



# Texas Entertainment and Sports Law Journal

## SECTION OFFICERS

### CHAIR

Mitzi L. Brown  
1201 Elm St.  
Dallas, TX 77271  
Phone: (214) 854-3630  
Fax: (214) 584-3271  
mitzi@redmangousa.com

### CHAIR-ELECT

Shannon Jamison  
3100 Main St., Ste. 132  
Dallas, TX 75226  
Phone: (972) 772-9252  
Fax: (972) 772-3464  
jamisonlaw@me.com

### SECRETARY

Craig Crafton  
1301 East Collins Blvd.  
Richardson, TX 75266  
Phone: (214) 570-6000  
craig.crafton@gmail.com

### TREASURER

Amy E. Mitchell  
401 Congress Ave., Ste. 1540  
Austin, TX 78701  
Phone: (512) 970.3223  
Fax: (512) 366.9915  
law@amyemitchell.com

### IMMEDIATE PAST CHAIR

Don Valdez  
Phone: (817) 291-7021  
donvaldez@gmail.com

### COUNCIL

*Terms Expiring 2012*  
Will Colgin  
Catherine Hough  
Andrew Borrego

### *Terms Expiring 2013*

Chris Harrison  
Sally Helppie  
Erin Rodgers

### *Terms Expiring 2014*

Decker Sachse  
Mike Farris  
Emilio Nicolas

### ENT. LAW INSTITUTE DIRECTOR

Mike Tolleson  
2106 East MLK Blvd.  
Austin, TX 78702  
Phone: (512) 480-8822  
Fax: (512) 479-6212  
mike@miketolleson.com

### JOURNAL EDITOR

Craig Crafton  
1301 East Collins Blvd.  
Richardson, TX 75266  
Phone: (214) 570-6000  
craig.crafton@gmail.com

### WEBMASTER

Amy E. Mitchell  
401 Congress Ave., Ste. 1540  
Austin, TX 78701  
Phone: (512) 970-3223  
Fax: (512) 366-9915  
law@amyemitchell.com

SPRING 2012 — Volume 21 • No. 1



**BIT TORRENT**  
**Joinder and justice**  
**in mass litigation**

# CYBERLOCKERS

**Criminal Copyright Infringement  
in the Context of Music Blog Seizures:  
Were Innocent Blogs Seized  
by the U.S. Government?**

## IN THIS ISSUE

Chair's Report .....	2	Texas Attorney Profiles .....	11
Top Hits .....	3	The Penn State Scandal.....	13
Criminal Copyright Infringement in the Context of Music Blog Seizures .....	5	TESLAW Events .....	16
Case Brief .....	7	Case Note .....	17
Joinder and Justice in Mass Bit Torrent Litigation .....	9	Recent Entertainment & Sports Law Publications .....	42

**TEXAS ENTERTAINMENT AND SPORTS JOURNAL STAFF****EDITOR**

Craig Crafton  
Travelers Insurance Company  
1301 East Collins Blvd.  
Richardson, TX 75266  
Phone: (214) 570-6478  
craig.crafton@gmail.com

**ASSOCIATE EDITORS**

Chris Harrison  
DMX, Inc.  
1703 West Fifth St., Ste. 600  
Austin, TX 78703  
(512) 380-8500  
chris.harrison@dmx.com

Catherine Hough  
Ferguson Law Group  
2500 Dallas Pkwy., Ste. 260  
Plano, TX 75093  
Phone: (972) 826-4463  
chough@dallasbusinesslaw.com

Decker Sachse  
Sachse Law Group  
Falkin+Sachse, PLLC  
2828 Routh St., 5th Floor  
Dallas, TX 75201  
Phone: (214) 849-9840  
deck@falkinlaw.com

**FACULTY ADVISOR**

Professor Andrew T. Solomon  
South Texas College of Law  
1303 San Jacinto Street  
Houston, TX 77002  
Phone: (713) 646-2905  
asolomon22@gmail.com

**TESLAW.ORG**

TESLAW is proud to unveil its new website at [www.teslaw.org](http://www.teslaw.org). Long in the making, and continuing to evolve, we are working to make TESLAW.Org the portal for Texas Entertainment and Sports Law with many new enhancements, including an attorney search feature. Past issues of the TESLAW Journal are available for download, updates on the 2012 Entertainment Law Institute, Section membership information and links to resources.

**CHAIR'S REPORT**

Hello! Hard to believe that it is 2012! Seems like just yesterday I was putting out my Christmas decorations, mailing my sons' letters to Santa and stressing over whether "Gus," our Elf on the Shelf, managed to move during the night. And, today, I am trying to plan their Valentine's Day Party at school, stressing over where to go for Spring Break (along with every other family in the State of Texas) and managing the daily balance of being the mother of three boys (Mason and Caleb (8 yr. old twins) and Jacob (6 ½ yrs. old)), the wife to my college sweetheart (Go FSU!) of 16 years and a corporate and entertainment attorney. While I can honestly say that I do not always feel like I can "stop and smell the roses" as often as I would like, I can also say that I would not wish for anything different – other than maybe a few more hours in the day!



Enough about me – I want to sincerely thank you for being a member of the State Bar of Texas Entertainment & Sports Law Section, also known as TESLAW! As a member of TESLAW, you are currently entitled to: 1) receive the acclaimed Texas Entertainment and Sports Law Journal; 2) join the TESLAW list-serve; 3) earn free CLE credits; 4) receive a discount on the cost of the annual Entertainment Law Institute (ELI); and 5) become part of the growing Texas-based entertainment and sports law community. Amy Mitchell, our Treasurer and website chairperson, is diligently working on revamping our website, [www.teslaw.org](http://www.teslaw.org), and transforming it into a resource that we hope will be the first place that our TESLAW members as well as out of state attorneys visit to retrieve Texas, national and international entertainment and sports lawyer information. She has done a phenomenal job and we appreciate all of her efforts!

This past fall, we held the 21st Annual Entertainment Law Institute at the Hyatt Regency Austin. For those of you who are new to the Section, ELI is the premier event for Texas entertainment lawyers. Mike Tolleson is the chairperson of the conference and always puts together an informative program. This program is an excellent opportunity for you to both get your CLE credit and network with other entertainment lawyers. Registration typically opens in late summer so stay tuned.

As for what we have planned this spring, the Section is hosting our second annual mixer at SXSW on March 15th at The Iron Cactus Mexican Grill & Margarita Bar. For those TESLAW Members planning on spending your Spring Break in Austin, make sure that you stop by and say hello. Of course, we'll have our famous "Rock Star Attorney" t-shirts available for sale.

If you are interested in learning more about the Section, there are excellent opportunities to serve and get involved with committees and planning the future of TESLAW. Some of the areas in which you can serve are legislative (state & federal), merchandising, website, social networking, activity planning, marketing and more. We hope you will decide to volunteer for something in which you are interested. Please join us at our next TESLAW Council meeting at the State Bar of Texas' Annual Meeting in Houston June 14-15, 2012. Shannon Jamison, our Chair-Elect, is busy coordinating a great slate of entertainment and sports speakers. I hope to see you there!

Finally, I want to personally thank the 2011-2012 TESLAW leadership including our officers, chairpersons, and Council Members. I appreciate all of the hours that you volunteer to make TESLAW what it is. Special thanks go out to Craig Crafton, Secretary and Journal Editor. I hope that you enjoy this edition of the Journal!

Mitzi Brown, Chair



As the new Editor of the Texas Entertainment and Sports Law Journal, I and the associate editors welcome and thank you for taking the time to enjoy the fruits of our work. We intend to continue our tradition of high quality legal articles and information that prior editor Sylvester Jaime provided for 16 years. At the same time, the Journal embarks on a new digital only format that allows flexibility in article length and content and e-reader compatibility. A new look and features are being added as we evolve into a wholly on-line experience. We look forward to your feedback and submissions.

---

## Top Hits

*By Craig Crafton, Editor*

### Megaupload Shut Down

Hugely popular and profitable file-sharing site, Megaupload, was shut down January 19, 2012, and its executives indicted on a variety of charges, including criminal copyright infringement and conspiracy to commit money laundering, by the U.S. Justice Department. Megaupload is a cyberlocker operation where individuals receive payment for uploading highly trafficked content. A Google search for any popular movie, television show, book, song, video game or business software often contains a Megaupload link in the top results, where a free download can be accessed. Megaupload generates revenue from advertising, including pop ups, based on its massive internet traffic of about 50 million hits daily.

Eighteen domain names associated with Megaupload were seized pursuant to an order issued by a U.S. District Court, according to the Justice Department. Authorities said the action was “among the largest criminal copyright cases ever brought by the United States.” The government alleged that the website facilitated copyright infringement on a massive scale. The Justice Department also seized \$50 million in assets. Among those indicted and taken into custody were Megaupload’s director, and infamous hacker, Kim Schmitz, aka Kim Dotcom.

---

### Supreme Court Restricts Scope of Public Domain

In deciding the case of *Golan v. Holder* in a January 18, 2012 opinion, the Supreme Court upheld a federal law that restored copyright protection to works that had entered the public domain. The case, which considered a 1994 law enacted to carry out in the Uruguay Round Agreements Act, applied to works first published abroad from 1923 to 1989 that had earlier not been eligible for copyright protection under American law. Orchestra conductors, teachers and film archivists challenged the law as they had relied on the free availability of such works.

The Supreme Court, by a 6-to-2 vote, rejected arguments based on the First Amendment and the Constitution’s copyright clause, saying that the public domain was not “a category of constitutional significance.” Further, copyright protections could be expanded even if they did not create incentives for new works to be created. Justice Ruth Bader Ginsburg, writing for the majority, said the law had merely put “foreign works on an equal footing with their U.S. counterparts.” “Assuming a foreign and domestic author died the same day, their works will enter the public domain simultaneously,” she wrote.

*Continued on page 4.*

---

**Top Hits**

*Continued from page 3.*

## Former NFL Players Sue Over Concussions

More than a dozen lawsuits have been filed on behalf of over 120 retired NFL players, including Jim McMahon and Jamal Lewis, and their wives over the past several months. The suits allege that the NFL deliberately concealed information regarding the medical effects of repeated concussions. The plaintiffs allege that the NFL began systematically concealing the connection between concussions and long term brain injury in 1994. Until recently the NFL discredited and concealed scientific analyses on concussions and criticized and rebutted peer-reviewed scientific studies. In 2007, the NFL distributed a pamphlet to players saying, “Current research with professional athletes has not shown that having more than one or two concussions leads to permanent problems if each injury is treated properly.”

In addition to the burden to prove what the NFL knew and when, and that the league deliberately hid information from the players, the issues expected to daunt the retired NFL players’ causes of action are, assumed risk, given the violent nature of football and proving that head injuries were caused by traumas occurring in the NFL and not in high school or college.

The NFL argues that the claims made by the retired players should be handled under the collective bargaining agreements the players signed during their NFL careers. The retired players assert they are no longer party to those collective bargaining agreements. A Judicial Panel on Multidistrict Litigation has been asked to combine all the cases and move them to federal court in the Eastern District of Pennsylvania.

---

## Marvel Prevails in Ghost Rider Dispute

Comic book author Gary Friedrich brought suit against Marvel Comics, Columbia Pictures, Hasbro, Johnny Blaze Sportswear, Relativity Media and others claiming copyright infringement by the film *Ghost Rider*. Friedrich worked for Marvel in the 70s as a freelancer, when Marvel introduced the *Ghost Rider*’s origin story in 1972’s *Marvel Spotlight #5*. Under the so-called “Marvel Method,” a creator provides a synopsis, an artist illustrates the work based on the synopsis, a writer adds text and a “letterer” places the text in the appropriate places on the illustration. Lastly, an “inker” applies color. Marvel takes the position that its works were made for hire.

In December New York federal judge Katherine Forrest ruled that *Ghost Rider* clearly belongs to Marvel and that it was unnecessary to “travel down the rabbit hole of whether the Character and Work were in fact originally created separate and apart from Marvel, whether they are a ‘work for hire,’ or whether during an initial conversation in which Friedrich obtained consent to proceed with the project that eventually became the Work, he had thoughts about what rights he might want to retain.”

Judge Forrest looked to the two contracts at issue and held that they plainly give copyright authority to Marvel. The first contract gave Friedrich rights in exchange for payment. Friedrich argued that he held onto non-comic derivative versions of the work, but a second contract granted “to Marvel forever all rights of any kind and nature in and to the Work.” The language of the second contract “could not be clearer,” according to Judge Forrest who rejected arguments of consideration and adhesion.

A new *Ghost Rider* film is scheduled to come out in February 2012.



# Criminal Copyright Infringement in the Context of Music Blog Seizures: Were Innocent Blogs Seized by the U.S. Government?

By Raul Garcia

---

Raul Garcia is a J.D. Candidate (May 2013), The University of Texas School of Law; and has earned a B.A. (Government) with honors, The University of Texas at Austin (May 2009)

---

## I. Introduction

### A. Factual Background

Last year during Thanksgiving weekend, the Immigration and Customs Enforcement (“ICE”) unit of the Department of Homeland Security (“DHS”) seized the domain names of five websites that were allegedly used “to commit or facilitate criminal copyright infringement.”<sup>1</sup> The five websites seized were: Rapgodfathers.com (“RGF”), Torrent-Finder.com, RMX4U.com, Dajaz1.com (“Dajaz1”), and Onsmash.com (“Onsmash”).<sup>2</sup> The domain seizures were part of a larger initiative by the DHS called “Operation In Our Sites,” which targets websites that participate in or facilitate piracy and counterfeiting.<sup>3</sup> In order to obtain the warrant to seize the five websites, the DHS submitted an affidavit in support of the seizure to the United States District Court for the Central District of California.<sup>4</sup> The affidavit in support of the seizure (“seizure affidavit”) provided the factual background for why the DHS decided to seize the five websites and included detailed descriptions of each of the websites.<sup>5</sup> Visitors of the sites are now redirected to a notice that the domain names have been seized by ICE Homeland Security Investigations for criminal copyright infringement, effectively shutting down the websites and rendering their content inaccessible.<sup>6</sup>

The domain seizures have been criticized because the website operators were not given notice prior to the seizures, no adversarial hearings were held in which the website operators could defend the legality of their sites, and no criminal charges have been filed so far against the owners of these domain names.<sup>7</sup> Critics allege the domain seizures raise constitutional questions including concerns that the seizures conflicted with basic due process, and claims of potential First Amendment violations.<sup>8</sup> Specific criticisms have arisen in regard to three of the seized domain names which focused mainly on hip-hop music: RGF, Dajaz1, and Onsmash.<sup>9</sup> Operators of these three websites claim they are innocent and their domain names were wrongly seized.<sup>10</sup> The owners of the sites claim label representatives and artists emailed music to them directly to post on their blogs for promotional purposes.<sup>11</sup> The operators of these sites claim they have not committed copyright infringement as they were given informal permission by the copyright holders to post the content on their sites.<sup>12</sup> Several critics of the domain seizures have not clearly distinguished between the three hip-hop focused sites, which is a critical mistake considering the different nature and intent of the websites.<sup>13</sup> Putting websites like RGF in the same category as Dajaz1 and Onsmash shows a lack of understanding of functions of these websites and the context in which they exist.

This article will look at the distinctions between the three sites and will argue that RGF is a website that blatantly committed copyright infringement and promoted infringement by its users, while Dajaz1 and Onsmash were blogs that merely posted content for promotional purposes at the behest of artists and record labels. This article will further argue that this distinction makes RGF an appropriate target for anti-piracy initiatives such as Operation In Our Sites and that blogs like Dajaz1 and Onsmash should not have been targeted. Part II of this article will explore RGF’s liability for copyright infringement under current precedent and will demonstrate the malicious nature and intent of the RGF website. Part III of this article will argue that Dajaz1 and Onsmash should not be liable for copyright infringement because the majority of their content was posted with informal permission from record labels and artists. Part III will also explore possible affirmative defenses Dajaz1 and Onsmash could assert in response to claims of copyright infringement, namely non-exclusive implied license. This section will also explore recent developments that validate the argument that blogs like Dajaz1 and Onsmash are innocent of copyright infringement and should not have been targeted by anti-piracy initiatives. Lastly, Part IV will demonstrate the importance of blogs like Dajaz1 and Onsmash in promoting new artists and will argue that similar blogs should not be targeted by future domain seizures.

*Continued on page 6.*

## Criminal Copyright Infringement in the Context of Music Blog Seizures: Were Innocent Blogs Seized by the U.S. Government?

*Continued from page 5.*

### B. Criminal Copyright Infringement

The DHS presumably seized the five websites in question for committing criminal copyright infringement under 17 U.S.C. § 506.<sup>14</sup> To prove criminal copyright infringement, the government must show (1) an underlying civil copyright infringement offense, (2) the copyright infringement was “willful,” and (3) the purpose of the copyright infringement was for “commercial advantage” or for “private financial gain.”<sup>15</sup> In order to determine if the seizures of RGF, Dajaz1, and Onsmash were justified, this paper will analyze the liability of each website under the criminal copyright statute. The analysis of each website’s liability for criminal copyright infringement will begin with a description of the website, followed by an analysis of each website’s liability for civil copyright infringement. The analysis will then look at the other two elements required for criminal copyright infringement – willfulness and financial gain, and will explore their relationship to any defenses the websites may claim.

## II. RGF’s Liability for Criminal Copyright Infringement

### A. Description of the RGF Website

The domain seizure affidavit describes RGF as a “forum-based “linking” website.”<sup>16</sup> The RGF website consisted of multiple sections including “News,” “Downloads,” “Singles,” “RGF TV,” and “Forum.”<sup>17</sup> The focus of this article will be on RGF’s “Downloads” section, as this section contained the most significant instances of copyright infringement. The “Downloads” section of RGF’s homepage contained a directory of full length music albums which visitors could browse and download.<sup>18</sup> The available albums included commercially released albums and artist sanctioned “mixtapes.”<sup>19</sup> RGF’s “Downloads” section listed URLs to cyberlocker websites where copies of full length music albums could be downloaded. To download albums from RGF’s “Downloads” section, users would click the link listed on the directory of available albums.<sup>20</sup> The link would direct users to a corresponding webpage on the RGF website which contained the album’s title, a photograph of the album cover, and the album’s track list.<sup>21</sup> Listed below this information would be a hyperlink to a cyberlocker/file-hosting website that would allow the user to download the full length album onto their hard drive.<sup>22</sup> None of the infringing content was stored on the RGF website or its server, but was instead stored and distributed using different cyberlocker websites.

Cyberlocker websites, also known as “file-hosting” websites, allow users to upload files from their hard drives onto the website’s server for storage purposes.<sup>23</sup> After the file is uploaded onto the website’s server, a unique Uniform Resource Locator (“URL”) is created where the file can be accessed.<sup>24</sup> Anyone with the file’s unique URL can download the file from the website’s server onto their hard drive.<sup>25</sup> The URL can be distributed by the user to other individuals for easy access to download the file.<sup>26</sup> The cyberlocker website lists the size of the uploaded file, the date the file was uploaded, how many times the file was downloaded, and most importantly, who uploaded the file.<sup>27</sup>

The seizure affidavit describes five albums that were available for download on November 9, 2010 from RGF’s “Downloads” section: (1) Nelly – “5.0,” (2) Kanye West – “My Beautiful Dark Twisted Fantasy,” (3) Rihanna – “Loud,” (4) Trey Songz – “Trigga Trey,” and (5) Lil’ B – “Red Flame.”<sup>28</sup> Of the five albums listed, three were full length retail albums that were available prior to their official release date<sup>29</sup>, one was an official artist sanctioned “mixtape” that was released for free by the artist, and one was an unofficial “mixtape” of unknown origin. The affidavit describes how the investigator followed links on the RGF’s “Downloads” section to access various different cyberlocker websites where the albums were stored, and the investigator downloaded the infringing works onto his hard drive.

### B. RGF’s Liability for Civil Copyright Infringement: Direct Infringement

The first element of criminal copyright infringement is an underlying civil copyright infringement offense.<sup>30</sup> There are numerous doctrines under which one could be held liable for civil copyright infringement including direct infringement, contributory infringement, and vicarious infringement. In order to prove direct infringement of a copyright, the complaining party must show (1) ownership of the allegedly infringed material, and (2) that one of the exclusive rights of the copyright holder was infringed.<sup>31</sup> The exclusive rights of a copyright holder include the right to reproduce, distribute, and perform his work.<sup>32</sup> The copyright holder’s right to reproduction is violated when an individual downloads an unauthorized copy of a work from the internet.<sup>33</sup> There are conflicting views about which exclusive right is infringed when an individual uploads unauthorized

*Continued on page 19.*

## CASE BRIEF

## UMG v. Veoh Makes the DMCA Safe Harbor Even Safer. What Will the 2d Circuit Do in Viacom?

By: Andrew Berger



The safe harbor created by Section 512(c) of the Digital Millennium Copyright Act (DMCA) may now be an Internet service provider's Bali Hai.

**Andrew Berger** is counsel to the New York firm of Tannenbaum Helpert Syracuse & Hirschrift LLP. Andrew serves as a co-chair of the Copyright Subcommittee of the IP Litigation Committee of the Litigation Section of the ABA. He was recently elected as a trustee and to the executive committee of the Copyright Society of the U.S.A. He is also a past member of the Federal Courts Committee and the Copyright Committee of New York City Bar. Read more from Andrew at [www.IPinbrief.com](http://www.IPinbrief.com).

