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Another NY Court Repudiates Ninth Circuit "Server Test" in Case over Embedded Video

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On July 30, 2021, a New York district court declined to dismiss copyright infringement claims with respect to an online article that included an "embedded" video (i.e., shown via a link to a video hosted on another site). The case involved a video hosted on a social media platform that made embedding available as a function of the platform. The court ruled that the plaintiff-photographer plausibly alleged that the defendants' "embed" may constitute copyright infringement and violate his display right in the copyrighted video, rejecting the defendants' argument that embedding is not a "display" when the image at issue remains on a third-party's server (*Nicklen v. Sinclair Broadcast Group, Inc.*, No. 20-10300 (S.D.N.Y. July 30, 2021)). Notably, this is the second New York court to decline to adopt the Ninth Circuit's "server test" first adopted in the 2007 *Perfect 10* decision, which held that the infringement of the public display right in a photographic image depends, in part, on where the image was hosted. With this being the latest New York court finding the server test inapt for an online infringement case outside of the search engine context (even if other meritorious defenses may exist), website publishers have received another stark reminder to reexamine inline linking practices.

Under the Ninth Circuit's "server test," only a server that actually stores the photographs and "serves that electronic information directly to the user (`i.e., physically sending ones and zeroes over the Internet to the user's browser') could infringe the copyright holder's rights." Under such reasoning, because the image in question remains on a third-party's server and a copy is not fixed in the memory of the accused infringer's computer, such embedding (which merely are HTML instructions that give the address of the image to the user's browser) is not a display under the Copyright Act.

As we previously wrote about, in 2018 another New York district court held that a host of online news publishers and media websites that embedded certain tweets (containing unauthorized uploads of plaintiff's copyrighted photo) on their websites violated the plaintiff's exclusive display right, despite the fact that the image at issue was hosted on a server by an unrelated third party. When the case settled in 2019, it left many unresolved issues with respect to inline linking of third party content, particularly since there was never a definitive ruling on the merits (or a chance for the Second Circuit to weigh in). Several years later, we now have another New York court also refusing to adopt the server test, at least under the facts of the dispute.

To briefly recap the facts in *Nicklen,* the plaintiff captured footage of a polar bear in distress in the Canadian Arctic and posted it to social media to raise awareness about climate change. The defendants, Sinclair Broadcasting Group, Inc. and its affiliates (collectively "Sinclair"), embedded the video in online articles about the public's reaction to the video without first obtaining a license. After the plaintiff brought copyright infringement claims, Sinclair moved to dismiss, arguing that, under the "server test," embedding a video does not "display" the video within the meaning of the Copyright Act and that including the video itself in an article about the viral nature of the plaintiff's video was fair use. The court denied the motion on both grounds, ruling that embedding a video "displays" the video within the meaning of the Copyright Act.

In rejecting the defendants argument that the server test applied, the *Nicklen* court stated that the server test "is contrary to the text and legislative history of the Copyright Act." In the court's interpretation, the Copyright Act defines "display" as "to show a copy of" a work, 17 U.S.C. § 101, not "to make and then show a copy of the copyrighted work." In declining to adopt the server test in this instance, the court stated that the Ninth Circuit's approach, "under which no display is possible unless the alleged infringer has also stored a copy of the work on the infringer's computer, makes the display right merely a subset of the reproduction right."

Ultimately, the court determined that *Perfect 10*'s server test, which applied to a search engine's image search function and display of full-size images hosted on third-party servers to a user, was simply not applicable to the embedding practices at the heart of this case. Moreover, the *Nicklen* court reasoned that a broad reading of the server test was not appropriate in this case as the Ninth Circuit adopted it in a different context – that is, in that case, the display involved a search engine image search function that only displayed the full inline images only at the click of a user, unlike the *Nicklen* case where the embedded video was displayed in the online articles regardless of user preference.

As to the fair use issue, the court recognized that the "use of a copyrighted photograph in a news article can properly be deemed transformative where the photograph itself is the subject of the story," but found that the remaining fair use factors could not be resolved at this early stage of the litigation. Even as most of the attention is given to the "server test" issue, if discovery were to continue, Sinclair appears to have a viable fair use defense (if it desires to continue litigate the case).

Given the important online copyright issue at stake, this case is certainly one to watch. Back in 2018 when the *Goldman* court also rebuffed the server test, we commented that: "This decision may be an awakening of sorts for web publishers who have been under the impression that the server test was established law throughout the country or that they enjoyed near-free reign to inline link to user posts and display outside content on their own websites without fear of liability…." With two New York district courts now on record on this issue, certain freewheeling practices and diligence procedures for inline linking might need to reexamined (at least in this jurisdiction) and publishers might also consider additional options as to how such linked content might be displayed to users.

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