

Cartoon Network LP v. CSC Holdings, Inc.: Remote-Storage Digital Video Recorders and Copyright Law

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Summary

The time-shifting technologies that consumers use to record television programs as they are broadcast and to play them back later have long prompted allegations of copyright infringement from broadcast networks and movie studios. However, as the technologies have evolved and lawsuits against their manufacturers have been resolved, the nature of the copyright claims has changed. In 2006, broadcasters and studios sued Cablevision over its proposed remote-storage digital video recording service, which would allow consumers to record and play back broadcast content using Cablevision's facilities instead of in-home devices. Because the recordings were made at Cablevision's facilities and the playbacks were transmitted from there, content owners claimed direct infringement of their reproduction and public performance rights. Previously, copyright holders had claimed contributory or vicarious infringement by manufacturers of recording devices.

In 2007, a federal district court in New York found for the plaintiffs and enjoined Cablevision from operating its proposed recording service, holding that (1) the unauthorized buffer and playback copies made when recording broadcast programming were infringing reproductions, and (2) the unauthorized transmissions of playback copies to consumers were infringing public performances.

In 2008, the U.S. Court of Appeals for the Second Circuit reversed the district court. It found that neither buffer nor playback copies infringed content owners' reproduction rights. According to the appellate court, the buffer copies were non-infringing because they were embodied too briefly for fixation to occur and to count as "copies" under the Copyright Act. The playback copies were similarly non-infringing because Cablevision's customers, not Cablevision, created them. Additionally, the Second Circuit found that Cablevision's transmission of playback copies to consumers did not infringe content owners' public performance rights. The transmissions were non-infringing because Cablevision made individualized copies of every television show for each recording customer and customers could view only "their" copies.

Beyond clarifying the nature of infringing reproductions and public performances under the Copyright Act, the Second Circuit's *Cartoon Network* decision, coupled with the Supreme Court's subsequent denial of certiorari in the case, paves the way for Cablevision to market the first-ever remote-storage digital video recording service. This effect of the *Cartoon Network* decision could potentially be undercut by the parties' failure to allege contributory infringement, vicarious infringement, or fair use, as well as by the fact that the decision is binding precedent only within the Second Circuit. However, to the degree that courts in other circuits follow the Second Circuit, they may view remote-storage digital video recorders as successors to video cassette recorders and set-top-storage digital video recorders, protecting manufacturers of the latest time-shifting technologies from liability for copyright infringement.

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In *Cartoon Network LP v. CSC Holdings, Inc.*, a three-judge panel of the U.S. Court of Appeals for the Second Circuit held that Cablevision's proposed remote-storage digital video recording (RS-DVR) service did not directly infringe the reproduction or public performance rights of those holding copyrights in the recorded materials.[1] Under the Copyright Act of 1976, copyright holders have exclusive rights to reproduce their works in copies and to perform motion pictures or other audiovisual works publicly.[2] Network broadcasters, cable broadcasters, and movie studios argued that Cablevision's proposed service would infringe these rights by creating unauthorized, unlicensed, and therefore infringing buffer and playback copies of their programs and transmitting the playback copies to customers.[3] Although the U.S. District Court for the Southern District of New York agreed with the copyright holders and permanently enjoined Cablevision from operating its RS-DVR service on March 22, 2007,[4] the Second Circuit reversed on August 4, 2008. The Second Circuit's decision clarifies the nature of infringing reproduction and public performance under the Copyright Act and, coupled with the Supreme Court's subsequent denial of certiorari in the case, paves the way for commercial introduction of the latest technology for time-shifted viewing of television programming.

Time-Shifting Technologies and Litigation

RS-DVR is the latest technology enabling consumers to "time shift" televison programming by recording content at the time it is broadcast for future viewing. Video cassette recorders (VCRs) and set-top storage DVRs (STS-DVRs) offer similar capabilities. However, each of these technologies operates differently and has been subject to differing allegations of copyright infringement. Because the various time-shifting technologies and the cases resolving copyright claims against them underlie the *Cartoon Network* decision, they are briefly reviewed here.

