



Perspectives from FSF Scholars
September 20, 2023
Vol. 18, No. 38

**Supreme Court Should Clarify the Law on Direct Infringement of
Copyrighted Works**

by

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At its September 26 conference, the U.S. Supreme Court will consider whether to take up *ABKCO Music, Inc. v. Sagan* (2022), a case in which a lower court distorted the law regarding direct copyright infringement. Section 106 of the Copyright Act secures the exclusive rights of a copyright owner to authorize the copying and distribution of creative works. But the Second Circuit determined that a person who improperly authorizes someone else to make and distribute copies of a creative work is not liable for direct infringement if the improper authorizing person did not actually "press the button" to make the copies. If left standing, the lower court's decision would undermine the ability of copyright owners to enforce their rights in many instances. The Supreme Court should grant review and vindicate the correct understanding of direct copyright infringement.

Copyrights are a form of property rights that are expressly secured in the Constitution's Article I, Section 8 Copyright Clause. Constitution Day took place on September 17, and it provides occasion for continuing recognition of the importance of the nation's fundamental law in securing life, liberty and property – including intellectual property (IP). In a *Perspectives from FSF Scholars* published on September 7 titled "[Internet Archive to Face the Music for Mass](#)

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[Copyright Infringement](#)," I analyzed the mass infringement claims brought by several music sound recording companies in the case of *UMG Recordings, Inc. v. Internet Archive*. This *Perspectives* focuses on the copyright issues regarding exclusive rights to authorize copying as well as the volitional conduct requirement that are presented in *ABKCO Music, Inc. v. Sagan*. A forthcoming *Perspectives* will address Takings Clause issues addressed by the D.C. Circuit's August 2023 decision in *Valancourt Books, LLC v. Garland*. Each of these *Perspectives* is part of the Free State Foundation's ongoing body of scholarly work aimed at advocating for protecting the rights of authors and other creators of copyrighted works secured by the Constitution's Copyright Clause.

The dispute in *ABKCO Music, Inc. v. Sagan* involves the unauthorized commercial exploitation of music works. William Sagan obtained a large private collection of live bootleg concert recordings by musical artists such as The Rolling Stones, The Who, and The Grateful Dead. As President, CEO, and sole owner of Norton LLC, Sagan provided instructions and plans for his company's Chief Technology Officer to digitize the works and make them commercially available for digital download and streaming.

A lawsuit brought against Sagan by several record labels and musicians for infringement of their copyrights in the sound recordings was settled in 2009. But copyrights in sound recordings are distinct from copyrights held by songwriters and publishers in the musical works or songs themselves. A separate lawsuit was filed in 2015 by music publishers who owned the copyrights to the works that were commercialized by Sagan without authorization. The music publishers alleged that over 1,175 recordings in audio or audiovisual format of 197 copyrighted musical works were illegally exploited.

A 2018 summary judgment order by the District Court held that Sagan had no valid licenses and that Sagan was directly liable for infringing on each of the copyrighted works by acquiring the bootleg recordings, as well as for planning to digitize them for distribution online, and for instructing his CTO which recordings to post online. It also held that Sagan willfully infringed 167 of those works, and that he was personally liable. A jury later awarded the music publishers nearly \$190,000 in statutory damages, and the court awarded them \$2.4 million in attorney's fees. On appeal, the Second Circuit reversed the lower court's decision because "direct liability attaches only to 'the person who actually presses the button'" – and not to someone who merely provided an employee with instructions and plans for copying and distributing protected works.

The music publishers filed a petition for certiorari with the Supreme Court, presenting the question of whether direct copyright infringement is limited to the person who actually "presses the button" to make the infringing copies. The Court is expected to decide on whether or not to grant the petition at its September 26 conference.

A copyright owner, or someone operating under the copyright owner's authority, has the exclusive right to control the making of copies and the commercial sale or leasing of copies of the creative work. Section 106 of The Copyright Act secures "the exclusive rights to do and to authorize" the reproduction of copyrighted works in copies or phonographs as well the distribution of copies or phonographs of the copyrighted work to the public by sale or lease.

The Supreme Court's decision in *Sony Corp. of America v. Universal City Studios, Inc.* (1984) reflects the significance of Section 106's language regarding a copyright owner's "exclusive rights to do and to authorize." The court observed that "the Copyright Act grants the copyright holder 'exclusive rights to use and to authorize the use of his work in five qualified ways, including reproduction of the copyrighted work in copies.'" Also, the court explained that "an infringer is not merely one who *uses* a work without authorization by the copyright owner, but also one who *authorizes* the use of a copyrighted work without actual authority from the copyright owner."

Lower court decisions and modern copyright law treatises also acknowledge that a defendant's ordering and participating in the infringement can give rise to direct liability even if the defendant did not personally perform the literal act of copying the protected work. Indeed, common law principles of agency apply to copyright infringement just as they do to other torts. For instance, the *Restatement (Third) of Agency* §7.03 (2006) states that a "principal is subject to direct liability to a third party harmed by an agent's conduct" when "the agent acts with actual authority or the principal ratifies the agent's conduct." And the *Restatement (Second) of Torts* §877, comment a (1979) states that "[o]ne who orders an act to be done is liable for its consequences as he would be for his own personal conduct." Moreover, these same principles have been applied by lower courts in cases involving direct infringements of patent rights.

By providing his employee instructions and plans to digitize the bootleg recordings and selecting specific works for posting online, Sagan authorized the copying of creative works and the commercial distribution of copies of those works without consent of the music publishers. His conduct constituted direct infringement of the music publishers' exclusive rights to authorize reproductions and distributions of the musical works under Section 106. Direct liability does not depend on Sagan having first-hand involvement in literally making or distributing unauthorized copies of the musical works.

