

# License to a View: Second Circuit Finds No Direct Infringement of Reproduction or Public Performance Rights by Digital Video Recording Service

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## I. Introduction

In *Cartoon Networks LP v. CSC Holdings, et al.*<sup>1</sup> the Second Circuit addressed the issue of whether the operation of a cable company's digital video recording service constituted direct copyright infringement. Reversing the district court, the Second Circuit held that the service would not directly infringe the plaintiffs' reproduction or public performance rights in their programs, which subscribers could select to have recorded for later playback. Factors in the court's decision were (1) the ephemeral nature of the portions of the programs that would be stored in buffers during the recording process; (2) the fact that the volitional act underlying the copying of programs was undertaken by subscribers rather than by Cablevision; and (3) the fact that each copy stored for playback was made available only to the subscriber who had ordered the recording.

The decision establishes a reasonable boundary between direct and secondary copyright infringement, and it limits the scope of copyright protection by excluding copies that exist for only a very short period of time. On the other hand, the court has created a technical loophole with respect to public performance rights that probably is contrary to the intent behind the (poorly formulated) relevant provisions of the Copyright Act.

## II. Facts

In March 2006, cable operator Cablevision announced plans to offer a new digital recording service for which it did not seek licenses from content providers. The service would allow Cablevision subscribers to request the recording of television programs for viewing after their original airing. The order to record a program would be issued through the use of a remote control in connection with a standard set-top box equipped with "Remote Storage DVR System" (RS-DVR) software. Following a subscriber's request, the program selected would be recorded on hard drives belonging to Cablevision and could be delivered to the subscriber for playback at a later time. Thus, the system would differ from a standard set-top DVR in that programming would not be stored locally on the customer's device but rather on Cablevision's servers.

Cablevision's traditional cable delivery service involved the aggregation of television programming transmitted from various content providers. The aggregated content was then transmitted as a single stream to the homes of Cablevision's customers in real time.<sup>2</sup> Under the RS-DVR system, the content would be split into

two streams, one of which would be routed to a device called the Broadband Media Router. This router would buffer and reformat the data stream before sending it on to a server called the "Arroyo Server." The Arroyo Server contained two data buffers and high-capacity data storage disks. As program data entered the first buffer, known as the primary ingest buffer, the server would inquire as to whether any customers had requested any programs to be recorded. Those programs that had been selected for recording would be routed to the second buffer before being stored on a portion of one of the storage disks that had been allocated to the requesting customer.

The primary ingest buffer of the Arroyo Server would not store programming data for very long. Because new incoming data would overwrite the contents of the primary ingest buffer, the buffer would contain at most only 0.1 seconds of each channel's programming at any one time. The buffer of the Broadband Media Router, on the other hand, only would contain up to 1.2 seconds of programming at any one time. (The court did not consider the capacity of the second Arroyo Server buffer because it would receive data only when a Cablevision customer requested that a program be recorded.<sup>3</sup>)

## III. District Court Ruling

A group of companies that owned the copyrights in movies and television programs including the Cartoon Network, Twentieth Century Fox, NBC, and Disney, sued Cablevision in the Southern District of New York, seeking declaratory and injunctive relief. The parties stipulated that the plaintiffs would limit their claims to direct copyright infringement and that the original defendants would waive any fair-use defense.<sup>4</sup> Following discovery, the parties filed cross-motions for summary judgment.

The district court granted summary judgment for the plaintiffs. Judge Denny Chin examined three principal issues: (1) whether the server and buffer copies were infringing; (2) who was responsible for creating the copies (Cablevision or its subscribers); and (3) whether playback of prerecorded material constituted an unauthorized public performance.

As to the first issue, the court rejected Cablevision's argument that the *Sony* doctrine<sup>5</sup> insulated it from liability for direct copyright infringement because it merely provided third parties with technology that enabled copying. The court opined that Cablevision did more than simply provide customers with a device that was capable of copying but, rather, had developed a

complex system that involves an ongoing relationship between Cablevision and its customers, payment of monthly fees by the customers to Cablevision, ownership of the equipment remaining with Cablevision, the use of numerous computers and other equipment located in Cablevision's private facilities, and the ongoing maintenance of the system by Cablevision personnel.<sup>6</sup>

Thus, the court concluded, the relationship between Cablevision and its RS-DVR customers would be significantly different from the relationship between Sony and the purchasers of Sony VCRs. The court also found that Cablevision would be actively involved in copying protected material because it owned the entire operation that would perform the copying and even house on its own premises the media on which the copies would be stored. The court concluded that not only would the copies on the Arroyo Server constitute infringing copies but that those that would be stored in the buffer memory would be as well.

