

Issues in IT Law—Legal and Policy Challenges of P2P Networks

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First Consultation
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Copyright Protection in the
Digital Environment

Consultation Issues

3. Online Service Providers
4. Facilitation of Copyright Lawsuits
5. Statutory Damages

Rationales

(1) Unfair to ISPs

(2) Shared Responsibility

(3) Internet Service Hub

Actions

(1) Notice and Take Down Procedure

(2) Monitoring

(3) Filtering

(4) Disruption of Service

FRANCE:
Graduated Response
(3 Strikes)

Problems

(1) Mistaken Identity

(2) Problem Cases

Problem Cases

- 71 Year Old Grandpa
- 66 Year Old Grandma
- 12 Year Old Honor Student
- Harry Potter book report

(3) Potential Abuse

Potential Abuse

- Against Competitors
- Against Journalists
- Against Whistleblowers
- Good faith, but Wrong

(4) Outdated Law

“P2P software was ‘not even a glimmer in anyone's eye when the DMCA was enacted’ . . . [and that] Congress had no reason to foresee the application of 512(h) to P2P file sharing, nor did they draft the DMCA broadly enough to reach the new technology when it came along.”

— *RIAA v. Verizon Internet Services Inc.*

Recommendations

(1) Introduce a **counter notice procedure** that would require the online service provider to immediately **'put back'** materials that have been wrongfully taken down.

(2) Introduce **penalties for the misrepresentation** of copyright claims using the notice and takedown procedure.

Section 512(f) of the DMCA:

“knowingly materially misrepresents”

(3) **Prohibit** online service providers from using **contracts** to **escape liability** for their failure to put back materials that have been wrongfully taken down.

(4) Introduce a **complaint and enforcement procedure** to examine and respond to cases where the online service provider fails to put back materials on a timely basis following the receipt of a counter notice.

(5) Introduce a **review mechanism** for the notice and takedown procedure.

(6) Maintain a **public record** of takedown and counter notices **for legislative review**, keeping in mind the need for protection of privacy and confidential information of copyright holders and individual users.

(7) Provide funding for universities or other relevant not-for-profit organizations in Hong Kong to establish **legal clinics** to assist individual users to deal with copyright-related legal problems.

Preliminary Proposals

Facilitate the drawing up of a **voluntary code of practice for OSPs** in combating internet infringements, the **compliance with which or otherwise will be prescribed in law as a factor that the court shall take into account when determining whether an OSP has authorised infringing activities committed on its service platform.**

Regulation v. Self-regulation

Consultation Issues

4. Facilitation of Copyright Lawsuits
5. Statutory Damages

Rationales

(1) Necessity

(2) Costs

(3) Efficiency

Problems

(1) Costs

Copyright Holders



Online Service Providers

(2) Unintended Consequences

Unintended Consequences

- Privacy
- Anonymity
- Free Speech
- Other Civil Liberties

(3) Potential Abuse

Stalkers

Pornographers

Other Social Deviants

Recommendations

(1) Refrain from introducing a streamlined mechanism that would allow copyright holders to obtain the personal information of Internet users directly from the providers without going through the court system.

(2) Refrain from introducing a mechanism that would require the online service providers to track and monitor behaviour by Internet users and to retain information of such behaviour for an extended period of time.

Preliminary Proposals

Continue to rely on the “Norwich
Pharmaceutical” principles, as opposed to
introducing an alternative infringer
identity disclosure mechanism that is
not subject to scrutiny by the court.

Norwich Pharmacal relief is a well-established equitable relief under the common law which requires a third party who has facilitated certain wrongdoing to disclose the identity of the wrongdoer to the victim.

3 conditions:

(i) there must be cogent and compelling evidence to demonstrate that **serious tortious or wrongful activities** have taken place;

(ii) it must be clearly demonstrated that the order will or will very likely reap substantial and worthwhile benefits for the plaintiff; and

(iii) the discovery sought must not be unduly wide.

Consultation Issues

5. Statutory Damages

Rationales

(1) Difficult to Prove Actual
Damages

(2) Deterrent

Problems

10,000 songs
x HK\$150,000

1,500,000,000

10 songs
x HK\$150,000

1,500,000

\$20,000 v. \$1.5 billion

There may not be harm!

Recommendations

(1) Refrain from introducing statutory damages except when the infringing activity is conducted on a commercial scale and has resulted in financial benefits that are directly attributable to the activity.

(2) If statutory damages are unavoidable, impose a legal burden on the copyright holder to prove beyond a reasonable doubt that the infringer does not have a good-faith belief that the infringing activity is legal.

Second Consultation

6. The practitioners in the intellectual property field including members of the legal profession were divided on whether the legislative changes demanded by copyright owners to facilitate the pursuit of civil actions, in particular the prescription of statutory damages, should be introduced.....

... Those not in favor questioned whether the mechanism currently available to copyright owners in asserting their civil rights against online infringements were causing insurmountable problems to the extent that warranted such draconian relief measures as fettering the court's discretion in determining the appropriate damages.

22. The nature of damages is compensatory [n.5] and, as a general rule, the plaintiff has to prove to the court the loss he suffered and that the infringement in question is the effective cause of the loss. . . .

n.5 Copyright infringement is a **statutory tort**. Damages in tort are generally awarded to **place the claimant in the position he/she would have been had the tort not taken place.**

.... We are not aware of any example of statutory damages for tort actions in Hong Kong. In other words, the introduction of statutory damages into our intellectual property rights protection regime could have far-reaching implications on other civil proceedings. Moreover, we envisage substantive difficulties in specifying a range (or ranges) of damages that could do justice over a wide spectrum of infringements, ranging from massive blatant cases to innocent ones.

Preliminary Proposal

Prescribe in law **additional factors** to assist the court in considering the **award of additional damages**, in lieu of introducing statutory damages for copyright infringement actions.

New Developments

Media Shifting Exception

Album → Cassette → MP3

*Gowers Review of Intellectual
Property*

Australia
New Zealand
United Kingdom

Hong Kong ???

Concerns

(1) Obsolescence

Annex B: “We consider that the proposed new exception **should not confer any right to circumvent** such technological measures so as to enable copyright owners to develop appropriate business model in face of the proposed new exception.”

17 U.S.C. § 1201(c):

“[N]othing in this section shall affect rights, remedies, limitations, or defenses to copyright infringement, including fair use, under this title.”

(2) Quid pro Quo

Annex B: “Whilst there is growing recognition by the industry worldwide that **media shifting by consumers is a fact of life**, some copyright owners remain adamant that the current civil remedies, though difficult to enforce, **should be kept if only as a deterrent.**”

Gain → Media Shifting

Loss → The right to Circumvent

Loss → Criminal Liability for
Uploading and Streaming

Loss → Additional Copyright
Damages

Loss → Stronger Protection of
Technological Protection Measures