That's because on December 20, 2011, the Ninth Circuit held in *UMG v. Veoh* that a webhost will only lose its safe harbor immunity under this section if it has specific knowledge of infringing content on its site and fails to take down that content. Because UMG failed to demonstrate that Veoh had specific knowledge, the Ninth Circuit affirmed the district court's grant of summary judgment dismissing the action against Veoh.

Is this opinion a death knell for Viacom's pending appeal in the Second Circuit? I don't think so. But first here is some background and analysis of *Veoh*.

### The Safe Harbor at Issue in *Veoh* and *Viacom*

Section § 512 of the DMCA creates four statutory "safe harbors" to help Internet service providers ("ISPs") predict and manage their legal exposure to copyright infringement. The safe harbor at issue in *Veoh* and *Viacom* is at § 512(c), dealing with storage of content initiated by a user.

The section shields ISPs from monetary liability for hosting copyright infringing material on their sites if they **either**

(a) have no "actual knowledge that the material or an activity using the material is infringing" **and** (b) have no "aware[ness] of facts or circumstances from which infringing activity is apparent" (17 U.S.C. § 512(c)(1)(A)(i) & (ii)) **or**

(c) expeditiously remove infringing material which they know or are aware of upon receipt of a DMCA-compliant take-down notice (17 U.S.C. § 512(c)(1)(A)(iii)).

Courts refer to the two knowledge standards as actual and red-flag knowledge. The Ninth Circuit held that Veoh lacked either actual or red-flag knowledge.

### UMG Fails To Demonstrate that Veoh Had Actual Knowledge

UMG inexplicably chose to forgo what the Ninth Circuit labeled "as the most powerful evidence of a service provider's [actual] knowledge"—take down notices. UMG never advised Veoh of a single infringement before it filed its action and then failed to identify any infringing videos until Veoh moved to compel that information on the eve of the close of discovery. UMG chose to rely on takedown notices sent by the Recording Industry Association of America ("RIAA"); but the notices referred only to the names of the songs and never mentioned UMG.

Continued on page 8.

---

## UMG v. Veoh Makes the DMCA Safe Harbor Even Safer. What Will the 2d Circuit Do in Viacom?

---

*Continued from page 7.*

UMG instead argued before the Ninth Circuit that Veoh knew the music videos it hosted were infringing because Veoh never licensed any of them from the 4 major music companies. But the district court found, and the circuit court agreed, that Veoh had “arrangements” “with major copyright holders, such as Sony/BMG” to display their music videos.

UMG also argued that Veoh must have had actual knowledge of the presence of infringing videos on its system given its general knowledge that its service could be used to share unauthorized content. The Ninth Circuit again disagreed stating that, if merely hosting material that falls within a category of content capable of copyright protection, with the general knowledge that one’s services could be used to share unauthorized copies of copyrighted material, was sufficient to impute knowledge to service providers, the § 512(c) safe harbor would be “a dead letter.”

### UMG Also Fails to Show that Veoh Had Red Flag Knowledge

UMG fared no better in its argument that Veoh had red flag knowledge. The circuit court rejected UMG’s assertion that Veoh’s purchase of Google adwords containing the names of some of UMG’s artists demonstrated Veoh’s knowledge of infringing activity. The Ninth Circuit stated that artists are not always in exclusive relationships with recording companies and “so just because UMG owns the copyright to some of Brittany Spears songs does not mean it owns the copyright for all” of them.

UMG also argued that Veoh should have used search and indexing tools to locate and remove any other content by the artists identified in the RIAA notices. But the Ninth Circuit stated that § 512(m) of the DMCA did not impose investigative obligations on ISP. UMG finally pointed to news articles exposing the availability of copyrighted materials on Veoh. The appellate court was not persuaded stating that, if Veoh’s awareness of these news reports “was enough to remove a service provider from DMCA safe harbor eligibility, the notice and takedown procedures would make little sense and the safe harbors would be effectively nullified.”

The Ninth Circuit did suggest that Veoh might have gained red flag knowledge if third party users had notified it of “specific particular infringing material” on the Veoh site. In that instance Veoh would then lose its safe harbor immunity if it failed to expeditiously take down the infringing material.

### Webhosts May Remain Passive But Still Avoid Liability

The Ninth Circuit’s opinion thus places the burden of policing copyright infringement on the owners of the copyrighted material. Content owners must constantly monitor the entire and ever-changing repertoire of every webhosting site on the Internet, in every file format, to locate infringing content. That is a burden that many individual authors cannot sustain.

Although webhosts are better able with advances in filtering technology to automatically identify and block materials as they are loaded, Veoh allows webhosts to remain passive and abstain from taking any affirmative measures to protect against infringement.

This result seems counter intuitive. If a mall owner knows from press and police reports of criminal activity on its property, would the owner still be immune from liability if it failed to investigate and at least attempted to work with law enforcement to end that criminal activity? Yet *Veoh* holds that ISPs need only quickly respond to takedown notices to avoid liability.

### Should the Interests of Copyright Holders Be Policed by Third Parties?

Equally problematic is the Ninth Circuit’s suggestion that a third party user’s notice of infringement could act as a red flag under §512 (c)(1)(A)(ii). How will a third party user who clicks onto a webhost know that the music video she is enjoying contains infringing content? License agreements between webhosts and music companies are not public information. Even absent a license, the music may be protected by fair use. Will *Veoh* create a regime where the interests of copyright holders on websites are policed by third party trolls? The potential for third-party abuse (whether intentional or not) is substantial. ☆



---

## Joinder and Justice in Mass Bit Torrent Litigation: Problems and Solutions

---

*By: Jay P. Buchanan, December 2011*



### I. Introduction

As the Recording Industry Association of America retreats from the front lines of copyright-infringement litigation to lick its public-relations wounds,<sup>1</sup> small movie companies and their lawyers have launched an offensive of their own.<sup>2</sup> Call them copyright trolls, extortionists, “spray-and-pray shotgun-style” litigators<sup>3</sup>—but their bullying has raised tricky questions about both fundamental fairness and the technicalities of federal civil procedure, questions relevant to the music industry, the movie industry, and every artist and author whose livelihood depends on a just and functional copyright system.

---

**Jay Buchanan** (B.A. Yale, 2008; J.D. Texas, expected 2013) serves as a staff editor for *The Review of Litigation* and is a former legal intern at the Florida Elections Commission. He will be a 2012 summer associate at DLA Piper LLP in Baltimore, Md. Before law school, he worked as a copy editor at ESPN.com.

---

One of the thorniest and most important procedural issues is the plaintiff studios’ use of Federal Rule of Civil Procedure 20, the permissive-joinder rule, to link dozens, hundreds, or even thousands of anonymous John Doe defendants, identified only by Internet protocol (IP) address. In the last generation of peer-to-peer (P2P) file-sharing lawsuits, judges strongly disfavored joinder of anonymous defendants; the P2P context of the alleged infringement

was usually not enough to bind together these “otherwise unrelated” parties, even for purposes of discovery.<sup>4</sup> After all, Rule 20 requires that plaintiffs’ requested right to relief stem from “the same transaction, occurrence, or series of transactions or occurrences” and contain “any question of law or fact common to all defendants.”<sup>5</sup> The mere allegation that defendants had illegally downloaded or uploaded the same copyrighted work did not satisfy this requirement.

So why is this still an issue? Enter the shiny new P2P protocol: BitTorrent. BitTorrent’s architecture is great for two things: fast, efficient sharing of huge files, and camouflaging that sharing. It is also fundamentally different from the “older” P2P software at the core of the last generation of file-sharing litigation (Napster, Kazaa, Gnutella, and others), and the technical differences have important legal implications for how lawsuits are built. Federal courts have just begun to sit up and take notice, and judges seem to have split evenly into two camps: pro-joinder and anti-joinder.

The anti-joinder camp, which is based almost entirely in the Northern District of California, tends to rely on three main arguments, two supported by law and one by judicial economy: First, answers to the joinder question in non-BitTorrent cases, centered on structurally different software, provide sufficient precedent to deny joinder. Second, for every copyrighted work downloaded using BitTorrent, different copies and different “swarms” of users exist. According to some judges, this means that plaintiffs who sue a large group of users for copyright infringement of a single work (instead of, presumably, a smaller group of users in one swarm who download one identifiable file) cannot satisfy Rule 20(a)(2)(A)’s requirement that defendants acted in the same “transaction, occurrence, or series of transactions or occurrences”; thus, plaintiffs may sue only one Doe at a time. Third, it is simply impractical for the court to try cases involving dozens, hundreds, or thousands of putative defendants, some of whom may have different defenses.

On the other side is the pro-joinder camp, concentrated in the Northern District of Illinois, the District of Columbia, and the District of Maryland. A pro-joinder judge might rule that Rule 20(a)(2)(A) is satisfied because the BitTorrent system necessarily means that downloaders and uploaders (BitTorrent users must simultaneously be both) acted in concert to share pieces in a single “series of transactions.” As for the second requirement in Rule 20(a)(2)(B), because the inquiry supporting the findings of fact will be mostly the same for all defendants, the common question of fact (and law) makes joinder appropriate. In addition, joinder will facilitate discovery; this will make it easier, not harder, for the courts to manage these cases because it means one inquiry into a baseline set of facts, rather than many redundant inquiries.

*Continued on page 10.*

## Joinder and Justice in Mass BitTorrent Litigation: Problems and Solutions

*Continued from page 9.*

Since this is a relatively new twist on copyright and procedure law, judges on both sides of the joinder issue have little to go on in the way of precedent, and the precedent they are creating is weak and inconsistent. That's because there's a secondary consideration: In many of these lawsuits, the plaintiffs are hard-core pornography producers looking to force defendants into large settlements to avoid the embarrassment of being publicly linked to even the allegation of stealing movies with such titles as *Amateur Allure—Erin*,<sup>6</sup> *XXX Avengers*,<sup>7</sup> and *Corbin Fisher Amateur College Men Down on the Farm*.<sup>8</sup>

Often, the plaintiffs' obvious bullying and abuse of the litigation process has led judges to the reasonable conclusion that the plaintiffs are copyright trolls: They are not interested in litigating their claims on the merits and recovering a fair judgment.<sup>9</sup> Instead, judges say, plaintiffs take advantage of the discovery process to obtain personal information (such as names and addresses) from Internet service providers (ISPs). They then use that information to extort settlement money from Internet users who may not know their rights or have any legal representation, and whose only offense may have been failing to password-protect their personal wireless routers, or failing to completely supervise their children's Internet activity. It is well within the district courts' discretion to make life difficult for copyright trolls and impede their collection schemes.

But what about a bona fide plaintiff who wants nothing more than to assert his right to pursue a copyright claim under the federal Copyright Act (17 U.S.C. §§ 101–1332)? Should he be entitled to use Rule 20 to join anonymous defendants whose IP addresses are linked with unauthorized downloading or uploading? This paper will explore possible answers to this surprisingly complicated question. In Part II, I provide background information on the relevant copyright and procedure law, and give an overview of past file-sharing litigation whose precedential value judges in BitTorrent cases often overestimate. In Part III, I explain how the new cases (almost all of which were filed in 2011 and remain ongoing as of mid-December 2011) are different, what conclusions judges have come to about joinder, and why. Part IV lays out a different approach that will try to balance the considerations of judges, who want efficient courtrooms and well-behaved attorneys; legitimate plaintiffs, who want the chance to plead their claims fairly; and defendants, who want to be able to defend themselves without undue damage to their private lives and reputations.

## II. Background

An understanding of the substantive law governing copyright infringement is useful to get a sense of how these lawsuits come into being, what options plaintiffs have for proving their case, and what damages may be available under what circumstances. Also, a brief overview of Rule 20 history, policy, and jurisprudence will help illuminate its purpose and how BitTorrent litigation might fit into the overall joinder scheme.

### A. Copyright Infringement

The Copyright Act (17 U.S.C. §§ 101–1332) is a federal law that gives a federal cause of action for infringement.<sup>10</sup> As a result, the federal courts have subject-matter jurisdiction under 28 U.S.C. § 1331 (granting the district courts original jurisdiction of all civil actions arising under federal law). Venue is determined by 28 U.S.C. § 1391, which provides that plaintiffs may bring an action in a district where any defendant resides, where “a substantial part of the events or omissions giving rise to the claim occurred,” or where “any defendant may be found, if there is no district in which the action may otherwise be brought.”<sup>11</sup> This gives plaintiffs a good deal of flexibility in deciding where to bring the case—in federal court in any district where an identified defendant lives or may be found, or, more likely, where an ISP hosting alleged infringers operates.

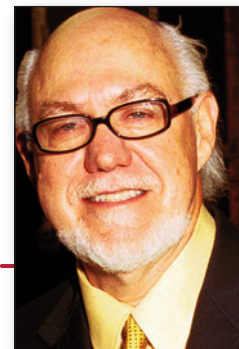
The specific cause of action may be found in § 502(b) of the Copyright Act and requires that the copyright be registered before or shortly after an infringement action is filed.<sup>12</sup> Interestingly, this requires plaintiffs to notify (and strongly encourages courts to join) parties who may have an interest in the copyright at issue (that is, more plaintiffs or Rule 24 intervenors), but makes no mention of how courts should treat multiple defendants.<sup>13</sup>

Much of the rest of Chapter 5 of the Copyright Act deals with remedies available to plaintiffs and civil and criminal penalties for infringers. In general, copyright infringement is a strict liability offense, imposing damages on anyone who violates any of

*Continued on page 30.*

## TEXAS ATTORNEY PROFILES

*The TESLAW Journal is pleased to introduce profiles of the leading entertainment and sports law attorneys of Texas, honoring their contributions to the practice of law and their clients.*



**Mike Tolleson has been the Director of the Entertainment Law Institute since its inception in 1990 and was a co-founder and initial Chair of the Entertainment and Sports Law Section of the Texas State Bar in 1989. He is a graduate of the SMU School of Law and has been working for more than forty years as an entertainment attorney, concert producer, film producer and officer in various industry organizations. The overriding goal of his work has been to develop the film and music industry in Texas, allowing homegrown talent to remain and flourish in his native state.**

### How I Got Started Practicing Entertainment Law:

While attending college at SMU in the mid sixties some friends and I started a record company and someone had to learn about setting up a company and recording contracts. There was one book on the subject..... *This Business of Music* by William Krasilovsky which had sample contracts in the back. In 1968, I spent a year in London studying the business, in 1969 I did some in-house legal work for a Dallas based record company and in 1970 I was a co-founder and partner in the management of the Armadillo World Headquarters in Austin, which was a multi-purpose music venue where we produced shows, managed and booked bands, produced music videos and launched a record label, all of which required many contracts.

### Details of An Interesting Case:

One of the more challenging projects was the Willie Nelson IRS Tapes telemarketing campaign. Willie was in deep debt (\$21M +) to the IRS by the fall of 1990 and they had taken most of his assets to be sold at auction. But, he had access to some recordings of just him and his guitar doing some of his really sad songs (one of the first “unplugged” albums). He wanted to release the album under the name *The IRS Tapes* and raise money to pay off the debt. But he was under contract to Columbia Records and normally any record sale proceeds would go through them. Since Willie owned the recordings and the money was going to the IRS we were able to negotiate a release from Columbia for the project and we made a deal with a telemarketing firm which funded television commercials and manufacturing for a nationwide television campaign to sell *The IRS Tapes* via direct sales to consumers in conjunction with a national tour. This worked beautifully until the telemarketing firm went bankrupt due to some unrelated circumstances and then it all unraveled and I had to deal with the aftermath. This project involved making deals with musicians, publishers, Columbia Records, the telemarketing company, the musicians’ union, a fulfillment service, credit card banking merchants, phone banks, the Internal Revenue Service, and IRS Records for the right to use the name, and then shutting it all down. We did sell a lot of records, paid some of the debt, bought some time, until finally, he was able to settle with the IRS.

### How Do You Find Clients:

These days they usually find me before I find them. There is no shortage of musicians, filmmakers, artists and other creative people needing legal assistance and advice. Just go where they go. The problem for a practicing lawyer is getting paid.

### Advice For Attorneys Who Want to Practice Entertainment Law:

Seek a position with an established firm or entertainment company in L.A., Nashville, N.Y. or your city of choice; value experience over money; build a library of source material; start an entertainment-related business; take on clients who have a future regardless of ability to pay; take courses at local colleges in music and film business; attend the Texas Bar Entertainment and Sports Law Section’s Entertainment Law Institute in October; attend SXSW in March, attend the Austin Film Festival’s Writer Conference in October; attend some seminars in L.A. or N.Y., join the Texas Bar Entertainment and Sports Law Section, and do lots of self study.

*Continued on page 12.*

**TEXAS ATTORNEY PROFILES**

*Continued from page 11.*

**What Resources Do You Use In Your Practice:**

Resources are other lawyers, trade publications such as Billboard Magazine, Entertainment Law and Finance, The Entertainment Law Reporter, The Hollywood Reporter, The Entertainment Law Institute course materials, various books available at book stores on the legal and business aspects of different entertainment industries, *Entertainment Industry Contracts* published by Matthew Bender, web-sites of various industry organizations such as the Texas Music Office, BMI, ASCAP, SESAC, the Copyright Office, Sound Exchange, The Texas Film Commission, etc. ✪

## *Submissions*

All submissions to the TESLAW Journal are considered. Articles should be practical and scholarly to an audience of Texas lawyers practicing sports or entertainment law. As general guidelines, articles should be no more than twenty-five typewritten, double-spaced, 8 ½" x 11" pages, including any endnotes. Endnotes must be concise, placed at the end of the article, and in Harvard "Blue Book" or Texas Law Review "Green Book" form. Please submit articles via e-mail in pdf format to [craig.crafton@gmail.com](mailto:craig.crafton@gmail.com), or to discuss potential topics.

Once an article is submitted, the Journal does not request any additional authorization from the author to publish the article. Due to the number of submissions and the number of potential publications in the marketplace, it is nearly impossible to monitor publication of submissions in other publications. It is up to the author to assure that we are notified should there be any restrictions on our use of the article. This policy has been implemented to assure that our Journal does not violate any other publication's limitation on republication. The Journal does not restrict republication, and in fact encourages, submission of an author's article to other publications prior to or after our election to publish. Obviously the Journal will make the appropriate attribution where an article is published with permission of another publication, and request such attribution to the Journal if we are the first to publish an article.

## The Penn State Scandal: Will You Be Prepared When it Happens to You?

*Miranda Sevcik, Principal, Media Masters<sup>1</sup>*



At the end of his life, Penn State coach Joe Paterno of Happy Valley built a program based on the credo of “Success with Honor”, but died under a cloud of failure with shame.

The man known as “JoePa” won 409 games and took the Nittany Lions to 37 bowl games and two national championships. More than 250 of the players he coached went on to the NFL. But in the middle of his 46th season, none of Paterno’s many victories or school contributions amounted to much when in a desperate PR-motivated decision, university trustees fired him by phone as he was getting ready for bed.

As news of Paterno’s firing spread, a riot erupted on the Penn State campus. The focus of the scandal became more about what the legendary coach didn’t do rather than Jerry Sandusky’s alleged molestation of 10 boys over a 15-year span.

**Miranda Sevcik** is an award-winning journalist, broadcast news producer, anchor, corporate writer and founder of Media Masters. Miranda created the company to address the many missed opportunities for attorneys and detrimental interviews she witnessed as a reporter.

Legendary status no longer protects people from media-hyped public prosecution. That’s why it is more important than ever for attorneys with clients in the limelight to understand the psychology behind press witch-hunts in order to better protect themselves and those they represent.

Paterno, and at first the top echelon of the University claimed to have been fooled by Sandusky. But outrage built quickly when the state’s top cop said the coach hadn’t fulfilled a moral obligation to go to the authorities when a graduate assistant, Mike McQueary, told Paterno he saw Sandusky with a young boy in the showers of the football complex in 2002.

At a preliminary hearing for the school officials, McQueary testified that he had seen Sandusky attacking the child with his hands around the boy’s waist but said he wasn’t 100 percent sure it was intercourse. McQueary described Paterno as shocked and saddened and said the coach told him he’d “done the right thing” by reporting the encounter.

Paterno waited a day before alerting school officials but never went to the police. “You know, (McQueary) didn’t want to get specific,” Paterno said. “And to be frank with you I don’t know that it would have done any good, because I never heard of, of, rape and a man. So I just did what I thought was best. I talked to people that I thought would be, if there was a problem, that would be following up on it.”

When the scandal erupted in November, Paterno said he would retire following the 2011 season. He also said he was “absolutely devastated” by the abuse case.

“This is a tragedy,” he said. “It is one of the great sorrows of my life. With the benefit of hindsight, I wish I had done more.”

### The Fallout of Fraud

Many of the Penn State public relations initial missteps were fueled by the way officials first begrudgingly acknowledged the scandal, which broke on Nov. 4 with word of Sandusky’s indictment. The next day, officials added perjury and failure-to-report charges against athletic director Tim Curley and vice president Gary Schultz.

Penn State President Spanier issued a statement devoting two sentences to the scandal’s core: one calling Sandusky’s charges “troubling,” and the other saying, “Protecting children requires the utmost vigilance.” He then used the next two paragraphs to defend Curley and Schultz, who have been charged with failure to report and perjury.

