
COPYRIGHT LAW — DIGITAL MILLENNIUM COPYRIGHT ACT —
NINTH CIRCUIT REQUIRES ANALYSIS OF FAIR USE BEFORE IS-
SUING OF TAKEDOWN NOTICES. — *Lenz v. Universal Music Corp.*,
No. 13-16106, 2016 WL 1056082 (9th Cir. Mar. 17, 2016), *reh'g en banc*
denied, id.

The Digital Millennium Copyright Act¹ (DMCA) was enacted to modernize copyright protection for the digital age. In order to avoid liability, internet service providers (ISPs) must expeditiously respond to “takedown” notifications issued by copyright holders and remove content that the holders claim infringe on copyrights.² The notification must state that the copyright holder has a “good faith belief” that use of the material in question is not permissible.³ Parties that issue such notifications without a good faith belief of infringement are liable for misrepresentation under the DMCA.⁴ When sending a takedown notification, a copyright owner has to do very little, if anything, to show that the material in question is actually infringing.⁵ As a result, many commentators argue that copyright holders abuse this extrajudicial system to censor speech they don’t like.⁶ In *Lenz v. Universal Music Corp.*,⁷ the Ninth Circuit attempted to combat such abuse by ruling that copyright holders must first conduct an analysis of whether the material constitutes fair use,⁸ and therefore does not infringe, before issuing a takedown notification.⁹ However, upon closer examination, the court’s decision may do little to stem DMCA takedown abuse. By requiring that a plaintiff show only a lack of subjective belief of infringement, the Ninth Circuit’s decision may in fact incentivize copyright holders to do as little as possible to review fair use. As such, it

¹ Pub. L. No. 105-304, 112 Stat. 2860 (1998) (codified as amended in scattered sections of the U.S. Code).

² See 17 U.S.C. § 512(c) (2012).

³ *Id.* § 512(c)(3)(A)(v).

⁴ *Id.* § 512(f) (“Any person who knowingly materially misrepresents . . . that material or activity is infringing . . . shall be liable for any damages . . . incurred by the alleged infringer . . .”).

⁵ See *Rossi v. Motion Picture Ass’n of Am.*, 391 F.3d 1000, 1004 (9th Cir. 2004) (holding that the copyright holder need only have a subjective good faith belief that the material is infringing).

⁶ See, e.g., Jennifer M. Urban & Laura Quilter, *Efficient Process or “Chilling Effects”?* *Takedown Notices Under Section 512 of the Digital Millennium Copyright Act*, 22 SANTA CLARA COMPUTER & HIGH TECH. L.J. 621, 681–82 (2006); Benjamin Wilson, Comment, *Notice, Takedown, and the Good-Faith Standard*, 29 ST. LOUIS U. PUB. L. REV. 613, 614–15 (2010).

⁷ No. 13-16106, 2016 WL 1056082 (9th Cir. Mar. 17, 2016) (amending, superseding, and denying rehearing en banc to *Lenz v. Universal Music Corp.*, 801 F.3d 1126 (9th Cir. 2015)).

⁸ Fair use is evaluated along four metrics: (1) the “purpose and character of the use,” with consideration to whether the purpose is commercial or nonprofit; (2) the nature of the copyrighted piece; (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 on the copyrighted work’s market value. 17 U.S.C. § 107.

⁹ *Lenz*, 2016 WL 1056082, at *6. The fair use doctrine permits limited uses of copyrighted material without permission from copyright holders.

seems to encourage exactly the kind of abuse it was trying to stem — that of reckless and careless issuing of DMCA takedown requests. In order to stem such abuse more effectively, the court should have interpreted the DMCA’s “knowing” misrepresentation requirement to include representations recklessly made without sufficient procedures to form a good faith belief about fair use.

