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INTELLECTUAL PROPERTY

Viral videos publicize- but infringe

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What is "viral video?"

When a video clip spreads quickly across the Web, it is described as "going viral." You have likely already encountered viral video, those sometimes interesting, amusing or even entertaining pieces of video attached to e-mail messages like: "Check this out, it's hilarious!" But where did that video footage come from, who owns it and what are the economic and legal implications of this activity?

These video clips usually originate on viral video Web sites (free video-sharing sites), where users of the site can view, upload, download and share clips with others, spreading the clip far and wide, literally worldwide, without cost, and often without the permission of the owner of the copyrighted video footage.

Viral video is proliferating on the Web in two ways: first, through the straightforward posting and sharing of video clips without modification, and, second, through the visual remixing of copies of clips. The remixed video is often referred to as a "mash-up," where different video materials are juxtaposed together, or where numerous clips from one film or television show are borrowed and compiled with altered dialogue or theme music, for comic effect. These mash-ups are then posted on viral video sites and shared.

What does viral video mean to television networks, movie studios and other owners of copyrighted video material? The viral use of copyrighted material without the owner's permission ultimately has a detrimental effect, since the work is not being viewed by the public in its intended form or location. The copyright owner derives economic benefit when the video is viewed in its intended location, namely, in movie theaters, via rented or purchased DVD/video recordings, on its television channel or on its own Web site (or a site licensed to stream that content). After all, that is why "works of authorship" are given protection under the law. Viral video represents the use without charge of another's intellectual property.

Copyright owners are beginning to realize the full import of what was once only a pesky problem. NBC Universal Inc. recently led an investigation of free video-sharing sites where its copyrighted material was being used without license. The site, YouTube.com, was acting as a conduit for the free sharing of a 2 1/2-minute spoof rap (entitled "Lazy Sunday: Chronicles of Narnia") from NBC's *Saturday Night Live*. NBC served YouTube with a "cease and desist" notice demanding it remove this footage and approximately 500 other clips from its site or face legal proceedings for copyright infringement. YouTube immediately complied. See John Biggs, "A Video Clip Goes Viral, and a TV Network Wants to Be the Only One to Spread It," N.Y. Times, Feb. 20, 2006, at C5.

It has been reported that NBC then engaged in a "search-and-destroy" mission to shut down other free video-sharing sites where its copyrighted material was being used without permission. Although it has refused to identify the sites it has investigated, NBC has indicated that it uncovered more than 3,000 videos being shared without permission, including entire episodes of its television show *Will and Grace*, the feature-length movie *Brokeback Mountain* and hours of NBC's coverage of the recent Winter Olympics. See Ben Charny, "NBC's Most Wanted Is Now a Possible Partner," eWeek, March 8, 2006, www.eweek.com/article2/0,1759,1935589,00.asp.

Copyright issues

Is viral video copyright infringement, and if so, what remedies are available to copyright owners? This article assumes that the video clips being used by video sharing sites are protected by the Copyright Act, 17 U.S.C. 101, et seq. Although Congress established a voluntary system of registration, it created incentives for copyright owners to register their copyrights. The most significant benefit to registering copyrights under the act is the right to enforce a copyright in federal court. 17 U.S.C. 411(a). Infringement suits are the mechanism through which other

important incentives and remedies created by the act operate.

For example, when actual damages are difficult to ascertain or a creative work has seemingly little extrinsic value, statutory damages are available. Statutory damages can be between \$750 and \$30,000 for each infringing work. 17 U.S.C. 504(c)(1). Damages can therefore add up quickly when, as with viral video, there are sites sharing thousands of clips of copyrighted material without the owners' permission. If the court finds that the infringement was willful, it may increase the award of statutory damages to \$150,000 per infringed work. 17 U.S.C. 504(c)(2). Equally important in the litigation context, a certificate of registration is prima facie evidence of copyright validity. 17 U.S.C. 410(c). For copyright owners hesitant to engage in the long and expensive process of litigation, costs and attorney fees for prevailing parties may be recovered. 17 U.S.C. 505. Finally, and perhaps most important, a registrant can obtain an injunction against an infringer. 17 U.S.C. 502.