The court rejected Cablevision's argument that the buffer copies were *de minimis*, because the entirety of each recorded program ultimately would be copied within the buffer even if only a very small portion would be capable of being read or reproduced from the buffer at any given moment.<sup>7</sup> Thus, when viewed in the aggregate, the copying performed by the buffer was not *de minimis*.

Construing the definition of "copies" in section 101 of the Copyright Act, the court concluded that the buffer copies were "fixed" within the meaning of the statute because they were analogous to information stored in a computer's random access memory, and case law as well as a report from the U.S. Copyright Office found that the transfer of information to computer RAM constituted the creation of a copy under the Copyright Act. The information stored in the buffer also permitted the reproduction of the underlying works, because it would be from the buffer copies that the playback copies for customers ultimately would be made.<sup>8</sup>

As to the second issue, the court held that Cablevision's "unfettered discretion" over the content available for recording and its "continuing relationship" with its customers meant that the copying to the Arroyo Servers would be done by Cablevision, albeit only at the customer's request.<sup>9</sup>

Finally, as to the third issue, the court rejected Cablevision's argument that the performances involved in the playback of the programming were not public performances within the meaning of the Copyright Act. In reaching this conclusion, the court relied on section 101 of the Act, which provides that a public performance includes the act of

transmit[ing] or otherwise communicate[ing] 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.

The court also found *Columbia Pictures Indus., Inc. v. Redd Horne, Inc.*<sup>10</sup> and *On Command Video Corp. v. Columbia Pictures Indus.*<sup>11</sup> instructive. Both cases addressed the delivery of on-demand video services. *On Command* involved a hotel video service that electronically delivered copyrighted films to guest rooms using a centralized bank of videocassette players controlled by a computer system. In *Redd Horne*, the defendants provided private movie viewing booths as part of their video sale and rental business. In both cases, the delivery of the films to individual customers was found to be an infringing public performance. The district court found Cablevision to be analogous to *Redd Horne* and *On Command Video*, including in the exercise of discretion over what copyrighted works would be made available to customers. The court thus concluded that the delivery of content via the RS-DVR service likewise would constitute an infringing public performance.

Having found that the RS-DVR service would violate the plaintiffs' reproduction and public performance rights, the court granted summary judgment in favor of the plaintiffs and enjoined Cablevision from offering the RS-DVR service without obtaining the appropriate licenses. Cablevision appealed.

#### IV. The Second Circuit's Ruling

The Second Circuit divided its discussion into three parts, treating separately the issues of whether the creation of the buffer copies represented direct infringement of copyright, whether creation of the playback copies represented direct infringement of copyright, and whether playback of those copies for subscribers represented a public performance.

##### A. The Buffer Copies

With respect to whether the creation of the buffer copies constituted direct infringement, the Second Circuit held that the district court erred by ignoring the "duration requirement" for a copy to be "fixed," and hence potentially actionable, under the Copyright Act. The definition of "copies" in section 101 of the Act contains two parts: (i) a copy must be "fixed" in a medium such that it can be perceived, reproduced, or otherwise communicated, and (ii) the fixation must be sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of "more than transitory duration."<sup>12</sup> The court referred to these two elements as the "embodiment" requirement and the "dura-

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tion” requirement.<sup>13</sup> Unlike the district court, the Second Circuit concluded that although the buffer copies met the embodiment requirement, they did not meet the duration requirement.

