27] [28] *Purpose and character of the use.* The first factor, 17 U.S.C. § 107(1), requires a court to consider “the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes.” The central purpose of this inquiry is to determine whether and to what extent the new work is “transformative.” *Campbell*, 510 U.S. at 579, 114 S.Ct. 1164. A work is “transformative” when the new work does not “merely supersede the objects of the original creation” but rather “adds something new, with a further purpose or different character, altering the first with new expression, meaning, or message.” *Id.* (internal quotation and alteration omitted). Conversely, if the new work “supersede[s] the use of the original,” the use is likely not a fair use. *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 550–51, 105 S.Ct. 2218, 85 L.Ed.2d 588 (1985) (internal quotation omitted) (publishing the “heart” of an unpublished work and thus supplanting the copyright holder's first publication right was not a fair use); see also *Wall Data Inc. v. L.A. County Sheriff's Dep't*, 447 F.3d 769, 778–82 (9th Cir.2006) (using a copy to save the cost of buying additional copies of a computer program was not a fair use).⁸

⁸ We reject at the outset Perfect 10's argument that providing access to infringing websites cannot be deemed transformative and is inherently not fair use.

Perfect 10 relies on *Video Pipeline, Inc. v. Buena Vista Home Entm't, Inc.*, 342 F.3d 191 (3d Cir.2003), and *Atari Games Corp. v. Nintendo of Am. Inc.*, 975 F.2d 832, 843 (Fed.Cir.1992). But these cases, in essence, simply apply the general rule that a party claiming fair use must act in a manner generally compatible with principles of good faith and fair dealing. See *Harper & Row*, 471 U.S. at 562–63, 105 S.Ct. 2218. For this reason, a company whose business is based on providing scenes from copyrighted movies without authorization could not claim that it provided the same public benefit as the search engine in *Kelly*. See *Video Pipeline*, 342 F.3d at 198–200. Similarly, a company whose overriding desire to replicate a competitor's computer game led it to obtain a copy of the competitor's source code from the Copyright Office under false pretenses could not claim fair use with respect to its purloined copy. *Atari Games*, 975 F.2d at 843.

Unlike the alleged infringers in *Video Pipeline* and *Atari Games*, who intentionally misappropriated the copyright owners' works for the purpose of commercial exploitation, Google is operating a comprehensive search engine that only incidentally indexes infringing websites. This incidental impact does not amount to an abuse of the good faith and fair dealing underpinnings of the fair use doctrine. Accordingly, we conclude that Google's inclusion of thumbnail images derived from infringing websites in its Internet-wide search engine activities does not preclude Google from raising a fair use defense.

As noted in *Campbell*, a “transformative work” is one that alters the original work *1165 “with new expression, meaning, or message.” *Campbell*, 510 U.S. at 579, 114 S.Ct. 1164. “A use is considered transformative only where a defendant changes a plaintiff's copyrighted work or uses the plaintiff's copyrighted work in a different context such that the plaintiff's work is transformed into a new creation.” *Wall Data*, 447 F.3d at 778.

[29] Google's use of thumbnails is highly transformative. In *Kelly*, we concluded that Arriba's use of thumbnails was transformative because “Arriba's use of the images serve[d] a different function than Kelly's use—improving access to information on the [I]nternet versus artistic expression.” *Kelly*, 336 F.3d at 819. Although an image may have been created originally to serve an entertainment, aesthetic, or informative function, a search engine transforms the image into a pointer directing a user to a source of information. Just as a “parody has an obvious claim to transformative value” because “it can provide social benefit, by shedding light on an earlier work, and, in the process, creating a new one,” *Campbell*, 510 U.S. at 579, 114 S.Ct. 1164, a search

engine provides social benefit by incorporating an original work into a new work, namely, an electronic reference tool. Indeed, a search engine may be more transformative than a parody because a search engine provides an entirely new use for the original work, while a parody typically has the same entertainment purpose as the original work. *See, e.g., id.* at 594–96, 114 S.Ct. 1164 (holding that 2 Live Crew's parody of “Oh, Pretty Woman” using the words “hairy woman” or “bald headed woman” was a transformative work, and thus constituted a fair use); *Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792, 796–98, 800–06 (9th Cir.2003) (concluding that photos parodying Barbie by depicting “nude Barbie dolls juxtaposed with vintage kitchen appliances” was a fair use). In other words, a search engine puts images “in a different context” so that they are “transformed into a new creation.” *Wall Data*, 447 F.3d at 778.

The fact that Google incorporates the entire Perfect 10 image into the search engine results does not diminish the transformative nature of Google's use. As the district court correctly noted, *Perfect 10*, 416 F.Supp.2d at 848–49, we determined in *Kelly* that even making an exact copy of a work may be transformative so long as the copy serves a different function than the original work, *Kelly*, 336 F.3d at 818–19. For example, the First Circuit has held that the republication of photos taken for a modeling portfolio in a newspaper was transformative because the photos served to inform, as well as entertain. *See Nunez v. Caribbean Int'l News Corp.*, 235 F.3d 18, 22–23 (1st Cir.2000). In contrast, duplicating a church's religious book for use by a different church was not transformative. *See Worldwide Church of God v. Phila. Church of God, Inc.*, 227 F.3d 1110, 1117 (9th Cir.2000). Nor was a broadcaster's simple retransmission of a radio broadcast over telephone lines transformative, where the original radio shows were given no “new expression, meaning, or message.” *Infinity Broad. Corp. v. Kirkwood*, 150 F.3d 104, 108 (2d Cir.1998). Here, Google uses Perfect 10's images in a new context to serve a different purpose.

The district court nevertheless determined that Google's use of thumbnail images was less transformative than Arriba's use of thumbnails in *Kelly* because Google's use of thumbnails superseded Perfect 10's right to sell its reduced-size images for use on cell phones. *See Perfect 10*, 416 F.Supp.2d at 849. The district court stated that “mobile users can download and save the thumbnails displayed by Google Image Search onto their phones,” and concluded “to the extent that users may choose to download free images to their *1166 phone rather

than purchase [Perfect 10's] reduced-size images, Google's use supersedes [Perfect 10's].” *Id.*

Additionally, the district court determined that the commercial nature of Google's use weighed against its transformative nature. *Id.* Although *Kelly* held that the commercial use of the photographer's images by Arriba's search engine was less exploitative than typical commercial use, and thus weighed only slightly against a finding of fair use, *Kelly*, 336 F.3d at 818–20, the district court here distinguished *Kelly* on the ground that some website owners in the AdSense program had infringing Perfect 10 images on their websites, *Perfect 10*, 416 F.Supp.2d at 846–47. The district court held that because Google's thumbnails “lead users to sites that directly benefit Google's bottom line,” the AdSense program increased the commercial nature of Google's use of Perfect 10's images. *Id.* at 847.

In conducting our case-specific analysis of fair use in light of the purposes of copyright, *Campbell*, 510 U.S. at 581, 114 S.Ct. 1164, we must weigh Google's superseding and commercial uses of thumbnail images against Google's significant transformative use, as well as the extent to which Google's search engine promotes the purposes of copyright and serves the interests of the public. Although the district court acknowledged the “truism that search engines such as Google Image Search provide great value to the public,” *Perfect 10*, 416 F.Supp.2d at 848–49, the district court did not expressly consider whether this value outweighed the significance of Google's superseding use or the commercial nature of Google's use. *Id.* at 849. The Supreme Court, however, has directed us to be mindful of the extent to which a use promotes the purposes of copyright and serves the interests of the public. *See Campbell*, 510 U.S. at 579, 114 S.Ct. 1164; *Harper & Row*, 471 U.S. at 556–57, 105 S.Ct. 2218; *Sony*, 464 U.S. at 431–32, 104 S.Ct. 774.

We note that the superseding use in this case is not significant at present: the district court did not find that any downloads for mobile phone use had taken place. *See Perfect 10*, 416 F.Supp.2d at 849. Moreover, while Google's use of thumbnails to direct users to AdSense partners containing infringing content adds a commercial dimension that did not exist in *Kelly*, the district court did not determine that this commercial element was significant. *See id.* at 848–49. The district court stated that Google's AdSense programs as a whole contributed “\$630 million, or 46% of total revenues” to Google's bottom line, but noted that this figure did not “break down the much smaller amount attributable to websites that

contain infringing content.” *Id.* at 847 & n. 12 (internal quotation omitted).

We conclude that the significantly transformative nature of Google's search engine, particularly in light of its public benefit, outweighs Google's superseding and commercial uses of the thumbnails in this case. In reaching this conclusion, we note the importance of analyzing fair use flexibly in light of new circumstances. *Sony*, 464 U.S. at 431–32, 104 S.Ct. 774; *id.* at 448 n. 31, 104 S.Ct. 774 (“[Section 107] endorses the purpose and general scope of the judicial doctrine of fair use, but there is no disposition to freeze the doctrine in the statute, especially during a period of rapid technological change.” (quoting H.R.Rep. No. 94–1476, p. 65–66 (1976), U.S.Code Cong. & Admin. News 1976, p. 5680)). We are also mindful of the Supreme Court's direction that “the more transformative the new work, the less will be the significance of other factors, like commercialism, that may weigh against a finding of fair use.” *Campbell*, 510 U.S. at 579, 114 S.Ct. 1164.

*1167 Accordingly, we disagree with the district court's conclusion that because Google's use of the thumbnails could supersede Perfect 10's cell phone download use and because the use was more commercial than Arriba's, this fair use factor weighed “slightly” in favor of Perfect 10. *Perfect 10*, 416 F.Supp.2d at 849. Instead, we conclude that the transformative nature of Google's use is more significant than any incidental superseding use or the minor commercial aspects of Google's search engine and website. Therefore, this factor weighs heavily in favor of Google.

The nature of the copyrighted work. With respect to the second factor, “the nature of the copyrighted work,” 17 U.S.C. § 107(2), our decision in *Kelly* is directly on point. There we held that the photographer's images were “creative in nature” and thus “closer to the core of intended copyright protection than are more fact-based works.” *Kelly*, 336 F.3d at 820 (internal quotation omitted). However, because the photos appeared on the Internet before Arriba used thumbnail versions in its search engine results, this factor weighed only slightly in favor of the photographer. *Id.*

[30] [31] Here, the district court found that Perfect 10's images were creative but also previously published. *Perfect 10*, 416 F.Supp.2d at 850. The right of first publication is “the author's right to control the first public appearance of his expression.” *Harper & Row*, 471 U.S. at 564, 105 S.Ct. 2218. Because this right encompasses “the choices of

when, where, and in what form first to publish a work,” *id.*, an author exercises and exhausts this one-time right by publishing the work in any medium. *See, e.g., Batjac Prods. Inc. v. GoodTimes Home Video Corp.*, 160 F.3d 1223, 1235 (9th Cir.1998) (noting, in the context of the common law right of first publication, that such a right “does not entail multiple first publication rights in every available medium”). Once Perfect 10 has exploited this commercially valuable right of first publication by putting its images on the Internet for paid subscribers, Perfect 10 is no longer entitled to the enhanced protection available for an unpublished work. Accordingly the district court did not err in holding that this factor weighed only slightly in favor of Perfect 10.⁹ *See Perfect 10*, 416 F.Supp.2d at 849–50.

9 Google contends that Perfect 10's photographic images are less creative and less deserving of protection than the images of the American West in *Kelly* because Perfect 10 boasts of its un-retouched photos showing the natural beauty of its models. Having reviewed the record, we conclude that the district court's finding that Perfect 10's photographs “consistently reflect professional, skillful, and sometimes tasteful artistry” is not clearly erroneous. *Perfect 10*, 416 F.Supp.2d at 849 n. 15. We agree with the district court that there is no basis for concluding that photos of the American West are more deserving of protection than photos of nude models. *See id.*

[32] *The amount and substantiality of the portion used.* “The third factor asks whether the amount and substantiality of the portion used in relation to the copyrighted work as a whole ... are reasonable in relation to the purpose of the copying.” *Campbell*, 510 U.S. at 586, 114 S.Ct. 1164 (internal quotation omitted); *see also* 17 U.S.C. § 107(3). In *Kelly*, we held Arriba's use of the entire photographic image was reasonable in light of the purpose of a search engine. *Kelly*, 336 F.3d at 821. Specifically, we noted, “[i]t was necessary for Arriba to copy the entire image to allow users to recognize the image and decide whether to pursue more information about the image or the originating [website]. If Arriba only copied part of the image, it would be more difficult to identify it, thereby reducing the usefulness of the visual search engine.” *Id.* Accordingly, we concluded that this factor did not weigh in favor of either *1168 party. *Id.* Because the same analysis applies to Google's use of Perfect 10's image, the district court did not err in finding that this factor favored neither party.

[33] *Effect of use on the market.* The fourth factor is “the effect of the use upon the potential market for or value of the copyrighted work.” 17 U.S.C. § 107(4). In *Kelly*, we

concluded that Arriba's use of the thumbnail images did not harm the market for the photographer's full-size images. *See Kelly*, 336 F.3d at 821–22. We reasoned that because thumbnails were not a substitute for the full-sized images, they did not harm the photographer's ability to sell or license his full-sized images. *Id.* The district court here followed *Kelly's* reasoning, holding that Google's use of thumbnails did not hurt Perfect 10's market for full-size images. *See Perfect 10*, 416 F.Supp.2d at 850–51. We agree.

[34] Perfect 10 argues that the district court erred because the likelihood of market harm may be presumed if the intended use of an image is for commercial gain. However, this presumption does not arise when a work is transformative because “market substitution is at least less certain, and market harm may not be so readily inferred.” *Campbell*, 510 U.S. at 591, 114 S.Ct. 1164. As previously discussed, Google's use of thumbnails for search engine purposes is highly transformative, and so market harm cannot be presumed.

Perfect 10 also has a market for reduced-size images, an issue not considered in *Kelly*. The district court held that “Google's use of thumbnails likely does harm the potential market for the downloading of [Perfect 10's] reduced-size images onto cell phones.” *Perfect 10*, 416 F.Supp.2d at 851 (emphasis omitted). The district court reasoned that persons who can obtain Perfect 10 images free of charge from Google are less likely to pay for a download, and the availability of Google's thumbnail images would harm Perfect 10's market for cell phone downloads. *Id.* As we discussed above, the district court did not make a finding that Google users have downloaded thumbnail images for cell phone use. This potential harm to Perfect 10's market remains hypothetical. We conclude that this factor favors neither party.

[35] Having undertaken a case-specific analysis of all four factors, we now weigh these factors together “in light of the purposes of copyright.” *Campbell*, 510 U.S. at 578, 114 S.Ct. 1164; *see also Kelly*, 336 F.3d at 818 (“We must balance[the section 107] factors in light of the objectives of copyright law, rather than view them as definitive or determinative tests.”). In 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, 105 S.Ct. 2218 (internal quotation omitted). We conclude that Google is likely to succeed in proving its fair use defense and, accordingly, we vacate the preliminary injunction regarding Google's use of thumbnail images.

IV

Secondary Liability for Copyright Infringement

[36] We now turn to the district court's ruling that Google is unlikely to be secondarily *1169 liable for its in-line linking to infringing full-size images under the doctrines of contributory and vicarious infringement.¹⁰ The district court ruled that Perfect 10 did not have a likelihood of proving success on the merits of either its contributory infringement or vicarious infringement claims with respect to the full-size images. *See Perfect 10*, 416 F.Supp.2d at 856, 858. In reviewing the district court's conclusions, we are guided by the Supreme Court's recent interpretation of secondary liability, namely: “[o]ne infringes contributorily by intentionally inducing or encouraging direct infringement, and infringes vicariously by profiting from direct infringement while declining to exercise a right to stop or limit it.” *Grokster*, 545 U.S. at 930, 125 S.Ct. 2764 (internal citations omitted).

¹⁰ Because the district court concluded that Perfect 10 was likely to prevail on its direct infringement claim with respect to Google's use of thumbnails, but not with respect to its in-line linking to full-size images, the district court considered Google's potential secondary liability only on the second issue.

Direct Infringement by Third Parties. As a threshold matter, before we examine Perfect 10's claims that Google is secondarily liable, Perfect 10 must establish that there has been direct infringement by third parties. *See Napster*, 239 F.3d at 1013 n. 2 (“Secondary liability for copyright infringement does not exist in the absence of direct infringement by a third party.”).

Perfect 10 alleges that third parties directly infringed its images in three ways. First, Perfect 10 claims that third-

party websites directly infringed its copyright by reproducing, displaying, and distributing unauthorized copies of Perfect 10's images. Google does not dispute this claim on appeal.

Second, Perfect 10 claims that individual users of Google's search engine directly infringed Perfect 10's copyrights by storing full-size infringing images on their computers. We agree with the district court's conclusion that Perfect 10 failed to provide sufficient evidence to support this claim. See *Perfect 10*, 416 F.Supp.2d at 852. There is no evidence in the record directly establishing that users of Google's search engine have stored infringing images on their computers, and the district court did not err in declining to infer the existence of such evidence.

[37] Finally, Perfect 10 contends that users who link to infringing websites automatically make “cache” copies of full-size images and thereby directly infringe Perfect 10's reproduction right. The district court rejected this argument, holding that any such reproduction was likely a “fair use.” *Id.* at 852 n. 17. The district court reasoned that “[l]ocal caching by the browsers of individual users is noncommercial, transformative, and no more than necessary to achieve the objectives of decreasing network latency and minimizing unnecessary bandwidth usage (essential to the [I]nternet). It has a minimal impact on the potential market for the original work....” *Id.* We agree; even assuming such automatic copying could constitute direct infringement, it is a fair use in this context. The copying function performed automatically by a user's computer to assist in accessing the Internet is a transformative use. Moreover, as noted by the district court, a cache copies no more than is necessary to assist the user in Internet use. It is designed to enhance an individual's computer use, not to supersede the copyright holders' exploitation of their works. Such automatic background copying has no more than a minimal effect on Perfect 10's rights, but a considerable public benefit. Because the four fair use factors weigh in favor of concluding that *1170 cache copying constitutes a fair use, Google has established a likelihood of success on this issue. Accordingly, Perfect 10 has not carried its burden of showing that users' cache copies of Perfect 10's full-size images constitute direct infringement.

Therefore, we must assess Perfect 10's arguments that Google is secondarily liable in light of the direct infringement that is undisputed by the parties: third-party websites' reproducing, displaying, and distributing unauthorized copies of Perfect 10's images on the Internet. *Id.* at 852.

A. Contributory Infringement

[38] In order for Perfect 10 to show it will likely succeed in its contributory liability claim against Google, it must establish that Google's activities meet the definition of contributory liability recently enunciated in *Grokster*: Within the general rule that “[o]ne infringes contributorily by intentionally inducing or encouraging direct infringement,” *Grokster*, 545 U.S. at 930, 125 S.Ct. 2764, the Court has defined two categories of contributory liability: “Liability under our jurisprudence may be predicated on actively encouraging (or inducing) infringement through specific acts (as the Court's opinion develops) or on distributing a product distributees use to infringe copyrights, if the product is not capable of ‘substantial’ or ‘commercially significant’ noninfringing uses.” *Id.* at 942, 125 S.Ct. 2764 (Ginsburg, J., concurring) (quoting *Sony*, 464 U.S. at 442, 104 S.Ct. 774); see also *id.* at 936–37, 125 S.Ct. 2764.

Looking at the second category of liability identified by the Supreme Court (distributing products), Google relies on *Sony*, 464 U.S. at 442, 104 S.Ct. 774, to argue that it cannot be held liable for contributory infringement because liability does not arise from the mere sale of a product (even with knowledge that consumers would use the product to infringe) if the product is capable of substantial non-infringing use. Google argues that its search engine service is such a product. Assuming the principle enunciated in *Sony* is applicable to the operation of Google's search engine, then Google cannot be held liable for contributory infringement *solely* because the design of its search engine facilitates such infringement. *Grokster*, 545 U.S. at 931–32, 125 S.Ct. 2764 (discussing *Sony*, 464 U.S. 417, 104 S.Ct. 774, 78 L.Ed.2d 574). Nor can Google be held liable solely because it did not develop technology that would enable its search engine to automatically avoid infringing images. See *id.* at 939 n. 12, 125 S.Ct. 2764. However, Perfect 10 has not based its claim of infringement on the design of Google's search engine and the *Sony* rule does not immunize Google from other sources of contributory liability. See *id.* at 933–34, 125 S.Ct. 2764.

[39] [40] [41] We must next consider whether Google could be held liable under the first category of contributory liability identified by the Supreme Court, that is, the liability that may be imposed for intentionally encouraging infringement through specific acts.¹¹ *Grokster* tells us that contribution to infringement must be intentional for liability to arise. *Grokster*, 545 U.S. at 930, 125 S.Ct. 2764. However,

Grokster also directs us to analyze contributory liability in light of “rules of fault-based liability derived from the common law,” *id.* at 934–35, 125 S.Ct. 2764, and *1171 common law principles establish that intent may be imputed. “Tort law ordinarily imputes to an actor the intention to cause the natural and probable consequences of his conduct.” *DeVoto v. Pac. Fid. Life Ins. Co.*, 618 F.2d 1340, 1347 (9th Cir.1980); *Restatement (Second) of Torts* § 8A cmt. b (1965) (“If the actor knows that the consequences are certain, or substantially certain, to result from his act, and still goes ahead, he is treated by the law as if he had in fact desired to produce the result.”). When the Supreme Court imported patent law’s “staple article of commerce doctrine” into the copyright context, it also adopted these principles of imputed intent. *Grokster*, 545 U.S. at 932, 125 S.Ct. 2764 (“The [staple article of commerce] doctrine was devised to identify instances in which it may be presumed from distribution of an article in commerce that the distributor intended the article to be used to infringe another’s patent, and so may justly be held liable for that infringement.”). Therefore, under *Grokster*, an actor may be contributorily liable for intentionally encouraging direct infringement if the actor knowingly takes steps that are substantially certain to result in such direct infringement.

11 Google’s activities do not meet the “inducement” test explained in *Grokster* because Google has not promoted the use of its search engine specifically to infringe copyrights. See *Grokster*, 545 U.S. at 935–37, 125 S.Ct. 2764. However, the Supreme Court in *Grokster* did not suggest that a court must find inducement in order to impose contributory liability under common law principles.

Our tests for contributory liability are consistent with the rule set forth in *Grokster*: We have adopted the general rule set forth in *Gershwin Publishing Corp. v. Columbia Artists Management, Inc.*, namely: “one who, with knowledge of the infringing activity, induces, causes or materially contributes to the infringing conduct of another, may be held liable as a ‘contributory’ infringer,” 443 F.2d 1159, 1162 (2d Cir.1971). See *Ellison*, 357 F.3d at 1076; *Napster*, 239 F.3d at 1019; *Fonovisa, Inc. v. Cherry Auction, Inc.*, 76 F.3d 259, 264 (9th Cir.1996).

We have further refined this test in the context of cyberspace¹² to determine when contributory liability can be imposed on a provider of Internet access or services. See *Napster*, 239 F.3d at 1019–20. In *Napster*, we considered claims that the operator of an electronic file sharing system was contributorily liable

for assisting individual users to swap copyrighted music files stored on their home computers with other users of the system. *Napster*, 239 F.3d at 1011–13, 1019–22. We stated that “if a computer system operator learns of specific infringing material available on his system and fails to purge such material from the system, the operator knows of and contributes to direct infringement.” *Id.* at 1021. Because *Napster* knew of the availability of infringing music files, assisted users in accessing such files, and failed to block access to such files, we concluded that *Napster* materially contributed to infringement. *Id.* at 1022.

12 “Cyberspace is a popular term for the world of electronic communications over computer networks.” *Religious Tech. Ctr. v. Netcom On-Line Comm’n Servs., Inc.*, 907 F.Supp. 1361, 1365 n. 1 (N.D.Cal.1995).

The *Napster* test for contributory liability was modeled on the influential district court decision in *Religious Technology Center v. Netcom On-Line Communication Services, Inc. (Netcom)*, 907 F.Supp. 1361, 1365–66 (N.D.Cal.1995). See *Napster*, 239 F.3d at 1021. In *Netcom*, a disgruntled former Scientology minister posted allegedly infringing copies of Scientology works on an electronic bulletin board service. *Netcom*, 907 F.Supp. at 1365–66. The messages were stored on the bulletin board operator’s computer, then automatically copied onto *Netcom*’s computer, and from there copied onto other computers comprising “a worldwide community” of electronic bulletin board systems. *Id.* at 1366–67 & n. 4 (internal quotation omitted). *Netcom* held that if plaintiffs *1172 could prove that *Netcom* knew or should have known that the minister infringed plaintiffs’ copyrights, “*Netcom*[would] be liable for contributory infringement since its failure to simply cancel [the former minister’s] infringing message and thereby stop an infringing copy from being distributed worldwide constitute[d] substantial participation in [the former minister’s] public distribution of the message.” *Id.* at 1374.

[42] Although neither *Napster* nor *Netcom* expressly required a finding of intent, those cases are consistent with *Grokster* because both decisions ruled that a service provider’s knowing failure to prevent infringing actions could be the basis for imposing contributory liability. Under such circumstances, intent may be imputed. In addition, *Napster* and *Netcom* are consistent with the longstanding requirement that an actor’s contribution to infringement must be material to warrant the imposition of contributory liability. *Gershwin*, 443 F.2d at 1162. Both *Napster* and *Netcom* acknowledge that services or products that facilitate access to websites

throughout the world can significantly magnify the effects of otherwise immaterial infringing activities. See *Napster*, 239 F.3d at 1022; *Netcom*, 907 F.Supp. at 1375. The Supreme Court has acknowledged that “[t]he argument for imposing indirect liability” is particularly “powerful” when individuals using the defendant’s software could make a huge number of infringing downloads every day. *Grokster*, 545 U.S. at 929, 125 S.Ct. 2764. Moreover, copyright holders cannot protect their rights in a meaningful way unless they can hold providers of such services or products accountable for their actions pursuant to a test such as that enunciated in *Napster*. See *id.* at 929–30, 125 S.Ct. 2764 (“When a widely shared service or product is used to commit infringement, it may be impossible to enforce rights in the protected work effectively against all direct infringers, the only practical alternative being to go against the distributor of the copying device for secondary liability on a theory of contributory or vicarious infringement.”). Accordingly, we hold that a computer system operator can be held contributorily liable if it “has actual knowledge that specific infringing material is available using its system,” *Napster*, 239 F.3d at 1022, and can “take simple measures to prevent further damage” to copyrighted works, *Netcom*, 907 F.Supp. at 1375, yet continues to provide access to infringing works.

[43] Here, the district court held that even assuming Google had actual knowledge of infringing material available on its system, Google did not materially contribute to infringing conduct because it did not undertake any substantial promotional or advertising efforts to encourage visits to infringing websites, nor provide a significant revenue stream to the infringing websites. *Perfect 10*, 416 F.Supp.2d at 854–56. This analysis is erroneous. There is no dispute that Google substantially assists websites to distribute their infringing copies to a worldwide market and assists a worldwide audience of users to access infringing materials. We cannot discount the effect of such a service on copyright owners, even though Google’s assistance is available to all websites, not just infringing ones. Applying our test, Google could be held contributorily liable if it had knowledge that infringing Perfect 10 images were available using its search engine, could take simple measures to prevent further damage to Perfect 10’s copyrighted works, and failed to take such steps.

The district court did not resolve the factual disputes over the adequacy of Perfect 10’s notices to Google and Google’s responses to these notices. Moreover, there are factual disputes over whether there are reasonable and feasible means for Google to refrain from providing access *1173 to

infringing images. Therefore, we must remand this claim to the district court for further consideration whether Perfect 10 would likely succeed in establishing that Google was contributorily liable for in-line linking to full-size infringing images under the test enunciated today.¹³

13 Perfect 10 claims that Google materially contributed to infringement by linking to websites containing unauthorized passwords, which enabled Google users to access Perfect 10’s website and make infringing copies of images. However, Perfect 10 points to no evidence that users logging onto the Perfect 10 site with unauthorized passwords infringed Perfect 10’s exclusive rights under section 106. In the absence of evidence that Google’s actions led to any direct infringement, this argument does not assist Perfect 10 in establishing that it would prevail on the merits of its contributory liability claim. See *Napster*, 239 F.3d at 1013 n. 2 (“Secondary liability for copyright infringement does not exist in the absence of direct infringement by a third party.”).

B. Vicarious Infringement

[44] [45] Perfect 10 also challenges the district court’s conclusion that it is not likely to prevail on a theory of vicarious liability against Google. *Perfect 10*, 416 F.Supp.2d at 856–58. *Grokster* states that one “infringes vicariously by profiting from direct infringement while declining to exercise a right to stop or limit it.” *Grokster*, 545 U.S. at 930, 125 S.Ct. 2764. As this formulation indicates, to succeed in imposing vicarious liability, a plaintiff must establish that the defendant exercises the requisite control over the direct infringer and that the defendant derives a direct financial benefit from the direct infringement. See *id.* *Grokster* further explains the “control” element of the vicarious liability test as the defendant’s “right and ability to supervise the direct infringer.” *Id.* at 930 n. 9, 125 S.Ct. 2764. Thus, under *Grokster*, a defendant exercises control over a direct infringer when he has both a legal right to stop or limit the directly infringing conduct, as well as the practical ability to do so.

[46] We evaluate Perfect 10’s arguments that Google is vicariously liable in light of the direct infringement that is undisputed by the parties, namely, the third-party websites’ reproduction, display, and distribution of unauthorized copies of Perfect 10’s images on the Internet. *Perfect 10*, 416 F.Supp.2d at 852; see *supra* Section IV.A. In order to prevail at this preliminary injunction stage, Perfect 10 must demonstrate a likelihood of success in establishing that Google has the right and ability to stop or limit the infringing activities of third party websites. In addition, Perfect 10 must establish a

likelihood of proving that Google derives a direct financial benefit from such activities. Perfect 10 has not met this burden.

