No. 16-1227

Supreme Court, U.S.
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IN THE

Supreme Court of the United States

MICHAEL ROBERTSON,

Petitioner,

—v.—

EMI CHRISTIAN MUSIC GROUP, INCORPORATED, PRIORITY RECORDS LLC, BEECHWOOD MUSIC CORPORATION, COLGEMS-EMI MUSIC INCORPORATED, EMI APRIL MUSIC, INC., EMI BLACKWOOD

(*Caption continued on inside cover*)

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

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Respondents.

QUESTIONS PRESENTED

1. Does the exercise of specific personal jurisdiction over a non-resident corporation with an interactive website comport with due process of law where (i) there is no evidence that the corporation's website specifically targeted forum-based users and (ii) personal jurisdiction is based solely on the fact that a *de minimis* number of third-party users of the corporation's website happen to reside in the forum State?

2. Does the exercise of specific personal jurisdiction over a non-resident executive of a non-resident corporation with an interactive website comport with due process of law where (i) personal jurisdiction is based solely on a finding that the executive exercised control over the corporation, (ii) the executive has no suit-related contacts with the forum State, (iii) there is no evidence that the corporation (or the executive) specifically targeted forum-based users, and (iv) a *de minimis* number of third-party users of the corporation's interactive website happened to reside in the forum State and the executive was aware that the corporation provided services to such New York users?

3. Does an internet service provider engage in direct copyright infringement where (i) the only volitional conduct on the part of the internet service provider is to design and provide technology and a system pursuant to which a user chooses copyrighted content located elsewhere to be copied, displayed and/or stored on the internet service provider's servers, and (ii) the internet service provider is not the direct cause of the infringement?

PARTIES TO THE PROCEEDINGS

Petitioner Michael Robertson (n/k/a Michael Hammer) ("Robertson") was a defendant-appellant-cross-appellee in the proceedings in the Second Circuit. Robertson is an individual. MP3tunes, LLC ("MP3tunes") was a defendant-counter-claimant-cross-appellee. MP3tunes participated in certain of the district court proceedings, but declared bankruptcy before this case proceeded to trial. MP3tunes did not participate in the Second Circuit proceedings and is not participating in the proceedings before this Court.

The following were plaintiffs-counter-defendants-appellees-cross-appellants below, and thus are respondents in the proceedings before this Court: EMI Christian Music Group, Incorporated; Priority Records LLC; Beechwood Music Corporation; Colgems-EMI Music, Incorporated; EMI April Music, Inc.; EMI Blackwood Music, Inc., EMI Full Keel Music, Inc.; EMI Golden Torch Music Corporation; EMI Longitude Music; EMI Virgin Music, Inc.; EMI Virgin Songs, Inc.; and Capitol Records, LLC.

The following were plaintiffs-appellees-cross-appellants below, and thus are respondents in the proceedings before this Court: EMI Al Gallico Music Corporation; EMI Algee Music Corporation; EMI Feist Catalog, Inc.; EMI Gold Horizon Music Corp.; EMI Grove Park Music, Incorporated; EMI Hastings Catalog, Incorporated; EMI Mills Music, Incorporated; EMI Miller Catalog, Incorporated; EMI Robbins Catalog, Incorporated; EMI U Catalog, Inc.; EMI Unart Catalog Inc.; Jobete Music Company, Incorporated; Screen Gems-EMI Music,

Incorporated; Stone Agate Music; and Stone Diamond Music Corporation.

The following were plaintiffs-counter-defendants below and are not participating in the proceedings before this Court: Capitol Records, Inc.; Caroline Records, Inc.; and Virgin Records America, Inc., because Capitol Records, Inc. changed its name to Capitol Records, LLC; and Caroline Records, Inc. and Virgin Records America, Inc. have been merged into Capitol Records, LLC.

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The opinion of the Second Circuit, issued on October 25, 2016 (the "Initial Opinion") and amended on December 13, 2016, is reported at 844 F.3d 79 (2d Cir. 2016) (the "Opinion") and reproduced in the Appendix to this Petition ("App. __") at App. 1a-41a.

The United States District Court for the Southern District of New York (Hon. William H. Pauley, III) entered the following decisions relating to personal jurisdiction and direct copyright infringement liability related to cover art:

(i) decision on motion to dismiss, decided September 29, 2008, not officially reported but available at 2008 WL 4450259;

(ii) decision, *inter alia*, adding Robertson as a defendant, decided October 16, 2009, not officially reported but available at 2009 WL 3364036;

(iii) decision on summary judgment, decided October 25, 2011 and reported at 821 F.Supp.2d 627;

(iv) decision on summary judgment regarding personal jurisdiction, decided July 20, 2012, with an order, dated July 23, 2012, unreported;

(v) decision on motion for reconsideration, decided May 14, 2013, not officially reported but available at 2013 WL 1987225;

(vi) decision on motions *in limine* precluding, *inter alia*, evidence regarding personal jurisdiction, decided January 29, 2014, not officially reported but available at 2014 WL 503959;

(vii) decision regarding reconsideration of personal jurisdiction in light of *Walden v. Fiore*, 134 S.Ct. 1115 (2014), decided at trial on March 3, 2014, unreported; and

(viii) decision on motion for judgment as a matter of law, decided September 29, 2014, reported at 48 F.Supp.3d 703 and reproduced at App. 112a-164a.

The unreported district court decisions and orders ((iv) and (vii) above) are reproduced in the Appendix at App. 82a-99a. In addition, the unreported decision of the United States District Court for the Southern District of California (Hon. William Q. Hayes) on the motion to dismiss was decided April 18, 2008 and is reproduced at App. 60a-81a.

JURISDICTION

The Second Circuit issued its Initial Opinion on October 25, 2016 and its amended opinion (previously defined, the "Opinion") on December 13, 2016 (App. 1a-41a), and denied Robertson's petitions for rehearing of the Initial Opinion and Opinion on December 13, 2016 and January 9, 2017, respectively. App. 42a-47a.

On January 20, 2017, Petitioner filed an application to extend time for filing a petition for a writ of *certiorari*, which Justice Ginsburg granted on January 31, 2017, thereby extending the time by which to file to April 10, 2017. App. 48a-50a.

This Court's jurisdiction is invoked under 28 U.S.C. § 1254(1).

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

The Fifth Amendment to the United States Constitution provides, in pertinent part, as follows:

> No person shall ... be deprived of life, liberty, or property, without due process of law.

Section one of the Fourteenth Amendment to the United States Constitution provides, in pertinent part, as follows:

> No State shall ... deprive any person of life, liberty, or property, without due process of law.

17 U.S.C. §§ 106, 501 and 512 are included in the appendix filed herewith pursuant to Supreme Court Rule 14(1)(f).

STATEMENT OF THE CASE

There are compelling reasons warranting this Court's exercise of its discretion to issue a writ of *certiorari* to review the Opinion of the Second Circuit. First, the Second Circuit affirmed a finding of specific personal jurisdiction over a corporation (and a corporate executive) under circumstances which will extend personal jurisdiction nationwide over all entities that operate interactive websites in any forum State where (i) only a small number of users in the forum State accessed that website; and (ii) the corporation (and the executive) never targeted users in the forum State. App. 31a-34a.