VCRs and the *Sony* Decision

A VCR is a device that consumers connect to their television sets in order to record audio and video content onto magnetic tape for future playback.[5] When Sony began selling its Betamax VCR in the 1970s, Universal Studios and Walt Disney sued Sony for contributory copyright infringement.[6] Universal and Disney had licensed broadcasters to transmit their copyrighted programs to the public, but had not authorized or licensed Sony or members of the general public to make copies of them.[7] Universal and Disney worried that consumers' unauthorized, unlicensed

[1] Cartoon Network LP, LLLP v. CSC Holdings, Inc., 536 F.3d 121 (2d Cir. 2008), *rev'g* Twentieth Century Fox Film Corp. v. Cablevision Sys. Corp., 478 F. Supp. 2d 607, 624 (S.D.N.Y. 2007). CSC Holdings is Cablevision's operating company. Company Overview: CSC Holdings, Inc., *Hoover's* (2008), *available at* http://www.hoovers.com/csc-holdings/—ID__108770—/free-co-factsheet.xhtml.

[2] 17 U.S.C. § 106 (1) & (4).

[3] Cartoon Network, 536 F.3d at 124. Copyright holders involved in the *Cartoon Network* litigation were the Cartoon Network, CNN, Twentieth Century Fox, Universal City Studio, Paramount, Disney, CBS, ABC, and NBC. *Id*. at 121-22.

[4] Twentieth Century Fox, 478 F. Supp. 2d at 624.

[5] How VCRs Work, *How Stuff Works* (2008), *available at* http://electronics.howstuffworks.com/vcr.htm.

[6] Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417 (1984).

[7] *Id*. at 447.

copying could harm them by diminishing the audience for original broadcasts and thereby decreasing ratings and advertising rates.[8]

In their lawsuit against Sony, Universal and Disney argued (1) that consumers infringed the companies' exclusive rights to reproduce their programming by recording TV programs with the Betamax VCR and (2) that Sony should be liable for consumers' infringement because it made the Betamax available to consumers.[9] The U.S. Supreme Court disagreed, however. The Court first found that consumer recording of broadcast television was a non-infringing fair use because consumer time-shifting of television viewing did not demonstrably harm content owners, whose shows were still watched, albeit at different times than their scheduled broadcast times.[10] The Court further found that Sony was not liable for contributory infringement merely for manufacturing or selling the Betamax because "the sale of copying equipment ... does not constitute contributory infringement if the product is widely used for legitimate, unobjectionable purposes."[11]

STS-DVRs and the *ReplayTV* Litigation

In the early 2000s, STS-DVRs began to replace VCRs. STS-DVRs resemble VCRs in that they are devices that consumers purchase from manufacturers, install in their homes, connect to their televisions, and use to record broadcasts for later viewing. Their main difference from VCRs is that they record broadcasts in digital rather than analog format.[12] Digital recording brought two other changes that concerned content owners, though. Digital recording and replay devices can be programmed to automatically skip television commercials.[13] They can also make and distribute perfect digital copies of broadcast content.[14] Both these features of STS-DVRs suggested, at least to broadcasters and movie studios, that the harm caused by unauthorized, unlicensed consumer recording with STS-DVRs was greater than that with VCRs. Thus, when broadcasters and movie studios sued early STS-DVR manufacturers ReplayTV and SonicBlue alleging contributory and vicarious copyright infringement, they hoped for different judicial findings on (1) whether consumers' time-shifting recordings were infringing and (2) whether the manufacturers of consumers' recording devices were liable for consumers' conduct.[15] Consumers intervened in the case to establish that their use of STS-DVRs was non-infringing,[16] and the parties eventually

[8] *Id.* at 452-53.

[9] *Id.* at 420.

[10] *Id.* at 447-55.

[11] *Id.* at 442.

[12] How DVRs Work, *How Stuff Works* (2008), *available at* http://electronics.howstuffworks.com/dvr.htm.

[13] Complaint, Paramount Pictures Corp. v. ReplayTV, Case Number: 2:01-CV-09358-FMC-E (C.D. Cal. 2001), at ¶ 9.

[14] *Id.* at ¶ 14.

[15] *Id.* at ¶¶ 57-72. Plaintiffs' claim of contributory infringement was premised on the allegations that ReplayTV and SonicBlue (1) knew, or had reason to know, that consumers violated plaintiffs' reproduction and distribution rights when consumers used STS-DVRs to make unauthorized copies of plaintiffs' shows and (2) actively participated in consumers' infringement by inducing, causing, or contributing to it by making STS-DVRs available to consumers. Plaintiffs' claim of vicarious infringement was similarly premised on the allegations that defendants (1) had direct financial interests in consumers' infringement, because they sold STS-DVRs to consumers, and (2) were able to control consumers' infringing recording, even if they did not know of or directly participate in it, because they determined the technological capabilities of the devices they manufactured.