With respect to the “control” element set forth in *Grokster*, Perfect 10 has not demonstrated a likelihood of showing that Google has the legal right to stop or limit the direct infringement of third-party websites. See *Grokster*, 545 U.S. at 930, 125 S.Ct. 2764. Unlike *Fonovisa*, where by virtue of a “broad contract” with its vendors the defendant swap meet operators had the right to stop the vendors from selling counterfeit recordings on its premises, *Fonovisa*, 76 F.3d at 263, Perfect 10 has not shown that Google has contracts with third-party websites that empower Google to stop or limit them from reproducing, displaying, and distributing infringing copies of Perfect 10's images on the Internet. Perfect 10 does point to Google's AdSense agreement, which states that Google reserves “the right to monitor and terminate partnerships with entities that violate others' copyright[s].” *Perfect 10*, 416 F.Supp.2d at 858. However, Google's right to terminate an AdSense partnership does not give Google the right to *1174 stop direct infringement by third-party websites. An infringing third-party website can continue to reproduce, display, and distribute its infringing copies of Perfect 10 images after its participation in the AdSense program has ended.

Nor is Google similarly situated to Napster. Napster users infringed the plaintiffs' reproduction and distribution rights through their use of Napster's proprietary music-file sharing system. *Napster*, 239 F.3d at 1011–14. There, the infringing conduct was the use of Napster's “service to download and upload copyrighted music.” *Id.* at 1014 (internal quotation omitted). Because Napster had a closed system requiring user registration, and could terminate its users' accounts and block their access to the Napster system, Napster had the right and ability to prevent its users from engaging in the infringing activity of uploading file names and downloading Napster users' music files through the Napster system.¹⁴ *Id.* at 1023–24. By contrast, Google cannot stop any of the third-party websites from reproducing, displaying, and distributing unauthorized copies of Perfect 10's images because that infringing conduct takes place on the third-party websites. Google cannot terminate those third-party websites or block their ability to “host and serve infringing full-size images” on the Internet. *Perfect 10*, 416 F.Supp.2d at 831.

¹⁴ Napster's system included “Napster's MusicShare software, available free of charge from Napster's Internet

site, and Napster's network servers and server-side software.” *Napster*, 239 F.3d at 1011. By downloading Napster's MusicShare software to the user's personal computer, and registering with the Napster system, a user could both upload and download music files. *Id.* at 1011–13. If the Napster user uploaded a list of music files stored on the user's personal computer to the Napster system, such music files would be automatically available to other Napster users whenever the user was logged on to the Napster system. *Id.* at 1012. In addition, the Napster user could download music files directly from other users' personal computers. *Id.* We explained the infringing conduct as “Napster users who upload file names to the [Napster] search index for others to copy violate plaintiffs' distribution rights. Napster users who download files [through the Napster system] containing copyrighted music violate plaintiffs' reproduction rights.” *Id.* at 1014.

Moreover, the district court found that Google lacks the practical ability to police the third-party websites' infringing conduct. *Id.* at 857–58. Specifically, the court found that Google's supervisory power is limited because “Google's software lacks the ability to analyze every image on the [I]nternet, compare each image to all the other copyrighted images that exist in the world ... and determine whether a certain image on the web infringes someone's copyright.” *Id.* at 858. The district court also concluded that Perfect 10's suggestions regarding measures Google could implement to prevent its web crawler from indexing infringing websites and to block access to infringing images were not workable. *Id.* at 858 n. 25. Rather, the suggestions suffered from both “imprecision and overbreadth.” *Id.* We hold that these findings are not clearly erroneous. Without image-recognition technology, Google lacks the practical ability to police the infringing activities of third-party websites. This distinguishes Google from the defendants held liable in *Napster* and *Fonovisa*. See *Napster*, 239 F.3d at 1023–24 (Napster had the ability to identify and police infringing conduct by searching its index for song titles); *Fonovisa*, 76 F.3d at 262 (swap meet operator had the ability to identify and police infringing activity by patrolling its premises).

[47] Perfect 10 argues that Google could manage its own operations to avoid *1175 indexing websites with infringing content and linking to third-party infringing sites. This is a claim of contributory liability, not vicarious liability. Although “the lines between direct infringement, contributory infringement, and vicarious liability are not clearly drawn,” *Sony*, 464 U.S. at 435 n. 17, 104 S.Ct. 774 (internal quotation omitted), in general, contributory liability is based on the

defendant's failure to stop its own actions which facilitate third-party infringement, while vicarious liability is based on the defendant's failure to cause a third party to stop its directly infringing activities. *See, e.g., Ellison*, 357 F.3d at 1077–78; *Fonovisa*, 76 F.3d at 261–64. Google's failure to change its operations to avoid assisting websites to distribute their infringing content may constitute contributory liability, *see supra* Section IV.A. However, this failure is not the same as declining to exercise a right and ability to make third-party websites stop their direct infringement. We reject Perfect 10's efforts to blur this distinction.

Because we conclude that Perfect 10 has not shown a likelihood of establishing Google's right and ability to stop or limit the directly infringing conduct of third-party websites, we agree with the district court's conclusion that Perfect 10 “has not established a likelihood of proving the [control] prong necessary for vicarious liability.” *Perfect 10*, 416 F.Supp.2d at 858.¹⁵

¹⁵ Having so concluded, we need not reach Perfect 10's argument that Google received a direct financial benefit.

C. Digital Millennium Copyright Act

Google claims that it qualifies for the limitations on liability set forth in title II of the DMCA, 17 U.S.C. § 512. In particular, section 512(d) limits the liability of a service provider “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 meets certain criteria. We have held that the limitations on liability contained in 17 U.S.C. § 512 protect secondary infringers as well as direct infringers. *Napster*, 239 F.3d at 1025.

The parties dispute whether Google meets the specified criteria. Perfect 10 claims that it sent qualifying notices to Google and Google did not act expeditiously to remove the infringing material. Google claims that Perfect 10's notices did not comply with the notice provisions of section 512 and were not adequate to inform Google of the location of the infringing images on the Internet or identify the underlying copyrighted work. Google also claims that it responded to all notices it received by investigating the webpages identified by Perfect 10 and suppressing links to any webpages that Google confirmed were infringing.

Because the district court determined that Perfect 10 was unlikely to succeed on its contributory and vicarious liability claims, it did not reach Google's arguments under section 512. In revisiting the question of Perfect 10's likelihood of success on its contributory infringement claims, the district court should also consider whether Google would likely succeed in showing that it was entitled to the limitations on injunctive relief provided by title II of the DMCA.

V

Amazon.com

[48] Perfect 10 claims that Amazon.com displays and distributes Perfect 10's copyrighted images and is also secondarily *1176 liable for the infringements of third-party websites and Amazon.com users. The district court concluded that Perfect 10 was unlikely to succeed in proving that Amazon.com was a direct infringer, because it merely in-line linked to the thumbnails on Google's servers and to the full-size images on third-party websites.¹⁶ *Perfect 10 v. Amazon*, No. 05–4753, consolidated with 04–9484 (C.D.Cal. February 21, 2006) (order denying preliminary injunction). In addition, the district court concluded that Perfect 10's secondary infringement claims against Amazon.com were likely to fail because Amazon.com had no program analogous to AdSense, and thus did not provide any revenues to infringing sites. *Id.* Finally, the district court determined that Amazon.com's right and ability to control the infringing conduct of third-party websites was substantially less than Google's. *Id.* Therefore, the district court denied Perfect 10's motion for a preliminary injunction against Amazon.com. *Id.*

¹⁶ Amazon.com states that it ended its relationship with Google on April 30, 2006. Perfect 10's action for preliminary injunction against Amazon.com is not moot, however, because Amazon.com has not established “that the allegedly wrongful behavior cannot reasonably be expected to recur.” *F.T.C. v. Affordable Media, LLC*, 179 F.3d 1228, 1238 (9th Cir.1999) (internal quotation omitted).

[49] We agree that Perfect 10 has not shown a likelihood that it would prevail on the merits of its claim that Amazon.com directly infringed its images. Amazon.com communicates to its users only the HTML instructions that direct the users' browsers to Google's computers (for thumbnail images) or to a third party's computer (for full-size infringing images).

Therefore, Amazon.com does not display or distribute a copy of the thumbnails or full-size images to its users.

We also agree with the district court's conclusion that Amazon.com does not have "the right and ability to supervise the infringing activity" of Google or third parties. The district court did not clearly err in concluding that Amazon.com lacked a direct financial interest in such activities. Therefore, Perfect 10's claim that Amazon.com is vicariously liable for third-party infringement is unlikely to succeed.

However, the district court did not consider whether Amazon.com had "*actual* knowledge that *specific* infringing material is available using its system," *Napster*, 239 F.3d at 1022 (emphasis in original), and could have "take[n] simple measures to prevent further damage" to copyrighted works, *Netcom*, 907 F.Supp. at 1375, yet continued to provide access to infringing works. Perfect 10 has presented evidence that it notified Amazon.com that it was facilitating its users' access to infringing material. It is disputed whether the notices gave Amazon.com actual knowledge of specific infringing activities available using its system, and whether Amazon.com could have taken reasonable and feasible steps to refrain from providing access to such images, but failed to do so. Nor did the district court consider whether Amazon.com is entitled to limit its liability under title II of the DMCA. On remand, the district court should consider Amazon.com's potential contributory liability, as well as possible limitations on the scope of injunctive relief, in light of our rulings today.

VI

We conclude that Google's fair use defense is likely to succeed at trial, and therefore we reverse the district court's determination that Google's thumbnail versions of Perfect 10's images likely constituted a direct infringement. The district court also erred in its secondary liability *1177 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.

Because the district court will need to reconsider the appropriate scope of injunctive relief after addressing these secondary liability issues, we do not address the parties' arguments regarding the scope of the injunction issued by the district court. For the same reason, we do not address the parties' dispute over whether the district court abused its discretion in determining that Perfect 10 satisfied the irreparable harm element of a preliminary injunction.

Therefore, we reverse the district court's ruling and vacate the preliminary injunction regarding Google's use of thumbnail versions of Perfect 10's images.¹⁷ We reverse the district court's rejection of the claims that Google and Amazon.com are secondarily liable for infringement of Perfect 10's full-size images. We otherwise affirm the rulings of the district court. We remand this matter for further proceedings consistent with this opinion. Each party shall bear its own costs on appeal. See *FED. R. APP. P. 39(a)(4)*.

¹⁷ Because we vacate the injunction, Google's motion for stay of the injunction is moot.

AFFIRMED IN PART; REVERSED IN PART; REMANDED.

All Citations

508 F.3d 1146, 99 U.S.P.Q.2d 1746, 07 Cal. Daily Op. Serv. 13,700, 2007 Daily Journal D.A.R. 17,858

302 F.Supp.3d 585

United States District Court, S.D. New York.

Justin GOLDMAN, Plaintiff,

v.

[BREITBART NEWS NETWORK, LLC](#),

Heavy, Inc., Time, Inc., Yahoo, Inc.,

Vox Media, Inc., Gannett Company,

Inc., Herald Media, Inc., Boston Globe

Media Partners, Inc., and [New England](#)[Sports Network, Inc.](#), Defendants.

17-cv-3144 (KBF)

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Signed 02/15/2018

Synopsis

Background: Photographer brought action alleging that media organizations infringed his copyright to photograph by embedding messages containing photograph on their websites. Parties filed cross-motions for partial summary judgment.

[Holding:] The District Court, [Katherine B. Forrest, J.](#), held that organizations' actions in embedding messages constituted "display" of work under Copyright Act.

Photographer's motion granted.

West Headnotes (1)

[1] Copyrights and Intellectual Property  **Performance and Display Rights**

Media organizations' actions in embedding messages from social media platform containing copyrighted photograph on their websites constituted "display" of work under Copyright Act, even though image was not stored on websites, where organizations took active steps to put process in place that resulted in transmission of photo so that it could be visibly

shown on their websites without any additional input from users. [17 U.S.C.A. §§ 101, 106\(5\)](#).

[10 Cases that cite this headnote](#)

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OPINION & ORDER

[KATHERINE B. FORREST](#), United States District Judge

When the Copyright Act was amended in 1976, the words "tweet," "viral," and *586 "embed" invoked thoughts of a bird, a disease, and a reporter. Decades later, these same terms have taken on new meanings as the centerpieces of an interconnected world wide web in which images are shared with dizzying speed over the course of any given news day. That technology and terminology change means that, from time to time, questions of copyright law will not be altogether clear. In answering questions with previously un contemplated technologies, however, the Court must not be distracted by new terms or new forms of content, but turn instead to familiar guiding principles of copyright. In this copyright infringement case, concerning a candid photograph of a famous sports figure, the Court must construe how images shown on one website but stored on another website's server implicate an owner's exclusive display right.

Today, many websites embed Twitter posts into their own content; for those familiar with digital news or other content, this is common knowledge. Here, plaintiff Justin Goldman's copyrighted photo of Tom Brady went "viral"—rapidly moving from Snapchat to Reddit to Twitter—and finally, made its way onto the websites of the defendants, who

embedded the Tweet alongside articles they wrote about Tom Brady actively helping the Boston Celtics recruit basketball player Kevin Durant.

Plaintiff, claiming he never publicly released or licensed his photograph, filed suit against the defendant websites, claiming a violation of his exclusive right to display his photo, under § 106(5) of the Copyright Act.

With the consent of the parties, this Court divided the litigation into two phases—the first to determine whether defendants' actions violate the exclusive right to display a work (here an embedded Tweet), and the second to deal with all remaining issues, such as the liability (or non-liability) for other defendants and any defenses that have been raised.

Defendants filed a motion for partial Summary Judgment on October 5, 2017. (ECF No. 119.) The Court heard oral argument on January 16, 2018.

Having carefully considered the embedding issue, this Court concludes, for the reasons discussed below, that when defendants caused the embedded Tweets to appear on their websites, their actions violated plaintiff's exclusive display right; the fact that the image was hosted on a server owned and operated by an unrelated third party (Twitter) does not shield them from this result.

Accordingly, defendants' motion for partial Summary Judgment is DENIED. Partial Summary Judgment is GRANTED to the plaintiff.

I. FACTUAL BACKGROUND

The parties agree that the principle issue briefed on this motion is a legal one and amenable to summary judgment. The following facts are materially undisputed and all inferences are drawn in favor of the plaintiff. [Anderson v. Liberty Lobby, Inc.](#), 477 U.S. 242, 255, 106 S.Ct. 2505, 91 L.Ed.2d 202 (1986).

A. The Tom Brady Photo

On July 2, 2016, plaintiff Justin Goldman snapped a photograph of Tom Brady (the “Photo”), Danny Ainge, and others on the street in East Hampton. (ECF No. 149, Goldman Declaration (“Goldman Decl.”) ¶ 2.) Shortly thereafter, he uploaded the photograph to his Snapchat Story.¹

(*587 *Id.* ¶ 5.) The Photo then went “viral,” traveling through several levels of social media platforms—and finally onto Twitter, where it was uploaded by several users, including Cassidy Hubbarth (@cassidyhubbarth), Bobby Manning (@RealBobManning), Rob H (@rch111), and Travis Singleton (@SneakerReporter). (*Id.* ¶ 6–10; ECF No. 120, Defendants' Statement of Undisputed Facts Pursuant to Local Rule 56.1 (“Defs.' 56.1 Statement”) ¶ 28.) These uploads onto Twitter are referred to as “Tweets.”

¹ Snapchat is a social media platform where users share photographs and messages; a Snapchat story is a series of photos a user posts—each photo is available for twenty-four hours only.

Defendants in this case are online news outlets and blogs who published articles featuring the Photo. Each of defendants' websites prominently featured the Photo by “embedding” the Tweet into articles they wrote over the course of the next forty-eight hours; the articles were all focused on the issue of whether the Boston Celtics would successfully recruit basketball player Kevin Durant, and if Tom Brady would help to seal the deal.

It is undisputed that plaintiff holds the copyright to the Photo.

B. Embedding

None of the defendant websites copied and saved the Photo onto their own servers. Rather, they made the Photo visible in their articles through a technical process known as “embedding.” Some background is helpful to an understanding of the embedding process.

A webpage is made up of a series of instructions usually written by coders in Hypertext Markup Language (“HTML”). These instructions are saved to a server (a computer connected to the internet), and when a user wishes to view a webpage, his or her computer's browser connects with the server, at which point the HTML code previously written by the coder instructs the browser on how to arrange the webpage on the user's computer. The HTML code can allow for the arrangement of text and/or images on a page and can also include photographs. When including a photograph on a web page, the HTML code instructs the browser how and where to place the photograph. Importantly for this case, the HTML code could instruct the browser either to retrieve the photograph from the webpage's own server or to retrieve it from a third-party server.

“Embedding” an image on a webpage is the act of a coder intentionally adding a specific “embed” code to the HTML instructions that incorporates an image, hosted on a third-party server, onto a webpage. To embed an image, the coder or web designer would add an “embed code” to the HTML instructions; this code directs the browser to the third-party server to retrieve the image. An embedded image will then hyperlink (that is, create a link from one place in a hypertext document to another in a different document) to the third-party website. The result: a seamlessly integrated webpage, a mix of text and images, although the underlying images may be hosted in varying locations. Most social media sites—Facebook, Twitter, and YouTube, for example—provide code that coders and web designers can easily copy in order to enable embedding on their own webpages.

Here, it is undisputed that none of the defendant websites actually downloaded the Photo from Twitter, copied it, and stored it on their own servers. Rather, each defendant website merely embedded the Photo, by including the necessary embed code in their HTML instructions. As a result, all of defendants' websites included articles about the meeting between Tom Brady and the Celtics, with the full-size Photo visible without the user having to click on a hyperlink, or a thumbnail, in order to view the Photo.

*588 II. LEGAL PRINCIPLES

A. Summary Judgment Standard

This Court applies the well-known summary judgment standard set forth in [Rule 56 of the Federal Rules of Civil Procedure](#). Summary Judgment may not be granted unless a movant shows, based on admissible evidence in the record, “that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law.” [Fed. R. Civ. P. 56\(a\)](#). The moving party bears the initial burden of demonstrating “the absence of a genuine issue of material fact.” [Celotex Corp. v. Catrett](#), 477 U.S. 317, 323, 106 S.Ct. 2548, 91 L.Ed.2d 265 (1986). When the moving party does not bear the ultimate burden on a particular claim or issue, it need only make a showing that the non-moving party lacks evidence from which a reasonable jury could find in the non-moving party's favor at trial. [Id.](#) at 322–23, 106 S.Ct. 2548.

In making a determination on summary judgment, the court must “construe all evidence in the light most favorable to

the non-moving party, drawing all inferences and resolving all ambiguities in its favor.” [Dickerson v. Napolitano](#), 604 F.3d 732, 740 (2d Cir. 2010) (citing [LaSalle Bank Nat'l Ass'n v. Nomura Asset Capital Corp.](#), 424 F.3d 195, 205 (2d Cir. 2005)). Once the moving party has discharged its burden, the opposing party must set out specific facts showing a genuine issue of material fact for trial. [Wright v. Goord](#), 554 F.3d 255, 266 (2d Cir. 2009). “A party may not rely on mere speculation or conjecture as to the true nature of the facts to overcome a motion for summary judgment,” as “mere conclusory allegations or denials cannot by themselves create a genuine issue of material fact where none would otherwise exist.” [Hicks v. Baines](#), 593 F.3d 159, 166 (2d Cir. 2010) (internal quotation marks, citations, and alterations omitted).

“In considering a motion for summary judgment, if our analysis reveals that there are no genuine issues of material fact, but that the law is on the side of the non-moving party, we may grant summary judgment in favor of the non-moving party even though it has made no formal cross-motion.” [Orix Credit Alliance, Inc. v. Horten](#), 965 F.Supp. 481, 484 (S.D.N.Y. 1997) (citing [Int'l Union of Bricklayers v. Gallante](#), 912 F.Supp. 695, 700 (S.D.N.Y. 1996)); see also [Coach Leatherware Co. v. AnnTaylor, Inc.](#), 933 F.2d 162, 167 (2d Cir. 1991) (“[I]t is most desirable that the court cut through mere outworn procedural niceties and make the same decision as would have been made had defendant made a cross-motion for summary judgment.” (citing [Local 33, Int'l Hod Carriers v. Mason Tenders Dist. Council](#), 291 F.2d 496, 505 (2d Cir. 1961))). “Summary judgment may be granted to the non-moving party in such circumstances so long as the moving party has had an adequate opportunity to come forward with all of its evidence.” [Orix Credit Alliance](#), 965 F.Supp. at 484. (citing [Cavallaro v. Law Office of Shapiro & Kreisman](#), 933 F.Supp. 1148, 1152 (E.D.N.Y. 1996)).

B. The Copyright Act

“From its beginning, the law of copyright has developed in response to significant changes in technology.” [Sony Corp. of America v. Universal City Studios, Inc.](#), 464 U.S. 417, 430, 104 S.Ct. 774, 78 L.Ed.2d 574 (1984). Copyright protections “subsists ... in original works of authorship fixed in any tangible medium of expression.” 17 U.S.C. § 102(a). The Copyright Act of 1976, enacted in response to changing technology, gives a copyright owner several “exclusive rights,” including the exclusive right to “display the copyrighted work publicly.” 17 U.S.C. § 106(5). To

display a work, under the Act, is to “show a copy of it, either directly or by means of a film, slide, television image, or any other device or process.” *589 17 U.S.C. § 101 (emphasis added). The Act’s Transmit Clause defines that exclusive right as including the right to “transmit or otherwise communicate ... a display of the work ... to the public, by means of any device or process.” *Id.* It further defines “device or process” as “one now known or later developed.” *Id.*

A review of the legislative history reveals that the drafters of the 1976 Amendments intended copyright protection to broadly encompass new, and not yet understood, technologies. Indeed, on the first page of the House Report, the drafters proclaimed that the Amendments were necessary in part because “technical advances have generated new industries and new methods for the reproduction and dissemination of copyrighted works;” furthermore, Congress did “not intend to freeze the scope of copyrightable subject matter at the present stage of communications technology.” [H.R. Rep. 94–1476, 47, 51](#) (1976).

Specifically, in considering the display right, Congress cast a very wide net, intending to include “[e]ach and every method by which the images ... comprising a ... display are picked up and conveyed,” assuming that they reach the public. [Id. at 64](#) (emphasis added). It further noted that “ ‘display’ would include the projection of an image on a screen or other surface by any method, the transmission of an image by electronic or other means, and the showing of an image on a cathode ray tube, or similar viewing apparatus connected with any sort of information storage and retrieval system.” [Id.](#) (emphasis added). Indeed, an infringement of the display right could occur “if the image were transmitted by any method (by closed or open circuit television, for example, or by a computer system) from one place to members of the public elsewhere.” [Id. at 80](#) (emphasis added).

The Register of Copyrights testified during hearings that preceded the passage of the Act: “[T]he definition [of the display right] is intended to cover every transmission, retransmission, or other communication of [the image],” beyond the originating source that might store the image, but including “any other transmitter who picks up his signals and passes them on.” [H. Comm. On the Judiciary, 89th Cong., Copyright Law Revision Part 6: Supplementary Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law: 1965 Revision Bill](#), at 25 (Comm. Print. 1965). He highlighted the importance of the display right in light of changing technology, specifically warning that

“information storage and retrieval devices ... when linked together by communication satellites or other means ... could eventually provide libraries and individuals throughout the world with access to a single copy of a work by transmission of electronic images” and therefore that “a basic right of public exhibition should be expressly recognized in the statute.” [Id.](#) at 20 (emphasis added).

C. [American Broadcasting Cos., Inc. v. Aereo, Inc.](#)

The Supreme Court most recently considered the intersection of novel technologies and the Copyright Act in the [Aereo](#) decision, rendered in 2014. [American Broadcasting Cos., Inc. v. Aereo, Inc., — U.S. —, 134 S.Ct. 2498, 189 L.Ed.2d 476](#) (2014). The issue in [Aereo](#) was the performance right; the Court was deciding whether Aereo “infringed this exclusive right by selling its subscribers a technologically complex service that allows them to watch television programs over the Internet at about the same time as the programs are broadcast over the air.” [Id. at 2503](#). Aereo charged a monthly fee to allow subscribers to watch broadcast television programming over the internet; it maintained a vast number of servers and antennas in a central warehouse. When a user wanted to *590 watch a program, he would visit Aereo’s website and select a show; in turn, Aereo’s servers would select an antenna, tune it to the on-air broadcast, and transmit it via the internet to the subscriber. Aereo argued that since the user chose the programs and Aereo’s technology merely responded to the user’s choice, it was the user and not Aereo who was in fact “transmitting” the performance.

The Court rejected this analysis, comparing Aereo to the cable companies that parts of the 1976 Amendments were intended to reach. When comparing cable technology (where the signals “lurked behind the screen”) to Aereo’s technology (controlled by a click on a website), the Court stated: “[T]his difference means nothing to the subscriber. It means nothing to the broadcaster. We do not see how this single difference, invisible to subscriber and broadcaster alike, could transform a system that is for all practical purposes a traditional cable system into ‘a copy shop that provides its patrons with a library card.’ ” [Id. at 2507](#).

Even the dissent, which would have found no liability based on the lack of Aereo’s volition in choosing which programming to make available, stated that where the alleged infringer plays no role in selecting the content, it cannot be held directly liable when a customer makes an infringing

copy: “Aereo does not ‘perform’ for the sole and simple reason that it does not make the choice of content.” [Id.](#) at 2514 (Scalia, J., dissenting).

D. The “Server Test”

Defendants urge this Court to define the scope of the display right in terms of what they refer to as the “Server Test.” According to defendants, it is “well settled” law and the facts of this case call for its application. As set forth below, the Court does not view the Server Test as the correct application of the law with regard to the facts here. Nevertheless, it is useful to briefly chronicle the body of law that has developed in that area and explain why it is inapplicable.

In [Perfect 10, Inc. v. Amazon.com, Inc.](#), 508 F.3d 1146 (9th Cir. 2007) (“[Perfect 10 II](#)”), the Ninth Circuit considered a claim of direct infringement of the display right against Google based upon Google Image Search. The district court addressed two different questions: 1) did the thumbnail images that automatically pop up when a user types in a search term constitute direct infringements of the display right; and 2) did the full size images that appeared on the screen after a user clicked on a thumbnail constitute direct infringements of the same display right. In answer, the court made a sharp distinction between the two based upon where the images were hosted. [Perfect 10 v. Google, Inc.](#), 416 F.Supp.2d 828, 839 (C.D. Cal. 2006) (“[Perfect 10 I](#)”). First, it found the thumbnails to be infringing, based on the fact that they were stored on Google's server. [Id.](#) at 844. Conversely, it held that the full size images, which were stored on third-party servers and accessed by “in-line linking”—which works, like embedding, based upon the HTML code instructions—were not infringements. [Id.](#) In so doing, the court rejected the plaintiff's proposed Incorporation Test, which would define display as the “act of incorporating content into a webpage that is then pulled up by the browser.” [Id.](#) at 839. It adopted instead the Server Test, where whether a website publisher is directly liable for infringement turns entirely on whether the image is hosted on the publisher's own server, or is embedded or linked from a third-party server.

On appeal, the Ninth Circuit affirmed.² In the Ninth Circuit, therefore, at least as *591 regards a search engine, the “Server Test” is settled law.

2 It found, however, that “Google is likely to succeed in proving its fair use defense” as to the thumbnail images.

Defendants here argue that [Perfect 10](#) is part of an “unbroken line of authority” on which this Court should rely in determining broadly whether a copyright owner's display right has been violated. Outside of the Ninth Circuit, however, the Server Test has not been widely adopted. Even a quick survey reveals that the case law in this area is somewhat scattered. Of the other Circuits, only the Seventh Circuit has weighed in thus far—in [Flava Works, Inc. v. Gunter](#), 689 F.3d 754 (7th Cir. 2012), the question before the court was whether the defendant was a contributory infringer. Defendant in that case, a “social bookmarker,” whose service involved enabling individuals who share interests to point each other towards online materials (in this case, videos) that cater towards that taste, through embedding the code for the video onto its website. The videos remained hosted on the original servers. As with [Perfect 10](#), upon arriving on defendant's website, thumbnails would appear; after clicking on one, the user would retrieve content from plaintiff's website. The [Flava Works](#) Court found that defendants were not contributory infringers; the question of direct infringement was never reached. The lower court, however, had opined that “[t]o the extent that [Perfect 10](#) can be read to stand for the proposition that inline linking can never cause a display of images or videos that would give rise to a claim of direct copyright infringement, we respectfully disagree. In our view, a website's servers need not actually store a copy of the work in order to ‘display’ it.” [Flava Works, Inc. v. Gunter](#), 2011 WL 3876910, at *4 (N.D. Ill. Sept. 1, 2011), rev'd on other grounds, 689 F.3d 754 (7th Cir. 2012) (emphasis added).

Four courts in this District have discussed the Server Test and [Perfect 10](#)'s holding; none adopted the Server Test for the display right. First, in [Live Face on Web, LLC v. Biblio Holdings LLC](#), 2016 WL 4766344 (S.D.N.Y. Sept. 12, 2016), the issue before the court was the distribution right, not the display right. Defendant argued that a distribution had not occurred, since the alleged infringing content was hosted on a third-party server, and not its own. The court noted that defendant cited no legal authority for this proposition, but stated that “such authority may exist,” citing [Perfect 10](#). [Id.](#) at *4. The court did not adopt the Server Test; rather, it held that additional discovery was necessary as the issue had “hardly” been briefed. [Id.](#) at *5. Second, in [MyPlayCity, Inc. v. Conduit Ltd.](#), 2012 WL 1107648 (S.D.N.Y. Mar. 30, 2012), the distribution right was again at issue. In that case, when the user clicked a “play now” button on the defendant's customized tool bar, it would be able to play games hosted

on the plaintiff's servers. The court cited Perfect 10 and then found that, due to the fact that plaintiff's servers “ ‘actually disseminated’ the copies of [plaintiff's] copyrighted games, [defendant] cannot be held liable for infringing on [plaintiff's] distribution rights.” Id. at *14. Third, in Pearson Education, Inc. v. Ishayev, 963 F.Supp.2d 239 (S.D.N.Y. 2013), the court held that standard text hyperlinks (not including images) that users click in order to view and visit other sites were not a use of infringing content, relying in part on Perfect 10; the exclusive right at issue here, too, was the distribution right.

