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Issues and Best Practices in Connection with Educational Resources and Other Materials in the “Cloud”

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Cover Page Footnote

The authors would like to thank Mary Lou Forward, the OpenCourseWare Consortium, and the William and Flora Hewlett Foundation for their assistance on this project.

Issues and Best Practices in Connection with Educational Resources and Other Materials in the “Cloud”

Michael Landau* & Donna K. Lewis†

INTRODUCTION	628
I. BACKGROUND.....	629
II. THE COMMUNICATIONS DECENCY ACT (CDA)	634
A. <i>Immunity for Third-party Postings</i>	634
B. <i>Liability Under the CDA for Being in Whole or in Part a “Content” Provider</i>	638
III. DIGITAL MILLENNIUM COPYRIGHT ACT (DMCA).....	642
IV. FAIR USE.....	651
A. <i>Background</i>	651
B. <i>Transformative Use Analysis</i>	653
C. <i>Verbatim Copying: The Next Frontier</i>	656
D. <i>Educational Fair Use</i>	658
V. MORAL RIGHTS OR <i>LE DROIT MORAL</i>	662
VI. SOVEREIGN IMMUNITY	667
CONCLUSION.....	669

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INTRODUCTION

The Open Educational Resources (“OER”) initiative has inspired various institutions throughout the world to create and maintain large repositories of digital teaching, learning, and reference materials. As the size of these repositories increases, so do the costs and administrative tasks associated with their maintenance and servicing of multiple end-users accessing the materials. To further the objectives and mission of the OER movement, it is necessary to consider alternative sustainable storage and distribution models available to participating and interested universities from cloud providers. A cloud solution provides several advantages to repositories, including consolidation of available resources in a single location, increased accessibility, and flexibility to the repository data centers. Not only are these solutions cost effective for the repository, a cloud solution may provide automation and self-service options which effectively improve overall function and performance for end users of OER materials. Importantly in the OER context, cloud solutions may further encourage global resource-sharing and collaboration, and improve the underlying quality and usefulness of the resources. Cloud solutions are both innovative and disruptive, but not without risk to the repository. Accordingly, it is important to assess the protections and potential pitfalls associated with a repository’s implementation of a cloud solution for its educational resources.

This Article will summarize the content-related risks associated with cloud hosting of educational content repositories, address how existing law may provide protection to the repository and cloud provider and what the parties must do to take full advantage of such protections, set forth best practices to mitigate remaining risk, and propose how that remaining risk should be contractually allocated between the parties. Among other relevant contractual terms, we will address traditional contract risk-allocation terms, including representations and warranties, covenants, disclaimers, limitations of liability, indemnification, and insurance. The Article will focus on whether and how the fact of cloud storage and distribution may increase the risk of liability to the repository and what practices can be adopted to mitigate any increased risk. We

will define how various available tools can be used to incentivize the repository and cloud provider to each adopt policies, procedures and practices, designed to minimize risks under applicable law, and take advantage of protections already available under current law to mitigate risk and provide each party with the proper incentive to move forward with cloud sourcing for OER in a manner that furthers the movement.

I. BACKGROUND

Cloud computing offers a business solution designed to cut costs and provide operational agility.¹ Through this economic model, shared resources, software, content, data, and other information are provided to cloud customers (that is, repositories) on demand in elastic quantities pursuant to a metered process.² Today, cloud-service solutions support operations in many industries and are arguably well-suited for addressing business needs faced by the education industry during a time of increasing global connectedness and competitiveness amid growing accessibility and digital-divide concerns.³ As a cloud solution necessarily involves some loss of control to the cloud user, any increased legal and business risk associated with the solution will vary to some degree based on the type of information to be cloud sourced.⁴ For example, regulated industries, such as financial services and healthcare, face increased concerns around breach of confidentiality, privacy, and security due to the sensitive and regulated nature of the applicable content, and must carefully allocate those risks and liabilities in any agreement with a cloud

¹ See Lisa Angelo, *Exploring Legal Issues at High Altitudes: The Law in the Cloud*, 20 CURRENTS INT'L TRADE L.J. 39, 41–42 (2011).

² See *id.* at 40.

³ See Thomas G. Wilkinson Jr., *Ethical Obligations for Attorneys Using Cloud Computing/Software As a Service While Fulfilling the Duties of Confidentiality and Preservation of Client Property*, 34-JUN PA. LAW 49, 55 (2012); Charles M. Horn & Chris Ford, *Are Financial Institutions Ready for Cloud Computing?*, BLOOMBERG BNA (Jan. 8, 2013), <http://about.bloomberglaw.com/practitioner-contributions/are-financial-institutions-ready-for-cloud-computing>.

⁴ See Jay P. Kesan, Carol M. Hayes & Masooda N. Bashir, *Information Privacy and Data Control in Cloud Computing: Consumers, Privacy Preferences, and Market Efficiency*, 70 WASH. & LEE L. REV. 341, 363–64 (2013).

provider.⁵ For institutions with educational content repositories, the more significant risks relate to digital rights management and potential liability for intellectual property infringement and content-based tort claims, such as defamation and false-light privacy, and regulation of obscenity, indecency, and other actionable speech.⁶

As will be discussed below, there are several legal concepts and related tools available to the repository and cloud provider to mitigate many of these content-based legal risks. As each concept is discussed, we will propose best practices and compliance requirements necessary to take advantage of the full protections afforded by such laws, and suggest how the contractual risk-allocation might be best structured to ensure that each party has a responsibility to help mitigate risk associated with the solution. Best practices will include suggestions for disclaimers, notices, licensing models, contractual provisions, and technical tools. We will discuss the respective roles and responsibilities of the institution seeking to outsource its repository and the cloud provider, how the legal concepts provide protection to each, identify gaps, and discuss how certain acts by either party could void or compromise protections available under current law. When parties have equal bargaining power, these risk allocation provisions are most effectively used to place liability on the party in the best position to mitigate the related risk.

While the other risk-related contract provisions play a role, ultimately parties to a contract rely on indemnification to allocate and manage risk. To indemnify another party is to compensate that party for loss or damage that has already occurred, or to guarantee through a contractual agreement to repay another party for loss or damage that occurs in the future.⁷ Indemnification clauses will often include an obligation to defend, requiring the indemnifying party to assume the defense of the claim.⁸

⁵ See J. Nicholas Hoover, *Compliance in the Ether: Cloud Computing, Data Security and Business Regulation*, 8 J. BUS. & TECH. L. 255, 256–57 (2013).

⁶ See discussion *infra* Parts II, III.

⁷ See BLACK'S LAW DICTIONARY 837 (9th ed. 2009).

⁸ See Thomas MS Hennes, *Intellectual Property Indemnity Clauses* 2013 B.C. INTELL. PROP. & TECH. F. 1, 22 (2013).

Depending on the complexity of the indemnification provision, the indemnified party may have the right to participate in the defense at its own expense.⁹ A thoughtful indemnification provision should specifically address and allocate the identified and agreed risk associated with the specific business arrangement and avoid imposing risks that are unclear, shared, or relatively minor.

As a starting point for defining contractual risk allocation, it is important to consider the current business model and related risk, how that risk changes by moving to the cloud, how each party benefits from the commercial arrangement, and which party is in the best position to mitigate the key risks.¹⁰ With respect to current risk, OER repositories may be open or closed, yet there is little doubt that the repository bears the content-related risks associated with its proprietary hosting of the content.¹¹ In open systems, the university allows users of OER materials outside the immediate community to access, use, and publish information, whereas a closed system allows only members of the university community to engage in those activities. With a closed system, there is arguably less anonymity, possibly resulting in a greater sense of control over the end-user base on the back-end and a greater degree of buy-in from users of OER materials on the front-end.

The application of privacy policies and terms-of-use documents is common practice and considered to constitute best practices for online services, including institutions with OER repositories.¹² The posted privacy policy advises the end user as to how the repository may collect, use, share, and store the data it receives from the end user through the user's input of data and its use of the service, as well as how the end user may access and

⁹ *See id.*

¹⁰ *See* Consolidated Audit Trail Rule, SEC Comments on Proposed Rule No. 34-62174, 2010 WL 3492680 (proposed on Aug. 9, 2010).

¹¹ *See* CTR. FOR EDUC. RESEARCH AND INNOVATION, GIVING KNOWLEDGE FOR FREE: THE EMERGENCE OF OPEN EDUCATIONAL RESOURCES 115–16 (2007), *available at* <http://www.oecd.org/edu/ceeri/38654317.pdf>.

¹² *See* Hoover, *supra* note 5, at 271. *See generally* AMERICAN UNIVERSITY CENTER FOR SOCIAL MEDIA, CODE FOR BEST PRACTICES IN FAIR USE FOR OPENCOURSEWARE (Oct. 2009), *available at* <http://www.cmsimpact.org/sites/default/files/10-305-OCW-Oct29.pdf>.

update certain data.¹³ The repository's posted terms and conditions inform users of OER materials of the purpose of the service, how it may be used, identify limitations and restrictions applicable to the service, define certain procedural remedies for suspected infringement, and establish the end user's responsibilities in connection with such use.¹⁴ In order to be part of an effective risk-management strategy, these documents should be customized by the interactive service provider (that is, the repository) to fit the specific circumstances and provide meaningful disclosure to the end user. Whether or not these documents are effective tools to shift major risks to individual end-users remains open for discussion with respect to enforceability and practical utility, but at a minimum, they can serve the valuable purpose of disclosure when written and posted effectively.

Understanding and categorizing the types of content included in a given repository is an important first step in the risk-analysis process. Examples of different content types that impact related risk from a copyright perspective include materials owned by the institution, materials contributed from members of the university community, and materials contributed by members outside the community.¹⁵ Arguably, as control over the materials diminishes across the groups, the risk of copyright-infringement liability increases. In an effort to address copyright concerns, many of the major OER repositories are encouraging end users to create and publish works to repositories under the Creative Commons authorization model.¹⁶

¹³ See Jay P. Kesan, Carol M. Hayes, and Masooda N. Bashir, *Cloud Services, Contract Terms, and Legal Rights*, 17 J. INTERNET L. 3, 8 (2013).

¹⁴ See *id.*

¹⁵ See CTR. FOR EDUC. RESEARCH, *supra* note 11, at 46.

¹⁶ See generally AMERICAN UNIVERSITY CENTER FOR SOCIAL MEDIA, *supra* note 12, at 1. The Creative Commons license is based on copyright and generally applicable to works that are protected by Copyright law, although it was designed for use with content assets, not software assets. There are multiple versions of the license available for use by an author, but the least restrictive and most favored from an OER perspective is the ShareAlike version, which is somewhat analogous to the GNU General Public License for open-source software. All Creative Commons licenses allow others to copy, distribute, and make some uses of their work, and ensure that authors can be credited for their work. Additional permissions may be granted to specifically allow commercial use, creation of a derivative work and/or require republication of the derivative work.

As to how existing risk to the repository changes with the implementation of a cloud solution, certainly there is risk inherent in the greater public access, visibility and utilization of repository content.¹⁷ However, this risk alone should not justify an arbitrary shift of liability. Further, relationships between a repository and cloud provider may differ in many important respects, each of which may suggest a different allocation of risk and disclosure-based tools to support the agreed allocation.¹⁸ Given that contractual risk arguably represents another form of compensation paid by one party to another, it is important to understand the economic benefits derived by each party in connection with the particular relationship. Ultimately, this requires an understanding of each party's respective role and opportunity.

