NOW + NEXT

COPYRIGHT LAW ALERT | NIXON PEABODY LLP

SEPTEMBER 26, 2019

Your business may be liable for years-old website images

By Troy K. Lieberman

A recent case before the United States Court of Federal Claims provides a good reminder to keep track of images on your website and all webpages, because copyright infringement claims may be lurking.

In *APL Microscopic LLC v. United States*,[1] a photographer sued NASA over a photograph NASA posted to a page of its website in 2004. NASA last updated the page in November 2007 and apparently forgot about it.

The photographer registered the copyright in the photograph—now a precursor to bring suit for copyright infringement regardless of jurisdiction (*see* our alert on this development)—in December 2007. This registration date was well after the photograph was published, so he was unable to seek statutory damages and attorney fees when he filed suit against NASA in 2018.[2] Despite the significant lapse in time from when NASA posted the photograph to the lawsuit and the lack of availability of statutory damages, the court determined that the photographer had at least two viable claims of copyright infringement that survived a motion to dismiss the complaint.

The complaint alleged infringement of three of the photographer's distinct "exclusive rights" under the Copyright Act:

- The right "to reproduce the copyright works in copies," 17 U.S.C. § 106(1);
- The right "to distribute copies…of the copyright work to the public by sale or other transfer of ownership," 17 U.S.C. § 106(3); and
- The right "to display the copyrighted work publicly," 17 U.S.C. § 106(5).

[1] ---Fed. Cl. ---, 2019 WL 4049155 (Ct. Fed. Claims Aug. 27, 2019).

[2] The Court confusingly notes at the end of the decision that while APL may have difficulty quantifying actual damages, "APL may still elect for statutory damages." *APL* at *10. However, based on the facts identified in the decision—the original work was published in 1996 and registered with the Copyright Office in 2007—statutory damages appear to be unavailable for the plaintiff.

Because the federal government is the defendant in *APL*, 28 U.S.C. § 1498(b) provides that the plaintiff cannot have any recovery for copyright infringement committed more than three years prior to the filing of the complaint. This is a slightly different statute of limitations than that for claims against non-governmental defendants, where "no civil action shall be maintained under the [Copyright Act] unless it is commenced within three years after the claim occurred." 17 U.S.C. § 507(b). Importantly, the Copyright Act's "separate-accrual rule" provides for a new three-year statute of limitation each time an infringement occurs, which allows a copyright owner to bring suit years after the initial infringement occurs (though it is only entitled to damages for the latest three-year period). *See Petrella v. Metro-Goldwyn-Mayer, Inc.*, 572 U.S. 633, 670 (2014).

The court in *APL* provides a good roadmap for businesses to identify where potential liability may exist. The court separately assessed the copyright infringement claims under the three distinct exclusive rights, ultimately concluding that while the statute of limitations can protect a defendant against a claim of infringement for the original loading of the image to its servers ("reproduction"), subsequent views of the image by website visitors ("distribution" and "display") restart the statute of limitations clock and may lead to liability.

In assessing the "reproduction right," the court concluded that the plaintiff's reproduction right was allegedly infringed in 2004 when NASA uploaded the image to its server. The court rejected the plaintiff's argument that each time the webpage was displayed a new copy was infringed for reproduction purposes. Therefore, the court held this claim was time-barred. *APL* at *5-6.

In assessing the "distribution right," the court held that infringement of the distribution right requires actual dissemination of copies of the image. The court rejected NASA's argument that infringement of distribution rights only occurs when the work is made available for distribution (i.e., when the image was uploaded to the website). Therefore, *each time* NASA transmitted the webpage and image to a user would infringe the distribution right and the court held that discovery would determine if and when copies were indeed disseminated to users within three years of the filing of the complaint. *APL* at *6-8.

In assessing the "display right," the court found that each unauthorized showing of a work through a computer infringes on the copyright owner's right of public display. Therefore, the court allowed the claim of infringement of the display right to proceed to discovery, because each time a user viewed the NASA webpage, the copyrighted work was displayed on the user's computer and each display constituted a separate infringement, starting a new limitations period. *APL* at *8-10.

In finding the plaintiff had sufficiently pled infringement of the distribution and display rights, the court allowed the litigation to proceed to discovery, where the plaintiff could investigate whether its work had been viewed by visitors to NASA's website in the preceding three years.

Based on this decision, businesses risk liability and potential damages for infringing images on their websites, even if such images were uploaded years before, as long as at least one website visitor viewed the image in the past three years. If the copyright owner is eligible for statutory damages, he will not need to prove actual damages and may be entitled to attorneys' fees.[3] Even if the copyright owner is not eligible for statutory damages and attorneys' fees, like the plaintiff in *APL*,

[3] Statutory damages and attorneys' fees are available where the copyright owner registered the work either within three months of the first publication of the work, or one month after learning of the infringement, whichever date is earlier. 17 U.S.C. § 412.

the threat of costly litigation including discovery encourages so-called “copyright trolls” to exact significant settlements for what would otherwise be small and/or difficult-to-prove claims of actual damages.

Many copyright trolls have software that combs the Internet for infringing uses of their images. Such software can find allegedly infringing uses in largely inactive or forgotten webpages just as easily as it can in regularly trafficked pages. Written policies and procedures to ensure use of authorized images only is a best practice, but regular review of your web presence is also good practice. Removing unauthorized images from your website and servers—whether they were never authorized or a license expired—prevents further views or downloads of the image (i.e., potential infringement of “distribution” or “display” right). While this step does not remove liability for use of the image in the past three years, it does prevent the start of a new three-year statute of limitations period. Assuming no other use of the image, the removal will result in no potential liability after the current three-year period expires.

For more information on the content of this alert, please contact your Nixon Peabody attorney or:

— Troy K. Lieberman at **tlieberman@nixonpeabody.com** or 617-345-1281