This is contrary to *Walden v. Fiore*, 134 S.Ct. 1115 (2014) ("*Walden*") and directly conflicts with

opinions of other courts of appeal concerning the impact of a nonresident defendant's internet presence in determining whether the exercise of personal jurisdiction comports with due process. In *Walden*, this Court expressly declined to address the question about the impact of the internet or "virtual 'presence'" on the application of traditional personal jurisdiction doctrines. *Id.*, at 1125, n. 9. *Walden* did not involve internet contacts, but the plaintiffs argued that rejecting jurisdiction over the defendant in *Walden* would "bring about unfairness in cases where intentional torts are committed via the Internet or other electronic means..." *Id.* This Court observed that "whether and how a defendant's virtual 'presence' and conduct translate into 'contacts' with a particular State" were "very different questions" from the issues then before it and left "questions about virtual contacts for another day." *Id.*

This Petition directly raises that important question of constitutional law: under what circumstances may a State constitutionally exercise specific personal jurisdiction over a nonresident defendant whose only contact with the State is the fact that third-party users of the corporation's interactive website happen to reside in the forum State, where the website did not target forum-based users. Without an authoritative answer from this Court, federal courts will continue to disagree and the district courts in the Second Circuit will be a haven for suits against interactive website owners. In contrast to the Second Circuit Opinion, which determined that the corporation purposely availed itself of the privilege of conducting activities within New York solely because its website served a national market and had a small

number of users in New York (App. 33a), the Seventh and Eighth Circuits have held that a forum State's exercise of personal jurisdiction based on internet activity cannot be sustained without the defendant's targeting of users in the forum State.

Second, *Walden* clarified that "the 'minimum contacts' necessary to create specific jurisdiction" over a nonresident defendant requires that "the relationship must arise out of contacts that the 'defendant *himself* creates with the forum State" and cannot arise from "contacts between the plaintiff (or third parties) and the forum State." *Walden*, 134 S.Ct. at 1121-22 (emphasis in original) (citations omitted). Ignoring that holding, the Second Circuit sustained jurisdiction over a corporate executive by focusing on his affiliation with two groups of third parties: (i) the corporation and (ii) users of the corporation's website who happened to reside in the forum State, without any suit-related contacts between the corporate executive and the forum State. App. 32a-33a.

Finally, the Second Circuit's finding of direct copyright infringement of Respondents' cover art images requires review because the Opinion burdens Internet Service Providers ("ISPs"), such as MP3tunes, with direct copyright infringement liability merely for providing creative technological tools to its users. App. 28a-29a. That removes entirely the longstanding requirement of volitional conduct (or direct causation) for direct—as opposed to indirect—copyright infringement liability. *See Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417, 433-35 (1984); *American Broadcasting Cos., Inc. v. Aereo, Inc.*, 134 S.Ct. 2498, 2512-17 (2014) ("*Aereo*")(Scalia, J.,

dissenting); *Aereo*, 134 S.Ct. at 2507 (opinion of the Court); *Metro–Goldwyn–Mayer Studios Inc. v. Grokster, Ltd.*, 545 U.S. 913, 930 (2005). Absent such a requirement, not only will the distinction between direct and secondary copyright infringement be meaningless, but also the safe harbor provided by the Digital Millennium Copyright Act ("DMCA"), 17 U.S.C. § 512(c)(1), for material stored on an ISP's system or network at the direction of users will be eviscerated. App. 175a.

Factual Background

MP3tunes was founded in 2005 by Robertson, an online music entrepreneur. App. 5a; *Capitol Records, Inc. v. MP3tunes, LLC*, 821 F.Supp.2d 627, 633 (S.D.N.Y. 2011). On or about April 27, 2012, MP3tunes filed a Chapter 7 petition for liquidation before the United States Bankruptcy Court for the Southern District of California. *See In re MP3tunes, LLC*, No. 12-06037-MM7, ECF No. 1 (Bankr. S.D. Cal. Apr. 27, 2012). Prior to that, MP3tunes operated two websites: MP3tunes.com and sideload.com from offices located in San Diego, California. App. 6a; *Capitol Records, Inc. v. MP3tunes, LLC*, 2008 WL 4450259 at *1 (S.D.N.Y. Sep. 29, 2008).

MP3tunes initially sold digital music files through its music store on MP3tunes.com and offered free storage of music files in personal online storage "lockers." App. 6a-7a. MP3tunes also offered, and charged a fee for, premium lockers, which had a larger storage capacity than free lockers for songs uploaded by users. *Id.* Through a free plug-in known as "LockerSync", available on the website, users could automatically upload music files stored on their personal com-

puters to their lockers and could play the music files through internet-enabled devices. *Id.* at 6a; *Capitol Records*, 821 F.Supp.2d at 633-34.

MP3tunes' other website, sideload.com, provided users a search engine to search for free music downloads available on third-party websites. App. 6a. Users could save music files from third-party websites into their MP3tunes.com lockers through a process called "sideloading". *Id.*; *Capitol Records,* 821 F.Supp.2d at 633. Links to sideloaded songs would also be added to an index of searchable songs on the site. App. 6a. Sideload.com was free to users, as was storage of sideloaded songs into a user's MP3tunes.com locker, irrespective of the total size of sideloaded songs. *Id.*, at 6a-7a. Robertson, and other executives of MP3tunes, sideloaded songs into their personal MP3tunes.com lockers. *Capitol Records*, 821 F.Supp.2d at 635.

In October 2006, MP3tunes added a cover art feature. App. 7a. If—but only if—a user chose to *upload* songs to their locker from his/her personal hard drives as part of the LockerSync log-in process, the user was given a choice to upload their own cover art. App. 102a, 105a. If cover art was not part of a music file or stored on a user's computer, then, pursuant to an algorithm created by MP3tunes that automatically retrieved and displayed cover art solely in response to a user's song selection, LockerSync retrieved potential cover art from Amazon.com. App. 7a; *Capitol Records*, 821 F.Supp.2d at 635. MP3tunes also provided the user with a choice to disable LockerSync's ability to retrieve cover art. App. 108a. Accordingly, based solely upon the user's choices, actions and song files, at user login, the

MP3tunes' system would (i) upload cover art stored on the user's computer, (ii) search for cover art embedded in the user's music files, (iii) retrieve cover art from Amazon.com or (iv) do nothing with respect to cover art.

Respondents only asserted direct copyright infringement with respect to cover art retrieved from Amazon.com, and not copied from a user's own cover art or music files; and Respondents withdrew their claim for indirect infringement with respect to cover art.