As will be discussed below, the availability of certain protective legal tools and doctrines will depend on each party's role, responsibilities, and rights under the contract. Specifically, it is important to understand and define whether each party plays a passive or active role in the creation of the available repository content, and perhaps to differentiate such role from the party's role in the collecting, storing, and providing that content through the hosted platform. It is our opinion that the protections offered to an "interactive service provider" under the Communications Decency Act ("CDA") far outweigh the potential liability, provided that the "interactive service provider" does not originate or add to the material on the web. Furthermore, the Digital Millennium Copyright Act ("DMCA") provides temporary immunity to what it calls "internet service providers"¹⁹ from

By requiring users to publish under this architecture, repository users will have a common understanding of the rights granted in the database, and use of the built-in software tagging feature that provides some limited digital rights management functionality. While use of the Creative Commons license provides a clear path for works that are entirely original to the author, there is still risk associated with any pre-existing works included in published content and other circumstances where the author simply does not have the rights necessary to license the work. *See About The Licenses*, CREATIVE COMMONS, <http://creativecommons.org/licenses> (last visited Sept. 27, 2013).

¹⁷ See Hoover, *supra* note 5, at 261.

¹⁸ *Id.* at 258.

¹⁹ See Digital Millennium Copyright Act, Pub. L. No. 105-304, 112 Stat. 2860 (1998) (codified in scattered sections of 17 U.S.C.) (the DMCA calls the service an "internet service provider"). The services in the CDA and the DMCA are basically the same.

liability for copyright infringement until the service or its agent receives notice from the copyright holder or its representative, provided that the sample is not so egregiously known that it is clear that it infringes.²⁰ In addition, a recent “fair use” case has held that digital works are a different market from a traditional paper work because of the searching and “text mining” capabilities, and, therefore, are free from infringement under the “fair use” doctrine.²¹

II. THE COMMUNICATIONS DECENCY ACT (CDA)

A. Immunity for Third-party Postings

The Communications Decency Act (CDA) was added to the law in 1996,²² largely in response to *Stratton Oakmont Inc. v. Prodigy Services Co.*,²³ in which an “interactive service provider” was held liable for material that was posted on the service by a third party because the provider “monitored” the content on the site.²⁴ The CDA eliminated the liability for state law causes of action for content that was posted by third parties. The CDA has a number of provisions, including section 230(c)(1) which provides that “[n]o provider or user of an interactive computer service shall be treated as the publisher or speaker of any information provided by another information content provider.”²⁵ There is also section 230(c)(2) which provides that:

No provider or user of an interactive computer service shall be held liable on account of –
any action voluntarily taken in good faith to restrict access to or availability of material that the provider or user considers to be obscene, lewd,

²⁰ See *Viacom Int’l Inc. v. YouTube, Inc.*, 676 F.3d 19, 27–28 (2d Cir. 2012) [hereinafter *YouTube II*].

²¹ See *Authors Guild v. HathiTrust*, 902 F. Supp. 2d 445, 460 (S.D.N.Y. 2012).

²² Pub. Law No. 104-104, 110 Stat. 56 (1996), codified at 47 U.S.C. § 230 (2012).

²³ See *Stratton Oakmont, Inc. v. Prodigy Servs. Co.*, No. 94-CV-31063, 1995 WL 323710 (N.Y. Sup. Ct. 1995).

²⁴ *Id.* The monitoring was meant to prevent offensive, obscene, indecent, or infringing material from being on the Internet.

²⁵ 47 U.S.C. § 230(c)(1) (2012).

lascivious, filthy, excessively violent, harassing or otherwise objectionable, whether or not such material is constitutionally protected; or

any action taken to enable or make available to information content providers or others the technical means to restrict access to material described in paragraph (1).²⁶

Section 230(f)(2) further provides that the term

[I]nteractive computer service [means] any information service, system, or access software provider that provides or enables computer access by multiple users to a computer server, including specifically a service or system that provides access to the Internet and such systems operated or services offered by libraries or educational institutions.²⁷

And finally, section 230(f)(3) provides that the term “information content provider” means “any person or entity that is responsible, in whole or in part, for the for the creation or development of information provided through the Internet or any other interactive computer service.”²⁸

The first case to test the CDA was *Zeran v. America Online, Inc.*²⁹ The Fourth Circuit affirmed the proposition that AOL was a “provider” and not a “publisher,” and restated the ideology of the CDA:

Congress recognized the threat that tort-based lawsuits pose to freedom of speech in the new and burgeoning Internet medium. The imposition of tort liability on service providers for the communications of others represented, for Congress, simply another form of intrusive government regulation of speech. [Section] 230

²⁶ *Id.* § 230(c)(2).

²⁷ *Id.* § 230(f)(2).

²⁸ *Id.* § 230(f)(3).

²⁹ 958 F. Supp. 1124 (E.D. Va. 1997), *aff'd*, 129 F.3d 327 (4th Cir. 1997), *cert. denied.*, 524 U.S. 937 (1998).

was enacted, in part, to maintain the robust nature of Internet communications and, accordingly, to keep government interference in the medium to a minimum.³⁰

The CDA has been upheld again and again to immunize “interactive service providers” from material that has been posted by third parties.³¹

The CDA was given its broadest and most expansive interpretation by the California Supreme Court in *Barrett v. Rosenthal*.³² In that case, the California Supreme Court made several important observations regarding the statutory language of the CDA.³³

Rosenthal was a party who redistributed allegedly defamatory posts on a website, even after receiving notice that the messages might be defamatory.³⁴ The Court recognized that Rosenthal is not a “service provider,” but a “user” of Internet services.³⁵ The case appears to be “the first published case in which section 230 immunity has been invoked by an individual who had no supervisory role in the operation of the Internet site where the defamatory material appeared. Rosenthal was also clearly not an ‘internet service provider’ under the broad definition provided in the CDA.”³⁶ The California Court was faced with the question of whether there was any difference under the CDA between active

³⁰ *Zeran v. America Online, Inc.*, 129 F.3d 327, 330–31 (4th Cir. 1997), *cert. denied*, 524 U.S. 937 (1998). Congress made the legislative choice to treat Internet publishers differently from corresponding publishers in print, television, and radio for two primary reasons, the first being “to encourage the unfettered and unregulated development of free speech on the Internet, and to promote the development of e-commerce.” *Batzel v. Smith*, 333 F.3d 1018, 1026–27 (9th Cir. 2003); *see also Carafano v. Metrosplash.com, Inc.*, 339 F.3d 1119, 1122 (9th Cir. 2003).

³¹ *See, e.g., Black v. Google, Inc.*, 457 Fed. Appx. 622 (9th Cir. 2011); *Blumenthal v. Drudge*, 992 F. Supp. 44 (D.D.C. 1998); *Gentry v. eBay, Inc.*, 99 Cal. App. 4th 816 (2002); *Barrett v. Fonorow*, 343 Ill. App. 3d 1184, (2d Dist. 2003); *Barrett v. Rosenthal*, 146 P.3d 510 (Cal. 2006).

³² 146 P.3d 510 (Cal. 2006).

³³ *See id.* at 526–29.

³⁴ *See id.* at 513.

³⁵ *See id.*

³⁶ *Id.* at 514.

and passive users.³⁷ The court looked at the statutory language of the Act and determined that “Congress employed the term ‘user’ to refer simply to anyone using an interactive computer service without distinguishing between active and passive use.”³⁸ Therefore, sending an allegedly defamatory remark to others unchanged³⁹ would also be fully immunized under the CDA. The Court first recognized that “distributor” liability would have a dramatic chilling effect on Internet service providers, and that Congress did not intend to create such an exception to section 230 immunity.⁴⁰

We share the concerns of those who have expressed reservations about the *Zeran* court’s broad interpretation of section 230 immunity. The prospect of blanket immunity for those who intentionally redistribute defamatory statements on the Internet has disturbing implications. Nevertheless, by its terms, section 230 exempts Internet intermediaries from defamation liability for republication. The statutory immunity serves to protect online freedom of expression and to encourage self-regulation, as Congress intended. Section 230 has been interpreted literally. It does not permit Internet service providers or users to be sued as “distributors,” nor does it expose “active users” to liability.⁴¹

The only remedy that was left for the plaintiffs was “pursuing the originator of the allegedly defamatory publications.”⁴² With respect to contributions posted on the repository site by third parties (that is, individual end-users), it would appear that both the repository and cloud provider would be interactive service providers eligible for immunity from liability for defamation arising out of third-party postings in the repository provided that it does not create or add to the posting by a third party. For clarity, this immunity would not be available to the educational institution

³⁷ *See id.* at 513 (“We further hold that section 230(c)(1) immunizes individual ‘users’ of interactive computer services, and that no practical or principled distinction can be drawn between active and passive use.”).

³⁸ *Id.* at 515.

³⁹ As we shall see later, there are questions of CDA immunity when the service or a user adds editorial comment to the message.

⁴⁰ *See Rosenthal*, 146 P.3d at 529.

⁴¹ *Id.*

⁴² *Id.*

with respect to content provided by the institution to the repository, but would still be available to the cloud provider.⁴³

B. Liability Under the CDA for Being in Whole or in Part a “Content” Provider

Those few cases in which there has been liability under the CDA—and there are only a few—involved cases in which the “interactive service provider” crossed the line and was involved in creating content, as well as merely hosting content.⁴⁴ In *Fraley v. Facebook, Inc.*, members of the social network website with hundreds of millions of users worldwide filed suit against the owner of the website alleging that its advertising practice of placing members’ names, pictures, and assertions that they “liked” certain advertisers of other members’ pages constituted, *inter alia*, a violation of California’s Right of Publicity Statute, California’s Unfair Competition Law, and the common law of unjust enrichment.⁴⁵ The CDA, which provides broad immunity to websites that publish content provided by third parties, did not bar the claim against Facebook for misappropriation based on Facebook’s unauthorized use of the members’ photographs and names for advertising purposes.⁴⁶

Because Facebook was both an “interactive computer service” and an “information content provider,” it was ineligible for complete immunity under the CDA.⁴⁷ While it provided computer access to millions of users to its service, Facebook went beyond its traditional function when it took members’ names, photographs, and likenesses without their consent and used the information to create new content that it published as endorsements of third-party products and/or services.⁴⁸ Thus, although the CDA provides broad immunity to websites that publish content provided by third parties, a website operator can lose its statutory immunity if it

⁴³ *See id.*

⁴⁴ *See cases cited supra* note 30.

⁴⁵ 830 F. Supp. 2d 785, 790 (N.D. Cal. 2011).

⁴⁶ *See id.* at 800.

⁴⁷ *See id.* at 801.

