Chairman Tillis, Ranking Member Coons, Members of the Subcommittee:

I appreciate the opportunity to speak today about the value of the current 512 notice-and-takedown framework and the success it has fostered for the creative community, online service providers, and the user community. As the Copyright Office noted in its recent report on Section 512 of Title 17 (“Report”), the internet provides “an almost endless amount of music and audiovisual entertainment.” (Report at 28) This success is in large part due to the careful drafting of Digital Millennium Copyright Act (“DMCA”) and section 512. Internet Association (“IA”) thanks the Copyright Office for its work over the past five years to fulfill the mandate of Congress in preparing its report.

As elaborated in this testimony, we are gratified that the Report recognizes some of the essential ways in which the DMCA has built the vibrant internet landscape for creators, businesses, and other users that we see today. Further, we note that many of the piracy concerns that challenge the content industry are primarily fueled by bad-faith online actors overseas, none of whom are in IA’s membership, and whom IA members work closely with rights holders to thwart. Unfortunately, those bad actors are, by definition, beyond the reach of U.S. copyright law. However, we are deeply concerned about the potential implications of the Copyright Office’s recommendations related to the scope of the safe harbor. They fail to take fully into account the context of section 512, the sophisticated and robust IP protection measures that have been developed as the result of the collaboration fostered by section 512, and the potential negative impact that adoption of the recommendations would have on the ability of online service providers (“OSPs”) to continue to innovate and to provide the services on which users rely.

IA represents over 40 of the world’s leading internet companies. We support policies that promote and enable internet innovation and are dedicated to advancing public policy solutions that strengthen and protect internet freedom, foster innovation and economic growth, and empower users. IA’s membership comprises companies of a range of sizes and business models. IA members are creators, distributors, platforms, and licensees of content of all types. I am grateful to have the opportunity to testify before this Subcommittee today, not just as a representative of these innovative companies, but as an attorney who spent much of the past decade protecting hundreds of popular software and video game titles from online infringement.
while relying on the DMCA and other effective practices like personal outreach, thoughtful discourse, and good-faith collaboration.

Over the past five years, IA actively participated in the process that led to the Copyright Office’s Report. We submitted three rounds of comments. We attended several of the roundtables. Additionally, many IA members submitted their own comments and participated directly in the roundtables. We appreciate that the Report quotes and cites the contributions of IA and its membership, and the Office’s recognition of our intensive and constructive participation in the Office’s work.

The Report confirms a number of the positions articulated in these earlier statements by IA and its members. The Report recognizes that section 512 has fostered the growth of an internet that has transformed the world we live in for the better. The internet of today, including the services of IA members, has provided rightsholders with an efficient means of reaching a global audience, thereby creating new revenue streams and allowing new voices to be heard. In addition, the Report acknowledges the important voluntary efforts OSPs have made to prevent infringement. Crucially, the Report affirms the core principle that OSPs operating in good faith must be afforded legal certainty and leeway to innovate, for the benefit of all their users, including the creators who use these services.

We also strongly echo the Copyright Office’s skepticism of the appropriateness of measures developed in certain other countries, such as notice-and-staydown and site blocking.

However, we firmly disagree with the Report’s conclusion that the intended balance of section 512 has been “tilted askew,” as well as with many of the Office’s accompanying recommendations. The balance Congress sought to achieve in section 512 in 1998 is not askew. Indeed, the legislative intent of fostering collaboration among stakeholders and the growth of a robust and innovative internet has been decidedly achieved, resulting in the development of cutting-edge solutions to infringement and other voluntary measures. The cumulative effect of the Report’s recommendations would risk fundamentally transforming the nature of the internet and the services and solutions companies like those in IA’s membership can provide.

Indeed, it is section 512 that has facilitated the development of the internet’s rich and varied opportunities for people to connect, share, entertain, and discuss matters of public and personal importance. It is only with the legal certainty afforded by section 512’s safe harbors that such interaction is possible. Without the clearly defined safe harbors of section 512, service providers would face potentially crippling exposure to copyright infringement liability, and in exchange would be forced to undertake measures to limit that exposure, to the detriment of content owners and users alike and at a time when online connection is needed more than ever.