The emphasis of the statement was put on defending Curley and Schultz, the alleged victims were an inconvenient afterthought. This misplaced emphasis resulted in an immediate shift in public perception from a benefit-of-the-doubt stance to a ‘they’re trying to justify their actions’ mentality. The knee-jerk firing of those directly involved in the alleged incident only appeared as a last ditch effort to cover-up behavior.

---

## The Penn State Scandal: Will You Be Prepared When it Happens to You?

*Continued from page 13.*

---

When a college's reputation is damaged, obviously it can adversely affect student recruitment, alumni donations and even federal funding. Penn State is particularly vulnerable as so much of its success depends on its previously stellar reputation. In 2011, private donations totaled \$235 million—among the highest of all U.S. public universities, Moody's said in a statement.

Penn State raked in \$72.7 million in revenue from football last season, ranking fifth out of all college programs in the country, according to CNNMoney. In addition, the school's athletic department, took home another \$24.1 million in revenue not designated to a specific team or sport – a sum that came mostly from merchandise sales and sponsorships.

It is still unclear how the full financial impact of the scandal will effect the University but it is conservatively estimated looming lawsuits alone will cost Penn State perhaps in the neighborhood of \$70-\$100 million in settlement fees. Due to the poor communications strategy, private donations are sure to suffer as is student recruitment and respect for the football program and university leadership.

By comparison, according to research by two economics professors it is estimated Tiger Wood's fall from grace cost his corporate sponsors \$12 billion in lost stock value.

### Scandal is Contagious

In the initial aftermath of the Sandusky scandal, Syracuse Basketball coach Bernie Fine emerged as a made-for-TV predator complete with four alleged victims claiming the coach molested them as children. The media seized upon the story, leading to Fine's suspension then [firing](#).

To date, two of the four accusers have admitted to lying to investigators, one recanted his story and another victim's statute of limitations precluded prosecution.

Bernie Fine is an excellent example of the bleed-over scandals tend to have for entertainment and sports attorneys. In a hyped-media environment, every media outlet fights for a fresh angle on a popular story and this can provide an audience for disgruntled individuals looking for attention. Competitors as well can use negative attention as an opportunity to raise allegations designed to hurt individuals and entities directly or even indirectly affected.

### Protecting the Client From Themselves

Identifying potential problems ahead of a crisis is always the safest way to protect the reputation of an individual or entity. The first step in doing this is to perform a vulnerability audit. This introspection enables attorneys to anticipate crises and to construct a crisis plan that will enable counsel to negate or, at the very least, lessen the impact of any future crisis.

Clients should collect data from people in key positions and interview key employees from the boardroom to the loading dock. Employees must be assured that their answers will be kept strictly confidential. These interviews will be even more helpful if a third party conducts them.

Information learned from these conferences should include potentially harmful trends, inconsistent answers to different questions asked of each subject, and background information suspected by employees regarding the current crisis.

A consensus opinion regarding the probability of certain crises often arises out of this process, also potential weaknesses should be examined that could cause or contribute to the crisis. These vulnerabilities might include unstable employees, insufficient communication in the chain of command if a crisis does occur and the development of actual crisis scenarios.

Had Penn State officials performed a vulnerability audit ahead of the Sandusky indictment and been proactive about what they found, the entire scandal may have been averted. Sadly the first reaction most leaders have when faced with a scandal is to bury their heads in the sand until they have to face the crisis already too big to ignore, or efficiently correct.

*Continued on page 15.*

## The Penn State Scandal: Will You Be Prepared When it Happens to You?

*Continued from page 14.*

Attorneys should remember the ethical considerations when advising client what to say and not to say. The best rule of thumb is to have the attorney speak to what has been publicly filed and the clients speak to their heart and how they feel about the incident. Interviews should always express sympathy for the alleged victim and talk proactively about what is being done to get to the bottom of what happened.

### Reputation Protection

The best defense is always a good offense. You can't ace if you don't serve. Sports analogies fit beautifully in any article about crisis communications because they speak to the very nature of human psychology.

The earliest start in crisis management is the safest start. It is important to immediately assemble all individuals involved in the leadership and assign one spokesperson. The spokesperson should be armed with talking points and trained how to answer any and all questions from the press. All members of the communications team must be in agreement as to these points. An entity is usually always believed when their statements are consistent and credible.

It is also vitally important in the time of social media to contain cocktail talk. Maintain an open dialogue with those involved with the company or entity. Make sure employees know what to say when their friends and neighbors ask about the crisis. Nothing breeds mistrust more than silence.

### Damage Control

Just because the crisis is no longer front-page news, doesn't mean its over. Scandals, like sicknesses, relapse if not treated. In Penn State's case it means finally taking control of the communications strategy and announcing proactive measures the university is taking to make sure nothing like the alleged molestation incidents ever happens again.

At its first public meeting since the child sex-abuse scandal broke, in January, Penn State's board of trustees adopted sweeping changes to improve safety on campus. Throughout the meeting and at a news conference afterward, board members pledged to look at and investigate everything, including whether the board should agree to allow itself to be open to further scrutiny under the Right to Know Act.

The task force, headed by former FBI Director Louis J. Freeh, is still investigating, but the board is already instituting a proactive plan that includes providing training to employees, starting with security and athletic department workers, to be sure they comply with federal law concerning the reporting of crime and the prompt reporting of abuse allegations. The plan also recommends better practices in dealing with minors on campus, including providing clear guidelines to staff and enhancing background checks of adults who deal with children. The university also pledged to hire a chief compliance and ethics officer.

Even before Paterno's death the travesty of Penn State was already veering away from the countless acts of sexual abuse Sandusky allegedly committed against minors, not to mention all the indications of a cover-up by the top echelon of the university, including Paterno.

With Paterno's demise, the media is embracing a new direction questioning whether Paterno had been treated fairly by the trustees when he was fired. The chorus grew louder, forcing board of trustee members to again go on the defensive, which is the weakest effort of a PR campaign, and talk to The New York Times and the Philadelphia Inquirer to make their case they had done the right thing.

Had Penn State's PR department adopted a proactive communications strategy focused on the morally correct purpose the minute the scandal erupted, perhaps Joe Paterno's legacy would have been better remembered as "Success with Honor" instead in the shadow of scandal. Don't let this travesty happen to you or your client. ☹

### ENDNOTES

<sup>1</sup> <http://www.mediamastersonline.net>

<sup>2</sup> [http://articles.businessinsider.com/2011-11-10/sports/30381384\\_1\\_joe-paterno-athletic-department-million-profit](http://articles.businessinsider.com/2011-11-10/sports/30381384_1_joe-paterno-athletic-department-million-profit)

# TESLAW Events

## Entertainment Law Institute 2011

In conjunction with the State Bar of Texas, TESLAW presented the 21st Annual Entertainment Law Institute in Austin, Texas on October 20-21, 2011. Director Mike Tolleson delivered multiple panels of timely and intriguing legal practice areas presented by leading practitioners and students of entertainment law.

From left to right: **Prof. Stan Soocher**, Esq., Denver, Co., Editor-in-Chief, "Entertainment Law & Finance" and Associate Professor, Music & Entertainment Industry Studies, University of Colorado Denver; **Mike Tolleson**, Austin, Texas, ELI Director; **Lionel "Lon" Sobel**, Santa Monica, Ca., Editor, Entertainment Law Reporter and Visiting Professor, University of San Diego School of Law Summer-Abroad Program; **Jay Rosenthal**, Esq., Washington, DC, Senior VP and General Counsel National Music Publisher's Association and Berliner, Corcoran & Rowe



Discussing Direct Licensing of Performance Rights vs. Blanket Licensing via BMI, ASCAP and SESAC: Critical Considerations for Writers and Publishers:

**Matthew J. DeFilippis**, New York, NY, Vice President, New Media & Technology ASCAP; **Steven Winogradsky**, Studio City, CA, Winogradsky/Sobel; **Jeff Brabec**, Beverly Hills, CA, Vice President of Business Affairs BMG Chrysalis; **Christopher S. Harrison**, Austin, DMX Music



# Join

## TESLAW

The Texas Entertainment and Sports Law Section is a great way to network and commiserate. Members receive the Journal, access to the TESLAW listserve, invites to Section events and of course the right to purchase a Rock-Star Attorney t-shirt! Plus, TESLAW is always looking for those who want to be involved and become Section leaders.

To Join TESLAW go to Sections at [www.texasbar.com](http://www.texasbar.com), or just click on this link <https://www.texasbar.com/AM/Template.cfm?Section=Sections>.

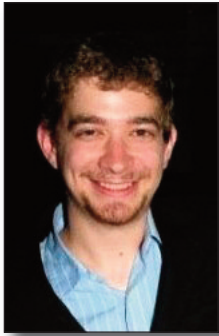
If this method does not work, please call the State Bar Sections Department at 1-800-204-2222 ext. 1420 to register by phone or fax.



## CASE BRIEF

## Dodgers Cannot Shop TV Rights to Bidder

By Patrick Sheets



**Patrick Sheets** is a 2L at South Texas College of Law where he is articles editor for Corporate Counsel Review. In addition, Patrick is a mediator in Harris County Justice Court, a two-time participant in the Tulane Baseball Arbitration Competition and has interned with the Tampa Bay Lightning and Rice Owls.

The recent bankruptcy proceedings of the Los Angeles Dodgers have thrust the sale of local television rights into the legal spotlight. In June 2011, the Dodgers filed for Chapter 11 bankruptcy in Delaware.<sup>1</sup> Following the highly-publicized divorce of the Dodgers' owner (Frank McCourt) that revealed the extent to which he was hemorrhaging money, McCourt entered into an agreement with Major League Baseball to sell the Los Angeles Dodgers by April 30, 2012. The deal allowed him to retain the option to market future television rights as part of the sale.<sup>2</sup>

The Dodgers' current television contract with Fox, entered into in November 2001 and running through the 2013 MLB season, gave Fox an exclusive negotiating period for six weeks at the conclusion of the 2012 season, as well as the right of first refusal in the event the parties failed to reach an agreement.<sup>3</sup> The Dodgers, wanting to package the future television rights along with the team in an effort to increase its sale price, filed a motion in a Delaware Bankruptcy Court in November 2011 to amend the exclusive negotiating period with Fox to run from November 30, 2011 to January 14, 2012.

At the evidentiary hearing in early December, the Dodgers solicited testimony from bankruptcy restructuring expert Timothy Coleman who testified that, under the circumstances, compliance with the terms of the current Fox agreement would be "very obviously damaging" to the franchise and that the future television rights would provide long-term liquidity for the Dodgers.<sup>4</sup> Experts for Fox, on the contrary, suggested that the company would endure significant harm if the proposed marketing procedures were approved, based on the strong likelihood that the Dodgers would ultimately sign a contract extension with Fox if the original agreement was upheld. Additionally, Fox argued that the amended procedures would not be in the best interests of the Dodgers franchise and were not necessary to sell the team or pay off its creditors in full.

In mid-December, the Bankruptcy Court granted the Dodgers' motion to allow them to shop the television rights, concluding that the provisions in question would "unduly interfere with [the Dodgers'] duty to maximize the assets of its estate for the benefit of creditors and prevent [them] from emerging from bankruptcy in a timely manner."<sup>5</sup> The Court found the exclusive negotiating period to be unenforceable against an entity in bankruptcy. Finally, due to the truncated timeframe, the Court waived the fourteen-day stay mandated by the Federal Rules of Bankruptcy Procedure, as it "would only delay and thereby prejudice the Debtors' marketing opportunity."<sup>6</sup> Fox immediately filed a notice of appeal in the United States District Court in Delaware, including a motion to stay the Bankruptcy Court's Order that would have allowed the Dodgers to shop the television rights.

The District Court explained that in order "to demonstrate that a stay pending appeal is justified, the moving party must establish: 1) a strong showing of likelihood of success on the merits, 2) irreparable harm absent a stay, 3) that issuance of the stay will not substantially injure the other parties to the proceeding, and 4) that a stay is in the public interest."<sup>7</sup>

The Court concluded that Fox had "shown a strong likelihood of success on the merits of its appeal," finding the Bankruptcy Court most likely erred when it held the exclusive negotiating period (also known as a "no shop" provision) unenforceable in bankruptcy.<sup>8</sup> The Court criticized the Bankruptcy Court's overly broad interpretation that "no shop" provisions were unenforceable *per se* against an entity in bankruptcy, and found that such provisions were "invalid only if at the time they were adopted they were in violation of a board's fiduciary duty."<sup>9</sup> Moreover, the Court reasoned that the current television

1 Fox Sports Net West 2, LLC v. Los Angeles Dodgers LLC, No. 11-01235-LPS, 2011 U.S. Dist LEXIS 149582, at \*3 (D. Del. Dec. 27, 2011).

2 *Id.* at \*6.

3 *Id.* at \*5.

4 *Id.* at \*10.

5 *Id.* at \*17.

6 *Id.* at \*18.

7 *Id.* at \*21.

8 *Id.* at \*28.

*Continued on page 18.*

## Dodgers Cannot Shop TV Rights To Bidder

Continued from page 17.

agreement between the Dodgers and Fox was governed by California law, which allowed for “no shop” provisions. Finally, the Court explained that because the Dodgers appeared to be a solvent debtor, “the equities strongly favor holding the debtor to his contractual obligations so long as those obligations are legally enforceable under applicable non-bankruptcy law.”<sup>10</sup>

Secondly, the District Court found that Fox would likely suffer irreparable harm if the stay was not granted. In its decision, the Court focused on two main considerations – (1) the lesser likelihood of Fox winning future telecast rights, and (2) Fox’s decreased leverage in negotiations. The Court agreed that Fox’s exclusive negotiating period and right of first refusal made it substantially more likely that Fox would retain the Dodgers’ television rights by limiting the team’s ability to negotiate with Fox’s competitors. Both of Fox’s experts testified at the Bankruptcy Court hearing that the renewal rate with such back-end provisions exceeded 90%, substantiating the claim that a denial of its motion for a stay would jeopardize Fox’s chances of keeping the Dodgers. The Court further opined that the right to televise Dodgers games is a unique asset and cited case law supporting the contention that the loss of a unique sports-related media opportunity can constitute irreparable harm.

With respect to Fox’s loss of negotiation leverage, the Court found little merit to the Dodgers’ counterarguments, reminding the Dodgers that in order for an agreement to be reached, Fox had to make an offer that was acceptable to the team, Major League Baseball, and the unknown future owner of the team, all within a matter of weeks.<sup>11</sup> Because Fox paid for the right to negotiate exclusively with the Dodgers in late 2012, forcing them to “enjoy” this contractual right nearly a year in advance would impose irreparable harm on Fox.

Thirdly, the District Court found that granting Fox’s request for a stay would not harm other parties. Based upon the testimony of the bankruptcy restructuring expert (Mr. Coleman), the Bankruptcy Court found that marketing the future television rights was necessary to ensure full payment to creditors. On the contrary, the District Court found that the pertinent testimony clearly established that Mr. Coleman did *not* know if the Dodgers would be able to pay off all creditors without separate marketing of the television rights because he had not even considered the possibility: “I haven’t really done that analysis. I don’t think it’s a good idea to do it that way, so that is not what I’ve testified to.”<sup>13</sup> In further support of this contention, the Court cited testimony of Edwin Desser, the president of a Los Angeles-based sports media group with nearly two decades of experience in the local sports market, who testified that it was doubtful that full payment of the Dodgers’ debts required marketing the future television rights.<sup>14</sup> Desser also testified that the value of television rights for sports teams was increasing at a rate of roughly 10% per year over the last decade, which the Court cited as undisputed evidence that the future telecast rights did not need to be marketed in order to maximize the value of the Dodgers. Based on these findings, the Court held that the stay would actually *help* both parties, rather than *harming* other parties.

With respect to the fourth and final requirement – that granting Fox’s stay motion was in the public interest – the Court agreed that the public has an interest in seeing that parties adhere to their contractual agreements, which the Dodgers and Fox entered into freely. The Court seemingly agreed with a statement made by counsel for the Dodgers that the Dodgers were “likely to exit bankruptcy as quickly with or without a sale of the future telecast rights.”<sup>15</sup>

Having met the four-part burden, the United States District Court of Delaware granted Fox’s motion to stay the Bankruptcy Court’s Order thereby prohibiting the Dodgers from shopping the television rights to another bidder.<sup>16</sup> On January 11, 2012, one day prior to the scheduled oral arguments in the appeal between the Dodgers and Fox, the parties settled their dispute and the Dodgers agreeing to honor the original television contract that runs through the end of the 2013 season.✚

9 *Id.* at \*29.

10 *Id.* at \*34.

11 *Id.* at \*44.

12 *Id.* at \*45.

13 *Id.* at \*36.

14 *Id.* at \*12.

15 *Id.* at \*49.

16 *Id.* at \*51.

## Criminal Copyright Infringement in the Context of Music Blog Seizures: Were Innocent Blogs Seized by the U.S. Government?

Continued from page 6.

works onto the internet for others to copy. The Ninth Circuit held in *A&M Records v. Napster* that uploading a work for others to copy is a violation of the copyright holder's distribution rights.<sup>34</sup> However, the United States District Court for the District of Minnesota found in *Capitol Records v. Thomas* that "a person who makes an unauthorized copy...of a copyrighted work for the purposes of uploading it...violates the reproduction right."<sup>35</sup> The Court in *Thomas* also held actual dissemination of the infringing work is required to support a claim of infringement of the copyright holder's distribution right, and merely making the work available is not enough to be considered "distribution."<sup>36</sup> Both of the cases were within the peer-to-peer file sharing context, so it is not clear how the standard would apply in the cyberlocker context.

In analyzing RGF's liability for direct infringement, there would seem to be no dispute that some of the content listed on RGF's "Downloads" section was owned by individuals who did not authorize RGF to reproduce or distribute their works. Several of the works listed in the affidavit were full length commercial albums posted prior to their official release date<sup>37</sup>, leaving little doubt they were uploaded without the authorization of the copyright holder. There is also evidence the operators of RGF uploaded the unauthorized copies of the works onto the servers of different cyberlocker websites, and that the unauthorized works were disseminated to users of the site. If this can be proven, the *individual* operators of RGF could be held liable for infringing the copyright holder's distribution rights.

When one would attempt to download content from RGF's "Downloads" section, users were directed to a cyberlocker website where files were often labeled with the words "Rapgodfathers" in the file description.<sup>38</sup> As the investigator in the domain seizure affidavit notes, "at the time a file is uploaded [to a cyberlocker website] the uploader is able to input a file description for the referenced file download."<sup>39</sup> RGF seemed to have a policy of including the words "Rapgodfathers" in the file description of works they uploaded onto cyberlockers as a way to promote their site. The following facts, taken together, provide strong circumstantial evidence that the operators of RGF uploaded infringing works onto the servers of cyberlocker websites:

- (1) When a file is uploaded onto a cyberlocker website, the uploader is able to input a file description for the file.<sup>40</sup>
- (2) Files uploaded to cyberlocker websites would contain the words "Rapgodfathers" in their file description.<sup>41</sup>
- (3) Links that lead users to the very same works uploaded to cyberlocker websites that included "Rapgodfathers" in their file description were posted to the "Downloads" section of the RGF website.<sup>42</sup>

RGF's act of uploading infringing works onto the cyberlocker websites for others to download would be a clear violation of copyright holder's distribution rights.<sup>43</sup> RGF would be in violation of the copyright holder's distribution rights even under the holding in *Thomas*, as there is evidence of actual dissemination.<sup>44</sup> The Court in *Thomas* acknowledged distribution to an investigator hired by a plaintiff could be considered unauthorized distribution for infringement purposes.<sup>45</sup> In the instant case, the investigator who filed the seizure affidavit downloaded unauthorized copies of the works from the cyberlocker websites listed in RGF's "Downloads" section.<sup>46</sup> This "actual dissemination" would likely prove direct violation of the distribution rights even under the holding in the *Thomas* case. Given that RGF's operators most likely included their domain name in the file description of infringing works uploaded onto cyberlocker websites as a means to promote their site, it is ironic this fact could provide the evidence needed to prove RGF's liability for direct infringement.<sup>47</sup> One should be clear this analysis looked at the liability of the individual RGF operators for uploading unauthorized copies of works onto the servers of cyberlocker websites.

### C. RGF's Liability for Civil Copyright Infringement: Secondary Liability

It is not clear whether posting hyperlinks directing users to a third party cyberlocker website where infringing works are available for download is in itself a direct violation of a copyright holder's distribution rights. One should remember none of the infringing works were hosted on RGF's servers. As discussed above, the individual operators of RGF could be found to have directly infringed the distribution rights of copyright holders by uploading unauthorized copies of works onto the servers of various cyberlocker websites. However, RGF's liability for hyperlinking to third party sites that host unauthorized content is not clear.

Courts have generally held hyperlinking itself does not give rise to liability for direct copyright infringement.<sup>48</sup> Instances where hyperlinking to third party sites has been found to possibly infringe on copyrights have typically been analyzed under a

Continued on page 20.

## Criminal Copyright Infringement in the Context of Music Blog Seizures: Were Innocent Blogs Seized by the U.S. Government?

