

December 2021

Follow @Paul_Hastings



Recent Rulings on “Embedding” Foreshadow Circuit Split—What Does That Mean For Content Use Now?

By [Tamerlin Godley](#) & [Kiaura Clark](#)

When and how can you display someone else’s visual content on your website without running afoul of copyright law? When and how can someone else display your visual content? A recent ruling out of the Southern District of New York, Opinion & Order, *Nicklen v. Sinclair Broadcast Group, Inc.*, No. 1:20-cv-10300 (S.D.N.Y. Jul. 30, 2021), may upend the current paradigm.

In *Nicklen*, a wildlife photographer and videographer posted original footage of a starving polar bear to his Instagram and Facebook accounts, highlighting the impact of global warming. The video went viral. Defendants, a news outlet and publishing group, posted the video in full on their websites. In posting the video, they did not copy the video and stream it from their servers. Instead, Defendants posted Hyper Text Markup Language (“HTML”) that directed web browsers to retrieve the video from the social media servers for viewing on the Defendants’ websites. This is known as “embedding.” It links to the original post without storing the work on a server or creating a copy of it. The video of the polar bear appeared within the body of the defendants’ article even when a reader took no action to retrieve the video or navigate to Nicklen’s social media accounts, and even when a reader did not have a Facebook or Instagram account. Nicklen brought suit claiming that this violated his exclusive reproduction, distribution, and display rights under the Copyright Act.

The Server Test

First, let’s look at the world before *Nicklen*. Way back in 2007—iPhones had just hit the market and YouTube was two years old—the Ninth Circuit established what is known as the “server test” for determining whether embedding violated the Copyright Act’s exclusive “display” right.

In *Perfect 10, Inc. v. Amazon.com, Inc.*, Plaintiff, a subscription-based website that hosted password-protected images of nude models, sued Google. Plaintiff claimed copyright infringement because Google’s search engine displayed thumbnail images of Perfect 10’s pictures in response to a search. These thumbnail images were copies of the original content and found on Google’s servers. Plaintiff also complained that the full-size image would be displayed when a user clicked on the thumbnail image. 508 F.3d 1146, 1160 (9th Cir. 2007). Plaintiff argued that this was a violation of both its display and distribution rights under Section 106 of the Copyright Act.

The Ninth Circuit said no—neither action was copyright infringement on two separate grounds. For the thumbnail images, the court determined that the images could constitute copyright infringement. When a website displays an image "with a copy of the photographic image fixed in the computer's memory" that content infringes a copyright holder's display rights. Because the thumbnail images were copies stored on Google's servers, they infringed Plaintiff's copyrights. But, the court held that this was "fair use" because of the transformative nature of the search engine use and the public benefit. On the full size images, the court held this was not infringement. Google did not store the full-size images on its servers. Instead, it embedded HTML that "gives the address of the image to the user's browser" and the browser "interacts with the [third-party] computer that stores the infringing image." *Perfect 10*, at 1161. Because the full scale images remained on the plaintiff's servers and were not fixed in the memory of Google's servers, the Ninth Circuit held that the use did not violate the Plaintiff's copyright display right. This case established the "server test": If the material is not on the defendant's servers— it's not infringement of the Copyright Act's display right.

Courts in the Ninth Circuit have faithfully followed the server test when analyzing violations of the display right under the Copyright Act, although—given the settled nature of the test (at least in the Ninth Circuit)—it has not been litigated that often. *Bell v. Wilmott Storage Servs., LLC*, Nos. 19-55882, 19-56181, 2021 WL 4097499, at *5 (9th Cir. Sept. 9, 2021); *Free Speech Sys., LLC v. Menzel*, 390 F. Supp. 3d 1162, 1171 (N.D. Cal. 2019); *Synopsys, Inc. v. Ubiquiti Networks, Inc.*, 313 F. Supp. 3d 1056, 1070 (N.D. Cal. 2018); *ALS Scan, Inc. v. Cloudflare, Inc.*, No. CV 16-5051-GW(AFMx), 2017 WL 11579039, at *16 (C.D. Cal. June 1, 2017); *Perfect 10, Inc. v. Yandex N.V.*, No. C 12-01521 WHA, 2013 WL 4777189, at *4 (N.D. Cal. Sept. 6, 2013); *Louis Vuitton Malletier, S.A. v. Akanoc Sols., Inc.*, No. C 07-03952 JW, 2010 WL 5598337, at *3 (N.D. Cal. Mar. 19, 2010), *aff'd in part, vacated in part on other grounds*, 658 F.3d 936 (9th Cir. 2011).