⁴⁸ *See id.*

creates, or is responsible, in whole or in part, for creating new content that it provides to the users.⁴⁹

In *Fair Housing Council of San Fernando Valley v. Roommates.com, L.L.C.*,⁵⁰ the Ninth Circuit, sitting *en banc*, held that the CDA did not provide immunity from state law causes of action because the defendants, “required subscribers to the site as prospective landlords or tenants to include information that was illegal under the Fair Housing Act.”⁵¹ For example, those posting to the site “had to fill out a questionnaire indicating racial, gender, family-status and sexual-orientation preferences for the apartments they wished to rent or rent out.”⁵² The Ninth Circuit held that by imposing this requirement, “Roommate [sic] becomes much more than a passive transmitter of information provided by others; it becomes the developer, at least in part of that information.”⁵³ Immunity was also denied in *Federal Trade Comm’n v. Accusearch, Inc.*,⁵⁴ where the site sold various personal data, also violating federal law.⁵⁵

In *Jones v. Dirty World Entertainment Recordings, L.L.C.*, the plaintiff, a school-teacher and a cheerleader for the Cincinnati Bengals, asserted defamation, invasion of privacy, and intentional infliction of emotional distress causes of action against the owner and operator of a website named “thedirty.com” for (1) encouraging the posting of offensive material; (2) commenting on the offensive material itself; and (3) promising to remove, but not

⁴⁹ *See id.*

⁵⁰ 521 F.3d 1157 (9th Cir. 2008) (en banc).

⁵¹ *Id.* at 1165. The Fair Housing Act of 1968 makes it illegal:

(c) To make, print, or publish, or cause to be made, printed, or published any notice, statement, or advertisement, with respect to the sale or rental of a dwelling that indicates any preference, limitation, or discrimination based on race, color, religion, sex, handicap, familial status, or national origin, or an intention to make any such preference, limitation, or discrimination.

42 U.S.C. § 3604(c) (2012).

⁵² *Roommates.com, L.L.C.*, 521 F.3d at 1165–66.

⁵³ *Id.* at 1166.

⁵⁴ 570 F.3d 1187 (10th Cir. 2009).

⁵⁵ *See* 15 U.S.C. § 45(n) (2012).

removing, the offensive material.⁵⁶ Upon learning of the post, plaintiff emailed the website and requested that the post be removed because she was concerned that it could affect her job.⁵⁷ After initially receiving a response stating that the website would remove the post, plaintiff was told that the post would not be removed.⁵⁸ The second post had made allegations that the plaintiff had venereal diseases.⁵⁹ The defendant had written comments about the postings themselves and placed them on his site.⁶⁰ Plaintiff again requested that the site take down the posts.⁶¹ Her requests were ignored, and the plaintiff subsequently filed suit.⁶²

The court held that the defendant “edits” the site and selects a small percentage of submissions for publication.⁶³ More importantly, the defendant adds his own comments and opinions as to what he thinks of the various postings on the site.⁶⁴ Based upon “the name of the site, the manner in which the site was managed, the personal comments of defendant [. . .], the defendants have specifically encouraged the development of what is offensive about the content of the site.”⁶⁵

As the above cases indicate, if third parties provide content, there is no liability for merely being an “interactive service provider.” This is true, it would appear, even if the service is made aware of something containing content that would violate state law such as defamation, the right of publicity, and the rights of privacy. However, should the repository or cloud promise to remove something, and not follow through, liability under a contract theory may attach.⁶⁶ It is important to carefully consider

⁵⁶ See *Jones v. Dirty World Entm’t Recordings, LLC*, 840 F. Supp. 2d 1008, 1009 (E.D. Ky. 2012).

⁵⁷ See *id.*

⁵⁸ See *id.*

⁵⁹ See *id.*

⁶⁰ See *id.*

⁶¹ See *id.*

⁶² See *id.*

⁶³ See *id.* at 1012.

⁶⁴ See *id.*

⁶⁵ *Id.*

⁶⁶ See *Barnes v. Yahoo!, Inc.*, 570 F.3d 1096, 1108–09 (9th Cir. 2009) (Although the CDA eliminated all claims related to Yahoo! being a publisher, a contract claim based on

this risk when drafting the terms of use and privacy policy for the repository.

Although there have not been any reported CDA cases dealing with the “text searching” capability, there has been one reported case⁶⁷ in which the scanning of entire texts and giving them digital text searching capability has been held to be a “fair use,” and, therefore, not an infringement of copyright.⁶⁸ It is doubtful that merely providing text-searching capability would cause one to rise to the level of an “information content provider.”⁶⁹ We believe that far more would be required before the service meets the requirement of “any person or entity that is responsible, in whole or in part, for the creation or development of information provided through the Internet or any other interactive computer service.”⁷⁰ If correct, this should provide some comfort to the cloud provider in its role of aggregating repository content and facilitating search across repositories.

In conclusion, the CDA provides beneficial protection for both the repository and cloud provider in each party’s role as an interactive service provider. The institution should carefully select the content contributed by it to the repository and contractually retain responsibility for state law claims arising in connection with such institution’s content in its agreement with the cloud provider. Given the broad immunity provided under the CDA, neither party should be obligated to indemnify the other for content-related liability under state claims arising in connection with the third-party postings, *except to the extent* its actions render it an information content provider with respect to the content giving rise to the liability. As noted earlier, the repository owner

Oregon law’s “promissory estoppel” theory was allowed to proceed: “[I]nsofar as Barnes alleges a breach of contract claim under the theory of promissory estoppel, subsection 230(c)(1) does not preclude her cause of action. Because we have only reviewed the affirmative defense that Yahoo! raised in this appeal, we do not reach the question whether Barnes has a viable contract claim or whether Yahoo! has an affirmative defense under subsection 230(c)(2) of the Act.”)

⁶⁷ See *Authors Guild v. HathiTrust*, 902 F. Supp. 2d 445 (S.D.N.Y. 2012); see also discussion *infra* Part IV.D.

⁶⁸ See *Authors Guild*, 902 F. Supp. 2d at 465.

⁶⁹ See 47 U.S.C. § 230(f)(3) (2012).

⁷⁰ See *id.*

should post thoughtful terms of use intended to minimize misuse of the service by users, and require each user to affirmatively agree to comply with those terms in connection with its use of the site. The repository owner's practical exposure to claims for which its users are ultimately responsible will exist whether it hosts the content on its servers or through a cloud provider. This risk should be managed by the repository with quality control tools at the front-end. Such tools may limit publication rights to a restricted population (i.e., a closed community), require publication pursuant to a Creative Commons license, and include recordkeeping features to track publications by user.

III. DIGITAL MILLENNIUM COPYRIGHT ACT (DMCA)

Just as the CDA was passed in response to the decision in a case, so, too, was the DMCA.⁷¹ The DMCA was passed in direct response to *Religious Technology Center v. Netcom Online Communications Services, Inc.* in which the company that merely provided the connection to the Internet was held to be potentially liable, and not merely a conduit.⁷² Several years before *Netcom*, two Bulletin Board Services ("BBS") were held liable for copyright infringement for uploads and downloads of files by their subscribers in *Playboy Enterprises, Inc. v. Frena*⁷³ and *Sega Enterprises, Ltd. v. MAPHIA*.⁷⁴

As part of the DMCA, Congress passed the Online Copyright Infringement Liability Limitation Act (OCILLA), now codified in Section 512 of the Copyright Act.⁷⁵ An "Internet Service

⁷¹ See Sean Croman, *Where the Netcom Yardstick Comes up Short: Courts Should Not Apply the Facts of Netcom as an Example of Intermediate and Transient Storage Under S 512(a) of the DMCA*, 80 WASH. L. REV. 417, 417 (2005); see also *Viacom Int'l Inc. v. YouTube, Inc.*, No. 07-CV-2103 (LLS), 2013 WL 1689071, at *2 (S.D.N.Y. Apr. 18, 2013) [hereinafter *Youtube I*] (The CDA provides absolute immunity to "interactive service providers" from state law claims for material posted by third parties; the DMCA provides limited immunity for "internet service providers" for copyright infringement until the ISP has received proper notice from the copyright holder).

⁷² See *Religious Tech. Ctr. v. Netcom Online Commc'ns Serv., Inc.*, 907 F. Supp. 1361, 1382 (N.D. Cal. 1995); see also Croman, *supra* note 71, at 417.

⁷³ See 839 F. Supp. 1552, 1559 (M.D. Fla. 1993).

⁷⁴ See 948 F. Supp. 923, 933 (N.D. Cal. 1996).

⁷⁵ 17 U.S.C. § 512 (2012).

Provider” will not be liable for infringement for (1) transitory digital network communications;⁷⁶ (2) system caching;⁷⁷ (3) information residing on systems at the direction of users;⁷⁸ and (4) information location tools⁷⁹.

For our purposes, we are mainly concerned with section 512(c), information residing on systems at the direction of users. Section 512(c) contains the “notice and takedown” provisions, providing that an Internet service provider cannot be liable until it has been put on notice of the alleged infringement.⁸⁰ Once on notice, if the Internet service provider “responds expeditiously to remove, or disable access to, the material that is claimed to be infringing or to be the subject of infringing activity” it will not be liable.⁸¹ In order to be eligible for invoking the safe harbor protections, an ISP must meet the conditions set forth under section 512(i).⁸² The Internet service provider must show that it:

(A) has adopted and reasonably implemented, and informs subscribers and account holders of the service provider’s system or network of, a policy that provides for the termination in appropriate circumstances of subscribers and account holders of the service provider’s system or network who are repeat infringers;⁸³ and

⁷⁶ *Id.* § 512(a).

⁷⁷ *Id.* § 512(b).

⁷⁸ *Id.* § 512(c).

⁷⁹ *Id.* § 512(d).

⁸⁰ The safe harbor provision of the DMCA states that a “service provider shall not be liable for monetary relief” if all of the following requirements are met:

(A)(i) does not have actual knowledge that the material on its network is infringing;

(ii) . . . it is not aware of facts or circumstances that would make the infringing activity apparent; or

(iii) upon obtaining knowledge or awareness of such infringing activity, acts expeditiously to remove, or disable access . . . the [copyrighted] material

Id. § 512(c).

⁸¹ *Id.* § 512(c)(1)(C).

⁸² *See id.* § 512(i).

⁸³ An example of notification from the MITx terms of service:

If you expect copyright infringement has occurred at MIT, pursuant to the Digital Millennium Copyright Act, electronic notifications

(B) accommodates and does not interfere with standard technical measures.⁸⁴

Most of section 512(c) of the DMCA is relatively straightforward. There is no liability until either the service provider or its agent receives notice.⁸⁵ What is not so clear is what happens when content that was put on the service by a third party is so egregiously infringing that a party should have known that it infringes, and should take it down. Must the service provider wait for a notice of infringement, or must the service provider take it down anyway? A brief discussion of the Second Circuit's decision in *Viacom Int'l Inc. v. YouTube, Inc.*⁸⁶ and the

about the unauthorized online use of copyrighted materials should be sent by email to dmca-agent@mit.edu.

If you do not include an electronic signature with your claim, you may be asked to send or fax a follow-up copy with a signature. To file the notification, you must be either the copyright owner of the work or an individual authorized to act on behalf of the copyright owner.

Notification must include:

Identification of the copyrighted work, or, in the case of multiple works at the same location, a representative list of such works at that site.

Identification of the material that is claimed to be infringing or to be the subject of infringing activity. You must include sufficient information for us to locate the material (e.g., url, ip address, computer name).

Information for us to be able to contact the complaining party (e.g., email address, phone number).

A statement that the complaining party believes that the use of the material has not been authorized by the copyright owner or an authorized agent.

A statement that the information in the notification is accurate and that the complaining party is authorized to act on behalf of the copyright owner.

DMCA Notifications, COPYRIGHT AT MIT, <http://web.mit.edu/copyright/dmca-notices/html> (last visited Sept. 20, 2009).

⁸⁴ 17 U.S.C. § 512(i).