I. THE DMCA’S APPROACH HAS RESULTED IN INNOVATION, COLLABORATION, AND THE LAWFUL SHARING OF CONTENT.

A. The Copyright Office confirms that the DMCA has facilitated the lawful creation and distribution of copyrighted works.
IA and its members strongly agree with a number of the conclusions in the Report that find that the DMCA has led to significant benefits for modern society and its participants. For example, the Report confirms that the DMCA has “helped foster the growth of the internet” while also providing new opportunities to creators. (28-29, 197) Further, the Report observes that the internet of 2020 provides enormous value by creating a “rich tapestry” of services, an “almost endless amount” of content from creators of all types, and advancements in content distribution. (28, 197)

As to the growth of content that has arisen under the DMCA, the Report explains that “faster internet speeds have made possible the dissemination of vast amounts of content via streaming—that in turn has given rise to new types of film and television studios and new means of consuming content.” (30) Similarly, the Report recognizes the benefits of “the advances in legitimate content options and delivery systems….” (197)

And with respect to new opportunities for individual creators in particular, the Report notes that “new artists continue to find an audience without having to first convince a third party that there is a demand for what they do.” (28-29) Likewise, the Copyright Office “is mindful of those creators who have been able to leverage new technologies to their benefit….” (197)

B. The Copyright Office recognizes that OSPs have made significant efforts to combat online infringement beyond DMCA compliance.

The Report recognizes the important efforts OSPs have made, beyond DMCA compliance, to fight against infringement in the internet environment. For instance, OSPs have participated in the adoption of best practices for different internet sectors, including internet advertising networks (36, 38); advertisers and ad agencies (38); and hosts of user-generated content. (36) Relatedly, OSPs have entered into formal agreements with rightsholders, such as the Copyright Alert System administered by the Center for Copyright Information. (40)

OSPs have also adopted technologies to exclude infringing material from their systems and to create new opportunities for revenue. For example, YouTube has invested over $100 million in its Copyright Management Suite, including Content ID. (42) Facebook, Vimeo, and Twitch all employ Audible Magic, another content recognition technology. (45) Facebook developed its own content protection tool called Rights Manager. (45) Dropbox utilizes a hash-matching technology. (46)

It is only with the collaboration and flexibility engendered by section 512 that such advanced systems have been developed. The balance struck by section 512 has encouraged cooperation between rightsholders and OSPs, but does not increase an OSP’s liability for simply attempting to expand beyond the DMCA’s requirements. That said, even these expensive, cutting-edge technologies are limited and imperfect. A legislative mandate to employ such systems would risk slowing their development, place particular strain on smaller OSPs, and risk affecting legitimate content and free speech.
C. The Copyright Office agrees that OSPs must have legal certainty and leeway to innovate.

One of the Guiding Principles adopted by the Copyright Office for this study is that “OSPs operating in good faith must be afforded legal certainty and leeway to innovate.” (65) IA and its members strongly agree. The current notice-and-takedown framework provides for a clear allocation of responsibilities between OSPs and rightsholders. Altering the DMCA’s existing knowledge and notice standards, as the report suggests, would make them less predictable, thereby increasing operational risk for both existing platforms and new entrants. Moreover, putting unprecedented limits on the types of functionality that platforms can offer users beyond mere file storage will chill innovation and discourage incremental design improvements that benefit users. We wholeheartedly agree that “a vibrant and innovative technology sector offers benefits for many parts of society,” including technology companies, the creative industry, and the general public. (64-65) Encouraging new investment in innovation requires a stable legal framework like the DMCA’s current notice-and-takedown process, which allows OSPs to offer user-driven services in a way that avoids the risk of massive copyright liability and allows creativity to flourish.

D. The Copyright Office does not endorse other countries’ approaches such as notice-and-staydown and site blocking.

During the five-year course of the Copyright Office’s study and in some of the previous hearings before the Subcommittee, some rightsholders have advocated adoption of approaches pursued by other jurisdictions, including notice-and-staydown and site blocking. The Report rightly expresses skepticism concerning these measures, noting that much of the relevant evidence they received was “anecdotal or conflicting” and that there is still “relatively little data” on the functioning of the international regimes in question. (185) IA strongly agrees that such international approaches should be viewed with skepticism.