[16] Newmark v. Turner Broad. Network, 226 F. Supp. 2d 1215, 1223 (2002) (granting consolidation of consumers' suit with the ReplayTV suit).

settled without a judicial decision addressing whether STS-DVRs, like their VCR predecessors, are non-infringing time-shifting technologies.[17]

Cablevision's RS-DVRs

In 2006, Cablevision, a telecommunications and entertainment company, announced plans to add RS-DVR service to the array of high-speed Internet, digital cable TV, and digital telephone services that it offers to consumers.[18] RS-DVRs differ from traditional STS-DVRs because consumers do not need to install devices or wiring in their homes to record or store broadcast content. They need only a remote control and a set-top receiver to select programming for recording and to play it back. All recordings are made and stored using the facilities of the RS-DVR provider, a technical development that analysts projected could double the market for DVRs.[19]

Cablevision's RS-DVR service, in particular, is designed so that each user creates and views separate copies of each television program that Cablevision broadcasts.[20] Cablevision takes the stream of data—digitally representing the broadcast content—and splits it into two streams as "live" transmission begins.[21] The first stream is transmitted to Cablevision subscribers in real time, as the show airs.[22] The second stream is sent to a buffer, or an area of computer memory used to store data temporarily. The buffer retains up to 1.2 seconds of each program at a time while Cablevision's computers determine whether any customers requested recording of the program.[23] If a customer requested recording, the second stream is sent to a second buffer, from which the program is copied to the customer's hard-drive storage space on Cablevision's computers for future playback.[24] The customer can request that this recording be transmitted for viewing at any time after the program's broadcast begins.[25]

Cablevision had licenses with the broadcasters and networks allowing it to transmit their copyrighted programming to consumers "live."[26] It did not have licenses to make buffer or playback copies, or to transmit playback copies to consumers.

Corporations owning copyrights in broadcast content argued that Cablevision's RS-DVR service would infringe their reproduction and public performance rights by making unauthorized and unlicensed buffer and playback copies of television programs and by engaging in unauthorized

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[17] Final Judgment, Paramount Pictures Corp. v. ReplayTV, Case Number: CV 01-09358 FMC (Ex) (S.D.N.Y. Aug. 25, 2006), at ¶ 1 (granting dismissal by stipulation of the parties).

[18] Cablevision, *Products and Services*, 2008, *available at* http://www.cablevision.com/.

[19] *See, e.g.*, Larry Neumeister, Court Win for Remote Storage DVR, *The Seattle Times*, Aug. 5, 2008, at E1; John Consoli, Magna: DVR Usage Climbs, 18 *Mediaweek* 10 (2008).

[20] *See, e.g.,* Declaration of Stephanie Mitchko in Support of Defendants' Motion for Summary Judgment, Twentieth Century Fox Film Corp. v. Cablevision Sys. Corp. (C.D. Cal. 2006), at ¶ 29 ("[I]f 1000 customers elect to record the February 25th 9:00 p.m. showing of Desperate Housewives, 1000 separate and distinct copies of that specific showing are made, each copy uniquely associated by identifiers with the set-top box of the customer who made the copy.").

[21] Cartoon Network, 536 F.3d at 124.

[22] *Id.*

[23] *Id.*

[24] *Id.*

[25] *Id.*

[26] *Id.* at 125.

and unlicensed transmission of playback copies to customers.[27] They sued to enjoin Cablevision's operation of its RS-DVR service.[28] Although Cablevision's customers were engaging in an activity—time-shifted viewing of broadcast television—protected under *Sony*, the technologies and legal claims involved differed from those in earlier VCR and STS-DVR cases. Cablevision did not sell devices to consumers that they used to copy and play back broadcast content in their homes; rather, it used its facilities to record, store, and transmit playback copies for consumers. Additionally, the Cablevision plaintiffs alleged direct copyright infringement, or unlawful activity by Cablevision itself, not contributory or vicarious infringement, as in *Sony* and *Paramount*.[29] Cablevision further agreed not to assert a fair-use defense in the litigation.[30]