In February 2007, Stephanie Lenz made a home video of her young children dancing in her kitchen, in which the song “Let’s Go Crazy,” by the musical artist Prince, “can be heard for approximately twenty seconds, albeit with . . . poor sound quality.”¹⁰ Lenz then uploaded the video to YouTube to “shar[e] . . . with friends and family.”¹¹ On June 4, Universal Music Corporation (Universal), which owns the copyright to the song, sent YouTube a DMCA takedown notice requesting that Lenz’s video be removed due to copyright infringement.¹² “The notice included a ‘good faith belief’ statement as required by 17 U.S.C. § 512(c)(3)(A)(v)”¹³ After YouTube removed the video, Lenz sent a DMCA counter-notification¹⁴ claiming the video did not infringe since it constituted a fair use of Prince’s song; YouTube then restored the video.¹⁵

Lenz filed suit in the Northern District of California, claiming Universal misrepresented, in violation of the DMCA, that it had a good faith belief her video was infringing.¹⁶ The district court denied Universal’s motion to dismiss, holding that “fair use is a lawful use of a copyright,”¹⁷ and therefore, a “[copyright] owner must evaluate whether the material makes fair use of the copyright” in order to properly state a good faith belief of infringement.¹⁸ After several years of pro-

¹⁰ *Lenz v. Universal Music Corp.*, 572 F. Supp. 2d 1150, 1152 (N.D. Cal. 2008) (citing Stephanie Lenz, “Let’s Go Crazy” #1, YOUTUBE (Feb. 7, 2007), <https://www.youtube.com/watch?v=N1KfJHFWlhQ>).

¹¹ *Id.*

¹² *Id.*

¹³ See *Lenz*, 2016 WL 1056082, at *2 (“We have a good faith belief that the . . . activity is not authorized by the copyright owner, its agent, or the law.” (quoting Email from Alina Moffat, Assoc. Dir., Bus. Affairs, Universal Music Publ’g Grp., to YouTube.com, copyright@youtube.com (June 4, 2007, 5:30 PM))).

¹⁴ See 17 U.S.C. § 512(g) (2012).

¹⁵ *Lenz*, 572 F. Supp. 2d at 1152.

¹⁶ See Order Granting Defendant’s Motion to Dismiss with Leave to Amend, *Lenz*, 572 F. Supp. 2d 1150 (No. 07-03783), 2008 WL 962102 [hereinafter Order]. Initially, Lenz also claimed tortious interference with her contract with YouTube and sought a declaratory judgment of noninfringement. Amended Complaint at 4–5, *Lenz*, 572 F. Supp. 2d 1150 (No. 07-03783), 2007 WL 2888482. The court granted Universal’s initial motion to dismiss, but granted leave to amend the misrepresentation and tortious interference claims. Order, *supra*, at *5–6. The eventual amended complaint included only the misrepresentation claim. Second Amended Complaint, *Lenz*, No. C 07-03783, 2008 WL 2810556 (N.D. Cal. Apr. 18, 2008).

¹⁷ *Lenz*, 572 F. Supp. 2d at 1154.

¹⁸ *Id.* (citing 17 U.S.C. § 512(c)(3)(A)(v)).

cedural battles over discovery, both parties moved for summary judgment, which the court denied.¹⁹ Explaining why a fair use inquiry was necessary, the court found the evidence that Universal issued the takedown notice without considering fair use to be sufficient to deny Universal's motion. Not only did Universal's stated video-review procedure lack explicit consideration of fair use, but Universal's head of business affairs also did not mention fair use when he testified that "the general guidelines are that when a writer is upset . . . we review the video to ensure that the [writer's] composition was the focus of the video."²⁰ However, the court did not go so far as to grant Lenz's motion. Instead, it held that Universal's admitted failure to consider fair use was not sufficient to establish liability under § 512(f).²¹ It stated that "the 'good faith belief' requirement . . . encompasses a subjective, rather than objective, standard."²² As such, actual knowledge of misrepresentation (and not mere error) is necessary. Lenz needed to "demonstrate that Universal had some actual knowledge that its Takedown Notice contained a material misrepresentation."²³ However, the court also held that Lenz could proceed under a willful blindness theory in showing that Universal believed "there was a high probability that any given video might make fair use of a Prince composition" and that it deliberately avoided learning of this fact.²⁴

