

# Setting boundaries

Morrison & Foerster's **Paul Goldstein**, **Bita Rahebi** and **Roman Swoopes** ask when do foreign media platform operators infringe US copyrights?

**In an increasingly connected marketplace, unauthorised performances and displays of copyrighted works easily cross national borders.** Although the US Copyright Act generally does not apply to acts outside the US, recent decisions taking a relatively broad view of the public performance right leave no doubt that website owners cannot avoid liability merely by locating their operations abroad.

This article discusses how US courts are addressing the question of copyright liability for extraterritorial conduct and strategies, including geoblocking, aimed at avoiding liability in the US by foreign entities.

## Presumption against extraterritoriality

US copyright law naturally focuses on acts occurring in the US. The Copyright Act gives copyright holders the exclusive rights to reproduce, distribute, publicly display or publicly perform a copyrighted work and to prepare derivative works based on a copyrighted work (17 USC section 106). As the copyright laws do not apply extraterritorially, in general, each of these rights only extends to conduct that occurs within the US. But when an act of alleged infringement crosses borders, courts look at "whether [the] case, notwithstanding its extraterritorial elements, involves a permissible domestic application of the Copyright Act".<sup>1</sup> To determine whether the Copyright Act prohibits particular cross-border conduct, recent decisions have examined whether the conduct interferes with the exclusivity of the rights the Copyright Act guarantees.

## The public performance right

Some rights enumerated in the Copyright Act are easier to apply to foreign conduct than others. For example, a company that makes copies of a copyrighted work without authority in Canada and then sells copies of the work to US consumers would clearly infringe the US copyright owner's exclusive US distribution rights. On the other hand, sales in Canada by the same company would not infringe the

copyright holder's US rights.

The public performance right, which allows copyright holders to authorise the public performance of a work, is particularly complicated. Even in purely domestic cases, courts have struggled with what constitutes a public performance. In *ABC v Aereo*, the US Supreme Court considered a service that captured over-the-air television programmes and transmitted them to particular subscribers over the internet on demand. The court held that "both the broadcaster and the viewer of a television programme 'perform,' because they both show the programme's images and make audible the programme's sounds".<sup>2</sup> Moreover, the court held, Aereo's subscribers constitute "the public". Thus, the court concluded that Aereo "performed" the plaintiffs' copyrighted works publicly.

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*Aereo* illustrates that courts may take a broad view of the right to exclude others from performing works publicly, which makes it harder to design online media platforms that do not infringe the public performance right.

## Cross-border cases Spanski

In *Spanski Enterprises v Telewizja Polska*, a case of first impression for US appellate courts, the DC Circuit held that "a foreign broadcaster that... directs infringing performances into the United States from abroad commits a domestic violation of the Copyright Act".<sup>3</sup> TV Polska, a Polish broadcaster, granted Spanski an exclusive licence to perform its television content in the US, including over

the internet. Spanski sued when it discovered that TV Polska's "geoblocking" of US users had been disabled, and TV episodes it had exclusively licensed were available to US users on TV Polska's Polish website. "Geoblocking" technology checks a user's Internet Protocol (IP) address against a database and allows a content provider to exclude users from countries that are subject to restrictions. The district court awarded Spanski over \$3m in damages.

The DC Circuit affirmed. The court analogised to *Aereo* and concluded that "a video-on-demand system, like TV Polska's, that transmits copyrighted episodes purposely selected and uploaded by the system operator" infringed the public performance right.<sup>4</sup> The court rejected TV Polska's defence regarding extraterritorial extension of US copyright law. The court concluded that although TV Polska uploaded and formatted the 51 episodes at issue in Poland, the infringing performances occurred on the computer screens in the US. The court reasoned that infringers should not be allowed to avoid US copyright liability by locating their servers outside the US.

Interestingly, although the *Spanski* court acknowledged that intent is not an element of copyright infringement, it affirmed the district court's finding that TV Polska employees "must have volitionally acted to remove territorial restrictions from the 51 Episodes".<sup>5</sup> The court did not explain how TV Polska's modifications to its geoblocking restrictions fit into the decision. The court acknowledged concerns that finding domestic infringement based on these facts could "leave any casual internet user anywhere in the world open to liability for uploading copyrighted content to a foreign website whenever anyone in the United States happens to stumble upon it".<sup>6</sup> But the court noted that such users might have other defences, such as a lack of proximate causation between the foreign conduct and the domestic performance or a lack of personal jurisdiction over the foreign user. The court, however, explicitly declined to decide whether the Copyright Act requires volitional conduct or proximate causation.

## District court cases

Other courts have concluded that merely making US-copyrighted content available on a foreign website, without more, may fail to state a claim for copyright infringement or even fail to confer personal jurisdiction in the US.

### State Street

In a recent decision, the New York district court in *State Street* required an additional link to the US beyond mere accessibility on a foreign website to find infringement.<sup>7</sup> The court explained that decisions finding US liability for foreign internet publications have required some “plus” factor. These plus factors have included (1) directing copyrighted material into the US; (2) foreign acts intended to have an effect within the US; and (3) uploading copyrighted materials to servers located in the US.