MP3tunes made its services available throughout the United States. App. 87a. MP3tunes derived substantial revenue from interstate and international commerce. *Capitol Records*, 2008 WL 4450259 at *2. All of that revenue flowed from selling premium locker subscriptions; no revenue came from sideload.com or the free locker storage available for sideloaded songs. App. 87a. Although MP3tunes had over 300,000 users sign up for a locker (*Capitol Records*, 821 F.Supp.2d at 633), only approximately 400 users—that is, approximately .1333 percent—were located in New York. *Capitol Records*, 2008 WL 4450259 at *1.

All of MP3tunes' servers were in San Diego, California. MP3tunes had no New York presence: no bank accounts or property, no phone listing, no agents and no contracts anywhere to supply goods or services to New York. In addition, all of MP3tunes' employees were in San Diego, California and all of MP3tunes' executives resided in California. App. 85a ("torts were committed in California where [Robertson] operated [] MP3tunes"). As such, almost all of the witnesses and evidence relating to Respondents' copyright infringement claims were located in California.

Robertson has been a resident of San Diego, California since 1985. He has no New York presence: he does not (i) own or rent any property in New York, (ii) maintain any bank accounts in New York, (iii) have a phone listing in New York, or (iv) transact, nor has he ever transacted, business on behalf of himself, or on behalf of MP3tunes, in New York, either personally or through an agent. Robertson has never paid any income or real estate taxes to New York.

Respondents are a group of record companies and music publishers that sued MP3tunes and Robertson for copyright infringement in 2007. Prior to suit, Respondents sent MP3tunes three DMCA takedown notices. *Capitol Records*, 821 F.Supp.2d at 635. In response, MP3tunes removed songs listed in the takedown notices from the sideload.com index, but did not remove the copyrighted works from users' lockers. *Id.*

As a result of its bankruptcy filing, MP3tunes did not engage in pretrial activities from mid-2012 forward and did not appear at trial. At trial, MP3tunes and/or Robertson were found directly and/or secondarily liable for copyright infringement for songs sideloaded by Robertson and executives of MP3tunes, songs sideloaded by users for which the jury found MP3tunes to have "red flag" knowledge as to their infringing nature or to which MP3tunes was willfully blind and for cover art images that were displayed, copied and/or distributed. MP3tunes and Robertson were also found to be liable for common law copyright infringement and unfair competition with respect to pre-1972 sound recordings owned by certain Respondents.

Proceedings before the District Court

On or about September 20, 2007, MP3tunes filed an action in the Southern District of California seeking damages, costs and attorneys' fees for violations of the DMCA by certain of the Respondents and for declaratory relief that, for a variety of DMCA-related and other reasons, MP3tunes' conduct challenged by Respondents did not constitute copyright infringement. That case was dismissed for being "anticipatory" to an action brought by Respondents in the Southern District of New York. App. 60a-81a.

On November 9, 2007, Respondents commenced a lawsuit in the Southern District of New York against MP3tunes and Robertson, seeking damages for statutory and common law copyright infringement and unfair competition. Jurisdiction was invoked pursuant to 17 U.S.C. § 101 *et seq.* and 28 U.S.C. §§ 1331, 1338(a). On September 29, 2008, the district court initially dismissed claims against Robertson, holding that Robertson did not have the requisite contacts under New York's long-arm statute. *Capitol Records,* 2008 WL 4450259 at *3-5. The court also found that long-arm jurisdiction through an agency theory was improper because there was insufficient evidence "that Robertson benefits from and exercises control over MP3tunes' infringing activities." *Id.* at *5. The court did not perform a due process analysis. *Id.*

Thereafter, the district court consistently looked solely to MP3tunes' contacts with New York, without any separate analysis of Robertson's contacts, to find personal jurisdiction over Robertson. Thus, on October 16, 2009, the district court

found, *inter alia*, that it had personal jurisdiction over Robertson because he exercised control over MP3tunes with respect to the allegedly infringing activities. *See Capitol Records, Inc. v. MP3tunes, LLC*, 2009 WL 3364036 (S.D.N.Y. Oct. 16, 2009). With respect to due process, the district court found that "MP3tunes does significant business with New York customers... Plaintiffs have demonstrated that Robertson exercised extensive control over MP3tunes. Thus, he could 'reasonably anticipate being haled into court' in New York with respect to MP3tunes' business.'" *Id.* at *8 (internal citations omitted).

Following cross motions for summary judgment by Respondents and MP3tunes, on October 25, 2011, the district court denied the motions in part and granted them in part. *Capitol Records*, 821 F.Supp.2d at 650-51. Robertson thereafter moved for summary judgment on the issue of personal jurisdiction, which was denied on July 20, 2012. App. 82a-94a. In denying Robertson's motion, the district court again provided no analysis whatsoever concerning Robertson's individual contacts with New York. *Id.* On May 14, 2013, the district court denied Robertson's motion for reconsideration, again without analysis concerning Robertson's individual contacts with New York. *Capitol Records, Inc. v. MP3tunes, LLC*, 2013 WL 1987225 at *8-9 (S.D.N.Y. May 14, 2013).

Prior to trial, the district court granted a motion *in limine* to preclude Robertson from offering evidence at trial concerning personal jurisdiction. *Capitol Records, Inc. v. MP3tunes, LLC*, 2014 WL 503959 at *16 (S.D.N.Y. Jan. 29, 2014). On March 2, 2014, during trial, Robertson's counsel wrote the district court, attaching *Walden v. Fiore*, 134

S.Ct. 1115 (2014), arguing that *Walden* required reconsideration of the district court's finding of personal jurisdiction over Robertson. That request was summarily denied, again focusing on long-arm requirements and not due process. App. 95a-99a. At trial, no witnesses appeared to testify on Robertson's behalf; they were all located far from New York and outside the court's subpoena power. The jury trial concluded on March 26, 2014; thereafter, on September 29, 2014, the district court granted judgment as a matter of law as to some of the claims. App. 112a-164a. Judgment was entered by the district court on October 30, 2014 and an amended judgment was entered on April 14, 2015. App. 54a-59a.

Proceedings on Appeal

The Second Circuit issued its judgment (App. 51a-53a) and Initial Opinion on October 25, 2016. Robertson timely petitioned for Rehearing with a Suggestion for Rehearing *En Banc*. On December 13, 2016, the Second Circuit issued an order denying Robertson's Petition for Rehearing with a Suggestion for Rehearing *En Banc* (App. 42a-44a) and amended the Initial Opinion by issuing the Opinion. App. 1a-41a. Thereafter, Robertson timely filed a Petition for Rehearing of the Opinion. On January 9, 2017, the Second Circuit issued its order denying Robertson's Petition for Rehearing of the Opinion. App. 45a-47a.