Rejections of the Server Test

Courts outside the Ninth Circuit, however, have rejected the server test for display right cases. In 2017, a court in the Northern District of Texas held that embedding "impermissibly displayed the works to the public." *Leader's Institute, LLC v. Jackson*, No. 3:14-CV-3572-B, 2017 WL 5629514, at *10 (N.D. Tex. Nov. 22, 2017). The court distinguished *Perfect 10* because it involved a search engine that required some active participation by the user clicking on a particular result to view the embedded work. It also rejected the notion that "actual possession of a copy [is] a necessary condition to violating a copyright owner's exclusive right to display her copyrighted works." *Id.* at *11. Ultimately, the parties settled, and thus the Fifth Circuit did not have the opportunity to accept or reject the server test.

Likewise, in 2018, the Southern District of New York rejected the server test. The plaintiff owned the copyright in a photograph that he posted to Snapchat. The photograph was ultimately uploaded to Twitter and then embedded on news websites from the Twitter posts. *Goldman v. Breitbart News Network, LLC*, 302 F. Supp. 3d 585, 596 (S.D.N.Y. 2018). The court found that the news websites' embedding violated the Copyright Act, holding that the server test was not "adequately grounded in the text of the Copyright Act" and "physical possession of an image is [not] a necessary element to its display." *Id.* Again, the parties settled and the Second Circuit had no opportunity to take up a review of the court's reasoning.

This summer in *Nicklen*, the polar bear case, an SDNY court again rejected the server test at the motion to dismiss stage, finding that embedding content could violate the display right. The court reasoned: "The right is concerned not with how a work is shown, but *that* a work is shown[.]" Opinion & Order at 8. Embedding a video on a website "displays" that video. Further, the court explained that the Copyright

Act's text and history establish that the display right is broad and encompasses "not only the initial rendition or showing, but also any further act by which that rendition or showing is transmitted or communicated to the public." *Id.* at 7-8 (citation omitted). The embedded polar bear video, from a user perspective, was part and parcel of Defendants' website—regardless of whether the content was actually hosted there.

Adding to the intrigue this Fall, in the wake of *Nicklen*, Judge Breyer of the Northern District of California gave a full-throated defense of the server test based on the "plain language" of the statute. *Hunley v. Instagram, LLC*, No. 21-CV-03778-CRB, 2021 WL 4243385, at *1 (N.D. Cal. Sept. 17, 2021). In *Hunley*, the plaintiffs argued that Instagram's embedding tool allowed third parties to infringe their photographs—making Instagram secondarily liable for copyright infringement. The plaintiffs expressly asked the court to reject the server test or at least limit its application to search engines. The court disagreed, standing on the server test. Judge Breyer explained that "[a] copyright owner 'has the exclusive right' to 'display' a copyrighted image or video 'publicly.'" (citing 17 U.S.C. § 106(5)). To "display" a copyrighted image or video means "to show a copy of it[.]" (citing *Id.* § 101). "Copies" are "material objects . . . in which a work is fixed. . . ." (citing *Id.*) And a work is "fixed in a tangible medium of expression when its embodiment in a copy. . . is sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration." (citing *Id.*) Based on these statutory definitions, Judge Breyer argued, the server test properly finds a violation of the display right *only* when the alleged infringer has a copy of the work on its server.

What About Other Copyright Rights Beside the Display Right?

Interestingly, courts in a number of circuits have utilized the server test in analyzing other exclusive rights in the copyright bundle. *See, e.g., Flava Works, Inc. v. Gunter (Flava Works II)*, 689 F.3d 754, 757 (7th Cir. 2012) (no copyright infringement as to the reproduction, distribution, and public performance rights by online service that automatically requests video embed code, upon user-bookmarking, from the server that hosts a video even though video appears to be on defendant's website); *Grady v. Iacullo*, No. 13-CV-00624-RM-KMT, 2016 WL 1559134, at *7 (D. Colo. Apr. 18, 2016) (server test applied in context of distribution and reproduction rights where plaintiff presented no evidence that photographs and videos were stored on defendant's computer, but merely that he provided links to the content to other users of the third-party website); *Live Face on Web, LLC v. Biblio Holdings LLC*, No. 15 Civ. 4848 (NRB), 2016 WL 4766344, at *4-5 (S.D.N.Y. Sept. 13, 2016) (noting that lack of possession of the infringing works on defendant's server could limit the defendant's liability for infringement of plaintiff's distribution right).