The Ninth Circuit affirmed.²⁵ Writing for the majority, Judge Tallman²⁶ held that § 512 "unambiguously contemplates fair use as a use authorized by the law,"²⁷ and, as such, requires copyright holders to consider fair use before issuing takedown notices.²⁸ The court invoked the standard from *Rossi v. Motion Picture Ass'n of America*,²⁹ as the district court had, to highlight that the good faith requirement necessitates *subjective* belief that the material in question infringes copyright rather than any inquiry into the objective reasonableness or correctness of the fair use determination.³⁰ In short, the fair use de-

¹⁹ *Lenz v. Universal Music Corp.*, No. 5:07-cv-3783-JF, 2013 WL 271673, at *2, *8 (N.D. Cal. Jan. 24, 2013).

²⁰ *Id.* at *5.

²¹ *Id.* at *6.

²² *Id.* (quoting *Rossi v. Motion Picture Ass'n of Am.*, 391 F.3d 1000, 1004 (9th Cir. 2004)).

²³ *Id.*

²⁴ *Id.* at *7; *see also id.* at *8 ("Lenz is free to argue that a reasonable actor in Universal's position would have understood that fair use was 'self-evident[.] . . .'). Under a willful blindness theory, knowledge can be imputed if a party subjectively believes there is a high probability a fact exists and takes deliberate actions to avoid learning of that fact.

²⁵ *Lenz*, 2016 WL 1056082.

²⁶ Judge Tallman was joined by Judge Murguia.

²⁷ *Id.* at *4.

²⁸ *Id.* at *4–6.

²⁹ 391 F.3d 1000, 1004 (9th Cir. 2004).

³⁰ *See Lenz*, 2016 WL 1056082, at *6.

termination does not have to be correct or reasonable; it just has to have happened. The court in *Rossi* held that the jury therefore had to determine if Universal's actions sufficiently approximated a fair use analysis (even if not labeled as such) on which it could have formed a subjective good faith belief regarding fair use.³¹ It continued: "If . . . a copyright holder forms a subjective *good faith* belief the allegedly infringing material does not constitute fair use, we are in no position to dispute [that] belief even if we would have reached the opposite conclusion."³² And while the court noted that the consideration of fair use need not be prohibitively extensive to satisfy this subjective good faith requirement, it made clear that mere "lip service" to fair use would not suffice.³³ Though the court maintained that a showing of willful blindness could support a finding of "knowing" misrepresentation, it held that Lenz had failed to carry her burden of production at summary judgment; since she did not present evidence showing that Universal subjectively believed there was a high probability the video was a fair use, she could not proceed to trial on the theory.³⁴ The court concluded by holding that Lenz could seek recovery of nominal damages resulting from unquantifiable harm under § 512(f).³⁵

Judge Smith concurred in part and dissented in part.³⁶ He concurred in the majority opinion apart from its interpretation of "knowing" misrepresentation under § 512(f), and would have held that Universal's actions were insufficient to form a good faith belief as a matter of law.³⁷ He concluded that "when the misrepresentation concerns [the good faith requirement], the knowledge requirement is satisfied when the party knows that it has not considered fair use."³⁸ Further, Judge Smith took issue with the court's interpretation of the "knowingly" requirement. On Universal's view, *Rossi*'s actual knowledge standard requires that a party subjectively believe the fact it asserts to be false to be liable for misrepresentation; but such a view does not capture claims that are made without a basis for knowing their truth or falsity.³⁹ Rather, the court should have construed "knowing" misrepresentation to include claims of infringement made without proper consideration of fair use.⁴⁰ On such an interpretation, he found

³¹ *Id.*

³² *Id.* at *7.

³³ *Id.*

³⁴ *Id.* at *7-8.

³⁵ *Id.* at *9-10.

³⁶ *Id.* at *10-12 (Smith, J., concurring in part and dissenting in part).

³⁷ *Id.* at *11.