REASONS FOR GRANTING THE PETITION

In performing its due process analysis, the Second Circuit erroneously determined that MP3tunes' operation of an interactive website

which did not target users in New York, but was accessed by a *de minimis* number of third-party users who happened to reside in New York—all of which it imputed to Robertson—was constitutionally sufficient to confer specific personal jurisdiction over Robertson in New York. App. 32a-33a. As made clear by this Court's decision in *Walden,* as well as pre- and post-*Walden* precedent by other courts of appeals, the Due Process Clause requires purposefully directed contact with the forum State by the defendant. That requirement is not met when a nonresident defendant's personal jurisdiction is based on the operation of interactive websites that are accessible from, but do not target, the forum State.

Without review by this Court, under the Second Circuit's Opinion, all companies and individuals operating interactive websites will be subject to specific jurisdiction in any State in which the corporation's interactive website was accessed by the forum State's users, regardless of whether that State, in particular, was targeted by the website, thus resulting in nationwide specific personal jurisdiction over all who engage in interactive internet commerce. App. 32a-33a.

Second, as to Robertson personally, the Second Circuit failed to analyze Robertson's conduct separate and apart from his affiliation with MP3tunes. App. 32a-33a & n.12. That is contrary to *Walden*'s holding that a defendant's conduct cannot be based on a third-party's forum connections. *Walden*, 134 S.Ct. at 1121-22. MP3tunes is a third party, as are MP3tunes' users who happened to reside in New York. When Robertson's own contacts with New York are examined, there are no contacts sufficient to support a finding of

specific personal jurisdiction that comports with due process. Review should be granted to avoid such a dilution of due process protections.

Third, the Second Circuit concluded that MP3tunes is liable for direct infringement of Respondents' copyrighted cover art images (and that Robertson is vicariously and contributorily liable for MP3tunes' liability), despite the absence of a volitional act by MP3tunes or Robertson, or conduct of either of them directly causing the infringement. App. 28a-29a. The Second Circuit ignored the automated processes of MP3tunes' system that required user actions and choices causing the copying and display of such images. *Id.* Instead, the Second Circuit affirmed liability because, in its view, MP3tunes' system was designed to retrieve cover art images "that a user did not request" and "without the user's knowledge of the copyrighted nature of the item." *Id.* at 29a. Because MP3tunes operated an automated, user-directed system, MP3tunes' (and Robertson's) role in the copying and display of the copyrighted cover art images is insufficient for a finding of direct copyright infringement liability.

The Opinion conflicts with the longstanding requirement, emphasized by recent decisions in both the Ninth and Fifth Circuits, of volitional conduct, or direct causation, for direct copyright infringement. Unless reviewed, the Opinion will dampen technological creativity by ISPs; and, ignoring the distinction between volitional conduct by users as contrasted to volitional conduct by ISPs, will eviscerate the safe harbor protection of the DMCA (which applies only to files stored on an ISP's system "at the direction of a user"). *See* App. 175a (17 U.S.C. §512(c)(1)).

I. THE PETITION SHOULD BE GRANTED TO PROPERLY DEFINE AND LIMIT SPECIFIC PERSONAL JURISDICTION BASED ON INTERNET CONTACTS WITH A FORUM; AND TO LIMIT SPECIFIC PERSONAL JURISDICTION TO THAT BASED ON CONTACT BY DEFENDANT, AND NOT A THIRD PARTY, WITH THE FORUM

The Petition should be granted to properly define and limit specific personal jurisdiction based on internet contacts with a forum and to limit specific personal jurisdiction to that based on contacts by a nonresident defendant, and not by a third party, with the forum. This Court has long held that "although ... physical presence within the territorial jurisdiction ... is not required, the nonresident defendant generally must have 'certain minimum contacts ... such that the maintenance of the suit does not offend 'traditional notions of fair play and substantial justice'" to support a finding of specific personal jurisdiction. *Walden*, 134 S.Ct. at 1121 (*quoting International Shoe Co. v. State of Washington*, 326 U.S. 310, 316 (1945), *quoting Milliken v. Meyer*, 311 U.S. 457, 463 (1940)). This is because specific personal jurisdiction, in contrast to general jurisdiction "depends on an 'affiliatio[n] between the forum and the underlying controversy,' principally, activity or an occurrence that takes place in the forum State and is therefore subject to the State's regulation." *Goodyear Dunlop Tires Operations, S.A. v. Brown*, 564 U.S. 915, 919 (2011) (citations omitted). *Walden* made plain that for a State to exercise specific personal jurisdiction consistent with due process "the defendant's

suit-related conduct must create a *substantial connection* with the forum State." 134 S.Ct. at 1121(emphasis added).

The *Walden* Court held that the "minimum contacts" analysis must be "defendant-focused" and requires that "[f]irst, the relationship must arise out of contacts that the 'defendant *himself* creates with the forum State" and "[s]econd, [the analysis must] look[] to the defendant's contacts with the forum State itself, not the defendant's contacts with persons who reside there." *Id.* at 1122 (emphasis in original; citations omitted). Thus, "[d]ue process requires that a defendant be haled into court in a forum State based on his own affiliation with the State..." 134 S.Ct. at 1123.

As to the first *Walden* prong, this Court emphasized that it is the "defendant's conduct that must form the necessary connection with the forum State" to establish a basis for jurisdiction. *Walden,* 134 S.Ct. at 1122 (*citing, inter alia, Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 478 (1985)). Accordingly, this Court has "consistently rejected attempts to satisfy the ... 'minimum contacts' inquiry by demonstrating contacts between the plaintiff (or third parties) and the forum State." *Id.* (citations omitted). In fact, even a finding of defendant's knowledge of the plaintiffs' forum connections, combined with the foreseeability that plaintiff will be harmed in the forum State by defendant's conduct, does not satisfy the "minimum contacts" inquiry because such an approach is not "defendant-focused" and, instead, "impermissibly allows a *plaintiff's* contacts with the defendant and forum to drive the jurisdictional analysis." *Id.,* at 1124-25 (emphasis added).

As to the second *Walden* prong, the evidence must establish that "defendant's contacts [are] with the forum State itself..." *Walden*, 134 S.Ct. at 1122 (citations omitted). "[A] defendant's relationship with a plaintiff or third party, standing alone, is an insufficient basis for jurisdiction." *Id.* at 1123 (citation omitted). Accordingly, courts are not permitted to shift the analytical focus from defendant's contacts with the forum to defendant's contacts with plaintiff or other third parties residing in the forum State. *Id.*, at 1124. Thus, to find the required "substantial connection with the forum State", the defendant's contacts must be "based on his own affiliation with the State, not based on the 'random, fortuitous, or attenuated' contacts he makes by interacting with other persons affiliated with the State." *Id.* at 1121, 1123 (*quoting Burger King*, 471 U.S. at 475).

