
COPYRIGHT LAW — CONTRIBUTORY INFRINGEMENT — SEVENTH CIRCUIT HOLDS THAT “SOCIAL BOOKMARKING” OF INFRINGING CONTENT ALONE IS INSUFFICIENT TO SUPPORT GRANT OF PRELIMINARY INJUNCTION. — *Flava Works, Inc. v. Gunter*, 689 F.3d 754 (7th Cir. 2012).

Copyright owners, influenced by the proliferation of digital technologies and broadband Internet access, as well as by the impracticality and high cost of litigation, are increasingly forgoing claims against direct infringers to pursue contributory infringement claims against alleged “secondary” infringers.¹ Meanwhile, the public performance right conferred by the Copyright Act of 1976² has emerged as an especially powerful tool for these copyright owners.³ Recently, in *Flava Works, Inc. v. Gunter*,⁴ the Seventh Circuit wrestled with the difficulty of evaluating the concepts of “contributory infringement” and “public performance” in an online environment. The panel vacated a preliminary injunction granted in favor of video-content producer Flava Works, Inc. (Flava), holding that Flava had failed to establish a substantial likelihood of success on the merits of its contributory infringement claim against myVidster, a “social bookmarking” website. In straying from the text of the Copyright Act in its analysis of the public performance right, the Seventh Circuit missed a valuable opportunity to address the evolving concepts of *who* should be considered a “performer” and *when* a “performance” occurs online.

Flava produces and distributes gay adult entertainment featuring black and Latino actors in several formats, including DVDs and streaming online video.⁵ Defendant Marques Rondale Gunter created, owns, and operates the website myVidster.com, which permits individuals to direct others to online content by “bookmarking” such materials.⁶ The bookmarked content is not hosted on myVidster’s website, but instead transmitted directly from the server on which the video is stored to the viewer’s computer, where the viewer watches it through a “frame” created around the content by myVidster.⁷ Flava hosts its content behind a “pay wall” and first learned of myVidster when its

¹ See Mark Bartholomew & John Tehranian, *The Secret Life of Legal Doctrine: The Divergent Evolution of Secondary Liability in Trademark and Copyright Law*, 21 BERKELEY TECH. L.J. 1363, 1364–66 (2006).

² Pub. L. No. 94-553, 90 Stat. 2541 (codified as amended in relevant part at 17 U.S.C. §§ 101–810 (2006 & Supp. V 2011)). The public performance right is conferred by 17 U.S.C. § 106(4).

³ See Sara K. Stadler, *Performance Values*, 83 NOTRE DAME L. REV. 697, 698 (2008).

⁴ 689 F.3d 754 (7th Cir. 2012).

⁵ *Flava Works, Inc. v. Gunter*, No. 10 C 6517, 2011 WL 3205399, at *2 (N.D. Ill. July 27, 2011).

⁶ See *id.* at *1; see also *Flava*, 689 F.3d at 756.

⁷ See *Flava*, 689 F.3d at 756. The firm myVidster derives its revenues by selling ads for display in these frames. See *id.*

customers voiced complaints about having to pay for its content, which was available for free via myVidster.⁸ A subsequent search by Flava identified hundreds of Flava's copyrighted videos displayed on myVidster without Flava's permission.⁹ Flava sent myVidster several "takedown" notices pursuant to section 512 of the Digital Millennium Copyright Act¹⁰ (DMCA), with which myVidster complied infrequently.¹¹ In October 2010, Flava filed suit in the Northern District of Illinois and requested a preliminary injunction barring myVidster's posting of Flava's copyrighted materials.¹²

The district court granted Flava's motion for a preliminary injunction.¹³ First, Judge Grady ruled that issuing a preliminary injunction was proper,¹⁴ relying on a single factor — the plaintiff's likelihood of success on its claim of contributory copyright infringement.¹⁵ The court concluded that myVidster had failed to rebut the presumption of irreparable harm arising from a showing of copyright infringement.¹⁶ Second, the court rejected myVidster's claims that it qualified for protection under the DMCA's section 512(c) "safe harbor" provision.¹⁷

The Seventh Circuit vacated the order granting a preliminary injunction.¹⁸ Writing for the panel, Judge Posner¹⁹ concluded that the district court erred in making the preliminary injunction analysis contingent solely on the plaintiff's likelihood of success.²⁰ Judge Posner first observed that the district court's reasoning was based on a statement in *Atari, Inc. v. North American Philips Consumer Electronics Corp.*²¹ that "irreparable [harm] may normally be presumed from a

⁸ See *id.*; *Flava*, 2011 WL 3205399, at *2.