The Second Circuit went off-track in *ABKCO Music, Inc. v. Sagan* by improperly applying the volitional conduct requirement for direct infringement liability. It wrote that "direct liability requires 'volitional conduct' that 'causes' the copying or distribution." Or, in other words, "direct liability attaches only to 'the person who actually presses the button.'"

Lower courts have applied the volitional conduct requirement in cases involving mass automated copying technologies. In those cases, courts have explained that a finding of direct infringement liability requires: (1) proof of copyright ownership; (2) infringement of an exclusive right secured under the Copyright Act; and (3) volitional conduct that caused the infringement. According to its proper understanding, the volitional conduct requirement means that a copyright owner must show that the alleged conduct had a proximate connection to the actual infringement. The requirement originated from a 1995 U.S. District Court case, *Religious Technology Center v. Netcom On-Line Communication Services, Inc.* The District Court in Netcom apparently sought to avoid a reading of the law that would subject to liability for direct infringement online service providers who merely store copyrighted content uploaded by individual users. Other courts have applied the volitional conduct requirement in cases involving a consumer's use of a mass copying service, particularly in the online context.

In *ABKCO Music, Inc. v. Sagan*, the Second Circuit specifically relied on *Cartoon Network LP, LLLP v. CSC Holdings, Inc.* (2008), also known as the "Cablevision" case. In *Cablevision*, the court held that a cable video provider did not directly infringe on the copyrights of movie and TV show producers by offering "remote storage" Digital Video Recorder (DVR) services to consumers. In other words, the court declined to "impose liability as a direct infringer on a different party for copies that are made automatically upon that customer's command" because it is "the person who actually presses the button to make the recording, supplies the necessary element of volition," not the cable provider of DVR service.

However, the Second Circuit appears to have not read *Cablevision* carefully or followed all of its reasoning. In *ABKCO Music, Inc. v. Sagan*, the Second Circuit's brief section applying the volitional conduct requirement appears to have missed *Cablevision*'s distinction between, on the one hand, situations wherein an employer directs an employee to engage in copying, and, on the other hand, situations wherein the directive and copying involve an automated system. As the court in *Cablevision* wrote: "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." The volitional requirement is applicable to the type of situations – and *not* to the former.

Thus, the volitional conduct requirement was inapplicable to *ABKCO Music, Inc. v. Sagan* because Sagan made a request to the CTO of Sagan's LLC, who acted upon that request to make copies of the copyrighted musical works and commercially distribute them. Wrongly, the Second Circuit seemed to treat the volitional conduct requirement as a blanket requirement for all direct infringement claims, rather than as a requirement specific to situations involving a consumer's use of a mass automated copying service.

Free State Foundation President Randolph May and I have previously written about how lower courts have sometimes applied the volitional conduct requirement in dubious ways. In our January 2020 *Perspectives from FSF Scholars*, "[Constitutional Foundations of Strict Liability Copyright Infringement](#)," and in our September 2019 *Perspectives from FSF Scholars*, "[Volition Has No Role to Play in Determining Copyright Infringements](#)," we pointed to lower court decisions that seemed to wrongly treat the volitional conduct requirement as a broad rule of immunity for platforms using automatic processes as well as a rule limiting direct liability to either an online platform or its user. Unfortunately, the Second Circuit in *ABKCO Music, Inc. v. Sagan* has erred in treating the volitional conduct requirement like a blanket requirement for all direct infringements.

Now more than ever, Supreme Court review is needed to bring clarity to copyright law's volitional conduct requirement. A grant of review would provide opportunity for the court to address the volitional conduct requirement and, if nothing else, reinforce that its application is limited to direct infringement cases in which a consumer uses a mass automated copying service. A Supreme Court pronouncement on volitional conduct requirement likely would reduce confusion and misreading of the law by lower courts.

Moreover, Supreme Court review of *ABKCO Music, Inc. v. Sagan* is important because the lower court's decision, if left standing, would stand for an unjustifiably expansive reading of the volitional conduct requirement that would curb the ability of copyright owners to obtain relief for direct infringements of their creative works. Copyright owners undoubtedly would face added burdens in trying to prove that a particular individual was the one who pressed the button to make infringing copies. Indeed, would-be infringers can be expected to take advantage by using go-betweens as button-pressers to make infringing copies and thereby avoid legal liability as well as enhanced statutory damage awards for willful infringement.

If direct infringement claims of other copyright owners become unduly narrowed as a result of the Second Circuit's decision in *ABKCO Music, Inc. v. Sagan*, doctrines of secondary liability for infringement won't be sufficient to fill the gap. Both contributory and vicarious liability claims have additional elements that copyright owners would be burdened with proving. In cases of vicarious infringement, copyright owners must show that a party profits from the direct infringement of a third party while declining to exercise a right to stop or limit it. The legal inquiry in vicarious infringement focuses on the contractual relationship between the other parties. Details of those relationships are often far beyond a copyright owner's ability to prove, or they are at least costly to ascertain. And in cases of contributory infringement, a copyright owner must show that a party intentionally induced or encouraged infringements. Intent can be extra difficult for copyright owners to prove, and copyright owners historically have not had to shoulder such a burden. Direct infringement is a strict liability tort that requires no proof of intent.

By taking up and deciding *ABKCO Music, Inc. v. Sagan*, the Supreme Court can vindicate a correct understanding of direct infringement, provide guidance to lower courts on the limited application of volitional conduct requirement, and preserve strong legal protections for copyright owners.

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Further Readings

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Seth L. Cooper, "[World IP Day 2023: Strengthen Copyrights for American Music Recordings](#)," *Perspectives from FSF Scholars*, Vol. 18, No. 18 (April 26, 2023).

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