NBC succeeded in stopping the activities of YouTube without resorting to litigation. However, if an owner of copyrighted video material does file suit against an alleged infringer for viral video activities, it will have to convince a court that this kind of video sharing constitutes copyright infringement. There are two things a plaintiff must prove to establish a prima facie case of copyright infringement: that it owns the allegedly infringed material (i.e., it is the copyright owner), and that the alleged infringer violated at least one of the exclusive rights granted to the plaintiff. *Positive Black Talk Inc. v. Cash Money Records Inc.*, 394 F.3d 357, 367 (5th Cir. 2004). Those rights include the exclusive right to reproduce the copyrighted work, to prepare derivative works based upon the copyrighted work, to distribute copies of the work and to display the work publicly. 17 U.S.C. 106.

The U.S. Supreme Court held recently in *MGM Studios Inc. v. Grokster Ltd.*, 125 S. Ct. 2764 (2005), that a distributed file-sharing system commits copyright infringement when its principal object is the dissemination of copyrighted material. The foundation of this holding was a belief that people who post or download music files without the copyright owners' permission are primary infringers. This activity is directly analogous to the activities of viral video sites. Therefore, the courts are likely to conclude that the posting of video clips to these sites and their subsequent sharing represents copyright infringement, and are activities for which the remedies mentioned above are available. A caveat to this conclusion,

however, is that although the posting and sharing of unaltered video clips without the copyright holder's permission represents infringement, matters are not so clear-cut with regard to video remixes or mash-ups.

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Mash-ups and fair use

A recent example of a video remix/mash-up is a clip entitled "Must Love Jaws." This remix includes excerpts from the 1975 classic movie *Jaws*, and is recast as a feel-good *Free Willy*-type aquatic adventure for comic effect. See Christopher Borrelli, "Recipe for a viral video: Chop, blend, and reconstitute," *Toledo Blade*, March 23, 2006, www.toledoblade.com. This example illustrates the fact that video remixes or mash-ups are derived from the pre-existing work or works used to make the remix or mash-up. A derivative work is defined as a work based upon one or more pre-existing works and that includes works that recast, transform or adapt that pre-existing work to create something new. Video remixes fall within this category. The right to prepare derivative works belongs exclusively to the copyright owner. Therefore, the use of video clips in this way, without the copyright owner's permission, is arguably, on its face, also copyright infringement.

If charged with copyright infringement, mash-up artists will likely assert the statutory defense of fair use. When confronted with this defense, the Copyright Act provides that a court must take into account the purpose and character of the use, including whether it is of a commercial nature or is for nonprofit educational purposes; the nature of the copyrighted work; the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and the effect of the use upon the potential market for, or value of, the copyrighted work. 17 U.S.C. 107. These factors and their application to any fair use determination depend heavily upon the individual facts and circumstances of each case.

In *Campbell v. Acuff-Rose Music Inc.*, 510 U.S. 569 (1994), the Supreme Court held that commercial parody may be considered "fair use." The court held that the 6th U.S. Circuit Court of Appeals did not give sufficient consideration to the nature of the parody involved in that case (2 Live Crew's rap parody of Roy Orbison's song "Oh, Pretty Woman") and had placed too much weight on the song's commercial character and the amount of content borrowed from the original. The court carried out an exhaustive analysis of the fair-use factors in reaching its decision to reverse the 6th Circuit's ruling.

Although concurring, Justice Anthony Kennedy had some words of warning to those who would interpret the court's ruling as blanket permission for parodists to infringe the copyrights of others: "[P]arody may qualify as fair use only if it draws upon the original [work] to make humorous or ironic commentary about that same compositionAs future courts apply our fair use analysis, they must take care to ensure that not just any commercial take-off is rationalized post hoc as a parody." *Campbell*, 510 U.S. at 597, 600.

In light of the holding in *Campbell*, some analysts have assumed that video remixes/mash-ups currently proliferating on the Web (such as "Must Love Jaws") are now free game and shielded from assertions of copyright infringement by the fair use defense. However, this is not a certainty, and much will depend on the nature of the activity involved, and whether the remixers want to run the risk of being hauled into federal court to face allegations of copyright infringement and then have to rely upon the fair use defense, which will always be subject to the discretion of the fact finder, and thus prone to uncertainty.