Only the fourth case in this District, Capitol Records, LLC v. ReDigi Inc., 934 F.Supp.2d 640 (S.D.N.Y. 2013) squarely dealt with the § 106(5) display right. There, however, the court did no more than offer a simple factual statement, “The Ninth Circuit has held that the display of a photographic image on a computer may *592 implicate the display right, though infringement hinges, in part, on where the image was hosted.” Id. at 652 (emphasis added). It then proceeded to deny summary judgment based on material disputes as to the content of the allegedly infringing issues. Id.

Additionally, in a trademark decision rendered in this District prior to Perfect 10, when considering whether defendant Tunes was liable for trademark infringement to the Hard Rock Café for “framing” the Hard Rock logo on their website, the court held that it was. Hard Rock Café Int'l v. Morton, 1999 WL 717995 (S.D.N.Y. Sept. 9, 1999). After considering both the fact that “it [was] not clear to the computer user that she or he has left the [plaintiff's] web site” and the fact that there was a “seamless presentation” on the website, the court found that “the only possible conclusion is that the Hard Rock Hotel Mark is used or exploited to advertise and sell CDS.” Id. at *25.

Only a handful of other district courts have considered the issue.³ In Grady v. Iacullo, 2016 WL 1559134 (D. Colo. Apr. 18, 2016), the court considered the exclusive reproduction and distribution rights, and, relying on Perfect 10, reopened discovery in order to allow plaintiff an opportunity to show that defendant stored the allegedly infringing images on his own computer.⁴ In another recent district court case, plaintiff survived the motion to dismiss stage in a distribution case, based on the theory that each time a user used defendant's website, it “cause[d] a copy of [plaintiff's] software to be distributed to the website visitor's computer in cache, memory, or hard drive” and that the “[defendant's] website distributed copies of the code to each of the website's

visitors.” Live Face on Web, LLC v. Smart Move Search, Inc., 2017 WL 1064664, at *2 (D.N.J. Mar. 21, 2017).

3 The Court does not here review district court cases from the Ninth Circuit, as they are appropriately controlled by Perfect 10's analysis.

4 It subsequently granted summary judgment to the plaintiff upon a showing that the defendant had, in fact, downloaded the images onto his computer.

Finally, in The Leader's Institute, LLC v. Jackson, 2017 WL 5629514 (N.D. Tex. Nov. 22, 2017), at issue on summary judgment was, inter alia, whether plaintiffs infringed defendant's exclusive display rights by “framing” defendant's websites. The court rejected Perfect 10, holding that by “framing the defendant's copyrighted works, the plaintiffs impermissibly displayed the works to the public.” Id. at *10. It distinguished Perfect 10 on its facts, noting that, “[U]nlike Google, [plaintiff's] website did not merely provide a link by which users could access [defendant's] content but instead displayed [defendant's] content as if it were its own.” Id. at *11. It further stated: “[T]o the extent Perfect 10 makes actual possession of a copy a necessary condition to violating a copyright owner's exclusive right to display the copyrighted works, the Court respectfully disagrees with the Ninth Circuit.... The text of the Copyright Act does not make actual possession of a work a prerequisite for infringement.” Id.

In sum, this Court is aware of only three decisions outside of the Ninth Circuit considering the display right in light of Perfect 10; one from the Seventh Circuit which adopted the Server Test for contributory liability, one from the Southern District which stated as a factual matter only that Perfect 10 existed, and one from the Northern District of Texas rejecting Perfect 10.

III. DISCUSSION

Defendants' argument is simple—they have framed the issue as one in which the *593 physical location and/or possession of an allegedly infringing image determines liability under the § 106(5) exclusive display right. Defendants argue that—despite the seamless presentation of the Brady Photo on their webpages—they simply provided “instructions” for the user to navigate to a third-party server on which the photo resided. According to defendants, merely providing instructions does not constitute a “display” by the defendants as a matter of law. They maintain that Perfect 10's Server Test is settled law that should determine the outcome of this case.

Plaintiff maintains both 1) that to apply the Server Test leads to results incongruous with the purposes and text of the Copyright Act; and 2) even if the Server Test is rightfully applied in a case such as Perfect 10, or another case in which the user takes a volitional action of his own to display an image, it is inappropriate in cases such as those here, where the user takes no action to “display” the image. He and his amici⁵ caution that to adopt the Server Test broadly would have a “devastating” economic impact on photography and visual artwork licensing industries, noting that it would “eliminate” the incentives for websites to pay licensing fees, and thus “deprive content creators of the resources necessary to invest in further creation.” (ECF No. 145–1 at 4.)

⁵ Getty Images, the American Society of Media Photographers, Digital Media Licensing Association, National Press Photographers Association, and North American Nature Photography Association submitted an amicus brief supporting plaintiff. (ECF No. 145–1.)

The Court agrees with plaintiff. The plain language of the Copyright Act, the legislative history undergirding its enactment, and subsequent Supreme Court jurisprudence provide no basis for a rule that allows the physical location or possession of an image to determine who may or may not have “displayed” a work within the meaning of the Copyright Act. Moreover, the Court agrees that there are critical factual distinctions between Perfect 10 and this case such that, even if the Second Circuit were to find the Server Test consistent with the Copyright Act, it would be inapplicable here.

A. The Copyright Act

Nowhere does the Copyright Act suggest that possession of an image is necessary in order to display it. Indeed, the purpose and language of the Act support the opposite view. The definitions in § 101 are illuminating. First, to display a work publicly means to “to transmit ... a ... display of the work ... by means of any device or process.” 17 USC § 101. To transmit a display is to “communicate it by any device or process whereby images or sounds are received beyond the place from which they are sent.” Id. (emphasis added). Devices and processes are further defined to mean ones “now known or later developed.” Id. This is plainly drafted with the intent to sweep broadly.

Here, defendants' websites actively took steps to “display” the image. A review of just a few of the declarations proffered by defendants illustrates the point. For defendant Heavy.com:

[I]n order to embed the SneakerReporter Tweet, Heavy.com navigated to Twitter and copied the SneakerReporter Tweet's URL. Heavy.com then used out of the box content management functionality provided by WordPress to embed the SneakerReporter Tweet within the Heavy.com Article.
(ECF No. 130, Nobel Decl. ¶ 5.)

Defendant Boston Herald “pasted a code line into its blog/article that contains Twitter HTML instructions.” (ECF No. 137, Emond Decl. ¶ 16.)

Defendant The Big Lead submitted a declaration in which the managing editor *594 stated, “My entering the URL for the RealBobManningTweet into the field for embedded content in the CMS [content management system] caused this URL to be inserted into embedding code that became part of the HTML code for the Big Lead Article.” (ECF No. 127, Lisk Decl. ¶ 7.)

Defendant Gannett submitted a declaration in which the Vice President stated that:

[I]f I wanted that web page to display a photo that a third party user had posted to a site like Twitter, I could do so without me ever having to make a copy of the photo. I would simply include in my HTML code some additional coding containing a link to the URL of the Twitter page where the photo appeared.
(ECF No. 126, Hiland Decl. ¶ 6) (emphasis added).

It is clear, therefore, that each and every defendant itself took active steps to put a process in place that resulted in a transmission of the photos so that they could be visibly shown. Most directly this was accomplished by the act of including the code in the overall design of their webpage; that is, embedding. Properly understood, the steps necessary to embed a Tweet are accomplished by the defendant website; these steps constitute a process. The plain language of the Copyright Act calls for no more.

Indeed, and as discussed above, the Copyright Act's authors intended to include “each and every method by which images ... comprising a ... display are picked up and conveyed;” moreover they went as far as to note that an infringement of the display right could occur “if the image

were transmitted by any method (... for example, by a computer system) from one place to members of the public elsewhere.” *H.R. Rep. 94–1476, 64, 70* (1976). Persuasive as well is the warning of the Register of Copyrights that a “basic right of public exhibition” was necessary to the 1976 Amendments precisely because “information storage and retrieval devices ... when linked together by communication satellites or other means ... could eventually provide libraries and individuals throughout the world with access to a single copy or a work by transmission of electronic images.” *H. Comm. On the Judiciary, 89th Cong., Copyright Law Revision Part 6: Supplementary Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law: 1965 Revision Bill*, at 25 (Comm. Print. 1965).

In sum, this Court sees nothing in either the text or purpose of the Copyright Act suggesting that physical possession of an image is a necessary element to its display for purposes of the Act.

B. Aereo's Impact

Moreover, though the Supreme Court has only weighed in obliquely on the issue, its language in Aereo is instructive. At heart, the Court's holding eschewed the notion that Aereo should be absolved of liability based upon purely technical distinctions—in the end, Aereo was held to have transmitted the performances, despite its argument that it was the user clicking a button, and not any volitional act of Aereo itself, that did the performing. The language the Court used there to describe invisible technological details applies equally well here: “This difference means nothing to the subscriber. It means nothing to the broadcaster. We do not see how this single difference, invisible to subscriber and broadcaster alike, could transform a system that is for all practical purposes a traditional cable system into a ‘copy shop that provides patrons with a library card.’ ” *Aereo*, 134 S.Ct. at 2507.

Of course, in Aereo there was no argument about the physical location of the antennae, which were without dispute located in Aereo's warehouses; similarly *595 there was no dispute that Aereo's servers saved data from the on-air broadcasts onto its own hard drives. On the other hand, Aereo was arguably a more passive participant in transmitting the performance right than is a user in the case here—who has no choice in what is displayed to him when he navigates to one of defendant's webpages. Furthermore, the principles that

undergird the Aereo decision—chief among them that mere technical distinctions invisible to the user should not be the lynchpin on which copyright liability lies—apply with equal vigor here.

As noted above, even the dissent implies that were Aereo to engage in any sort of curatorial process as to content, that liability might lie: “In sum, Aereo does not perform for the sole and simple reason that it does not make the choice of content.” *Id.* at 2514 (Scalia, J., dissenting). This adds credence to the notion that where, as here, defendants are choosing the content which will be displayed, that they would indeed be displaying.

In sum, this Court reads Aereo, while not directly on point, as strongly supporting plaintiff's argument that liability should not hinge on invisible, technical processes imperceptible to the viewer.

C. Perfect 10

The Court declines defendants' invitation to apply Perfect 10's Server Test for two reasons. First, this Court is skeptical that Perfect 10 correctly interprets the display right of the Copyright Act. As stated above, this Court finds no indication in the text or legislative history of the Act that possessing a copy of an infringing image is a prerequisite to displaying it. The Ninth Circuit's analysis hinged, however, on making a “copy” of the image to be displayed—which copy would be stored on the server. It stated that its holding did not “erroneously collapse the display right in section 106(5) into the reproduction right in 106(1).” *Perfect 10 II*, 508 F.3d at 1161. But indeed, that appears to be exactly what was done.

The Copyright Act, however, provides several clues that this is not what was intended. In several distinct parts of the Act, it contemplates infringers who would not be in possession of copies—for example in Section 110(5)(A) which exempts “small commercial establishments whose proprietors merely bring onto their premises standard radio or television equipment and turn it on for their customer's enjoyment” from liability. *H.R. Rep. No. 94–1476 at 87* (1976). That these establishments require an exemption, despite the fact that to turn on the radio or television is not to make or store a copy, is strong evidence that a copy need not be made in order to display an image.

Second, even if it correctly interprets the Act, to the degree that defendants interpret Perfect 10 as standing for a broadly-construed Server Test, focusing on the physical location of allegedly infringing images, this Court disagrees. Rather, Perfect 10 was heavily informed by two factors—the fact that the defendant operated a search engine, and the fact that the user made an active choice to click on an image before it was displayed—that suggest that such a broad reading is neither appropriate nor desirable.

In Perfect 10, the district court's Opinion, while not strictly cabinining its adoption of the Server Test to a search engine like Google, nevertheless relied heavily on that fact in its analysis. It stated, for example, that adopting the Server Test “will merely preclude search engines from being held directly liable for in-line linking and or framing infringing contents stored on third-party websites.” Perfect 10 I, 416 F.Supp.2d at 844 (emphasis added). It went on: “Merely to index the web so that users can more readily find the information they seek should not constitute direct *596 infringement....” Id. (emphasis added). On appeal, the Ninth Circuit began its statement of the case by saying, “we consider a copyright owner's efforts to stop an Internet search engine from facilitating access to infringing images.” Perfect 10 II, 508 F.3d at 1154.

In addition, the role of the user was paramount in the Perfect 10 case—the district court found that users who view the full-size images “after clicking on one of the thumbnails” are “engaged in a direct connection with third-party websites, which are themselves responsible for transferring content.” Perfect 10 I, 416 F.Supp.2d at 843.

In this Court's view, these distinctions are critical. In Perfect 10, Google's search engine provided a service whereby the user navigated from webpage to webpage, with Google's assistance. This is manifestly not the same as opening up a favorite blog or website to find a full color image awaiting the user, whether he or she asked for it, looked for it, clicked on it, or not. Both the nature of Google Search Engine, as compared to the defendant websites, and the volitional act taken by users of the services, provide a sharp contrast to the facts at hand.

In sum, the Court here does not apply the Server Test. It is neither appropriate to the specific facts of this case, nor, this Court believes, adequately grounded in the text of the Copyright Act. It therefore does not and should not control the outcome here.

D. Defenses

Defendants warn that to find for plaintiff here would “cause a tremendous chilling effect on the core functionality of the web.” (ECF No. 121, Defs.' Mem. of Law in Supp. at 35) (quoting Perfect 10 I, 416 F.Supp.2d at 840). Their amici⁶ warn that not adopting the Server Test here would “radically change linking practices, and thereby transform the Internet as we know it.”

⁶ The Electronic Frontier Foundation, a non-profit foundation dedicated to free expression, and Public Knowledge, a not-for-profit public interest advocacy and research organization, submitted an amicus brief at ECF No. 143–1. (Amicus Brief of the Electronic Frontier Foundation and Public Knowledge in Support of Defendants' Motion for Partial Summary Judgment.)

The Court does not view the results of its decision as having such dire consequences. Certainly, given a number as of yet unresolved strong defenses to liability separate from this issue, numerous viable claims should not follow.

In this case, there are genuine questions about whether plaintiff effectively released his image into the public domain when he posted it to his Snapchat account. Indeed, in many cases there are likely to be factual questions as to licensing and authorization. There is also a very serious and strong fair use defense, a defense under the Digital Millennium Copyright Act, and limitations on damages from innocent infringement.

In sum, for all the reasons discussed above, the Court DENIES defendants' motion for partial summary judgment and GRANTS partial summary judgment to the plaintiff.

IV. CONCLUSION

For the reasons stated above, defendants' motion for partial Summary Judgment is DENIED. The Court GRANTS partial Summary Judgment to the plaintiff. The Clerk of Court is directed to terminate the motion at ECF No. 119.

SO ORDERED.

All Citations

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United States District Court, S.D. New York.

Paul NICKLEN and Christina
Mittermeier, Plaintiffs,

v.

**SINCLAIR BROADCAST
GROUP, INC.**, et al., Defendants.

20-CV-10300 (JSR)

|
Signed 07/30/2021

Synopsis

Background: Copyright owner brought action against news outlet and its affiliates, alleging that they infringed on owner's copyright by embedding owner's copyrighted video of starving polar bear in online article about the video's popularity without first obtaining license. Outlet and affiliates filed motion to dismiss, arguing that embedding a video did not "display" a video within meaning of Copyright Act and including video in article was "fair use."

Holdings: The District Court, [Jed S. Rakoff, J.](#), held that:

[1] outlet "displayed" owner's video within meaning of Copyright Act when it embedded video in online article;

[2] purpose and character of use by outlet of copyrighted video weighed in favor of finding "fair use";

[3] nature of video did not weigh strongly for or against finding "fair use";

[4] amount of video used by outlet weighed against finding "fair use"; and

[5] outlet's use of video, if widespread, would harm the licensing market for video, and therefore factor of effect of use on the market weighed against finding "fair use" of video.

Motion denied.

West Headnotes (18)

[1] **Federal Civil Procedure**  Matters deemed admitted; acceptance as true of allegations in complaint

Threadbare recitals of the elements of a cause of action and conclusory allegations in a complaint are not presumed true on a motion to dismiss for failure to state a claim. *Fed. R. Civ. P. 12(b)(6)*.

[2] **Copyrights and Intellectual Property**  Nature and Elements in General

To state a claim for copyright infringement, a plaintiff must plead ownership of a valid copyright and that the defendant has violated at least one of the owner's exclusive statutory rights in copyrighted works: reproduction, public performance, public display, creation of derivative works, and distribution. *17 U.S.C.A. § 106*.

[3] **Copyrights and Intellectual Property**  Motion Pictures and Other Audiovisual Works

News outlet "displayed" copyright owner's video of starving polar bear, within meaning of Copyright Act provision affording owner the exclusive right to display video publicly, when it embedded video in online article about video's popularity without obtaining license; embedded hypertext markup language (HTML) code on outlet's web page was information retrieval system that permitted video to be seen and outlet purportedly included code in web pages that caused video to appear in articles no differently than other content, even though video was stored on social media server. *17 U.S.C.A. §§ 101, 106(5)*.

[4] **Copyrights and Intellectual Property**  Motion Pictures and Other Audiovisual Works

Under the Copyright Act, a defendant violates an author's exclusive right to display an audiovisual work publicly when the defendant without authorization causes a copy of the work, or individual images of the work, to be seen, whether directly or by means of any device or process known in 1976 or developed thereafter. 17 U.S.C.A. §§ 101, 106.

[5] Copyrights and Intellectual Property — Fair use

A defendant bears the burden of showing that a use of a copyrighted work is a “fair use.” 17 U.S.C.A. § 107.

[6] Copyrights and Intellectual Property — Factors considered in general

In determining whether a defendant's use of a copyrighted work is a “fair use,” courts weigh (1) the purpose and character of the use, (2) the nature of the copyrighted work, (3) the amount and substantiality of the portion used, and (4) the effect of the use upon the market for or value of the work in light of the purposes of the Copyright Act. 17 U.S.C.A. § 107.

[7] Copyrights and Intellectual Property — Purpose and Character of Use

To evaluate the purpose and character of the use of a copyrighted work to determine whether the use is a “fair use,” a court considers whether the use is commercial, whether the use is transformative, and whether there is evidence of bad faith. 17 U.S.C.A. § 107.

[8] Copyrights and Intellectual Property — Motion pictures and other audiovisual works

Purpose and character of use of copyrighted video by news outlet of starving polar bear weighed in favor of finding “fair use,” although outlet operated for-profit news stations and websites that stood to profit from the web traffic the video attracted, where original purpose of the

video was likely to highlight the cruel effects of climate change on the polar bear population, and outlet did not use video to illustrate independent story about polar bears or environmentalism, but reported news about the video itself and its popularity. 17 U.S.C.A. § 107.

[9] Copyrights and Intellectual Property — Commercial or noncommercial use

The crux of the distinction between commercial and noncommercial use of a copyrighted work to evaluate the purpose and character of the use and determine whether such use is a “fair use” is whether the user stands to profit from exploitation of the copyrighted material without paying the customary price. 17 U.S.C.A. § 107.

[10] Copyrights and Intellectual Property — Commercial or noncommercial use

A challenged use of a copyrighted work, as used to evaluate the purpose and character of the use and determine whether such use is a “fair use,” is not presumptively unfair because it is profit driven. 17 U.S.C.A. § 107.

[11] Copyrights and Intellectual Property — Transformative use

A “transformative use” of a copyrighted work, to evaluate the purpose and character of the use and determine whether such use is a “fair use,” alters the purpose and context of the copyrighted work with new expression, meaning, or message. 17 U.S.C.A. § 107.

[12] Copyrights and Intellectual Property — Motion pictures and other audiovisual works

Nature of copyrighted video of starving polar bear did not weigh strongly for or against finding “fair use” of the video by news outlet in online article about video's popularity without first obtaining license from copyright owner; owner's

videography reflected his artistic choices and the video purported to depict reality and was made publicly available, but it was arguable whether video was created for news-gathering or non-artistic purposes or whether it was intended to express a point of view. [17 U.S.C.A. § 107](#).

[13] Copyrights and Intellectual Property  [Motion pictures and other audiovisual works](#)

Amount of copyrighted video of starving polar bear used by news outlet in online article about video's popularity weighed against finding “fair use,” where outlet embedded entire video when it could have used a single image or other means of conveying the video's popularity. [17 U.S.C.A. § 107](#).

[14] Copyrights and Intellectual Property  [Effect of use on market for or value of protected work](#)

When a defendant offers a market substitute for the original copyrighted work, its use is not “fair use.” [17 U.S.C.A. § 107](#).

[15] Copyrights and Intellectual Property  [Amount and Substantiality of Portion Used](#)

In determining whether use of a copyright is a “fair use,” the more copying that is done to achieve a purpose that differs from the purpose of the original copyrighted work, the less likely it is that the copy will serve as a satisfactory substitute for the original. [17 U.S.C.A. § 107](#).

[16] Copyrights and Intellectual Property  [Effect of use on market for or value of protected work](#)

When analyzing the effect of the infringing use on the market for a copyrighted work to determine whether the use of the work is a “fair use,” courts ask whether, if the challenged use becomes widespread, it will adversely affect the potential market for the work. [17 U.S.C.A. § 107](#).

[17] Copyrights and Intellectual Property  [Motion pictures and other audiovisual works](#)

News outlet's use of copyright owner's video of starving polar bear in online article about video's popularity without first obtaining license, if widespread, would harm the licensing market for video, and therefore factor of effect of use on the market weighed against finding outlet's “fair use” of video; widespread adoption of outlet's use could overtake market for video and owner had licensed video to almost two dozen entities in the United States and around the world. [17 U.S.C.A. § 107](#).

[18] Copyrights and Intellectual Property  [Defenses and permitted uses](#)

Where the fair use inquiry does not turn on visual differences, but rather on whether the copyrighted work is factual or artistic, whether the challenged use is classified as transformative news reporting, or whether the use affected the licensing market for the work, the copies of the work attached to the complaint do not contain enough factual content to enable a solid assessment on a motion to dismiss. [17 U.S.C.A. § 107](#).

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LLC, WVTV Licensee, Inc., Raleigh (WRDC-TV) Licensee, LLC, Birmingham (WABM-TV) Licensee, Inc., WICS Licensee, LLC, KOKH LLC, KOKH Licensee, LLC, Milwaukee Television LLC, WCGV Licensee, LLC, Sinclair Media III, Inc., WCHS Licensee, LLC, WVAH Licensee, LLC, Sinclair Properties, LLC, WDKA Licensee, LLC, WMMP Licensee, LLC, Sinclair Television of El Paso, LLC, KDBC Licensee, LLC, WGME, Inc., WGME Licensee, LLC, WSMH, Inc., WSMH Licensee, LLC, WUCW Licensee, LLC, KABB Licensee, LLC, KDNL Licensee, LLC, KEYE Licensee, LLC, KFDM Licensee, LLC, KFOX Licensee, LLC, KGAN Licensee, LLC, KHGI Licensee, LLC, KHQA Licensee, LLC, KOGB Licensee, LLC, KPTH Licensee, LLC, KRCG Licensee, LLC, KSAS Licensee, LLC, KTVL Licensee, LLC, KTVO Licensee, LLC, KUTV Licensee, LLC, KVII Licensee, LLC, WACH Licensee, LLC, WEAR Licensee, LLC, WFGX Licensee, LLC, WFXL Licensee, LLC, WGFL Licensee, LLC, WGXA Licensee, LLC, WKRC Licensee, LLC, WLFL Licensee, LLC, WLOS Licensee, LLC, WMSN Licensee, LLC, WNAB Licensee, LLC, WNWO Licensee, LLC, WOAI Licensee, LLC, Wolf Licensee, LLC, WPBN Licensee, LLC, WPDE Licensee, LLC, WPEC Licensee, LLC, WPGH Licensee, LLC, WRGB Licensee, LLC, WRLH Licensee, LLC, WSYX Licensee, LLC, WTGS Licensee, LLC, WTOV Licensee, LLC, WTOO Licensee, LLC, WTVC Licensee, LLC, WVTX Licensee, LLC, WTVZ Licensee, LLC, WUHF Licensee, LLC, WUTV Licensee, LLC, WUXP Licensee, LLC, WWHO Licensee, LLC, WWMT Licensee, LLC, WXLV Licensee, LLC, WZTV Licensee, LLC, Sinclair Television of Abilene, LLC, Sinclair Television of Bristol, LLC, Sinclair Television of Montana, LLC, WCTI Licensee, LLC, Sinclair Television of Fresno LLC, KMPH Licensee, LLC, WJAC Licensee, LLC, Sinclair Television of Omaha, LLC, KPTM Licensee, LLC, Sinclair Television of Bakersfield, LLC, Sinclair Television of Portland, LLC, Sinclair Kennewick Licensee, LLC, Sinclair Seattle Licensee, LLC, Sinclair Boise Licensee, LLC, Sinclair Yakima Licensee, LLC, Sinclair Lewiston Licensee, LLC, Sinclair Eugene Licensee, LLC, KAME, LLC, WICD Licensee, LLC, KFXA Licensee LLC, KUPN Licensee LLC, KUQI Licensee, LLC, WSTQ Licensee, LLC, WUPN Licensee, LLC, Sinclair Television of California, LLC, Sinclair Television of Seattle, Inc., Sinclair Television of Oregon, LLC, Sinclair Television of Washington Inc., Sinclair La Grande Licensee, LLC.

Joseph Slaughter, Ballard Spahr LLP, New York, NY, for Defendants.

OPINION AND ORDER

JED S. RAKOFF, U.S.D.J.

*1 Plaintiff Paul Nicklen captured footage of a starving polar and posted the video to his Instagram and Facebook accounts. Dozens of news outlets and online publishers, including Sinclair Broadcast Group, Inc. and its affiliates (collectively, the “Sinclair Defendants”), embedded the video in online articles without first obtaining a license. Nicklen then sued the Sinclair Defendants for copyright infringement. The Sinclair Defendants now move to dismiss the Second Amended Complaint, arguing that embedding a video does not “display” the video within the meaning of the Copyright Act and that the video's inclusion in an article about the video's popularity was fair use. For the reasons that follow, the Court denies the motion to dismiss.

FACTUAL AND PROCEDURAL BACKGROUND

I. Factual Allegations

The following allegations are presumed true for purposes of the motion to dismiss. Paul Nicklen is a Canadian nature photographer, filmmaker, and founder of the nonprofit conservationist organization SeaLegacy. Second Am. Compl. (“SAC”), ECF No. 72, at ¶¶ 2, 9. Nicklen is the author and registered copyright owner of a video of an emaciated polar bear wandering the Canadian Arctic (“the Video”). See SAC ¶¶ 159, 169; see also SAC, Exs. 4, 4A. On December 5, 2017, Nicklen posted the Video to his Instagram and Facebook accounts. SAC ¶ 5; see also SAC, Ex. 7. In a caption, Nicklen urged his social media followers to consider the “haunt[ing]” and “soul-crushing scene” and to take steps to mitigate the harms of climate change. SAC, Ex. 7. Nicklen added that “[w]e must reduce our carbon footprint, eat the right food, stop cutting down our forests, and begin putting the Earth -- our home -- first.” *Id.* He then invited his followers to “join us at @sea_legacy as we search for and implement solutions for the oceans and the animals that rely on them -- including us humans.” *Id.* Finally, the caption noted that the Video “is exclusively managed by Caters News” and directed those seeking “[t]o license or use [the Video] in a commercial player” to contact Caters News. *Id.*; see also SAC ¶ 5.

Sinclair Broadcast Group, Inc. is a Maryland-based media conglomerate that owns “over 200” local television stations

and 118 wholly owned subsidiaries nationwide (“Sinclair Affiliates”). SAC ¶¶ 11-12; SAC, Ex. 2.; see also Def. Mot., ECF No. 78, at 1. On or around December 11, 2017, Sinclair Broadcast Group published an article titled “Starving polar bear goes viral in heartbreaking video.” SAC, Ex. 5. Sinclair Broadcast Group included the Video in this article using the Instagram or Facebook application programming interface (“API”) embed tool. *Id.* at ¶ 158. Sinclair Broadcast Group “embedded” the Video by including in its website an HTML code provided by Instagram or Facebook that directed web browsers to retrieve the Video from the Instagram or Facebook server for viewing on Sinclair's website. See SAC ¶¶ 158-60. The Video appeared within the body of the Sinclair article even when a reader took no action to retrieve the Video or to navigate to Nicklen's Facebook or Instagram account, and even when a reader did not have a Facebook or Instagram account. *Id.* at ¶¶ 160-61.

*2 The Sinclair Broadcast Group article opens by stating that “[a] photograph of a polar bear is grabbing attention as it shows the animal slowly succumbing to starvation.” SAC, Ex. 6. The article goes on to repeat quotes Nicklen gave to *National Geographic* and to explain that Nicklen “advocated for the reduction of the carbon footprint,” quoting the portion of Nicklen's Instagram caption that described the polar bear population's battle against extinction. *Id.* The article closes by noting that “[t]he video has already reached over 1 million views on Facebook.” *Id.* Nicklen alleges upon information and belief that this Sinclair Broadcast Group article was reposted -- and the Video was re-embedded -- on all television station websites operated by the Sinclair Defendants. SAC ¶ 170.