⁸⁵ See *UMG Recordings, Inc. v. Shelter Capital Partners L.L.C.*, 718 F.3d 1006, 1026 (9th Cir. 2013); *Vernor v. Autodesk, Inc.*, 621 F.3d 1102, 1105 n.3 (9th Cir. 2010); *Rossi v. Motion Picture Ass'n of America Inc.*, 391 F.3d 1000, 1003 (9th Cir. 2004); *Xcentric Ventures L.L.C. v. Medioplex, Ltd.*, No. 12-CV-00130 (PHX) (GMS), 2012 WL 5269403, at *6–7 (D. Ariz. Oct. 24, 2012); *Wolk v. Kodak Imaging Network, Inc.*, 840 F. Supp. 2d 724, 746 (S.D.N.Y. 2012); *Capital Records, Inc. v. MP3tunes, L.L.C.*, 821 F. Supp. 2d 627, 642 (S.D.N.Y. 2011).

⁸⁶ 676 F.3d 19 (2d Cir. 2012).

decision of the Southern District of New York's on remand⁸⁷ are warranted.

The Second Circuit agreed with the District Court's initial holding that "actual knowledge or awareness of facts or circumstances that indicate specific and identifiable instances of infringement will disqualify an interactive service provider from the safe harbor," but they disagreed with the District Court over whether or not YouTube had "specific knowledge or awareness."⁸⁸

On appeal in the Second Circuit, the plaintiffs argued that the record raised material issues of fact regarding YouTube's actual knowledge or "red flag" awareness of specific instances of infringement.⁸⁹ To that end, the plaintiffs pointed out various estimates regarding the percentage of infringing content on the YouTube Web site:

For example, Viacom cite[d] evidence that YouTube employees conducted Web site surveys and estimated that 75–80% of all YouTube streams contained copyrighted material. The plaintiffs similarly claimed that Credit Suisse, acting as financial advisor to Google, estimated that more than 60% of YouTube's content was 'premium' copyrighted content—and that only 10% of the premium content was authorized.⁹⁰

These percentages suggest that YouTube was conscious of the fact a significant amount of material on its website was infringing.

Beyond the survey results, the plaintiffs reli[ed] upon internal YouTube communications that do refer to particular clips or groups of clips. The . . . plaintiffs argue[d] that YouTube was aware of specific infringing material because, *inter alia*, YouTube attempted to search for specific Premier League videos on the site in order to gauge their

⁸⁷ Viacom Int'l, Inc v. YouTube, Inc., No. 07-CV-2103 (LLS), 2013 WL 1689071 (S.D.N.Y. Apr. 18, 2013).

⁸⁸ See *YouTube II*, 676 F.3d at 33.

⁸⁹ See *id.* at 30–31.

⁹⁰ See *id.* at 32–33.

“value based on video usage.” In particular, the class plaintiffs cited a February 7, 2007 e-mail from Patrick Walker, director of video partnerships for Google and YouTube, requesting that his colleagues calculate the number of daily searches for the terms “soccer,” “football,” and “Premier League” in preparation for a bid on the global rights to Premier League content. On another occasion, Walker requested that any “clearly infringing, official broadcast footage” from a list of top Premier League clubs—including Liverpool Football Club, Chelsea Football Club, Manchester United Football Club, and Arsenal Football Club—be taken down in advance of a meeting with the heads of “several major sports teams and leagues.” YouTube ultimately decided not to make a bid for the Premier League rights, but the infringing content allegedly remained on the Web site.⁹¹

The record in the [*YouTube*] action includes additional examples.⁹² YouTube founder Jawed Karim prepared a report in March 2006 which stated that “[a]s of today[,] episodes and clips of the following well-known shows can still be found [on YouTube]: Family Guy, South Park, MTV Cribs, Daily Show, Reno 911, [and] Dave Chapelle [sic].” Karim further opined that “although YouTube is not legally required to monitor content . . . and complies with DMCA takedown requests, we would benefit from *preemptively* removing content that is blatantly illegal and likely to attract criticism.”⁹³ He also noted that “a more thorough analysis” of the issue would be required.⁹⁴

Several of the shows to which Karim referred are owned by Viacom:

[I]n a July 4, 2005 e-mail exchange, YouTube founder Chad Hurley sent an e-mail to his co-founders with the subject line “budlight

⁹¹ *Id.*

⁹² *Id.*

⁹³ *Id.*

⁹⁴ *Id.*

commercials,” and stated, “we need to reject these too.” Steve Chen responded, “can we please leave these in a bit longer? another week or two can’t hurt.” Karim also replied, indicating that he “added back in all 28 bud videos.” Similarly, in an August 9, 2005 e-mail exchange, Hurley urged his colleagues “to start being *diligent* about rejecting copyrighted / inappropriate content,” noting that “there is a cnn [sic] clip of the shuttle clip on the site today, if the boys from Turner would come to the site, they might be pissed?” Again, Chen resisted:

But we should just keep that stuff on the site. I really don’t see what will happen. what? [sic] someone from cnn sees it? he happens to be someone with power? he happens to want to take it down right away. he gets in touch with cnn legal. 2 weeks later, we get a cease & desist letter. we take the video down.

And again, Karim agreed, indicating that “the CNN space shuttle clip, I like. We [sic] can remove it once we’re bigger and better known, but for now that clip is fine.”⁹⁵

The Second Circuit was convinced that the plaintiffs:

[M]ay have raised a material issue of fact regarding YouTube’s knowledge or awareness of specific instances of infringement On these facts, a reasonable juror could conclude that YouTube had actual knowledge of specific infringing activity, or was at least aware of facts or circumstances from which specific infringing activity was apparent.⁹⁶

The appellate court continued, “Accordingly, we hold that summary judgment to YouTube on all clips-in-suit, especially in the absence of any detailed examination of the extensive record on

⁹⁵ *Id.* at 33–34.

⁹⁶ *Id.* at 34.

summary judgment, was premature.”⁹⁷ On the issue of willful blindness, the court stated, a person is “willfully blind” or engages in “conscious avoidance” amounting to knowledge where the person ““was aware of a high probability of the fact in dispute and consciously avoided confirming that fact.””⁹⁸ The Second Circuit remanded the case to the Southern District of New York.⁹⁹

On remand, the Southern District of New York granted YouTube’s motion for summary judgment again.¹⁰⁰ Despite the findings of the Second Circuit, the Southern District held in favor of YouTube.¹⁰¹ The court held that Congress had placed the burden squarely on the copyright holder or his agent(s) to identify infringements, and that Viacom had specifically not done so.¹⁰² “YouTube submitted a list of 63,000 clips-in-suit, claimed it never received adequate notices of any of those infringements, and challenged plaintiffs to fill in the blanks specifying how they claim such notices was given.”¹⁰³ Viacom admitted that they were “unable to say which clips-in-suit [YouTube] knew about and which they did not”¹⁰⁴

The District Court found that “site traffic on YouTube had soared to more than 1 billion daily traffic views, with more than 24

⁹⁷ *Id.*

⁹⁸ *Id.* at 35 (quoting *United States v. Rodriguez*, 983 F.2d 455, 458 (2d Cir. 1993)) (citing *United States v. Aina-Marshall*, 336 F.3d 167, 170 (2d Cir. 2003)).

⁹⁹ *See id.* at 41–42.

¹⁰⁰ *See Viacom Int’l Inc. v. YouTube, Inc.*, No. 07-CV-2103 (LLS) 2013 WL 1689071, at *1 (S.D.N.Y. Apr. 18, 2013).

¹⁰¹ *See id.* at *11.

¹⁰² *See id.* at *2. As stated in the Senate Report at pp. 46–47, and the House Report at 55–56:

Subsection (c)(3)(A)(iii) requires that the copyright owner or its authorized agent provide the service provider with information reasonably sufficient to permit the service provider to identify and locate the allegedly infringing material. An example of such sufficient information would be a copy or description of the allegedly infringing material and the URL address of the location (web page) which is alleged to contain the infringing material. The goal of this provision is to provide the service provider with adequate information to find and address the allegedly infringing material expeditiously.

Id.

¹⁰³ *Id.* at *1.

¹⁰⁴ *Id.*

hours of new video uploaded to the site every minute, and the natural consequence that no service provider could possibly be aware of the contents of each such video.”¹⁰⁵ YouTube was not liable for not removing material without receiving adequate notice.¹⁰⁶

Regarding the notice provision, the court held that “[t]he system is entirely workable; In 2007 Viacom itself gave such notice to YouTube of infringements by some 100,000 videos, which were taken down by YouTube by the next business day.”¹⁰⁷ The court continued, “Congress has determined that the burden of identifying what must be taken down is to be on the copyright owner, a determination which has proven practicable in practice.”¹⁰⁸

Viacom lacked proof that YouTube had knowledge that the clips-in-suit infringed.¹⁰⁹ Therefore, under the DMCA safe harbor, YouTube was not liable.¹¹⁰ The court looked at other theories of liability, such as “willful blindness”¹¹¹ or “right and ability to control,”¹¹² and also refused to hold YouTube liable under those theories. Summary judgment was granted in favor of YouTube.¹¹³

In virtually every case, if the defendant had the notice provisions in place, and if plaintiff(s) complied with the notice provisions, there was no liability if the defendant took the offending material down. It should be noted that there was one recent case in which the “safe harbor” did not apply. In *Columbia Picture Industries, Inc. v. Fung*, the defendant was liable under inducement of infringement for encouraging end users to upload and download copyrighted motion pictures through the use of a hybrid peer-to-peer file sharing protocol.¹¹⁴

¹⁰⁵ *Id.* at *2 (citation omitted).

¹⁰⁶ *See id.* at *3.

¹⁰⁷ *Id.*

¹⁰⁸ *Id.*

¹⁰⁹ *See id.* at *2.

¹¹⁰ *See id.* at *3.

¹¹¹ *Id.* at *4.

¹¹² *Id.* at *5.

¹¹³ *See id.* at *11.

¹¹⁴ *See Columbia Picture Industries, Inc. v. Fung*, 710 F.3d 1020, 1049 (9th Cir. 2013).

In the case of a cloud provider and repository, an important issue is the proper party for receiving the notices. Assuming the cloud provider aggregates access across multiple repositories through a common search or other function, there is a possibility that people will respond to the cloud provider as the gatekeeper on the frontend. Further assuming that this search feature will deliver the user to the branded repository site, the cloud provider's role may be more obviously limited. In any event, best practice would suggest that the cloud provider include some type of conspicuous disclaimer on its search page effectively notifying users that the underlying content is provided by the applicable repository and that any user communications should be properly directed to the applicable repository owner. Additionally, a process has to be put in place for cloud provider to notify the repository owner quickly and expeditiously if it nonetheless receives any DMCA notices so the repository owner can decide whether or not the material is infringing.

Again, the institution should contractually retain responsibility for copyright claims arising in connection with repository content posted by the institution as a user in its agreement with the cloud provider. Neither party should be obligated to indemnify the other for copyright liability associated with content posted by third-party users in the repository, *except to the extent* it breaches specific contractual obligations with respect to the handling of copyright infringement claims. In the contract, the repository owner should assume overall DMCA compliance responsibility, with an obligation to post and follow compliant DMCA notice and takedown provisions on its site. However, best practice would suggest that the cloud provider contractually agree to include effective notice to users on its site about this responsibility and follow mutually agreed notice procedures to forward any misdirected DMCA notices it does receive to the appropriate party.