The district court had relied on *MAI Systems Corp. v. Peak Computer, Inc.*<sup>14</sup> and its progeny for the proposition that copies stored in computer RAM may be “fixed.” The Second Circuit, however, found that the district court misread the holdings of those cases; the fact that those cases did not address the duration requirement did not indicate that it did not exist.<sup>15</sup> Moreover, the district court for the Eastern District of Virginia, relying on *MAI in Advanced Computer Services of Michigan, Inc. v. MAI Systems Corp.*,<sup>16</sup> noted that if the RAM copies only existed for “‘seconds or fractions of a second’” rather than “‘for minutes or longer,’” they might be “‘too ephemeral to be fixed.’”<sup>17</sup> The Second Circuit also rejected the district court’s reliance on the Copyright Office’s 2001 DMCA Report. The court opined that the report represented mere persuasive authority and was therefore due only “‘Skidmore deference.’”<sup>18</sup> It reasoned that the Copyright Office’s view that a work is fixed if it is capable of being copied from the medium for any amount of time would essentially “read[ ] the ‘transitory duration’ language out of the statute.”<sup>19</sup>

Applying the fixation requirement to the facts of the case, the court noted that any piece of data stored in the buffers would remain there for not more than 1.2 seconds before being overwritten. The court held that this was too fleeting to meet the duration requirement.<sup>20</sup> The court concluded, therefore, that the buffer copies were not fixed and therefore did not constitute copies within the meaning of the Copyright Act. Because this holding resolved the issue of liability with respect to the buffer data, the court refrained from addressing the issue of whether the buffer copies were *de minimis*.

## B. The Playback Copies

With regard to the server copies of entire programs that were to be created by the system, the appellate court noted that the dispositive issue was who makes the copies. The parties had relied on cases descending from the seminal case of *Religious Technology Center v. Netcom On-Line Communications Services*,<sup>21</sup> which stands for the proposition that “[a]lthough copyright is a strict liability statute, there should still be some element of volition or causation which is lacking where a defendant’s system is merely used to create a copy by a third party.”<sup>22</sup> The district court had concluded that *Netcom* was limited to the Internet context, but the Second Circuit found *Netcom*’s recognition of a volitional element to copyright infringement to be “‘a particularly rational interpretation of § 106.’”<sup>23</sup>

In applying the volitional principle, the court determined that Cablevision’s conduct consisted of “designing, housing, and maintaining a system that exists only

to produce a copy.” The roles played by Cablevision and its customers in the copying that would take place with the RS-DVR system, the court stated, were analogous to those of a VCR manufacturer and a VCR user. In the case of the VCR, it “seemed clear” to the court that where the device was used to record copyright-protected material, the user of the device, not the manufacturer, supplied the operative volitional element.<sup>24</sup> Thus, it was likewise inappropriate, in the court’s view, to impose direct liability on Cablevision as the supplier of the system.

The Second Circuit rejected the district court’s conclusion that the fact that the copies generated by the RS-DVR were “instrumental” to the system as opposed to “incidental” warranted imposing direct liability on Cablevision. Although the court of appeals acknowledged that the distinction might differentiate Cablevision’s situation from that of an Internet service provider, it did not believe it distinguished Cablevision’s position from that of a VCR or photocopier manufacturer or the proprietor of a copy shop.<sup>25</sup> The court found that Cablevision was not analogous to the copy shop in *Princeton Univ. Press v. Michigan Document Servs., Inc.*,<sup>26</sup> where employees carried out the copying to produce course packets that were then sold to the public. Instead, the court thought Cablevision to be more like the proprietor of a store who charges customers who make copies on a copy machine located in the store.<sup>27</sup> The court opined that it was inappropriate to hold such proprietors liable for direct infringement.<sup>28</sup> In sum, the court held that Cablevision was not “sufficiently proximate to the copying to displace the customer as the person who ‘makes’ the copies when determining liability under the Copyright Act.”<sup>29</sup>

The court also disagreed with the district court as to Cablevision’s “control” over the content made available for copying. The court concluded that Cablevision had less control over the content in the DVR context than in the video-on-demand (VOD) context. With respect to DVR services, Cablevision could only select which channels would be available for recording, not the specific programs that would be aired or when they would be aired. With VOD, however, Cablevision specifically chooses in advance the programs available for customers to order.