II. THE BALANCE CONGRESS ESTABLISHED IN SECTION 512 IS NOT ASKEW.

We respectfully submit that the Report’s conclusion “that the balance Congress intended when it established the section 512 safe harbor system is askew” is fundamentally incorrect. (197) Several factors appear to have contributed to the Office reaching this erroneous conclusion.

A. The Report misconstrues the balance Congress sought to achieve.

When discussing the balance Congress intended to be achieved in section 512, the Report focuses on only two sets of stakeholders -- rights holders and OSPs -- and fails to give sufficient weight to users’ interests in its assessment. Illustratively, the Report at page 83 refers to the “two principal groups whose interests Congress sought to balance” in section 512 as the rightholders and the OSPs. However, the legislative history the Report itself quotes lists three groups of stakeholders: “content owners, on-line and other service providers, and information users.” (72)
While the Report does mention users on occasion, in general it pays insufficient attention to their interests. The recent pandemic has demonstrated the importance of the internet to Americans for work, education, entertainment, and creativity. While it is understandable that the Copyright Office would focus on the impact of section 512 on copyright owners and copyright law, an assessment of the DMCA safe harbors is incomplete without meaningful consideration of other values important to users, such as free speech, economic and cultural citizenship, and privacy. This lack of attention to user interests has an unfortunate impact on the Office’s specific recommendations, as discussed below.

It bears emphasis that “users” in this context is not synonymous with consumers. While OSPs obviously provide services to individual consumers, they also provide services to many businesses. The section 512 safe harbors enable OSPs to provide businesses with mission critical services such as internet access, hosting of websites and online marketplaces, cloud storage, and search—at affordable prices and with robust privacy and security. Moreover, many of these users are creators and rightsholders themselves.

B. The Report mischaracterizes the uniformity of rightsholders views on section 512.

The Report asserts that rightsholders are “virtually uniform” in their dissatisfaction with the operation of section 512, but this is not the case. Many commercially significant rightsholders, such as software developers and video game creators, do not seek any changes to section 512. In addition, independent creators of all types who rely on the services that our members provide to distribute their work and run their businesses have positive views of section 512. Moreover, the safe harbors have enabled the emergence of a culture where every user is also a creator. The Report undervalues this form of organic, unmediated creativity, which is at the heart of the constitutional objective to “promote the progress of science and the useful arts.”

Further, it should be noted that some segments of the entertainment industry have opposed section 512 since its inception. Much of the dissatisfaction with the operation of section 512 voiced during the course of the Office’s study is likely less a function of technological changes and judicial interpretations, and more a matter of longstanding opposition to the concept of safe harbors.

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1 IA members include firms that generate significant revenue from the distribution of software, video games, books, and films.
2 Several independent creators participated in the Copyright Office roundtables on section 512 in 2019. The full list of participants can be found at https://www.copyright.gov/policy/section512/public-roundtable/2019-512-agenda.pdf.
3 These types of creators were actively represented in the Office’s study by organizations such as the Organization for Transformative Works, which relies on the section 512 safe harbors to operate a fan-fiction website.
4 As the Report notes, the Clinton Administration’s 1995 White Paper on Intellectual Property and the National Information Infrastructure concluded that OSPs should be held liable for the infringing activities facilitated by its services. (17)
C. The Report fails to assess section 512 in its complete context.

When Congress, under the leadership of Senators Hatch and Leahy, fashioned the DMCA in 1998, it hoped to build a framework where rightsholders and OSPs cooperated in the development of electronic commerce generally and the creation of a flourishing lawful marketplace for copyrighted works in particular. One element of this framework was the section 512 safe harbors, which limited the liability of service providers so long as they took certain measures to prevent infringement, such as terminating the accounts of repeat infringers and responding to takedown notices. Another element of the framework was the section 1201 prohibition on the circumvention of technological protection measures, and the trafficking in devices that enabled this circumvention. Together, these legal measures have served to incentivize rightsholders and OSPs to cooperate in combating online infringement and distributing legitimate content.

The DMCA’s framework has succeeded in its objective of creating a flourishing lawful online marketplace for content via cooperation between rightsholders and OSPs. There are three dimensions to this cooperation. 1) OSPs have built an efficient, robust, and accessible content-sharing infrastructure that allows creators, from individual artists to large media companies, to promote and distribute their works globally at low cost. 2) OSPs often license traditional forms of content from rightsholders for new products and have entered into partnerships with rightsholders for the creation and distribution of new kinds of content. 3) OSPs have undertaken a host of voluntary measures to prevent online infringement.