IV. FAIR USE

A. Background

During the major “overhaul” of the U.S. copyright statutes that ultimately resulted in the Copyright Act of 1976, Congress decided to expressly include fair-use provisions in the federal copyright statutes.¹¹⁵ In many, if not most, situations at both the federal and state levels in which a common-law doctrine is codified, the legislature acts with a degree of specificity to create more certainty and guidance in the law.¹¹⁶ One would have thought, therefore, that by codifying the fair-use doctrine, the U.S. Congress wanted to do the same. The legislative history of section 107, however, indicates just the contrary. Congress decided to add “fair use” to the new Act in a way that would maintain the status quo:

While the statutory language provides some guidance as to the types of factors to consider, the factors are not exhaustive. There are no consistent rules regarding how much weight to give any factor. The language in Section 107 provides judges who interpret the law plenty of “wobble room” to essentially arrive at almost any decision in any case.¹¹⁷

Moreover, as in any exercise of linguistic interpretation, especially one that deals with a concept so nebulous and illusory as “fairness,” judges will inevitably bring their own values and ideologies into their analyses, consciously or unconsciously. After approximately 45 years of judicial case-by-case interpretation of the fair use provisions in the U.S. Code, there is far too much uncertainty with respect to which uses will be considered to be “fair” and which will infringe.¹¹⁸

¹¹⁵ See 17 U.S.C. § 107 (2012).

¹¹⁶ See Quintin Johnstone, *An Evaluation of the Rules of Statutory Interpretation*, Faculty Scholarship Series, Yale L.S. Faculty Scholarship Series at 18 (1954).

¹¹⁷ See H. R. REP. NO. 84-1976, 94th Cong., 2d sess. 65-66 (1976).

¹¹⁸ Michael Landau, “Fair Use” Under U.S. Copyright Law 2 (IPRinfo Special Issue, Sept. 2006).

It is also interesting to note that although the United States is a member of the Berne Convention and also a signatory to the TRIPS Agreement and WIPO Copyright Treaty, there is never any mention

Section 107 of the Copyright Act of 1976 provides:

Notwithstanding the provisions of sections 106 and 106A, the fair use of a copyrighted work, including such use as reproductions in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research is not an infringement of copyright. In determining whether the use made of a work is fair use the following factors to be considered shall include—

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market for or value of the copyrighted work.

anything that even remotely resembles the “three-step test” in United States “fair use” cases or the Copyright Act of 1976.

Id.

In a nutshell, the three-step test “sets limits to limitations on exclusive rights” and allows limitations: (a) in certain special cases; (b) that do not conflict with the normal exploitation of the work; and (c) that do not unreasonably prejudice the legitimate interests of the author/right-holder. Today, the three-step test appears not only in the Berne Convention but also in the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS), the WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT). Moreover, several European Directives contain the test. *See* Berne Convention for the Protection of Literary and Artistic Works, art. 9(2), July 24, 1971, 828 U.N.T.S. 221, as amended S. Treaty Doc. No. 99-27 (1979); Agreement on Trade-Related Aspects of Intellectual Property Rights, art. 13, Apr. 15, 1994, 1869 U.N.T.S. 299; WIPO Copyright Treaty (WCT), art. 10, Dec 20, 1996, S. Treaty Doc No. 105-17 (1997), 2186 U.N.T.S. 121; WIPO Performances and Phonograms Treaty, art. 16, S. Treaty Doc No. 105-17 (1997), WPPT 2186 U.N.T.S. 203; *see also* M. Senftleben, *Copyright, Limitations and the Three-Step Test—An Analysis of the Three-Step Test in International and EC Copyright Law* 4 (Kluwer Law International, The Hague (2004)).

The fact that a work is unpublished shall not itself bar a finding of fair use if such finding is made upon consideration of all of the above factors.¹¹⁹

B. Transformative Use Analysis

In recent years, however, “transformative use,” a doctrine that is not mentioned at all in the statute, has entered into and has, in fact, dominated the analysis of the first factor, if not the entire fair-use analysis.¹²⁰ “Transformative Use” was advocated in a law review article penned by Judge Pierre Leval, *Toward Developing A Fair Use Standard*.¹²¹ Judge Leval believed that if one uses another’s copyrighted material in a way that is sufficiently “transformative” so that the resultant new work serves a different purpose from that of the original, and does not supplant the demand for the original, the use should likely be fair.¹²² The creator of the new work is serving one of the purposes of copyright law, “. . . to promote the Progress of Science and the useful Arts.”¹²³

The “transformative use” doctrine was cited with approval by the Supreme Court in *Campbell v. Acuff-Rose*, a case involving the

¹¹⁹ 17 U.S.C. § 107. The last sentence of section 107 was added in 1992, largely in response to *Harper & Row Pubs., Inc. v. Nation Enterprises*, 471 U.S. 539 (1985) and its progeny.

¹²⁰ See Pierre Leval, *Toward Developing a Fair Use Standard*, 103 HARV. L. REV. 1105, 1111 (1990).

¹²¹ See *id.*

¹²² See *id.* Much of the logic in Judge Leval’s article is influenced by Justice Story’s 1841 *Folsom v. Marsh* decision. See *Folsom v. Marsh*, 9 F. Cas. 342, 349 (C.C.D. Mass. 1841). It is important to note, however, that at the time that *Folsom* was decided in 1841, the exclusive rights were limited to the rights of “printing, publishing, selling or disposing.” *Id.* at 349. There was no exclusive right to prepare “derivative works,” such as adaptations or translations. For example, in *Stowe v. Thomas*, 23 F. Cas. 201, 208 (C.C.E.D. Pa. 1853), the German translation of Harriet Beecher Stowe’s famous novel, *Uncle Tom’s Cabin*, was held to not infringe because it was not a “copy” or “reproduction” of the original work. The statutory rights are different today. Section 106(2) of the 1976 Act grants copyright holders the exclusive right “to prepare derivative works.” 17 U.S.C. § 106(2). A “derivative work” is defined in section 101 as “a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which a work may be recast, transformed, or adapted.” *Id.* §101.

¹²³ U.S. CONST. art. I, § 8, cl. 8.

issue of whether 2 Live Crew's parody of the Roy Orbison song, "Pretty Woman" was a fair use.¹²⁴ Although the case was reversed and remanded based upon legal error and never decided fully on the merits by the Supreme Court, the opinion does contain the language, "the more transformative the new work, the less will be the significance of the other factors, like commercialism, that may weigh against a finding of fair use."¹²⁵ Since the *Acuff-Rose* decision, every defendant in a copyright infringement case now chants the mantra of "transformative use" in an attempt to convince a court that its appropriation of copyrighted material should be "fair use."¹²⁶

This trend has been gaining momentum in recent years. In fact, if one looks at the modern fair use cases, "transformative use" appears to be the only major factor, with one factor regarding the market to be a minor factor.¹²⁷ In reality, in a transformative use case, the "fair use" factors are really only these two:

- 1) Is the use "transformative." (Has the second user added some function, purpose, or even just other material?); and
- 2) Does the use supplant or usurp the market for the original.¹²⁸

We will now address a few recent relevant "fair use" cases that may have an impact on the cloud, notwithstanding the CDA or the DMCA.

Transformative use has played a major part in recent parody cases.¹²⁹ In *SunTrust Bank v. Houghton Mifflin Co.*, the Eleventh

¹²⁴ 510 U.S. 569 (1994).

¹²⁵ *Id.* at 569.

¹²⁶ *See, e.g.,* *Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792, 800 (9th Cir. 2003); *Leibovitz v. Paramount Pictures Corp.*, 137 F.3d 109, 113 (2d Cir. 1998).

¹²⁷ *See* Barton Beebe, *An Empirical Study of U.S. Fair Use Opinions, 1978–2005*, 156 U. PA. L. REV. 549, 597 (2008); Neil Weinstock Netanel, *Making Sense of Fair Use*, 15 LEWIS & CLARK L. REV. 715, 715 (2011).

¹²⁸ The AU Center for Social Media has phrased it slightly differently: "(1) Is the re-use 'transformative'—that is, does it add value to and repurpose preexisting material for a new audience meaning has it been put to a new use or purpose from the original work? (2) Is the amount of material taken appropriate to the re-use?" AU Center for Social Media, *Code of Best Practices in Fair Use for OpenCourseWare*, available at centerforsocialmedia.org/ocw.

Circuit held that a *The Wind Done Gone*, parody of the famous Civil War novel, *Gone With the Wind*, was sufficiently “transformative” to be a fair use, despite acknowledging that the defendant appropriated substantial copyrighted portions of the book.¹³⁰ No harm to the potential market was found because the estate of Margaret Mitchell would never agree at any time to license rights to make a sequel to *Gone with the Wind* that is told from the vantage point of an African-American slave who was the half-sister of Scarlet O’Hara and in which the character of Ashley Wilkes was gay.¹³¹

In *Leibovitz v. Paramount Pictures Corp.*, the Second Circuit held that an advertising photograph showing the body of a pregnant woman and the face of male actor Leslie Nielsen, was a “transformative use” of photographer Annie Leibovitz’s copyrighted photograph of a pregnant actress Demi Moore.¹³² In *Mattel, Inc. v. Walking Mountain Prods.*, a series of photographs entitled “Food Chain Barbie,” that depicted an often nude Barbie Doll posed in various positions while being attacked by vintage household appliances was sufficiently “transformative” because it parodied the character Barbie and did not supplant the demand for the original doll.¹³³

“Transformative use” does not only apply to parody. A use may be classified as “transformative” if it serves a purpose or function that is different from that of the original copyrighted work.¹³⁴ For example, in *Bill Graham Archives v. Dorling Kindersley Ltd.*, the reproduction and inclusion of seven Grateful

¹²⁹ See generally Netanel, *supra* note 127.

¹³⁰ 269 F.3d 1258, 1280 (11th Cir. 2001), *reh’g denied*, 275 F.3d 58 (11th Cir. 2001).

¹³¹ *Id.* at 1277. The Second Circuit has been protective of authors’ copyrights. In *Salinger v. Colting*, 607 F.3d 68 (2d Cir. 2010), the court denied the claim of “transformative,” noting that the novel was merely a sequel. In order for the book to be a transformative work, something other than new expression has to be added. It had to have been created for a different purpose, such as criticism or comment. In *Warner Bros. Entm’t, Inc. v. RDR Books*, 575 F. Supp. 2d 513 (S.D.N.Y. 2008), the Second Circuit had to rule on whether the *Harry Potter* lexicon was infringing. The court held that parts were transformative, but the extensive copying was not. All in all, it was deemed to be an infringing work.

¹³² See 137 F.3d 109, 137 (2d Cir. 1998).

¹³³ See 353 F.3d 792, 800–03 (9th Cir. 2003).

¹³⁴ See *id.* at 800–01.