³⁸ *Id.*

³⁹ *Id.*

⁴⁰ *Id.*

that Universal, by not explicitly considering fair use, violated § 512(f) as a matter of law.⁴¹

The Ninth Circuit's opinion has been heralded as a major advance in addressing what is seen as rampant abuse of extrajudicial takedown powers.⁴² Many view the current takedown regime as encouraging a "shoot first, think later" mentality that allows copyright holders to issue broad takedown requests to censor any speech they may not like, without considering whether any infringement actually took place.⁴³ The courts' opinions in this case allude to these policy concerns.⁴⁴ However, upon closer examination, it appears that the holding will not do much to reduce such takedown abuse in practice. First, the Ninth Circuit's interpretation of the actual knowledge standard means that, to prove "knowing" misrepresentation, a plaintiff must show (as long as the copyright holder claims to have evaluated fair use) that the copyright holder did not actually believe the takedown target to be outside fair use. Having to show such nonexistence of a claimed belief presents a prohibitively high evidentiary burden, as one would have to produce evidence of another's state of mind.⁴⁵ This high evidentiary burden, along with the court's refusal to explicitly establish what kinds of fair use analyses are necessary, creates an unsavory incentive for copyright holders to avoid learning conclusively whether a use constitutes fair use. Savvy copyright holders will be incentivized to implement slipshod, cursory fair use procedures to avoid liability under § 512(f), thereby promoting the very kind of abuse the court seeks to stem. In order to capture such abusive representations of infringement made regardless of their truth or falsity, the court should (and could) have imposed a recklessness standard for "knowing" under § 512(f).

The novelty of the *Lenz* decision is that it requires copyright holders to incorporate fair use analysis into their infringement determinations. As discussed, § 512(f) imposes liability on those who "knowingly materially misrepresent[] . . . that material or activity is infringing."⁴⁶ While this newly required inquiry may seem to have teeth at first, any such teeth are dulled (or altogether removed) by the court's interpreta-

⁴¹ *Id.* at *11–12.

⁴² See, e.g., Press Release, Elec. Frontier Found., Important Win for Fair Use in "Dancing Baby" Lawsuit (Sept. 14, 2015), <https://www.eff.org/press/releases/important-win-fair-use-dancing-baby-lawsuit> [<http://perma.cc/X6P8-LVM9>].

⁴³ See, e.g., Jeffrey Cobia, Note, *The Digital Millennium Copyright Act Takedown Notice Procedure*, 10 MINN. J.L. SCI. & TECH. 387, 391–93 (2009).

⁴⁴ See, e.g., *Lenz*, 2016 WL 1056082, at *1 ("[Lenz's] claim boils down to a question of whether copyright holders have been abusing the extrajudicial takedown procedures . . . by declining to first evaluate . . . fair use."); *Lenz v. Universal Music Corp.*, 572 F. Supp. 2d 1150, 1156 (N.D. Cal. 2008) ("The purpose of Section 512(f) is to prevent the abuse of takedown notices.").

⁴⁵ See Wilson, *supra* note 6, at 632.

⁴⁶ 17 U.S.C. § 512(f) (2012).

tion of “knowing” as requiring “actual knowledge.” Liability does not attach “simply because an unknowing mistake is made, *even if the copyright owner acted unreasonably* in making the mistake; there must be a demonstration of *some actual knowledge of misrepresentation*.”⁴⁷ Therefore, a plaintiff like Lenz can only prevail in situations where there is evidence a copyright holder entirely or almost entirely failed to consider fair use; oversight or carelessness is not covered.

Even though the court claimed copyright holders will be held liable for paying only “lip service” to fair use considerations, it did not show how copyright owners could ever be held liable for subpar or illusory fair use analysis procedures. The cases it cited to support this “lip service” contention all fall within the narrow set of situations where there was explicit evidence the copyright holder knew it was targeting noninfringing material, and the adequacy of infringement consideration procedures was not called into question.⁴⁸ In fact, in one of the cases the *Lenz* court cited, the court had construed “knowledge” to mean that “a party . . . should have known if it acted with reasonable care . . . that it was making misrepresentations” — an objective standard, unlike the one imposed here.⁴⁹ Meanwhile, under the framework the Ninth Circuit sets forth, a plaintiff faces a very high evidentiary burden in that she must somehow show that the copyright holder did not subjectively believe that the material infringed; if fair use consideration procedures of any kind exist, she cannot point to their inadequacy to show liability. This framework creates an incentive for copyright holders to avoid conclusively learning whether the material in question is a fair use.⁵⁰ Even though plaintiffs can still sue for willful blindness, this is not a viable option in practice, as they must also show that the copyright holder subjectively believed there was a high probability the material in question did not infringe — another prohibitively high evidentiary threshold, which Lenz also failed to meet.

