

1 **UNITED STATES COURT OF APPEALS**  
2 **FOR THE SECOND CIRCUIT**

3  
4 August Term, 2015

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6 (Argued: May 11, 2016 Decided: October 25, 2016)

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8 Docket Nos. 14-4369-cv(L), 14-4509-cv(XAP)

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12 EMI CHRISTIAN MUSIC GROUP, INCORPORATED, PRIORITY  
13 RECORDS LLC, BEECHWOOD MUSIC CORPORATION, COLGEMS-EMI  
14 MUSIC, INCORPORATED, EMI APRIL MUSIC, INC., EMI BLACKWOOD  
15 MUSIC, INC., EMI FULL KEEL MUSIC, INC., EMI GOLDEN TORCH  
16 MUSIC CORPORATION, EMI LONGITUDE MUSIC, EMI VIRGIN  
17 MUSIC, INC., EMI VIRGIN SONGS, INC., CAPITOL RECORDS, LLC,

18 *Plaintiffs-Counter-Defendants-Appellees-Cross-Appellants,*

19  
20 EMI AL GALLICO MUSIC CORPORATION, EMI ALGEE MUSIC  
21 CORPORATION, EMI FEIST CATALOG, INC., EMI GOLD HORIZON  
22 MUSIC CORP., EMI GROVE PARK MUSIC, INCORPORATED, EMI  
23 HASTINGS CATALOG, INCORPORATED, EMI MILLS MUSIC,  
24 INCORPORATED, EMI MILLER CATALOG, INCORPORATED, EMI  
25 ROBBINS CATALOG, INCORPORATED, EMI U CATALOG, INC., EMI  
26 UNART CATALOG INC., JOBETE MUSIC COMPANY,  
27 INCORPORATED, SCREEN GEMS-EMI MUSIC, INCORPORATED,  
28 STONE AGATE MUSIC, STONE DIAMOND MUSIC  
29 CORPORATION,

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31 *Plaintiffs-Appellees-Cross-Appellants,*

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33 v.

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35 MP3TUNES, LLC,

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37 *Defendant-Counter-Claimant-Cross-Appellee,*

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MICHAEL ROBERTSON,

*Defendant-Appellant-Cross-Appellee.\**

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Before:

CABRANES, STRAUB, and LOHIER, *Circuit Judges.*

In this appeal, we principally address one requirement of the Digital Millennium Copyright Act (“DMCA”) safe harbor: that an internet service provider “adopt[] and reasonably implement[]” a policy to terminate “repeat infringers.” 17 U.S.C. § 512. The plaintiffs, all record companies and music publishers, brought this copyright infringement suit against MP3tunes, LLC and its founder and Chief Executive Officer Michael Robertson. The plaintiffs alleged that two websites created by MP3tunes—MP3tunes.com, which primarily served as a locker service for storing digital music, and sideload.com, which allowed users to search for free music on the internet—infringed their copyrights in thousands of sound recordings and musical compositions. After the parties filed cross-motions for summary judgment, the United States District Court for the Southern District of New York (Pauley, L) determined, among other things, that MP3tunes had a reasonably implemented repeat infringer policy. A jury ultimately returned a verdict in favor of the plaintiffs that was partially overturned by the District Court. We **AFFIRM** in part, **VACATE** in part, **REVERSE** in part, and **REMAND** for further proceedings.

ANDREW H. BART (Frank P. Scibilia, M. Mona Simonian, Ross M. Bagley, Pryor Cashman LLP, New York, NY, Luke C. Platzner, J. Douglas Wilson, Jenner & Block LLP, Washington, DC, *on the brief*), Jenner & Block LLP, New York, NY, *for Plaintiffs-Appellees-Cross-Appellants.*

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\* The Clerk of Court is directed to amend the official caption to conform with the above.

1 IRA S. SACKS (Mark S. Lafayette, Jamie B. Shyman,  
2 Patricia M. Carlson, *on the brief*), Akerman LLP,  
3 New York, NY, *for Defendant-Appellant-Cross-*  
4 *Appellee.*

5  
6 LOHIER, *Circuit Judge:*

7 In this appeal we principally consider the requirement of the Digital  
8 Millennium Copyright Act (“DMCA”) safe harbor that an internet service  
9 provider “adopt[] and reasonably implement[]” a policy to terminate  
10 “repeat infringers.” 17 U.S.C. § 512. Plaintiffs-appellees-cross-appellants  
11 are all record companies and music publishers. They filed this copyright  
12 infringement lawsuit against MP3tunes, LLC and its founder and Chief  
13 Executive Officer Michael Robertson,<sup>1</sup> alleging that two internet music  
14 services created by MP3tunes infringed their copyrights in thousands of  
15 sound recordings and musical compositions. The two services are  
16 MP3tunes.com, which primarily operated as a locker service for storing  
17 digital music, and sideload.com, which allowed users to search for free  
18 music on the internet.