Moreover, "mere injury to a forum resident is not a sufficient connection to the forum" since "an injury is jurisdictionally relevant only insofar as it shows that the defendant has formed a contact with the forum State." *Walden*, 134 S.Ct. at 1125. In other words, in order for the "effect" of the tortious activity on the plaintiff to be jurisdictionally relevant, the effect must be "tethered to [the forum State] in [a] meaningful way." *Id.* Indeed, this Court expressly held that "[t]he proper question is not where the plaintiff experienced a particular injury or effect but whether the defendant's conduct connects him to the forum in a meaningful way." *Id.* As to a defendant's physical presence in the forum State, this Court held that "physical presence ... is not a prerequisite to jurisdiction" but that "physical entry into the State—either by the defendant in

person or through an agent, goods, mail, or some other means—is certainly a relevant contact." *Id.* at 1122 (internal citations omitted).

Applying these principles, this Court in *Walden* analyzed whether due process permitted a Nevada court to exercise jurisdiction over a police officer who, *inter alia*, seized cash from travelers at an Atlanta, Georgia airport. This Court reversed the Ninth Circuit's finding of personal jurisdiction over the nonresident police officer. *Walden*, 134 S.Ct. at 1121, 1126. The evidence established that the police officer "approached, questioned, and searched respondents, and seized the cash at issue, in the Atlanta airport" and he later drafted an affidavit which was forwarded to a United States Attorney's Office in Georgia. *Id.* at 1124. "Petitioner never traveled to, conducted activities within, contacted anyone in, or sent anything or anyone to Nevada." *Id.* Thus, it was "undisputed that no part of petitioner's course of conduct occurred in Nevada" and "the reality [was] that none of petitioner's challenged conduct had anything to do with Nevada itself." *Id.* at 1124-25.

A. The Petition Should Be Granted To Make Plain That Due Process Requires That A Defendant's Website Target Users In The Forum To Support Specific Personal Jurisdiction In That Forum

The Petition should be granted to make plain that due process requires that a nonresident defendant's interactive website targets users in the forum State to support specific personal jurisdiction in that forum. The Second Circuit's finding of specific personal jurisdiction over

Robertson is based on the flawed premise that MP3tunes had a virtual presence in New York even without such targeting because of a *de minimis* number of users in New York; and that such a virtual presence is jurisdictionally relevant to—and may be imputed to—Robertson because of Robertson's affiliation with, and control over, MP3tunes. App. 32a-33a. However, that finding of personal jurisdiction over MP3tunes, and thus Robertson, is contrary to *Walden*, and conflicts with decisions by the courts of appeals for the Seventh and Eighth Circuits applying *Walden*'s "minimum contacts" inquiry in the context of internet contacts. MP3tunes lacked the "minimum contacts" with New York that are a prerequisite to an exercise of specific personal jurisdiction that comports with due process because, among other things, MP3tunes' websites did not target users in New York, in particular.

Because *Walden* did not involve internet contacts, the *Walden* Court declined to decide "whether and how a defendant's virtual 'presence' and conduct translate into 'contacts' with a particular State." *Walden*, 134 S.Ct. at 1125, n. 9. However, post-*Walden* decisions in the Seventh and Eighth Circuits correctly have held that, with respect to an analysis of internet-related contacts with the forum State, due process requires evidence of specific targeting of forum State residents by the nonresident defendant.

For example, in *Advanced Tactical Ordnance Sys., LLC v. Real Action Paintball, Inc.*, 751 F.3d 796 (7th Cir. 2014), the Seventh Circuit held that there was no evidence that defendant had the necessary minimum contacts with Indiana to sup-

port specific personal jurisdiction and analyzed, among other things, defendant's "online activities" including defendant's maintenance of an interactive website accessible to subscribers residing in the forum State. *Id. at* 802-804. Acknowledging that "[t]he Supreme Court has not definitively answered how a defendant's online activity translates into 'contacts' for purposes of the 'minimum contacts' analysis", the Seventh Circuit held:

> "[T]hus far it has appeared to us 'that the traditional due process inquiry [] is not so difficult to apply to cases involving internet contacts that courts need some sort of easier-to-apply test.' Thus, '[o]ur inquiry boils down to this: has [defendant] purposefully exploited the [Indiana] market' beyond simply operating an interactive website accessible in the forum state and sending emails to people who may happen to live there? Has the defendant, in brief, targeted Indiana somehow?"

Id. at 802 (internal citations omitted) (brackets in original).

With respect to the jurisdictional relevance of defendant's website, the *Advanced Tactical* Court found that:

> "The interactivity of a website is [] a poor proxy for adequate in-state contacts ... [because] the operation of an interactive website does not show that the *defendant* has formed a contact with the forum state. And, without the defendant's creating a sufficient connection (or 'minimum contacts') with the forum state itself, personal jurisdiction is not proper."

Id. at 803 (citations omitted) (emphasis in original).

Similarly, in *Fastpath, Inc. v. Arbela Tech. Corp.*, 760 F.3d 816 (8th Cir. 2014), the Eighth Circuit held that the exercise of personal jurisdiction in Iowa over the nonresident defendant, a California software corporation, was not consistent with due process because, although defendant's contacts with the forum included, *inter alia*, "a public webinar viewed by [plaintiff] in Iowa, obtaining access to information about software products [plaintiff] had developed in Iowa, and 'executing an agreement which imposed continuing obligations on [plaintiff] in Iowa" as well as "direct[ing] some emails and phone calls to [plaintiff] in Iowa", such "activity was insufficient to establish personal jurisdiction." *Id.* at 822-23. The Eighth Circuit explained that

> "[w]hile [defendant's] website and public webinar may have been accessed by [plaintiff] in Iowa and may have reached potential Iowa customers, nothing suggests that [defendant's] marketing efforts were actively, exclusively, or even predominantly targeted at Iowa customers. Instead, [defendant's] contacts with Iowa were merely 'incidental' and did 'not constitute a deliberate and substantial connection with the state such that [defendant] could reasonably anticipate being haled into court there.'"

Id. at 824 (citations omitted).

In stark contrast to, and in direct conflict with, the Seventh and Eighth Circuits, the Second Circuit Opinion held that MP3tunes "'purposefully

avail[ed] [it]self of the privilege of conducting activities within [New York]" merely based on evidence that (i) "MP3tunes had at least 400 users located in New York" and (ii) MP3tunes "provided services to New York customers." App. 33a. However, the Second Circuit failed to examine whether MP3tunes' conduct was directed at the forum State. The Opinion does not address whether the "services" provided by MP3tunes were "actively, exclusively, or even predominantly targeted at [New York] customers" (*Fastpath*, 760 F.3d at 824) or whether MP3tunes "purposefully exploited the [New York] market." *Advanced Tactical*, 751 F.3d at 802 (citation omitted). In fact, the Second Circuit acknowledges that the opposite is true, finding that "MP3tunes served a national market, *as opposed to* a New York-specific market..." App. 33a (emphasis added). Nor was specific personal jurisdiction here limited to the infringements, if any, by the 400 users located in New York. Rather, based on that slender reed, infringements by MP3tunes' users everywhere were permitted to be challenged.