In addition to those mentioned above, OSPs have developed sophisticated and robust tools for rightsholders to facilitate the identification and removal of infringing content; eBay’s Verified Rights Owner (VeRO) Program is but one example. Further, Google and Bing have worked with rightsholders to harness the notices sent by rightsholders under Section 512(c) not just to remove links to identified infringing content, but to also demote the appearance of other links from such piracy websites in key search results, which had a significant and measurable impact on the appearance of links to pirated sites in search while avoiding impact on legitimate websites. At the same time, both companies worked to provide instruction for rightsholders on how to increase the visibility and access to legitimate websites in those same search results.

To be sure, the Report does acknowledge voluntary measures taken by OSPs, and the benefits rightsholders have received from internet distribution, but it downplays their significance. Indeed, the Report is almost devoid of economic data concerning the explosive growth of revenue in the entertainment industry from streaming.

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5 According to the Copyright Office’s Report on Section 1201 of Title 17, “many copyright owners argue that [section 1201] has worked just as Congress intended, laying the foundation for the explosion in legitimate digital dissemination over the past two decades.” 1201 Report at ii.
6 IA members report that rightsholders could make better use of the tools provided by OSPs.
8 One study that discussed this information in detail, the Copia Institute’s The Sky is Rising, 2019 Edition: A Detailed Look at the State of the Entertainment Industry, was relegated to a footnote.
None of this is to diminish the challenges faced by some individual creators in adjusting to the always evolving digital environment. But the solution to those challenges should not be to erode the legal certainty and other salutary purposes and effects of the DMCA. Instead, the solution should be to continue to provide the flexibility that has encouraged stakeholders to work together to come up with appropriate and effective measures.

Moreover, to the extent that these challenges result from infringement, it should be noted that most of that infringement occurs overseas, beyond the reach of the U.S. Copyright Act. The U.S. government must keep up its pressure on foreign governments to pursue extraterritorial websites entirely dedicated to piracy and should avoid the temptation to subject legitimate platforms to unduly onerous standards because the most egregious offenders are out of reach.

III. THE OFFICE’S SPECIFIC RECOMMENDATIONS WOULD INTERFERE WITH OSPS’ ABILITY TO PROVIDE AMERICAN BUSINESSES AND CONSUMERS WITH THE SERVICES UPON WHICH THEY RELY.

The Report states that it “is not recommending any wholesale changes to section 512, instead electing to point out the numerous areas where Congress may wish to fine-tune section 512’s current operation in order to better balance the rights and responsibilities of OSPs and rightsholders, in alignment with its objectives when it passed the DMCA.” (7) In fact, the cumulative effect of the changes recommended by the Report would be to disrupt the balance established by Congress in section 512 to the detriment of internet users, including businesses and individual creators. I will not respond to all the changes recommended by the Office, just those of greatest concern to IA members.

A. Eligibility for 512(c) safe harbor

We strongly disagree with the Report’s suggestion that services that “promote the consumption” of user-uploaded content may not have been intended to fall within the section 512(c) safe harbor for storage of content at the direction of a user. Restricting the services related to storage to exclude algorithmic identification of content would all but exclude every modern OSP from the scope of section 512(c), giving liability protections only to the bulletin board services from the 1990s. Simply because the internet experience in 1998 was not as rich as it is now does not mean that today’s OSPs should be excluded from the safe harbor. Indeed, the DMCA was intended to incentivize innovation and the growth of the internet. Simply put, algorithmic recommendations—which benefit users by connecting them to their communities and information they are likely to be interested in—do not negate the principle that the underlying content is stored at the direction of the user.