Though Nicklen provided licensing information in the text of his Instagram post, the Sinclair Defendants did not obtain a license or Nicklen's consent before embedding the Video. SAC ¶¶ 162, 285. On or about December 8, 2020, Nicklen sent the Sinclair Affiliates a takedown notice, but the Video remains displayed on television station websites owned by Sinclair Broadcast Group, Inc. and Sinclair Affiliates. SAC ¶¶ 170, 178.

II. Procedural Background

Nicklen and Christina Mittermeier¹ sued the Sinclair Defendants, among others, for copyright infringement. ECF No. 7. Nicklen filed a First Amended Complaint adding class allegations. See ECF No. 11. Nicklen then filed a Second

Amended Complaint, identifying each Sinclair affiliate and the URL of each infringing article. See ECF No. 72.

¹ Co-plaintiff Christina Mittermeier, a photographer who took a still photograph of the same polar bear that was also widely embedded on online news sites, does not allege that the Sinclair Defendants embedded her photo. See SAC ¶¶ 277-78. As such, the Court does not discuss factual allegations and claims relevant only to Mittermeier.

In the operative complaint, Nicklen alleges that by embedding Nicklen's copyrighted video on Sinclair websites using the Instagram or Facebook API, the Sinclair Defendants infringed his exclusive reproduction, distribution, and display rights in violation of 17 U.S.C. §§ 106(1), (3), and (5). See SAC ¶¶ 284-85. Nicklen alleges in the alternative that Sinclair Broadcast Group is liable for inducing the copyright infringement of its affiliates. *Id.* at ¶¶ 291-95. The Sinclair Defendants move to dismiss the Second Amended Complaint. ECF No. 85.

LEGAL STANDARD

[1] On a motion to dismiss pursuant to Rule 12(b)(6), the Court “accept[s] all factual allegations in the complaint as true, and draw[s] all reasonable inferences in the plaintiffs’ favor.” *Peter F. Gaito Architecture, LLC v. Simone Dev. Corp.*, 602 F.3d 57, 61 (2d Cir. 2010) (quoting *Holmes v. Grubman*, 568 F.3d 329, 335 (2d Cir. 2009)). “Threadbare recitals of the elements of a cause of action” and conclusory allegations are not presumed true. *Ashcroft v. Iqbal*, 556 U.S. 662, 678, 129 S.Ct. 1937, 173 L.Ed.2d 868 (2009). Disregarding legal conclusions couched as fact, “a complaint must contain sufficient factual matter, accepted as true, to ‘state a claim for relief that is plausible on its face.’” *Dane v. UnitedHealthcare Ins. Co.*, 974 F.3d 183, 188 (2d Cir. 2020) (quoting *Iqbal*, 556 U.S. at 678, 129 S.Ct. 1937). A claim for relief is facially plausible when the plaintiff “pleads factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged.” *Iqbal*, 556 U.S. at 678, 129 S.Ct. 1937.

DISCUSSION

I. Copyright Infringement

[2] To state a claim for copyright infringement, a plaintiff must plead ownership of a valid copyright and that

the defendant has violated at least one of the owner's exclusive rights under 17 U.S.C. § 106: reproduction, public performance, public display, creation of derivative works, and distribution. *See, e.g., Arista Records, LLC v. Doe 3*, 604 F.3d 110, 117 (2d Cir. 2010).

*3 [3] Nicklen has pleaded ownership of a valid copyright. *See* SAC ¶¶ 159, 169; *see also* SAC, Ex. 4A. Nicklen also asserts that by embedding the Video, the Sinclair Defendants violated his exclusive right to display the Video publicly. *See* SAC ¶ 284. The fundamental question at issue here is whether embedding a video “displays” the video within the meaning of the Copyright Act of 1976. This Court concludes that it does.

[4] Under the Copyright Act, “[t]o ‘display’ a work means to show a copy of it, either directly or by means of a film, slide, television image, or any other device or process or, in the case of a motion picture or other audiovisual work, to show individual images nonsequentially.” 17 U.S.C. § 101. A device or process is defined as “one now known or later developed,” *id.*, and to show means “to cause or permit to be seen.” *See Show*, Merriam-Webster Online Dictionary, <https://www.merriam-webster.com/dictionary/show> (last visited July 27, 2021); *accord Show, v.*, Oxford English Dictionary, <https://www.oed.com/view/Entry/178737> (defining to “show” as “[t]o present or display (an object) in order that it may be looked at; to expose or exhibit to view”). Thus, under the plain meaning of the Copyright Act, a defendant violates an author's exclusive right to display an audiovisual work publicly when the defendant without authorization causes a copy of the work, or individual images of the work, to be seen -- whether directly or by means of any device or process known in 1976 or developed thereafter.

In 1976, Congress crafted a broad display right, conscious that section 106(5) “represent[ed] the first explicit statutory recognition in American copyright law of an exclusive right to show a copyrighted work, or an image of it, to the public.” H.R. Rep. No. 94-1476, at 63 (1976). The display right as initially drafted was “analogous to the traditional common-law right of first publication in a literary work, or to the moral right of divulgation in continental law, but that right would cease as soon as a copy of the work was transferred.” R. Anthony Reese, *The Public Display Right: The Copyright Act's Neglected Solution to the Controversy Over RAM “Copies”*, 2001 U. of Ill. L. Rev. 83, 95 (2001). But this approach was ultimately set aside. The display right in its final form encompasses “not only the initial rendition or showing,

but also any further act by which that rendition or showing is transmitted or communicated to the public.” H.R. Rep. 94-1476, at 63. As such, an infringer displays a work by showing “a copy” of the work -- not the first copy, or the only copy, but any copy of the work. *See* 17 U.S.C. § 101.

Further, the exclusive display right set forth in the Copyright Act is technology-neutral, covering displays made directly or by means of any device or process “now known or later developed.” The concept of “display” thus includes “the projection of an image on a screen or other surface by any method, the transmission of an image by electronic or other means, and the showing of an image on a cathode ray tube, or similar viewing apparatus connected with any sort of information storage and retrieval system.” H.R. Rep. No. 94-1476, at 64 (1976). The right is concerned not with how a work is shown, but that a work is shown.

The Copyright Act's text and history establish that embedding a video on a website “displays” that video, because to embed a video is to show the video or individual images of the video nonsequentially by means of a device or process. Nicklen alleges that the Sinclair Defendants included in their web pages an HTML code that caused the Video to “appear []” within the web page “no differently than other content within the Post,” although “the actual Video ... was stored on Instagram's server.” SAC ¶¶ 160-61. The embed code on the Sinclair Defendants' webpages is simply an information “retrieval system” that permits the Video or an individual image of the Video to be seen. The Sinclair Defendants' act of embedding therefore falls squarely within the display right.

*4 The Sinclair Defendants nevertheless insist that embedding is not display and ask the Court to adopt the Ninth Circuit's “server rule.” Under that rule, a website publisher displays an image by “using a computer to fill a computer screen with a copy of the photographic image fixed in the computer's memory.” *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1160 (9th Cir. 2007). In contrast, when a website publisher embeds an image, HTML code “gives the address of the image to the user's browser” and the browser “interacts with the [third-party] computer that stores the infringing image.” *Id.* Because the image remains on a third-party's server and is not fixed in the memory of the infringer's computer, therefore, under the “server rule,” embedding is not display. *Id.*

The server rule is contrary to the text and legislative history of the Copyright Act. The Act defines to display as “to

show a copy of” a work, [17 U.S.C. § 101](#), not “to make and then show a copy of the copyrighted work.” The Ninth Circuit’s approach, under which no display is possible unless the alleged infringer has also stored a copy of the work on the infringer’s computer, makes the display right merely a subset of the reproduction right. See Jane C. Ginsburg & Luke Ali Budiardjo, [Embedding Content or Interring Copyright: Does the Internet Need the “Server Rule”?](#), 32 Colum. J. L. & Arts 417, 430 (2019) (explaining that the server rule “convert[s] the display right into an atrophied appendage of the reproduction right” and thereby “ignores Congress’s endeavor to ensure that the full ‘bundle’ of exclusive rights will address evolving modes of exploitation of works”). Further, the server rule distinguishes between showing a copy possessed by the infringer and showing a copy possessed by someone else. See [Perfect 10](#), 508 F.3d at 1161 (concluding that “Google does not ... display a copy of full-size infringing photographic images for purposes of the Copyright Act” because “Google does not have a copy of the images for purposes of the Copyright Act”). As discussed above, when a copy of a work is shown, the Copyright Act makes no such distinction. See, e.g., [Am. Broad. Companies, Inc. v. Aereo, Inc.](#), 573 U.S. 431, 441-48, 134 S.Ct. 2498, 189 L.Ed.2d 476 (2014) (holding that, despite technological complexity concerning the “behind-the-scenes” delivery of images, the defendant violated the exclusive right to “show [an audiovisual work’s] images in any sequence,” because “whether Aereo transmits from the same or separate copies, it ... shows the same images and makes audible the same sound”). Rather, to “show a copy” is to display it. [17 U.S.C. § 101](#).

Further, the Ninth Circuit’s reasoning in [Perfect 10](#) should be cabined by two facts specific to that case: (1) the defendant operated a search engine and (2) the copyrighted images were displayed only if a user clicked on a link. See [Goldman v. Breitbart News Network, LLC](#), 302 F. Supp. 3d 585, 595 (S.D.N.Y. 2018) (distinguishing [Perfect 10](#) on these grounds). When a user “open[s] up a favorite blog or website to find a full color image awaiting the user, whether he or she asked for it, looked for it, clicked on it, or not,” the Ninth Circuit’s approach is inapt. See [id.](#) This case does not involve a search engine, and Nicklen alleges that no user intervention was required to display the Video’s individual images nonsequentially. An individual still image from the Video awaits Sinclair readers whether they click the image to play the video or not. Thus, [Perfect 10](#)’s test is a poor fit for this case, and the Court declines to adopt it.

Proponents of the server rule suggest that a contrary rule would impose far-reaching and ruinous liability, supposedly grinding the internet to a halt. These speculations seem farfetched, but are, in any case, just speculations. Moreover, the alternative provided by the server rule is no more palatable. Under the server rule, a photographer who promotes his work on Instagram or a filmmaker who posts her short film on YouTube surrenders control over how, when, and by whom their work is subsequently shown -- reducing the display right, effectively, to the limited right of first publication that the Copyright Act of 1976 rejects. The Sinclair Defendants argue that an author wishing to maintain control over how a work is shown could abstain from sharing the work on social media, pointing out that if Nicklen removed his work from Instagram, the Video would disappear from the Sinclair Defendants’ websites as well. But it cannot be that the Copyright Act grants authors an exclusive right to display their work publicly only if that public is not online.

*5 For the foregoing reasons, Nicklen has plausibly alleged that by embedding the Video without authorization, the Sinclair Defendants violated the display right.

II. Fair Use

[5] [6] “Fair use” of a copyrighted work is not copyright infringement, [17 U.S.C. § 107](#), but the defendant bears the burden of showing that a use is fair. [Authors Guild v. Google, Inc.](#), 804 F.3d 202, 213 (2d Cir. 2015). In determining whether a defendant’s use is a fair one, courts weigh (1) the purpose and character of the use, (2) the nature of the copyrighted work, (3) the amount and substantiality of the portion used, and (4) the effect of the use upon the market for or value of the work in light of the purposes of the Copyright Act. [Campbell v. Acuff-Rose Music, Inc.](#), 510 U.S. 569, 578, 114 S.Ct. 1164, 127 L.Ed.2d 500 (1994).

A. The Purpose and Character of the Use

[7] To evaluate the purpose and character of the use, the Court considers whether the use is commercial, whether the use is transformative, and whether there is evidence of bad faith. [Id.](#)

[8] [9] [10] On the one hand, the use here is commercial. The “crux” of the distinction between commercial and noncommercial use is whether “the user stands to profit from exploitation of the copyrighted material without paying the customary price.” [Harper & Row Publishers, Inc. v. Nation Enters.](#), 471 U.S. 539, 562, 105 S.Ct. 2218, 85

[L.Ed.2d 588 \(1985\)](#). The more commercial the use, the more likely the first factor weighs against fair use. However, a challenged use is not “presumptively unfair” because it is profit driven. [Campbell](#), 510 U.S. at 594, 114 S.Ct. 1164. For instance, “[a]lmost all newspapers, books and magazines are published by commercial enterprises that seek a profit,” yet news reporting is specifically enumerated under § 107 as an example of a fair use of a copyrighted work. [Consumers Union of United States, Inc. v. Gen. Signal Corp.](#), 724 F.2d 1044, 1049 (2d Cir. 1983); see also [Harper & Row](#), 471 U.S. at 561, 105 S.Ct. 2218.

The Sinclair Defendants operate for-profit news stations and websites that stood to profit from the web traffic the polar bear video attracted. News outlets often license photos and videos to illustrate and add visual interest to their articles -- but here, the Sinclair Defendants have not paid the licensing fee. The use is therefore commercial.

[11] On the other hand, the use here may well be transformative. A transformative use alters the purpose and context of the copyrighted work with “new expression, meaning, or message. See [Google LLC v. Oracle Am., Inc.](#), — U.S. —, 141 S. Ct. 1183, 209 L.Ed.2d 311 (2021) (quoting [Campbell](#), 510 U.S. at 579, 114 S.Ct. 1164). “In the context of news reporting ... the need to convey information to the public accurately may in some instances make it desirable and consonant with copyright law for a defendant to faithfully reproduce an original work without alteration.” [Swatch Grp. Mgmt. Servs. Ltd. v. Bloomberg L.P.](#), 756 F.3d 73, 84 (2d Cir. 2014). For example, “a news report about a video that has gone viral on the Internet might fairly display a screenshot or clip from that video to illustrate what all the fuss is about,” thereby “transforming the function of the work in the new context.” [Barcroft Media, Ltd. v. Coed Media Grp., LLC](#), 297 F. Supp. 3d 339, 352 (S.D.N.Y. 2017).

The original purpose and meaning of the work was likely to highlight the cruel effects of climate change on the polar bear population and to inspire the audience to donate to or work with SeaLegacy, a conservation group founded by Nicklen. See SAC ¶ 2. The Sinclair Defendants’ use focused on the Video’s popularity. The article stresses that the Video went “viral” and that the accompanying photograph was “grabbing attention,” relies on [National Geographic](#) reporting to describe the circumstances under which the Video was made, and then adds that the “video has already reached over 1 million views.” SAC, Ex. 8. The Sinclair Defendants did not use the Video to illustrate an independent story about polar

bears or environmentalism; instead, the Sinclair Defendants “report[ed] news about the Images themselves.” See [Barcroft](#), 297 F. Supp. 3d at 352 (emphasis in original); [BWP Media USA, Inc. v. Gossip Cop Media, Inc.](#), 196 F. Supp. 3d 395, 406 n.6 (S.D.N.Y. 2016) (distinguishing fair use cases in which “the fact of the photograph” is the story from unfair uses in which the contents of the photograph are used as illustration). Because “the use of a copyrighted photograph in a news article can properly be deemed transformative where the photograph itself is the subject of the story,” the first factor weighs in favor of fair use. See [McGucken v. Newsweek LLC](#), 464 F. Supp. 3d 594, 606 (S.D.N.Y. 2020), reconsideration denied, 2020 WL 6135733 (S.D.N.Y. Oct. 19, 2020).

*6 Finally, there is no indication of bad faith. Though the Sinclair Defendants did not request a license despite the availability of licensing information in Nicklen’s Instagram post, the Second Circuit is “aware of no controlling authority to the effect that the failure to seek permission for copying, in itself, constitutes bad faith.” [Blanch v. Koons](#), 467 F.3d 244, 256 (2d Cir. 2006).

B. The Nature of the Copyrighted Work

[12] The nature of the copyrighted work is “rarely found to be determinative,” and this case is no exception. [On Davis v. The Gap, Inc.](#), 246 F.3d 152, 175 (2d Cir.2001). Copyright law recognizes that creative or expressive works are closer to the “core” of intended copyright protection, while factual or previously published works are entitled to thinner copyright protection. [Campbell](#), 510 U.S. at 586, 114 S.Ct. 1164; [Blanch at 256](#). Nicklen’s videography reflects his artistic choices of camera angle, exposure settings, and video length, among other things. Simultaneously, the work purports to depict reality and was made publicly available before the challenged use. It is arguable whether the Video was created for “news-gathering or non-artistic purposes” or whether it was intended to express a point of view. See [N. Jersey Media Grp. Inc. v. Pirro](#), 74 F. Supp. 3d 605, 620 (S.D.N.Y. 2015). This factor does not weigh strongly for or against fair use.

C. The Amount and Substantiality of the Portion Used

By analyzing “the amount and substantiality of the original work used by the secondary user, we gain insight into the purpose and character of the use as we consider whether the quantity of the material used was ‘reasonable in relation to the purpose of the copying.’ ” [Am. Geophysical Union v. Texaco Inc.](#), 60 F.3d 913, 926 (2d Cir. 1994).

[13] This factor weighs against a finding of fair use because the Sinclair Defendants embedded the entire Video on their websites. Though the Sinclair Defendants respond that it was necessary to show the entire video to fulfill their news purpose, the Sinclair Defendants could have conveyed the Video's virality by providing a screenshot of the number of likes or views the Video received. In the alternative, a single image of the emaciated bear rather than an embedded copy of the full work could have conveyed that the Video was shocking or heart-wrenching enough to grab the Internet's attention. Because the Sinclair Defendants reproduced the heart of the work, this factor weighs against fair use.

D. The Effect of the Use on the Market

[14] [15] [16] When a defendant “offer[s] a market substitute for the original,” its use is not fair. [NXIVM Corp. v. Ross Inst.](#), 364 F.3d 471, 481 (2d Cir. 2004). “[T]he more the copying is done to achieve a purpose that differs from the purpose of the original, the less likely it is that the copy will serve as a satisfactory substitute for the original.” [Authors Guild](#), 804 F.3d at 223. When analyzing the effect of the infringing use on the market for a copyrighted work, courts ask “whether, if the challenged use becomes widespread, it will adversely affect the potential market for” the work. [Bill Graham Archives v. Dorling Kindersley Ltd.](#), 448 F.3d 605, 613 (2d Cir. 2006). The market for licensing photographs and videos to media outlets is a “traditional, reasonable” market of the sort courts consider in this analysis. See, e.g., [Ferdman v. CBS Interactive Inc.](#), 342 F. Supp. 3d 515, 541 (S.D.N.Y. 2018).

[17] A news article about a viral video is unlikely to threaten to “deprive the rights holder of significant revenues because of the likelihood that potential purchasers may opt to acquire the copy in preference to the original.” See [Authors Guild](#), 804 F.3d at 223; see also [Walsh v. Townsquare Media, Inc.](#), 464 F. Supp. 3d 570, 586 (S.D.N.Y. 2020) (finding no harm to the licensing market where a photograph appeared as part of a post alongside text and other images). Because a news article recontextualizes a work and serves a different purpose, it is unlikely that someone who wanted to purchase the work would find reviewing the news article an adequate substitute.

*7 However, the Sinclair Defendants’ use of the copyrighted video, if widespread, would harm the licensing market for Nicklen's video. There would be no need for news outlets to license the video at all if each outlet could, without Nicklen's prior authorization, embed the video from Instagram or Facebook. Unlike a parodic use, widespread adoption of

the Sinclair Defendants’ use could overtake the market for Nicklen's video. Accepting as true Nicklen's allegations that he licensed the Video to “almost two dozen entities both in the United States and throughout the world,” SAC ¶ 152, this factor weighs against fair use.

E. Conclusion

The Sinclair Defendants’ fair use affirmative defense cannot be resolved at this stage. The fair use inquiry is a “fact-driven,” “context-sensitive” consideration of the nature and purpose of the challenged use, the nature of the copyrighted work, the amount used, and the potential harm to the market for the copyrighted work. [Cariou v. Prince](#), 714 F.3d 694, 704-05 (2d Cir. 2013). Thus, granting a motion to dismiss on fair use grounds is rare. See [id.](#); [Graham v. Prince](#), 265 F. Supp. 3d 366, 377 (S.D.N.Y. 2017) (pointing out that courts “generally do not address the fair use defense until the summary judgment stage” and even then are wary of granting summary judgment); [BWP Media USA, Inc. v. Gossip Cop Media, LLC](#), 87 F. Supp. 3d 499, 505 (S.D.N.Y. 2015) (observing the “dearth of cases granting such a motion”); [Hirsch v. CBS Broadcasting, Inc.](#), 2017 WL 3393845, at *6 (S.D.N.Y. Aug. 4, 2017) (noting that resolving fair use on a motion to dismiss is “uncommon”). To be sure, the pleadings alone could establish fair use in an appropriate case. See [TCA Television Corp. v. McCollum](#), 839 F.3d 168, 178 (2d Cir. 2016) (“[T]his court has acknowledged the possibility of fair use being so clearly established by a complaint as to support dismissal of a copyright infringement claim.”); [Cariou](#), 714 F.3d at 707. But this is not the rare case in which the Court can make a fair use determination simply by comparing the two works, such that “discovery would not provide additional relevant information.” See [Arrow Productions, Ltd. v. Weinstein Co.](#), 44 F. Supp. 3d 359, 368 (S.D.N.Y. 2014).

[18] Where “the fair use inquiry does not turn on visual differences,” but rather on whether the work is factual or artistic, whether the challenged use is classified as transformative “news reporting,” or whether the use affected the licensing market for the work, the copies of the work attached to the Complaint “do not contain enough factual content to enable a solid assessment.” [Hirsch](#), 2017 WL 3393845, at *7. Such is the case here. Because the Court's fair use analysis would benefit from a better-developed factual record, the Court denies the motion to dismiss.

CONCLUSION

The Court hereby denies the motion to dismiss, because Nicklen has stated a prima facie case for copyright infringement and because the Sinclair Defendants have not met their difficult burden of proving a fair use defense on the sheer basis of the pleadings.

SO ORDERED.

All Citations

--- F.Supp.3d ----, 2021 WL 3239510

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TERMS OF SERVICE CASES



KeyCite Yellow Flag - Negative Treatment

Adhered to in Part on Reconsideration by [Sinclair v. Ziff Davis, LLC](#), S.D.N.Y., June 24, 2020

454 F.Supp.3d 342

United States District Court, S.D. New York.

Stephanie SINCLAIR, Plaintiff,

v.

ZIFF DAVIS, LLC, and
Mashable, Inc., Defendants.

18-CV-790 (KMW)

|
Signed April 13, 2020**Synopsis****Background:** Photographer brought action against website owner and its parent company, alleging that defendants infringed on her copyright when owner posted one of her copyrighted photographs on its website. Defendants moved to dismiss.**Holdings:** The District Court, [Kimba M. Wood](#), Senior District Judge, held that:

[1] website owner did not infringe on photographer's copyright by posting photographer's copyrighted photographs on owner's website, and

[2] photographer failed to state claim for copyright infringement against parent company.

Motion granted.

West Headnotes (6)

- [1] **Copyrights and Intellectual Property** Duties, rights, and liabilities
Copyrights and Intellectual Property Assignment or other transfer of license; sublicenses

A copyright owner may license his or her rights in copyrighted material, including the rights of use, distribution, and sublicensing, to one or more parties.

- [2] **Copyrights and Intellectual Property** Use Under License or Other Transfer of Rights

A copyright owner who permits a licensee to grant sublicenses cannot bring an infringement suit against a sublicensee, so long as both licensee and sublicensee act, respectively, within the terms of their license and sublicense.

- [3] **Copyrights and Intellectual Property** Use Under License or Other Transfer of Rights

Website owner did not infringe on photographer's copyright by posting photographer's copyrighted photographs on owner's website, where photographer had posted the photograph on photograph- and video-sharing social media platform, photographer's act of creating account on platform granted platform the right to sublicense photographs which she posted on platform, and platform exercised that right by granting sublicense to website owner.

[2 Cases that cite this headnote](#)

- [4] **Contracts** Matters annexed or referred to as part of contract

Under California law, when one document incorporates another by reference, the original agreement and those referred to must be considered and construed as one.

- [5] **Copyrights and Intellectual Property** Copyright infringement

Photographer failed to allege that website owner's parent company was involved in website owner's allegedly infringing activity in posting photographer's copyrighted photograph to its website, as required to state claim against parent company for copyright infringement.

1 Cases that cite this headnote

[6] **Copyrights and Intellectual Property** ← Persons Liable for Violations
Corporations and Business Organizations ← Parent and subsidiary corporations

Because corporations and their subsidiaries are legally distinct, the legal relationship between a parent and its subsidiary is insufficient to state a claim for copyright infringement against the parent; rather, a parent corporation can be liable only if there is a substantial continuing involvement by the parent specifically with respect to the allegedly infringing activity of the subsidiary.

Attorneys and Law Firms

Bryan Daniel Hoben, Peekskill, NY, James Henry Bartolomei, New York, NY, for Plaintiff.

George Pearson Wukoson, Ziff Davis, LLC, James Eric Rosenfeld, Lacy Herman Koonce, III, Davis Wright Tremaine LLP, New York, NY, for Defendants.

OPINION & ORDER

KIMBA M. WOOD, United States District Judge:

*343 Plaintiff Stephanie Sinclair (“Plaintiff”), a professional photographer, brings this copyright suit against Mashable, Inc. (“Mashable”) and its parent company, Ziff Davis, LLC (“Ziff Davis”) (together, “Defendants”), alleging that Defendants infringed Plaintiff’s copyright when Mashable posted one of Plaintiff’s copyrighted photographs on its website. Defendants have moved to dismiss Plaintiff’s Second Amended Complaint. The Court finds that Mashable used Plaintiff’s photograph pursuant to a valid sublicense from Instagram, and that Plaintiff fails to state a claim for copyright infringement against Ziff Davis. Therefore, the Second Amended Complaint is DISMISSED.

BACKGROUND

Plaintiff is a professional photographer. (Second Amended Complaint (“SAC”) ¶ 9, ECF No. 15.) Plaintiff owns an exclusive United States copyright in the image titled “Child, Bride, Mother/Child Marriage in Guatemala” (the “Photograph”). (*Id.* ¶ 47 & Ex. F.) Plaintiff maintains a publicly-searchable website to showcase her photographs to potential customers. (*Id.* ¶ 15.) Plaintiff also maintains an account on Instagram, a photograph- and video-sharing social media platform. (*Id.* ¶ 31 & Ex. D.) Plaintiff posted a copy of the Photograph to her Instagram account, which is a “public” account, viewable by anyone. (*Id.*)

Defendant Ziff Davis is a digital media and advertising company that owns multiple online brands and print titles. (*Id.* ¶ 16.) Ziff Davis owns Defendant Mashable, a media and entertainment platform that operates the website www.mashable.com. (*Id.* ¶ 17.)

On March 11, 2016, an employee of Mashable contacted Plaintiff via email and sought to license the Photograph for use in an article about female photographers, to be published on Mashable’s website. (*Id.* ¶ 22.) Mashable offered Plaintiff \$50 for licensing rights to the Photograph. (*Id.*) Plaintiff did not accept Mashable’s offer. (*Id.* ¶ 23.) On March 16, 2016, Mashable published an article about female photographers on its website, which included a copy of the Photograph (the “Article”). (*Id.* ¶ 24.)

Mashable used a technical process called “embedding” to incorporate the Photograph into the Article. (*Id.* ¶ 24, 36.) Embedding allows a website coder to incorporate content, such as an image, that is located on a third-party’s server, into the coder’s website. (*Id.* ¶ 37.) When an individual visits a website that includes an “embed code,” the user’s internet browser is directed to retrieve the embedded content from the third-party server and display it on the website. (*Id.* ¶ 38.) As a result of this process, the user sees the embedded content on the website, even though the content is actually hosted on a third-party’s server, rather than on the server that hosts the website.¹ (*Id.* ¶ 39.)

¹ A more detailed explanation of the embedding process is helpfully set forth in *Goldman v. Breitbart News Network, LLC*, 302 F. Supp. 3d 585, 587 (S.D.N.Y. 2018) (Forrest, J.).

Here, Mashable embedded in its Article the copy of the Photograph that Plaintiff *344 had previously uploaded to the server of Instagram. Instagram uses a service called “application programming interface,” or “API,” to enable users to access and share content posted by other users whose accounts are set to “public” mode. (*Id.* ¶ 33.) Pursuant to certain Instagram policies, users can use the API to embed Instagram posts in their websites. (*Id.*) That is exactly what happened here: Mashable used the API to embed, in the Article, the copy of the Photograph that Plaintiff previously posted to her public Instagram account.

On or about January 19, 2018, Plaintiff demanded that Defendants take down the copy of the Photograph from the Article, and compensate Plaintiff for infringing on her copyright. (*Id.* ¶ 41.) Defendants refused to do so. (*Id.* ¶ 42–43.) On January 29, 2018, Plaintiff brought this copyright suit against Defendants. (ECF No. 1.) Plaintiff filed an Amended Complaint on March 15, 2018, and, with consent of Defendants, filed a Second Amended Complaint on April 10, 2018. (ECF Nos. 11, 15.) On May 2, 2018, Defendants moved to dismiss the Second Amended Complaint (the “Motion”). (ECF No. 18.)

LEGAL STANDARD

A complaint must be dismissed if it fails to state a claim upon which relief can be granted. *Fed. R. Civ. P. 12(b)(6)*. “To survive a motion to dismiss, a complaint must contain sufficient factual matter, accepted as true, to ‘state a claim to relief that is plausible on its face.’” *Ashcroft v. Iqbal*, 556 U.S. 662, 678, 129 S.Ct. 1937, 173 L.Ed.2d 868 (2009) (quoting *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570, 127 S.Ct. 1955, 167 L.Ed.2d 929 (2007)). For purposes of deciding a motion to dismiss, “[a] complaint is deemed to include any written instrument attached to it as an exhibit, materials incorporated in it by reference, and documents that, although not incorporated by reference, are ‘integral’ to the complaint.” *Sira v. Morton*, 380 F.3d 57, 67 (2d Cir. 2004) (citations omitted).

