

Automattic Inc. v. Steiner

United States District Court, N.D. California, 2015 WL 1022655, 2 March 2015

A US District Court has become the first to award damages under section 512(f) of the DMCA for wrongful takedown. Section 512(f) aims to deter abuse of the requirement that service providers process takedown requests from purported copyright owners.

The Digital Millennium Copyright Act ('DMCA')¹ allows copyright owners to seek removal of infringing content from a website. Section 512(f) of the DMCA prohibits one requesting such a takedown from making any 'material misrepresentation' and provides a civil remedy for damages and attorney fees incurred by the alleged infringer, copyright owner and/or service provider injured as a result of such a misrepresentation².

Nearly seventeen years after the passage of the DMCA, in March 2015, a federal court in California has awarded damages under Section 512(f)³. As the first to do so, will the *Automattic, Inc. v. Steiner* decision prove to be a landmark, setting the stage for more courts to award damages for Section 512(f) violations? Or, because of the unique facts and circumstances of the case, will this decision be easily distinguishable by courts facing such damage requests?

The DMCA takedown request

In the summer of 2013, Oliver Hotham, a London student and blogger⁴ posted about an organisation known as Straight Pride UK. Hotham had first sent Straight Pride a letter asking questions and Straight Pride responded by emailing Hotham a document entitled 'Press Release.' Hotham included his edited versions of Straight Pride's answers in his blog post. Soon after, Straight Pride's press officer, Nick Steiner submitted a DMCA takedown request to WordPress, the US-based host of the blog, to have Hotham's post removed.

WordPress removed the content in response to Straight Pride's takedown request, resulting in heightened visibility of the incident and much re-publication of Hotham's removed blog content.

Steiner subsequently sent two email messages to WordPress, asking that new blog content posted by Hotham also be removed. The second and third time around, WordPress did not remove the requested content and so advised Steiner. WordPress subsequently issued a statement that '[w]e think this was a case of abuse of the DMCA [...] it is censorship using the DMCA.'⁵

A Section 512(f) lawsuit

In November 2013, Automattic, Inc., the owner/operator of WordPress, along with Hotham, filed a lawsuit in federal court in California against Steiner⁶. The plaintiffs alleged that Steiner knowingly submitted a takedown notice containing misrepresentations in violation of Section 512(f) DMCA. Although he was served with the summons and complaint, Steiner never filed or appeared in the case. In May 2014, the plaintiffs filed a motion for default judgment and a hearing was held on the motion before Magistrate Judge Joseph C. Spero. Before addressing damages, the court first had to address the issues of service, personal jurisdiction and the extraterritorial effect of the DMCA.

The court determined that plaintiffs adequately served Steiner with process under the Hague Convention⁷ and in compliance with US federal procedural law⁸. The plaintiffs also demonstrated that Steiner had consented to personal jurisdiction of the "state and federal courts located in San Francisco County, California" by accepting the WordPress Terms of Service⁹ before submitting the takedown requests.

Next, the court considered whether the fact that Steiner made his representations outside of the country, in London, rather than in the United States, would impact

the merits of the plaintiffs' claim. The court concluded that the relevant actions involved in the claim were the removal by Automattic of the blog content and the "potential threat of legal liability under the DMCA,"¹⁰ both of which the court concluded occurred or would have to occur in California. Thus, addressing the extraterritorial reach of the DMCA was not necessary.

Determination of damages

The court then turned to whether plaintiffs were entitled to specific damages under Section 512(f). At the court's request, plaintiffs each filed supplemental declarations seeking damages for:

- Time and resources spent by Automattic's employees and outside consultants in dealing with Steiner's takedown notice in the amount of \$8,860;
- Hotham's lost work and time spent in responding to the takedown request of \$960;
- Hotham's reputational harm, emotional harm and chilled speech in the combined amount of \$4,960; and
- Automattic's actual costs and attorneys' fees incurred of \$22,264.

The court first construed Section 512(f) broadly, holding that the statute's use of the phrase "any damage [...]" suggests strong Congressional intent that recovery be available for damages even if they do not amount to [...]" substantial economic damages."¹¹ The court held that plaintiffs expended time researching and working on their computers and phone and incurred minimal expenses associated with that time¹².