The subjective “actual knowledge” standard also poses a problem in the fair use context since fair use is such a fact-sensitive, multifactor inquiry. As Matt Williams has argued, “[i]t is impossible for a copy-

⁴⁷ *Rossi v. Motion Picture Ass’n of Am.*, 391 F.3d 1000, 1005 (9th Cir. 2004) (emphasis added).

⁴⁸ See *Lenz*, 2016 WL 1056082, at *7 (citing *Disney Enters., Inc. v. Hotfile Corp.*, No. 11-20427-CIV, 2013 WL 6336286, at *48 (S.D. Fla. Sept. 20, 2013) (denying summary judgment because sufficient evidence existed to establish subjective knowledge); *Rosen v. Hosting Servs., Inc.*, 771 F. Supp. 2d 1219, 1223 (C.D. Cal. 2010); *Online Policy Grp. v. Diebold, Inc.*, 337 F. Supp. 2d 1195, 1204 (N.D. Cal. 2004)).

⁴⁹ *Online Policy Grp.*, 337 F. Supp. 2d at 1204 (using definitions of actual and constructive knowledge from BLACK’S LAW DICTIONARY (8th ed. 2004)).

⁵⁰ See Adam Eakman, Note, *The Future of the Digital Millennium Copyright Act*, 48 IND. L. REV. 631, 649 (2015) (“By setting the standard for ‘knowledge’ under section 512(f) so high, courts have essentially incentivized copyright holders *not* to gain any knowledge about the DMCA request being generated.”).

right owner . . . to possess such [actual] knowledge with regard to an alleged fair use because every fair use case presents different facts at different times, which can result in different legal outcomes.”⁵¹ In fact, “[t]he doctrine of fair use has been called . . . ‘the most troublesome in the whole law of copyright.’”⁵² The *Lenz* decision reduces the fair use analysis requirement to a question of whether the copyright holder had even nominal procedures for analyzing fair use. If a copyright holder does claim to have conducted some fair use analysis — as will likely be common moving forward — plaintiff recovery is limited to the rare instance in which: (1) there is “unequivocal fair use”;⁵³ (2) the plaintiff shows that the copyright holder knows of this fact; and (3) the copyright holder lies about having this knowledge.

Taken together, these concerns seem to point to recklessness as the appropriate standard for “knowing” misrepresentation under § 512. This would be an expansion, rather than abandonment, of the court’s “knowing” requirement. Across many areas of law, courts have long considered knowing misrepresentation to include statements that are made recklessly — those made with a conscious disregard for their truth.⁵⁴ Trademark law, for instance, has embraced such an approach.⁵⁵ As the partial dissent noted, this interpretation of “knowing” is consistent with “long-settled principles of deceit and fraudulent misrepresentation [under which] a party need only know that it is ignorant of the truth or falsity of its representation for its misrepresentation to be knowing.”⁵⁶ It is also consistent with the Second Restatement of Torts.⁵⁷ As most of the concern regarding DMCA takedown abuse centers on the fact that copyright holders recklessly issue such requests without evaluating infringement rather than on the question of whether the holders conclusively knew that there was no

⁵¹ Matt Williams, *The Truth and the “Truthiness” About Knowing Material Misrepresentations*, 9 N.C. J.L. & TECH. 1, 39 (2007); see also David Nimmer, “*Fairest of Them All*” and Other Fairy Tales of Fair Use, LAW & CONTEMP. PROBS., Winter/Spring 2003, at 263, 266–84 (2003).