DISCUSSION

I. Mashable Used the Photograph Pursuant to a Valid Sublicense from Instagram.

[1] [2] Defendants contend that Mashable used the Photograph pursuant to a valid sublicense from Instagram,

so its use of the Photograph does not infringe Plaintiff’s copyright. It is well established that a copyright owner may license his or her rights in copyrighted material, including the rights of use, distribution, and sublicensing, to one or more parties. *See Davis v. Blige*, 505 F.3d 90, 98–99 (2d Cir. 2007). A copyright owner who permits a licensee to grant sublicenses cannot bring an infringement suit against a sublicensee, so long as both licensee and sublicensee act, respectively, within the terms of their license and sublicense. *See United States Naval Inst. v. Charter Commc’ns Inc.*, 936 F.2d 692, 695 (2d Cir. 1991); *cf. Spinelli v. Nat’l Football League*, 903 F.3d 185, 203 (2d Cir. 2018) (sublicensee cannot acquire valid rights in copyrighted works if sublicensor had no right to issue a sublicense).

[3] Here, Plaintiff granted Instagram the right to sublicense the Photograph, and Instagram validly exercised that right by granting Mashable a sublicense to display the Photograph. By creating an Instagram account, Plaintiff agreed to Instagram’s Terms of Use (“Terms of Use”). *See* Motion at 12–13 (quoting Terms of Use (“By accessing or using the Instagram website, the Instagram service, or any applications (including mobile applications) made available by Instagram ... you agree to be bound by these terms of use.”)).² Plaintiff concedes that she is *345 bound by the Terms of Use. (Opposition to Motion to Dismiss (“Opp.”) at 19, ECF No. 23.)

² Plaintiff annexed Instagram’s Platform Policy to the Second Amended Complaint, but did not annex any of the other Instagram policies referenced therein. (SAC Ex. E, ECF No. 15-5.). The Court takes judicial notice of Instagram’s contemporaneous Terms of Use and Privacy Policy, both of which are publicly available online. *See Fed. R. Evid. 201(b)(2); Force v. Facebook, Inc.*, 934 F.3d 53, 59 n. 5 (2d Cir. 2019). These agreements, which are incorporated into the Platform Policy by reference, are properly considered in deciding this motion to dismiss. *See Sira*, 380 F.3d at 67. Finally, the Court notes that Instagram’s policies have been updated since the infringement alleged in the Second Amended Complaint.

The Terms of Use state that, by posting content to Instagram, the user “grant[s] to Instagram a non-exclusive, fully paid and royalty-free, transferable, sub-licensable, worldwide license to the Content that you post on or through [Instagram], subject to [Instagram’s] Privacy Policy.” (Terms of Use, Rights § 1.) Pursuant to Instagram’s Privacy Policy (“Privacy Policy”), Instagram users designate their accounts as “private” or “public,” and can change these privacy settings whenever they wish. (Privacy Policy, Parties With Whom You May

Choose to Share Your User Content § 1.). All content that users upload and designate as “public” is searchable by the public and subject to use by others via Instagram's API. (*Id.* § 2.) The API enables its users to embed publicly-posted content in their websites. (Platform Policy, Preamble.). Thus, because Plaintiff uploaded the Photograph to Instagram and designated it as “public,” she agreed to allow Mashable, as Instagram's sublicensee, to embed the Photograph in its website.

Plaintiff advances a number of objections to this interpretation of her agreements with Instagram, but none is persuasive.

First, Plaintiff argues that Mashable's failure to obtain a license to use the Photograph directly from Plaintiff means that Mashable should not be able to obtain a sublicense from Instagram to use the Photograph. (Opp. at 11–12.) Plaintiff's right to grant a license directly to Mashable, and Instagram's right, as Plaintiff's licensee, to grant a sublicense to Mashable, operate independently. Mashable was within its rights to seek a sublicense from Instagram when Mashable failed to obtain a license directly from Plaintiff—just as Mashable would be within its rights to again seek a license from Plaintiff, perhaps at a higher price, if Plaintiff switched her Instagram account to “private” mode.

Second, Plaintiff argues that the Court cannot take judicial notice of the meaning of Instagram's agreements and policies because they are complex and subject to different interpretations. (Opp. at 13–15.) Although the Court takes judicial notice of the existence of Instagram's agreements and policies, *see supra* at Note 2, the Court does not purport to take judicial notice of their meaning. The meaning of these contracts is a question of law for the court, rather than a question of fact to which the principles of judicial notice would be applicable. *See Markley v. Beagle*, 66 Cal.2d 951, 59 Cal.Rptr. 809, 429 P.2d 129, 136 (1967) (“In the absence of conflicting extrinsic evidence the interpretation of the contract is a question for the court.”); *see also* Terms of Use, Governing Law & Venue (stating that Terms of Use are governed by California law).

Next, Plaintiff claims the agreements between Instagram and Plaintiff cannot confer a right to use the Photograph upon Mashable because Mashable is not an intended beneficiary of any of the agreements. (Opp. at 15–19.) But Mashable need not be an intended beneficiary of the agreements by which Plaintiff authorized Instagram to sublicense the Photograph in *346 order to receive a valid sublicense from Instagram.

Indeed, Plaintiff authorized Instagram to grant a sublicense to, *inter alia*, anyone who uses Instagram's API. Whether Mashable is an intended beneficiary would only matter if Mashable were attempting to enforce one of the agreements between Instagram and Plaintiff, which Mashable is not. *See Bancomer, S.A. v. Superior Court*, 44 Cal.App.4th 1450, 52 Cal. Rptr. 2d 435, 440 (1996) (discussing rights of intended and incidental beneficiaries).

[4] Plaintiff also contends that her authorization to Instagram to sublicense the use of the Photograph is invalid because it was created by a series of complex, interconnected documents. (Opp. at 20.) Specifically, the Terms of Use establish that Plaintiff grants Instagram a sublicensable right of use, but the scope of the sublicense is detailed fully in Instagram's Platform Policy and Privacy Policy. Under California law, this practice is accepted: when one document incorporates another by reference, “the original agreement and those referred to must be considered and construed as one.” *Republic Bank v. Marine Nat'l Bank*, 45 Cal. App. 4th 919, 923, 53 Cal.Rptr.2d 90 (Cal. Ct. App. 1996) (quoting *Bell v. Rio Grande Oil Co.*, 23 Cal. App. 2d 436, 440, 73 P.2d 662 (Cal. Ct. App. 1937)). While Instagram could certainly make its user agreements more concise and accessible, the law does not require it to do so.

Plaintiff also contends that the agreements do not convey a valid sublicense because they are “circular,” “incomprehensible,” and “contradictory.” (Opp. at 19–22.) But Plaintiff fails to identify any inconsistent (let alone unenforceable) terms in Instagram's agreement. Plaintiff claims it is contradictory for Instagram to simultaneously demand that users respect the intellectual property rights of others when uploading content to Instagram, while also granting those users a right to share other users' public posts containing copyrighted material. Plaintiff misses the distinction between a user's initial uploading of content to Instagram, and a user's subsequent sharing of content that has already been uploaded to Instagram. In the former scenario, a user may not upload content to Instagram if doing so would violate the intellectual property rights of another person. In the latter, users must comply with Instagram's terms governing the sharing of content; however, there is no concern about copyright violation, because the user who initially uploaded the content has already granted Instagram the authority to sublicense the use of “public” content to users who share it. These requirements pose no contradiction, and enable copyright holders to avoid unlicensed sharing of

their work by choosing not to publicly post their copyrighted material on Instagram.

Plaintiff also contends that Instagram violated the terms of its license by granting Mashable a sublicense to “sell” the Photograph. (Opp. at 20.) But neither Plaintiff nor Instagram has “sold” the Photograph to anyone. Instead, Instagram granted Mashable a sublicense to embed the Photograph on its website, and Mashable exercised its right pursuant to that sublicense.³

³ Because the Court finds that Instagram granted Mashable a valid license to display the Photograph, it need not reach the question, addressed in *Goldman* but unsettled in this Circuit, of whether embedding an image constitutes “display” that is capable of infringing a copyright in the image. See *Goldman*, 302 F. Supp. 3d at 596 (holding that embedding constitutes display but noting possible viability of license as a defense).

Finally, Plaintiff argues that it is unfair for Instagram to force a professional photographer like Plaintiff to choose between “remain[ing] in ‘private mode’ on *347 one of the most popular public photo sharing platforms in the world,” and granting Instagram a right to sub-license her photographs to users like Mashable. (Opp. at 12.) Unquestionably, Instagram’s dominance of photograph- and video-sharing social media, coupled with the expansive transfer of rights that Instagram demands from its users, means that Plaintiff’s dilemma is a real one. But by posting the Photograph to her public Instagram account, Plaintiff made her choice. This Court cannot release her from the agreement she made.

II. Plaintiff Fails to Allege Ziff Davis’ Involvement in Mashable’s Alleged Copyright Infringement.

[5] [6] Defendants contend that Plaintiff fails to state a claim against Ziff Davis. They are correct. Because corporations and their subsidiaries are legally distinct, “the legal relationship between a parent and its subsidiary is insufficient to state a claim for copyright infringement against the parent.... Rather, a parent corporation can be liable only if there is a substantial continuing involvement by the parent

specifically with respect to the allegedly infringing activity of the subsidiary.” *Dauman v. Hallmark Card, Inc.*, No. 96-CV-3608, 1998 WL 54633, at *6 (S.D.N.Y. 1998) (Keenan, J.) (citations omitted).

Here, Plaintiff has not pled facts that, if true, would establish Ziff Davis’ involvement in the allegedly infringing activity. Plaintiff alleges that Ziff Davis owns Mashable, and that legal notices on Mashable’s website, such as the “Privacy Policy,” “Terms of Use,” and “Cookie Policy,” direct users to Ziff Davis’ corresponding policies. (SAC ¶¶ 17–18.) Plaintiff further alleges that Mashable’s “Copyright Policy” directs individuals with copyright claims to contact Ziff Davis’ copyright agent, and that Mashable lists Ziff Davis as its copyright agent. (*Id.* ¶¶ 18–19.) None of these facts establishes that Ziff Davis had any involvement in Mashable’s allegedly infringing activities, beyond the bare fact of corporate ownership; for instance, Plaintiff does not claim that Ziff Davis had any role in contacting Plaintiff, posting the Article, or embedding the Photograph in the Article. Plaintiff therefore fails to state a claim against Ziff Davis.⁴

⁴ Plaintiff concedes that she does not state a claim against Ziff Davis for contributory or vicarious copyright infringement, and that she does not allege any facts that would warrant a piercing of Ziff Davis’ corporate veil. (Opp. at 24.)

CONCLUSION

For the foregoing reasons, the Second Amended Complaint is DISMISSED with prejudice. The Clerk of Court is directed to close this case. All pending motions are moot.

SO ORDERED.

All Citations

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2020 WL 3450136

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United States District Court, S.D. New York.

Stephanie SINCLAIR, Plaintiff,

v.

ZIFF DAVIS, LLC, and
Mashable, Inc., Defendants.

18-CV-790 (KMW)

|
Signed 06/24/2020**Attorneys and Law Firms**

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George Pearson Wukoson, Ziff Davis, LLC, James Eric Rosenfeld, Lacy Herman Koonce, III, Amanda Brooke Levine, Davis Wright Tremaine LLP, New York, NY, for Defendants.

OPINION & ORDER

KIMBA M. WOOD, United States District Judge:

*1 Plaintiff Stephanie Sinclair moves for reconsideration, under [Local Civil Rule 6.3](#) and [Rule 59 of the Federal Rules of Civil Procedure](#), of this Court's Opinion & Order (the "Opinion") dismissing her Second Amended Complaint against Defendants Ziff Davis, LLC ("Ziff Davis") and Mashable, Inc. ("Mashable"). (ECF Nos. 31, 32.) Familiarity with the Opinion is assumed. Plaintiff's motion for reconsideration is GRANTED. Revising its previous holding, the Court holds that the pleadings contain insufficient evidence to find that Instagram granted Mashable a sublicense to embed Plaintiff's Photograph on its website. The Court adheres to its prior holdings in all other respects. Therefore, Defendants' motion to dismiss the Second Amended Complaint is GRANTED in part and DENIED in part.

LEGAL STANDARD

"A motion for reconsideration should be granted only when the [movant] identifies 'an intervening change of controlling law, the availability of new evidence, or the need to correct a clear error or prevent manifest injustice.'" [Kolel Beth Yechiel Mechil of Tartikov, Inc. v. YLL Irrevocable Trust](#), 729 F.3d 99, 104 (2d Cir. 2013) (quoting [Virgin Atl. Airways, Ltd. v. Nat'l Mediation Bd.](#), 956 F.2d 1245, 1255 (2d Cir. 1992)). This standard is "strict," and "reconsideration will generally be denied unless the moving party can point to controlling decisions or data that the court overlooked." [Shrader v. CSX Transp., Inc.](#), 70 F.3d 255, 257 (2d Cir. 1995). "It is well-settled that [Rule 59](#) is not a vehicle for relitigating old issues, presenting the case under new theories, securing a rehearing on the merits, or otherwise taking a 'second bite at the apple.'" [Sequa Corp. v. GBJ Corp.](#), 156 F.3d 136, 144 (2d Cir. 1998).

DISCUSSION

The Court adheres to its previous holding that, by agreeing to Instagram's Terms of Use, Plaintiff authorized Instagram to grant API users, such as Mashable, a sublicense to embed her public Instagram content, as set forth in Instagram's Platform Policy.¹ (Opinion at 4.)

¹ Plaintiff's arguments to the contrary—which include that the Court relied on the wrong version of Instagram's policies, that Plaintiff never agreed to Instagram's Terms of Use, and that Plaintiff's agreement with Instagram was unsupported by consideration—are without merit or procedurally improper because they were not previously raised.

The Court does, however, revise the Opinion by finding that the pleadings contain insufficient evidence that Instagram exercised its right to grant a sublicense to Mashable. As evidence of its purported sublicense, Mashable presented Instagram's Platform Policy, which states that Instagram "provide[s] the Instagram APIs to help broadcasters and publishers discover content, get digital rights to media, and share media using web embeds." (Platform Policy, Preamble.) The Court previously concluded that this term of the Platform Policy granted Mashable a sublicense to use the API to embed the Photograph in its website.

In reaching this conclusion, the Court did not give full force to the requirement that a license must convey the licensor's "explicit consent" to use a copyrighted work. [Ward v. Nat'l Geographic Soc.](#), 208 F. Supp. 2d 429, 442–43 (S.D.N.Y. 2002) (Kaplan, J.) (quoting [Gardner v. Nike, Inc.](#), 279 F.3d

774, 781 (9th Cir. 2002)). The Platform Policy's statement that the API is intended to “help broadcasters and publishers discover content, get digital rights to media, and share media using web embeds” could be interpreted to grant API users the right to use the API to embed the public content of other Instagram users. But, that is not the only interpretation to which that term is susceptible. See *McGucken v. Newsweek LLC*, 19-CV-9617, 2020 WL 2836427, at *4–5 (S.D.N.Y. June 1, 2020) (Failla, J.). Therefore, “[a]lthough courts may find a license on a motion to dismiss where the terms of the governing contracts are clear,” the Platform Policy's terms are insufficiently clear to warrant dismissal of Plaintiff's claims at this stage of litigation. *Agence Fr. Presse v. Morel*, 769 F. Supp. 2d 295, 303 (S.D.N.Y. 2011) (Pauley, J.) (citation and quotation marks omitted).

*2 The Court did not “overlook” the *Ward* issue, as the parties did not raise it with any clarity in their original briefs. Nonetheless, in light of the persuasive authority of *McGucken*, and in order to correct clear error, the Court holds that Plaintiff's copyright claim against Mashable cannot be dismissed on the basis of Mashable's sublicense defense on the record presently before the Court.

Finally, the Court adheres to its prior holding that Plaintiff failed to state a claim of copyright infringement against Ziff Davis. As the Court explained in the Opinion, pleading that Ziff Davis controls Mashable, the alleged infringer, is insufficient to state a claim of copyright infringement against Ziff Davis. Instead, Plaintiff would have needed to plead “substantial continuing involvement” by Ziff Davis in Mashable's alleged infringement. (Opinion at 8.) She did not do so.

CONCLUSION

For the foregoing reasons, Plaintiff's motion for reconsideration is GRANTED. (ECF No. 32.) Defendants' motion to dismiss Plaintiff's Second Amended Complaint is DENIED as to Mashable, but GRANTED as to Ziff Davis. (ECF No. 18.) The Clerk of Court is respectfully directed to reopen this case.

SO ORDERED.

All Citations

Slip Copy, 2020 WL 3450136

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In re: :
SINCLAIR, : Docket #18cv790
 : 1:18-cv-00790-KMW-BCM
 :
 Plaintiff, :
 :
 - against - :
 :
 ZIFF DAVIS, LLC, MASHABLE, :
 : New York, New York
 Defendant. : December 1, 2020
 :
 ----- : TELEPHONE CONFERENCE

PROCEEDINGS BEFORE
THE HONORABLE BARBARA C. MOSES,
UNITED STATES MAGISTRATE JUDGE

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INDEX

E X A M I N A T I O N S

<u>Witness</u>	<u>Direct</u>	<u>Cross</u>	<u>Re- Direct</u>	<u>Re- Cross</u>	<u>Court</u>
None					

E X H I B I T S

<u>Exhibit Number</u>	<u>Description</u>	<u>ID</u>	<u>In</u>	<u>Voir Dire</u>
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THE CLERK: Good morning, this is case number 18cv790, Stephanie Sinclair versus Mashable Inc. Counsel, please state your appearances for the record and please spell your names, beginning with the plaintiff.

MR. JAMES BARTOLOMEI: Good morning, this is James Bartolomei, B-A-R-T-O-L-O-M-E-I, I'm with the Duncan Firm, and I represent plaintiff, Stephanie Sinclair.

THE COURT: Good morning.

MR. BRYAN HOBEN: Hi, this is plaintiff's attorney, Bryan Hoben, H-O-B-E-N, with the firm Hoben Law, I represent the plaintiff, Stephanie Sinclair.

THE COURT: Good morning. And that's it for plaintiffs, correct?

MR. HOBEN: Yes, correct.

THE COURT: All right, who's on for Mashable?

MS. NANCY WOLFF: Yes, good morning, Your Honor, this is Nancy Wolff, W-O-L-F-F, at Cowan, DeBaets, Abrahams & Sheppard, and I'm with my colleague, Lindsey Edelstein, E-D-E-L-S-T-E-I-N. I think I got that right.

THE COURT: And good morning. And for Facebook, please?

MS. DALE CENDALI: Good morning, Your Honor,

1
2 this is Dale Cendali, D-A-L-E C-E-N-D-A-L-I, of the
3 law firm Kirkland & Ellis, along with my colleagues,
4 Johanna Schmitt, J-O-H-A-N-N-A, Schmitt, S-C-H-M-I-T-
5 T, and Ari Lipsitz, A-R-I L-I-P-S-I-T-Z. We are
6 counsel for third party, Facebook, in this matter.

7 THE COURT: Thank you very much and thank you
8 for rejoining us.

9 MS. CENDALI: Thank you, Your Honor.

10 THE COURT: We only have the one motion before
11 us today and that is Facebook's motion for a
12 protective order with respect to the 30(B)(6)
13 (indiscernible). I'm not terribly optimistic because
14 you would have told me this if it were true, but is
15 there any chance that the parties have had any further
16 discussions and agreed to any compromise, whatsoever?

17 MS. CENDALI: Well as it happens, Your Honor,
18 this is Ms. Cendali, we have, though not on the
19 material issues. On Friday night around 8 p.m.,
20 plaintiff's counsel sent us a proposal to, I think it
21 was intended to try to narrow the deposition topics.
22 So we had another meet and confer yesterday with
23 plaintiff's counsel to discuss it. And will recount a
24 few issues have been eliminated or clarified, so
25 that's great, but we are still at an impasse at some

1
2 of the core basic issues. So sadly we will have to
3 have this conference today, Your Honor.

4 THE COURT: All right, well, Ms. Cendali, why
5 don't you tell me what, in your view, has been
6 narrowed or agreed upon and then I'll let plaintiff
7 tell me if they view that any differently.

8 MS. CENDALI: Well I think that it might be
9 easier, because some things are more in terms of, of,
10 how do I put this, in terms of some clarity on some of
11 the topics, I think it would be more efficient to go
12 through it issue by issue and we can explain where
13 things are now in, with regard to each one.

14 I can tell you definitively though, and
15 counsel, I'm sure, will correct me if I'm wrong, the
16 topic 1.K which seeks testimonies about Instagram's
17 dispute resolution procedures, plaintiffs agreed
18 yesterday to strike that topic as duplicative of topic
19 1.B. So that one at least is moot. Other things are
20 more nuanced than that.

21 THE COURT: If you think it would be more
22 sensible to just go through it starting with 1.A,
23 that's fine, I'll follow along.

24 MS. CENDALI: Okay. Well I think that if you
25 permit me, Your Honor, we were trying to simplify this

1
2 and what we ended up doing obviously, all with Your
3 Honor's permission, is to group things in three
4 buckets. Because I think that it's easier to
5 understand it by category. Because otherwise if we go
6 through it topic by topic, there will be a lot of
7 duplication. And the three buckets are topics, the
8 first bucket is topics that we think in the subpoena
9 are overbroad and should be narrowed, the second
10 bucket are topics we think are not relevant at all and
11 should be stricken entirely, and then the third bucket
12 is just relating to the catchall document request at
13 the end.

14 And in terms of going through the buckets, I
15 think it's important because this informs all,
16 Facebook's entire position with regard to this and
17 what's relevant and relates to all the different
18 topics, and that's the scope of Facebook's involvement
19 in this case and the scope of what the relevant issue
20 is.

21 As we understand it from Judge Wood's opinion,
22 the issue in this case with regards to Facebook is
23 whether Instagram's terms of use and platform policy
24 granted a sublicense to defendant, Mashable, to embed
25 the Sinclair photograph in question in March of 2016.

1
2 THE COURT: Well, yes and no. It's not clear
3 to me from Judge Wood's second opinion whether the
4 question is Sinclair specific or more generic. And
5 I'm not sure that Judge -- I'm not sure that Judge
6 Wood knew the answer to that either. The parties may.
7 Is the question here a generic one, i.e. would the
8 answer apply to anyone in Ms. Sinclair's position at
9 the time that the Sinclair photograph was embedded on
10 the Mashable website through to the time when it was
11 taken down? Or is there an actual question here about
12 whether some human being did something specifically
13 relating to Sinclair that could have created a
14 sublicense, it was not just a result of the same
15 algorithm didn't apply to everybody on Insta.
16 (indiscernible) question?

17 MS. CENDALI: I think, Your Honor, I see your
18 point but I think the, it's not that mysterious in
19 that Facebook has already gone on record, as the
20 parties have talked about in the June *Ars Technica*
21 article. And as we explained to plaintiff's counsel
22 yesterday, plaintiff's terms of use and platform
23 policy that were in effect as of March of 2016 do not
24 a sublicense. Facebook is free to, under its policies
25 as Judge Wood noted, to grant such sublicenses, but

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they did not do that. And they did not do that for anybody and the anybody would, of course, then include Mashable in this situation.

THE COURT: So just to pull the lens out for a moment here and understand where all the moving pieces are, I understand that these issues have broad significance beyond Ms. Sinclair and Mashable, but I also understand that this case is about Ms. Sinclair and Mashable. And what's relevant here has to be limited to what's relevant to Ms. Sinclair's claims against Mashable. But if I understand what you're telling me on behalf of Facebook, you're telling me that essentially that there was no sublicense here, or at least not one that was created by virtue of the Instagram API or terms of use. And, therefore, not only does Ms. Sinclair have a viable copyright claim against Mashable because, at least as alleged in the complaint, Mashable requested and did not obtain from her an individual license, that this is going to turn out to be true for every photographer whose photographs were embedded via the Instagram API and somebody else's website and who didn't individually negotiate a license, right?

MS. CENDALI: Well that would be the case in

1
2 terms of, I mean again, that's, none of that is really
3 our business but just to be clear from principles of
4 copyright is that that doesn't mean that any of these
5 individuals necessarily have a good copyright case,
6 just to be clear --

7 THE COURT: There are lots of reasons that
8 they might not. They might not own a valid copyright.
9 They might have granted a license or someone might
10 have granted a sublicense through some other
11 mechanism, sure, all kinds of things.

12 MS. CENDALI: There could be fair use, there
13 could be all sorts of things. But from the point of
14 view, to the extent that someone is their only
15 defense, let's put it that way is that way, is that
16 Facebook, in their mind, granted a sublicense to them.
17 Facebook is willing to give testimony and reiterate
18 what it said in the *Ars Technica* article that it did
19 not.

20 THE COURT: Which is why the *Ars Technica*
21 article uses terms like, you know, throwing under the
22 bus and so forth. I don't expect you to necessarily
23 agree with that characterization but it's because of
24 the breadth of the implication, right?

25 MS. CENDALI: Right. Well people, we can't

1
2 control what reporters choose to report and how people
3 choose to interpret it. We can only give truthful
4 testimony as to what we have done and what our
5 policies state.

6 THE COURT: So your view is, I'm sorry, I'm
7 trying to speed things up a little bit here.

8 MS. CENDALI: Sure.

9 THE COURT: Your view is, yes, plaintiff,
10 you're right, there was no sublicense from Instagram
11 to Mashable through the Instagram API. And,
12 therefore, if Mashable doesn't have some other
13 defense, plaintiff is going to end up prevailing in
14 this lawsuit. And you want to get in and out of the a
15 30(B)(6) deposition as sufficiently as possible.

16 MS. CENDALI: Yes, except for the part about
17 we're agnostic as to the situation between the
18 particular parties in issue in this case. We really
19 don't know what all the back and forth between the two
20 of them has been or what the nature of their different
21 disputes and arguments, whether anyone is
22 (indiscernible). So we're not opining as to which side
23 wins, all we're saying is that from the point of view
24 of Facebook we did not grant that sublicense and we
25 want to try to remove that issue. And you're

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absolutely right, Your Honor, we would like to get in and out as quickly as possible so that as a nonparty we're not overly burdened for reasons, as Your Honor noted yourself in the (indiscernible) v. *MetLife* case.

THE COURT: Well the reason why I keep pushing on this point a little bit is usually when the expected testimony of a nonparty is going to be helpful to one side or the other, the plaintiff, the fight is generally not between the plaintiff and the third party over the scope of the deposition, they're generally agreeing with each other. And yet here, even though your third party testimony is expected to be very favorable to the plaintiff, it's the plaintiff who is fighting with you, why is that?

MS. CENDALI: I don't know, Your Honor, but from our position, they should not be fighting with us so much because we're giving them really what they need. And you know, as I'm happy to go into, but they also want, you know, in our view, you know, to burden us with unnecessary testimony beyond that. And we think that that's not reasonable in light of the narrow issues in this case with respect to Facebook.

THE COURT: Let's go through the buckets.

MS. CENDALI: Okay, thank you, Your Honor. So

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2 the first bucket, as I said, is that parts of the
3 subpoena are overbroad and should be narrowed. And
4 the subpoena has eight topics that all relate to
5 Instagram's terms of use and platform policy. And
6 Facebook's agreed, we've already discussed, to have a
7 witness give testimony on the terms of use and
8 platform policy that were in effect as of March of
9 2016, and whether they granted a sublicense.

10 Facebook is also willing to go broader than
11 that, as we've stated in our objections and in our
12 submission to the Court, but to also give testimony on
13 pertinent and relevant, I'm quoting the language of
14 plaintiff in paragraph 35 of her second amended
15 complaint, which are namely terms concerning user
16 content restrictions, content removal obligations,
17 limitations on the use of the Instagram API,
18 compliance with the rights of third parties and the
19 license to use the Instagram APIs. We're willing to
20 do that, too, but they want to go beyond --

21 THE COURT: Hold on. Hold on. Hold on. So
22 your view is with respect to the terms of use in the
23 platform policy, you want to limit to March, 2016,
24 notwithstanding that the photo remained up and
25 embedded until some date I don't remember in 2018, as

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2 those terms of use and platform policy relate either
3 to granting a sublicense or to the specific provisions
4 alleged in paragraph 35 of the operative complaint.

5 MS. CENDALI: That's correct. And the areas
6 of disagreement are, I think there are three.

7 THE COURT: All right.

8 MS. CENDALI: The first is plaintiff seeks
9 testimony from Facebook whether plaintiff was bound by
10 the terms of use and whether it granted a license to
11 Instagram. But this isn't a disputed issue, as Judge
12 Wood held in her initial opinion at page 4, plaintiff
13 concedes that she's bound by the terms of use and that
14 users grant Instagram a nonexclusive, fully paid and
15 royalty free transferable license. So we don't know
16 why that's even an issue and why we need to give
17 testimony about it.

18 THE COURT: Now as to that issue, the
19 plaintiff to Instagram link in the potential licensing
20 here, which of the subtopics of the subpoena call for
21 that?

22 MS. CENDALI: We believe that's 1.A an 1.G.

23 THE COURT: Right.

24 MS. CENDALI: So I could --

25 THE COURT: (indiscernible) its application to

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Instagram's users, that's very broad, that could conceivably go both ways.

MS. CENDALI: Right. And a lot of this language is very broad and so what we're trying to do is use more specific words here to talk about what we're willing to do which is give testimony with regard to the, whether we granted the sublicense and with regard to the items identified in their own paragraph 25 of the complaint. But not, to the extent that topics 1.A and 1.G relate, ask for testimony on whether plaintiff was bound and the scope of the license from plaintiff to Instagram, those are not issues in this case anymore as Judge Wood had held.