In addition, the Second Circuit stated that a finding against direct infringement with respect to the RS-DVR made good policy sense, as the potential for contributory infringement liability militated against broadly construing the scope of direct infringement.<sup>30</sup> The court also noted that several of the elements that the district court found significant in its direct liability inquiry were derived from the contributory liability context—namely, the Supreme Court’s decision in *Sony*. The Second Circuit viewed this as a further indication that the circumstances of the case raised issues of contributory rather than direct liability.<sup>31</sup> The court determined that there was good reason to uphold a clear distinction between the two theories of liability. It observed that whereas the Patent Act im-

posed direct liability on parties who had merely induced another to infringe, the Copyright Act did not include a similar provision. Thus, maintaining a “meaningful distinction” between direct and contributory liability was in keeping with legislative intent.<sup>32</sup>

### C. Public Performance

Finally, the court addressed whether the electronic delivery of recorded program content to subscribers constituted a public performance under section 106(4) of the Act. The issue was whether playback met the definition of a public performance under the “transmit clause” of section 101 of the Act. The operative language of this clause provides that

[t]o perform or display a work “publicly” means . . . (2) 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.<sup>33</sup>

The court first noted that the Act does not define the phrase “to the public.” The fact that the statutory phrase ends with the clause “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” suggested that it was significant in determining whether a particular performance was “to the public” to examine who is capable of receiving it. This interpretation was supported by the legislative history underlying the transmit clause in the 1976 Act. One of the House Reports stated that

a performance made available *by transmission to the public at large* is “public” even though the recipients are not gathered in a single place and even if there is no proof that any of the *potential recipients* was operating his receiving apparatus at the time of the transmission. The same principles apply whenever the *potential recipients of the transmission* represent a limited segment of the public, such as the occupants of hotel rooms or the subscribers of a cable television service.<sup>34</sup>

The court concluded that since each playback copy would be available only to the individual subscriber who had requested its creation, each transmission under the RS-DVR system would not constitute a performance *to the public*. The district court erred, the Second Circuit held, by construing “to the public” in terms of the potential audience capable of receiving the underlying work as opposed to capable of receiving a

*particular transmission* of the work.<sup>35</sup> Under the district court’s approach, the potential audience would include all subscribers who could receive the original airing of the program as well as those who could receive transmissions of the playback copies. In the Second Circuit court’s view, this interpretation was inconsistent with the language of the statute because the transmit clause referenced the potential audience of a particular “transmission” or “performance,” not that of a particular “work.” The district court’s approach would effectively render every transmission of a copyrighted audiovisual work a public performance, since the general public represented the potential audience for every work. In the Second Circuit’s view, that outcome was inconsistent with the Act’s reference to transmissions “to the public,” which contemplates the potential existence of transmissions that are not “to the public.”<sup>36</sup>

The plaintiffs had argued that the point of reference for the performance at issue was not Cablevision’s transmission of a given program to its customers but rather the original program distributor’s transmission to Cablevision as well as to other license holders.<sup>37</sup> The court rejected this argument because it also would exclude the possibility that there could be non-public performances, and it had the “odd result” that Cablevision’s liability would hinge on the actions of other broadcasters in transmitting the same original performance over their own networks.<sup>38</sup> Moreover, the court stated, that argument was contrary to its opinion in *National Football League v. Primetime 24 Joint Venture*.<sup>39</sup> The lesson from that case, the court explained, was that the public performance analysis had to “look downstream, rather than upstream or laterally, to determine whether any link in a chain of transmissions made by a party constitutes a public performance . . . .”<sup>40</sup> Thus, the court rejected the suggestion that it had to consider the potential audience of the original distribution from the program producers—which would also include subscribers to other cable operators—as opposed to the potential audience for a single RS-DVR playback performance.

The court also rejected the plaintiffs’ argument based on *National Football League* that Cablevision’s act of splitting the programming signal in order to provide input content for the RS-DVR system constituted a public performance. *National Football League* could support that finding, the court opined, only if it were first determined that the final transmission in the chain—the transmission from the playback copy—was a public performance.<sup>41</sup>

The court distinguished both *Redd Horne* and *On Command*, which concerned repeated playings of the same copy by different members of the public.<sup>42</sup>

The court also rejected the holding of *On Command* that any commercial transmission of a copyrighted work represented a performance to the public. The court stated that such a rule had no support in the language of the Copyright Act.<sup>43</sup>

Finally, the court was not persuaded by the plaintiffs' reliance on *Ford Motor Co. v. Summit Motor Products, Inc.*,<sup>44</sup> which concerned the public distribution right under section 106(3) of the Act. In that case, the Third Circuit held that even distributions of a work to a single person could constitute a public distribution.<sup>45</sup> The Second Circuit noted that that decision had been criticized for depriving the phrase "to the public" of meaning. Moreover, it saw no reason to adopt the same interpretation in the context of section 106(4).