Continued from page 19.

contributory or vicarious infringement framework.<sup>49</sup> Contributory and vicarious infringement are theories of secondary liability that arise in situations when a service or product is so widely used to commit infringement it is impossible to effectively pursue all direct infringers.<sup>50</sup> In these situations, the only effective alternative is to pursue the distributor of the copying device or service for either contributory or vicarious infringement.<sup>51</sup> While the Copyright Act does not expressly recognize any theories of secondary liability for copyright infringement, common law principles have been established to hold one liable for infringement committed by others in certain situations.<sup>52</sup>

Traditionally, liability for contributory copyright infringement may be imposed where an individual who, with knowledge of the infringing activity, “induces, causes, or materially contributes to the infringing conduct of another.”<sup>53</sup> A *prima facie* case for contributory infringement is present when a plaintiff alleges: (1) direct infringement by a third party, (2) knowledge by the defendant of the third parties’ direct infringement, and (3) substantial participation by the defendant in the infringing activities by inducing, causing, or materially contributing to the infringing activity.<sup>54</sup> The Ninth Circuit has also stated one may be liable for contributory infringement “if a computer system operator learns of specific infringing material available on his system and fails to purge such material from the system.”<sup>55</sup>

While liability for copyright infringement is usually not found for merely hyperlinking to a website, in *Intellectual Reserve v. Utah Lighthouse Ministry* a Utah court found a defendant could be held liable for contributory infringement for linking to infringing copies of a work.<sup>56</sup> In *Intellectual Reserve*, defendants posted unauthorized copies of the plaintiff’s copyrighted work onto their website and were subsequently ordered to remove them.<sup>57</sup> After removing the infringing copies from their website, defendants placed a notice on their website informing users the infringing work was available on other third party websites, and posted links to three different websites containing copies of the infringing work.<sup>58</sup> Defendants also posted email messages on their website encouraging users to browse and make copies of the infringing work.<sup>59</sup> The court found the defendants actively encouraged the infringement of plaintiff’s copyright and the plaintiff was likely to prevail on the merits of a contributory infringement claim.<sup>60</sup>

Similarly, in *Batesville Services, Inc. v. Funeral Depot, Inc.*, the Southern District of Indiana found linking to another website could constitute copyright infringement where the defendant had “extensive involvement” in the content of the site that was linked-to.<sup>61</sup> In *Batesville*, the defendants originally posted unauthorized pictures of the plaintiff’s product onto their website, but removed them after receiving a cease-and-desist letter from the plaintiff.<sup>62</sup> After removing the images from their website, the defendants then designed a website for a third party which hosted the unauthorized works, and linked to this third party site on their own website.<sup>63</sup> The court found the defendants were “extensively involved” in the content of the third party site because they designed and maintained control over certain parts of the site.<sup>64</sup> The court concluded the facts of the case were “unusual enough to take [it] out of the general principle that linking does not amount to copying.”<sup>65</sup> The court relied on the decision in *Intellectual Reserve*, reasoning that in extreme cases “encouraging browsing of infringing websites can violate...copyright laws.”<sup>66</sup> The court also noted the extension of liability for copyright infringement in this case would “not pose any broad threat to the use of hyperlinks on the internet” because of the unusual facts of the case.<sup>67</sup>

RGF’s actions are analogous to the active role the defendants played in the *Intellectual Reserve* and *Batesville* cases. RGF took an even more active role than the defendant’s in *Intellectual Reserve*, who merely linked to third party sites that independently uploaded the infringing works and encouraged its users to visit those sites. RGF not only linked to third party sites which hosted the infringing works, but there is strong evidence RGF’s operators themselves uploaded the infringing works onto the third party cyberlocker websites. While RGF did not design or create the third party sites which hosted the infringing works as the defendant in *Batesville* did, it did take more of an active role than merely encouraging its users to visit the linked-to sites.

RGF is distinguishable from *Intellectual Reserve* and *Batesville*, as the defendants in both of the cases posted hyperlinks to the infringing works only after they had received cease-and-desist letters asking them to remove the infringing works from their

Continued on page 21.

## Criminal Copyright Infringement in the Context of Music Blog Seizures: Were Innocent Blogs Seized by the U.S. Government?

*Continued from page 20.*

own websites. There is evidence RGF received Digital Millennium Copyright Act (“DMCA”) notices asking RGF to remove infringing works from its site, but the details of such notices are not clear.<sup>68</sup> However, given the active role RGF played in uploading the works onto the cyberlocker websites, it seems appropriate to extend contributory infringement in this situation even though it is not clear RGF received cease-and-desist letters asking them to remove the infringing material from their website.

By uploading the infringing works onto the cyberlocker websites, RGF made the infringing works available to the public. While hyperlinking itself has typically not given rise to liability for copyright infringement,<sup>69</sup> the circumstances surrounding RGF’s actions are an appropriate instance to extend liability. By distributing hyperlinks to cyberlocker websites which hosted the infringing works, RGF in effect distributed the actual infringing work. Once a user has the URL to the cyberlocker website which hosts the material, he is only a few clicks away from making a copy of the infringing work onto his hard drive, which would violate the copyright holder’s right to reproduction.<sup>70</sup> Because there is strong evidence that RGF had an active role in uploading the infringing works onto the third party websites, in effect making them available for users to copy, any evidence of actual dissemination of the infringing works should make RGF liable for contributing to the unauthorized reproduction of the material by its users.<sup>71</sup>

### D. Safe Harbor Defense and its Relationship to “Willfulness”

The DMCA’s safe harbor provisions provide website operators a defense to copyright infringement which limits the liability for those who qualify under the statute’s requirements.<sup>72</sup> The safe harbor provisions only limit liability for monetary relief, injunctive relief, and other equitable relief available for civil copyright infringement.<sup>73</sup> The safe harbor provisions “do not affect the question of ultimate liability under the various doctrines of direct, vicarious, and contributory liability.”<sup>74</sup> The defense of safe harbor would not seem to constitute a defense under the criminal copyright infringement statute, as it only limits the relief a defendant is liable for and does not answer the question of ultimate liability for copyright infringement.

However, looking at the requirements needed to claim a defense of safe harbor could give insight into whether RGF “willfully” committed copyright infringement, the second element of the criminal copyright statute.<sup>75</sup> Section 512(d) of the DMCA limits liability for website operators who link users to infringing material if the website operator (1) did not have actual knowledge that the material was infringing; or in the alternative, (2) was not “aware of facts or circumstances” that made the infringing activity apparent.<sup>76</sup> A website operator who is “aware of facts and circumstances” that copyright infringement is apparent is also known as having “red flag” knowledge of the infringement.<sup>77</sup>

If RGF did not have “actual knowledge” or “red flag” knowledge the material they linked to was infringing, it would be difficult to argue RGF committed copyright infringement “willfully.” Knowledge the linked-to websites contained infringing works would seem inherent in finding copyright infringement was committed “willfully.”<sup>78</sup> Typically, when proving “willfulness” in criminal copyright cases, “the government...must prove that the defendant knew that the distribution consisted of infringing copies.”<sup>79</sup> Thus, there is a strong connection between knowledge of infringement and “willfulness” in criminal copyright cases. Traditionally, a defendant acts “willfully” in criminal cases where an act is “done voluntarily and purposely and with specific intent to do that which the law forbids — that is to say, with bad purpose either to disobey or disregard the law.”<sup>80</sup> If RGF posted hyperlinks to cyberlocker websites with the knowledge they contained infringing works, it could be argued they “willfully” committed either direct or contributory copyright infringement.

Courts have typically found “actual” and “red flag” knowledge “describe[s] knowledge of specific and identifiable infringements.”<sup>81</sup> General knowledge of infringement is usually not enough.<sup>82</sup> Thus, general knowledge that a link may contain infringing work would not be sufficient knowledge to disqualify a website operator from safe harbor; knowledge of specific hyperlinks directing users to unauthorized works would be required.<sup>83</sup> Courts have held website operators are not obligated to investigate and determine whether the works they post on their websites are infringing, but the obligation falls on copyright holders to notify website operators if their infringing works have been posted.<sup>84</sup>

*Continued on page 22.*

## Criminal Copyright Infringement in the Context of Music Blog Seizures: Were Innocent Blogs Seized by the U.S. Government?

Continued from page 21.

However, in *Columbia Pictures v. Fung*, a court found “red flag” knowledge where the overwhelming majority of a website’s content was infringing material and the website operator assisted its users in finding and downloading the infringing works.<sup>85</sup> The court found the website operator had red flag knowledge of infringement, reasoning the only way the website operator could not have known about the infringing material and activities on their website was if they engaged in an “ostrich-like refusal to discover the extent to which [their] system[s] w[ere] being used to infringe copyright.”<sup>86</sup> The court in *Fung* found red flag knowledge despite the website operator only having general knowledge of infringing material or activity on their website, going against the majority view that the burden should not be placed on the website operator to determine if the works they post are infringing.<sup>87</sup>

Though *Fung* is in the minority,<sup>88</sup> its facts are very similar to RGF. RGF’s “Downloads” section contained an overwhelming amount of copyrighted material including full-length retail albums available prior to their official release date.<sup>89</sup> Like the website operators in *Fung*, RGF’s operators assisted their users in finding and downloading infringing works, in this instance, by uploading the infringing works onto third party cyberlocker websites and distributing the URL to the cyberlockers on its website.<sup>90</sup> In order for RGF to not know about infringing materials or activities on their website would require an “ostrich-like refusal” to investigate the legality of the material they posted, and thus a finding of red flag knowledge of infringement would be appropriate under *Fung*. If RGF had red flag knowledge there was infringing material or activities on its website, it would be a strong basis for finding RGF committed “willful” copyright infringement. The fact the RGF website contained of an overwhelming amount of infringing works, and the operators of the site assisted its users in finding and downloading the infringing works should be enough to show RGF committed copyright infringement “willfully” – that is with “bad purpose either to disobey or disregard the law.”<sup>91</sup>

### E. Vicarious Liability and its Relationship to “Commercial Advantage” or “Private Financial Gain”<sup>92</sup>

The third element of criminal copyright infringement is the copyright infringement was committed for the purpose of “commercial advantage” or “private financial gain.”<sup>93</sup> While “commercial advantage” is usually applied more narrowly in criminal cases than in civil cases, the “legislative history equates [“commercial advantage”] to acting for profit.”<sup>94</sup> The doctrine of vicarious liability could be helpful in determining what “commercial advantage” or “private financial gain” means. Vicarious liability is a theory of secondary liability for copyright infringement and may be imposed where a defendant (1) “has the right and ability to supervise the infringing activity” of third parties, and (2) “has a direct financial interest in such activities.”<sup>95</sup> The requirement of “direct financial interest” for vicarious liability seems very similar to the requirement of “private financial gain” needed for liability under the criminal copyright infringement statute.

The Ninth Circuit has found “financial benefit exists where the availability of infringing material acts as a draw for customers.”<sup>96</sup> In applying this test, the Southern District of New York held a jury could find “financial benefit” where a website linked to a significant amount of infringing works and the website received revenue from banner advertisements directly tied to the number of visitors to the site.<sup>97</sup> In our case, RGF’s website contained advertisements throughout portions of its website.<sup>98</sup> As the seizure affidavit notes, “companies which place advertisements on a website typically pay a fee to website owner’s based on, among other things, the number of website users who view the advertisements...”<sup>99</sup> Thus, the more users that RGF attracted, the more views the advertisements would receive, in effect tying RGF financial interest with the amount of users who visited the site. Since RGF posted a significant amount of links to infringing works and the advertisements they posted potentially provided them revenue based on the number of views to their site, RGF could be found to have financially benefitted from the infringing works they linked-to. If one equates “direct financial benefit” with “private financial gain,” then RGF could be seen as fulfilling the third element of the criminal copyright infringement statute.

### F. Conclusion

RGF should be found to have committed criminal copyright infringement as the site acted as a sort of clearinghouse for links to infringing works. The nature of the site was to post links to infringing works, including full-length commercial albums prior to their release date, and there is evidence the operators financially benefitted from the posts on their site. Furthermore, there is evidence the operators of RGF uploaded the infringing content onto the servers of cyberlocker websites, showing the active role RGF took in assisting their users in finding and downloading the infringing material. The criminal nature of the

Continued on page 23.

## Criminal Copyright Infringement in the Context of Music Blog Seizures: Were Innocent Blogs Seized by the U.S. Government?

*Continued from page 22.*

RGF website made it an appropriate target for Operation In Our Sites and similar websites should be targeted in the future, as their nature is only to commit and assist copyright infringement. One should note after the domain name “rapgodfathers.com” was seized, the operators of the site began using the domain name “rapgodfather.info.” One could argue this is proof Operations In Our Sites is futile, as operators of websites which are seized will simply migrate to a different domain name if their site happens to be seized. However, criminal charges have not been filed against the websites which have been seized, and the potential deterring effect criminal charges may have on similar websites has yet to be seen. In any event, websites like RGF are in clear violation of copyright law and should face consequences for their actions.

### III. Dajaz1 and Onsmash’s Liability for Copyright Infringement

#### A. Description of Dajaz1 and Onsmash’s Websites

The domain seizure affidavit describes Dajaz1 and Onsmash as “linking websites” and claims both websites linked to “numerous pirated songs.”<sup>100</sup> Dajaz1 and Onsmash functioned like traditional music blogs with posts usually containing a picture, a short description of the song posted, and a link to a cyberlocker website where the song could be downloaded.<sup>101</sup> A key distinction between blogs like Dajaz1 and Onsmash and websites like RGF is Dajaz1 and Onsmash did not post links to full length retail albums, but mainly posted individual songs and videos.<sup>102</sup> If it can be shown the operators of Onsmash and Dajaz1 uploaded unauthorized copies of songs onto the servers of the cyberlocker websites, they would be liable for direct and contributory copyright infringement similar to RGF as discussed above.<sup>103</sup>

However, the operators of both Dajaz1 and Onsmash claim they received the content they posted on their blogs directly from record labels and artists.<sup>104</sup> Both claim record label representatives, artists, and artist representatives would email them songs to post on their blogs for promotional purposes.<sup>105</sup> As opposed to RGF’s “Downloads” section which flagrantly posted links to unauthorized copies of full length retail albums, Dajaz1 and Onsmash mainly posted songs with the informal permission of record labels or artists.<sup>106</sup> The owner and operator of Dajaz1, known simply as “Splash,” showed the New York Times and Techdirt emails from record labels and artists who sent him the songs mentioned in the seizure affidavit as examples of unauthorized works which were posted on his site.<sup>107</sup> The emails are purported to have asked Splash to post the songs on his blog for promotional purposes.<sup>108</sup> The website Techdirt points out that of the four songs listed in the domain seizure affidavit which were allegedly posted without authorization by Dajaz1, three were posted with informal permission from record label representatives and one was posted after being sent directly from the artist’s representative.<sup>109</sup> Because the majority of content posted on these blogs were posted with informal permission by the copyright owners, it would seem the operators of Dajaz1 and Onsmash would be able to assert a defense against the allegations of copyright infringement.

#### B. Non-Exclusive Implied License<sup>110</sup>

The operators of Dajaz1 and Onsmash could attempt to argue record labels and artists granted a non-exclusive implied license when they sent emails to the blogs requesting them to post songs on their blogs for promotional purposes. This argument would likely fail as courts have only acknowledged non-exclusive implied licenses in narrow circumstances.<sup>111</sup> However, implied licenses should be extended to these circumstances as the evidence suggests the record labels intended for Dajaz1 and Onsmash to distribute and reproduce their works, and it would be unfair to hold Dajaz1 and Onsmash liable for copyright infringement given the informal permission record labels and artists have granted them.

The grant of a non-exclusive implied license would require the record labels and artists to transfer some of their exclusive rights to the blogs. “A copyright owner may transfer to another person any of the exclusive rights the owner has in the copyright.”<sup>112</sup> As mentioned previously, the Copyright Act grants the copyright holder various exclusive rights, including the exclusive right to reproduce, distribute, and perform their work.<sup>113</sup> Under 17 U.S.C. 204(a), a transfer of copyright ownership is not valid unless in writing.<sup>114</sup> The writing requirement applies to all “transfer[s] of copyright ownership,”<sup>115</sup> which is defined to include the grant of an exclusive license.<sup>116</sup> The transfer of a non-exclusive license falls outside of the writing requirement, as it is not within the Copyright Act’s definition of “transfer of copyright ownership.”<sup>117</sup> Therefore, the grant of a non-exclusive license is an exception to Section 204’s writing requirement.<sup>118</sup>

*Continued on page 24.*

## Criminal Copyright Infringement in the Context of Music Blog Seizures: Were Innocent Blogs Seized by the U.S. Government?

Continued from page 23.

The differences between an exclusive license and non-exclusive license are subtle but significant. An exclusive license “permits the licensee to use the protected material for a specific use and further promises that the same permission will not be given to others.”<sup>119</sup> A licensee would violate an exclusive license by using the copyrighted work in a manner which exceeds the scope of the license.<sup>120</sup> On the other hand, a non-exclusive license does not transfer the ownership of the copyrighted work to the licensee, but merely permits the use of the copyrighted work in a particular manner without granting the licensee exclusive rights to use the work.<sup>121</sup>

Courts have recognized a non-exclusive license can be granted orally or implied by the conduct of the parties.<sup>122</sup> Consent given in the form of mere permission and lack of objection has also been found to be the equivalent of a non-exclusive license.<sup>123</sup> A non-exclusive license is merely an affirmative defense to a claim of copyright infringement and does not give one standing to sue for copyright infringement.<sup>124</sup> Even though several courts have acknowledged the existence of non-exclusive implied licenses, courts have limited their application to specific factual circumstances. For example, in *Effects Associates v. Cohen*, the Ninth Circuit held a special effects company who created and delivered footage at the request of a movie company granted a non-exclusive license to the movie company to use the footage in their film, even though no express writing existed to that effect.<sup>125</sup> In *I.A.E. Incorporated v. Shaver*, the Seventh Circuit held a non-exclusive implied license existed where an architect created and delivered building plans for an airport cargo hangar to a construction company.<sup>126</sup> The common thread in most cases holding a non-exclusive implied license exists is the copyrighted work was created at the express request of the implied licensee. Courts have articulated the following test to determine whether a non-exclusive implied license exists:

- “(1) A person (the licensee) requests the creation of the work.
- (2) The creator (the licensor) makes the particular work and delivers it to the licensee who requested it, and
- (3) The licensor intends that the licensee-requestor copy and distribute his work.”<sup>127</sup>

Based on this test, Dajaz1 and Onsmash’s assertion of non-exclusive implied license as a defense to copyright infringement would most likely fail. The record labels and artists did not create the works at the request of Dajaz1 and Onsmash, and therefore the first prong of the test would not be met. However, courts have noted the third prong of the test, intent of the licensor, is the “touchstone for finding an implied license.”<sup>128</sup> It would seem the record labels and artists intended Dajaz1 and Onsmash to reproduce and distribute their works when they emailed the songs to them, as some of the emails explicitly asked the blogs to post the songs for promotional purposes.<sup>129</sup> One could argue the intention of record labels and artists in sending songs to these blogs was to grant a non-exclusive implied license to the blogs to post the music for promotional purposes. Under 17 U.S.C. 202, the delivery of a copy “does not of itself convey any rights in the copyrighted work,”<sup>130</sup> but, the court in *Effects Associates v. Cohen* mentions “[the delivery of a copy] is one factor that may be relied upon in determining whether an implied license has been granted.”<sup>131</sup> Finding an implied license in these circumstances would be appropriate considering record labels and artists surely intended to grant some rights to these blogs when they sent them music to post on their sites.

The New York Times notes: “The rank and file of the record labels...[use blogs like Dajaz1 and Onsmash] as marketing tools and publicity outlets.”<sup>132</sup> Kevin Hoffman, owner and operator of Onsmash, also claims record labels look to “leak” songs to blogs for marketing and promotional purposes.<sup>133</sup> The picture becomes clear record labels and artists sent music to these blogs with the intent the songs be distributed and reproduced to promote their artists and their music. However, because there was no formal writing granting a license to these blogs and the circumstances would probably not justify the creation of an implied license under current precedent, Dajaz1 and Onsmash are left to face liability for copyright infringement.

One simple way blogs like Dajaz1 and Onsmash could avoid liability for copyright infringement is to ask record labels and artists to grant them formal licenses to post their music. However, given the informal relationship between record labels and blogs, it seems unlikely this would occur. It is one thing for labels to informally co-opt blogs like Dajaz1 and Onsmash for promotional and marketing purposes; it is quite another thing for labels to openly give validity to these blogs by granting them formal licenses. Initiatives like Operation In Our Sites have made these blogs one of the enemies in the fight against online music piracy. For record labels and artists to give open validity to these blogs would directly contradict the views of the Recording Industry Association of America (“RIAA”), which has described blogs like Dajaz1 and Onsmash as committing



## Criminal Copyright Infringement in the Context of Music Blog Seizures: Were Innocent Blogs Seized by the U.S. Government?