THE COURT: I understand your argument. Stay with me for a minute though on the temporal limitation because this is going to keep coming up.

MS. CENDALI: Yes.

THE COURT: You want to limit everything to March (indiscernible) happened, plaintiff points out, and this does seem to have some facial appeal, that the infringement, if there was an infringement, was ongoing until Mashable took the post down in 2018. So why shouldn't that be (indiscernible)?

MS. CENDALI: There's to aspects to this, Your

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2 Honor. The first is that they have agreed to narrow
3 some of the topics but I don't think it's helpful to
4 kind of go through that because I think that the same
5 temporal limitation makes sense for all of them. But
6 they have asked us to go from December of 2012, long
7 before the post, up till through at least January '18,
8 2018, when things were taken down.

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What happened, whatever was in the case before
10 March of 2016 is plainly irrelevant and should not, we
11 shouldn't have to prepare a witness on that. With
12 regard to afterwards and the matter of copyright law,
13 I appreciate Your Honor's point that, well, it was
14 still up, but the embed, the conduct in issue took
15 place as of March of 2016. That's the actionable
16 conduct. The fact that it remained there as a result
17 of that conduct doesn't change from a copyright point
18 of view that the relevant action would be judged by
19 that point in time. So we would --

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THE COURT: Let me test you on that, okay, it
21 doesn't go to liability, could it go to damages? Let
22 me give you a hypothetical. Suppose that Instagram
23 changed its policy in 2017 and said, you know what,
24 we're going to grant that sublicense. Anyone who
25 wants to or who has already used the Instagram API to

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embed a post in their website, here's your sublicense, wouldn't that cut off damages?

MS. CENDALI: I see your point, Your Honor, it could or it theoretically could. I'm not trying to actually litigate this case, as you can appreciate.

THE COURT: Just for relevance purposes, that's our (indiscernible) today.

MS. CENDALI: I hear you. I will, I can say that we're not aware of any changes in the policy post March, 2016, through January of 2018. So to some degree some of this may be moot, but we still believe that the operative point in time is March of 2016. But I grant Your Honor's hypothetical is, you know, could potentially be relevant. I will also say that did not occur.

THE COURT: Okay. In that case, adding an extra year on won't add to your burden if nothing changed.

MS. CENDALI: Fair enough.

THE COURT: All right, are we ready to go to the second bucket or do you want to tell me more about --

MS. CENDALI: No, so there's three items in the first bucket which is narrowing. The second item

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2 in the narrowing bucket relates to topic 1.B,
3 plaintiff seeks testimony regarding Instagram's
4 obligations pursuant to the terms of its platform
5 policy and, you know, when an API user infringes on
6 somebody's copyright and the actions that it can take,
7 and whether it's ever gone against Mashable and
8 policed Mashable for, I suppose, violating its
9 policies or for copyright infringement or anything
10 like that. And we believe that this is overbroad with
11 regard to us, and probably overbroad with regard to
12 the case to begin with.

13 First off, this certainly isn't a case about
14 Instagram's obligations, we're not a party, we don't
15 have an obligation to do anything. Second, this is a
16 case about a particular photograph, so asking us to
17 have to prepare a witness and investigate whether
18 Mashable, what Mashable has done in other situations
19 is, is overbroad and burdensome to us. Mashable, as
20 we understand it, is a pretty big company and we
21 shouldn't be required to investigate all sorts of
22 other actions that may have taken place with regard to
23 photographs in general. And this is consistent with
24 general principles of copyright law or even between
25 the parties such conduct would normally not be

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2 relevant because you end up with judges such as
3 yourself having to have little mini trials as to,
4 well, what the relevance is of a given use. You know,
5 with one was there a license, an implied license, was
6 something fair use, wasn't it fair use. You know,
7 certainly the parties are free to inquire if they can
8 argue that it's relevant to this case between them
9 about Mashable's overall conduct. It's not for me to
10 have a position on that. But I think that requiring
11 Facebook to talk about whether Mashable has ever
12 violated its policies or we've ever had a dispute with
13 Mashable about it, is overbroad.

14 THE COURT: And this, this is somehow tucked
15 into 1.B?

16 MS. CENDALI: It seems --

17 MS. JOHANNA SCHMITT: Your Honor, I'm sorry to
18 interrupt.

19 MS. CENDALI: Ms. Schmitt, would you like to
20 clarify?

21 MS. SCHMITT: If I may, Your Honor. This is
22 also a reaction to the proposal we got on Friday night
23 and discussed yesterday where they revised or added
24 more clarity to certain topics. So while you're
25 looking at the subpoena, it might not jump out at you,

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but this is as a result of, like I said, this recent proposal and our discussion of what they're looking for in 1.B and 1.A, et cetera.

THE COURT: All right, so this implicates A and B even though you can't really tell from looking at A and B.

MS. SCHMITT: Correct, Your Honor.

THE COURT: All right. So you've outlined the issue to me which is you don't think you should have to, under the guise of being a nonparty 30(B)(6) deponent, you don't think you should have to provide discovery to plaintiff as to whether Mashable has done other bad things in the past to other copyright plaintiffs or --

MS. CENDALI: That's right. And then the third issue in the bucket --

THE COURT: And there is no agreement on that, right?

MS. CENDALI: Correct, that's right. And so the third issue in this bucket of narrowing, Your Honor, is the, or the primary third issue in this bucket of narrowing is that they explained to us that the topics H, I and J were all intended to be different ways of seeking testimony from Facebook

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2 about whether it was widespread practice among online
3 publishers to embed Instagram photos on their website.
4 And plaintiff said well this is relevant to Mashable's
5 willfulness.

6 Whether that is relevant to Mashable's
7 willfulness or not, that's really an issue for the
8 parties. But plaintiff was unable to explain to us why
9 she needs Facebook to testify as to what the
10 widespread practice was of publishers to embed
11 photographs. Facebook is not a publisher, it's a
12 platform, and it seems like the better person to ask
13 about that would either be Mashable, itself, which is
14 a publisher, or potentially other publishers, or
15 typically this is the kind of thing that one would
16 deal with the expert witnesses. But to get into, you
17 know, to have Facebook testify as to whether something
18 was a widespread practice or not is not appropriate
19 for a third party. Plus which, Facebook, you know,
20 might know to what extent people embed, but that
21 doesn't, we wouldn't have any knowledge as to why
22 they're embedding or what they're thinking about why
23 they're embedding. I mean they could be embedding, I
24 show from personal experience people could be
25 embedding people's kids' photographs and things like

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that. That doesn't indicate whether people had a license or an implied license, or whether something was fair use or not fair use. We're just not a good instrument for even what they want to get at, and that's too burdensome for a nonparty.

THE COURT: Let me ask you about that. What, you must keep some sort of metric, some sort of data as to, maybe as to who embeds what. So I guess sort of the foundational question here, and actually let me take the lens back a moment and say one of the unusual things in my experiences as a magistrate judge about this subpoena is that the plaintiff, plaintiff is going to get one day of seven hours to cover whatever the plaintiff can get through in one day of seven hours of testimony. And plaintiff doesn't have any documents.

First, what would normally happen, it seems to me, in a case like, is the plaintiff would first, if the plaintiff was truly interested, for example, in using a third party like Facebook to develop a topic like, you know, how widespread is the practice of embedding Instagram, public Instagram posts in other people's websites, and they thought maybe Facebook can help us develop this topic before we hire our

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2 expensive expert or whatever it is we're going to do,
3 they would send a document subpoena out first and say,
4 well, you know, what metrics do you have on this, and
5 they'd see what they got and then they'd decide
6 whether it was worth, you know, trying to use part of
7 their one day of seven hours to give testimony on
8 this. But we're arguing in kind of a, sort of a cart
9 before horse fashion, it seems to me, about whether
10 you have to provide testimony on topics where I don't
11 even know if you have any data, do you?

12 MS. CENDALI: I don't think we have data on
13 where embedding is a widespread practice in the
14 publishing industry. And the other thing is, our
15 overall point is that this should not be relevant to
16 the issues in, to the extent it's relevant in the
17 case, as a nonparty for Your Honor's own reasoning,
18 all we would have would be, you know, potentially the
19 fact, which is not a disputed fact, that people do
20 embed. I mean that's like there's coals in Newcastle,
21 you know, people do embed, I don't think that's a
22 shocking comment that people sometimes embed, but we
23 don't know why they embed or what the circumstances
24 they embed, or what the state of mind is among
25 publishers.

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THE COURT: I get that, but do you know who does it and how often, do you have that data?

MS. CENDALI: I am, two points, one, I am not aware that we have that information, but even if we did have that information, our point is that that would go so far beyond the limited nature of this case which is about one photograph with regard to two parties. And would put a tremendous burden on third party Facebook with regard to its entire business operations and embedding of maybe, you know, under their theory, you know, potentially millions or billions of people. And I see no reason, relevance, with regard to Facebook, whether it had such data or not. Because we'd never, to be clear A) we should not be burdened as a third party with regard to this; and B) the only thing we would have, if we had anything, is the unremarkable point that, yes, people do embed, but that doesn't say anything as to whether there was a, in the minds of the publishing industry in March of 2016, it was an accepted practice or not to embed. There could be 100 different reasons why people embed. And the idea of being able to even know who's even a publisher and how you analyze that, that would be a tremendous amount of analysis even if we kept such

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2 information to try to figure out, well who counts as a
3 publisher and what does that mean. And all of that
4 could be obtained through publisher third parties as
5 to what they think or experts, but not through us.

6 THE COURT: All right. So I take it that this
7 third bucket within bucket one is not agreed to?

8 MS. CENDALI: That's right. And then, and
9 then we already discussed the date limitation. The
10 only other items in bucket one where the parties,
11 where we're agreeing to give testimony but just not as
12 much testimony as plaintiff would want, is the issue
13 of the scope of testimony concerning communications
14 related to this case. Plaintiff's subpoena seeks
15 testimony about any communications related to this
16 case, that's in 1.F. And we had the meet and confer
17 with them about this and their point is frankly even
18 broader than the language written. It's not just
19 related to this case, meaning related to, you know,
20 Sinclair and Mashable, but related in general to
21 embeds or possibly anything else on this overall
22 topic.

23 We've agreed to give them testimony with
24 regard to the *Ars Technica* article and the statements
25 that we made with regard to that article. But they

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2 want a whole lot more than that. First, they want
3 testimony between Facebook and Mashable. Well, if
4 there were -- with regard to any communications
5 between Facebook and Mashable. But certainly they can
6 get that first and they should get that first from
7 Mashable, itself, and not from a third party. We
8 asked them are there any communications that you have in
9 mind, you know, and they said, well, you know, there was
10 an email chain that I guess Mashable produced between
11 Instagram and Mashable and we said, okay, well we could
12 talk about that email chain, we're willing to do that. But
13 they want to go beyond that and we think that that's too
14 broad and requires too much burden to us to try and figure
15 out whether there was ever any other communications with
16 Mashable and that they should first find out from Mashable
17 about that topic rather than have to get to a third party.

18 Similarly, second, plaintiff seeks testimony
19 from Facebook about communications between Facebook and
20 plaintiff. Well certainly plaintiff should know about
21 what it's communications were with Facebook and we
22 shouldn't have to figure out prepping a witness, you
23 know, what communications there ever were with
24 Sinclair. That, again, is burdensome and is not
25 necessary for a third party.

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2 And then, lastly, they want communications
3 with Facebook and the media, and I alluded to that
4 earlier, we're more than happy to testify about the
5 *Ars Technica* article which was about this issue of whether
6 Facebook was granting a sublicense. But they've
7 mentioned, well, you know, what about this *BuzzFeed*
8 article, but the *BuzzFeed* article doesn't deal with
9 the sublicense issue, it's just sort of a general
10 article that talks about Facebook's aim to improve the
11 Instagram service going forward, but it's not relevant
12 to the infringement that occurred in March of 2016.
13 And we should not be pulled into having to, because of
14 this one issue in this case, be talking about things
15 that don't relate to whether we embedded at that time,
16 what Facebook's policies might be with regard to the
17 future or anything like that is overbroad and puts
18 Facebook in, in a frankly more burdensome position
19 than even the parties, themselves.

20 THE COURT: All right, so that's bucket one,
21 overbroad --

22 MS. CENDALI: Correct.

23 THE COURT: Bucket two, please.

24 MS. CENDALI: Okay. So bucket two are things
25 that we think the Court should respectfully strike

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2 entirely certain topics. And the first topic is 1.E
3 which seeks testimony about the Instagram's API
4 technology or tool. And this is burdensome and not
5 relevant. It's not relevant because the parties don't
6 dispute that Mashable used the Instagram API to embed
7 plaintiff's post. It's, if they have questions about how
8 the defendant used the API to embed the post or where the
9 content resided or didn't reside, they can get that from
10 Mashable. There is no reason to have Facebook to have to,
11 you know, prepare a witness on complicated technical
12 issues that really aren't in dispute in this case.
13 There is no argument that Mashable didn't embed the
14 photograph in question, that's kind of a given, that's
15 what they've been litigating about for a long time.
16 There shouldn't be a burden on Facebook to dive into
17 its technology on an issue that's admitted and that
18 they could get from Mashable, itself, as to what
19 Mashable did technically in order to display the
20 photograph that Mashable --

21 THE COURT: Let's be practical here, is this
22 issue a stalking horse for the so-called server issue
23 which has not been decided by the Second Circuit?

24 MS. CENDALI: I don't think so, Your Honor,
25 although if it has been that would be another reason

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2 for this. But it's really just a pragmatic issue in
3 the sense of why should we have to, you know, talk to
4 engineers and have someone talk about how the, you
5 know, how Facebook's technology works when there is no
6 dispute in this case, I mean we've all been talking
7 about the issues, about how Mashable embedded this
8 photograph. And there's been extensive briefs about
9 what embedding a photograph means. There's no legal
10 issue about what it means to embed a photograph. They
11 may have a disagreement as to whether it's copyright
12 infringement or not or what the scope of it is in
13 damages, but you don't need to have a Facebook person
14 explain that technology. The parties have already
15 admitted how it works and what they did. Mashable
16 certainly, Mashable's engineers knows what they did,
17 Mashable can say, well, you know, we wrote code that
18 did this or we connected it to that. Mashable can
19 talk about what it did, it doesn't need Facebook to
20 have to talk about its technology, and we think that's
21 overbroad and should be stricken.

22 THE COURT: All right.

23 MS. CENDALI: Then the other issue is topic
24 1.L and this is another one that we believe in the
25 second bucket should be stricken. This seeks testimony

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2 about data collected by Instagram when a user's photo
3 or video is embedded. And in the meet and confer
4 yesterday plaintiff agreed to limit this topic to how
5 many times Mashable used Instagram's API to embed
6 plaintiff's works.

7 Now to be clear --

8 THE COURT: To embed plaintiff's work or to
9 embed anyone's work?

10 MS. CENDALI: Well to embed plaintiff's works
11 which, by definition, are beyond the photograph at
12 issue in this case. This is about a particular
13 instance. And we're concerned about, you know, as a
14 nonparty, Facebook having to, being used to get into
15 discovery about other potential infringements that
16 Mashable may have engaged in, if any, using the
17 embedding tool --

18 THE COURT: Just to, you know, sort of put
19 that out there on the record, once Facebook publicly
20 stated through I guess the *Ars Technica* article that,
21 in fact, all these folks didn't have sublicense, at
22 least not through the Instagram/Facebook, my guess is
23 that Ms. Sinclair's lawsuit is not the only lawsuit
24 premised on a similar set of factual allegations. And
25 what you're concerned about is in dozens or hundreds

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2 or thousands of cases plaintiff's lawyer's first port
3 of call is going to be a 30(B)(6) subpoena to Facebook
4 and that you're going to have to end up doing all the
5 discovery work for all these plaintiffs in all these
6 cases.

7 MS. CENDALI: I haven't fully thought of it in
8 the way Your Honor articulated it but, yes, that's our
9 overall premise of all of this. Which is the parties
10 should be able to sort this out. Mashable should know
11 what it did. They could investigate about Mashable. I
12 mean Your Honor may have to decide whether it's
13 relevant to this case about this photograph, whether
14 you're going to permit discovery about other
15 photographs that Mashable may have embedded of the
16 plaintiff, that's not for me to say.

17 THE COURT: The premise of the conversation
18 that we're having now is that you do have this data.
19 You have some dataset somewhere that's going to tell
20 you whether, if I deem it relevant and producible, you
21 have some dataset somewhere that's going to tell you
22 how many times Mashable used the Instagram API to
23 embed one of the photographs, one of plaintiff's
24 posts, right?

25 MS. CENDALI: That's the premise of the

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question which we believe is, as I say, is not relevant and too burdensome for a nonparty. And to be clear --

THE COURT: How can I tell whether it's too burdensome if you won't tell me what you've got?

MS. CENDALI: Well there's two points, Your Honor. One, it's not relevant. This case is about one photograph. So for them to ask for, by definition their request is to have Facebook tell them about any other time that Mashable has done this. Our position is they should get that from Mashable and Facebook should not be, have to look for that information.

THE COURT: All right, look --

MS. CENDALI: Secondly, I can tell the Court --

THE COURT: Counsel --

MS. CENDALI: (Continuing) -- we don't know to what extent it would even be possible for Facebook to be able to, my experience with Facebook and with major software applications like that is that it's not like, you know, pushing a button. You know, normally someone would have to write code to do a report to try to pull out and extract information. In other words, there'd be no reason, and I have no reason to believe

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that Facebook has, you know, this is the Mashable file about Mashable's embeds or anything like that.

THE COURT: So counsel, what you're telling me is I don't know, Your Honor. I don't know what we've got and I don't know how hard it would be for us to pull it out.

MS. CENDALI: What I'm saying is that --

THE COURT: I'm pushing you on this point and I'll just say it now because it's going to come up when I talk to plaintiff's counsel, as well.

Relevance is not black and white, it's not either/or. There is a sliding scale of relevance. Some things are more relevant than other things. Burden is not either/or. Something are a little bit burdensome, some things are a lot burdensome. Both relevance and burden go into the proportionality calculation that I now have to explicitly make under Rule 26(E)(2), along with some other things, those are not the only categories.

Generally speaking, the plaintiff has the burden of persuasion on relevance. Generally speaking, the defendant, or the party, in this case the party resisting discovery or the nonparty resisting discovery, has the burden not just of

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2 persuasion but of proof on burden. So for you to say
3 to me, Judge Moses, this is totally irrelevant, that's
4 fine. But you need to, but if your backstop is going
5 to be and it's too burdensome, you need to actually
6 give me some facts there.

7 MS. CENDALI: Okay. And what I can tell you,
8 Your Honor, because this I know to be true, is that
9 this isn't like do you have a, you know, a pile of
10 documents sitting in a file you could easily produce.
11 There would have to be a complicated program written
12 to try to extract information specifically with regard
13 to Mashable's embeds. And that is a big burden and that is
14 the case. And that would be a big burden for a third party
15 to have to have when there is a party, Mashable, that
16 could be asked about its, what it has done in the past
17 with regards to other embeds, if any, of Sinclair's
18 photograph.

19 THE COURT: Again, I should say it now because
20 it's going to keep coming up, with regard to the, you keep
21 making the point that plaintiffs should get all of this
22 information through party discovery first before they come
23 and burden you.

24 MS. CENDALI: Correct.

25 THE COURT: There are some cases in some

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2 jurisdictions that say that. That is not currently the
3 law in the second circuit and it hasn't been for some time
4 if it ever was, I'm not sure if it ever was. Which is not
5 to say that there isn't some heightened sensitivity to the
6 problems of third parties who didn't ask to be part of
7 this in the first place. There is heightened sensitivity,
8 both on the relevance front, there are some cases,
9 including one that you cited that I wrote myself, which
10 says that we have to look hard at relevance in the case of
11 a nonparty because they didn't ask to be part of this.
12 And there are plenty of cases in our circuit and
13 others that say you have to be particularly sensitive
14 to the burden issue on the part of a nonparty because
15 it's kind of, it's less fair to make a nonparty bear
16 all of this expense and burden than it might be to
17 make a party shoulder those same weight.

18 But, again, it's not black and white. There is
19 no rule that says you have to exhaust all of your
20 party opportunities before you start seeking otherwise
21 relevant and discoverable information from nonparties.
22 So, you know, my mental landscape here involves a
23 multidimensional sliding scale model where I have to
24 consider burden, I have to consider relevance, I have
25 to consider cost. I have to consider party sources

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from whom this information could or should more conveniently be obtained and so forth. And I have to sort of keep all those balls in the air at one time, there is no one issue which is typically going to be dispositive as to any one category or subcategory.

MS. CENDALI: Thank you for shedding light, that makes sense as to, you know, how Your Honor is approaching it. But I believe that certainly with regard to relevance, I know that's just part of it, but if the lawsuit is about one photograph, it's sort of, normally if I'm representing a party in this, either party, it's normally copyright 101 that the lawsuit would be just about that one infringement and not about lots of other infringements. So that's --

THE COURT: And the plaintiff would be saying, no, I need to know about all of these other infringements because it goes to willfulness and/or it goes to damages. And then the defendant --

MS. CENDALI: Well, but the point is they should be able, and I understand what Your Honor is saying about, well, there's lots of different sliding scales and, you know, what to do, I take that. But it seems like they should --

THE COURT: Ms. Cendali, it would be better

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for you not to interrupt me in the middle of a sentence.

MS. CENDALI: Forgive me, Your Honor, I didn't realize that you were speaking.

THE COURT: I see. Are there any other subtopics in bucket two?

MS. CENDALI: The only other, I think we were just discussing the idea of, of the topic two bucket which is communications kind of related to this case. And from our point of view, even if we were a party asking for any communications related to this case --

THE COURT: Ms. Cendali, that was part of bucket one.

MS. CENDALI: Oh, forgive me, Your Honor. Forgive me, the last topic, forgive me, Your Honor, yes, there's two more topics.

THE COURT: What you have in bucket two so far is the technology issue tied to topic 1.E, and the issue we were just most recently discussing tied to topic 1.L which is information and data that Facebook may or may not have and may or may not be able to pull out of its systems with regard to Mashable's use of the Instagram API to embed plaintiff's post.

MS. CENDALI: Yes, Your Honor, and forgive me,

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2 I turned to the wrong page in my notes and I
3 apologize. The other two remaining topics with regard
4 to this is topic 1.M, which seeks testimony about what
5 Facebook is planning or intending to do regarding
6 Instagram user's control of their data. And, you
7 know, for the threshold matter Facebook's future plans
8 are obviously highly proprietary, but they're also
9 irrelevant to what happened in 2016 or even through
10 January of '18. And we think that's too, too
11 burdensome to ask and not relevant to ask a nonparty
12 for their future plans.

13 THE COURT: Right.

14 MS. CENDALI: And then the last topic is 1.N
15 which seeks testimony about Davis Wright Tremaine,
16 which I understand, maybe not today but, in general,
17 is defendant's counsel in this case. And they want to
18 know about Davis Wright's representation of Facebook
19 in other matters. At the proposal, the meet and
20 confer yesterday, plaintiff agreed to narrow this
21 topic to whether Davis Wright drafted the Instagram
22 terms of use and platform policy, but it's not clear
23 whether they did or didn't, whether why that would be
24 relevant to the issues in this case.

25 We asked plaintiff that and plaintiff said,

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2 well, that could help, they might want to see whether
3 Davis Wright then had a conflict of interest. But if
4 Davis Wright had a conflict of interest, it would be
5 Facebook's right or not to waive or assert the
6 conflicts. Sinclair wouldn't have the right, you
7 know, Davis Wright, as I understand it, has never
8 represented Sinclair. So Sinclair can't assert a
9 conflict that Facebook would have to disqualify
10 anyone, and we think this is not relevant and
11 burdensome in that it gets to who Facebook hires and
12 for what purposes and intrudes on the attorney-client
13 relationship and the ability for lawyers to represent
14 many different companies for many different things.

15 THE COURT: All right --

16 MS. CENDALI: So that's the second bucket.

17 THE COURT: And then there is a third bucket
18 which is the document requests?

19 MS. CENDALI: Correct, Your Honor. Facebook
20 has already produced documents. It's produced its
21 terms of use and platform follow-up, you can see that
22 it was effective of March of 2016. It's also produced
23 the correspondence, not just the article with *Ars*
24 *Technica* but the correspondence leading up to that
25 June 4, 2020, article. But their document request is

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2 just an overbroad catchall. It just, it doesn't comply
3 with Federal Rules of Civil Procedure 34(B)(1)(a)
4 because it doesn't describe with reasonable
5 particularity each item or category of items to be
6 inspected or produced. It just asks for any non-
7 privilege relevant documents or information that might
8 substantiate or support deponent's testimony in any
9 way. Well we don't even know what the, leaving aside
10 we don't know what the deponent is going to say, but
11 that's a, that's like in a document request, you know,
12 please give me all documents relevant to the case or
13 relevant to the other side's position in the case. I
14 mean that's just too hard for even a party to have to
15 figure out, let alone a nonparty. And our overall
16 position though, Your Honor, is that, you know,
17 Facebook's role in this, while important with regard
18 to the sublicense issue, is narrow with regard to that
19 issue. And we're willing to give testimony on that and
20 to also, you know, the communications with *Ars*
21 *Technica* about that sublicense point.

22 Other documents with regard to Facebook do not
23 seem to be needed to make any point in this case. And
24 we respectfully submit that Facebook should not be
25 burdened to produce any additional documents.

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THE COURT: Thank you. Whose motion is this for the plaintiff?

MR. BARTOLOMEI: Pardon me, Your Honor, what was the question?

THE COURT: Whose motion is this, which lawyer, which plaintiff's lawyer is arguing this motion?

MR. BARTOLOMEI: Oh, I'm sorry, James Bartolomei, Your Honor.

THE COURT: Okay, so Mr. Bartolomei, before we get into the details, either organized by bucket as Ms. Cendali has done, or perhaps you want to take a different approach, let me ask you a big picture issue. One thing Ms. Cendali seems to me clearly right about is that your, the duces tecum portion of your subpoena, please produce all relevant (indiscernible) the witness's testimony, is fully unenforceable. There is no way I'm going to require Facebook to produce documents beyond what they've already produced in response to that wholly inadequate document demand. Which leads to sort of the bigger picture question which I previewed to Ms. Cendali, which is why are you doing it this way? You're going to get one day of seven hours. If you don't get to

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focus in on the questions you really want to ask and get answers because you don't have the documents, you're going to be stuck. You can't go back for a second and a third trip to the well. Why are you doing it this way?

MR. BARTOLOMEI: So I appreciate that different lawyers practice different ways but we're all bound by the Rules of Civil Procedure. Invariably, each topic which Ms. Cendali, unfortunately, was not on the call yesterday but two of her colleagues at Kirkland were, I believe we made significant headway to narrow those topics.

So in the interest of knowing that there is a discovery cutoff in this case, it sounds, if I were to use the term reading Your Honor's tea leaves, that it would make sense for us to propound some limited document requests for documents to be produced in advance of a deposition. And invariably, I believe we should be able to move pretty quickly through these topics in terms of plaintiff's response, which also means that I believe the universe of documents is probably relatively small. I believe Facebook has already produced three documents in this case and I can't imagine that we're interested in having Facebook

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2 go out and, you know, create special code, you know,
3 for this case. That would be unduly burdensome. But as
4 a sort of procedural matter, because the holidays are
5 upon us and we had a discussion bout timing yesterday,
6 it would probably make sense for us, in a short period
7 of time for Mr. Hoben and myself to propound some very
8 limited document requests so we have those so we don't
9 have to come back to the Court. And a deposition is, I
10 don't think it's going to take seven hours, you know,
11 to go through a 30(B)(6), I think it will be a
12 fraction of that. But with that in mind, I think we
13 can get one out within a week and try to get this
14 thing scheduled sometime in, you know, in January.

15 THE COURT: That's just going to kick the can
16 down the road and we're going to be back here fighting
17 about the same thing. So, you know, what documents I
18 might, assuming that you get your act together
19 procedurally and you actually send a subpoena which
20 identifies the documents with reasonable
21 particularity, which is, indeed, what the Federal
22 Rules require, we're still going to be back here
23 arguing about what's relevant and what's burdensome,
24 aren't we, unless we have some clear ideas coming out
25 of today's conference what the boundaries are there.

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2 MR. BARTOLOMEI: I think we can get, after we
3 go through those topics, I think we've made great
4 pains, especially given, having gone through a
5 conference on Mashable a few weeks earlier, that it
6 made sense to try to narrow those. And I think we've,
7 you know, I think we've come up with, and the Court
8 does not have the benefit of very specific areas for
9 each of these topics that are in no way unduly
10 burdensome to, you know, to Facebook. I think most of
11 them were probably, you know, require very little
12 preparation.

13 Part of the issue, Your Honor, the
14 foundational matter is, as the Court recognizes, it's
15 plaintiff's burden of proof. And I've got some holes
16 in evidence that nobody besides Facebook has access or
17 is in the best position to provide that proof in this
18 case. So, you know, I think that may be helpful in
19 terms of the document issue.

20 THE COURT: Well, perhaps but, you know, it's
21 good to hear you say that you think this is going to
22 be an efficient deposition. That you think you can
23 get through it quickly. That you have some specific
24 and concrete, you didn't use that word, I used that
25 word, you had some specific questions that you needed

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2 to ask Facebook that you can't get from party sources.
3 That's fine. The problem is, from my standpoint and
4 from Facebook's standpoint, and from the standpoint of
5 Rule 30(B)(6), is that Facebook has to go and I have
6 to go by the face of the 30(B)(6) subpoena and the
7 topic list appended to it insofar as I don't narrow
8 it, in terms of what the scope of the deposition is
9 going to be. And Facebook's burden is a burden of
10 prep.