⁹ See *Flava*, 2011 WL 3205399, at *2. Flava's owner, Phillip Bleicher, was able to determine that Flava videos had originally been uploaded to servers not hosted by myVidster, and myVidster users had subsequently decided to bookmark the videos. See *id.*; see also *Flava*, 689 F.3d at 756.

¹⁰ Pub. L. No. 105-304, 112 Stat. 2860 (1998) (codified as amended in scattered sections of 5, 17, 28, and 35 U.S.C.).

¹¹ See *Flava*, 2011 WL 3205399, at *2-3.

¹² *Id.* at *1. Flava's complaint alleged direct, contributory, and vicarious copyright infringement, inducement of copyright infringement, false designation of origin, trademark and trade dress infringement, common law trademark infringement, and unfair competition. Complaint at 14-20, 24, *Flava*, 2011 WL 3205399 (No. 10 C 6517).

¹³ *Flava*, 2011 WL 3205399, at *12.

¹⁴ *Id.* at *1.

¹⁵ See *id.* at *6. Because the court held that Flava sufficiently demonstrated a likelihood of success on its claim of contributory copyright infringement, the opinion did not reach Flava's vicarious infringement claim. *Id.* at *6 & n.8.

¹⁶ *Id.* at *10.

¹⁷ See *id.* at *9-10; see also 17 U.S.C. § 512(c) (2006 & Supp. V 2011). Judge Grady cited myVidster's failure to adopt and reasonably implement a "repeat infringer" policy. See *Flava*, 2011 WL 3205399, at *10; see also 17 U.S.C. § 512(i)(1)(A).

¹⁸ *Flava*, 689 F.3d at 763.

¹⁹ Judge Posner was joined by Judges Flaum and Wood.

²⁰ See *Flava*, 689 F.3d at 755.

²¹ 672 F.2d 607 (7th Cir. 1982).

showing of copyright infringement.”²² Judge Posner then noted that the Supreme Court, in *eBay Inc. v. MercExchange, L.L.C.*,²³ had rejected the validity of this presumption.²⁴ As a result, the panel held that the likelihood of success was only one of several factors the district judge should have considered in deciding whether to grant the preliminary injunction.²⁵ Finally, the panel held that there was insufficient evidence in the record to justify the grant of a preliminary injunction.²⁶

Judge Posner began his contributory infringement analysis by examining the exclusive right of copyright holders to create copies of their works.²⁷ While he accepted Flava’s assertion that myVidster encouraged its subscribers to circumvent Flava’s pay wall by providing a connection to websites that contained infringing copies of Flava’s videos, he concluded that, unless those visitors copied the videos they viewed through myVidster, the reproduction right was not implicated.²⁸ Next, Judge Posner concluded that the DMCA safe harbor framework considered by the district court was irrelevant because myVidster was neither a direct nor a contributory infringer and thus was not obliged to respond to Flava’s requests to ban users who repeatedly posted links to infringing materials.²⁹ In holding myVidster’s activity too remote from the infringement to be contributory, Judge Posner noted that unauthorized copiers whose content was bookmarked through myVidster derived no pecuniary or other benefits and that there was no evidence concerning myVidster’s effect on the amount of infringement of Flava’s videos.³⁰ The panel also rejected an argument from a joint brief filed by Google and Facebook that characterized myVidster’s actions as “tertiary” infringement, noting

²² *Flava*, 689 F.3d at 755 (quoting *Atari*, 672 F.2d at 620) (internal quotation marks omitted).

²³ 547 U.S. 388 (2006).

²⁴ *Flava*, 689 F.3d at 755. While *eBay* concerned patents and permanent injunctions, circuit courts have suggested that it also compels applying traditional preliminary injunction factors in copyright cases. *See id.* (citing *Flexible Lifeline Sys., Inc. v. Precision Lift, Inc.*, 654 F.3d 989, 995–96, 998 (9th Cir. 2011) (per curiam); *Salinger v. Colting*, 607 F.3d 68, 82 (2d Cir. 2010)).

²⁵ *See id.*; *see also* *Winter v. Natural Res. Def. Council, Inc.*, 129 S. Ct. 365, 374–76 (2008) (discussing the four traditional preliminary injunction factors).

²⁶ *See Flava*, 689 F.3d at 762.

²⁷ *See* 17 U.S.C. § 106(1) (2006). Before addressing the alleged infringement, Judge Posner dismissed arguments that the pornographic nature of Flava’s content entitled myVidster to defenses of illegality or *in pari delicto* (equality of fault) against Flava’s claims of copyright infringement. *Flava*, 689 F.3d at 755–56.

²⁸ *See Flava*, 689 F.3d at 757–58.