*Continued from page 24.*

“criminal activity [by] making available thousands and thousands of copies of unauthorized material.”<sup>134</sup> RIAA representatives claim “The sites and services [the blogs provide] are flagrantly violating federal copyright laws, illegally offering songs of well-known artists or pre-release content not commercially available online or in any store.”<sup>135</sup>

While the RIAA’s descriptions may accurately describe certain websites (i.e. RGF), it does not capture the true nature of blogs like Dajaz1 and Onsmash, who posted the majority of their content with informal permission from record labels and artists. This failure to differentiate between websites like RGF, who flagrantly posted unauthorized copies of full-length, commercial albums, and legitimate blogs like Dajaz1 and Onsmash, who posted songs and videos for promotional purposes, is common.<sup>136</sup> The failure to differentiate between the nature of these sites means blogs like Dajaz1 and Onsmash will likely remain in a grey area of the law, where record labels and artists seek them for marketing and promotional purposes, but turn their backs on them when they face charges of copyright infringement. It would only be fair for courts to recognize the creation of an implied license in this situation, as the intent of the record labels and artists in sending their music to these blogs seems clear. As Splash, the operator of Dajaz1, retorted in response to the allegations of copyright infringement: “It’s not my fault that someone at the record label is sending me [these] songs.”<sup>137</sup>

### C. Implied License and Its Relevance to “Willfulness”

The existence of a license “seems[s] to constitute a criminal as well as a civil defense” for copyright infringement claims.<sup>138</sup> As noted previously, when proving “willfulness” in criminal copyright cases, “the government...must prove that the defendant knew that the distribution consisted of infringing copies.”<sup>139</sup> Given the gray area of the law that blogs like Dajaz1 and Onsmash reside in, it is difficult to argue they “knew” they were distributing infringing copies of the music they posted, especially considering the majority of their content was posted with informal permission from record labels and artists. Furthermore, it does not seem the intent of Dajaz1 and Onsmash was to disobey the law, but was merely to promote new artists they supported. In posting a song by artist Kid Cudi, Onsmash encouraged users to buy his upcoming album on iTunes.<sup>140</sup> This reflects the intention of these blogs to promote artists they enjoy, and not to “willfully” commit copyright infringement. Given that an argument could be made an implied license exists in this situation, finding the requisite criminal intent of “willfulness” for Dajaz1 and Onsmash seems inappropriate.

### D. Conclusion

To punish blogs like Dajaz1 and Onsmash is fundamentally unfair. Record labels and artists co-opted these blogs for promotional and marketing purposes, lending some validity to their existence. Unlike RGF, Dajaz1 and Onsmash did not post full-length commercial releases but only posted songs which were sent to them by record label and artist representatives. Because courts should recognize the creation of an implied license in these circumstances, blogs like Dajaz1 and Onsmash should not be targeted by anti-piracy initiatives such as Operation In Our Sites.

Recent developments lend validity to the argument that blogs like Dajaz1 and Onsmash should not be held liable for criminal copyright infringement. On December 8, 2011, the owner of Dajaz1 was given his domain name back by the government.<sup>141</sup> After the initial seizure, Dajaz1’s lawyer challenged the government’s seizure as invalid.<sup>142</sup> After months of uncertainty and questionable actions by government officials, the domain name was returned.<sup>143</sup> By returning Dajaz1’s domain name and not filing any charges, the government has effectively admitted that Dajaz1 was incorrectly seized and that no solid proof of copyright infringement existed. The fact that an innocent music blog was seized and not returned for over a year with minimal due process is alarming. Future seizures will likely encounter similar problems if the government does not distinguish between “rogue sites” like RGF and legitimate music blogs like Dajaz1 and Onsmash.

## IV. Conclusion

The promotional power of blogs like Dajaz1 and Onsmash is significant.<sup>144</sup> Record labels and artists would send music to Splash of Dajaz1 even though his website was targeted by the domain seizures, and he had not been operating a website for several months.<sup>145</sup> This is a testament to the prominence that blogs like Dajaz1 and Onsmash have in the record industry.

*Continued on page 26.*

## Criminal Copyright Infringement in the Context of Music Blog Seizures: Were Innocent Blogs Seized by the U.S. Government?

Continued from page 25.

Currently, blogs are an essential part of hip-hop music marketing, especially in breaking new artists and building their fan base. Blogs like Dajaz1 and Onsmash have been described as the “new radio” in the hip-hop community.<sup>146</sup> Artist’s representatives have noted the importance of music blogs saying: “The industry and my artists don’t have any issues with most of these sites... When you’re trying to get something out, this is where the kids go.”<sup>147</sup>

By seizing these blogs, the DHS showed their lack of understanding of the context in which these blogs exist. Furthermore, the RIAAs continued insistence that blogs like Dajaz1 and Onsmash are “rogue sites” that promote copyright infringement<sup>148</sup> ignores the fact that their artists and labels have co-opted these blogs for promotional and marketing purposes. Moving forward, wrongful seizures of legitimate sites like Dajaz1 and Onsmash will likely increase as Congress debates bills such as the Protect IP Act and the Stop Online Piracy Act. If these bills are passed, the government will be given more power to seize blogs with little or no due process. As the example of Dajaz1 shows, this would be a very dangerous power if not used correctly.

### ENDNOTES

- 1 Ben Sisario, *Music Web Sites Dispute Legality of Their Closing*, N.Y. Times, December 19, 2010, at B6, available at <http://www.nytimes.com/2010/12/20/business/media/20music.html>; Application and Affidavit for Seizure Warrant, In the Matter of the Seizure of 5 Domain Names, No. 10-2822M (C.D. Cal. Filed Nov. 17, 2010) [hereinafter “Seizure Affidavit”] at ¶ 4, available at <http://www.docstoc.com/docs/67610787/45705510-Operation-in-Our-Sites-2-0>
- 2 Sisario, *supra* note 1.
- 3 *Id.*
- 4 *Seizure Affidavit*, *supra* note 1.
- 5 *Id.*
- 6 Ben Sisario, *U.S. shuts down dozens of sites in crackdown on Internet piracy*, The International Herald Tribune, Nov. 26, 2010, at Pg. 15, available at [http://www.nytimes.com/2010/11/27/technology/27torrent.html?\\_r=1&scp=1&sq=U.S.%20shuts%20down%20dozens%20of%20sites%20in%20crackdown%20on%20Internet%20piracy&st=cse](http://www.nytimes.com/2010/11/27/technology/27torrent.html?_r=1&scp=1&sq=U.S.%20shuts%20down%20dozens%20of%20sites%20in%20crackdown%20on%20Internet%20piracy&st=cse).
- 7 Sisario, *supra* note 1; Mike Masnick, *More & Bigger Mistakes Discovered in Homeland Security’s Domain Seizures*, Techdirt, Dec. 22, 2010, available at <http://www.techdirt.com/articles/20101222/02112912376/more-bigger-mistakes-discovered-homeland-securitys-domain-seizures.shtml>.
- 8 Mike Masnick, *Homeland Security’s Domain Name Seizure May Stretch The Law Past The Breaking Point*, Techdirt (Nov. 30, 2010, 7:32 AM), <http://www.techdirt.com/articles/20101130/00494412051/homeland-securitys-domain-name-seizure-may-stretch-law-past-breaking-point.shtml>; Mike Masnick, *Yes, The Legal & Technical Errors In Homeland Security’s Domain Seizure Do Matter*, Techdirt (Jan. 4, 2010, 11:42 AM), <http://www.techdirt.com/articles/20101229/01381312444/yes-legal-technical-errors-homeland-securitys-domain-seizure-affidavit-do-matter.shtml>; Mike Masnick, *Rep. Lofgren Challenges IP Czar On Legality Of Domain Seizures*, Techdirt (Mar. 4, 2010, 9:47 AM), <http://www.techdirt.com/articles/20110304/01390113359/rep-lofgren-challenges-ip-czar-legality-domain-seizures.shtml> (Reporting on California’s U.S. Representative Zoe Lofgren challenging IP Czar Victoria Espinel on the due process and First Amendment concerns of the domain seizures during a Congressional hearing.)
- 9 *Masnick*, *supra* note 8, *Rep. Lofgren Challenges IP Czar On Legality Of Domain Seizures* (Rep. Lofgren specifically mentioned RGF and Onsmash in her testimony against IP Czar Espinel); Ben Sisario, *Piracy Shuts Down Music Blogs*, N.Y. Times, Dec. 14, 2010, at pg. 1, available at <http://www.nytimes.com/2010/12/14/business/media/14music.html>; *Masnick*, *supra* note 8, *Yes, The Legal & Technical Errors IN Homeland Security’s Domain Seizure Do Matter*.
- 10 Sisario, *supra* note 1 (Owner of Dajaz1 “dispute[s] many of the [seizure affidavit’s] examples of what it called copyright infringement.”); Sisario, *supra* note 7 (Kevin Hoffman, owner of Onsmash, “does not think of himself as a pirate.”); RapGodFathers.info, *RapGodFathers Servers Seized By U.S. Authorities*, Nov. 24, 2010, <http://www.rapgodfathers.info/news/14591-rapgodfathers-servers-seized-by-us-authorities> (Response of RGF administrators to their domain name and server being seized: “But apparently in US people are guilty before proven innocent.”).
- 11 Sisario, *supra* note 1; Sisario *supra* note 6.
- 12 *Id.*
- 13 *Masnick*, *supra* note 8, *Rep. Lofgren Challenges IP Czar On Legality Of Domain Seizures* (Rep. Lofgren mentions RGF and Onsmash in the same breath); Mike Masnick, *RIAA Not Happy With Rep. Lofgren Calling Out ICE For Web Censorship*, Techdirt (Mar. 10, 2010, 9:32 AM), <http://www.techdirt.com/articles/20110309/17565213421/riaa-not-happy-with-rep-lofgren-calling-out-ice-web-censorship.shtml> (responding to RIAA’s open letter to Rep. Lofgren; Techdirt specifically mentions Dajaz1 as possibly innocent, though does not distinguish RGF).
- 14 The notice on the seized domain names reads in part, “Willful copyright infringement is a federal crime...” and cites to [17 U.S.C. § 506](#) and [18 U.S.C. § 2319](#), the federal criminal copyright statutes; See <http://www.rmx4u.com/> and <http://www.rapgodfathers.com> (last visited Jan. 11, 2012).
- 15 4-15 *Nimmer on Copyright* § 15.01 (2011), available at <http://www.lexis.com>.
- 16 *Seizure Affidavit*, *supra* note 1, at ¶ 17.
- 17 *Id.* at ¶ 17(c).
- 18 *Id.* at ¶ 18.
- 19 *Id.*
- 20 *Id.* at ¶ 18(a).
- 21 *Id.*
- 22 *Id.*
- 23 *Perfect 10, Inc. v. Rapidshare A.G.*, No. 09-CV-2596 H, at \*2-3 (S.D. Cal. May 18, 2010), available at <http://www.docstoc.com/docs/39107375/Perfect-10-v-Rapidshare---order-denying-preliminary-injunction-0100518>, (describing the services of Rapidshare.com, a popular cyberlocker website. The services and functions of Rapidshare.com are illustrative of the basic functions of most cyberlocker websites.).

Continued on page 27.

## Criminal Copyright Infringement in the Context of Music Blog Seizures: Were Innocent Blogs Seized by the U.S. Government?

Continued from page 26.

- 24 *Perfect 10, Inc. v. Megaupload Limited*, No. 11cv0191 – IEG, at \*2 (S.D. Cal. Jul. 26, 2011), available at <http://www.scribd.com/doc/61231587/Perfect-10-v-MegaUpload-Motion-to-Dismiss-Order-S-D-Cal-July-27-2011> (describing the services and functions of Megaupload.com, a popular cyberlocker website. The services and functions of Megaupload.com are illustrative of the basic functions of most cyberlocker websites).
- 25 *Id.*
- 26 *Perfect 10, Inc. v. Rapidshare A.G.*, No. 09-CV-2596 H at \*3.
- 27 *Seizure Affidavit*, *supra* note 1, at ¶ 18(a).
- 28 *Id.* at ¶ 18.
- 29 5.0, Nelly, Discogs, <http://www.discogs.com/Nelly-50/release/2886199> (last visited Nov. 13, 2011) (Nelly – “5.0” officially released on Nov. 12, 2010); Kanye West – My Beautiful Dark Twisted Fantasy, Discogs, <http://www.discogs.com/Kanye-West-My-Beautiful-Dark-Twisted-Fantasy/release/2559152> (last visited Nov. 13, 2011) (Kanye West – “My Beautiful Dark Twisted Fantasy” officially released on Nov. 22, 2010); Rihanna – Loud, Discogs, <http://www.discogs.com/Rihanna-Loud-Explicit-Version/release/2541704> (last visited Nov. 13, 2011) (Rihanna – “Loud” officially released on Nov. 16, 2010).
- 30 See *Nimmer*, *supra* note 15.
- 31 *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1013 (9th Cir. 2001).
- 32 17 U.S.C. §106 (1) - 106(6).
- 33 *Napster*, 239 F.3d at 1014 (“Napster users who download files containing copyrighted music violate plaintiff’s reproduction rights.”).
- 34 *Id.*
- 35 *Capitol Records Inc. v. Thomas*, 579 F.Supp.2d 1210, 1225 (D. Minn. 2008).
- 36 *Id.* (rejecting the “deemed-disseminated” theory and allowing circumstantial evidence of dissemination).
- 37 See *Nimmer*, *supra* note 30.
- 38 *Seizure Affidavit*, *supra* note 1, at ¶ 27-30 (Describing RGF’s Movie Forum, though the practice of including “Raggodfathers” or some other identifying mark in the file description seems common).
- 39 *Id.*
- 40 *Id.*
- 41 See, *supra* note 38.
- 42 *Id.*
- 43 See, *supra* note 33 and 35.
- 44 See, *supra* note 36.
- 45 *Thomas*, 579 F.Supp.2d at 1216.
- 46 *Seizure Affidavit*, *supra* note 1, at ¶ 30.
- 47 See, e.g., *Thomas* 579 F.Supp.2d at 1225 (allowing circumstantial evidence to prove actual dissemination).
- 48 *Online Policy Group v. Diebold, Inc.*, 337 F.Supp.2d 1195, 1202 n.12 (N.D. Cal. 2004) (“[H]yperlinking per se does not constitute direct copyright infringement because there is no copying.”) *Ticketmaster v. Tickets.com*, 54 U.S.P.Q. 1344, 1346 (C.D. Cal 2000) (“[H]yperlinking does not itself involve a violation of the Copyright Act...since no copying is involved.”); *Bernstein v. JC Penney, Inc.*, 1998 WL 906644 at \*1 (C.D. Cal. Sept. 29, 1998) (unpublished) (granting, without discussion, defendant’s motion to dismiss on the grounds that “linking cannot constitute direct infringement because the computer server of the linking website does not copy or otherwise process the content of the linked-to site.”).
- 49 See *Intellectual Reserve, Inc. v. Utah Lighthouse Ministry, Inc.*, 75 F.Supp.2d 1290 (D. Utah 1999) (finding that defendant could be held liable for contributory infringement for actively directing users to infringing websites); *Online Policy Group*, 337 F.Supp.2d at 1202 n.12 (“[I]n some instances [hyperlinking] may be a tenable claim [for] contributory infringement or vicarious liability.”).
- 50 *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster*, 545 U.S. 913, 929-30 (2005).
- 51 *Id.*
- 52 *Id.* at 30.
- 53 *A&M Records, Inc. v. Napster Inc.*, 239 F.3d 1004, 1019 (9th Cir. 2001) (citations omitted).
- 54 *Sega Enterprises LTD. V. Maphia*, 948 F.Supp. 923, 932 (N.D. Cal. 1996); *UMG Recordings, Inc. v. Bertelsmann*, 222 F.R.D. 408 (N.D. Cal 2004).
- 55 *Perfect 10, Inc. v. Amazon.com*, 508 F.3d 1146, 1171 (9th Cir. 2007).
- 56 *Intellectual Reserve*, 75 F.Supp.2d 1290; *supra* note 28.
- 57 *Id.* at 1292.
- 58 *Id.*
- 59 *Id.*
- 60 *Id.* at 1294-95.
- 61 *Batesville Service, Inc. v. Funeral Depot, Inc.*, 2004 WL 2750253, at \*12 (S.D. Indiana, Nov. 10, 2004).
- 62 *Id.* at \*1.
- 63 *Id.* at \*1-2.
- 64 *Id.* at \*12.
- 65 *Id.*
- 66 *Id.*
- 67 *Id.*
- 68 *RapGodFathers.info*, *supra* note 10 (“During the whole existence of the website, we always honored any DMCA requests...”).
- 69 See, *supra* note 31.
- 70 See, *supra* note 33.
- 71 *Thomas* 579 F.Supp.2d at 1225 (“Under certain circumstances, a person who markets...services that can enable others to infringe...copyrighted works also may be liable for indirect infringement...”).
- 72 17 U.S.C. 512.
- 73 *Id.*
- 74 *Perfect 10*, 488 F.3d at 1109 (citing H.R. Rep. 105-551 (II), at 50 (1998)).
- 75 See *Nimmer*, *supra* note 15.

Continued on page 28.

## Criminal Copyright Infringement in the Context of Music Blog Seizures: Were Innocent Blogs Seized by the U.S. Government?

Continued from page 27.

- 76 [17 U.S.C. 512 \(d\) \(1\)\(A\)](#).
- 77 See, e.g., [Viacom International Inc. v. Youtube LLC](#), 718 F.Supp.2d 514, 522 (S.D. NY 2010) (citing Senate Committee on the Judiciary Report, S. Rep. No. 105-190 (1998); House Committee on Commerce Report, H.R. Rep. No. 105-551, pt. 2 (1998)).
- 78 See [United States v. Larracuente](#), 952 F.2d 672, 673-74 (2nd Cir. 1992) (discussing the defendant's obligation to produce some evidence that the copies were legally made in the context of the first sale doctrine). It would seem necessary to show that the infringing works were in fact unauthorized copies prior to finding that infringement was committed willfully.
- 79 [Nimmer On Copyright](#), *supra* note 15.
- 80 [United States v. Cross](#), 816 F.2d 297, 300 (7th Cir. 1987) (jury instruction given to determine "willfulness").
- 81 [Viacom](#), 718 F.Supp.2d at 523.
- 82 [Id.](#)
- 83 See, e.g., [Viacom](#), 718 F.Supp.2d at 523-24.
- 84 [Id.](#)
- 85 [Columbia Pictures Industries, Inc. v. Fung](#), 2009 WL 6355911, \*16-17 (C.D.Cal., Dec. 21, 2009).
- 86 [Id.](#) at \*18.
- 87 [Id.](#) at \*16-18.
- 88 See *contra*, [Viacom](#), 718 F.Supp.2d at 523-24 (requiring specific knowledge of infringing material or activities on the site, and placing the burden on the copyright holder to monitor sites for infringing works); [UMG Recordings v. Inc. v. Veoh Networks, Inc.](#) 665 F.Supp.2d 1099, 1108 (C.D. Cal. 2009) (requiring that the burden should be on copyright holders, and not website operators, to determine if a work is infringing: "[I]f investigation of 'facts and circumstances' is required to identify material as infringing, then those facts and circumstances are not 'red flags.'"); [Corbis Corp. v. Amazon.com, Inc.](#), 351 F.Supp.2d 1090, 1108 (W.D. Wash. 2004) (requiring specific knowledge that defendants were selling infringing works to find "red flag" knowledge, specifically rejecting such finding where only "general awareness" existed).
- 89 See, [supra](#) note 30.
- 90 See discussion on "RFG's Liability for Civil Copyright Infringement: Direct Liability" above.
- 91 See, [supra](#) note 78.
- 92 For a similar discussion on the relationship between vicarious liability and the DMCA's safe harbor provision, see Rick Sanders, *In Grooveshark's Defense: Red Flags and Financial Benefit (Part 7 in Our Online Music Services Series)*, Aaron Sanders PLLC, August 25, 2011 <http://www.aaronsanderslaw.com/blog/in-groovesharks-defense-red-flags-and-financial-benefit-part-7-in-our-online-music-services-series>
- 93 See, [supra](#) note 15.
- 94 [Id.](#)
- 95 [Napster](#), 239 F.3d at 1022 (citations and quotations omitted).
- 96 [Id.](#) at 1023.
- 97 [Arista Records, Inc. v. MP3board, Inc.](#), 2002 WL 1997918, \*11 (S.D. N.Y., Aug. 29, 2002).
- 98 [Seizure affidavit](#), *supra* note 1, at ¶ 17 (g).
- 99 [Id.](#)
- 100 [Seizure Affidavit](#), *supra* note 1, at ¶ 76 and 88.
- 101 [Id.](#)
- 102 [Sisario](#), *supra* note 10, (noting that the blogs posted "brand-new songs and videos").
- 103 See above, "RFG's Liability for Civil Copyright Infringement: Direct Liability"; and "RFG's Liability for Civil Copyright Infringement: Secondary Liability".
- 104 See, [Sisario](#), *supra* note 1, ("[Splash, operator of Dajaz1] said that [much] of the material on his site...had been sent to him for promotional purposes by record labels and the artists."); [Sisario](#), *supra* note 10, ("much of the material is often leaked to them by managers, music labels, and even the artists themselves.").
- 105 [Id.](#)
- 106 [Id.](#)
- 107 See, [Sisario](#), *supra* note 1, ("Splash [showed] The New York Times several e-mails from record label employees and third-party marketers offering songs mentioned in the affidavit."); [Mansick](#), *supra* note 7, ("I've now seen the specific email and other evidence as well, and it certainly looks like dajaz1 was asked to promote all four songs Agent Reynolds listed by the artists or representatives.").
- 108 See, [Mansick](#), *supra* note 7.
- 109 [Id.](#)
- 110 See, Mathew J. Astle, *Will Congress Kill The Podcasting Star?*, 19 HVJLT 161, 181 (2005) (similar analysis of non-exclusive implied licenses in the context of podcasting).
- 111 [John G. Danielson, Inc. v. Winchester-Conant Properties, Inc.](#), 322 F.3d 26, 40 (1st Cir. 2003) ("Implied licenses are found only in narrow circumstances.") (citations omitted).
- 112 [I.A.E., Inc. v. Shaver](#), 74 F.3d 768, 774 (7th Cir. 1996) (citing 17 U.S.C. § 204 (a)).
- 113 See, [supra](#) note 32.
- 114 [17 U.S.C. § 204 \(a\)](#).
- 115 [Id.](#)
- 116 [17 U.S.C. § 101](#).
- 117 [Shaver](#), 74 F.3d at 775 ("The definition expressly excludes a nonexclusive license.").
- 118 [Id.](#) ("...[S]ection 101 explicitly removes a nonexclusive license from the section 204(a) writing requirement.").
- 119 [Id.](#)
- 120 [Id.](#)
- 121 [Id.](#)
- 122 [Danielson](#), 322 F.3d at 40 ("A copyright owner may grant such nonexclusive licenses orally, or they may be implied from conduct which indicates the owner's intent to allow a licensee to use the work.").
- 123 [Shaver](#), 74 F.3d at 775 ("consent given in the form of mere permission or lack of objection is also equivalent to a nonexclusive license and is not required to be in writing.").
- 124 [Id.](#)
- 125 [Effects Assoc., Inc. v. Cohen](#), 908 F.2d 555, 559 (9th Cir. 1990) ("Accordingly, we conclude that Effects impliedly granted nonexclusive licenses to Cohen and his production company to incorporate the special effects into [his movie].").