11 So in the case of a party deposition, we don't
12 have this problem. In the case of a party deposition,
13 you send out your deposition notice, you don't have
14 to, you don't have to specify the topics. The witness
15 doesn't have to prep. The witness just shows up and
16 decisions have to be made on a question by question
17 basis as we go as to whether these questions are, in
18 fact, you know, in the proper scope of relevance. And
19 that's all fine.

20 But with a 30(B)(6) who is a nonparty, with a
21 nonparty such as Facebook, the calculation really is
22 different. Because they're not here by choice.
23 They're not the plaintiff. And they don't have to be
24 here anyway for other reasons because they're not the
25 defendant. So you are reaching out to them to, as you

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2 put it, plug in some holes that you can't plug
3 otherwise. But they have an affirmative obligation
4 under Rule 30(B)(6), if you send them a list of topics
5 and I don't narrow it or the parties don't agree to
6 narrow it, they have to find one, or two, or three, or
7 seven witnesses and spend one, or two, or three, or
8 seven days making sure that that witness is prepped
9 about those topics.

10 So you owe it to them, if your topics really
11 are narrow and really aren't going to be burdensome,
12 you need to be able to articulate that or I'm going to
13 have to do it for you in the form of an order, so that
14 they know what they do and don't have to prep people
15 on. In the face of your subpoena looking at it now, it
16 doesn't do that job.

17 MR. BARTOLOMEI: I don't disagree with that
18 general proposition, that's why I think going through each
19 of the buckets or topics and putting on the record, and
20 Facebook has in their possession as of Friday last
21 week a significantly tailored, even though they're
22 objecting and making general objections about undue
23 burden, I think we've narrowed it to the point where
24 we still have a case to go prove and Facebook has the
25 proof that we can't get really from anywhere else.

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THE COURT: So do you want to walk through the buckets with me or do you want to approach it in some other way?

MR. BARTOLOMEI: No, I think that's the best way to do it, is to go through those buckets and respond accordingly.

THE COURT: All right, go ahead.

MR. BARTOLOMEI: So as to the overbroad area for topic 1.A, the reason why we're going back to 2012, this is a very narrow issue, is whether Facebook likes it or not, this is, they're really an indispensable entity in this mix. This isn't just a single, you know, simple infringement, you know, case. We've got plaintiff, who has come onto the platform, we want to generally be able to ask questions and elicit testimony as to what exactly she was, you know, agreeing to when she came onto the platform. You know, what rights did she, you know, retain. And it could be as simple as one question. You know, Facebook, did Ms. Sinclair retained her copyright, if she had one, in this photograph? You know, there may be some follow-up to that, but generally that's what we want to know.

To remind the Court, we were at the motion to

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2 dismiss level because we didn't have the benefit of
3 discovery, and clearly you've got Mashable and
4 plaintiff disagreeing about what those terms say. We,
5 from my perspective, plaintiff has an uphill battle to
6 overcome the notion, right or wrong, that Instagram
7 didn't do a very good job to writing these terms
8 because the whole world under this legal fiction was
9 operating under the premise that it was okay to embed
10 photos using the API and you didn't need to go out and
11 get consent, or you didn't need to have a defense, you
12 could just go do it because the terms said so.

13 Well I think from day one when these terms
14 were written by Instagram, it's been their position
15 that they remained consistent in that regard of
16 (indiscernible) retained. So really to boil this down
17 from a layperson's perspective, if God forbid we get
18 in front of a jury on this, that that foundation is
19 laid. Like this is what plaintiff owned when she
20 decided to use the Instagram platform.

21 So topic 1.A is very narrow as to that general
22 area of what she retained when she assented, when she
23 agreed to be bound by Instagram.

24 THE COURT: Counsel, counsel, Mr. Bartolomei,
25 you're talking about 1.A?

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MR. BARTOLOMEI: Correct?

THE COURT: On its face it says terms of use (indiscernible), have you just spent the last five minutes arguing about why you should go back to 2012 on this one? I'm confused.

MR. BARTOLOMEI: We met and conferred yesterday with Facebook's counsel and we discussed the reason why we wanted to know, if it's in Facebook's possession, the proof that she actually agreed to those terms. It could be as simple as, yes, we have the date that she signed up, we have the date, I mean if they don't have it, they don't have it. I don't know how --

THE COURT: Mr. Bartolomei, I am a simple country magistrate judge, I start with your 30(B)(6) subpoena, where have you asked for that information?

MR. BARTOLOMEI: Your Honor, it's in the one that we noticed and sent, in the notice on Friday. So, again, I prefaced that with you don't have the benefit of that in front of you.

THE COURT: You're arguing, you are arguing to me a subpoena I haven't seen?

MR. BARTOLOMEI: I'm referencing a conversation that Ms. Cendali referenced multiple

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2 times when she was breaking these buckets up and Ms.
3 Schmitt also raised.

4 THE COURT: Did you serve an amended Rule
5 30(B)(6) subpoena?

6 MR. BARTOLOMEI: Yes.

7 THE COURT: You served an amended --

8 MS. CENDALI: That's not --

9 THE COURT: Hold on. Hold on. Hold on, one
10 at a time. Mr. Bartolomei, you are plaintiff's
11 counsel of record and an officer of the Court, did
12 plaintiff serve an amended Rule 30(B)(6) subpoena on
13 Facebook last Friday?

14 MR. BARTOLOMEI: All counsel were sent it via
15 email.

16 THE COURT: What are we doing here today?
17 When were you, when were you planning to tell me that
18 the motion I have that I've now prepared for twice
19 because we (indiscernible) and ran out of time last
20 time, is now moot?

21 MR. BARTOLOMEI: We started the conversation
22 off today in this hearing that some topics had been
23 narrowed. Ms. Cendali did not --

24 THE COURT: There's a huge difference between
25 some topics have been narrowed, which means I start by

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2 looking at the subpoena (indiscernible) and think
3 about whether it has been narrowed, and telling me,
4 oh, never mind, Judge, we have a whole new one which
5 is better and more specific and will stand up to your
6 scrutiny, except we haven't showed it to you.

7 MR. BARTOLOMEI: After meeting and conferring
8 with Facebook's counsel yesterday, both parties agreed
9 that we would not send it. And, unfortunately, I
10 understand why now, because you're looking at a very
11 general one --

12 THE COURT: That you would not send it?

13 MR. BARTOLOMEI: Yes. And counsel -- yes,
14 counsel --

15 THE COURT: Yes or no, counsel, this is not a
16 hard question, has the subpoena that I'm looking at
17 been superseded by a new one?

18 MR. BARTOLOMEI: It's plaintiff's position that
19 it has, yes.

20 MS. SCHMITT: Your Honor, this is Johanna
21 Schmitt --

22 THE COURT: No, wait. Wait.

23 MS. SCHMITT: Sorry.

24 THE COURT: Wait, please. You sent it to them
25 by email, is that correct, Mr. Bartolomei?

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MR. BARTOLOMEI: That's correct.

THE COURT: When did you do that?

MR. BARTOLOMEI: Friday, last week.

THE COURT: And is there an agreement in place among counsel for plaintiff, counsel for defendant and counsel among Facebook to accept service of subpoenas by email?

MR. BARTOLOMEI: They responded accordingly, and they represented that, yes, we would work cooperatively together to set the deposition and accept items via email. I mean do I have to reserve Facebook at their headquarters, no, they've agreed to accept all correspondence on behalf of Facebook at this stage.

THE COURT: All right. Defendant, we haven't heard from you and we've been going around on this for a while now, who's motion is this for Mashable?

MS. WOLFF: Yes, good morning, Your Honor, this is Nancy Wolff from Cowan, DeBaets, Abrahams & Sheppard. We are not part of this motion.

THE COURT: I understand, I just want to touch all the bases. Do you agree that there has been an amended or superseding subpoena and that's what we've been talking about, not the one that we've been

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talking about these last 45 minutes?

MS. WOLFF: I was part of the conversation we had yesterday when there was a meet and confer, and I do know an additional subpoena was sent on the part of plaintiff. I believe that is what we are now based on.

THE COURT: Thank you. Ms. Cendali, is there a new subpoena?

MS. CENDALI: No, Your Honor, they did not serve a new subpoena. They served at 8:00, they sent us by email and all counsel, something called an amended notice for deposition and duces tecum to Facebook, Inc. We did not agree to accept service of a new subpoena, nor did the discussion about it treat it as a new subpoena. It was treated as part of the meet and confer process to try to narrow the existing subpoena.

THE COURT: An amended notice of deposition, not a subpoena at all?

MS. CENDALI: I'm reading what it says, amended notice for deposition and duces tecum to Facebook.

MR. BARTOLOMEI: It's pursuant to subpoena, Your Honor. If she keeps reading, it says, "This notice is pursuant to the subpoena that was already served on September the 10th. These same lawyers have

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2 agreed to accept all correspondence, I don't know that
3 I've got to re-serve, I mean Facebook's headquarters.

4 THE COURT: Be quiet, please, all of you.
5 Let's do a little Civil Procedure 101 here. The way a
6 party (indiscernible) testimony and/or documents to a
7 nonparty is a two-part (indiscernible). There is a
8 document called a subpoena which is governed by Rule
9 45, which you have to serve on the nonparty. And which
10 in the case of a 30(B)(6), has to contain, appended to
11 it, a list of the topics that you want testimony on.
12 And in the case of a duces tecum, has to contain,
13 appended to the subpoena, a list of the documents that
14 abide with reasonable particularity that you want the
15 third party to produce.

16 If there is going to be testimony at a
17 deposition, you also have to separately serve under
18 Rule 30, a deposition notice, which sets out the time
19 and the place and so forth. And that has to go to all
20 the parties in the case. And certainly the better
21 practice, although I don't remember off the top of my
22 head if the rules are written this way at the moment,
23 they keep switching back and forth, but certainly the
24 better practices is that you do all of those things
25 simultaneously and you make sure that both the party,

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the parties and the nonparties have a copy of both the notice and the subpoena.

I'm not sure where we are in that process, but what I have clearly heard in the last few minutes, is that the plaintiff is not really standing on the subpoena that I have in front of me. The plaintiff agrees that the topics can be, should be, most be more specific and more precise. And I just heard the plaintiff agree that it would be a really good thing to actually ask for some documents specifically and, if possible, try to get them in hand before the deposition happens. All of that is fine, it's just that you really don't want your magistrate judge to be the last person to find this stuff out halfway through a discovery hearing. You need to tell me what's going on.

MS. CENDALI: Your Honor, this is Ms. Cendali. To be clear, a subpoena looks like a subpoena, right, it has a subpoena coversheet and it says it's a subpoena. This does not do that. And, in fact, as the second line that plaintiff indicated states, "Please take notice that plaintiff issues an amended notice of deposition that is pursuant to the subpoena, duces tecum, that was served on Facebook on September

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2 10, 2020." In other words, looking at this piece of
3 paper, it only referred to the subpoena, the original
4 subpoena that we've been talking about of September 10,
5 and we interpreted this and had a meet and confer with
6 them, as an attempt to narrow the issues with regard to
7 their only subpoena that they served. They didn't say
8 we're going to strike and replace that subpoena, forget
9 that subpoena, here's a new subpoena, there's been no new,
10 there is no new subpoena and the document doesn't, by
11 its terms, refer it as being a new subpoena, it only
12 refers to the September 10 subpoena. That's what we
13 thought and that's what the discussion yesterday was
14 about, which was narrowing the issues with regard to
15 the original subpoena which is the only one that
16 exists.

17 So, you know --

18 THE COURT: This new notice, whatever the heck
19 that is, this new notice which was sent around by
20 email contains a different and narrower list of
21 topics?

22 MS. CENDALI: It contains a different, in some
23 instances a narrower issue, a narrower list of topics.
24 And that is what we were talking about during my
25 portion of the argument. I was explaining the points

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2 where we had reached agreement and on the points where
3 we remained at an impasse and the new document that
4 they served did not change any of the things that I
5 was arguing.

6 THE COURT: Except, Ms. Cendali, the point you
7 neglected to mention to me was that all of this was in
8 a document which I had never seen.

9 MS. CENDALI: I did say, Your Honor, that they
10 served a new document that attempted to narrow the
11 issues and that we had a meet and confer about it
12 yesterday, but we don't think that the document is an
13 operative subpoena.

14 THE COURT: All right, there are two ways we
15 can handle this today, ways I'm prepared to handle
16 this today. I can give you a ruling on the subpoena
17 which is before me, the operative subpoena. I can give
18 you a ruling which will disallow the duces tecum
19 portions of it for the reasons that I previously
20 explained and which will tell you which of the topics
21 listed in Exhibit 1, not the topics listed in some
22 other document that I haven't seen, but what portions
23 of the topics listed in Exhibit 1 of the subpoena that
24 I have seen I deem to be sufficiently relevant and
25 proportional, and none burdensome and non-privileged

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2 to permit the deposition to go forward on. And then
3 you can take the deposition, Mr. Bartolomei, and
4 that's it, you're done taking the deposition from
5 Facebook.

6 If you want to start all over again in the way
7 that you just suggested to me, if you want to withdraw
8 the current subpoena and note a new one, maybe send it
9 out in two pieces, first the duces tecum and then a
10 deposition subpoena, you can do that, too, but you
11 can't do both. What do you want to do?

12 MR. BARTOLOMEI: Your Honor, I think it would
13 make more sense to go with option two. And to the
14 extent that we need to revisit any meet and confer
15 items, I'm happy to do that with Facebook's counsel.
16 But I don't want to be in a position where the Court
17 is operating on what's clearly a subpoena, or excuse
18 me, topics that are way too broad. Plaintiff
19 acknowledges that and apologizes for the confusion.
20 It makes more sense to go with option two and send it
21 out in two pieces with the topics that are much more
22 narrowed and we're happy to allow the Court to make a
23 ruling, you know, based on that, given the context of
24 what you've already heard for the last hour and a
25 half.

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THE COURT: All right. So Mr. Bartolomei, as counsel for plaintiff Sinclair in this case, are you withdrawing the subpoena which is before me without prejudice to reserving a subpoena to Facebook?

MR. BARTOLOMEI: Yes, Your Honor.

THE COURT: Thank you very much. That will conclude the formal portion of today's discovery conference. For the guidance of counsel, I don't usually do this, but I don't want you to have to read the tea leaves based solely on my conversation with one side, having not had a conversation with the other side yet, for the guidance of counsel, my inclination here which, of course, is nothing but an inclination not having seen the new subpoena and not having been presented with what other facts and argument the parties may need to present to me at some time in the future if they can't work this out, my inclination is to limit the temporal scope of the Facebook subpoena to March, 2016, through January of 2018.

My inclination is also to limit the topics with respect to the terms of use and the platform policy to those which can fairly be discerned from the complaint, including the provisions set forth in paragraph 35 of the operative complaint. To the

1
2 extent that plaintiff wishes to use Facebook to
3 explore issues of willfulness and/or damages, that is
4 to the extent that plaintiff wishes to use Facebook to
5 explore questions such as what are other publishing
6 companies doing with respect to using the API to embed
7 Instagram posts, or what has Mashable done with
8 respect to plaintiffs other than Ms. Sinclair, I am
9 unlikely to permit Facebook to be your first stop
10 there, plaintiff. Given that they are a nonparty and
11 did not ask to be here and are not accused of any
12 wrongdoing, it does seem to me that from a
13 proportionality and a burden standpoint, you are going
14 to have to make at least some effort to get that
15 information elsewhere before you make Facebook your
16 workhorse with respect to those issues which do not
17 relate directly to the photograph which is at issue in
18 this case and the period of time that it was embedded
19 on Mashable through the Facebook API.

20 With respect to communications regarding this
21 case, I am not, I don't think it is outrageous for you to
22 want to know about Facebook's non-privileged
23 communications concerning this case with both the
24 media and the parties to this case. But I am very
25 concerned about how we distinguish those communications

1
2 from communications which are going to be privileged.
3 Generally speaking, when you ask a question, ask for
4 documents or ask for a deposition category which
5 includes both privileged and non-privileged items, the
6 party from whom the discovery is sought, or in this
7 case the nonparty from this discovery is sought has an
8 obligation to catalog for you, to log all of the items
9 of information or the documents that are being
10 withheld on privilege grounds.

11 If the request is too broadly construed that,
12 in and of itself, becomes a huge and unreasonable
13 burden. And I don't want us to be going down that
14 path there. So if you are going to be asking for
15 communications about a lawsuit, I want you to be very
16 sensitive, plaintiffs, making sure that you define the
17 question, that you ask the question in such a way that you
18 are not intruding into privileged areas.

19 Are there any other issues where the parties
20 think that some guidance might be helpful before you
21 finalize and serve your second subpoena?

22 MS. WOLFF: Your Honor, this is Nancy Wolff on
23 behalf of Mashable. I am not speaking about guidance
24 at all, and it's a very minor point, but I just wanted
25 to clarify that in plaintiff's letter to the Court he

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2 said that I made a statement in an article regarding
3 *BuzzFeed*, but I think there was some Nancy confusion.
4 The article quoted a Nancy (indiscernible) from
5 *BuzzFeed*. So very small point, but I just wanted you
6 to know that I didn't make a statement about this case
7 in --

8 THE COURT: Noted. But you reminded me of one
9 other tail wagging dog type of question which might
10 perhaps be helpful to touch on now. There's no
11 disqualification motion pending with respect to Davis
12 Wright Tremaine, correct?

13 MS. WOLFF: Correct.

14 THE COURT: Correct. It is going to be
15 difficult to persuade me that at this stage of the
16 case, with the issues being what they are now, that it
17 would a legitimate use of the Rule 30(B)(6) device and
18 the Rule 45 subpoena device to drag Facebook into the
19 question of what a certain law firm did or did not do
20 for it. So that's going to be a very steep uphill
21 battle, Mr. Bartolomei, if you --

22 MR. BARTOLOMEI: In retrospect, I think we can
23 withdraw that topic.

24 THE COURT: All right. So the ruling for
25 today will not really be a ruling at all, it will

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simply be a notation that the protective order motion is denied as moot, the subpoena having been withdrawn without prejudice to service of a new subpoena?

Anything else?

MR. BARTOLOMEI: Your Honor, James Bartolomei for the plaintiff again. One additional question. As to the indication of the temporal range or time range, one of the areas that we do believe is relevant and is proportional is that Instagram advertised or provided some sort of training manual how to, whatever that magic word is, on how to use the API. And that would have occurred prior to when this post occurred. Because there's a fight in this case, or there's an issue at stake regarding, you know, what the API and its use actually meant to the various parties, both plaintiff and Mashable. We do think it's fair game to be able to inquire, and Facebook would probably be in the best position to cover that topic of how they rolled out the use of the API and introduced it to publishers such as Mashable. And there may not be any document at all, but I do want to at least raise that as something that is certainly important as it attests to the willfulness issue.

THE COURT: Well, practice tip here.

1
2 Generally speaking, when I limit, when I limit a
3 subpoena to a certain temporal timespan on relevance
4 grounds, I understand in the real world that that the
5 question, certainly from a document perspective, the
6 question isn't what documents were written during the
7 relevant time period or were emailed during the
8 relevant time period, or were edited during the
9 relevant time period, those are included for sure, but
10 it's what documents were applicable, what policies
11 were in existence, what terms of use governed, et
12 cetera, the relevant time period.

13 Now if those terms of use were prepared a year
14 earlier but they were the operative terms of use
15 during the relevant time period, then obviously you
16 can get them in the subpoena duces tecum, and you can
17 talk about them during a deposition because they were
18 the operative documents during the relevant time
19 period. So if this, if this thing exists, some kind of
20 an instruction manual for how to use the API and if
21 the instruction manual, itself, predates the beginning
22 of what I think is likely to be the relevant time
23 period here, which is March, 2016, but if it's what
24 everybody still had, if it was still operative come
25 March, 2016, you, you know, ask for it, see what you

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get.

MR. BARTOLOMEI: Fair enough, I appreciate that, and apologize for what we've been through today. This was working with Facebook to try to narrow this and it did not accomplish what our intent was, or at least what my intent was.

THE COURT: I think a fresh start is best here. What's your deposition deadline, excuse me, your discovery cutoff?

MR. BARTOLOMEI: It's either the 2th or 28th of January, end of next month.

THE COURT: Right, well don't waste time.

MR. BARTOLOMEI: Oh, no, we're on it. We appreciate the Court's time today. Thank you.

THE COURT: All right. Thank you very much, ladies and gentlemen, we'll be adjourned.

(Whereupon the matter is adjourned.)

C E R T I F I C A T E

I, Carole Ludwig, certify that the foregoing transcript of proceedings in the United States District Court, Southern District of New York, Sinclair versus Ziff Davis, LLC, Mashable, Docket #18cv790, was prepared using PC-based transcription software and is a true and accurate record of the proceedings.

Signature _____

Carole Ludwig

Carole Ludwig

Date: December 4, 2020

FAIR USE

2020 WL 6393010

United States District Court, E.D. New York.

Michael Barrett BOESEN, Plaintiff,

v.

UNITED SPORTS
PUBLICATIONS, LTD., Defendant.

20-CV-1552 (ARR) (SIL)

Signed 11/02/2020

Attorneys and Law FirmsRichard Liebowitz, James H. Freeman, Liebowitz Law Firm,
PLLC, Valley Stream, NY, for Plaintiff.Moish Eli Peltz, Paul Michael O'Brien, Falcon Rappaport &
Berkman PLLC, Rockville Centre, NY, for Defendant.**OPINION & ORDER**

ROSS, United States District Judge:

*1 Defendant, United Sports Publications, Ltd., moves to dismiss this copyright infringement action under [Federal Rule of Civil Procedure 12\(b\)\(6\)](#) and moves for bond under Local Rule 54.2. *See* Def.'s Mem. Supp. Mot. Dismiss & Bond ("Def.'s Br."), ECF No. 22. It argues its embedding of an Instagram post by professional tennis player Caroline Wozniacki that featured a copyrighted photograph taken by plaintiff, Michael Barrett Boesen, is protected by the fair use doctrine. *Id.* at 5–13. It also argues bond is appropriate because plaintiff's counsel, Richard Liebowitz, frequently violates court orders. *Id.* at 14–17. Plaintiff opposes, claiming at minimum a more developed factual record is needed to evaluate the fair use defense here, and in any event, it will fail. Pl.'s Opp'n, ECF No. 24. Plaintiff also claims bond is unwarranted because he will prevail and regardless defendant has failed to show plaintiff's lawsuit was improperly motivated. *Id.* at 22–25.

I grant defendant's motion to dismiss because I find the fair use defense established on the face of the complaint. Accordingly, I deny defendant's motion for bond. Defendant is free to move for attorneys' fees, and I expect plaintiff and

his counsel to comply with any orders I may issue on that motion.

BACKGROUND

The following facts, drawn from plaintiff's September 22, 2020 amended complaint, are presumed to be true for the purpose of this motion to dismiss. *See, e.g., Lundy v. Catholic Health Sys. of Long Island Inc.*, 711 F.3d 106, 113 (2d Cir. 2013).

On December 6, 2019, professional tennis player Caroline Wozniacki announced her retirement from the sport on her Instagram page. Am. Compl. ¶ 16, ECF No. 20; Instagram Post, ECF No. 20-4 (annexed as Ex. D to Am. Compl.). The post included a cropped low-resolution version of a photograph taken by plaintiff, Michael Barrett Boesen, a professional photographer based in Denmark. Am. Compl. ¶¶ 5, 12, 16. The photograph, taken in 2002, shows a young Wozniacki preparing to serve. Photograph, ECF No. 20-1 (annexed as Ex. A to Am. Compl.); Website, ECF No. 20-2 (annexed as Ex. B to Am. Compl.).



Figure 1: Wozniacki's December 6, 2019 Instagram Post.



Figure 2: Plaintiff's Original Photograph.

That same day, defendant, United Sports Publications Ltd., a sports news publisher, ran an article on the Long Island Tennis Magazine website covering Wozniacki's retirement announcement. Am. Compl. ¶¶ 9, 17; Article, ECF No. 20-5 (annexed as Ex. E to Am. Compl.). The article quoted the text of the Instagram post and summarized Wozniacki's career. *See* Article. It noted she “ha[d] accumulated more than 630 singles victories and 30 titles, including her lone Grand Slam title in Melbourne in 2018,” and in “[t]hat same year, she was diagnosed with [rheumatoid arthritis](#), and battled injuries in 2019 where she played only 35 matches.” *Id.* at 2.

*2 To accompany this commentary, the article “embedded” Wozniacki's original Instagram post featuring a cropped version of plaintiff's photograph.¹ *Id.*; Am. Compl. ¶ 17. Defendant did not license the photograph from plaintiff, nor

did it have permission to publish the work on its website. Am. Compl. ¶ 19. Defendant subsequently registered a copyright on the photograph that became effective December 27, 2019. *Id.* ¶ 15; Copyright Registration, ECF No. 20-3 (annexed as Ex. C to Am. Compl.).

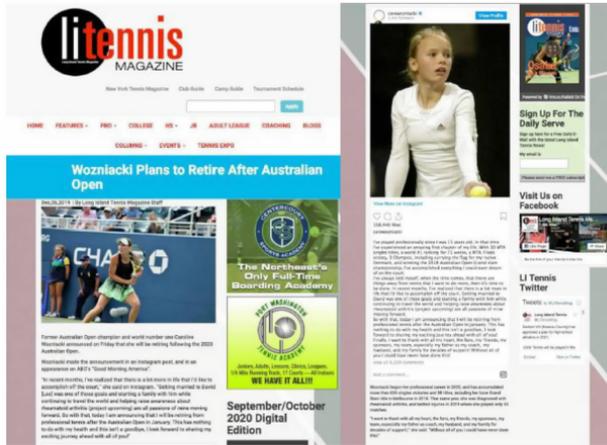


Figure 3: Screenshots of Contested Article.

1 An “embedded” image is one that “hyperlink[s] ... to [a] third-party website.” *Goldman v. Breitbart News Network, LLC*, 302 F. Supp. 3d 585, 587 (S.D.N.Y. 2018). “To embed an image, [a] coder or web designer ... add[s] an ‘embed code’ to the HTML instructions; this code directs the browser to the third-party server to retrieve the image.” *Id.* “[T]he image appears on the new page, but links to and remains hosted on the third-party server or website.” *Walsh v. Townsquare Media, Inc.*, No. 19-CV-4958 (VSB), 2020 WL 2837009, at *2 n.4 (S.D.N.Y. June 1, 2020).

Plaintiff filed the instant copyright infringement suit on March 25, 2020. *See* Compl., ECF No. 1. Defendant answered the original complaint on July 15, 2020,² *see* Answer, ECF No. 7, then sought permission to file a motion to dismiss and motion for bond on August 25, 2020, *see* Letter Requesting Pre-Motion Conference, ECF No. 11. I granted permission on September 2, 2020 but instructed defendant to fashion its motion to dismiss as one for judgment on the pleadings. Text Order (Sept. 2, 2020). The parties then agreed to plaintiff filing an amended complaint, which he did on September 22, 2020. *See* Am. Compl. Rather than answering the amended complaint, defendant filed the instant motion to dismiss and motion for bond on October 7, 2020. *See* Def.’s Br. Plaintiff opposed on October 20, 2020, Pl.’s Opp’n, and defendant replied on October 27, 2020, Def.’s Reply, ECF No. 25.

2 Defendant submits that it offered plaintiff a Rule 68 judgment of \$1,001 on July 15, 2020, and plaintiff

rejected it. Rule 68 Offer, ECF No. 22-3 (annexed as Ex. B to Declaration of Moish E. Peltz (“Peltz Decl.”)).

LEGAL STANDARD

“To survive a motion to dismiss, a complaint must contain sufficient factual matter, accepted as true, to state a claim to relief that is plausible on its face.” *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (citation and quotation marks omitted). A claim is facially plausible “when the plaintiff pleads factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged.” *Id.* In reviewing a complaint under Rule 12(b)(6), I must “constru[e] [it] liberally, accepting all factual allegations in the complaint as true, and drawing all reasonable inferences in the plaintiff’s favor.” *Bacon v. Phelps*, 961 F.3d 533, 540 (2d Cir. 2020) (citation omitted). I may consider only those “facts stated on the face of the complaint, in documents appended to the complaint or incorporated in the complaint by reference, and to matters of which judicial notice may be taken.” *Allen v. WestPoint-Pepperell, Inc.*, 945 F.2d 40, 44 (2d Cir. 1991). “Affirmative defenses may be adjudicated at this stage in the litigation ... where the facts necessary to establish the defense are evident on the face of the complaint.” *Kelly-Brown v. Winfrey*, 717 F.3d 295, 308 (2d Cir. 2013).

Further, under Local Rule 54.2, I have discretion to order a party to pay bond as security for “attorneys’ fees to which a party is potentially entitled by statute.” *Lee v. W Architecture & Landscape Architecture, LLC*, No. 18-CV-5820 (PKC) (CLP), 2019 WL 2272757, at *1 (E.D.N.Y. May 28, 2019). In determining whether a bond for these fees is appropriate, courts consider “(1) the financial condition and ability to pay of the party who would post the bond; (2) whether that party is a resident or foreign corporation; (3) the merits of the underlying claims; (4) the extent and scope of discovery; (5) the legal costs expected to be incurred; and (6) compliance with past court orders.” *Teri v. Oxford Mgmt. Servs.*, No. 05-CV-2777 (DRH) (WDW), 2013 WL 132660, at *2 (E.D.N.Y. Jan. 10, 2013) (citation omitted).

DISCUSSION

I. Defendant’s Embedding of the Instagram Post Featuring Plaintiff’s Copyrighted Photograph Constitutes Fair Use.

*3 A defendant may defeat a claim of copyright infringement if it shows the “fair use of a copyrighted work ...

for purposes such as criticism, comment, news reporting, teaching ..., scholarship, or research.” *NXIVM Corp. v. Ross Inst.*, 364 F.3d 471, 476 (2d Cir. 2004) (quoting 17 U.S.C. § 107). In evaluating fair use, courts must consider:

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market for or value of the copyrighted work.