In short, the court held that Cablevision would not violate the plaintiffs' public performance rights by providing the RS-DVR system to Cablevision subscribers. It noted, however, that this holding did not automatically allow all operators of content delivery networks to avoid liability by associating one unique copy with each subscriber or by permitting each subscriber to make his or her own copies.

## V. Subsequent Developments

On October 6, 2008, the plaintiffs filed a petition for writ of certiorari with the Supreme Court. The petition asserts that the Second Circuit erred in four respects. First, it argues that the court's volitional analysis contradicts the Supreme Court's holding in *New York Times v. Tasini*.<sup>46</sup> Second, it argues that it was error to exempt Cablevision from direct infringement of reproduction rights simply because a computer, rather than a Cablevision employee, carries out the copying. On this point, the petition stresses the impact the Second Circuit's decision would have in absolving emerging automated services from direct liability. Third, it argues that the ruling with respect to the buffer copies contradicts holdings of three other circuits as well as the written policy of the Copyright Office. Finally, the petition takes issue with the Second Circuit's holding that separate transmissions of programs based on separate copies do not constitute public performances, arguing that this holding is contrary to case law and to the plain meaning of the Copyright Act.

## VI. Analysis

### A. What Is Not There

*Cablevision* does not address either contributory infringement or fair use, both of which the parties removed from the case by stipulation. With respect to direct infringement, a fair-use defense surely would not have helped Cablevision due primarily to the commercial nature of the RS-DVR system. Only with respect to the buffer copies could the minimal extent of the copy potentially constitute a factor weighing in favor of a finding of fair use—assuming one does not accept the district court's "aggregated copy" reasoning.

More significant is the plaintiffs' relinquishment of contributory infringement claims. It is unclear what motivated this stipulation, unless it was to avoid expensive litigation of *Sony* issues. At first blush, the facts of

the case—at least with respect to the reproduction rights issues—seem to more strongly suggest contributory infringement rather than direct infringement; after all, the copies that most clearly implicate the plaintiffs' rights are the playback copies, as to which Cablevision's role is more suggestive of a facilitator than of a copyist.

Evaluation of the contributory liability issue would not necessarily involve an extensive discussion or reassessment of *Sony*. As the district court rightly noted, Cablevision is much more involved in the copying that would take place with the RS-DVR than is a manufacturer of a VCR with respect to the copying of television programs that might be carried out by the purchasers of the VCR. What the district court was saying as to why the analogy to *Sony* is inappropriate is that the RS-DVR does not involve a *device* but rather a *service* that relies upon Cablevision's direct and continuing involvement.<sup>47</sup> Cablevision would do more than simply provide subscribers with a technology that was capable of substantial non-infringing uses; it would provide them with a system, the sole purpose of which was to produce unauthorized copies of programs and provide unauthorized "time-shifted" performances.

A wrinkle appears, however, in that the time-shifting the RS-DVR would permit looks exactly like the protected activity that is performed with VCRs. "Isn't time-shifting the very thing *Sony* tells us is OK?" one might ask. But this perspective obscures the distinct issues pertaining to reproduction rights, on the one hand, and performance rights, on the other. Even assuming *Sony* bears some relevance to the performance rights context, *Sony* surely does not entail that the copyright infringement involved in the provision of a particular service is excused because it ultimately permits a non-infringing activity. In other words, *Sony*, it would seem, should not excuse the infringement involved in the creation of playback copies simply because the performance in the form of playback viewing is deemed to be non-infringing.