As *Walden*, *Advanced Tactical* and *Fastpath* make clear, the mere fact that MP3tunes' website was accessible by users in New York cannot confer specific personal jurisdiction over MP3tunes (or Robertson), which otherwise lacks substantial connections to New York. *See Walden*, 134 S.Ct. at 1121 ("[w]e have consistently rejected attempts to satisfy the defendant-focused 'minimum contacts' inquiry by demonstrating contacts between ...[third parties] and the forum State") (citations omitted)). Thus, that MP3tunes had "400 users located in New York" (App. 33a) is, by itself,

jurisdictionally insufficient.[1] By affirming the exercise of specific personal jurisdiction, the Second Circuit conflates the otherwise random or incidental use of MP3tunes' interactive website by New York residents to a jurisdictionally dispositive contact with New York. That approach to the "minimum contacts" inquiry violates the controlling principles set forth in *Walden* and the standards related to internet contacts clarified by *Advanced Tactical* and *Fastpath*. *See, e.g.*, *Advanced Tactical*, 751 F.3d at 803 ("[h]aving an 'interactive website' ... should not open a defendant up to personal jurisdiction in every spot on the planet where that interactive website is accessible").

Indeed, the Second Circuit essentially has concluded that MP3tunes' operation of an interactive website subjects the corporation (and Robertson) to specific personal jurisdiction everywhere. In attempting to justify its exercise of personal jurisdiction, the Second Circuit, explained:

> "That MP3tunes served a national market, as opposed to a New York-specific market, has little bearing on our inquiry, as attempts to serve a nationwide market constitute 'evidence of [the defendant's] attempt to serve the New York market, albeit indirectly.'"

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[1] On summary judgment, the record established that "[o]ver 300,000 users [] signed up for a locker." *Capitol Records*, 821 F.Supp.2d at 633. Accordingly, 400 users located in New York is a *de minimis* percentage of MP3tunes' website's user base—thirteen and one-third hundredths of one percent (.1333 %); and the resulting revenue from the 400 users in New York was insignificant.

App. 33a (*quoting Kernan v. Kurz-Hastings, Inc.*, 175 F.3d 236, 243 (2d Cir. 1999); *citing Chloe v. Queen Bee of Beverly Hills, LLC*, 616 F.3d 158, 171 (2d Cir. 2010)) (brackets in original).

By concluding that a website's nationwide reach, as opposed to the specific targeting of users in an individual forum State, "has little bearing on [the] inquiry," the Second Circuit's Opinion is creating *de facto* universal jurisdiction, that is, permitting the exercise of specific personal jurisdiction solely on the basis of the defendant's operation of an interactive website. App. 33a. Such a precedent is markedly contrary to traditional due process principles as set forth in *Walden*.

As the Seventh Circuit counseled in *Advanced Tactical*:

> "We need not belabor the point: if having an interactive website were enough in situations like this one, there is no limiting principle—a plaintiff could sue everywhere. Such a result would violate the principles on which *Walden* and *Daimler* rest. Having an 'interactive website' (which hardly rules out anything in 2014) should not open a defendant up to personal jurisdiction in every spot on the planet where that interactive website is accessible. To hold otherwise would offend 'traditional notions of fair play and substantial justice.' *Int'l Shoe*, 326 U.S. at 316, 66 S.Ct. 154."

751 F.3d at 803.

In addition, several pre-*Walden* courts of appeals agree that "[i]f the defendant merely

operates a website, even a 'highly interactive' website, that is accessible from, but does not target, the forum state, then the defendant may not be haled into court in that state without offending the Constitution." *be2 LLC v. Ivanov*, 642 F.3d 555, 559 (7th Cir. 2011) (citations omitted) ("the constitutional requirement of minimum contacts is not satisfied simply because a few residents have registered accounts on be2.net"); *Carefirst of Maryland, Inc. v. Carefirst Pregnancy Ctrs., Inc.*, 334 F.3d 390, 401 (4th Cir. 2003) (company's "generally accessible, semi-interactive Internet website" did not "direct electronic activity into Maryland with the manifest intent of engaging in business or other interactions with that state in particular"); *Toys "R" Us, Inc. v. Step Two, S.A*, 318 F.3d 446, 454 (3d Cir. 2003) ("the mere operation of a commercially interactive web site should not subject the operator to jurisdiction anywhere in the world. Rather, there must be evidence that the defendant 'purposefully availed' itself of conducting activity in the forum state, by directly targeting its web site to the state, knowingly interacting with residents of the forum state via its web site, or through sufficient other related contacts").

For all of those reasons, the Petition should be granted to review the Opinion's extension of specific personal jurisdiction to every state in which a website has users or customers, without proof that the website targeted consumers in that forum State.

B. The Petition Should Be Granted To Make Plain That It Is Impermissible To Focus On Conduct By Third Parties, Including The Corporation, In Asserting Jurisdiction Over A Corporate Executive Who Has Engaged In No Forum Related Contacts

The Petition also should be granted to make plain that it is impermissible to focus on conduct by third parties, including an executive's corporate employer, in asserting jurisdiction over a corporate executive who has no forum-related contacts. The Second Circuit's Opinion, affirming specific personal jurisdiction over Robertson in New York based solely on the scope of MP3tunes' alleged activities in New York, should be reviewed because it ignores *Walden*'s mandate that it is the defendant's contacts, not that of a third party's, that must be with the forum State. *Walden*, 134 S.Ct. at 1122-23.

Relying on, *inter alia*, *Retail Software Servs., Inc. v. Lashlee*, 854 F.2d 18 (2d Cir. 1988), the Second Circuit improperly affirmed personal jurisdiction over Robertson by attributing the forum connections of a third party—MP3tunes—to Robertson because Robertson (i) was MP3tunes' "founder and CEO", (ii) had "extensive control" over MP3tunes, (iii) was aware that MP3tunes "provided services to New York customers"; and (iv) "MP3tunes had at least 400 users located in New York." App. 32a-33a. However, it is undisputed that Robertson does not reside in the forum and no part of Robertson's conduct occurred in the forum. App. 85a. Due process prohibits Robertson from being haled into court in New York based on the contacts between a third party—MP3tunes and/or its users—and the forum State. *Walden*,

134 S.Ct. at 1122-23. Yet that is precisely what the Second Circuit did.

Exacerbating that error, the Second Circuit distorted *Walden* as having "left unaddressed the role of a corporation's activities in evaluating a court's personal jurisdiction over its top executive, including where the executive is, as here, intimately involved with all aspects of the company's operation" because, in its view, the *Walden* decision emphasized "*only* that personal jurisdiction cannot arise from contacts between the plaintiff or third parties and the forum State." App. 32a-33a, n.12 (emphasis added) (internal citations omitted).