Table 1. Comparison of Time-Shifting Technologies

Technology	Distinguishing Features	Allegations of Infringement	Outcome of Litigation
VCR	* Set-top boxes purchased from manufacturers, installed and operated in-home * Analog copies	* Contributory infringement of the reproduction right, alleged against VCR manufacturer	* Supreme Court held that time-shifting consumer recording with a VCR is non-infringing * Supreme Court held that the manufacturer is not liable for devices with substantial non-infringing uses
STS-DVR	* Set-top boxes purchased from manufacturers, installed and operated in home * Digital copies	* Contributory infringement of the reproduction and distribution rights, alleged against STS-DVR manufacturer * Vicarious infringement of the reproduction and distribution rights, alleged against STS-DVR manufacturer	* Ninth Circuit dismissed without judgment on the merits
Cablevision's RS-DVR	* Consumers record and save broadcast programming on Cablevision's equipment * Digital copies	* Direct infringement of the reproduction and public performance rights, alleged against RS-DVR manufacturer	* Second Circuit held that buffer copies lasting 1.2 seconds do not infringe the reproduction right * Second Circuit held that customers make the playback copies with RS-DVRs * Second Circuit held that transmission of playback copies does not infringe the public performance right

Source: Congressional Research Service

[27] *Id.* at 124.
[28] *Id.*
[29] *Id.*
[30] *Id.*

The Cartoon Network Holdings

The district court in the *Cartoon Network* case sided with the copyright holders, finding that unauthorized buffer and playback copies were infringing reproductions and that unauthorized transmissions of playback copies to RS-DVR customers were infringing public performances.[31] The circuit court disagreed, however, because of its interpretation of the nature of infringing reproductions and public performances under the Copyright Act.[32]

Reproduction under the Copyright Act: The Meaning of "Fixation" and "Copies"

The Copyright Act grants copyright owners the exclusive right "to reproduce the copyrighted work in copies."[33] The word "reproduce" is not defined within the act, but the word "copies" is.[34] Copies are "material objects, other than phonorecords, in which a work is fixed by any method now known or later developed, and from which the work can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device."[35] The act further defines the term "fixed," used within the definition of "copies," as follows:

> A work is "fixed" in a tangible medium of expression when its embodiment in a copy or phonorecord, by or under the authority of the author, is sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration. A work consisting of sounds, images, or both, that are being transmitted, is "fixed" for purposes of this title if a fixation of the work is being made simultaneously with its transmission.[36]

The meanings of "embodiment" and "for a period of more than transitory duration" are not specified within the act but are key to the definition of "fixation."[37] In short, fixation requires embodiment for a more-than-transitory duration, and without fixation, there cannot be "copies" under the Copyright Act or infringing reproduction.

The first claim of the *Cartoon Network* plaintiffs was that Cablevision infringed their copyrights by reproducing their programs when making unauthorized, unlicensed buffer copies prior to recording content for Cablevision customers.[38] Embodiment was not at issue, given the facts of the case, because "every second of an entire work [was] placed, one second at a time, in the buffer," from which it was copied.[39] Whether the embodiment was for a period of more than

[31] Twentieth Century Fox, 478 F. Supp. 2d at 621-22, 624.

[32] Cartoon Network, 536 F.3d at 126-40.

[33] 17 U.S.C. § 106(1).

[34] 17 U.S.C. § 101.

[35] *Id.*

[36] *Id.*

[37] *See, e.g.,* Melville B. Nimmer & David Nimmer, 2 *Nimmer on Copyright* § 8.02 (2006) (discussing embodiment and duration in relation to the reproduction right); U.S. Copyright Office, *DMCA Section 104 Report* 109-114 (2001), *available at* http://www.copyright.gov/reports/studies/dmca/sec-104-report-vol-1.pdf (same).

[38] Cartoon Network, 536 F.3d at 127-30; Twentieth Century Fox, 478 F. Supp. 2d at 621-22.

[39] Cartoon Network, 536 F.3d at 129 (noting that embodiment in a medium occurs whenever a work is capable of being copied from that medium for any amount of time).

transitory duration was disputed, however.[40] Both the plaintiffs and the district court, which found for the plaintiffs, relied upon case law suggesting that embodiment *per se* suffices for fixation.[41] The plaintiffs and the district court further relied upon a report from the U.S. Copyright Office stating that any duration requirement for fixation is met "[u]nless a reproduction manifests itself so fleetingly that *it cannot be copied*."[42] Cablevision, in contrast, argued that its buffer copies did not constitute "copies" under the Copyright Act because they were not fixed and thus were not embodied for a sufficient time.[43] Cablevision emphasized that its buffer copies existed for "no ... more than 1.2 seconds before being automatically overwritten."[44] Cablevision further argued that even assuming fixation, any "copies" were "otherwise de minimis" because they involved no more than 1.2 seconds of broadcast content.[45]