Each of the plaintiff's requested damages was reviewed and considered, with the court deciding that some damages were appropriate and that others were not¹³. Ultimately, the court awarded

only the following damages, totaling \$25,084¹⁴:

- \$960 to Hotham for his lost work and time;
- \$1,860 for Automattic's employees' time; and
- \$22,264 for all of Automattic's attorney fees.

Landmark ruling or a symbolic gesture

Will the *Automattic v. Steiner* decision be hailed as a landmark for cases alleging fraudulent DMCA takedown requests? Or is the award of damages in this case destined to be viewed as a mere symbolic gesture?

On the one hand, the court considered both the procedural and substantive requirements necessary before granting plaintiffs' motion for default judgment against Steiner. The court also went to great lengths to put the plaintiffs through their respective paces by requiring supplemental declarations to support the requested damages and the court carefully analysed each request, accepting some and rejecting others. Each of these facts support the notion that the decision will be referenced and followed by future courts that are being asked to award Section 512(f) damages.

There are also facts that suggest that the decision will be distinguished, rather than relied upon, by other courts. The defendant never answered or appeared in the case. He, therefore, never took the opportunity to raise any possible defenses or to contest the types and amount of damages requested by the plaintiffs. Presumably, a defendant who is active in a lawsuit would be expected to vigorously challenge lost work and time attributable to receiving a takedown notice. Perhaps most significantly, the plaintiffs have a \$25,000 judgment issued by a US court against a

defendant who is located in the United Kingdom. It is very possible that the award of damages in this case turns out to be nothing more than a symbolic gesture, as Automattic and Hotham may never collect a dime from Steiner.

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1. Pub. L. 105-304 (8 October 1998). This article focuses specifically on DMCA Title II, also known as the Online Copyright Infringement Liability Limitation Act, 17 U.S.C. 512 ('OCILLA').

2. 'Any person who knowingly materially misrepresents under this section (1) that material or activity is infringing, or (2) that material or activity was removed or disabled by mistake or misrepresentation, shall be liable for any damages, including costs and attorneys' fees, incurred by the alleged infringer, by any copyright owner or copyright owner's authorized licensee, or by a service provider, who is injured by such misrepresentation, as the result of the service provider relying upon such misrepresentation in removing or disabling access to the material or activity claimed to be infringing, or in replacing the removed material or ceasing to disable access to it.' 17 U.S.C. 512 (f).

3. *Automattic Inc. v. Steiner*, Case No. 13-cv-05413-JCS (N.D. Cal. Mar. 2, 2015). The decision adopted Magistrate Judge Joseph C. Spero's 6 October 2014 Report and Recommendation re Motion for Default Judgment. Both the court's 2 March 2015 order and the underlying report and recommendation are available at <http://www.plainsite.org/dockets/zxbzj1p/california-northern-district-court/automattic-inc-et-al-v-steiner/>

4. Hotham's blog is found at <http://oliverhotham.wordpress.com>

5. See A. Hern, 'WordPress pulls interview with anti-gay group' *Straight Pride UK* (13 August 2013) found at <http://www.theguardian.com/technology/2013/aug/13/wordpress-straight-pride-uk>

6. The complaint is also available at <http://www.plainsite.org/dockets/zxbzj1p/california-northern-district-court/automattic-inc-et-al-v-steiner/>

7. Hague Conference: United Kingdom - Central Authority & practical information, Authorities, http://www.hcch.net/in dex_en.php?act=authorities.details&aid=278

8. Rule 4(f)(1) of the Federal Rules of Civil Procedure.

9. WordPress Terms of Service, Section 22, available at <https://en.wordpress.com/tos/>

10. *Automattic v. Steiner*, p. 19.

11. *Automattic v. Steiner*, pp. 21-22 (citing *Lenz v. Universal Music Corp.*, No. 5:07-cv-03783 JF (N.D. Cal. Jan. 24, 2013).

12. *Ibid.* at p. 23.

13. The court did not award Automattic for time spent by its outside public relations firm, or for Hotham's reputational damage, emotional distress or chilled speech. *Ibid.* at pp. 24-25.

14. *Ibid.* at p. 27.