That construction of *Walden* is disingenuously narrow. Rather, as *Walden* explained, even where "a defendant's contacts with the forum State may be intertwined with his transactions or interactions with ... other parties," due process ***requires*** that "a defendant's relationship with a ... third party, standing alone, is an insufficient basis for jurisdiction." *Walden*, 134 S.Ct. at 1123 (citation omitted). Put another way, *Walden* acknowledged that "physical entry into the State—either by the defendant in person or through an agent, goods, mail or some other means—is certainly a relevant contact," but the *Walden* Court unequivocally held that due process requires the connection between the "defendant *himself*" and the forum State be a "substantial connection." *Walden*, 134 S.Ct. at 1121-22 (emphasis in original) (citations omitted). Accordingly, although the Second Circuit was permitted to evaluate whether Robertson's contacts with New York were through "some other means," MP3tunes' connection with New York, without more, could not be the sole basis for the finding of personal jurisdiction over Robertson.

The Second Circuit's finding of personal jurisdiction also impermissibly makes Robertson's knowledge of MP3tunes' connections to New York "decisive" in conducting the "minimum contacts" inquiry. App. 33a ("Robertson was aware ... that his company provided services to New York customers" and Robertson "knew ... that MP3tunes had 'purposefully availed itself of the privilege of conducting activities within New York'") (citation and brackets omitted)). This approach to the "minimum contacts" due process inquiry was expressly rejected by this Court in *Walden*. There, the Ninth Circuit had "looked to petitioner's knowledge of respondents' 'strong forum connections'" and found that such "knowledge, combined with its conclusion that respondents suffered foreseeable harm in Nevada, satisfied the 'minimum contacts' inquiry." *Walden*, 134 S.Ct. at 1124 (citations omitted). However, this Court held that "[p]etitioner's actions in Georgia did not create sufficient contacts with Nevada simply because he allegedly directed his conduct at plaintiffs whom he knew had Nevada connections" because "the reality [was] that none of petitioner's challenged conduct had anything to do with Nevada itself" such that the Court of Appeals "impermissibly allow[ed] a plaintiff's contacts with the defendant and forum to drive the jurisdictional analysis." *Id.* at 1125.

For all of those reasons, the Petition should be granted to review the Opinion's extension of specific personal jurisdiction to Robertson based on the conduct of third parties, MP3tunes, and/or MP3tunes' *de minimis* number of users who happened to reside in New York.

II. THE PETITION SHOULD BE GRANTED TO MAKE PLAIN THAT PROOF OF VOLITIONAL CONDUCT, OR DIRECT CAUSATION, IS REQUIRED IN CLAIMS OF DIRECT COPYRIGHT INFRINGEMENT, TO AVOID EVISCERATING SAFE HARBOR PROTECTIONS OF THE DMCA AND CHILLING CREATION OF TECHNOLOGICAL ADVANCES BY INTERNET SERVICE PROVIDERS

Finally, the Petition should be granted to make plain that proof of volitional conduct (or direct causation) is required to support claims of direct copyright infringement, to avoid eviscerating the safe harbor protections of the DMCA and to avoid chilling creation of technological advances by ISPs. The Second Circuit erroneously affirmed the finding of MP3tunes' direct infringement of Respondents' copyrighted cover art images (for which Robertson was found vicariously and contributorily liable) without any volitional conduct (or direct causation) by MP3tunes. App. 28a-29a. Because the Second Circuit's finding of direct copyright infringement in the absence of volitional conduct that directly caused the copying and/or display of copyrighted images is inconsistent with longstanding direct copyright infringement principles established by this Court and followed in the courts of appeals, this Court should grant the Petition to clarify the application of the volitional conduct (or direct causation) rule to the provision of technological tools by ISPs provided to their users and to ensure that ISPs are not disqualified from DMCA safe harbor protections contrary to the purposes of the DMCA.

The technological tool at issue here was a software program, LockerSync, that could only be activated by the user if the user (i) chose to upload songs from his/her computer and (ii) the user chose to use it during the log-in process. App. 108a. The tool did not apply during sideloading or if a user did not upload songs. App. 101a-102a. In addition, even for users who chose to upload songs, a user could choose to upload his/her own cover art (App. 105a) or could opt out of using the retrieval device. App. 108a. Moreover, the cover art retrieval tool ran automatically when activated by the user, without any input from MP3tunes. App. 7a.

It has long been settled that volitional conduct by the defendant is required to establish a claim for direct—as opposed to secondary—copyright infringement. *See Sony*, 464 U.S. at 433-35 & n. 17 (distinguishing direct and secondary copyright infringement based on use of a copyrighted work (direct) or authorizing such use (secondary)); *Aereo*, 134 S.Ct. at 2512-17 (Scalia, J., dissenting); *Aereo*, 134 S.Ct. at 2507 (opinion of the Court) ("[i]n other cases involving different kinds of service or technology providers, a user's involvment in the operation of the provider's equipment and selection of the content transmitted may well bear on whether the provider performs within the meaning of the Act"); *Grokster*, 545 U.S. at 930 (secondary liability applies when a defendant "intentionally induc[es] or encourage[es]" infringing acts by others or profits from such acts "while declining to exercise a right to stop or limit [them]") (internal citations omitted).

In *Aereo*, this Court held that Aereo's system infringed petitioner's public performance rights by "selling its subscribers a technologically complex

service that allows them to watch television programs over the Internet at about the same time as the programs are broadcast over the air." *Aereo*, 134 S.Ct. at 2503. The decision was based on a finding of "many similarities between Aereo and cable companies," such that Aereo could not be viewed "just [as] an equipment supplier." *Id.* at 2507. As a result, this Court held that it was Aereo, and not it subscribers, that "performed" under the Transmit Clause of the Copyright Act. *Id. at* 2506-07, 2511.

Justice Scalia, dissenting (joined by Justices Thomas and Alito), emphasized that "[t]he volitional-conduct requirement ... comes right to the fore when a direct-infringement claim is lodged against a defendant who does nothing more than operate an automated, user-controlled system." *Aereo*, 134 S.Ct. at 2513 (Scalia, J. dissenting) (citations omitted). This is because the

> "distinction between direct and secondary liability would collapse if there were not a clear rule for determining whether *the defendant* committed the infringing act. The volitional-conduct requirement supplies that rule; its purpose is not to excuse defendants from accountability, but to channel the claims against them into the correct analytical track."

Id. at 2514 (Scalia, J. dissenting) (emphasis in original) (internal citation omitted).

Importantly, Justice Scalia explained that his conclusion that Aereo does not "perform" does not "necessarily mean that Aereo's service complies with the Copyright Act." *Aereo*, 134 S.Ct. at 2514 (Scalia, J. dissenting). Rather, the volitional act

requirement merely serves to distinguish between direct copyright infringement and secondary copyright infringement. In the absence of a volitional act, at most secondary copyright infringement is at issue. That is important in the internet age, since ISPs often develop and engage in technological advances to better serve users and to compete. Merely providing technological advances to users is not a volitional act supporting a direct copyright infringement claim.