The Second Circuit found for Cablevision, holding that embodiment in a buffer for 1.2 seconds fails to qualify as embodiment for a more-than-transitory duration.[46] According to the Second Circuit, because embodiment was not for a more-than-transitory duration, no fixation occurred; no "copies" were made under the Copyright Act; and Cablevision engaged in no infringing reproduction with its buffer copies.[47]

The Second Circuit thus gave its answer to a question long discussed by copyright scholars: how long must a work be embodied for fixation to occur?[48] However, its answer may diverge from that of other federal circuits, some of which have indicated that copies existing in random access memory (RAM) for seconds or minutes are fixed and thus meet any duration requirement for embodiment.[49] In *MAI Systems Corporation v. Peak Computer, Inc.*, for example, the Ninth Circuit found that a computer company created a "copy," for purposes of the Copyright Act, when its employee loaded copyrighted software into RAM for a very brief time in order to view system error logs and diagnose problems while repairing a computer.[50] The Second Circuit attempted to distinguish cases such as *MAI Systems* by noting that copies in RAM often exist for minutes as opposed to seconds and by reading prior cases to say that loading content into RAM may—but does not necessarily—result in infringing reproduction.[51] To the degree that other circuits

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[40] *Id.* at 128; Twentieth Century Fox, 478 F. Supp. 2d at 621-22.

[41] Twentieth Century Fox, 478 F. Supp. 2d at 621-22.

[42] *Id.* ("[T]emporary copies ... are generally 'fixed' within the scope of the copyright owner's right of reproduction, so long as they exist for a sufficient amount of time to be capable of being copied, perceived or communicated.").

[43] *Id.* at 621.

[44] Cartoon Network, 536 F.3d at 130.

[45] Twentieth Century Fox, 478 F. Supp. 2d at 621.

[46] Cartoon Network, 536 F.3d at 129-30.

[47] *Id.*

[48] *See, e.g.,* Stefan Hubanov, The Multifaceted Nature and Problematic Status of Fixation in U.S. Copyright Law, 11 *Intell. Prop. L. Bull.* 111 (2006); Douglas J. Masson, Fixation on Fixation: Why Imposing Old Copyright Law on New Technology Will Not Work, 71 *Ind. L. J.* 1049 (1996).

[49] *See, e.g.,* Stenograph L.L.C. v. Bossard Assoc., Inc., 144 F.3d 96, 100 (D.C. Cir. 1998); Triad Sys. Corp. v. Southeastern Express Co., 64 F.3d 1330, 1335 (9th Cir. 1995); MAI Systems Corp. v. Peak Computer, Inc., 991 F.2d 511, 518 (9th Cir. 1993); Marobie-FL., Inc. v. Nat'l Ass'n of Fire Equip. Distribs., 983 F. Supp. 1167, 1177-78 (N.D. Ill. 1997). Because RAM is a "volatile" form of computer memory, whose content is lost if power is switched off and which can be overwritten, it is like a buffer in temporarily storing data. How RAM Works, *How Stuff Works* (2008), *available at* http://computer.howstuffworks.com/ram3.htm.

[50] MAI Sys., 911 F.2d at 518.

[51] Cartoon Network, 536 F.3d at 128 (noting that the program in *MAI* was in RAM for seven minutes and stating "[w]e (continued...)

disagree with the Second Circuit's interpretation of their cases here, though, *Cartoon Network* could presage a split of opinion within the federal district courts on the duration requirement for fixation.[52]

The Second Circuit did not reach Cablevision's suggestion that "any copies produced by buffering data would be de minimis."[53] Its failure to do so leaves open the possibility that future courts could find that buffer copies lasting longer than 1.2 seconds meet the duration requirement for fixation without being infringing reproductions.

Reproduction under the Copyright Act: The Agent of Copying with RS-DVRs

The *Cartoon Network* plaintiffs further claimed that Cablevision infringed their reproduction rights by creating unauthorized and unlicensed playback copies and saving them on Cablevision hard drives for future viewing by customers.[54] Whether these copies violated broadcasters' exclusive rights to reproduce their works was not at issue here.[55] Rather, the parties and the courts focused upon Cablevision's role in creating the playback copies.[56] This focus resulted from the fact that the plaintiffs claimed direct infringement by Cablevision, and liability for direct infringement exists only when the defendants' own conduct "violates any exclusive rights of the copyright owner."[57] If the defendants' own conduct does not violate an exclusive right, there can be no direct liability.[58] There can only be contributory or vicarious liability, or liability for any infringing conduct by third parties, which the parties had agreed not to assert here.[59] The key question thus became whether Cablevision or its customers made the playback copies.