### B. The "Fixed" Fix

The court of appeals' decision with respect to the buffer copies turned on the finding that the copies' existence would be too fleeting to meet the statutory definition of "fixed." But one point the court did not address is that the definition of "copies" and that of "fixed" both refer to "works." Thus, there might be an argument that the 1.2-second-long fragments stored on the Broadband Media Router are neither "copies" nor "fixed," because they are too small to represent the underlying work, i.e., the television program. The court also ignored the second sentence of the definition of "fixed," which states that "[a] work consisting of sounds, images, or both, that are being transmitted, is 'fixed' for purposes of this title if a fixation of the work is being made simultaneously with its transmission."<sup>48</sup> Because the television programs at issue would consist of a combination of sounds and images and would be in the process of being transmitted when the

copying took place, this sentence would seem to be implicated. Again, if the 1.2-second fragment is too small to constitute the work, the second sentence would be immaterial, since no “fixation” would take place during transmission. On the other hand, it is unclear why this second sentence would have been included in the Act unless Congress had been contemplating something similar to the district court’s aggregate copy concept or had wished to suggest that the display of an audiovisual work—for instance, on a movie or television screen—itself represented a copy of the work. The legislative history speaks against this interpretation. The House Report states:

[T]he content of a live transmission should [be regarded as fixed and should] be accorded statutory protection if it is being recorded simultaneously with its transmission. On the other hand, the definition of “fixation” would exclude from the concept purely evanescent or transient reproductions such as those projected briefly on a screen, shown electronically on a television or other cathode ray tube, or captured momentarily in the “memory” of a computer.<sup>49</sup>

This passage suggests Congress had a more lasting *recording* in mind. There also does not appear to be any case law to suggest the above interpretation of the statutory language. Moreover, it is unclear how such an interpretation would conform with the language cited by the court, which requires that the fixation be of “more than transitory duration.”

Thus, in light of these aspects of section 101, the court’s conclusion that the buffer copies are too transitory to be “fixed” establishes a practical rule that also accords with the legislative history. It is also worth noting the inconsequential nature of the buffer copies, which also favors a finding of non-infringement. With the RS-DVR, fleeting copies of fragments of protected works are not in and of themselves going to significantly impact the copyright holders’ economic exploitation of their works.<sup>50</sup> The use of memory buffers has become commonplace in the transfer of digital audiovisual data from one computer to another or from one medium to another. The issue of ultimate interest to copyright holders will be what those buffer copies are used for—i.e., to produce a “fixed” copy of the work or to deliver it to a viewing screen—and whether the owner of the buffers has the proper authorization for that action. Where authorization is lacking, claims going to the creation of the unauthorized fixed copy or the unauthorized performance will insure that the copyright holder can obtain redress without creating claims against the creation of the buffer copies.

### C. Drawing the Line on Direct Infringement

The court’s handling of the issue of infringement with respect to the playback copies is likely to prove

more controversial than the ruling as to the buffer copies. As the district court pointed out, Cablevision seems directly implicated in the creation of the playback copies as a result of its design and ownership of the system, a fundamental function of which is the creation of unauthorized copies, and its continuing relationship with its subscribers. Particularly telling is the fact that Cablevision owns and supplies the media on which the copies are recorded. In addition, a problem with the Second Circuit’s copy shop analogy is that we must imagine a shop in which only unauthorized copies of entire works are made.

Nonetheless, the Second Circuit was correct to focus on the issue of who is ultimately responsible for making the copies. In order to hold Cablevision liable as a direct infringer, it is necessary to establish that the copying would be done by Cablevision. Merely looking at the actions taken by Cablevision on the one hand and by a subscriber on the other—Cablevision sets up an elaborate system and provides the facilities for producing playback copies of programming running over its cable network, while the subscriber chooses a program he or she wishes to record and places a recording order via remote control—it is clear that the subscriber ultimately causes the production of the playback copies. If no subscriber orders the recording of a program, no playback copy is produced.

The Second Circuit’s introduction of a volitional element seems to represent a logical approach to identifying the responsible party. In the end, the court had to draw a line between direct and contributory infringement, and the line it chose seems in keeping with the general principle that contributory infringement is more appropriate for those who facilitate or induce infringement carried out by others. It is also worth noting that a holding to the contrary would likely implicate the operations of many other cable companies for whom it has become standard practice for the company to retain ownership over the set-top box it provides to its subscribers. If mere ownership of the facilities that perform the copying entailed direct infringement, other cable operators that provide their subscribers with DVR set-top boxes could be held directly liable.