Continued on page 29.

## Criminal Copyright Infringement in the Context of Music Blog Seizures: Were Innocent Blogs Seized by the U.S. Government?

Continued from page 28.

- 126 See, e.g., *Shaver*, 74 F.3d at 777 (“His contention that he never intended to grant a license for the use of his drawings...is simply not supported by the record.”).
- 127 *Shaver*, 74 F.3d at 776; *Nelson-Salabes, Inc., v. Morningside Development, LLC.*, 284 F.3d 505, 515 (4th Cir. 2002).
- 128 *Danielson*, 322 F.3d at 40.
- 129 See, *supra* note 95.
- 130 *17 U.S.C. § 202*.
- 131 *Effects Assoc.*, 908 F.2d at 559, fn. 6.
- 132 *Sisario*, *supra* note 9.
- 133 *Id.*
- 134 Mike Mansick, *RIAA Not Happy With Rep. Lofgren Calling Out ICE For Web Censorship*, Techdirt (Mar. 10, 2011, 9:32 AM), <http://www.techdirt.com/articles/20110309/17565213421/riaa-not-happy-with-rep-lofgren-calling-out-ice-web-censorship.shtml>.
- 135 *Sisario*, *supra* note 9.
- 136 See, *supra* note 13.
- 137 *Sisario*, *supra* note 1.
- 138 *Nimmer*, *supra* note 15, at n70; (citing *United States v. Larracuente*, 952 F.2d 672, 673-74 (2nd Cir. 1992)).
- 139 *Id.* at n. 68.
- 140 *Seizure affidavit*, *supra* note 1, at ¶ 87(f) (“...This might be one of the more anticipated albums we’re looking forward to in the 4th quarter...You can pre-order the album on iTunes tomorrow & receive a bonus track on the day of release.”).
- 141 Mike Masnick, *Breaking News: Feds Falsely Censor Popular Blog For Over A Year, Deny All Due Process, Hide All Details...*, Techdirt, (Dec. 8, 2011, 8:29 a.m.) <http://www.techdirt.com/articles/20111208/08225217010/breaking-news-feds-falsely-censor-popular-blog-over-year-deny-all-due-process-hide-all-details.shtml>.
- 142 *Id.*
- 143 *Id.*
- 144 Tavis Smiley, *Web 2.0: A New Voice for Hip Hop?* PBS.org, <http://www.pbs.org/wnet/tavissmiley/features/web-2-0-a-new-voice-for-hip-hop> (discussing the importance of the internet, including blogs, in promoting new Hip Hop artists).
- 145 [http://twitter.com/Splash\\_Dajaz1](http://twitter.com/Splash_Dajaz1), Oct. 18, 2011 (“PLEASE STOP! I havent had a site since february. U don’t know that by now? Y email saying “Splash can u please post this for me”. Um, where?”).
- 146 See *supra* note 141.
- 147 See *supra* note 9 (Quoting Corey Smyth, a manager of rappers and producers like Lil Jon and Talib Kweli).
- 148 See *supra* note 134 and 135.

## CAVEAT

Articles appearing in the Journal are selected for content and subject matter. Readers should assure themselves that the material contained in the articles is current and applicable to their needs. Neither the Section nor the Journal Staff warrant the material to be accurate or current. Readers should verify statements and information before relying on them. If you become aware of inaccuracies, new legislation, or changes in the law as used, please contact the Journal Editor. The material appearing in the Journal is not a substitute for competent independent legal advice.

## Joinder and Justice in Mass BitTorrent Litigation: Problems and Solutions

*Continued from page 10.*

the copyright holder's exclusive rights in §§ 106 through 122 (such as the exclusive right to reproduce the copyright holder's work, or the exclusive right to prepare derivative works).<sup>14</sup> A plaintiff may elect to pursue either actual damages (the harm done to the plaintiff plus the defendant's profit from the infringement)<sup>15</sup> or statutory damages set by the court within the range of \$750 to \$30,000 per work.<sup>16</sup> If the plaintiff can show that the defendant willfully infringed, the maximum statutory damages increase from \$30,000 to \$150,000 per infringement.<sup>17</sup> If the defendant can show that he neither knew of nor had any reason to know of the infringement, the minimum statutory damages decrease from \$750 to \$250.<sup>18</sup>

So if plaintiffs can prove willful infringement, a lawsuit is potentially a very lucrative opportunity, especially if there are hundreds of defendants and little, if any, actual damages. A maximum civil penalty of \$150,000 per work would provide considerable leverage in any settlement offer, particularly one as one-sided as the "negotiations" pursued by copyright trolls.

The specific offenses that plaintiffs allege in BitTorrent cases are infringements on the copyright holders' exclusive rights of reproduction and distribution of their work, rights listed in §§ 106(1) and (3) of the Copyright Act.<sup>19</sup> By hiring "agents" to monitor BitTorrent networks, plaintiffs can determine exactly what IP addresses downloaded or uploaded what file at what time.<sup>20</sup> They may "geolocate" the IP addresses in order to offer a more plausible argument for personal jurisdiction over the defendants with IP addresses in the state or district.<sup>21</sup> (If the state in which the district sits has an amenable long-arm statute, plaintiffs will ask the court to assert personal jurisdiction over out-of-state defendants as well, on the theory that they illegally shared copyrighted material with state residents.)<sup>22</sup> Then they file suit against anonymous defendants identified by those IP addresses, with the intention of learning through expedited discovery the identities of the users associated with those IP addresses, then amending the complaint.<sup>23</sup> At that point, critics say, the studios, armed with names and addresses, send letters to the defendants threatening inevitable six-figure judgments against them unless they settle for four figures.<sup>24</sup>

One tactic defendants have sometimes tried to get their cases dismissed is to invoke *Bell Atlantic v. Twombly*<sup>25</sup> and claim that the plaintiff, in its complaint, has failed to plead facts sufficient to sustain the claim.<sup>26</sup> The Supreme Court's decision in *Twombly* did heighten considerably the pleading standards for plaintiffs. Instead of simply being able to allege the elements of a cause of action, plaintiffs now must allege facts that tend to prove those elements and that may reasonably be unearthed during discovery.<sup>27</sup> But the elements of a copyright cause of action remain simple and easy to plead: The plaintiff must prove (1) that he owns a valid copyright, and (2) that the defendant violated one of his exclusive rights in the Copyright Act.<sup>28</sup> In order to comply with *Twombly*'s fact-pleading standard, it is enough for a copyright plaintiff to show, for example, "sufficient details as to each [d]efendant regarding his or her IP [a]ddress, the P2P [n]etwork used . . . , [the] number of audio files accessed, and sample lists of the copyrighted recordings actually downloaded and/or distributed."<sup>29</sup>

### B. Permissive Joinder

#### 1. Joinder before the Federal Rules

Before the Federal Rules of Civil Procedure became the law in 1938, joinder at common law had more to do with the rights of the parties than the court's convenience.<sup>30</sup> Equity courts in particular liberalized joinder to the point that everyone with an interest at stake in the proceeding could be joined as a plaintiff or a defendant, with some consideration for trial convenience.<sup>31</sup> (Although the Federal Rules abolished the distinction between suits in law and equity,<sup>32</sup> plaintiffs in modern copyright infringement litigation often seek equitable remedies such as injunctions to stop further infringement, so the historical development of joinder in equity cases is worth bearing in mind.)<sup>33</sup> The purpose of trial convenience in this context was much more concerned with avoiding redundant lawsuits, rather than keeping the number of defendants arbitrarily low, as the courts are doing now.<sup>34</sup>

In the later era of code pleading,<sup>35</sup> however, the joinder rules contracted significantly.<sup>36</sup> In general, plaintiffs could join multiple defendants only when they alleged that the defendants were jointly liable in a single cause of action.<sup>37</sup> (In the relevant copyright litigation, plaintiffs accuse defendants of acting in concert to unlawfully reproduce and distribute plaintiffs' copyrighted works, and so allege joint and several liability for civil conspiracy.)<sup>38</sup> Many jurisdictions tried, with varying degrees of success, to get around

*Continued on page 31.*

## Joinder and Justice in Mass BitTorrent Litigation: Problems and Solutions

*Continued from page 30.*

the code restrictions by looking to other, more liberal authorities such as the English Rules of Practice (from whose permissive joinder rule the present Rule 20 is largely derived).<sup>39</sup>

In 1872, federal law courts adopted the practice of their “home” states under the Conformity Act, but the equity courts kept their more liberal joinder rules, with the goal of “determin[ing] the rights of all the parties, and grant[ing] the relief requisite to meet the ends of justice in order to prevent multiplicity of suits.”<sup>40</sup> For a time, defendants could object to alleged bad-faith joinder as “multifarious,” but that did not last, as courts used trial convenience (i.e., avoiding superfluous suits) as the main or sole criterion for determining whether joinder of defendants was appropriate.<sup>41</sup>

### 2. Rule 20 today

Under the current Rule 20, it is worth keeping in mind several principles about the rule’s purpose and scope, as the courts have interpreted it over the years. First and foremost, the U.S. Supreme Court, in *United Mine Workers v. Gibbs*, has declared an overall policy with respect to the joinder rule: “Under the [Federal] Rules, the impulse is toward entertaining the broadest possible scope of action consistent with fairness to the parties; joinder of claims, parties and remedies is strongly encouraged.”<sup>42</sup>

Second, judges keep the discretion to deny joinder if, in their opinion, the risk of excessive inefficiency outweighs the benefits.<sup>43</sup> This means that in order to prevail on the joinder question, plaintiffs must focus on a judicial-economy argument rather than a strictly legal one; judges’ self-interest will make them hesitant to make the trials any more massive and complex than the bare minimum the law requires. This is especially true if they have good reason to believe the plaintiffs will not pursue separate suits if all but one of the hundreds or thousands of defendants are severed from the initial action.

A third consideration, perhaps an obvious one, is that the underlying purpose of the rule is to prevent the necessity of plaintiffs’ presenting redundant evidence.<sup>44</sup> This does not imply that the plaintiffs must seek identical relief against every defendant, or that the claims against each defendant somehow lose their distinctiveness.<sup>45</sup> It does mean that plaintiffs, in arguing for joinder of anonymous defendants, must emphasize the similarity of their evidence against all the accused. For example, plaintiffs might point out that the method of identifying IP addresses as the site of infringing activity was the same for all 200 Does, and that introducing, authenticating, using, and defending the evidence once, rather than 200 times, is in the best interest of the court.

Fourth, nowhere does the rule state that the possibility that defendants might have different defenses precludes plaintiffs from joining them in a single action. This is merely a factor in the judicial-economy calculation, not a bar to joinder. Wright, Miller & Kane’s *Federal Practice & Procedure* (*supra* note 30) lists several possible actions in which it is easy to imagine properly joined defendants presenting different defenses, such as “original and subsequent tortfeasors in cases alleging the aggravation of original injuries[,] an original converter and subsequent buyers in an action for conversion[, and] an insurer with other defendants in a variety of actions.”<sup>46</sup> *Federal Practice & Procedure* also makes special mention of federal intellectual property claims (in which it is also easy to imagine multiple defenses) as providing a solid basis for joinder of defendants.<sup>47</sup>

For present purposes, the bottom line is that permissive joinder is usually proper under Rule 20 where (a) the right to relief arises out of the same transaction or occurrence, and (b) at least one question of law or fact common to all parties will arise in the action.<sup>48</sup> One potentially illuminating way the courts have interpreted the key but tricky phrase “transaction or occurrence” under the related Rule 13(a) (compulsory counterclaim) is to identify logically related events that could make up a “transaction or occurrence.”<sup>49</sup> Courts have long used a similar strategy to define the phrase for purposes of joinder.<sup>50</sup> Presented with questions about older file-sharing technology, courts have usually held that defendants’ being links in the same chain of distribution for an unauthorized copy did not satisfy the “transaction or occurrence” requirement.<sup>51</sup> As I will argue below, even if this rule is correct as to more linear P2P systems, BitTorrent’s “swarm” nature, where every downloader is also an uploader and where every computer with the same .torrent file is connected to every other member of that swarm through a tracking server, should be enough to satisfy the requirement.

*Continued on page 32.*

## Joinder and Justice in Mass BitTorrent Litigation: Problems and Solutions

Continued from page 31.

An additional mass-litigation option, though to my knowledge one that has not been attempted in mass BitTorrent litigation, would involve a plaintiff's conceding that the action fails the same-transaction requirement, filing separate suits, and then consolidating the actions under Rule 42(a) because of a common question of law or fact.<sup>52</sup> There are probably at least three reasons why copyright-infringement plaintiffs have not tried this. First, it costs \$350 to file a civil lawsuit in federal court, so suits against even 100 individual defendants would cost \$35,000.<sup>53</sup> Second, plaintiffs may be concerned more with gaining quick, inexpensive leverage for settlements than with pursuing their claims legitimately.<sup>54</sup> Third, and related to the second point, if discovery (and the information available from discovery via subpoenas to ISPs) is the main goal of plaintiffs, consolidation of cases at trial is not helpful—they want to conduct discovery *en masse*.<sup>55</sup>

### 3. Misjoinder and severance

Under Rule 21, complete dismissal of a case is not the proper remedy for misjoinder; rather, severing (dropping) the party is the correct way to fix the problem.<sup>56</sup> Once a party is dropped, courts in BitTorrent cases usually dismiss the severed parties without prejudice, giving the plaintiffs the opportunity to refile their actions in a way the court thinks is proper.<sup>57</sup>

### C. Pre-BitTorrent Cases

Of course, the joinder question in file-sharing cases predates the troublesome BitTorrent technology. It is common for courts trying to analyze joinder in the BitTorrent context to examine past cases in which the defendants whom plaintiffs tried to join allegedly used software or networks that bear a superficial resemblance to BitTorrent.<sup>58</sup> I will do the same.

Four cases loom particularly large in the argument against joinder of any peer-to-peer file-sharing defendants whose only connection is that they used the same P2P network, the same ISP, or both: *LaFace Records, LLC v. Does 1–38*,<sup>59</sup> *Interscope Records v. Does 1–25*,<sup>60</sup> *Elektra Entertainment Group, Inc. v. Does 1–9*,<sup>61</sup> and *Fonovisa, Inc. v. Does 1–9*.<sup>62</sup> *LaFace Records* stands for the proposition that “merely committing the same type of violation in the same way does not link defendants together for purposes of joinder.”<sup>63</sup> This broad limit on joinder is unobjectionable and, as we will see in Part III, *infra*, should not prohibit joinder of BitTorrent defendants.

*Interscope Records* narrowed the rule a bit, holding that “the same transaction requirement [of Rule 20(a)] . . . is not satisfied by the fact that the [d]efendants accessed the songs through the same P2P network.”<sup>64</sup> Likewise, this rule should not bar joinder in BitTorrent cases. In *Elektra Entertainment*, the court held that a common P2P protocol failed the “logical relation” test underlying Rule 20.<sup>65</sup> *Fonovisa*, too, involved a situation where the only commonality among the defendants was that they had used the same P2P network.<sup>66</sup> That court ruled that in the absence of a showing of joint action by the defendants, joinder was improper.<sup>67</sup> The court seemed to say, however, that it may have been enough for the plaintiff to prove that each defendant downloaded the file in question from (or uploaded it to) another defendant.<sup>68</sup> While this may have been difficult in the context of older P2P networks, where, generally speaking, one peer downloads the desired file from one upstream user and uploads it to a downstream user in a roughly linear fashion,<sup>69</sup> it is a requirement that fits the BitTorrent protocol just about perfectly.<sup>70</sup>

## III. The Current Cases

Past file-sharing litigation focused on the older, more linear P2P networks. BitTorrent changed the game, both in how users share files and in how judges have applied (and should apply) the law to protect the privacy of innocent defendants and to hold responsible those who infringe the copyrights of others. Some courts have taken the opportunity to re-examine precedent in light of newer technology, but others remain convinced that procedure law should treat the older and newer systems the same.

Continued on page 33.



## Joinder and Justice in Mass BitTorrent Litigation: Problems and Solutions

*Continued from page 32.*

### A. Why BitTorrent Is Different

#### 1. Technical differences

The main thing that distinguishes BitTorrent from its predecessor file-sharing protocols is that it breaks files into small chunks and allows computers running BitTorrent software and containing the same .torrent file to communicate with a tracking server, which directs the computers to pass those chunks around to one another depending on which ones request to download the file.<sup>71</sup> While those computers (called a “swarm”) are downloading file chunks, they also upload those chunks as they receive them.<sup>72</sup>

Eventually, if the total chunks can make one complete file, every computer in the swarm will get a complete copy of the file and will have uploaded or downloaded at least that one copy, or both, and likely will have made contact with the entire swarm through the tracking server.<sup>73</sup> This is in contrast to the upstream–downstream nature of a more linear P2P system, in which a single copyright-infringement defendant may connect with and download from only one other computer, or an even more traditional file-transfer setup where a user downloads from a single centralized server.<sup>74</sup>

It is possible to view BitTorrent merely as a different means to the same end. Permissive joinder requires that the claims arise from a common transaction or occurrence. If the only circumstance linking all the defendants is that they used the same method to illegally download the plaintiff’s copyrighted files, that is not the same transaction. That result holds if the defendants used the same method to download a single copyrighted file. Same goes for defendants who used the same method to get the same file on the same ISP. So why should courts treat BitTorrent differently?

#### 2 Legal differences

The answer depends on the level of abstraction at which we want to draw the line. Think of it this way: We might say that the Internet constitutes one class of ways to distribute infringing material. Considerations of jurisdiction and judicial economy aside, does the fact that a group of potential defendants,  $U$ , used the Internet to infringe a single work make joinder of those defendants proper? Of course not: We need to know more about how they interacted in order to answer the same-transaction question.

Let’s say a subgroup,  $U_p$ , used P2P networks to share an infringing work. That’s not enough for joinder either. What about a sub-subgroup,  $U_{p(g)}$ , whose members’ only connection is that they all used Gnutella (a more linear P2P system) to obtain the same copy of the file? This is a more difficult question, but courts have uniformly decided that joinder is improper here.

As one court implied, not all groups  $U_{p(g)}$  automatically fail the joinder test; plaintiffs simply lack a showing of “how or which of the Defendants have actually downloaded Plaintiffs’ copyrighted songs from another Defendant (which could conceivably link such Defendants) as opposed to any other users of the systems.”<sup>75</sup> This means we need to narrow our abstraction down one more level: defendants of group  $U_{p(g)}$  (i.e., those who used the same P2P network to download the same file) whom plaintiffs can reasonably allege to have shared that file with other members of group  $U_{p(g)}$ . For this group,  $U_{p(g(x))}$ , courts should presume that joinder is proper (subject, of course, to considerations of jurisdiction, venue, and the broader interests of justice) because this group satisfies the same-transaction requirement of Rule 20(a)(1)(A).

It should be self-evident that for the narrow question of whether a joinder attempt fits within Rule 20’s guidelines, courts should analyze group  $U_{p(g)}$  differently from group  $U_{p(g(x))}$ . Whereas the defendants in the last generation of file-sharing litigation fit within the former group, all defendants in one BitTorrent swarm (which corresponds to a single file), fit within the latter group. As a result, courts should not rely on the first type of cases as an absolute precedential bar to the second type. If courts tried this levels-of-abstraction exercise rather than assuming that BitTorrent and linear P2P networks are the same just because they’re superficially similar, they might produce a more thoughtful (and legitimate) joinder analysis.