The plaintiffs argued, and the district court agreed, that Cablevision made the copies and should be directly liable for infringement because the copies were unauthorized and unlicensed.[60] Technological differences between VCRs, STS-DVRs and RS-DVRs were key to this argument.[61] The plaintiffs claimed that RS-DVRs differed from earlier time-shifting technologies because

(...continued)

construe *MAI Systems* and its progeny as holding that loading a program into a computer's RAM *can* result in copying").

[52] A recent District of Arizona case could allow the Ninth Circuit to reestablish the view that the time necessary for embodiment is *per se* more than transitory. *See* MDY Indus., LLC v. Blizzard Ent., Inc., 2008 U.S. Dist. LEXIS 53988 (D. Az. July 14, 2008), at *11 (relying on *MAI Systems* in concluding that a copy stored in RAM for at least several seconds is sufficiently fixed to constitute a "copy" and an infringing reproduction under the Copyright Act).

[53] Cartoon Network, 536 F.3d at 130.

[54] Twentieth Century Fox, 478 F. Supp. 2d at 617-21.

[55] Cartoon Network, 536 F.3d at 130.

[56] Cartoon Network, 536 F.3d at 130-33; Twentieth Century Fox, 478 F. Supp. 2d at 617-21. By comparison, there was no dispute as to whether Cablevision made the buffer copies. *See* Cartoon Network, 536 F.3d at 127.

[57] 17 U.S.C. § 501(a). Defendants' violation need not be knowing or intentional. Copyright infringement is a strict liability offense in that persons engaging in unlawful conduct are liable even without having specific knowledge or intent. Even strict liability offenses, however, require volitional conduct by the defendant for a finding of culpability. Cartoon Network, 536 F.3d at 133.

[58] Cartoon Network, 536 F.3d at 130.

[59] *Id.* at 124.

[60] Twentieth Century Fox, 478 F. Supp. 2d at 618.

[61] *Id.* at 618 ("[A]part from their time-saving functions, the RS-DVR and the VCR have little in common.").

they were not stand-alone devices that consumers purchased and installed in their homes.[62] Relatedly, plaintiffs claimed that RS-DVRs were different because Cablevision had an "ongoing participation" in the recording process because customers repeatedly transmitted recording requests to Cablevision's systems, which made and stored desired copies for them.[63] These differences convinced the district court that Cablevision's proposed RS-DVR offering was more like a Video-on-Demand (VOD) *service*, such as pay-per-view, which licenses all content it transmits and whose programs cannot be recorded on DVRs,[64] than a VCR *device*, used for recording broadcast television.[65] The district court thus found that Cablevision should be directly liable for copyright infringement.[66] Cablevision had argued that it (1) merely provided copying equipment on its premises for customer use, like a store with customer-operated photocopiers, and (2) its customers made the playback copies because their requests initiated the copying.[67]

Because the Second Circuit saw no fundamental difference between RS-DVRs and VCRs, it held that Cablevision's customers made the unauthorized and unlicensed playback copies.[68] The fact that customer actions—such as selecting shows for recording via remote controls and entering the commands to record—were necessary precursors to the making of playback copies by Cablevision's system was key to this holding.[69] The Second Circuit further differentiated between (1) selling access to systems that automatically produce copies on command and (2) manually operating copying devices and selling products made using the devices:

> In determining who actually "makes" a copy, a significant difference exists between making a request to a human employee, who then volitionally operates the copying system to make the copy, and issuing a command directly to a system, which automatically obeys commands and engages in no volitional conduct.[70]

Public Performance under the Copyright Act: The Agent of Transmission with RS-DVRs and the Meaning of "Publicly"

In addition to their claim of infringing reproduction, the plaintiffs also argued that Cablevision infringed their copyrights by publicly performing their motion pictures and other audiovisual works.[71] The Copyright Act specifies that to "perform" a motion picture or other audiovisual

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[62] *Id.* ("The RS-DVR does not have that stand-alone quality.").

[63] *Id.* at 619.

[64] *See, e.g.*, RCN Corporation, *DVR User Manual: Frequently Asked Questions*, 2008, *available at* http://www.rcn.com/cabletv/digital-video-recorder/faqs.php.