### D. For Your Personal Viewing Pleasure

The Second Circuit’s holding with respect to the playback of copied programs provides that the delivery of “private copies” for viewing does not infringe the copyright owners’ performance rights even if those copies are created, stored, and transmitted using the facilities of a third-party commercial service. In this regard, Cablevision has capitalized on phenomenal advancements in digital storage media. At the time of the *Redd Horne* decision, the notion of providing every customer with his or her own copy of a feature-length presentation for viewing would not have been economically feasible. As the cost of computer memory and digital storage media has fallen,

and as technological advances permit more and more memory to be placed in smaller and smaller media, the option of providing every subscriber to a cable service with his or her own personal storage space for recorded programs has become possible.

No doubt the court's ultimate determination that whether a transmission amounts to a public performance depends on whether one copy or many copies are involved will seem arbitrary if not absurd to many. In any event, the court may have taken too many liberties with the language of the statute in emphasizing the role of copies. Section 101 speaks of "works" rather than "copies" in the definition of "publicly." Thus, the statute seems to place greater emphasis on whether the same *work* is involved rather than the same *copy*. In other words, if Cablevision produced 100 different copies of a particular sitcom and then transmitted each copy to 100 different subscriber households, this action still would seem to implicate the public performance right. Likewise, the production of 1,000 distinct copies of a particular feature film for availability to 1,000 VOD subscribers would seem to infringe the public performance right.

What is different about the RS-DVR is that programs are not made generally available to the subscriber base; rather, each subscriber has to choose to record a program for it to become available for playback. Whether this factor renders playback under the RS-DVR a private rather than a public performance is difficult to determine from the statute and associated legislative history. Yet it seems only *Redd Horne* supports the interpretation that the identity of the copy on which the performance is based may play a role in determining whether the performance is "to the public." The logic that would support the conclusion that separate copies means separate performances also would support the conclusion that serial playing of the same copy results in separate performances.

## VII. Conclusion

In *Cartoon Network*, the Second Circuit considered whether Cablevision's RS-DVR digital recording system constituted direct copyright infringement. The court clarified that there is both an "embodiment" and a "duration" requirement under the definition of "copies" under the Copyright Act and determined that 1.2 seconds is too short to meet the duration requirement. In addition, the court introduced a volitional element into the determination of the party directly responsible for copying and accepted Cablevision's argument that it was the users of the system and not Cablevision who effectively exercised the decision to copy a particular program.

Finally, the court held that playback under the RS-DVR system would not entail a public performance because each playback copy represented a unique copy destined solely for a single subscriber. This interpretation seems somewhat contrived, as it reads the term "copy" into section 101 in place of "work." This holding

essentially provides entrepreneurs in the entertainment industry with a means of avoiding direct liability for infringing performance rights. Similar to Grokster's development of a decentralized file-sharing system to avoid the fate of Napster, however, it seems unlikely that such a model would ultimately prove immune to a *contributory* infringement claim (which was not presented in *Cartoon Network*). For this reason, operators setting up similar digital recording services likely will need to obtain the appropriate licenses for the service.

Perhaps the most significant aspect of the decision is the fine line it draws between direct and contributory infringement. The line the court chose, bolstered by an emphasis on the volitional element of the copying, seems reasonable. If the issues concerning reproduction rights had been the only ones raised in the copyright owners' cert petition, it would seem unlikely that the Supreme Court would take the opportunity to provide further guidance as to the delineation between direct and contributory infringement, despite the lack of clarity as to the latter. But the petition argues that a clear ruling on automated services is urgent. Perhaps more significant, the Second Circuit's holding as to the public performance issue seems to contradict the intent of the Copyright Act and may attract the court's attention. Ultimately, however, it is evident that Congress needs to revisit the public performance provisions of the Act to bring badly needed clarity to the statutory language and to better adapt the Act to the digital age.