Dead concert posters in a book about the band titled *Illustrated Trip* was held to be “transformative” because of both the differences in size and purpose of the graphics.¹³⁵ The purpose of the defendant’s use was to help to illustrate and document the progression of concerts that took place during the book’s timeline, while the purpose and character of the use of the original posters themselves was “artistic expression and promotion.”¹³⁶ The use of the posters was held to be fair.¹³⁷

Recently, in *Blanch v. Koons*, the artist, Jeff Koons’ use of an altered advertising photograph was held to be sufficiently “transformative,” and therefore fair.¹³⁸ The plaintiff, a fashion photographer, had produced the photograph at issue in the case, *Silk Sandals by Gucci*, for a display advertisement in *Allure* magazine, a lifestyle magazine, as part of an article about “metallic makeup.”¹³⁹ Koons on the other hand had included a portion of the photograph, along with other material and other fashion shots, in his mural titled, “Niagara,” which was for the Berlin Guggenheim Museum.¹⁴⁰ The court cited *Bill Graham Archives* and stated, “[w]hen, as here, the copyrighted work is used as ‘raw material’ in furtherance of a distinct creative or communicative objectives, the use is transformative.”¹⁴¹ The Blanch photograph and Koons’ use had “entirely different purpose and meaning.”¹⁴²

C. Verbatim Copying: The Next Frontier

In recent cases—many involving verbatim copying put to another purpose—the courts have been exceedingly pro-fair use.¹⁴³ In dealing with the Internet, the courts have been even more pro-fair use.¹⁴⁴ In *Kelly v. Arriba Soft Corp.*,¹⁴⁵ the plaintiff was a

¹³⁵ See 448 F.3d 605 at 611–12 (9th Cir. 2006).

¹³⁶ See *id.* at 609.

¹³⁷ See *id.* at 615.

¹³⁸ See 467 F.3d 244 (2d Cir. 2006).

¹³⁹ See *id.* at 247–48.

¹⁴⁰ See *id.* at 248.

¹⁴¹ See *id.* at 253 (citation omitted).

¹⁴² *Id.*

¹⁴³ See cases cited *infra* Parts IV.C, IV.D.

¹⁴⁴ 336 F.3d 811, 815 (9th Cir. 2003).

¹⁴⁵ *Id.*

professional photographer whose primary market was photographic images of the American West.¹⁴⁶ He sued a search engine, ArribaSoft for copyright infringement for displaying reproductions of photographs from his website as small “thumbnails” in its image search results.¹⁴⁷ The court held that the display of the thumbnail images was transformative and therefore “fair use” because it primarily served a purpose other than that of the original photographs.¹⁴⁸ The use of the copyrighted images by the search engine functioned primarily as a utilitarian tool to locate and facilitate easier access to images on Internet websites, not as a medium for displaying photographs.¹⁴⁹ There was, therefore, no overlap or substitution in the marketplace.¹⁵⁰ The same result was found in *Perfect 10, Inc. v. Amazon, Inc.*¹⁵¹ The Ninth Circuit held that the transformativeness of the use—finding material on the original web pages¹⁵²—was more important than the normal market use, which was the uploading of “adult photographs” onto cellular telephones.¹⁵³ If the use is transformative, the fourth factor is less important.¹⁵⁴

In *A.V. ex rel. Vanderhye v. iParadigms, L.L.C.*,¹⁵⁵ the Fourth Circuit held that even verbatim copying may be a fair use if the use is for a different purpose than the original.¹⁵⁶ iParadigms runs a service, Turnitin, that can check students’ research papers for plagiarism.¹⁵⁷ Schools that subscribed to the service would require their students “to upload the students’ term papers onto the Turnitin website.”¹⁵⁸ Turnitin would then compare the students’ papers with its electronic database of published articles and

¹⁴⁶ See *id.* at 815.

¹⁴⁷ See *id.*

¹⁴⁸ See *id.* at 819.

¹⁴⁹ See *id.*

¹⁵⁰ See *id.* at 821.

¹⁵¹ 508 F.3d 1146 (9th Cir. 2007).

¹⁵² See *id.* at 1165.

¹⁵³ See *id.* at 1166.

¹⁵⁴ *Id.* (citing *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994)).

¹⁵⁵ 562 F.3d 630 (4th Cir. 2009).

¹⁵⁶ See *id.* at 639.

¹⁵⁷ See *id.* at 634.

¹⁵⁸ Netanel, *supra* note 127, at 764.

previously uploaded papers for plagiarism.¹⁵⁹ A group of students sued the service for copyright infringement.¹⁶⁰

The court found that the use was a fair use, mainly because it was transformative.¹⁶¹ The use was to prevent plagiarism.¹⁶² That was a totally different purpose from the purpose that the students wrote the papers in the first place.¹⁶³ The court noted that a use may be transformative without adding anything to it, if it is used for a different purpose than the original.¹⁶⁴ The Fourth Circuit also noted the third factor does not count against fair use if it was reasonably necessary for the transformative use to copy the underlying work in its entirety.¹⁶⁵

D. Educational Fair Use

There are two cases that were decided in 2012 that have expanded fair use in the educational context a great deal—*Cambridge University Press v. Becker*¹⁶⁶ and *Authors Guild, Inc. v. HathiTrust*.¹⁶⁷ In *Cambridge University Press v. Becker*, Georgia State University was sued for digitizing chapters of books and journal articles without authorization and putting them on reserve in the library for the students' use.¹⁶⁸ The case is long, and goes over the analysis underlying book by underlying book, so we will only summarize it here. The case does have several interesting holdings for our purposes.

The first is that the court distinguished *Kinkos*¹⁶⁹ and *Michigan Document Services*,¹⁷⁰ cases in which copying of academic course

¹⁵⁹ See A.V. ex rel. Vanderhye v. iParadigms, L.L.C., 562 F.3d 630, 634 (4th Cir. 2009).

¹⁶⁰ See *id.* at 635.

¹⁶¹ See *id.* at 640.

¹⁶² *Id.*

¹⁶³ See *id.*

¹⁶⁴ See *id.* at 639.

¹⁶⁵ See *id.* at 642.

¹⁶⁶ 863 F. Supp. 2d 1190 (N.D. Ga. 2012).

¹⁶⁷ 902 F. Supp. 2d 445 (S.D.N.Y. 2012).

¹⁶⁸ See *Cambridge Univ. Press*, 863 F. Supp. 2d at 1201.

¹⁶⁹ *Basic Books, Inc. v. Kinko's Graphics Corp.*, 758 F. Supp. 1522 (S.D.N.Y. 1991).

¹⁷⁰ *Princeton Univ. Press v. Michigan Document Servs., Inc.*, 99 F.3d 1381 (6th Cir. 1996), *cert. denied*, 520 U.S. 1156 (1997); see also *Am. Geophysical Union v. Texaco Inc.*, 802 F. Supp. 1 (S.D.N.Y. 1992), *aff'd*, 60 F.3d 913 (2d Cir. 1994) (*Texaco* was not a

packs was held to be infringement, by stating that those cases involved for-profit enterprises.¹⁷¹ Georgia State University, in contrast, is a non-profit educational institution, and therefore is different.¹⁷² The next holding deals with *de minimis* copying. The court held that even though a work had been digitized, uploaded, and downloaded by the professor and the library staff, if not enough students had downloaded the article, it was *de minimis*, and did not infringe.¹⁷³ This is an interesting take on the *de minimis* doctrine. Regarding the second factor, the nature of the work, the Northern District of Georgia held that all of the works were informational, because they were used for classroom instruction, regardless of their actual content.¹⁷⁴

Regarding the third factor, the court came up with its own standard and interesting determination as to what work constitutes the original work for purposes of the fair-use analysis, which looks suspiciously like a “bright line” test, that courts are not supposed to adopt.¹⁷⁵ It is also counterintuitive in its logic. If a book or journal has ten chapters or fewer, up to 10% of the book may be taken.¹⁷⁶ If a book, however, has eleven chapters or greater, then only one chapter may be taken.¹⁷⁷ For the issue of market harm, this was counterintuitive, also. If the plaintiff had decided to license the work at issue, then to not pay the license fee favored the plaintiff. If, however, the plaintiff did not have a market established for *digital* licensing, or if the plaintiff had decided not to license the book chapter-by-chapter, then to not pay favored the

case with course packs, but isolated copies of journal articles. The court found the use to not be a fair use based largely on the for-profit nature of the commercial enterprise.)

¹⁷¹ See *Cambridge Univ. Press*, 863 F. Supp. 2d at 1224.

¹⁷² See *id.*

¹⁷³ See *id.* at 1238–39, 1245.

¹⁷⁴ See *id.* at 1242.

¹⁷⁵ “Fair Use” is supposed to be handled on a case-by-case, or ad hoc, basis without any definite amount of the work that is considered to be unfair. The fact that the court is using a definite percentage of the copyrighted work to determine the third factor of fair use is highly unusual. See *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 577 (1994) (The task is not to be simplified with bright-line rules, for the statute, like the doctrine it recognizes, calls for case-by-case analysis); see also *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 531, 560 (1985); *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 448 (1984).

¹⁷⁶ *Cambridge Univ. Press*, 863 F. Supp. 2d. at 1243.

¹⁷⁷ *Id.*

defendant. In many of the cases, it was a fair use to simply not pay because the plaintiff did not have an established market in the digital work or had decided not to license it.

Many of the books or journals at issue were knocked out because of technical standing or contract issues, or because the plaintiffs could not prove originality.¹⁷⁸ All in all, only five out of 74 excerpts at issue infringed.¹⁷⁹ *Cambridge University Press* could have implications for third-party unlicensed use of excerpts of the works.

A more important case is *Authors Guild, Inc. v. HathiTrust*¹⁸⁰, for it contains a holding that could have profound importance all of the mass digitization cases. In *HathiTrust*, several universities made an arrangement with Google to digitize their entire libraries.¹⁸¹ As per the arrangement, after digitization, Google retained a copy of the digital book to be available through Google Books, an online system that allows Google users to search the content and view “snippets” of the books.¹⁸²

Google also provide[d] a digital copy of each scanned work to the Universities, which included scanned image files of the pages and a text file from the printed work After Google provide[d] the Universities with digital copies of their [library holdings], the Universities then “contribute[d]” these digital copies to the HathiTrust Digital Library (“HDL”).¹⁸³

The HathiTrust partnership is in the process of creating “a shared digital repository that already contains almost 10 million

¹⁷⁸ See generally *Cambridge Univ. Press v. Becker*, 863 F. Supp. 2d 1190 (N.D. Ga. 2012) (discussing throughout the opinion how several of the alleged fringed material that not meet the originality requirement).

¹⁷⁹ See *id.* at 1363–64.

¹⁸⁰ 902 F. Supp. 2d 445 (S.D.N.Y. 2012).

¹⁸¹ *Id.* at 448.

¹⁸² See *id.*

¹⁸³ *Id.*

digital volumes.”¹⁸⁴ The Authors Guild sued HathiTrust and several university personnel.¹⁸⁵

The court, on summary judgment, ruled that the uses to which the books were put was transformative and, therefore, fair use.¹⁸⁶

A transformative use may be one that actually changes the original work. However, a transformative use can also be one that serves an entirely different purpose . . . The use to which the works in the HDL are put is transformative because the copies serve an entirely different purpose than the original works: the purpose is superior search capabilities rather than actual access to copyrighted material. The search capabilities of the HDL have already given rise to new methods of academic inquiry such as text mining.¹⁸⁷

The court also held that

The use of digital copies to facilitate access for print-disabled persons is also transformative. Print-disabled individuals are not considered to be a significant market or potential market to publishers and authors. As a result, the provision of access for them was not the intended use of the original work (enjoyment and use by sighted persons) and this use is transformative.¹⁸⁸

Fair use is a perplexing and changing doctrine, often left to the judges themselves to fashion. There is, however, a trend toward transformative use that has been growing over the years. The recent case, *HathiTrust*, in which the digitization of entire libraries was considered to be transformative because digital versions, or computerized versions, have “text searching” ability is a new and major expansion of the doctrine. It is buttressed by the holding

¹⁸⁴ *Id.*

¹⁸⁵ *See id.* at 448 (“Google’s use of the digital works is the subject of a separate lawsuit.”).