[65] Twentieth Century Fox, 478 F. Supp. 2d at 611, 619-20. The court further noted that Cablevision's RS-DVR system was developed from a modified VOD platform.

[66] *Id.* at 621.

[67] *Id.* at 617-18.

[68] Cartoon Network, 536 F.3d at 133.

[69] *Id.* at 131 ("[The] person who actually presses the button to make the recording ... supplies the necessary element of volition.").

[70] *Id.*

[71] *Id.* at 134-39; Twentieth Century Fox, 478 F. Supp. 2d at 622-24. The Copyright Act defines "motion pictures" as "audiovisual works consisting of a series of related images which, when shown in succession, impart an impression of motion, together with accompanying sounds, if any." 17 U.S.C. § 101. It further defines "audiovisual works" as "works that consist of a series of related images which are intrinsically intended to be shown by the use of machines, or devices such as projectors, viewers, or electronic equipment, together with accompanying sounds, if any, regardless of the (continued...)

work means "to show its images in any sequence or to make the sounds accompanying it audible."[72] The act further specifies that "publicly," when used in reference to performing a work publicly, means

> (1) to perform or display it at a place open to the public or at any place where a substantial number of persons outside the normal circle of a family and its social acquaintances is gathered; or
>
> (2) to transmit or otherwise communicate a performance or display of the work to a place specified by clause (1) or to the public, by means of any device or process, whether the members of the public capable of receiving the performance are in the same place or in separate places and at the same time or different times.[73]

The plaintiffs argued that Cablevision's unauthorized and unlicensed transmission of playback copies to RS-DVR customers was infringing under these definitions of "performance" and "publicly."[74] According to the plaintiffs, the transmissions were (1) *performances* because they showed the images comprising the programming in the same order in which the images were originally broadcast and (2) *public* because numerous people were capable of receiving the same broadcast content in different places at different times.[75] Cablevision did not contest that the transmissions resulted in the performance of plaintiffs' copyrighted works.[76] Rather, it argued that Cablevision's customers—not Cablevision—initiated the performances because the RS-DVR system only sent the recorded programs to consumers upon their request for playback.[77] Cablevision also argued that any performance, regardless of who initiated it, was not public because each customer viewed "a distinct copy of a program uniquely associated with one customer's set-top box and intended for that customer's exclusive viewing in his or her home."[78]

The district court disagreed with Cablevision on both who initiated the performance of playback copies transmitted to RS-DVR customers and what makes a performance public.[79] The district court held that Cablevision was the agent of the performances because Cablevision "actively participated in the playback process" when its computerized system transmitted the playback copies to consumers upon their request.[80] It further found that the customers' participation in the transmission of the playback copies—their use of remote controls to select previously recorded

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(...continued)

nature of the material objects, such as films or tapes, in which the works are embodied." *Id.*

[72] 17 U.S.C. § 101.

[73] *Id.*

[74] Cartoon Network, 536 F.3d at 134.

[75] *Id.*

[76] *Id.* ("No one disputes that RS-DVR playback results in the transmission of a performance of a work.").

[77] *Id.*

[78] *Id.* at 138; *see also* Twentieth Century Fox, 478 F. Supp. 2d at 622.

[79] Twentieth Century Fox, 478 F. Supp. 2d at 622-24.

[80] *Id.* at 622. The district court specifically likened Cablevision's conduct in transmitting the playback copies to customers to that of the video store owners in *Columbia Pictures Industries, Inc. v. Redd Horne, Inc.* In *Columbia Pictures*, the Third Circuit held that video store owners directly infringe the public performance rights in copyrighted works when they rent videos for customers to view in private, restricted-access booths within their stores. The defendants in *Columbia Pictures* placed tapes into VCR machines at the front of the store and transmitted the content of the tapes to separate viewing rooms within the store, where the tapes could be seen only by those who rented them. Columbia Pictures Indus. v. Redd Horne, Inc., 749 F.2d 154, 157 (3d Cir. 1984).

content for viewing—was "too passive" for them to be the agents of the performance.[81] Finally, the district court held that the performances were public because multiple Cablevision customers received transmissions of the same shows.[82]