²⁹ *See id.* at 758. In a brief aside, Judge Posner suggested that if myVidster had explicitly “invited” people to post copyrighted videos on the Internet without authorization or to bookmark them on its website, it would have been liable for *inducing* infringement — a form of contributory infringement.” *Id.* at 758–59 (citation omitted).

³⁰ *See id.* at 759–60.

that the only relevant distinctions in this context are between infringement, contributory infringement, and noninfringement.³¹

The panel then examined the exclusive right of performance.³² The court held that myVidster was not liable for infringement of the “public performance” right, whether a performance occurs when the video is uploaded and bookmarked on myVidster or when the video is viewed. Judge Posner deemed the former interpretation — “performance by uploading”³³ — “hopeless” for Flava, noting that there was no evidence that myVidster contributed to the decision of direct infringers to upload Flava’s videos to third-party sites.³⁴ He next considered the latter interpretation — “performance by receiving”³⁵ — reasoning that myVidster could be liable for infringement as a result of “assisting the transmission by providing the link between the uploader and the viewer, . . . thus facilitating public performance.”³⁶ In rejecting that approach, the Seventh Circuit distinguished two cases, *Fonovisa, Inc. v. Cherry Auction, Inc.*³⁷ and *In re Aimster Copyright Litigation*.³⁸ *Fonovisa* involved defendants who operated a flea market (or “swap meet”); their knowledge that pirated music records were sold in bulk on their premises was enough to allow the subsequent performance by purchasers to fall within the broad contours of “public performance” as defined in the Copyright Act.³⁹ Judge Posner distinguished myVidster from the *Fonovisa* defendant on the basis that myVidster was not providing a market for sale of the infringing videos and thus had no pecuniary incentives to encourage the performance of the infringing works.⁴⁰ Next, *Aimster* held that a defendant who distributed software allowing users to share files containing copyrighted content via instant messages could be liable for violating the performance right of the copyright holders.⁴¹ Again, Judge Posner distinguished myVidster from the *Aimster* defendant on the basis that myVidster’s social bookmarking service did not rely on file-swapping among its users and therefore did not encourage infringement.⁴²

³¹ *Id.* at 760. The amici distinguished between “direct” (those who upload infringing videos), “secondary” (those who bookmark the infringing videos on myVidster), and “tertiary” (myVidster infringers; Judge Posner notably likened this analysis to “a species of layer cake.” *Id.*

³² 17 U.S.C. § 106(4).

³³ *Flava*, 689 F.3d at 760.

³⁴ *Id.* at 761.

³⁵ *Id.* at 760.

³⁶ *Id.*

³⁷ 76 F.3d 259 (9th Cir. 1996).

³⁸ 334 F.3d 643 (7th Cir. 2003).

³⁹ *Fonovisa*, 76 F.3d at 261–64.

⁴⁰ See *Flava*, 689 F.3d at 762. Judge Posner noted that *Fonovisa* was only a “remote analogy” to *Flava*. *Id.* at 761.

⁴¹ *Aimster*, 334 F.3d at 645–47, 653–54.

⁴² *Flava*, 689 F.3d at 762.

The Seventh Circuit's analysis of the performance right diverged significantly from the text of the Copyright Act, whose language suggests that the essential elements for protection are the "public" nature of the audience and that the audience is "capable of receiving" the performance at issue.⁴³ The Seventh Circuit's analysis looked primarily into the motives of alleged secondary infringers, almost completely ignoring the means by which the allegedly infringing content is received. In contrast, the Second Circuit, in *Cartoon Network LP v. CSC Holdings, Inc. (Cablevision)*,⁴⁴ focused on the means by which users accessed information rather than their motives, an analysis superior to *Flava* because of its solid grounding in the text of the Act.

Courts' interpretations of the Copyright Act of 1976 since the advent of the digital age have played a decisive role in the recent expansion of the public performance right.⁴⁵ Established by 17 U.S.C. § 106(4), the public performance right provides copyright owners with the exclusive rights to "perform" several types of creative works, including motion pictures and other audiovisual works "publicly" or authorize such a public performance.⁴⁶ Two key terms of § 106(4), "perform" and "publicly," are further defined in the Act: First, according to the Act, to "perform" a work is "to recite, render, play, dance, or act it, either directly or by means of any device or process or, in the case of a motion picture or other audiovisual work, to show its images in any sequence or to make the sounds accompanying it audible."⁴⁷ Given the broad scope of this definition, it is generally accepted that when a user portrays a digital work on a computer screen, she performs it within the meaning of the copyright law.⁴⁸ As a result, the more difficult question in public performance cases is generally whether the performance occurred "publicly."⁴⁹ Second, the Act goes on to define what constitutes a "public performance" in two clauses: the "public place" clause and the "transmit" clause, with the transmit clause generally serving as the focus of copyright disputes in the digital age.⁵⁰ Under the transmit clause, a performance is "public" if someone

⁴³ 17 U.S.C. § 101 (2006 & Supp. V 2011) (defining "public[]" for the purposes of the performance right in 17 U.S.C. § 106(4)).