(183 n.975). A hard look at the overall economic impact of the internet on the entertainment industry deserves more than a footnote at the end of the Report.
B. Knowledge requirements

The Report expresses the view that judicial interpretations have construed the knowledge requirements of section 512(c) too narrowly and suggests that Congress clarify the distinction between red-flag and actual knowledge. However, the Report’s observations, taken to their logical conclusion, suggest that a sophisticated OSP with advanced technological solutions would essentially always be on red-flag notice of infringement. Indeed, the Report concedes that its suggestion could mandate filtering: “a major platform that hosts audiovisual works with a history of hosting infringing content may need to implement costly filtering technologies.” (123-24) This, however, raises a host of issues and contradicts the Report’s well-founded concerns regarding a notice-and-staydown obligation. (185)

Moreover, the Report subordinates the provisions of section 512 (m) to the knowledge requirement when it recommends that Congress “clarify whether the prohibition against a duty to monitor found in section 512(m) in fact releases OSPs from a duty to ‘check further’ when it is presented with red flag knowledge of infringement, absent red flag knowledge related to a specific piece of copyrighted content or incidence of infringement.” (123) The Report’s recommendation does not give sufficient weight to the importance of section 512(m) in the architecture of the safe harbors. Indeed, section 512(m) is perhaps the least ambiguous provision of section 512. Congress asserted that “nothing in this section shall be construed to condition the applicability” of a safe harbor on “a service provider monitoring its service or affirmatively seeking facts indicating infringing activity….” Without doubt, Congress did not intend to impose on OSPs a duty to “check further” once it obtained a general awareness of infringing activity. Eligibility for safe harbor protection should not be contingent on a requirement to undertake proactive monitoring, and the undertaking of such measures in good faith should not put an OSP at risk of losing the safe harbor. The “clarification” the Office recommends with respect to red-flag knowledge would change a fundamental feature of section 512’s design.

Section 512(m) reflects Congress’s awareness of the enormous challenge of an OSP effectively monitoring a large service for infringing content. The notice-and-takedown system is premised on the understanding that rightsholders are best situated to identify what content of theirs is being infringed. They know what content they own; they know what content they have uploaded themselves; they know what content they have licensed to third parties; and they are in the best position to make a preliminary assessment of whether fair use permits another party to use the content without authorization. Moreover, section 512(m) was intended to protect user privacy by not mandating OSP monitoring.

As with red flag knowledge, the Report does not give sufficient weight to section 512(m) in its discussion of willful blindness. The Report states that “the current articulation of the willful blindness standard is likely more narrow than appropriate,” even though the term “willful blindness” appears nowhere in section 512. (127) The Report adds that “this is another instance

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9 “Willful blindness” was imported into section 512 by the courts, to the benefit of rightsholders. IA agrees with some judicial interpretations of section 512 and disagrees with others. Some have benefitted its members; others have harmed them. Overall, the judicial interpretations have
in which the section 512 system may benefit from congressional action to provide clarity on the proper interaction between section 512(m) and the obligations placed on OSPs elsewhere in the statute.” As noted above, we do not believe additional clarity is needed; Congress has unambiguously stated its policy preference in section 512(m). Because each of a statute’s provisions must be given effect, the knowledge standards in section 512(c) cannot be interpreted in ways that ignore or undermine 512 (m). Federal courts that considered and decided this issue with the benefit of expert briefing on both sides did so correctly.

C. Repeat infringer policies

The Report’s discussion of repeat infringer policies fails to reflect the practicalities of adopting and reasonably implementing such policies. The Report makes two principal recommendations concerning repeat infringer policies: that OSPs’ repeat infringer policies be documented publicly, and that Congress provide guidance on what constitutes “appropriate circumstances” for the termination of repeat infringers. Both are problematic.

With respect to the public documentation of repeat infringer policies, the Report fails to appreciate the detrimental effects such publication might have. First, the more detail about a repeat infringer policy is revealed, the more likely it is that bad actors can tailor their behavior to “game the system” and avoid termination—a result that certainly cannot be Congress’s intent. And second, publishing the details of a repeat infringer policy would remove from OSPs’ arsenal one of the most effective tools they have: the flexibility and dexterity to continually modify and enhance their policies to combat the behaviors of bad actors.

The Report further recommends that Congress provide guidance on what constitutes “appropriate circumstances” for the termination of repeat infringers. The Report states that “the bar for demonstrating reasonable implementation and appropriate circumstances” for termination under repeat infringer policies “has been set so low for OSPs as to be largely impractical.” (109) To the contrary, IA’s members do in fact have consistently robust and effective repeat infringer policies. And as recent judicial decisions demonstrate, to the extent other OSPs may have inadequate repeat infringer policies, the current structure of the DMCA is effective, such that those OSPs have been disqualified from the section 512 safe harbor. No additional review is needed to address a system that is working in practice.