The Second Circuit reversed the district court on the question of whether unauthorized transmission of playback copies to RS-DVR customers constituted infringing public performances.[83] The Second Circuit did so without deciding whether Cablevision or its customers initiated the performance.[84] Rather, the court held that the performance was not "public" because different RS-DVR customers received individualized playback copies of the same television show.[85] The court found it significant that there was not a single playback copy transmitted to all subscribers who selected a particular show for recording and replay.[86] To the contrary, Cablevision ensured that each subscriber received a copy of the show viewable only on his or her set-top device.[87] This limitation, according to the Second Circuit, ensured that both factors used in determining whether a performance is public were unmet here: (1) the identity of the transmitter differed because the transmissions were made from different hard-drive storage spaces in response to commands from different customer remote-control devices, and (2) the source material of the transmission differed because the system saved individual copies of a program for each customer who requested recording of that program.[88] The Second Circuit's focus on this limitation does, however, raise questions about whether RS-DVRs must use Cablevision's allegedly "inefficient" method of recording content—which entails making and storing potentially thousands of copies of the same content—in order to avoid infringing the reproduction right.[89]

Effects of the *Cartoon Network* Decision

The Second Circuit's decision, coupled with the Supreme Court's subsequent denial of certiorari in the case,[90] clears the way for Cablevision to deploy its proposed RS-DVR service commercially by protecting the latest in a line of technologies—stretching from VCRs to STS-DVRs to RS-DVRs—that allow consumers to time-shift their viewing of broadcast television.[91]

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[81] Twentieth Century Fox, 478 F. Supp. 2d at 622.

[82] *Id.* at 622-23.

[83] Cartoon Network, 536 F.3d at 134-39.

[84] *Id.* at 134.

[85] *Id.*

[86] *Id.*

[87] *Id.* Cablevision transmits playback copies into all homes in the same "node," or cluster of subscribers, as the customer for whom they are made, but only the customer for whom the copies are made has the necessary "key" to decrypt and view them. Twentieth Century Fox, 478 F. Supp. 2d at 615-16.

[88] Cartoon Network, 536 F.3d at 138.

[89] Network DVR Matter Goes to Court, *The Online Reporter*, May 27, 2006, at 8 (describing Cablevision's recording system as "inefficient").

[90] The *Cartoon Network* plaintiffs had petitioned the Supreme Court for review of the Second Circuit's decision, but the Supreme Court denied this petition on June 29, 2009. *See* Brent Kendall, Supreme Court Clears Way for Cablevision DVR Service, *Dow Jones Newswires*, June 29, 2009.

[91] *See, e.g.*, Cartoon Network, 536 F.3d at 140 (lifting the district court's injunction); Deborah Yao, Cablevision's Great DVR in the Sky, *TechNewsWorld*, Sept. 23, 2008 (noting that the Cablevision RS-DVR service will be available in early 2009).

A few questions remain after the *Cartoon Network* decision, however. First, the *Cartoon Network* plaintiffs and defendants declined to pursue claims relating to contributory infringement, vicarious infringement, or fair use.[92] Had they done so, the outcome on one or more of the three issues decided might have differed. Second, the *Cartoon Network* decision is a binding precedent only in the Second Circuit. Other federal circuits could potentially reach different conclusions on the nature of infringing reproductions and public performances under the Copyright Act even when confronted with identical facts.[93]

Conclusion

The Second Circuit's decision in *Cartoon Network* represents the latest in the continuing litigation between parties holding copyrights in broadcast programming and manufacturers of recording devices. *Cartoon Network* involved RS-DVRs and claims of direct infringement, unlike earlier cases involving VCRs or STS-DVRs and claims of contributory or vicarious infringement. Although the district court found for the plaintiffs and enjoined Cablevision from operating its proposed RS-DVR service, the Second Circuit reversed. The Second Circuit held that (1) the buffer copies created prior to recording broadcast content in Cablevision's RS-DVR system were non-infringing because they did not exist long enough for "fixation" under the Copyright Act; (2) the playback copies created on Cablevision's computers in its RS-DVR system did not make Cablevision directly liable for infringement because Cablevision's customers created them; and (3) the transmission of playback copies to customers was non-infringing because it was not a public performance. The Second Circuit's decision thus allows Cablevision to offer its proposed RS-DVR system commercially and clarifies the nature of infringing reproduction and public performance under the Copyright Act.

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[92] Cartoon Network, 536 F.3d at 124.

[93] For example, if the Ninth Circuit were to affirm its precedents suggesting that the time required for embodiment suffices to meet any duration requirements for fixation, a split of opinion between the Second and Ninth Circuits could exist. *See, e.g.,* MAI Sys., 991 F.2d at 518; MDY Indus., LLC, 2008 U.S. Dist. LEXIS 53988.