⁴⁴ 536 F.3d 121 (2d Cir. 2008).

⁴⁵ See Fred H. Cate, *The Technological Transformation of Copyright Law*, 81 IOWA L. REV. 1395, 1427-33 (1996).

⁴⁶ 17 U.S.C. § 106(4) (2006).

⁴⁷ *Id.* § 101 (2006 & Supp. V 2011).

⁴⁸ Cate, *supra* note 45, at 1428; cf. 2 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 8.14 (2006) (noting that the act of streaming is a "performance"). *But cf. id.* (noting that the act of downloading is not a "performance").

⁴⁹ See NIMMER & NIMMER, *supra* note 48, § 8.14; see also Cate, *supra* note 45, at 1428.

⁵⁰ 17 U.S.C. § 101; see also *On Command Video Corp. v. Columbia Pictures Indus.*, 777 F. Supp. 787, 789-90 (N.D. Cal. 1991).

“transmit[s] or otherwise communicate[s] a performance” either to a public space or “to the public,” whether these “members of the public capable of receiving the performance . . . receive it in the same place or in separate places and at the same time or at different times.”⁵¹ Thus, a key inquiry into public performance involves the composition of the audience and whether it is indeed “public.” In so determining, courts must investigate whether that audience is “capable of receiving the performance.” Notably, the text of the Act strongly suggests that this inquiry is to focus on *how* — and not *why* — the public is capable of receiving the performance. While the definitions of “perform” and “to perform . . . ‘publicly’” both include the phrase “by means of any device or process,” neither makes any reference to the motives of those transmitting or receiving the performance.⁵²

The “audience” element of the inquiry is also tied closely to the Copyright Act’s text. The “public place” clause of § 101 explicitly mentions “place[s] open to the public or . . . any place where a substantial number of persons outside of a normal circle of a family and its social acquaintances is gathered.”⁵³ Thus, although evidence supports the view that Congress created the performance right with the paradigmatic image of a nineteenth-century performance in mind,⁵⁴ courts have increasingly interpreted “public” to reach a broader range of people in places traditionally considered private.⁵⁵ This expansion has largely tracked the evolving concept of the paradigmatic performance, where people increasingly “experience copyrighted works in the privacy of their homes or cars,”⁵⁶ and the experiences of concert halls and theatres have largely been replicated using televisions, computers, and digital media players.⁵⁷ The open-ended “separate places . . . different times” phrase of the “transmit” clause has also been instrumental in this trend, expanding the performance right to encompass members of the public dispersed geographically or temporally.⁵⁸

The Seventh Circuit initially seemed primed to undertake precisely the type of analysis implicated by the text of the Copyright Act when

⁵¹ 17 U.S.C. § 101.

⁵² *Id.*

⁵³ *Id.*

⁵⁴ Congress originally extended copyright protection only to those performances “in such public places as concert halls, theaters, restaurants, and cabarets.” *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151, 157 (1975) (citing H.R. REP. NO. 60-2222 (1909)).

⁵⁵ See Stadler, *supra* note 3, at 714–18.

⁵⁶ *Id.* at 717.

⁵⁷ See *id.* at 717–18, 727.

⁵⁸ See, e.g., *NIMMER & NIMMER*, *supra* note 48, § 8.14; Jeffrey Malkan, *The Public Performance Problem in Cartoon Network LP v. CSC Holdings, Inc.*, 89 OR. L. REV. 505, 514 (2010). Indeed, the text permits four interpretations of what constitutes a public audience: (1) members of the public at the same place, at the same time; (2) separate places, same time; (3) same place, different times; or (4) separate places, different times. *Id.*

it highlighted an important dichotomy in the possible conceptions of “public performance.” The first interpretation identified by the court was “performance by uploading,” where uploading plus bookmarking a video constitutes a public performance, because at that point visitors to a website such as myVidster are able to receive the performance, regardless of whether they will watch it in a separate place or at a different time from other viewers.⁵⁹ The second interpretation — “performance by receiving” — is that performance occurs only when the work is transmitted to the viewer’s computer.⁶⁰ An examination constructed around these principles would almost undoubtedly have been aligned with the inquiry encouraged by the text of the Act, identifying the audience capable of receiving Flava’s copyrighted works via myVidster and the *means* by which the audience received them.