The Court's majority in *Aereo* did not reject the "volitional act" requirement for proof of direct infringement. Rather, it rejected Justice Scalia's conclusion that Aereo was, at most, a secondary infringer because Aereo was identical in most respects to a cable company:

> "In other cases involving different kinds of service or technology providers, a user's involvement in the operation of the provider's equipment and selection of the content transmitted may well bear on whether the provider performs within the meaning of the Act. But the many similarities between Aereo and cable companies, considered in light of Congress' basic purposes in amending the Copyright Act, convince us that this difference is not critical here. We conclude that Aereo is not just an equipment supplier and that Aereo 'perform[s].'"

134 S.Ct. at 2507.

Following *Aereo*, the Fifth Circuit in *BWP Media USA, Inc. v. T & S Software Assocs., Inc.*, 2017 WL 1149107 (5th Cir., Mar. 27, 2017) ("*BWP Media*") and the Ninth Circuit in *Perfect 10, Inc. v.*

Giganews, Inc., 847 F.3d 657 (9th Cir. 2017) ("*Perfect 10*"), have confirmed the ongoing vitality of the volitional-conduct requirement for direct infringement. Indeed, the Ninth Circuit explained that the "volitional act" requirement is really nothing more than a causation requirement:

> "[T]he so-called 'volition' element of direct infringement is not a judicially-created element of intent or knowledge; it is a basic requirement of causation. As its name suggests, *direct* liability must be premised on conduct that can reasonably be described as the *direct cause* of the infringement[.]"

Perfect 10, 847 F.3d at 666 (emphasis in original; citations omitted); *accord*, *BWP Media*, 2017 WL 1149107 at *3 & n.1. That view also held sway prior to *Aereo*. *See*, *e.g.*, *CoStar Grp., Inc. v. LoopNet, Inc.*, 373 F.3d 544, 549, 551 (4th Cir. 2004) (the Copyright Act "requires *conduct* by a person who causes in some meaningful way an infringement") (emphasis in original).

Here, the Second Circuit concluded that MP3tunes is directly liable for infringing Respondents' cover art because the "LockerSync system was designed to retrieve one aspect of a copyrighted work (the album art) whenever a user uploaded another aspect of a copyrighted work (the song)," which the Second Circuit interpreted as an action (i) "that a user did not request" and (ii) that was "frequently without the user's knowledge of the copyrighted nature of the item" such that this "constituted enough evidence ... that copying of the cover art was directed by MP3tunes, not users." App. 28a-29a.

In so doing, the Second Circuit (i) ignored record evidence that MP3tunes operated an automated,

user-controlled system, (ii) disregarded the decisive issue of whether there was a volitional act by MP3tunes, and (iii) imposes a rule that would withdraw safe harbor protection, and burden ISPs, like MP3tunes, with direct copyright infringement liability for providing users with technological tools to access and retrieve copyrighted content when its system was designed to automatically respond to the *user's* selection of content.

First, in erroneously holding that MP3tunes directed the copying of the cover art because, *inter alia*, the "system retrieved [a cover art image] that a user did not request", the Second Circuit found that MP3tunes, as opposed to its users, *caused* the retrieval of cover art because its users "did not request" it. App. 29a. That is incorrect. It is undisputed that MP3tunes provided users with an automated system that remained inactive until a user logged in and initiated the LockerSync log-in process, which, in turn, initiated the potential retrieval of cover art images that corresponded to the user's song library. App. 7a, 108a. Moreover, the system allowed users to upload their own cover art. App. 103a; 105a; 110a.

With regard to cover art content, MP3tunes' system afforded its users distinct choices: they could receive no cover art, have the system upload the users' own cover art content, or initiate an automated process to retrieve cover art images that corresponded to the song of their choosing retrieved from a third party source.

By failing to acknowledge these options and that MP3tunes operated an "automated" and "user-controlled" system, the Second Circuit's premise for its holding of direct liability is fundamentally

flawed. For example, the Ninth Circuit in *Perfect 10* concluded that there was no direct infringement of Perfect 10's display rights because "[t]he evidence before us shows only that Giganews's actions were akin to ... automatically copying, storing, and transmitting materials upon instigation by others." *Perfect 10*, 847 F.3d at 668 (*citing CoStar Group*, 373 F.3d at 555). As explained above, it is the user's selection of the content that is the decisive volitional act and direct cause of infringement. MP3tunes' degree of involvement is not great enough to displace the user as the one who actually selected the song and directed the retrieval of the cover art images.

Second, merely paying lip-service to *Cartoon Network LP, LLLP v. CSC Holdings, Inc.*, 536 F.3d 121 (2d Cir. 2008)—which found that "volitional conduct is an important element of direct liability" (*id.* at 131)—the Second Circuit's Opinion does not identify MP3tunes' volitional conduct or the nature of it. App. 28a-29a. That is yet another reason why the Opinion is inconsistent with the recent decisions of the Fifth and Ninth Circuits. Those decisions analyzed the volitional conduct necessary to establish an ISP's direct liability for copyright infringement and, based on principles of causation, required evidence of active "rout[ing] [of] infringing content to its users" by the ISP, as opposed to "passive host[ing]" of user-instigated content, to support direct infringement. *See BWP Media*, 2017 WL 1149107 at *5; *Perfect 10*, 847 F.3d at 668.

Thus, in *BWP Media*, the Fifth Circuit concluded that defendant T&S was not directly liable for infringement because T&S's conduct did not cause an infringement "in some meaningful way."

BWP Media, 2017 WL 1149107 at *5 (quotation and citation omitted). The Fifth Circuit observed that although T&S "provided a service that others could use to infringe", the role that T&S played was not an "active role." *Id.* To be "more than passive", in the Fifth Circuit's view, would be "to route infringing content to its users." *Id.* Here, MP3tunes is not the direct cause of the infringement. In addition, MP3tunes is not "rout[ing] infringing content to its users." *Id.* And that is especially the case because, as mentioned above, MP3tunes' system afforded its users at least two of three choices that would *not* have triggered the copying and/or displaying of copyright images: they could upload their own cover art content or could elect to receive no content.

Finally, the line between direct and secondary liability is particularly important to ISPs, because to qualify for DMCA safe harbors, the copyrighted material must be stored on the ISP's system "at the direction of a user." App. 175a (17 U.S.C. §512(c)(1)). A finding of volitional conduct is, in effect, a finding that the material resided on the ISP's system due to the ISP's own acts, rather than at the direction of the users. Thus, this Court should grant the Petition and resolve the split among the courts of appeals by rejecting the Second Circuit's finding that MP3tunes—an ISP—engaged in volitional conduct or directly caused infringement by providing a technological tool for users to utilize. App. 29a & n. 11.

Accordingly, this Court should grant the Petition to review the Second Circuit's direct infringement analysis to ensure that DMCA safe harbors are not eviscerated and that ISP's are not chilled in creating new technological tools for

users, by requiring proof of a volitional act and direct causation.

CONCLUSION

For all of the foregoing reasons, this Court should grant the Petition.

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Respectfully submitted,

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