The *State Street* court dismissed a claim based on allegations that Australian firms with no business ties to the US had placed photos of the plaintiff’s copyrighted work on their websites. The fact that the photos were accessible in the US, standing alone, was insufficient to state a US infringement claim given the limitation on the extraterritorial application of US copyright law.<sup>8</sup> From the *State Street* decision, it is unclear whether the defendants had used geoblocking.

### Carsey-Werner

Decisions on personal jurisdiction, which look for infringing acts on US soil, may guide judicial responses to claims of extraterritoriality. In *Carsey-Werner v BBC*, a California district court dismissed claims against the BBC due in part to its use of geoblocking to restrict access to video content.<sup>9</sup> *Carsey-Werner* sued the BBC for streaming a TV programme to BBC customers that utilised several clips from *Carsey-Werner’s* TV shows. The BBC relied on geoblocking to prevent users from outside the UK from viewing the accused programme and other content, and the BBC’s terms of service prohibited access to video content from outside the UK. But users of virtual private networks (VPNs) or proxy servers, which can make a request appear to come from a different country, were able to circumvent these restrictions and access the programme from the US.

The district court dismissed *Carsey-Werner’s* claims for lack of personal jurisdiction. In the court’s view, the fact that some Californians may have viewed the copyrighted content did not establish that the defendants directed their conduct toward California because any viewings in California occurred despite the defendants’ efforts to prevent it. Because the

BBC was actively trying to avoid contacts that could give rise to legal action outside the UK, the US court lacked personal jurisdiction to hear the copyright claims against BBC.

### Triple Up

The one court to squarely address whether geoblocking is required to avoid infringement answered in the negative. In *Triple Up v Youku*, the district court dismissed claims against a Chinese streaming service that utilised geoblocking for videos that the service’s employees uploaded, but not for videos that users uploaded. The district court rejected the notion that geoblocking was mandatory: “To be sure, the proposition that a website’s affirmative geoblocking efforts should weigh against the exercise of personal jurisdiction is unobjectionable. But [plaintiff’s] proposed rule – which equates a failure to geoblock with purposeful availment – would effectively mandate geoblocking for any website operator wishing to avoid suit in the United States.”<sup>10</sup> Although the court rejected such a mandate at this time, it noted that in the future, geoblocking might become so widespread that a failure to use it will be considered purposeful and have jurisdictional significance.

## Takeaways

The cases above raise the question of what steps foreign media platforms can be expected to take to avoid US copyright liability. Platform providers may find the technological and contractual steps in *Carsey-Werner* to be a starting point for avoiding liability. The BBC used geoblocking to attempt to exclude non-UK users, and its terms of service prohibited viewing content from outside the UK. In view of those efforts, the fact that some VPN users circumvented these measures did not create grounds for a copyright suit in the US. Besides blocking users from restricted geographies, platform providers might consider blocking VPN services that have been used to circumvent restrictions in the past. If a platform provider decides to use geoblocking, however, its failure to configure the system in a manner consistent with its licensing rights may expose it to liability.

Copyright practitioners should closely scrutinise certain operations. In particular, streaming services that are ostensibly aimed at one person, but in fact are received by several, may qualify as public performances under *Aereo*. Practitioners should also monitor similar transmissions of still images because courts apply the same rules for public displays and public performances. Practitioners should additionally note that the same targeting to US consumers that gives rise to public

performance or display may also expose the transmitter to specific personal jurisdiction in US courts. Finally, because other countries may define the scope of the right to communicate to the public differently from US courts, a practitioner reviewing US-based transmissions of copyrighted content into other countries should consider the scope of the right in the relevant foreign territories.

### Footnotes

1. *Spanski Enters v Telewizja Polska, SA*, 883 F.3d 904, 913 (DC Cir 2018) (citation omitted).
2. *Am Broad Companies, Inc v Aereo, Inc*, 573 US 431, 441 (2014) (citing 17 USC section 101).
3. *Spanski*, 883 F.3d at 916.
4. *Id.*, at 911.
5. *Id.*, at 909.
6. *Id.*, at 915–16.
7. *State St Glob Advisors Tr Co v Visbal*, 431 F. Supp. 3d 322, 339–40 (SDNY 2020).
8. This outcome is consistent with the decision in *Superama Corp, Inc v Tokyo Broadcasting System Television, Inc*, 830 F. App’x 821, 823 (9th Cir 2020), which concluded that downloading video content from a US server onto a Japanese system for rebroadcast in Japan did not infringe US copyright.
9. *Carsey-Werner Co, LLC v Brit Broad Corp*, No. CV 17-8041 PA (ASX), 2018 WL 1083550 (CD Cal 23 Feb 2018).
10. *Triple Up Ltd v Youku Tudou Inc*, 235 F. Supp. 3d 15, 25 (DDC.2017), *aff’d*, No. 17-7033, 2018 WL 4440459 (DC Cir 17 July 2018).

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