As with other topics identified above, the flexibility of section 512 has enabled OSPs to develop policies that fit the specifics of their service and the people that use them. For example, the policies that make the most sense for an internet provider may not be the same policies that make the most sense for a video website, and vice versa. As the Office recognizes, removing internet access from a college student may be harmful, but it may be even more harmful to disable internet access to an entire family with just one connection in a rural area. Similarly, there is considerable and unique harm from barring a user from a social media platform, which is “perhaps the most powerful mechanism available to a private citizen to make his or her voice

remained true to Congressional intent. Moreover, the courts have succeeded in punishing bad actors, while allowing legitimate services to flourish.
heard.” *Packingham v. North Carolina*, 137 S. Ct. 1730, 1737 (2017).\(^{10}\) It is the OSP itself that is in the best position to know the circumstances and thresholds at which it is appropriate to remove such access.

### D. Abusive notices and fair use

The Report does not give sufficient weight to the problem of abuse of the notice-and-takedown system. The Report devotes 114 pages to a discussion of specific findings and recommendations. Of these 114 pages, 106 pages are devoted to the entertainment industry’s complaints concerning section 512, while only eight pages are devoted to concerns raised by OSPs and public interest groups concerning abuse of the notice-and-takedown system and its impact on fair use and free speech. Despite evidence that as much as 30 percent of notices are defective in some manner, the Office does not recommend any action by Congress to protect fair use and free speech. A recent Wall Street Journal article highlights such abuse of the system by reputation management services seeking to clear the internet of damaging references to their clients.\(^{11}\) Rather than addressing these circumstances, the Report goes in the exact opposite direction, suggesting instead that Congress monitor the potential adverse impact of the *Lenz* decision on rightsholders.\(^{(152)}\)

In a footnote, the Report acknowledges that “abuses of the DMCA system do call for some enforcement mechanism.”\(^{(148 \text{n.790})}\) But it questions the effectiveness of private actions under section 512(f) in deterring such abuses. Instead, it states that “to the extent the such tactics represent ongoing patterns of abusive business practices, governmental enforcement outside the context of section 512 would appear to be a better avenue for addressing their proliferation.” The Report does not indicate what sort of “government enforcement” would be appropriate, by whom, and under what theory.

Importantly, this is not just a consumer or public interest issue. Companies use DMCA takedown notices inappropriately to remove rivals’ websites. People use DMCA notices to disable critical speech or content they disagree with. And some people file DMCA notices without any understanding of copyright. With these challenges in mind, IA member companies need flexibility to build their notice-and-takedown systems so that they are not only effective and efficient for rightsholders, but also limit abuse and misuse.

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\(^{10}\) The Report does not cite *Packingham*, despite its relevance to the appropriateness of account termination.

\(^{11}\) https://www.wsj.com/articles/google-dmca-copyright-claims-takedown-online-reputation-11589557001

\(^{12}\) In fact, *Lenz* was a watershed case in DMCA jurisprudence, reaffirming the importance of fair use in the calculus of submitting a section 512(c) notice and whether a rights holder can attest, under penalty of perjury, that the identified content infringes its copyright. If anything, Congress should consider codifying the *Lenz* principles into the requirements to make out a valid section 512(c) notice.
In addition, the problem of the removal of non-infringing content will only get worse if Congress adopts the Report’s recommendations. Amending the red-flag knowledge and willful blindness tests, as well as changing the notice requirements could result in even more lawful content being excluded from the internet—to the detriment of both content creators and users.

In conclusion, IA and its members firmly disagree that section 512 is askew. To the contrary, it continues to engender collaboration among members of the creative ecosystem, strong commitment by IA members to removing infringing material, and confidence to innovate and create. We appreciate the Subcommittee’s interest in ensuring that creators are well served by our copyright system, and we believe section 512 achieves this aim. As you review the recommendations made in the Copyright Office’s Report, we urge you to strongly consider the interests of the entire creative community, including the tech industry and the users who rely on its services to share their own creations. We believe that in so doing you will see that the system as it currently stands strikes a remarkable balance for all the members of the ecosystem.

Thank you for giving me this opportunity to testify. I would be happy to answer any questions you may have.