*Continued on page 34.*

---

## Joinder and Justice in Mass BitTorrent Litigation: Problems and Solutions

---

*Continued from page 33.*

---

It is worth noting that BitTorrent's architecture also has important implications for courts' personal jurisdiction analysis, though anything more than a cursory glance at the issue is beyond the scope of this paper. The Constitution requires a showing of an out-of-state defendant's minimum contacts with a forum state such that subjecting him to personal jurisdiction doesn't "offend traditional notions of fair play and substantial justice."<sup>76</sup> This condition is satisfied if the defendant "deliberately exploited" the market in the state<sup>77</sup> or "purposeful[ly] avail[ed]" himself of the benefits of state law<sup>78</sup> or if "the defendant's conduct and connection with the forum State are such that he should reasonably anticipate being haled into court there."<sup>79</sup> As far as I can tell, none of the BitTorrent cases has yet answered definitively whether out-of-state defendants' participating in a file-sharing swarm with in-state defendants is enough to satisfy these constitutional due process requirements,<sup>80</sup> but BitTorrent may provide a slightly easier jurisdictional argument for plaintiffs because of the tight-knit nature of the swarms.

### B. Cases Strongly Against Joinder

#### 1. *Multiplying misused precedent*

Courts have denied joinder of anonymous BitTorrent defendants for many reasons. Two seminal cases, if they can be called that at this early stage in the development of the law, are *Diabolic Video*<sup>81</sup> and *Pacific Century International v. Does 1–101*,<sup>82</sup> whose holdings and reasoning I will now explore.

*Diabolic Video*, which serves as an important precedent for *Pacific Century* and other similar cases, makes exactly the error detailed in Part III.A.2, *supra*.<sup>83</sup> Based on the magistrate judge's opinion, it is likely that this is the fault of the plaintiffs, whose reason for joinder was that defendants had used the same P2P network, and who apparently failed to explain why BitTorrent was different.<sup>84</sup> Clearly, this approach was a fatal mistake, as it flew in the face of established precedent (of which Part II.C, *supra*, gives an overview).

After *Diabolic Video*, the court in *Pacific Century* compounded the mistake.<sup>85</sup> This magistrate judge's analysis began with a rehashing of last-generation P2P cases, including *Interscope Records; Elektra Entertainment; Fonovisa*; and, later on, *LaFace Records*. In rebutting the plaintiff's correct assertion that BitTorrent is different, she rested her analysis on two shaky pillars: First, she relied on *Diabolic Video*, without looking beyond its statement that "the mere allegation that defendants have used the same peer-to-peer network to infringe a copyrighted work is insufficient" for joinder,<sup>86</sup> as solid precedent despite its incomplete reasoning.<sup>87</sup>

Second, she inexplicably made much of the difference between a copyrighted work and a particular computer file containing that copyrighted work.<sup>88</sup> This distinction holds for every digital scheme for distributing information, not just BitTorrent. As if to refute the idea that the defendants were connected only in that they had infringed as to the same work, rather than exchanged the same file, she emphasized the irrelevant and obvious point that if the Doe defendants shared two versions of a single episode of a TV show, one low-definition and the other high-definition, they would be sharing in two entirely distinct swarms despite the fact that it is one copyrighted work.<sup>89</sup> Thus, she reasoned, joinder was inappropriate for these BitTorrent defendants because the plaintiffs could not show that the defendants had acted in concert to obtain the work (that is, presumably, that they had acted in the same swarm), only that the defendants had obtained the work.<sup>90</sup>

It follows logically, then, that if the plaintiffs show that the defendants acted within the same swarm, joinder may be appropriate. Why the plaintiffs in *Pacific Century* didn't try to show this is unclear; perhaps their network spies had kept less-than-perfect records, or perhaps it was simply a technological misunderstanding by a judge who didn't care enough to re-examine weak precedent and create stronger precedent.

After all, she was going to rule against the plaintiffs on joinder anyway. The main reason why many judges split up BitTorrent lawsuits has little to do with law, and much more to do with the judges' personal convenience. The fact that there is precedent holding that BitTorrent joinder law is no different from the settled P2P joinder law merely gives judges extra backing for their judicial-economy arguments—no matter how flimsy that precedent really is.

*Continued on page 35.*

---

## Joinder and Justice in Mass BitTorrent Litigation: Problems and Solutions

---

Continued from page 34.

---

### 2. Practical considerations

It should be clear why a judge might be inclined to sever hundreds of anonymous defendants from a mass copyright-infringement lawsuit and dare the plaintiff to file against each individually. I will not rehash every judge's reasoning as to judicial economy, but one example may be found in *Hard Drive I*, which I will summarize:<sup>91</sup>

Such a large number of defendants would result in a "logistically unmanageable case" and thus would run counter to Rule 20's goal of promoting convenient trials.<sup>92</sup> It would be unfair to the defendants because they would have no good way to keep one another apprised of the developments in the case and could not all feasibly attend one another's depositions, and each defendant's evidence would require a "mini-trial."<sup>93</sup> Plus, the allegations underlying the joinder attempt are too speculative anyway, so there's no point in allowing the plaintiffs to conduct discovery to figure out how solid it is.<sup>94</sup>

That is essentially the theme of most judges' convenience arguments; other common elements include lamenting the small size of courtrooms and the burden of potentially unruly case-management conferences.<sup>95</sup>

One particularly powerful part of several judges' opinions is their expectation that the plaintiffs won't call their bluff and refile against the individual defendants, which would cost \$350 per lawsuit. It is telling that the plaintiffs tend not to serve the individual defendants with process, even after they identify the defendants and offer to settle.<sup>96</sup> The "vast majority" of similar cases end up settling rather than continuing to trial.<sup>97</sup> Moreover, the circumstances of the lawsuits (particularly if they involve sexually explicit material), and the privacy concerns they implicate, create "great potential" for "coercive and unjust 'settlement[s]'"<sup>98</sup>

This is how it works: Plaintiffs already have a list of potentially infringing IP addresses and the ISPs that serve them, obtained from their hired network spies. Plaintiffs send batches of settlement demands directly to the ISPs, with instructions that the ISPs forward them to account holders whose IP addresses are linked to allegedly infringing activity.<sup>99</sup> If the ISPs betray their customers' privacy without bothering to wait for a court order, those customers who happen to be innocent, who usually lack crucial information about the case, can choose to hire a lawyer and fight, thus exposing their identity in the public record as being linked with illegally downloaded pornography and risking six-figure penalties if they lose, or they can choose to pay off the extortionists.<sup>100</sup>

If plaintiffs gain access to the discovery process, which would allow them to subpoena records from ISPs instead of requesting them, the potential for abusing the process multiplies. Even if the plaintiffs have the identity of every account holder whose IP address is on the list, this is in no way proof of wrongdoing on the part of the account holder.<sup>101</sup> It is clear why courts would be inclined to cut short this process if there is such a great risk of misuse by the plaintiffs, with little probability of the courts' resolving the copyright-infringement claims on the merits.

### C. Cases allowing limited joinder

In spite of the allure of the judicial-economy argument and the discovery-abuse argument, some courts have nevertheless allowed plaintiffs to join large numbers of anonymous defendants in BitTorrent cases. These courts tend to favor joining defendants in a cautious, limited way, which is an appropriate middle ground. As an example of this approach, *Call of the Wild Movie* is as close to a seminal case as we have.<sup>102</sup> (It is worth bearing in mind that this case did not involve porn peddlers; rather, it involved three independent film companies. This may have affected the court's judgment because the plaintiffs were arguably of higher moral character than pornographers who use shame as leverage in settlement demands, but this is not stated and should not affect the legal analysis.)

The district judge in *Call of the Wild Movie*, Judge Howell, first ran through the legal factors set forth in Rule 20 and interpreted in *United Mine Workers v. Gibbs* and other cases.<sup>103</sup> She concluded that the challenged joinder would indeed promote

Continued on page 36.

## Joinder and Justice in Mass BitTorrent Litigation: Problems and Solutions

Continued from page 35.

judicial economy and would “avoid prejudice and needless delay for the only party currently in the case, namely the plaintiff.”<sup>104</sup> The defendants’ *amici curiae* (including the Electronic Frontier Foundation and the American Civil Liberties Union), not the defendants themselves, had been arguing for improper joinder.<sup>105</sup> If some defendants had submitted their own motions, this reason might have come out differently. Next, Judge Howell held that plaintiffs had successfully alleged that the special nature of the BitTorrent protocol, in which for any given swarm, each downloader is also an uploader, sufficed to show that the defendants had infringed within the same transaction or occurrence, as required by Rule 20.<sup>106</sup> She emphasized that the case was at an early stage of the process, hinting that as more information became available, she may need to re-evaluate joinder.<sup>107</sup>

To get more information, of course, the court must allow at least some discovery. (Plaintiffs in these cases usually must take the unusual and disfavored step of asking for expedited discovery because ISPs tend to delete their records after a short period of time.)<sup>108</sup> As Judge Howell recognized, starting the discovery process would be much more efficient if the plaintiffs could proceed against all the defendants at once.<sup>109</sup> As precedent, she relied on *Arista Records LLC v. Does 1–19*, which stated that the court’s taking up the question of improper joinder “is premature without first knowing Defendants’ identities and the actual facts and circumstances associated with Defendants’ conduct.”<sup>110</sup> Later, presumably, once the court knows what defenses will be raised and what other factual and legal issues might arise, the court may choose to sever individual defendants for separate trials. This strikes me as a fairer, more efficient approach than simply assuming from the start that the defendants will all have different defenses and that there will inevitably be utter chaos in the courtroom.

Next, Judge Howell identified several legal and factual questions common to each defendant. For example, the plaintiffs must prove the same legal claim against each defendant,<sup>111</sup> and technical details about BitTorrent and the evidence plaintiffs collected against the defendants will be “essentially identical” for each defendant, if not actually identical.<sup>112</sup> Again, the court left open the possibility that later in the process, joinder may be inappropriate as to some defendants.<sup>113</sup>

Finally, the court concluded that joinder at an early stage in the litigation would benefit not just the plaintiffs, but also the defendants and the court itself.<sup>114</sup> Relying on *London Sire Records, Inc. v. Doe 1*,<sup>115</sup> the judge pointed out that if the defendants remained joined, they could see one another’s defenses and help one another out, with the implication that they could coordinate defenses.<sup>116</sup> This, in turn, would “ensure[] administrative efficiency for the Court, the plaintiffs, and the ISP.”<sup>117</sup>

In general, the courts that permit early-stage joinder use similar reasoning and rely on *Call of the Wild Movie* as persuasive authority.<sup>118</sup> They emphasize that joinder is particularly important and efficient at the beginning of the process, when the plaintiffs need more information to prove their case but can’t get it without subpoenas, and courts need that same information to evaluate issues of jurisdiction and proper venue. Courts always retain the discretion to sever (and consolidate) claims later if things get out of hand.<sup>119</sup>

### IV. A New Approach

#### D. The Two Sides Of “Fundamental Fairness”

A recurring theme throughout the opinions that deny joinder is a good deal of hand-wringing about “fundamental fairness.”<sup>120</sup> Unfortunately, this discussion seems to be one-sided. Yes, it may be fundamentally unfair to drag out-of-state defendants identified only by their IP addresses into faraway federal courts to defend dubious claims of copyright infringement. But is it not also fundamentally unfair to force bona fide plaintiffs with a list of hundreds of IP addresses that had illegally obtained their copyrighted works to sue one defendant at a time? These plaintiffs may be independent movie producers whose ability to make money depends on effective copyrights, and they may not be able to afford the giant gamble of paying tens of thousands of dollars in filing fees alone—not to mention attorneys’ fees to conduct the same discovery and present the same evidence in court over and over.

Continued on page 37.

---

**Joinder and Justice in Mass BitTorrent Litigation:  
Problems and Solutions**

*Continued from page 36.*

---

Practically speaking, it may behoove bona fide plaintiffs to select a small number of Does against whom to file suit, and try to obtain maximum damages in order to deter other BitTorrent users from illegal downloading. But given that plaintiffs are highly unlikely to know anything about the IP addresses they select without discovery, how do they know which ones to select? The defendants they choose might be insolvent, or they might have legitimate defenses, or the plaintiffs may be unable to prove willfulness (in which case the statutory damages dip below the cost of the filing fee).

This is the central catch-22 of massive, anonymous BitTorrent litigation: Plaintiffs cannot obtain any information about the defendants, make an airtight case for joinder of the defendants, or prove the court's personal jurisdiction over the defendants without the power of the discovery process. Defendants, likewise, cannot really fight the accusations against them without revealing personal information to which the plaintiffs may not even be entitled, and which the plaintiffs can use to put pressure on defendants to settle, fairly or not.

So far, the courts that have allowed limited joinder in the early stages of the litigation have taken a reasonable approach to this problem. They recognize the need for at least a threshold discovery process, sufficient to answer important procedural questions such as joinder, or make-or-break questions such as jurisdiction. But this approach is not enough to ensure an efficient and manageable process, protect the privacy of defendants (where appropriate), and safeguard the ability of plaintiffs to enforce their copyrights.

**E. Procedural Tweaks and Additions**

Given the unique problems inherent in mass BitTorrent litigation (particularly privacy, efficiency, and the pervasive anti-plaintiff bias), courts need the flexibility to implement new procedures to deal with them. The following suggestions attempt to balance the interests of all parties and the judge, none of which interests should weigh more heavily than any other.

First, courts should appoint an intermediary to perform certain functions on behalf of the anonymous defendants. This should be an attorney (or possibly a group of attorneys, depending on the number of defendants) who will not represent the defendants as their counsel but rather act as a neutral third party in order to coordinate the defendants and safeguard their privacy in the early stages of the litigation; she would serve in more of an investigation- or mediation-type role than an advocacy role. This would be most comparable to a court's appointing a special master to help with electronic discovery.<sup>121</sup> Since copyright infringement can carry severe criminal sanctions as well as civil penalties, it might also be akin to the court's appointing a public defender.

This attorney or special master would have the power to request or subpoena identifying records from ISPs and make contact with the defendants on the plaintiffs' list of likely infringers. She could then determine which smaller set of the defendants would likely be subject to personal jurisdiction in the district in which the suit was filed. Then she could recommend that the judge dismiss the cases against those defendants unlikely to be subject to personal jurisdiction. To the remaining anonymous parties, she could explain the situation from a more balanced perspective than a fire-and-brimstone settlement "offer" from the plaintiffs, and, where appropriate, take statements or obtain affidavits (under oath, but sealed from the plaintiffs' view) from each and determine what defenses each will raise. On that basis, she could recommend severance of improperly joined defendants and dismissal on other appropriate grounds. She would be able to "represent" the remaining anonymous defendants at pretrial conferences (at any point, of course, all defendants would have the option to retain their own counsel) on matters of court proceedings, but not substantive law. She could communicate settlement offers and other communications between plaintiffs and defendants without revealing defendants' identities. At trial, defendants would be responsible for their own defense (presumably with the assistance of their own counsel), and would cease to require an intermediary once the court determined that they were no longer entitled to anonymity.

*Continued on page 38.*

## Joinder and Justice in Mass BitTorrent Litigation: Problems and Solutions

*Continued from page 37.*

It should be noted that a similar idea was floated briefly by the plaintiffs in *On the Cheap*, but only in response to the court's questions about the manageability of a pretrial conference<sup>122</sup> or a case-management conference<sup>123</sup> given the large number of defendants.<sup>124</sup> It was not considered beyond that, and the judge appeared to sweep it aside because it was not well thought out.<sup>125</sup> The concept, however, would be the best way to protect privacy and ensure efficient communication among the parties, and to make administering the case as economical as possible for the judge.

Early on, courts should generally allow the plaintiffs to join as many defendants as they can reasonably allege infringed their copyrights. This should not be an unlimited right, however; plaintiffs must make a good-faith attempt to categorize the IP addresses by location so that the court can reasonably assume that it has personal jurisdiction over the defendants.

Once the suit is filed and the defendants are joined, plaintiffs may proceed to discovery, which, through the assistance of the defendants' intermediary, would allow them to obtain more information about each instance of alleged infringement and decide which cases they want to settle (also via the intermediary) and which they want to take to trial. At trial, once sufficient information has been collected to show that infringement took place at each IP address, the account holder will be presumed to be liable for at least non-willful infringement. (Although this may seem less than fair, it will have the benefit of creating extra incentives for account holders to monitor and control the activity at their IP address to avoid vicarious liability for the actions of others.) At this point, defendants' individual objections to personal jurisdiction, venue, and joinder will be proper.

After those procedural issues are sorted out, plaintiffs will put on their case in chief, presenting evidence that infringement occurred at each IP address and, if possible, that the infringement was willful. Once the plaintiffs have made out a *prima facie* case against each IP address, the account holders at whose IP addresses infringement occurred will no longer be entitled to anonymity. For most if not all of the individual IP addresses, the evidence against them will be substantially the same, so it makes sense to present it in a single proceeding.

At this stage, courts should have two options, depending on how many successful cases the plaintiff has made. The first, more suitable for smaller numbers of defendants, would be to continue the trial in the same format. In this case, the burden of proof will shift to those defendants to show, by a preponderance of the evidence, that their IP address was not involved or that any infringement was not willful, or offer any other defense. If the judge determines that for any defendant, no reasonable juror could find infringement, she must dismiss the case against that defendant. Otherwise, the cases will all go to the jury for ultimate determination of the facts. If a defendant chooses not to put on a case, the court will enter default judgment against him for either actual damages (in the unlikely event that the plaintiff has alleged and proved actual damages) or the statutory maximum of \$30,000 per violation.

The second option, better suited to large numbers of defendants, involves the judge *sua sponte* severing the defendants before they put on their cases, and forcing the plaintiffs to refile against each. At this stage, the plaintiffs would know they have a good chance of recovering at least some damages from the defendants, so it would be less of an unfair gamble. At the same time, severance would force the plaintiffs to decide which of the cases are most likely to end in their favor, balance that benefit with the cost of litigating them to the end, and file only those cases whose potential benefit outweighs the potential cost. It would also allow more targeted and appropriate settlements. This approach would benefit defendants as well, because they would have individualized trials and greater opportunity to raise their own defenses, and would encourage reasonable settlements to avoid those trials if they wish.

These procedural innovations should be subject to two important considerations: One, the parties may settle at any time when they believe it is mutually beneficial. Although the defendants would be responsible for doing their own negotiating, having an intermediary to facilitate and protect communication between the parties would make the process more like a legitimate settlement and less like extortion.

*Continued on page 39.*

## Joinder and Justice in Mass BitTorrent Litigation: Problems and Solutions

Continued from page 38.

Two, the judge must retain the discretion to throw the entire case out at any time if she suspects that plaintiffs or their lawyers are using the litigation and discovery processes for any purpose other than making legitimate copyright-infringement claims. If the abuse is particularly egregious, sanctions and fines for obvious copyright-troll attorneys may be appropriate.

### V. Conclusion

It is likely that the procedural changes outlined above will require specific statutory authority from Congress, probably as an amendment to the Copyright Act pursuant to Congress's constitutional authority to regulate copyrights. Although this is a significant hurdle, it will help to ensure the healthy development of the law in an important and fast-growing area. Plaintiffs are beginning to notice how lucrative and successful mass BitTorrent litigation might be, and the current system contains too many obstacles to what should be the ultimate goal for both sides and the court: efficiently pursuing the interests of justice for all.

### ENDNOTES

- 1 David Kravets, *Copyright Lawsuits Plummet in Aftermath of RIAA Campaign*, WIRED (May 18, 2010), <http://www.wired.com/threatlevel/2010/05/riaa-bump>.
- 2 David Kravets, *Indie Filmmakers Sue Thousands of BitTorrent Users*, WIRED (March 31, 2010), <http://www.wired.com/threatlevel/2010/03/bittorrent-legal-attack>.
- 3 Nate Anderson, *Hurt by The Hurt Locker: Why IP Addresses Aren't Enough to Find File-swappers*, ARS TECHNICA (Aug. 26, 2011), <http://arstechnica.com/tech-policy/news/2011/08/why-ip-addresses-cant-always-find-file-swappers.ars>.
- 4 *Diabolic Video Productions, Inc. v. Does 1–2,099*, 2011 WL 3100404 at \*4 (N.D. Cal. May 31, 2011).
- 5 [FED. R. CIV. P. 20\(a\)\(2\)\(A\)–\(B\)](#).
- 6 *Hard Drive Prods., Inc. v. Does 1–188*, — F. Supp. 2d —, 2011 WL 3740473 at \*1 (N.D. Cal. Aug. 23, 2011) [hereinafter *Hard Drive I*].
- 7 *SBO Pictures, Inc. v. Does 1–3,036*, 2011 WL 6002620 at \*1 (N.D. Cal. Nov. 30, 2011).
- 8 *Liberty Media Holdings, LLC v. BitTorrent Swarm*, — F. Supp. 2d —, 2011 WL 5190048 at \*1 (S.D. Fla. Nov. 1, 2011).
- 9 See generally Part III.B.2, *infra*.
- 10 Congress derives its power to regulate copyrights from [Article I, § 8, Clause 8](#) of the U.S. Constitution, which grants Congress the authority to “promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.”
- 11 [28 U.S.C. § 1391\(b\)\(1\)–\(3\)](#).
- 12 [17 U.S.C. § 411](#).
- 13 [17 U.S.C. § 501\(b\)](#).
- 14 [17 U.S.C. § 501\(a\)](#).
- 15 [17 U.S.C. § 504\(b\)](#).
- 16 [17 U.S.C. § 504\(c\)\(1\)](#).
- 17 [17 U.S.C. § 504\(c\)\(2\)](#).
- 18 *Id.*
- 19 See, e.g., Complaint at 8, *Hard Drive Prods., Inc. v. Does 1–188*, No. 11CV01566, 2011 WL 2604561 (N.D. Cal. March 31, 2011).
- 20 *Id.* at 4.
- 21 *Id.* at 2.
- 22 *Id.* The California long-arm statute, for example, provides that a court in the state may “exercise jurisdiction on any basis not inconsistent with the Constitution of this state or of the United States.” [Cal. Civ. Proc. Code § 410.10](#).
- 23 Complaint, *supra* note 19, at 4.
- 24 See, e.g., *About*, FIGHT COPYRIGHT TROLLS, <http://fightcopyrighttrolls.com/about> (last visited Dec. 9, 2011).
- 25 [550 U.S. 544 \(2007\)](#).
- 26 See, e.g., *Fonovisa, Inc. v. Does 1–9, 2008*, WL 919701 at \*2 (W.D. Pa. Apr. 3, 2008).
- 27 *Twombly*, 550 U.S. at 556.
- 28 *Feist Pubs., Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 361 (1991).
- 29 *Fonovisa*, at \*3.
- 30 Charles A. Wright et al., *History of Permissive Joinder of Parties*, 7 FEDERAL PRACTICE & PROCEDURE (3d) [hereinafter WRIGHT, MILLER & KANE] § 1651.
- 31 *Id.*
- 32 [FED. R. CIV. P. 2](#).
- 33 See, e.g., Complaint, *supra* note 19, at 10.
- 34 WRIGHT, MILLER & KANE § 1651. See also *On the Cheap, LLC v. Does 1–5,011*, 2011 WL 4018258 at \*2 (N.D. Cal. Sept 6, 2011) (complaining that “[n]o courtroom in this building can hold over 200 people, let alone 5000”).
- 35 E.g., the Field Code, which New York adopted in 1848. WRIGHT, MILLER & KANE § 1651.
- 36 WRIGHT, MILLER & KANE § 1651.
- 37 *Id.*
- 38 See, e.g., Complaint, *supra* note 19, at 9–10.
- 39 WRIGHT, MILLER & KANE § 1651.
- 40 *Id.* (quoting *Liverpool & London & Globe Ins. Co. v. Clunie*, 88 F. 160, 167 (C.C.N.D. Cal. 1898)).
- 41 WRIGHT, MILLER & KANE § 1651.

