

LEGAL UPDATE

July 2009

By: Jeffrey C. Johnson

REGISTERED AGENTS UNDER THE DIGITAL MILLENNIUM COPYRIGHT ACT

Many website operators are failing to take advantage of an important and sweeping legal protection against copyright infringement claims because they fail to take very simple steps to effectuate that protection. In 1998 Congress passed, and President Clinton signed into law, the Digital Millennium Copyright Act (the "DMCA").¹ Among other things, the DMCA was intended to update the copyright laws to better reflect the realities of new technologies, such as the Internet. One of the DMCA's most practical and useful changes is the infringement safe harbor offered to online services providers ("OSPs").²

This safe harbor protects OSPs from claims of copyright infringement in several circumstances, the most useful of which may be the safe harbor (the "Section 512(c) Safe Harbor") afforded OSPs who store material on their website "at the direction of a user."³ Simply put, assuming various procedural and factual requirements are met, the Section 512(c) Safe Harbor can be used to insulate an OSP from liability for infringement claims if the infringing material is posted on the OSP's website by one of its users. A procedural predicate to taking advantage of this safe harbor, however, is that the OSP designate an agent to receive notices of claimed infringement, and that information about the designated agent be provided to the U.S. Copyright Office, where a registry of designated agents is maintained.⁴

More than ten years have passed since the DMCA became law, and yet the U.S. Copyright Office's

list of registered agents probably includes only a small fraction of all the OSPs that can be found on the Internet. This suggests either that the protections the Section 512(c) Safe Harbor offers are largely unappreciated by website operators, or that the steps necessary to take advantage of that safe harbor are not fully understood.

Every person and business that operates a website should ensure that it is in a position to avail itself of the Section 512(c) Safe Harbor if users of that website can post content of any kind (e.g., text, in the form of comments to bulletin boards, graphics such as "JPEG" and "GIF" files, sounds and other materials that can be perceived by users of the website) on the website. While it is true that a website operator does not automatically constitute an OSP, as that term is defined for purposes of the Section 512(c) Safe Harbor, the definition is quite broad, and includes any "provider of online services."⁵ Accordingly, from a strategic planning perspective, any website operator is well served taking the position that it is an OSP entitled to the protections of the Section 512(c) Safe Harbor, and letting a claimant fight the battle to show otherwise.

The first step in ensuring that an OSP is entitled to take advantage of the Section 512(c) Safe Harbor is to appoint a registered agent. Once appointed, the OSP must post on its website (typically as part of the website's "Terms of Use") the registered agent's name, address, phone number, e-mail address and such other information as the U.S. Copyright Office may require, provide the same details about the registered agent to the U.S.

¹ Pub. L. No. 105-304, 112 Stat. 2860 (Oct. 28, 1998).

² 17 U.S.C. § 512.

³ Id. at § 512(c).

⁴ Id. at § 512(c)(2).

⁵ Id. at § 512(k)(1)(B).

Copyright Office (one way to do this is to use the link found on the home page to the U.S. Copyright Office website under the heading "Online Service Providers"), and pay to the U.S. Copyright Office the applicable fee.⁶ Without following these steps, the Section 512(c) Safe Harbor will not be available to you, whether or not you truly are an OSP.

In addition to registering the agent with the U.S. Copyright Office, an OSP should ensure that its website includes (again, typically in the "Terms of Use") information outlining the process users should follow to notify the OSP that particular content infringes the user's copyright, as well as the process the OSP will follow to notify the alleged infringer that a claim of infringement has been received by the OSP and to determine whether to re-post the content if the alleged infringer provides what is known as a "counter-notice."

There are also additional "mandatory" requirements that must be considered when deciding whether an OSP is entitled to avail itself of the Section 512(c) Safe Harbor: if, when the content was posted, the OSP knew (or should have known) that the content was infringing, or if the OSP fails to remove the content promptly after learning that it infringes someone else's copyright, the Section 512(c) Safe Harbor may not be available; if the OSP has an ability to "control" the infringing activity, the OSP cannot financially benefit from the infringing activity if it seeks to rely on the Section 512(c) Safe Harbor; and once it receives a notice that complies with the requirements of the Section 512(c) Safe Harbor, the OSP must "expeditiously remove, or disable" the relevant content if it hopes to rely on the Section 512(c) Safe Harbor.⁷

Unlike the appointment of a registered agent, these additional factors depend on facts that are unique to the relevant claim, or actions taken by the OSP *after* it learns of the alleged infringement.