⁵² *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 475 (1984) (Blackmun, J., dissenting) (quoting *Dellar v. Samuel Goldwyn, Inc.*, 104 F.2d 661, 662 (2d Cir. 1939)).

⁵³ Unequivocal fair use is an uncommon situation in which “an evaluation of the use reveals facts that fit so squarely within the fair use test so as to yield only one reasonable conclusion — that the use is fair use.” Jordan Koss, Note, *Protecting Free Speech for Unequivocal Fair Users*, 28 CARDOZO ARTS & ENT. L.J. 149, 153 (2010).

⁵⁴ See G. Richard Shell, *When Is It Legal to Lie in Negotiations?*, SLOAN MGMT. REV., Spring 1991, at 93, 94; see also, e.g., *Computer Sys. Eng’g, Inc. v. Qantel Corp.*, 740 F.2d 59, 67–68 (1st Cir. 1984); *United States v. Coop. Grain & Supply Co.*, 476 F.2d 47, 60 (8th Cir. 1973); *Jones v. Fenton Ford, Inc.*, 427 F. Supp. 1328, 1334 (D. Conn. 1977).

⁵⁵ See generally Linda K. McLeod, *Knew or Should Have Known: Reckless Disregard for the Truth, and Fraud Before the Trademark Office*, 34 AIPLA Q.J. 287 (2006).

⁵⁶ *Lenz*, 2016 WL 1056082, at *11 (Smith, J., concurring in part and dissenting in part).

⁵⁷ See RESTATEMENT (SECOND) OF TORTS § 526 (AM. LAW INST. 1979) (“A misrepresentation is fraudulent if the maker knows that he does not have the basis for his representation.”).

infringement, this standard better captures the kinds of abuse the *Lenz* court was trying to prevent.

Also, as Judge Smith pointed out in his partial dissent, this construction of § 512's "knowingly" requirement is consistent with *Rossi* in that "one who *knows* that he has not considered fair use *knows* that he lacks a basis for that belief" and therefore has actual knowledge that he's misrepresenting the infringement.⁵⁸ Therefore, this interpretation would focus on whether the copyright owner had any basis upon which to properly find infringement. In practice, such an interpretation would differ from the majority's approach. Instead of having to point to evidence about the copyright holder's state of mind (whether they had formed a subjective good faith belief), the plaintiff could show misrepresentation by pointing to the insufficiency of their fair use analysis procedures — arguably a much lighter evidentiary burden. Such an inquiry would not necessarily ask if the fair use analysis or the copyright holder's good faith belief was "correct" or reasonable. Rather, it would ask whether the copyright holder had a sufficient basis upon which to form that belief (correct or not). Under the majority's test, a copyright holder who purposely sets up cursory fair use analyses to avoid conclusively learning of fair use could avoid liability simply by claiming they formed a belief that the work was not a fair use. By contrast, under an expanded recklessness standard, the plaintiff could point to inadequate fair use analysis procedures to show that the defendant had an insufficient basis upon which to form this belief. While the majority did hold that a jury must determine the sufficiency of Universal's procedures in this case, such an analysis was only necessary here because Universal's procedures did not clearly consider fair use.⁵⁹ Had Universal done so by, for example, labeling its procedures as considering fair use (as savvy copyright holders will do moving forward), such an analysis of procedure would not have been undertaken.

Complaints about DMCA takedown abuse are often based on copyright holders' carelessness or recklessness when evaluating infringement. The Ninth Circuit's solution in *Lenz* does little to solve the root cause of these complaints, and in fact potentially encourages copyright holders to remain ignorant of noninfringement when issuing takedown notices. In order to target this abuse more directly, the Ninth Circuit should have construed "knowing" misrepresentation to include statements recklessly made asserting infringement without a basis for the belief that the work was not fair use. Without such a solution, internet users like *Lenz* are left essentially where they started.

⁵⁸ *Lenz*, 2016 WL 1056082, at *11 (Smith, J., concurring in part and dissenting in part) (citing *Rossi v. Motion Picture Ass'n of Am.*, 391 F.3d 1000, 1005 (9th Cir. 2004)).

⁵⁹ *See id.* at *6 (majority opinion).