Instead, the Seventh Circuit’s reasoning deviated from the text of the Copyright Act and focused largely on the *motives* of alleged contributory infringers. First, in analogizing to *Fonovisa*, Judge Posner dismissed myVidster’s capacity to contribute significantly to the unauthorized performance of Flava’s copyrighted works because it had no financial motives to encourage performance.⁶¹ Second, in analogizing to *Aimster*, Judge Posner applied a factually inapposite case that involved reproduction and distribution rights, concluding that myVidster could not have encouraged infringement because there was no “swapping” of infringing materials among myVidster’s users.⁶² The narrow analogical reasoning of the court failed to reach the primary inquiry suggested by the text of the Copyright Act itself: who is the “public” and are they “capable of receiving” the infringing material? Even if one concedes that intent is relevant to the question of contributory infringement,⁶³ the Seventh Circuit’s inquiry in *Flava* remains unconvincing because it neglected to account adequately for technological advances that have upended the behavior, and thus the motives, of both providers and consumers of copyrighted content.

While not a perfect analogy because it involved allegations of direct and not secondary infringement, the Second Circuit’s *Cablevision* opinion is commendable for its methodical analysis of the Copyright Act’s text, as well as the court’s adherence to a means-focused inquiry.⁶⁴ The defendant in *Cablevision* sought to market a “Remote

⁵⁹ See *Flava*, 689 F.3d at 760–61.

⁶⁰ See *id.* at 761.

⁶¹ *Id.* at 761–62.

⁶² *Id.* at 762.

⁶³ See *Cate*, *supra* note 45, at 1401 (noting that defendant’s intent to infringe or knowledge of infringement is an element required to prove contributory infringement).

⁶⁴ Further, the public performance portion of *Cablevision*, while instructive, was not central to the court’s decision. Daniel L. Brenner & Stephen H. Kay, ABC v. Aereo, Inc.: *When Is Internet*

Storage” Digital Video Recorder (RS-DVR), similar to both traditional, set-top digital video recorders (DVR) like TiVo, as well as video-on-demand services provided by cable providers.⁶⁵ The Second Circuit began its analysis of the performance right with the “transmit” clause, determining that the “plain language” of the text required it to “discern who is ‘capable of receiving’ the performance being transmitted”⁶⁶ in order to inform its ultimate determination of whether such a transmission was made “to the public.”⁶⁷ Had the Second Circuit’s interpretation been applied in *Flava*, the Seventh Circuit might not have been categorically compelled to hold that there was insufficient evidence for the grant of a preliminary injunction based on the likelihood of success. The audience “capable of receiving” the allegedly infringing content is almost certainly “public,” as myVidster charges no subscription fee. Additionally, *Flava* can be distinguished from *Cablevision* because, unlike in *Cablevision* where each user of the RS-DVD viewed a single unique copy, myVidster users viewing allegedly infringing content all viewed the same infringing copy of a particular video posted elsewhere through a frame created on the myVidster website.⁶⁸ The Second Circuit’s public performance analysis is, unlike the Seventh Circuit’s, illustrative of an approach solidly grounded in the text of the Copyright Act.

Going forward, courts should avoid endorsing analyses of the public performance right that stray far from the text of the Copyright Act. The approach of the Second Circuit in *Cablevision* is undoubtedly a step in the right direction, relying on the textual provisions of the Act and focusing the inquiry into the performance right on the *means*, not the ever-evolving *motives* of users as the Seventh Circuit did in *Flava*. Besides the straightforward textual justification for such an approach, it could prove useful in identifying the shortcomings of existing copyright law as applied to the online environment, with significant implications for future applications of contributory-liability doctrine in copyright law.

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⁶⁵ *Cablevision*, 536 F.3d 121, 123–25 (2d Cir. 2008).

⁶⁶ *Id.* (quoting 17 U.S.C. § 101 (2006 & Supp. V 2011)).

⁶⁷ *Id.* at 135 (quoting H.R. REP. NO. 94-1476, at 64 (1976) (emphasis omitted), reprinted in 1976 U.S.C.C.A.N. 5659, 5678). The Second Circuit ultimately held that RS-DVR playback transmissions to single subscribers were not public performances, relying heavily on the fact that a single unique copy was produced by each *Cablevision* subscriber in the RS-DVR playback transmission. *Id.* at 139–40.

⁶⁸ Of course, this distinction alone does not bring to an end the inquiry into myVidster’s liability as a contributory infringer — as pointed out by Judge Posner, the mere circumvention of a pay wall alone is not contributory infringement. See *Flava*, 689 F.3d at 758.