Continued on page 40.

## Joinder and Justice in Mass BitTorrent Litigation: Problems and Solutions

Continued from page 39.

- 42 [383 U.S. 715, 724 \(1966\)](#), quoted in *Hard Drive I*, at \*6.
- 43 WRIGHT, MILLER & KANE § 1652, *Permissive Joinder of Parties under Rule 20(a)—Purpose and Scope*.
- 44 *Id.*
- 45 *Id.*
- 46 WRIGHT, MILLER & KANE § 1657, *Permissive Joinder of Parties under Rule 20(a)—Joinder of Defendants*.
- 47 *Id.*
- 48 [FED. R. CIV. P. 20\(a\)](#).
- 49 WRIGHT, MILLER & KANE § 1653, *Permissive Joinder of Parties under Rule 20(a)—The Transaction and Common-Question Requirements*.
- 50 See, e.g., *Eastern Fireproofing Co. v. U.S. Gypsum Co.*, 160 F. Supp. 580, 581 (D. Mass. 1958) (quoted in WRIGHT, MILLER & KANE § 1653) (advocating “no hard and fast rule” but instead an inquiry as to “whether there are enough ultimate factual concurrences that it would be fair to the parties to require them to defend jointly against them”).
- 51 See Part II.C *infra*.
- 52 WRIGHT, MILLER & KANE § 1653, § 1689.
- 53 [28 U.S.C. § 1914](#).
- 54 See, e.g., *On the Cheap*, at \*4.
- 55 *IO Group, Inc. v. Does 1–435*, 2011 WL 445043 at \*6 (N.D. Cal. Feb. 3, 2011).
- 56 [FED. R. CIV. P. 21](#).
- 57 See, e.g., *On the Cheap*, at \*5.
- 58 See, e.g., *Hard Drive I*, at \*7–14 (listing and analyzing the following four cases in detail).
- 59 2008 WL 544992 (E.D.N.C. Feb. 27, 2008).
- 60 2004 U.S. Dist. LEXIS 27782 (M.D. Fla. Apr. 1, 2004).
- 61 2004 WL 2095581 (S.D.N.Y. Sept. 8, 2004).
- 62 2008 WL 919701 (W.D. Pa. Apr. 3, 2008).
- 63 *LaFace Records*, at \*2.
- 64 *Interscope Records*, at \*19 (as quoted in *Hard Drive I*).
- 65 *Elektra Entm’t*, at \*6–7; see also text accompanying notes 49–51, *supra*.
- 66 *Fonovisa*, at \*6.
- 67 *Id.*
- 68 *Id.* at \*5.
- 69 Carmen Carmack, *How BitTorrent Works: Peer-to-peer File Sharing* HOW STUFF WORKS (March 26, 2005), <http://computer.howstuffworks.com/bittorrent1.htm>.
- 70 See Part III.A, *infra*.
- 71 Carmen Carmack, *How BitTorrent Works: What BitTorrent Does*, HOW STUFF WORKS (March 26, 2005), <http://computer.howstuffworks.com/bittorrent2.htm>.
- 72 *Hard Drive Prods. Inc. v. Does 1–55*, 2011 WL 4889094 at \*1 (N.D. Ill. Oct. 12, 2011) [hereinafter *Hard Drive II*] (quoting plaintiff’s complaint).
- 73 *Id.*
- 74 See [supra note 69](#) and accompanying text.
- 75 *Interscope Records*, at \*10.
- 76 *Int’l Shoe v. Washington*, 326 U.S. 310, 316 (1945).
- 77 *Keeton v. Hustler Magazine, Inc.*, 465 U.S. 770, 781 (1984).
- 78 *Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 475 (1985).
- 79 *World Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286, 297 (1980).
- 80 See, e.g., *Call of the Wild Movie, LLC v. Does 1–1,062*, 770 F.Supp.2d 332, 345–47 (D.D.C. March 22, 2011); *West Coast Prods., Inc. v. Does 1–5,829*, 275 F.R.D. 9, at 14–15 (D.D.C. June 10, 2011).
- 81 2011 WL 3100404 (N.D. Cal. May 31, 2011).
- 82 2011 WL 2690142 (N.D. Cal. July 8, 2011).
- 83 *Diabolic*, at \*3–4.
- 84 *Id.* at \*4.
- 85 *Pac. Century*, at \*2–4.
- 86 *Diabolic Video*, at \*6.
- 87 *Pac. Century*, at \*4.
- 88 *Id.* at \*3–4.
- 89 *Id.* at \*3.
- 90 *Id.* at \*4.
- 91 *Hard Drive I*, at \*14–15.
- 92 *Id.* at \*14.
- 93 *Id.*
- 94 *Id.*
- 95 See, e.g., *On the Cheap*, at \*2.
- 96 *SBO Pictures, Inc. v. Does 1–3,036*, 2011 WL 6002620 at \*4 (N.D. Cal. Nov. 30, 2011) (citing *Patrick Collins, Inc. v. Does 1–3,757*, 2011 U.S. Dist. LEXIS 128029 at \*6–7 (N.D. Cal. Nov. 4, 2011)).
- 97 *SBO Pictures*, at \*4 (citing *IO Group*, at \*6).
- 98 *SBO Pictures*, at \*3 (quoting *Hard Drive Prods., Inc. v. Does 1–130*, 2011 WL 5573960 at \*3 (N.D. Cal. Nov. 16, 2011) [hereinafter *Hard Drive III*]).
- 99 *SBO Pictures*, at \*3, note 2 and accompanying text.
- 100 *Id.* at \*3 (quoting *Hard Drive III* at \*3).

Continued on page 41.



## Joinder and Justice in Mass BitTorrent Litigation: Problems and Solutions

Continued from page 40.

- 101 See generally Guity Deyhimy, *Copyright Infringement in Cyberspace—Decoding Strict Liability*, 42 J. B. Ass'N D.C. 44 (2011) (calling into question the usefulness and fairness of using IP addresses as a proxy for defendants).
- 102 [770 F. Supp. 2d 332 \(D.D.C. 2011\)](#).
- 103 *Id.* at 342.
- N.B.: Unfortunately, Judge Howell, before President Obama appointed her to the bench in 2010, received more than \$400,000 from the RIAA, which has a great interest in file-sharing litigation, when she worked as a lobbyist at Stroz Friedberg. See *Beryl Howell*, IMPLU CORPORATION, <http://www.implu.com/lobbyist/37183> (last visited Dec. 12, 2011); *Howell, Beryl A.*, OPENSECRETS.ORG, [http://www.opensecrets.org/revolving/rev\\_summary.php?id=31911](http://www.opensecrets.org/revolving/rev_summary.php?id=31911) (last visited Dec. 12, 2011). She probably should have recused herself from this case because of this conflict of interest, but that does not change the fact that she applied the law more intelligently and thoroughly than some of her colleagues in the Northern District of California.
- 104 [Call of the Wild Movie](#), 770 F. Supp.2d at 342.
- 105 *Id.* at 340–41.
- 106 *Id.* at 342–43.
- 107 *Id.* at 343.
- 108 See, e.g., *Hard Drive III*, at \*1–2.
- 109 [770 F. Supp.2d at 343](#).
- 110 551 F. Supp. 2d 1, 11 (D.D.C. 2008).
- 111 See Part II.A, *supra*.
- 112 [Call of the Wild Movie](#), 770 F. Supp.2d at 343.
- 113 *Id.*
- 114 *Id.*
- 115 542 F. Supp. 2d 153, 161 (D. Mass. 2008).
- 116 [Call of the Wild Movie](#), 770 F. Supp.2d at 344.
- 117 *Id.* (quoting *London Sire Records*, 542 F. Supp. 2d at 161).
- 118 See, e.g., *First Time Videos, LLC v. Does 1–76*, 276 F.R.D. 254, 257–58 (N.D. Ill. 2011); *West Coast Prods.*, 275 F.R.D. at 15–16.
- 119 See parts II.B.2 and II.B.3, *supra*.
- 120 See, e.g., *On the Cheap*, at \*2.
- 121 See, e.g., Monica Bay, *A Growing Trend in Use of E-Discovery ‘Special Masters’*, LAW.COM (Nov. 29, 2011), <http://www.law.com/jsp/cc/PubArticleCC.jsp?id=1322397735069>.
- 122 [FED. R. CIV. P. 26\(f\)](#).
- 123 [FED. R. CIV. P. 16\(b\)](#).
- 124 *On the Cheap*, at \*2.
- 125 *Id.*

## TESLAW Journal Articles Hypelinked

As part of our continuing effort to improve the TESLAW Journal we have added hyperlinks to many citations. Each hyperlink will take the reader to the State Bar of Texas' free research service, Casemaker. If not previously registered for Casemaker, a reader will need to subscribe using their bar card number. Using the remember me function ensures that sign-in will not be necessary each time a reader clicks a hyperlink. Unfortunately Casemaker does not support all secondary sources and out of Texas citations — so not all citations are hyperlinked. But we and Casemaker will get better with coming Journals.

---



---

## RECENT PUBLICATIONS

---



---

*Compiled by Monica Ortale, Faculty Services & Reference Librarian  
The Fred Parks Law Library, South Texas College of Law*

---

### **Sports Bibliography:**

#### **AGENTS**

R. Alexander Payne. Note. *Rebuilding the prevent defense: why unethical agents continue to score and what can be done to change the game*, 13 VAND. J. ENT. & TECH. L. 657 (2011).

#### **AMATEUR SPORTS**

Jennifer Ann Cleary. Note. *A need to align the modern Games with the modern times: the International Olympic Committee's commitment to fairness, equality, and sex discrimination*, 61 CASE W. RES. L. REV. 1285 (2011).

Elizabeth Hart Dahill. Note. *Hosting the Games for all and by all: the right to adequate housing in Olympic host cities*, 36 BROOK. J. INT'L L. 1111 (2011).

Sheri Lipman. *The story of the disappearing season: should strict liability be used in the NCAA infractions process?* 41 U. MEM. L. REV. 847 (2011).

David A. Palanzo. Comment. *Safety squeeze: banning non-wood bats is not the answer to amateur baseball's bat problem*, 51 JURIMETRICS J. 319 (2011).

#### **ANTITRUST**

Christine A. Burns. Comment. *Potential game changers only have eligibility left to suit up for a different kind of court: former student-athletes bring class action antitrust lawsuit against the NCAA*, 6 J. BUS. & TECH. L. 391 (2011).

Marc Edelman & Joseph A. Wacker. *Collectively bargained age/education requirements: a source of antitrust risk for sports club-owners or labor risk for players unions?* 115 PENN ST. L. REV. 341 (2010).

James, T. McKeown. *The Economics of Competitive Balance: Sports Antitrust Claims after American Needle*, 21 MARQ. SPORTS L. REV. 517 (2011).

#### **CONTRACTS**

Simon Bernstein. Note. *Salary caps in professional sports: closing the Kovalchuk loophole in National Hockey League player contracts*, 29 CARDOZO ARTS & ENT. L.J. 375 (2011).

#### **COPYRIGHT**

Michelle R. Hull. Note. *Sports leagues' new social media policies: enforcement under copyright law and state law*, 34 COLUM. J.L. & ARTS 457 (2011).

#### **CRIMINAL LAW**

Kelli Amanda Metzger Knerr. Comment. *Beanballs and baseball: private remedies vs. criminal sanctions for violence in baseball*, 115 PENN ST. L. REV. 727 (2011).

Adam Harris Kurland. *The Prosecution of Michael Vick: Of Dogfighting, Depravity, Dual Sovereignty, and "A Clockwork Orange,"* 21 MARQ. SPORTS L. REV. 465 (2011).

Kimberly Nakamaru. Note. *Mining for Manny: electronic search and seizure in the aftermath of ...* (United States v. Comprehensive Drug Testing, Inc., 621 F.3d 1162, 2010.) 44 LOY. L.A. L. REV. 771 (2011).

*Continued on page 43.*

**Recent Publications**

*Continued from page 42.*

**DISCRIMINATION**

David D'Orlando. Comment. *6+5 = discrimination? Why FIFA's proposed quota rule doesn't add up*, 115 PENN ST. L. REV. 749 (2011).

**EMPLOYMENT**

Bernstein, Simon. Note. *Salary caps in professional sports: closing the Kovalchuk loophole in National Hockey League player contracts*. 29 Cardozo Arts & Ent. L.J. 375-402 (2011).

**GAMBLING**

Erica N. Reib. Comment. *Ante up or fold: what should be done about gambling in college sports?* 21 MARQ. SPORTS L. REV. 621 (2011).

**GENDER**

Stacy Larson. Comment. *Intersexuality and gender verification tests: the need to assure human rights and privacy*, 23 PACE INT'L L. REV. 215 (2011).

**INTERNATIONAL**

Jennifer Gustafson. Comment. *Bronze, silver, or gold: does the International Olympic Committee deserve a medal for combating human trafficking in connection with the Olympic Games?* 41 CAL. W. INT'L L.J. 433 (2011).

**LABOR**

Jeremy Corapi. Note. *Huddle up: using mediation to help settle the National Football League labor dispute*, 21 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 789 (2011).

James T. Masteralexis & Lisa P. Masteralexis. *If you're hurt, where is home? Recently drafted minor league baseball players are compelled to bring workers' compensation action in team's home state or in jurisdiction more favorable to employers*, 21 MARQ. SPORTS L. REV. 575 (2011).

**MEDICAL**

Nicolas Hailey. Note. *A false start in the race against doping in sport: concerns with cycling's biological passport*, 61 DUKE L.J. 393 (2011).

**MISCELLANEOUS**

Jessica Baranko. *Hear me roar: should universities use live animals as mascots?* 21 MARQ. SPORTS L. REV. 599 (2011).

Mitchell N. Berman. *"Let 'em play": a study in the jurisprudence of sport*, 99 GEO. L.J. 1325-1369 (2011).

**PROFESSIONAL SPORTS**

Josh Chetwynd. *Clubhouse controversy: a study of dispute resolution processes between teammates in Major League baseball*, 16 HARV. NEGOTIATION L. REV. 31 (2011).

Brad Ehrlichman. *In this corner: an analysis of federal boxing legislation*, 34 COLUM. J.L. & ARTS 421 (2011).

Roberta Furst Wolf. Note. *Conflicting anti-doping laws in professional sports: collective bargaining agreements v. state law*, 34 SEATTLE U. L. REV. 1605 (2011).

Justin P. Grose. Comment. *Time to bury the tomahawk chop: an attempt to reconcile the differing viewpoints of Native Americans and sports fans*, 35 AM. INDIAN L. REV. 695 (2010-2011).

*Continued on page 44.*

**Recent Publications***Continued from page 43.***SYMPOSIA**

2010 Amateur Sports Symposium. *The Death of Amateurism: Implications for Sport and Health*. 40 U. BALT. L. REV. 573 (2011).

*Stitching Together the Past, Present, and Future of Antitrust Law in Professional Sports with an American Needle: Where do Professional Sports Leagues Stand After American Needle v. National Football League?* 18 VILL. SPORTS & ENT. L.J. 375 (2011).

**TAX**

Mitchell L. Engler. *The untaxed king of South Beach: lebron James and the NBA salary cap*, 48 SAN DIEGO L. REV. 601 (2011).

**TORTS**

Matthew A. Westover. Comment. *The breaking point: examining the potential liability of maple baseball bat manufacturers for injuries caused by broken maple baseball bats*, 115 PENN ST. L. REV. 517 (2010).

**TRADEMARKS**

Michael C. Shull. Comment. *Biting the hand that feeds: how trademark protection might threaten school spirit*, 21 MARQ. SPORTS L. REV. 641 (2011).

**Entertainment Bibliography:****ART**

Brian D. Tobin. *The virtues of common law theories and disclosure requirements in the market for fine art*, 21 SETON HALL J. SPORTS & ENT. L. 333-380 (2011).

Robert L. Tucker. *Stolen art, looted antiquities, and the insurable interest requirement*, 29 QUINNIPIAC L. REV. 611 (2011).

**COPYRIGHT**

Annemarie Bridy. *Is online copyright enforcement scalable?* 13 VAND. J. ENT. & TECH. L. 695 (2011).

Samuel J. Coe., Note. *The story of a character: establishing the limits of independent copyright protection for literary characters*, 86 CHI.-KENT. L. REV. 1305 (2011).

Jacqueline D. Lipton. *Cyberspace, exceptionalism, and innocent copyright infringement*, 13 VAND. J. ENT. & TECH. L. 767 (2011).

Salil K. Mehra. *Keep America exceptional! Against adopting Japanese and European-style criminalization of contributory copyright infringement*, 13 VAND. J. ENT. & TECH. L. 811 (2011).

Raymond T. Nimmer. *Information wars and the challenges of content protection in digital contexts*, 13 VAND. J. ENT. & TECH. L. 825 (2011).

Lara Ortega. Note. *How to get the Mona Lisa in your home without breaking the law: painting a picture of copyright issues with digitally accessible museum collections*, 18 J. INTELL. PROP. L. 567 (2011).

Peter K. Yu. *Digital copyright and confuzzling rhetoric*, 13 VAND. J. ENT. & TECH. L. 881 (2011).

**FAIR USE**

Matthew Sag. *The prehistory of fair use*, 76 BROOK. L. REV. 1371 (2011).

*Continued on page 45.*

**Recent Publications**

*Continued from page 44.*

**MISCELLANEOUS**

Brianna Dahlberg. Note. *The orphan works problem: preserving access to the cultural history of disadvantaged groups*, 20 S. CAL. REV. L. & SOC. JUST. 275 (2011).

**MOTION PICTURES**

Sarah Sklar-Heyn. Note. *Battling clearance culture shock: comparing U.S. fair use and Canadian fair dealing in advancing freedom of expression in non-fiction film*, 20 CARDOZO J. INT'L & COMP. L. 233 (2011).

**MUSIC**

Wyatt J. Glynn. Note. *Musical albums as "compilations": a limitation on damages or a Trojan Horse set to ambush termination rights?* (Bryant v. Media Right Prods., Inc., 603 F.3d 135, 2010.) 26 BERKELEY TECH. L.J. 375 (2011).

William. Henslee. *What's wrong with the U.S.? Why the United States should have a public performance right for sound recordings*, 13 VAND. J. ENT. & TECH. L. 739 (2011).

Brian P. Nestor. *Notice: albums are dead — sell singles*, 4 J. BUS. ENTREPRENEURSHIP & L. 221 (2010).

Liam Seamus O'Melinn. *The recording industry v. James Madison, aka "Publius": the inversion of culture and copyright*, 35 SEATTLE U. L. REV. 75 (2011).

**SYMPOSIA**

*Bingo: Not Just Your Grandmother's Friday Night Social: How Bingo Became More Than Just a Game in Alabama*, 41 CUMB. L. REV. 491 (2010-2011).

**TORTS**

Annie T. Christoff. *Long live the king: the influence of Elvis Presley on the right of publicity in Tennessee*, 41 U. MEM. L. REV. 667 (2011).

**TRADEMARKS**

Ivan Reidel. *The Taylor Swift paradox: superstardom, excessive advertising and blanket licenses*, 7 N.Y.U. J.L. & BUS. 731 (2011).

**VIDEO GAMES**

Eric T. Gerson. Note. *More gore: video game violence and the technology of the future*, 76 BROOK. L. REV. 1121 (2011).