The appointment of a registered agent in accordance with the requirements of the Section 512(c) Safe Harbor, however, is a critical first step that is entirely within the OSP's control. Without that necessary first step, the Section 512(c) Safe Harbor may not be available to a website operator, no matter how responsibly it otherwise acts in trying to prevent the posting of infringing content, and no matter how sensibly it otherwise responds to a claim that posted content infringes someone else's copyright.

* * *

Copyright © 2009 by Pryor Cashman LLP. This Legal Update is provided for informational purposes only and does not constitute legal advice or the creation of an attorney-client relationship. While all efforts have been made to ensure the accuracy of the contents, Pryor Cashman LLP does not guarantee such accuracy and cannot be held responsible for any errors in or reliance upon this information. This material may constitute attorney advertising. Prior results do not guarantee a similar outcome.

⁶ Id. at 17 U.S.C. § 512(c)(2).

⁷ Id. at 17 U.S.C. § 512(c)(1).

ABOUT THE AUTHOR



JEFFREY C. JOHNSON

Partner

Direct Tel: 212-326-0118

Direct Fax: 212-798-6314

jjohnson@pryorcashman.com

Jeffrey Johnson is a partner specializing in the transactional aspects of technology and intellectual property exploitation (patents, trade secrets, trademarks and copyright) including, in particular, all aspects of mergers and acquisitions, joint ventures, strategic alliances, private placements and licenses in the biotech, entertainment, Internet, pharmaceutical, software and telecommunications industries.

Jeffrey typically focuses on transactional matters principally involving intellectual property or goods and services the value of which is largely attributable to intellectual property. Representative assignments include:

- Representation of a public biotechnology company negotiating and documenting numerous strategic alliances, research and development collaborations, co-promotion agreements, patent and know-how licenses, and other agreements relating to the development and exploitation of the company's core technologies
- Representation of a public telecommunications company in connection with a strategic reorganization to maximize the value of its patent portfolio and licensed rights
- Representation of a "file sharing" website operator in connection with the negotiation and documentation of a sale of substantially all of its assets to a foreign file sharing website operator
- Representation of a pharmaceutical company's bioinformatics group negotiating and documenting numerous strategic alliances, software development agreements and software licenses, as well as the group's form agreements for the provision of bioinformatics services and the licensing of genomic and proteomic databases
- Representation of a technology-transfer company in connection with the sale of a portfolio of patents governing web-enabled software updating, active desktop and offline browsing
- Representation of a Korean cell phone manufacturer in connection with the negotiation and documentation of a hand-set supply agreement with large, U.S.-based cell phone service provider
- Representation of a telecommunications company in connection with its sponsored research agreements with various U.S. and foreign educational institutions
- Representation of a health services company in connection with the purchase of an information management business including a large, proprietary prescription drug database
- Representation of a European-based public company in connection with the negotiation and documentation of a strategic alliance providing for the joint development and commercialization of an ASP-based software application useful for the on-line calculation, reporting and remittance of sales tax obligations
- Representation of a public pharmaceutical company in connection with the disposition of certain patent portfolios and related clinical data and know-how useful in connection with small molecule anti-genomic therapeutics and small molecule anti-bacterial therapeutics

- Representation of a privately held company in connection with the exploitation of a large portfolio of music rights via alternative media including Internet portals, mobile virtual networks and other wireless products and services
- Representation of a public biotechnology company in connection with the negotiation and documentation of agreements providing for the further clinical development and commercialization of a Phase I pharmaceutical compound in collaboration with a Fortune 100 pharmaceutical company, including a license agreement, a co-promotion agreement and a manufacturing and supply agreement

Jeffrey has been an invited speaker and panelist at a variety of public and private events.