¹⁸⁶ *See id.* at 460.

¹⁸⁷ *Id.*

¹⁸⁸ *Id.* at 461.

that providing access to the “sight disabled” is a fair use, as well.¹⁸⁹ As it continues to evolve and expand, particularly in the educational-use context, the concept of transformative use may have important implications for the OER movement by providing a robust fair-use defense in support of the creation and widespread distribution of teaching, learning, and research resources designed to increase educational opportunity and development on a global scale through greater access and relevance.

V. MORAL RIGHTS OR *LE DROIT MORAL*

Moral Rights or *Le Droit Moral*¹⁹⁰ is originally a Continental European doctrine that respects the personal rights, along with the property rights,¹⁹¹ that are attached to a work of art or literature. Moral Rights legislation is found in Article 6^{bis} of the Berne Convention for the Protection of Literary and Artistic Works.¹⁹² After initially rejecting all moral rights legislation, a compromise regarding moral rights led to the Visual Artists Rights Act of 1990, and permitted the United States to become a member of the Berne Convention in 1988, effective March 1, 1989.¹⁹³ As of September

¹⁸⁹ See also *Authors Guild, Inc. v. Google Inc.*, 954 F. Supp. 2d 282 (S.D.N.Y. 2013) (decided largely on the same grounds as the *HathiTrust* case). It is interesting that the author of the opinion, Judge Chin, was the exact same judge who did not accept the proposed settlement in the case in 2011 because it was “not fair, adequate, and reasonable.” *Authors Guild, Inc. v. Google Inc.*, 770 F. Supp. 2d 666, 686 (S.D.N.Y. 2011). Two years later, he ruled against the plaintiffs, giving them nothing at all.

¹⁹⁰ Technically called *Les Droits Moraux*, it has been singularized to *Le Droit Moral* and will be used in the singular in this Article.

¹⁹¹ Copyright is considered a property right; moral rights, such as the right of attribution (paternity) and the right of integrity, are personal rights. See, e.g., *Understanding Copyright and Related Rights*, WIPO, http://www.wipo.int/freepublications/en/intproperty/909/wipo_pub_909.html (last visited Sept. 20, 2013).

¹⁹² See The Berne Convention for the Protection of Literary and Artistic Works art. 6bis, Sept. 9, 1886, *revised and amended through* Sept. 28, 1971, 102 Stat. 2853, 828 U.N.T.S. I-11850, [hereinafter *Berne Convention*]. The Berne Convention is an international agreement governing copyright, which was first accepted in Berne, Switzerland, in 1886. It has been amended and joined by additional nations at various times.

¹⁹³ The United States initially refused to become a party to the Convention, since that would have required major changes in its Copyright law, particularly with regard to moral rights, removal of the general requirement for registration of copyright works, and elimination of mandatory copyright notice. See, e.g., William Patry, *The United States*

2013, there are 167 contracting parties to the Berne Convention.¹⁹⁴ The Berne Convention provides reciprocal copyright protection for its members, and once a work is protected in one country, it is afforded protection in all.¹⁹⁵

The major moral rights are (1) the right of attribution (paternity), and (2) the right of integrity, which allows an artist or author to object to modifications, alterations, or mutilations that are prejudicial to his or her honor.¹⁹⁶ The Berne Convention requires that the moral rights be independent of the author's economic rights.¹⁹⁷ Moral rights are only accorded to individual authors, not to owners through assignment, license, or transfer.¹⁹⁸ Moral rights may be waived in some countries.¹⁹⁹

In the United States, since 2003, false attribution claims have not been actionable under the Lanham Act owing to *Dastar Corp. v. Twentieth Century Fox Film Corp.*²⁰⁰ In *Dastar*, the Supreme Court held that the Lanham Act²⁰¹ does not prevent the unaccredited copying of a work, and held that *Dastar* was free to commercialize and distribute a video that it had copied and edited

and *International Copyright Law: From Berne to Eldred*, 40 HOUS. L. REV. 749, 750–52 (2003).

¹⁹⁴ *Contracting Parties: Berne Convention*, WIPO, http://www.wipo.int/treaties/en/ShowResults.jsp?lang=en&treaty_id=15 (last visited Sept. 20, 2013).

¹⁹⁵ See Berne Convention, *supra* note 192, art. 5.

¹⁹⁶ There are actually five different rights that are included in Moral Rights: (1) the right to create or not to create, (2) the right of respect (the right to determine completeness of a project), (3) the right to disclose, or to withdraw from display, (4) the right of attribution (paternity), and (5) the right of integrity (the right to prevent modifications, distortions, or mutilations that are prejudicial to one's reputation). See LEONARD D. DUBOFF, SHERRI BURR & MICHAEL MURRAY, *ART LAW: CASES AND MATERIALS* 167–82 (rev. ed. 2010).

¹⁹⁷ See Berne Convention, *supra* note 192, art. 6bis.

¹⁹⁸ See *Understanding Copyright and Related Rights*, WIPO, http://www.wipo.int/freepublications/en/intproperty/909/wipo_pub_909.html (last visited Sept. 20, 2013).

¹⁹⁹ See, e.g., Gerald Dworkin, *The Moral Right of the Author: Moral Rights and the Common Law Countries*, 19 COLUM.-VLA J.L. & ARTS 229, 244–45 (1995).

²⁰⁰ *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23 (2003). For a thorough discussion of the *Dastar* decision and its ramifications, see Michael Landau, *Dastar v. Twentieth Century Fox: The Need for Stronger Protection of Attribution Rights in the United States*, 61 N.Y.U. ANN. SURV. AM. L. 273 (2005).

²⁰¹ The Lanham Trademark Act of 1946, Pub. L. No. 79-489, 60 Stat. 427 (codified as amended at 15 U.S.C. §§ 1051–1127).

and that was originally made by Fox.²⁰² The Supreme Court held that “as used in the Lanham Act, the phrase ‘origin of goods’ is in our view incapable of connoting the person or entity that originated the ideas or communications that ‘goods’ embody or contain. Such an extension would not only stretch the text, but it would be out of accord with the history and purpose of the Lanham Act and inconsistent with precedent.”²⁰³ The court stated that “allowing a cause of action under § 43(a) . . . would create a species of mutant copyright law that limits the public’s federal right to ‘copy and to use’ expired copyrights.”²⁰⁴ While the motion picture/video was in the public domain because it was not renewed, the opinion is not so narrow as to apply to only public domain works.²⁰⁵ It has been followed in cases in which the copyright has expired and in cases in which the copyright is in full force.²⁰⁶

In the cases that have followed *Dastar*, claims for an attribution right in both copyrighted and public domain works did not make it past a motion to dismiss.²⁰⁷ It is therefore unlikely that any author who was listed on a changed work, or not listed on his/her own work, would have an action under the Lanham Act for attribution. It should be noted that the right of attribution is not one of the bundle of rights that is listed in Section 106 of the

²⁰² See *Dastar*, 539 U.S. at 37–38.

²⁰³ *Id.* at 32.

²⁰⁴ *Id.* at 34. Justice Scalia was seemingly confusing the purposes of copyright and trademark law. Copyright law governs the use of the work; trademark law insures that customers are not confused by requiring truthful labeling of and statements about the goods and services.

²⁰⁵ See, e.g., *Williams v. UMG Recordings, Inc.*, 281 F. Supp. 2d 1177, 1185 (C.D. Cal. 2003) (holding that *Dastar* applies to copyrighted works as well as public domain works).

²⁰⁶ See, e.g., *Chivalry Film Prods. v. NBC Universal, Inc.*, No. 05-CV-5627 (GEL), 2006 WL 89944, at *4 (S.D.N.Y. Jan. 11, 2006) (misattributed screenplay); *A Slice of Pie Prods. L.L.C. v. Wayans Bros. Entm’t*, 392 F. Supp. 2d 297, 312–14 (D. Conn. 2005) (misattributed screenplay); *Mays v. Euler*, 370 F. Supp. 2d 362, 370–71 (D. Md. 2005) (no claim for lack of attribution for a web design portfolio); *Keane v. Fox*, 297 F. Supp. 2d 921, 934–36 (S.D. Tex. 2004) (claim dismissed against person who allegedly developed the idea for “American Idol”); *Williams v. UMG Recordings, Inc.*, 281 F. Supp. 2d 1177, 1179 (C.D. Cal. 2003) (misattributed narration script and editing work).

²⁰⁷ See JANE C. GINSBURG, JESSICA LITMAN & MARY L. KELVIN, TRADEMARK AND UNFAIR COMPETITION LAW 668 (4th ed. 2007).

Copyright Act of 1976.²⁰⁸ Therefore, it is doubtful that an attribution action would stand under the Copyright Act.

Regarding the right of integrity, in the United States, with the exception of “works of visual art,”²⁰⁹ the right of integrity is based on whether the license contains the right to prepare a derivative work²¹⁰ or its equivalent, and is solely handled by contract (or license).²¹¹ To the extent many, if not all, works in a repository are licensed under a Creative Commons license that allows “Adaptations,” the author probably would have given away any right to object to changes.²¹² Care, though, must be taken to take

²⁰⁸ Exclusive rights in copyrighted works:

Subject to sections 107 through 122, the owner of copyright under this title has the exclusive rights to do and to authorize any of the following:

- (1) to reproduce the copyrighted work in copies or phonorecords;
- (2) to prepare derivative works based upon the copyrighted work;
- (3) to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending;
- (4) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works, to perform the copyrighted work publicly;
- (5) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual work, to display the copyrighted work publicly; and
- (6) in the case of sound recordings, to perform the copyrighted work publicly by means of a digital audio transmission.

17 U.S.C. § 106 (2012).

²⁰⁹ *Id.* § 101 (definition of “work of visual art”).

²¹⁰ *See Id.* § 106(2).

²¹¹ *See, e.g.,* Gilliam v. Am. Broad. Cos., 538 F.2d 14, 20–21 (2d Cir. 1976) (Unauthorized derivative work was prepared. The BBC, the original licensor, had only licensed the rights to broadcast and to sublicense the work, therefore ABC did not have the right to cut 27% out of the show without permission.); *see also* Vargas v. Esquire, Inc., 164 F.2d 522, 525 (7th Cir. 1947) (Contract transferred all rights to Esquire Magazine. There was no violation of a right of attribution or integrity when Esquire published drawings as “Esquire Girls” without attributing the artist, Alberto Vargas).

²¹² “Adaptations” is another way of saying “derivative works.” Section 101 defines “derivative works” as follows:

A “derivative work” is a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which a work may be recast, transformed, or *adapted*. A work consisting of

a look at which license was used to see whether any potential changes may be made to a licensed work. A requirement by the repository for end users of OER materials to post or publish only under a Creative Commons license may mitigate risks associated with derivative works and any right of integrity.

The Visual Artists Rights Act of 1990 (VARA)²¹³ is an art-preservation act that applies to a minimum class of specified works called “works of visual art” in the Copyright Act. It only applies to original works of visual art, and does not apply to motion pictures or audiovisual works, reproductions of works, or works made for hire. As such, it is doubtful that there would be any VARA-defined work included in a repository.

editorial revisions, annotations, elaborations, or other modifications, which, as a whole, represent an original work of authorship, is a “derivative work”.