17 U.S.C. § 107. “[A]ll factors must be explored and the results weighed together in light of the purposes of copyright and the fair use defense.” *NXIVM*, 364 F.3d at 477. Taken together, I find applying these factors to the complaint establishes that defendant's use of plaintiff's photograph was fair.

A. Purpose and Character of the Use

First, I must determine whether defendant's use of the contested work was “transformative,” taking into account any “commercial purpose.”³ *NXIVM*, 364 F.3d at 477. “The central purpose of this investigation is to see ... whether the new work merely supersede[s] the objects of the original creation ... or instead adds something new, with a further purpose or different character, altering the first with new expression, meaning, or message....” *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994) (alteration in original) (citations and quotation marks omitted). In other words, “[a] use is transformative if it does something more than repackage or republish the original copyrighted work.” *Authors Guild, Inc. v. HathiTrust*, 755 F.3d 87, 96 (2d Cir. 2014).

³ Defendant asserts that I may consider allegations of bad faith under this factor. Def.’s Br. 9–10. But I need not do so here because plaintiff has not raised any such allegations.

“[C]ourts have held that it is not fair to ‘use [] an image solely to present the content of that image, in a commercial capacity,’ or to otherwise use it ‘for the precise reason it was created.’” *Walsh v. Townsquare Media, Inc.*, No. 19-CV-4958 (VSB), 2020 WL 2837009, at *4 (S.D.N.Y. June 1, 2020) (quoting

BWP Media USA, Inc. v. Gossip Cop Media, Inc., 196 F. Supp. 3d 395, 407 (S.D.N.Y. 2016)). “However, use of a copyrighted photograph may be appropriate where ‘the copyrighted work is itself the subject of the story, transforming the function of the work in the new context.’” *Id.* (quoting *Barcroft Media, Ltd. v. Coed Media Grp., LLC*, 297 F. Supp. 3d 339, 352 (S.D.N.Y. 2017)).

Applying these standards at the motion to dismiss stage, one court in the Southern District of New York found that embedding an Instagram post featuring a copyrighted photo in an article reporting on the post itself was transformative. *Id.* at *4–6. In that case, defendant publication Townsquare Media had published an article reporting on celebrity rapper Cardi B's Instagram post announcing that her lipstick collaboration with Tom Ford had sold out. *Id.* at *2. The article embedded the original post, featuring a copyrighted photo by plaintiff photographer Rebecca Fay Walsh. *Id.* at *1, *2. The court reasoned that the article created new meaning for the photograph because:

*4 Defendant did not publish the Photograph simply to present its content. It did not use the Photograph as a generic image of Cardi B to accompany an article about Cardi B ... or as an image of her at Tom Ford's fashion show alongside an article about the fashion show.... Rather, Defendant published the Post, which incidentally contained the Photograph, because the Post—or, put differently, the fact that Cardi B had disseminated the Post—was the very thing the Article was reporting on.

Id. at *5 (footnote omitted) (citations omitted).

I agree with this reasoning and apply it here. On its face, defendant's article reported on Wozniacki's retirement announcement and the fact that it took place on Instagram. *See* Article 1–2. The article did not use plaintiff's photograph “as a generic image” of Wozniacki, nor to depict her playing tennis at a young age. *See Walsh*, 2020 WL 2837009, at *5. Rather, it embedded the Instagram post announcing her retirement—which incidentally included the photograph—because “the fact that [Wozniacki] had disseminated” that post “was the very thing the Article was reporting on.” *Id.* This angle sufficiently transformed the work to support a defense of fair use.

Moreover, defendant's status as a “for-profit publisher” does not diminish the transformative nature of the work. Am. Compl. ¶ 9. The Second Circuit has recognized that “[a]lmost all newspapers, books and magazines are published by commercial enterprises that seek a profit,” and thus

has “discounted this consideration where the link between [the defendant]’s commercial gain and its copying is ... attenuated such that it would be misleading to characterize the use as commercial exploitation.” *Swatch Grp. Mgmt. Servs. Ltd. v. Bloomberg L.P.*, 756 F.3d 73, 83 (2d Cir. 2014) (alterations in original) (citations and internal quotation marks omitted). Here, plaintiff has not alleged that defendant derived any commercial benefit from embedding the post beyond its being a for-profit entity and its publishing the article alongside advertisements. Am. Compl. ¶ 9; Pl.’s Opp’n 14–15 (citing Article). Merely speculating that defendant has generated “profits, income, receipts, or other benefits” from a work’s use, Am. Compl. 5 ¶ 3, does not show a sufficient “link between [the defendant]’s commercial gain and its copying” that lessens the weight of the article’s transformative nature, *Swatch*, 756 F.3d at 83. Nor does the presence of advertisements establish such a connection. *Walsh*, 2020 WL 2837009, at *5.

Plaintiff argues I should allow him to develop the factual record to determine if defendant’s use was transformative, citing cases involving videos where the defendant’s purpose for using the copyrighted work was unclear on the face of the complaint. Pl.’s Opp’n 5–8 (citing *Coleman v. Home Box Office, Inc.*, No. 18-CV-3510 (MKB), 2019 WL 8645387, at *6 (E.D.N.Y. Aug. 6, 2019); *Hirsch v. CBS Broad. Inc.*, No. 17-CV-1860 (PAE), 2017 WL 3393845, at *6 (S.D.N.Y. Aug. 4, 2017)).⁴ These cases do not apply here because it is obvious from comparing the contested print article to the original photograph—both of which are appended to the complaint—that the article’s purpose is to report on Wozniacki’s announcing her retirement on Instagram, not to describe Wozniacki playing tennis. See *Clark v. Transp. Alts., Inc.*, No. 18-CV-9985 (VM), 2019 WL 1448448, at *2 (S.D.N.Y. Mar. 18, 2019) (holding the court could adjudicate fair use on a motion to dismiss by analyzing “side-by-side” the original photograph and allegedly infringing blog post, both of which were appended to the complaint (quoting *Cariou v. Prince*, 714 F.3d 694, 707 (2d Cir. 2013))). No further factual development could change that determination.

⁴ The quotation plaintiff invokes from *A.V.E.L.A., Inc. v. Est. of Marilyn Monroe*, 131 F. Supp. 3d 196, 210 (S.D.N.Y. Sept. 18, 2015), misconstrues the Second Circuit’s decision in *Kelly-Brown*, which expressly held that fair use may be adjudicated on a motion to dismiss “where the facts necessary to establish the defense are evident on the face of the complaint.” 717 F.3d at 308.

*5 Regardless, plaintiff objects that defendant’s reporting on Wozniacki’s retirement, “as opposed to [her] performance in a tennis match, is a distinction without a difference.” Pl.’s Opp’n 12. He characterizes the photograph as “an illustrative device to describe factual events surrounding Wozniacki[’s] retirement,” attempting to analogize this case to those where courts found news stories reporting on the subject of a copyrighted work not to be transformative. *Id.* at 11–14, 12 n.2. Plaintiff’s argument might succeed if the photograph depicted Wozniacki at a podium announcing her retirement, but instead it shows her playing tennis as a young teenager. See Photograph. But for Wozniacki’s choice to include the photograph in her Instagram retirement announcement, it would make no sense as “an illustrative device” in defendant’s article. Therefore, defendant did not use the work “for the precise reason it was created,” *BWP Media USA*, 196 F. Supp. 3d at 407, but “transform[ed] the function of the work in [a] new context,” *Barcroft*, 297 F. Supp. 3d at 352. This distinction makes all the difference.⁵

⁵ I agree with plaintiff that newsworthiness alone does not trigger fair use, see Pl.’s Opp’n 9–10, which is why the purpose distinction is so crucial. However, contrary to plaintiff’s arguments, Pl.’s Opp’n 12–13, lack of enlightened commentary on the work is not dispositive. See *Cariou*, 714 F.3d at 698; *Walsh*, 2020 WL 2837009, at *6.

Plaintiff also cautions that if courts adopt *Walsh*’s reasoning then “news organizations [could] use social media posts as free grist to provide clickbait on their commercial websites.” Pl.’s Opp’n 14. But that mischaracterizes the case. *Walsh*’s holding is narrow: embedding social media posts that incidentally use copyrighted images *in reporting on the posts themselves* transforms the original works, supporting a finding of fair use. See 2020 WL 2837009, at *5. This conclusion, which aligns with well-settled case law, does not give publishers free reign to copy and paste copyrighted images at whim whenever they appear on Instagram or Facebook. Rather, it draws a line that balances photographers’ interest in protecting their copyrights with reporters’ interest in covering social media events. Thus, this factor strongly favors defendant.

B. Nature of the Copyrighted Work

Second, I must evaluate the nature of the copyrighted work, although the Second Circuit has acknowledged that this factor “has rarely played a significant role in the determination of

a fair use dispute.” *Authors Guild v. Google, Inc.*, 804 F.3d 202, 220 (2d Cir. 2015). Even plaintiff admits it “carries minimal weight” and only argues it is “likely neutral” here. Pl.’s Opp’n 15. In assessing this factor, I must consider “(1) whether the work is expressive or creative, ... with a greater leeway being allowed to a claim of fair use where the work is factual or informational, and (2) whether the work is published or unpublished, with the scope for fair use involving unpublished works being considerably narrower.” *Cariou*, 714 F.3d at 709–10.

As an image of a famous athlete playing sports, the photograph has “both informational and creative elements” because it “document[s] [a] subject” and involves “technical skill and aesthetic judgment.” *BWP Media USA*, 196 F. Supp. 3d at 408; see also *Walsh*, 2020 WL 2837009, at *7. However, the photograph does not incur the same protections as an unpublished work because plaintiff has published it on his own social media page and website, in addition to Wozniacki’s sharing it on her Instagram. See Facebook Screenshots, ECF No. 22-2 (annexed as Ex. A to Peltz Decl.);⁶ Instagram Post; Website. For that reason, I conclude this factor tips slightly in defendant’s favor.

⁶ “[F]or purposes of a 12(b)(6) motion to dismiss, [I] may take judicial notice of information publicly announced on a party’s website, as long as the website’s authenticity is not in dispute and it is capable of accurate and ready determination....” *Hesse v. Godiva Chocolatier, Inc.*, No. 19-CV-972 (AJN), 2020 WL 2793014, at *3 (S.D.N.Y. May 29, 2020) (citations and quotation marks omitted). Plaintiff does not contest the authenticity of the Facebook posts defendant submitted and in fact admits to posting the photograph on social media. Pl.’s Opp’n 19. Thus, I may take judicial notice of these posts.

C. Amount and Substantiality of the Portion Used

*6 Third, I must consider “the proportion of the original work used” to determine “whether the quantity and value of the materials used[] are reasonable in relation to the purpose of the copying.” *Cariou*, 714 F.3d at 710 (alteration in original) (citation and quotation marks omitted). Here, by embedding the post, defendant did not control how the photograph would be presented. Wozniacki chose to crop the image and use a lower resolution version of it—choices that in themselves tip this factor slightly in defendant’s favor. Compare Instagram Post, with Photograph. Moreover, the embedded post retained all the markings of Instagram—i.e.,

Wozniacki’s avatar, her profile name, the accompanying text—which further dilute the image. See Article 2.

Plaintiff argues defendant could have “commissioned its own freelance photojournalist to photograph Wozniacki,” “published its news story without any photograph(s) whatsoever,” or “obtained a license directly from Plaintiff before publishing its story.” Pl.’s Opp’n 17. But any of these options would defeat the purpose of the story: to inform readers about Wozniacki’s retirement announcement on social media. Only reproducing that post could achieve that aim. See *Walsh*, 2020 WL 2837009, at *7. Thus, this factor favors defendant.

D. Effect of Use on Market

Fourth, I must consider “whether the copy brings to the marketplace a competing substitute for the original, or its derivative, so as to deprive the rights holder of significant revenues because of the likelihood that potential purchasers may opt to acquire the copy in preference to the original.” *Capitol Records, LLC v. ReDigi Inc.*, 910 F.3d 649, 662 (2d Cir. 2018) (citation and quotation marks omitted), cert. denied, 139 S. Ct. 2760 (2019). Here, as in *Walsh*, “because the Photograph did not appear on its own, but as part of the Post, alongside text ..., it is implausible that Defendant’s use would compete with Plaintiff’s business or affect the market or value of h[is] work.” 2020 WL 2837009, at *8; see also *Clark*, 2019 WL 1448448, at *4 (finding screenshot of news article including copyrighted photograph not to diminish the work’s market because it contained the article’s “headline, author byline, and photographer credit”). Additionally, the post used a cropped low-resolution version of the photograph that would be a poor substitute for the original. See Instagram Post. Thus, this factor favors defendant, as well.

Since all factors support the fair use defense, I dismiss plaintiff’s complaint for failure to state a claim.⁷

⁷ Because I dismiss plaintiff’s complaint, I need not consider defendant’s argument that plaintiff is not entitled to statutory damages due to registering his copyright late. Def.’s Br. 14.

II. Bond Is Not Warranted.

Defendant argues I should order plaintiff to post bond on two bases: (1) defendant will prevail on its fair use defense; and (2) even if plaintiff prevails he will not recover more than

the amount defendant offered to settle the case under Rule 68 and thus will owe defendant attorneys' fees. Def.'s Br. 14–17. Because I have dismissed plaintiff's claim under [Rule 12\(b\) \(6\)](#), I need not consider defendant's second basis for seeking bond.

As to the first, I have discretion to order bond here because under the Copyright Act, I may “award a reasonable attorney's fee to the prevailing party as part of the costs,” and I have determined that defendant is the prevailing party. [17 U.S.C. § 505](#); [Local Rule 54.2](#); *see also Selletti v. Carey*, [173 F.3d 104, 110 \(2d Cir. 1999\)](#). On balance, however, I do not find bond appropriate now.

While plaintiff is a domiciliary of Denmark, his counsel is located in New York and is accountable for ensuring compliance with my orders. I acknowledge that plaintiff's counsel has violated court orders numerous times before, *see, e.g., Rice v. Musee Lingerie, LLC*, [No. 18-CV-9130 \(AJN\)](#), [2019 WL 2865210](#), at *3 (S.D.N.Y. July 3, 2019) (collecting cases), *reconsideration denied*, [No. 18-CV-9130 \(AJN\)](#), [2019 WL 6619491 \(S.D.N.Y. Dec. 5, 2019\)](#), but he has been censured forcefully and appropriately for that conduct, *see Usherson v. Bandshell Artist Mgmt.*, [No. 19-CV-6368 \(JMF\)](#), [2020 WL 3483661](#), at *22 (S.D.N.Y. June 26, 2020). Moreover, even though I have dismissed plaintiff's claim, I do not find it so “questionable,” *Selletti*, [173 F.3d at 110–](#)

[11](#), as to require imposing bond when defendant may move for attorneys' fees immediately. Further, if defendant brings a motion for attorneys' fees and prevails, the costs awarded should not be too onerous at this early stage of litigation.⁸ *See Answer*; Minute Entry, ECF No. 16; Scheduling Order, ECF No. 17; Def.'s Br.; Def.'s Reply. For these reasons, taken together, I find bond inappropriate at this juncture, but I stress that if I ultimately order plaintiff to pay defendant's attorney's fees, I will not tolerate noncompliance with that order.

⁸ The record lacks any evidence of plaintiff's financial means.

CONCLUSION

*7 For the foregoing reasons, I grant defendant's motion to dismiss for failure to state a claim and deny defendant's motion for bond. The Clerk of Court is directed to enter judgment accordingly and close the case.

SO ORDERED.

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United States District Court, E.D. New York.

Michael Barrett BOESEN, Plaintiff,

v.

UNITED SPORTS

PUBLICATIONS, LTD., Defendant.

20-CV-1552 (ARR) (SIL)

Signed 12/22/2020

Attorneys and Law Firms

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OPINION & ORDER

ROSS, United States District Judge:

*1 In this copyright infringement action, plaintiff, Michael Barrett Boesen, moves to reconsider my November 2, 2020 opinion and order dismissing the instant case under [Federal Rule of Civil Procedure 12\(b\)\(6\)](#) because I found on the face of the complaint that defendant, United Sports Publications, Ltd., had used plaintiff's photograph fairly. See *Boesen v. United Sports Publ'ns, Ltd.*, No. 20-CV-1552 (ARR) (SIL), 2020 WL 6393010, at *3–7 (E.D.N.Y. Nov. 2, 2020). I deny plaintiff's motion because he has not met the standard for reconsideration either under Local Rule 6.3 or [Federal Rule of Civil Procedure 60\(b\)\(1\)](#).¹

¹ I assume familiarity with my November 2, 2020 opinion and order.

LEGAL STANDARD

Local Rule 6.3 provides that a party may move to reconsider “a court order determining a motion.” E.D.N.Y. Local R. 6.3. “A motion for reconsideration [under this rule] is an extraordinary request that is granted only in rare

circumstances, such as where the court failed to consider evidence or binding authority.” *Van Buskirk v. United Grp. of Cos.*, 935 F.3d 49, 54 (2d Cir. 2019). “The standard for granting such a motion is strict, and reconsideration will generally be denied unless the moving party can point to controlling decisions or data that the court overlooked—matters, in other words, that might reasonably be expected to alter the conclusion reached by the court.” *Shrader v. CSX Transp., Inc.*, 70 F.3d 255, 257 (2d Cir. 1995).

[Rule 60\(b\)\(1\)](#) allows for relief from judgment based on “mistake, inadvertence, surprise, or excusable neglect.” [Fed. R. Civ. P. 60\(b\)\(1\)](#). This rule “is available for a district court to correct legal errors by the court.” *United Airlines, Inc. v. Brien*, 588 F.3d 158, 175 (2d Cir. 2009) (citation and quotation marks omitted). “Since 60(b) allows extraordinary judicial relief, it is invoked only upon a showing of exceptional circumstances.” *Nemaizer v. Baker*, 793 F.2d 58, 61 (2d Cir. 1986).

DISCUSSION

Plaintiff raises three potential grounds for reconsideration: (1) that I misapplied *Barcroft Media, Ltd. v. Coed Media Grp., LLC*, 297 F. Supp. 3d 339 (S.D.N.Y. 2017); (2) that I overlooked the commercial purpose of defendant's use; and (3) that I failed to consider the impact of defendant's use on the licensing market for plaintiff's photograph. Pl.'s Mot. Recons. 4–10 (“Pl.’s Br.”), ECF No. 30. None of these arguments, however, constitutes “fail[ure] to consider evidence or binding authority.” *Van Buskirk*, 935 F.3d at 54. Nor has plaintiff identified legal errors or shown “exceptional circumstances” that justify reconsideration. *Nemaizer*, 793 F.2d at 61.

I. I Applied *Barcroft* Reasonably.

Plaintiff argues that my reliance on *Barcroft* was misplaced because that case pertained only to news reporting about a copyrighted work itself, not to “a third-party social media post which happens to include a copyrighted work as an illustrative device.” Pl.’s Br. 2. As an initial matter, *Barcroft* is not binding authority, but regardless, I applied the case reasonably.

*2 As the court discussed in *Walsh v. Townsquare Media, Inc.*,² the key test to determine if unlicensed use of a copyrighted work is transformative is whether it “adds something new, with a further purpose or different character.”

464 F. Supp. 3d 570, 580 (S.D.N.Y. 2020) (quoting *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994)). In line with this test, “courts have held that it is not fair to ‘use [] an image solely to present the content of that image, in a commercial capacity,’ or to otherwise use it ‘for the precise reason it was created.’” *Id.* at 580–81 (alteration in original) (quoting *BWP Media USA, Inc. v. Gossip Cop Media, Inc.*, 196 F. Supp. 3d 395, 407 (S.D.N.Y. 2016)).

2 Plaintiff notes that a motion to reconsider the *Walsh* decision, brought by the same counsel representing plaintiff here, is pending. Pl.’s Br. 5; Pl.’s Reply 1, ECF No. 34. As discussed above, however, the standard for a motion to reconsider is exacting and such motions are “generally [] denied.” *Shrader*, 70 F.3d at 257.

Barcroft provides an example of a transformative use of a copyrighted work that has a different purpose from the original: news reporting about a copyrighted work itself.³ 297 F. Supp. 3d at 352. The cases on which *Barcroft* relied—*Nunez v. Caribbean Int’l News Corp.*, 235 F.3d 18, 25 (1st Cir. 2000), and *Konangataa v. Am. Broadcastingcompanies, Inc.*, No. 16-CV-7382 (LAK), 2017 WL 2684067, at *1 (S.D.N.Y. June 21, 2017)—provide similar examples. Those scenarios stand in stark contrast to cases where media outlets report on “the *contents* of the photograph” which “rarely justifi[es] unlicensed reproduction.” *BWP Media*, 196 F. Supp. at 406 n.6. Applying these cases, the court in *Walsh* determined that embedding an Instagram post that contained a copyrighted photograph in a news story about the post itself was more akin to reporting on a copyrighted work than reporting on the *contents* of such a work. 464 F. Supp. 3d at 580–82. I agreed with that determination and applied it here: defendant’s article did not report on a young Caroline Wozniacki playing tennis—the contents of plaintiff’s photograph. Rather, it reported on her announcing her retirement in an Instagram post that happened to include plaintiff’s photograph. *Boesen*, 2020 WL 6393010, at *4. Thus, it was more akin to *Barcroft*, where the court found fair use, than to instances where a news organization reported on the contents of a photograph, which are not fair use. This reasoning not only aligned with *Walsh* but followed several cases that have drawn the distinction between reporting on a work and reporting on its contents. *See Walsh*, 464 F. Supp. 3d at 581–83 (citing cases).

3 Contrary to plaintiff’s characterization, *Barcroft* did not hold that “fair use news reporting *must* be *about* the copyrighted work itself,” Pl.’s Reply 2 (first emphasis added), only that “[d]isplay of a copyrighted image

or video *may* be transformative where the use serves to illustrate ... a news story *about* that work.” 297 F. Supp. 3d at 352 (first emphasis added). Nor did *Barcroft* limit its holding to “controversial photograph[s]” but merely noted that commenting on an image’s controversy could justify unlicensed use of that work. *Id.*; *see also Cariou v. Prince*, 714 F.3d 694, 706 (2d Cir. 2013) (“The law imposes no requirement that a work comment on the original or its author in order to be considered transformative....”).

Further, my determination that Ms. Wozniacki’s Instagram post “incidentally included” plaintiff’s photograph does not undermine the transformative nature of defendant’s use. *Boesen*, 2020 WL 6393010, at *4. Plaintiff argues, for the first time on reconsideration, that “secondary uses of copyrighted works which are not *integral* to the message conveyed should not be deemed fair use.” Pl.’s Br. 6 (emphasis added). He does not support this proposition with any cases involving news reporting. *See id.* (citing *Campbell*, 510 U.S. at 580 (parody); *Baraban v. Time Warner, Inc.*, No. 99-CV-1569 (JSM), 2000 WL 358375, at *3 (S.D.N.Y. Apr. 6, 2000) (commentary)). But even if this were the rule in that context, defendant’s use was fair. While plaintiff’s photograph of a young Ms. Wozniacki playing tennis may have been incidental to the fact of her retirement, it was an inextricable part of the Instagram post announcing her career change that was “itself the subject of the story.” *Walsh*, 464 F. Supp. 3d at 582 (quoting *Barcroft*, 297 F. Supp. 3d at 352).⁴ Accordingly, I decline to reconsider my application of *Barcroft*.

4 Plaintiff suggests that defendant could have avoided unlicensed use by including a hyperlink to Ms. Wozniacki’s Instagram post but instead embedded the post only to “display pictorial content within the four corners of [its] commercial space[]” without paying a fee. Pl.’s Reply 4. But like in *Walsh*, “[d]efendant published the Post in order to provide readers with the original social media interactions reported on by the Article,” and a hyperlink would not achieve that same result. 464 F. Supp. 3d at 582.

II. I Evaluated Commercial Purpose Adequately.

*3 Plaintiff claims I overlooked authority holding that “use of advertisements adjacent to the display of a copyrighted work creates an inference of commercial use.” Pl.’s Br. 7–8. As I noted in my opinion, the Second Circuit has “discounted” commercial purpose “where the link between [the defendant]’s commercial gain and its copying is ... attenuated such that it would be misleading to characterize the use as commercial exploitation,” *Swatch Grp. Mgmt.*

Servs. Ltd. v. Bloomberg L.P., 756 F.3d 73, 83 (2d Cir. 2014) (alterations in original) (citations and quotation marks omitted). Accordingly, having found that defendant's use was transformative, I determined that “plaintiff ha[d] not alleged that defendant derived any commercial benefit from embedding the post beyond its being a for-profit entity and its publishing the article alongside advertisements,” and held that those allegations alone did not overcome the transformative nature of the use. *Boesen*, 2020 WL 6393010, at *4.

The cases plaintiff cites do not undermine this reasoning. In *Consumers Union of United States, Inc. v. General Signal Corp.*, the Second Circuit noted that “[a]lmost all newspapers, books and magazines are published by commercial enterprises that seek a profit” such that fair use would be meaningless if general commercial purpose alone defeated it as a defense. 724 F.2d 1044, 1049 (2d Cir. 1983). The court even recognized that using unlicensed copyrighted works in advertisements themselves could be protected by fair use under some circumstances. *Id.* Merely displaying advertisements next to news reporting on a copyrighted work falls far short of using that work in an advertisement itself and thus cannot defeat a finding of transformative use.

Plaintiff's other cases also fail to show that the presence of advertisements overcomes transformative use. While the court in *Hirsch v. Complex Media, Inc.* noted that displaying the copyrighted photograph “adjacent to advertisements” contributed to an inference of commercial purpose, it already had found defendant's use was not transformative such that commercial purpose merely supported that conclusion. No. 18-CV-5488 (CM), 2018 WL 6985227, at *6 (S.D.N.Y. Dec. 10, 2018). Similarly, the court in *Richard Feiner & Co. v. H.R. Indus., Inc.* found the defendant's use of a copyrighted work lacked “a scholarly or critical purpose,” which was reinforced by the fact that it appeared in a “section for special effects advertisers.” 10 F. Supp. 2d 310, 314 (S.D.N.Y. 1998), *vacated on other grounds*, 182 F.3d 901 (2d Cir. 1999). Thus, I need not revisit my analysis of commercial purpose.

III. I Analyzed Market Harm Sufficiently.

Plaintiff claims I overlooked the fact that defendant, as a media outlet reporting on professional tennis, is the prime target for licensing his photograph such that finding fair use here would erode that market. Pl.'s Br. 8–9. “A court considering fair use properly identifies and weighs relevant harm to the derivative market for a copyrighted work, which market includes uses that creators of original works might license others to develop.” *TCA Television Corp. v.*

McCollum, 839 F.3d 168, 186 (2d Cir. 2016) (citation and quotation marks omitted). This analysis looks to the “impact on potential licensing revenues for traditional, reasonable, or likely to be developed markets.” *Id.* (citation omitted).

Here, I had found little market harm because the cropped low-resolution version of the photograph that appeared alongside text in the Instagram post was “a poor substitute for the original.” *Boesen*, 2020 WL 6393010, at *6. While I did not explicitly examine the potential impact of defendant's use on the licensing market, elsewhere in my opinion I rejected plaintiff's slippery-slope argument, *id.* at *5, and that conclusion applies equally to market harm. My reasoning pertains only to embedding Instagram posts *when reporting on the posts themselves*.⁵ *Id.* This is a small fraction of media organizations' news coverage such that allowing fair use in that narrow subset of cases does not come close to usurping the licensing market for stand-alone photographs. Even here, defendant licensed a stand-alone photograph of Ms. Wozniacki to accompany the article, on top of embedding her post. *See* Article, ECF No. 20-5 (annexed as Ex. E to Am. Compl.).

⁵ Plaintiff mischaracterizes my holding as “permit[ing]” media organizations “to avoid paying for copyrighted content by simply re-publishing” social media posts. Pl.'s Br. 8. As I stressed in my opinion, my holding, in line with *Walsh*, allows embedding without a license only in limited instances of reporting on the social media posts themselves. *Boesen*, 2020 WL 6393010, at *5.

*4 Plaintiff's cases are inapposite because they all involved works being used without a license for their original purpose. *See TCA Television*, 839 F.3d at 186; *Fitzgerald v. CBS Broad., Inc.*, 491 F. Supp. 2d 177, 189 (D. Mass. 2007); *Michael Grecco Prods., Inc. v. Valuewalk, LLC*, 345 F. Supp. 3d 482, 505 (S.D.N.Y. 2018). Here, I had found defendant's use to be transformative and its purpose to be distinct from that of the original. *Boesen*, 2020 WL 6393010, at *4. “[T]he more the copying is done to achieve a purpose that differs from the purpose of the original, the less likely it is that the copy will serve as a satisfactory substitute for the original” that erodes the work's potential market. *Authors Guild v. Google, Inc.*, 804 F.3d 202, 223 (2d Cir. 2015).

Finally, plaintiff claims I should not have relied on the presence of text and other markings of Instagram within the embedded post in determining that defendant's use did not diminish the photograph's market. Pl.'s Br. 9–10. He claims this reasoning “permits copyright infringers to engage

in technical end-runs around Copyright law by shoplifting images by means of a composite screenshot.” *Id.* at 10. But again my analysis is limited to news stories embedding social media posts to report on the posts themselves. [Boesen, 2020 WL 6393010, at *5](#). This reasoning necessarily would not apply to news organizations manipulating images as an “end-run[]” to use them. Pl.’s Br. 10. Thus, I decline to reconsider my analysis of market harm.

CONCLUSION

For the foregoing reasons, I deny plaintiff’s motion to reconsider my November 2, 2020 opinion and order.

SO ORDERED.

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