Tips for copyright owners

If faced with infringing activities, copyright owners should be aware that a cause of action for infringement accrues when one has knowledge of a violation or is chargeable with such knowledge. In a case of continuing infringement, however, an action may be brought for all acts that accrued within the three years preceding the filing of the suit.

Copyright owners should also be aware that their rights to pursue injunctive relief and/or a claim for actual or statutory damages may be barred by the doctrine of copyright estoppel. *Carson v. Dynegy Inc.*, 344 F.3d 446, 453 (5th Cir. 2003). This doctrine applies when the alleged infringer can show that the copyright owner knew the facts of the infringement; the copyright owner intended its conduct to be acted upon or acted in a manner giving the alleged infringer a right to believe it was so intended (in other words, the copyright owner led the alleged infringer to believe that it didn't mind the infringing activity); the alleged infringer is ignorant of the true facts; and the alleged infringer relies on the copyright owner's conduct to his detriment. *Id.*

Further, a copyright owner can be estopped not only by words and actions, but also by silence and inaction. *Id.* The message to copyright owners is: Act as soon as these types of activity come to light, and utilize the remedies available under the Copyright Act if matters cannot be resolved by other means. Of course, viral video by its nature proliferates and propagates easily, and takes on a life of its own, making it a daunting task for anyone, even the largest network or studio, to investigate and take action against every instance of infringement.

How may copyright owners address viral video without pursuing infringement action? Viral video may amount to free publicity, but it ultimately results in no immediate or tangible economic benefit to the copyright owner, which is, after all, the primary benefit to copyright protection. However, it is apparent from the number of people viewing and sharing video clips and video remixes that there is a demand. It has been reported that NBC's investigation revealed that some of its videos had been downloaded more than 5 million times. See Charny, *supra*. The question then is, given the popularity of viral video, despite its legal implications and the remedies available to copyright owners under the law, should television networks and movie studios take a different approach (other than litigation) to this phenomenon?

One suggested solution is for television networks and other video copyright owners to partner with the most popular sites. It has been reported that a few established media companies have formed partnerships with YouTube:

"Independent recording label Matador Records is [promoting] the band Pretty Girls Make Graves by allowing viewers to submit music videos for its upcoming single. Cable network MTV2 has provided clips from upcoming programming including 'The Andy Milonakis Show' that links back to the MTV2 Web site. Even advertisers are on board, as Nike has seeded the site with video clips promoting its footwear. This week, Disney's Dimension Films entrusted YouTube with the trailer for its upcoming film 'Scary Movie 4,' which promptly garnered 200,000 streams in its first 15 hours on the site." Andrew Wallenstein, "Viral video site poses challenge for Hollywood-As YouTube takes off, media companies try to decide if it's friend or foe," *Hollywood Reporter*, March 21, 2006.

Another proposed solution is the establishment of an organization modeled on the existing performing rights societies which include the American Society of Composers, Authors and Publishers, Broadcast Music Inc. and the Society of European Stage Authors and Composers. Thousands, perhaps even millions, of times each day, musical works are performed publicly on the radio and on the Internet. Every performance represents a possible source of revenue for the copyright owner. However, given the huge numbers of broadcasts involved, this presents an insurmountable management problem for individual copyright owners.

In order to address this problem, composers and publishers of musical works have formed performing rights societies to control access to their works, license and police their use, and distribute fees/royalties collected to participating members by pooling their rights. Video copyright owners may consider forming an analogous organization to control the use of video footage (television shows, movies, etc.). This could provide an economical and centralized process for the legal use of copyrighted video footage with consistent results and appropriate remuneration to copyright owners.

In conclusion, viral video often constitutes copyright infringement, and remedies are available to copyright owners to address that activity. Although the posting and sharing of video clips is without doubt free publicity, it is also the free use of the owner's intellectual property, resulting in a loss of revenue to the owner. The very nature of this activity, its proliferation and the all but impossible task of policing every instance of infringement demands pragmatic solutions to its future management.

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