17 U.S.C. § 101 (emphasis added).

²¹³ Visual Artists Rights Act of 1990, 17 U.S.C. § 106A. The Visual Artists Rights Act of 1990 (VARA) is really an art preservation act, instead of an act that truly gives attribution and integrity rights to authors. This is because of the very limited coverage of VARA. VARA only applies to works of visual art and defines a “work of visual art” as:

- (1) a painting, drawing, print or sculpture, existing in a single copy, in a limited edition of 200 copies or fewer that are signed and consecutively numbered by the author, or, in the case of a sculpture, in multiple cast, carved, or fabricated sculptures of 200 or fewer that are consecutively numbered by the author and bear the signature or other identifying mark of the author; or
- (2) a still photographic image produced for exhibition purposes only, existing in a single copy that is signed by the author, or in a limited edition of 200 copies or fewer that are signed and consecutively numbered by the author.

17 U.S.C. § 101.

It does not include:

- (A) (i) any poster, map, globe, chart, technical drawing, diagram, model, applied art, motion picture or other audiovisual work, book, magazine, newspaper, periodical, data base, electronic information service, electronic publication, or similar publication;
- (ii) any merchandising item or advertising, promotional, descriptive, covering, or packaging material or container;
- (iii) any portion or part of any item described in clause (i) or (ii);
- (B) any work made for hire; or
- (C) any work not subject to copyright protection under this title.

Id.

The ability to remix works in the OER forum opens an opportunity for claims of moral rights outside the United States and claims in the nature of moral rights within the United States.²¹⁴ Notice provisions and disclaimers indicating that a work has been altered without the express approval of the creator may be useful to mitigate against this risk. Additionally, implementation of a technical application or feature designed to track, record, and show edits by contributor may further mitigate integrity risk. This application may be available through the Creative Commons license or provided locally by the repository or at the cloud level as part of the provider's hosting package. At least within the United States, the repository's terms of use should include an express waiver from the creator when possible to help mitigate risk of a claim of or in the nature of moral rights.

VI. SOVEREIGN IMMUNITY

In the United States, state universities are protected by the doctrine of state sovereign immunity under the Eleventh Amendment of the United States Constitution.²¹⁵ Under sovereign immunity, a state is absolutely immune from monetary damages for infringement of intellectual property, unless it consents to suit or waives its immunity.²¹⁶ Since the late 1990s, case after case did not make it past a motion to dismiss on sovereign immunity grounds.²¹⁷

²¹⁴ See, e.g., GEORGE B. DELTA & JEFFREY H. MATSUURA, LAW OF THE INTERNET § 5.03 (3rd ed. 2013).

²¹⁵ See *Seminole Tribe of Fla. v. Florida*, 517 U.S. 44, 54 (1996) (holding that the Eleventh Amendment of the Constitution trumps any attempt under Article I of the Constitution to abrogate sovereign immunity); see also *Fla. Prepaid Postsecondary Educ. Expense Bd. v. Coll. Sav. Bank (Florida Prepaid I)*, 527 U.S. 627, 635–48 (1999) (holding that any patent law abrogation was unconstitutional, and that there was no Fourteenth Amendment taking); *Coll. Sav. Bank v. Fla. Prepaid Postsecondary Educ. Expense Bd. (Florida Prepaid II)*, 527 U.S. 666, 673–75 (1999) (holding that any trademark law abrogation was unconstitutional, and that there was no property interest in freedom from false advertising); *Chavez v. Arte Publico Press*, 204 F.3d 601, 607–08 (5th Cir. 2000) (holding that any copyright law abrogation was unconstitutional).

²¹⁶ See *Seminole Tribe of Fla.*, 517 U.S. at 54.

²¹⁷ See, e.g., *Mktg. Info. Masters, Inc. v. Bd. of Trs. of the Cal. State Univ. Sys.*, 552 F. Supp. 2d 1088, 1098–99 (S.D. Cal. 2008); *Salerno v. City Univ. of N.Y.*, 191 F. Supp. 2d 352, 355–56 (S.D.N.Y. 2001).

There is an exception to the general rule of sovereign immunity. Under *Ex Parte Young*, an action for prospective injunctive relief may be brought against state officials or employees acting in their official capacity.²¹⁸ In order to bring the suit, however, the cause of action must be brought against the officials in their named capacity, not the university.²¹⁹ An example of this is the lawsuit against Georgia State University, *Cambridge University Press v. Becker*.²²⁰ The suit was brought against the President, Provost, Librarian, and others who worked at the university—not directly against the university.²²¹ Again, the most that can happen is that the university will have to stop future infringements.²²² There cannot be monetary liability for past infringement, no matter how egregious the infringement.²²³ There can, however, be a discretionary award of attorneys' fees to the "prevailing party."²²⁴

Sovereign immunity has been a doctrine in flux over the years. The cases that firmly established state sovereign immunity were decided by a split Supreme Court.²²⁵ The legal landscape may change at some time, but for now, state universities have the advantage of sovereign immunity being on their side. State repositories accustomed to the protection afforded by sovereign immunity may be reluctant to assume liability in the form of indemnification to the cloud provider and may, in fact, be limited by state law from doing so.²²⁶ A complete analysis of how the doctrine of sovereign immunity may inform the risk allocation

²¹⁸ 209 U.S. 123, 167–68 (1908).

²¹⁹ See *Cambridge University Press v. Becker*, 863 F. Supp. 2d 1190, 1205–10 (N.D. Ga. 2012)

²²⁰ See *id.*

²²¹ See *id.* at 1201.

²²² See *id.* at 1215 (describing *Ex Parte Young* as providing for injunctive and declaratory relief).

²²³ See *id.* at 1206 (framing *Ex Parte Young* as only permitting prospective injunctive relief against continuing violations).

²²⁴ 17 U.S.C. § 505 (2012).

²²⁵ See *Seminole Tribe of Fla. v. Florida*, 517 U.S. 44 (1996); see also *Florida Prepaid II*, 527 U.S. 666 (1999); *Florida Prepaid I*, 527 U.S. 627 (1999).

²²⁶ See, e.g., *CSX Transp., Inc. v. City of Garden City*, 277 Ga. 248, 250 (2003) (finding that Georgia law did not permit municipalities to waive sovereign immunity and indemnify third parties).

between a state repository and cloud provider is beyond the scope of this Article, but should be considered when applicable.

CONCLUSION

In furtherance of the OER movement and global education generally, the importance of a cloud strategy extends beyond cost savings and computing performance optimization for current business needs. The cloud can enable new services for repositories and end users that can facilitate innovation and creativity in education. Digital, social, and mobile media are fundamentally changing business models across industries as they transform communication and create new business opportunities, which may extend to education. By placing OER materials in the cloud under a Creative Commons license that permits full remix rights, institutions will enable a new kind of global learning and collaboration. Educational institutions and repositories can leverage emerging mobile and collaborative computing trends to extend resources and new services to students and faculty with fewer geographic-based limitations. The cloud represents a critical component of this business innovation. Additionally, the detailed usage and analytical information available through the cloud metering model will provide a new level of transparency around operations that may reveal opportunities to revise internal management and processes to drive further operational business efficiencies through a best practices approach.

It should be noted that cloud solutions are not an all-or-nothing proposition. It is possible that in considering the risk allocation and other issues, the institution may conclude that a hybrid data center model is appropriate, moving certain content to the cloud and retaining other content on its servers, yet providing a seamless experience to its end users through APIs and portals. A comprehensive analysis of alternatives should include separate assessments of the key business features and requirements, such as quality control, security, availability and performance, associated with the each component of the repository, to determine the optimal solution for each type of functionality. Generally speaking, functionality that demands greater control for any

number of legitimate business reasons, such as heightened security concerns, strong identification with the institution, or dynamic feature requirements, may not be appropriate for the public cloud. A thoughtful plan can manage the cloud-related business challenges on an individual component basis in order to meet acceptable enterprise risk tolerance levels and move forward to meet business needs without significant capital expenditure on hardware, software, and services.

Finally, it is important to understand the scope of risk and differentiate between real and perceived risks. Many risks and vulnerabilities are not isolated to the cloud but also exist to some extent in traditional systems, including proprietary university systems. Further, some of these risks may be managed more efficiently in the cloud. For example, while it is true that the complexity of security is increased under circumstances of widely dispersed data, cloud providers have sufficient scale and motivation to adopt and deploy more sophisticated security protections and they may be contractually required to do so. Similarly, concerns surrounding performance and availability issues are not new or unique to the cloud. Service-level agreements may be included in contractual arrangements to hold the cloud provider to mutually agreed performance requirements that meet or exceed service levels available through a proprietary server system. Indeed, many cloud-related issues and risks associated with the necessary loss of control to the institution may be effectively addressed and allocated through carefully considered contractual provisions.

With respect to a contractual relationship whereby the repository owner desires to outsource all or a portion of the repository to a cloud provider on a true OER platform, allowing open access and full remixing opportunity, it seems relatively easy to determine what each party brings to the table. The institution brings content and the cloud provider contributes a technology platform. There are infringement risks associated with both the content and technology and risk allocation should address both. Although many of the content-risk cases discussed above address state claims in the nature of defamation, we recognize the existence of content-related risk associated with other types of

offensive and/or illegal speech, including obscenity, indecent materials, and content that could result in or further illegal acts. Thoughtful terms and policies should be posted on the sites to proactively restrict the posting of content deemed to be particularly risky or contrary to law, and a process should be put in place to enforce those terms and policies as necessary. Use of technical tools to restrict access to or availability of certain types of high risk content may be helpful.²²⁷

Finally, a significant aspect of any strategic plan to transition operations to the cloud should include an internal and external communication and education plan to overcome perceptions of increased risk and effectively manage actual risk. Also, significant thought should be devoted to front-end operations by the institution responsible for the repository. This includes effective notice and disclaimer provisions on the site, thoughtful terms of use and privacy policies, limitations as to who may publish works and under what terms (for example, Creative Commons²²⁸), and other quality control mechanisms. While open systems may facilitate greater volume, there is also greater risk of content-based liability. Further, if additional volume does not serve the business purpose of the repository, it may create unnecessary and unwanted risk. Front-end quality-type controls may be one of the best ways to mitigate downstream risk. Of course, there should also be a carefully negotiated commercial arrangement with the cloud provider to allocate risk in line with each party's respective contributions and economic opportunities. In a typical arrangement involving the provision of cloud services for a fee, the repository owner should assume overall DMCA compliance responsibility and agree to post DMCA notice and takedown procedures clearly and conspicuously on its site. This should be reinforced by the cloud provider's agreement to post a clear and conspicuous notice on the appropriate page of its site highlighting the repository's process and the cloud provider's contractual

²²⁷ As with potential DMCA limits in circumstances of willful blindness, reason would suggest that there may be similar limits under the CDA in connection with knowing and egregious risk to national security.

²²⁸ At the time of this writing, Creative Commons is seeking comments on version 4 of the Creative Commons licenses, so we expect the new versions to be available and recommended for use in the near term.

obligation to promptly forward any misdirected notices to the repository. Should the cloud provider provide the hosting services in a co-branded environment, receive additional benefits through the hosting relationship, or contribute to the resources, the risk allocation should be adjusted to reflect the economics as well as the possibility of new risk.