That some courts allude to or even consider the server test in the context of other rights under the Copyright Act, such as the reproduction and distribution rights, makes sense. According to the legislative history and the text of the Copyright Act, both distribution and reproduction rights are triggered where the work has been sufficiently "fixed" by making a copy and then either distributing or reproducing it. *See, e.g., H.R. REP. NO. 94-1476*, at 62 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5675 (works must be "sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration"); 17 U.S.C. § 106(3) (the copyright owner has the exclusive right "to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending"); 17 U.S.C. § 101 (defines "copies" as "material objects . . . in which a work is fixed").

In cases that apply the server test, whether something is sufficiently "fixed" as to implicate the distribution and reproduction rights seems to depend on whether the alleged infringer actually stored

images on its server or merely directed users to view those images somewhere else. See *Perfect 10*, 508 F.3d at 1162 (it was not Google, but the “website publisher’s computer that distribute[d] copies of the images by transmitting the photographic image electronically to the user’s computer”). The argument can therefore easily be made that if a work *is* stored on an alleged infringer’s server, then it is sufficiently fixed to be either distributed or reproduced.

Key to the reproduction and distribution rights is that the work be sufficiently “fixed.” The display right does not explicitly require the same. Yet in its analysis of the server test in *Perfect 10*, the court still found that a “computer owner does not display a copy of an image when it communicates only the HTML address of the copy.” *Id.* at 1161. Though this raises questions as to how the display right is distinguishable from the distribution and reproduction rights, the court emphasized that it did not “erroneously collapse the display right in section 106(5) into the reproduction right set forth in section 106(1)” because “nothing in the Copyright Act prevents the various rights protected in section 106 from overlapping.” *Id.* The server test may strike just the right balance of predictability by applying across the bundle of copyright rights.

Risk of Rejecting the Server Test

While the *Nicklen* denial of the motion to dismiss cannot be appealed and the case may very well settle, at some point *Nicklen* or another SDNY case is likely to get to the Second Circuit setting up a circuit split on this issue. What happens if the server test is rejected? Defendants in the 2018 SDNY case (*Goldman*) argued that a rejection of the server test would “cause a tremendous chilling effect on the core functionality of the web,” “radically change linking practices, and thereby transform the internet as we know it.” 302 F. Supp. 3d at 596.

This may be hyperbole. There would seem to be two main fallouts. First, third party sites would no longer be able to create the illusion that video or pictures were being displayed on their own site. Instead, they would have to link to the original site. In the case of *Nicklen*, if the viewer did not have a Facebook or Instagram account, they would be unable to see the work. If the third party wanted to use the work so it appeared on their own site they would have to pay for a license. This is how the world generally worked before the internet. If a newscast or newspaper wanted to use a picture or a video, they paid a license to do so unless they could show it was fair use (more on that below).

Second, entities that provide the tools for embedding, like Instagram, would be liable for secondary liability, likely eliminating those tools. Facebook has recently announced that its Instagram embedding tool may only be used within the Instagram universe. It cannot be used to embed material on third party sites. This may be the result of the *Nicklen* ruling and concerns about the long term viability of the server rule.

Of course, if someone uses only a snippet of the video or does so for newsworthy purposes, the use could very well fall under the fair use doctrine (again, more on that below). But, given the vagaries of the fair use doctrine, predictability on the issue would be lost. A clear upside of the server rule is that parties know how to conform their conduct.

What is not impacted is the ability to forward posts in Facebook, Twitter or Instagram. Going viral is one of the main points of posting on those sites and forwarding attributes the work to the original author. Nor would the server rule impact links that send the user to the original website.

Limiting the ability to embed, however, may give social media platforms outsized power over content. In order to view the content, users may feel compelled to join the platform. But, this is what happens

when links to newspaper articles are shared. In order to view the full article you often have to sign up. Do we want Facebook, Twitter and Instagram to have that much power over content? Does the protection of the original content creator justify this power? All good policy questions to be addressed.

Defenses and Alternatives to the Server Rule

As noted, even if the server rule is rejected, there are other legal principles that may still save embedding—in part.