## Endnotes

1. 536 F.3d 121 (2d Cir. 2008), *petition for cert. filed*, No. 08-448 (filed Oct. 6, 2008).
2. *Id.* at 124.
3. *See id.* at 125; *see also Twentieth Century Fox Film Corp. v. Cablevision Sys. Corp.*, 478 F. Supp. 2d 607, 615 (S.D.N.Y. 2007).
4. *Twentieth Century Fox Film Corp. v. Cablevision Sys. Corp.*, 478 F. Supp. 2d at 616.
5. *See Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417 (1984).
6. *Twentieth Century Fox Film Corp.*, 478 F. Supp. 2d at 609.
7. *Id.* at 621.
8. *Id.*
9. *Id.* at 622.
10. 749 F.2d 154 (3d Cir. 1984).
11. 777 F. Supp. 787 (N.D. Cal. 1991).
12. The first element is contained in the definition of "copies" whereas the second is derived from the definition of "fixed." *See* 17 U.S.C. § 101 (2007).
13. *Cartoon Network*, 536 F.3d at 127.
14. 991 F.2d 511 (9th Cir. 1993).
15. *Cartoon Network*, 536 F.3d at 127.
16. 845 F. Supp. 356 (E.D. Va. 1994).
17. *Cartoon Network*, 536 F.3d 121 at 128-29 (citing *Advanced Computer Services of Michigan, Inc.*, 845 F. Supp. at 363).
18. *Id.* at 129 (citing *Skidmore v. Swift & Co.*, 323 U.S. 134, 140 (1944)).

19. *Id.*
20. *Id.* at 130.
21. 907 F. Supp. 1361 (N.D. Cal. 1995).
22. *Id.* at 1370 (cited in *Cartoon Network*, 536 F.3d at 130).
23. *Cartoon Network*, 536 F.3d at 131 (citing *CoStar Group, Inc. v. Loop-Net, Inc.*, 373 F.3d 544, 551 (4th Cir. 2004)).
24. *Id.* at 131.
25. *See id.*
26. 99 F.3d 1381 (6th Cir. 1996).
27. *Cartoon Network*, 536 F.3d at 132.
28. *Id.* The Court noted that there were cases that had held to the contrary, citing *Elektra Records Co. v. Gem Elec. Distribs., Inc.*, 360 F. Supp. 821, 823 (E.D.N.Y. 1973), as one example, but claimed those cases were not convincing, since they had not provided any reasoning in support of such an extension of direct infringement.
29. *Id.*
30. *See id.* at 132-33. The Court also argued that such a policy had been established in Supreme Court jurisprudence, citing *Sony*.
31. *Id.*
32. *See id.* 133.
33. 17 U.S.C. § 101 (2007).
34. *Id.* at 135 (citing H.R. Rep. 94-1476, at 64-65 (1976), *reprinted in* 1976 U.S.C.A.N. 5659, 5678) (emphasis added by Second Circuit).
35. *Id.* at 135.
36. *Id.* at 135-36.
37. *Id.* at 136 (citing Brief of Plaintiff-Appellees at 27).
38. *See id.* at 136.
39. 211 F.3d 10 (2d Cir. 2000).
40. *Cartoon Network*, 536 F.3d at 137.
41. *Id.*
42. *Id.* at 138, 139.
43. *Id.* at 139.
44. 930 F.2d 277 (3d Cir. 1991).
45. *See Cartoon Network*, 536 F.3d at 139.
46. The petitioners evidently refer to a paragraph where the Supreme Court rejects the publishers' argument that only contributory liability should apply since, like Sony, the publishers merely provided copying equipment which allowed end-users to make (visual) copies; *New York Times Co., Inc. v. Tasini*, 533 U.S. 483, 504 (2001). The reference is misplaced, since the publishers in *Tasini* had clearly made reproductions themselves in loading the articles onto the databases and CD-ROMs in question.
47. This statement is not to suggest that the *Sony* doctrine should be limited to devices, but no doubt courts struggled with the application of *Sony* in the context of file-sharing services. The Supreme Court's opinion in *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, 545 U.S. 913 (2005), may yet point the way toward less focus on technological details and more emphasis on the acts and intentions of the parties.
48. 17 U.S.C. § 101 (2007).
49. H. R. Rep. No. 94-1476, at 52-53 (1976) (*errata* text in brackets).
50. For this reason, a finding that the buffer copies were *de minimis* would have been warranted if this issue had been addressed by the court.

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