Fair Use Protection

Embedded material may still be non-infringing where it is constitutionally protected as fair use. Courts analyze the following four factors in evaluating a question of fair use:

1. the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes; (2) the nature of the copyrighted work; (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and (4) the effect of the use upon the potential market for or value of the copyrighted work. 17 U.S.C. § 107.

The court in *Nicklen* decided that it could not determine fair use at the motion to dismiss stage. Still, when assessing the purpose and character of the use, the court recognized that “use of a copyrighted photograph in a news article can properly be deemed transformative where the photograph itself is the subject of the story.” However, the other three factors either weighed against or were neutral in the analysis.

Other courts have found embedded content to be fair use. In *Boesen v. United Sports Pubs., Ltd.*, 20-CV-1552 (ARR) (SIL), 2020 WL 6393010, at *5 (E.D.N.Y. Nov. 2, 2020), for example, the court found that an article embedding tennis player Wozniacki’s Instagram post was transformative fair use as a commentary on the post itself. The court explained that “embedding social media posts that incidentally use copyrighted images *in reporting on the posts themselves* transforms the original works[.]” It warned, however, that this “does not give publishers free reign to copy and paste copyrighted images at whim whenever they appear on Instagram or Facebook. Rather, it draws a line that balances photographers’ interest in protecting their copyrights with reporters’ interest in covering social media events.” *Id.* See also *Ferdman v. CBS Interactive Inc.*, 342 F. Supp. 3d 515, 542 (S.D.N.Y. 2018) (denying motions for summary judgment where court found online news publication’s use of a copyrighted image in article about how the subject of the image, an actor, had posted the image on his Instagram feed, may be fair use); *Nunez v. Caribbean Int’l News Corp.*, 235 F.3d 18, 25 (1st Cir. 2000) (newspaper’s use of images of a famous “nearly naked” model in an article regarding the images and the controversy the images spurred surrounding the model’s fitness to hold Miss Puerto Rico Universe title, was fair use); but see *Otto v. Hearst Commc’ns, Inc.*, 345 F. Supp. 3d 412, 482 (S.D.N.Y. 2018) (“It would be antithetical to the purposes of copyright protection to allow media companies to steal personal images and benefit from the fair use defense by simply inserting the photo in an article which only recites factual information—much of which can be gleaned from the photograph itself.”).

Safe Harbor for Service Providers

Service providers (think Google, AOL, and Yahoo!) are currently protected from contributory liability for allowing others to embed content under Section 512 of the DMCA. This section shields from liability “infringement of copyright by reason of the [service] provider referring or linking users to an online location containing infringing material or infringing activity, by using information location tools, including

a directory, index, reference, pointer, or hypertext link. . . .” But, this safe harbor only applies to service providers.

Licensing

Ultimately, the Copyright Act is trying to both spur creativity and protect creators. Without the server test, more licenses will be required. But does the internet move too fast for that? Case-by-case licensing may be impractical (with too many transactions) such that it bottlenecks the free flow of ideas. Still, licensing clearing houses and one-time licensing fees may be a solution. This has long been the norm in licensing photographs.

So What Do We Do In the Meantime?

For now, how are parties to proceed? If you feel confident that any suit will be filed in the Ninth Circuit, you can rely squarely on the server test. For the rest of the country, that may be in question and embedders should proceed with caution. You should consider a license or whether you fit within the fair use test. It may be some time before the Supreme Court has the opportunity to put this issue to rest.

◇ ◇ ◇

If you have any questions concerning these developing issues, please do not hesitate to contact any of the following Paul Hastings Los Angeles lawyers:

Tamerlin Godley
1.213.683.6230

tamerlingodley@paulhastings.com

Kiaura Clark
1.310.620.5733

kiauraclark@paulhastings.com

Paul Hastings LLP

Stay Current is published solely for the interests of friends and clients of Paul Hastings LLP and should in no way be relied upon or construed as legal advice. The views expressed in this publication reflect those of the authors and not necessarily the views of Paul Hastings. For specific information on recent developments or particular factual situations, the opinion of legal counsel should be sought. These materials may be considered ATTORNEY ADVERTISING in some jurisdictions. Paul Hastings is a limited liability partnership. Copyright © 2021 Paul Hastings LLP.

Reprinted with permission from the December 20, 2021 issue of The American Lawyer. © 2021 ALM Media Properties, LLC. Further duplication without permission is prohibited. All rights reserved.