19 On summary judgment, the United States District Court for the  
20 Southern District of New York (Pauley, L.) granted partial summary

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<sup>1</sup> MP3tunes declared bankruptcy approximately two years before this case proceeded to trial. It is not a party to this appeal.

1 judgment to the defendants, holding that MP3tunes had a reasonably  
2 implemented repeat infringer policy under § 512. A jury ultimately  
3 returned a verdict in favor of the plaintiffs, but the District Court partially  
4 overturned the verdict.

5 For reasons we explain below: (1) we **VACATE** the District Court's  
6 grant of partial summary judgment to the defendants based on its  
7 conclusion that MP3tunes qualified for safe harbor protection under the  
8 DMCA because the District Court applied too narrow a definition of  
9 "repeat infringer"; (2) we **REVERSE** the District Court's grant of judgment  
10 as a matter of law to the defendants on claims that MP3tunes permitted  
11 infringement of plaintiffs' copyrights in pre-2007 MP3s and Beatles songs  
12 because there was sufficient evidence to allow a reasonable jury to  
13 conclude that MP3tunes had red-flag knowledge of, or was willfully blind  
14 to, infringing activity involving those categories of protected material; (3)  
15 we **REMAND** for further proceedings related to claims arising out of the  
16 District Court's grant of partial summary judgment; and (4) we **AFFIRM**  
17 the judgment in all other respects.

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## BACKGROUND

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### I. MP3tunes.com and Sideload.com

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Robertson founded MP3tunes in 2005. It is undisputed that, by then, Robertson was familiar with both the online music industry and copyright litigation, having previously run the music site MP3.com, against which a copyright infringement judgment was entered in 2000. See UMG

Recordings, Inc. v. MP3.com, Inc., 92 F. Supp. 2d 349, 350 (S.D.N.Y. 2000).

While recruiting for MP3tunes several years later, Robertson emphasized, “[T]his will be VERY big news. Major labels selling MP3s. MP3.com guy back to rejuvenate MP3 business. Largest copyright infringer of all time back at it again. Lots of juicy press angles.”<sup>2</sup>

MP3tunes.com was MP3tunes’s first project. Initially, customers could visit MP3Tunes.com and purchase MP3 versions of music created by musicians who were not associated with major record labels. In 2005 MP3tunes.com added a “locker storage” service, which charged users a fee to store music on the MP3tunes server. A user who uploaded songs to her

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<sup>2</sup> An MP3, otherwise known as an MPEG-1 Audio Layer 3, is a common digital audio compression algorithm used to make an audio file smaller without significantly reducing sound quality. See Recording Indus. Ass’n of Am. v. Diamond Multimedia Sys., Inc., 180 F.3d 1072, 1074 (9th Cir. 1999).

1 “locker” (through LockerSync, a free plugin on the site) could play the  
2 music through other internet-enabled devices.

3 MP3tunes owned and operated a second website, [sideload.com](http://sideload.com), that  
4 allowed users to search for free music on the internet. [Sideload.com](http://Sideload.com)  
5 offered a free plug-in to enable users to “sideload” (or upload directly to  
6 their MP3tunes lockers) free songs that they found on [sideload.com](http://sideload.com). Songs  
7 sideloaded into users’ lockers were then added to [sideload.com](http://sideload.com)’s index of  
8 searchable songs. This meant that the more songs users sideloaded from  
9 the internet, the more free music became available through the website.  
10 MP3tunes’s executives, including Robertson, used their own accounts with  
11 MP3tunes to store sideloaded songs.

12 Users of [MP3tunes.com](http://MP3tunes.com) could store a certain amount of music  
13 through the service for free and could purchase additional storage space  
14 for tiered fees, while storage associated with sideloaded songs did not  
15 count against the free storage limit. Partly as a result, [sideload.com](http://sideload.com)  
16 became “the most effective partner in driving traffic to [MP3tunes’s] locker  
17 service.” Joint App’x 1930. At Robertson’s direction, MP3tunes strove to  
18 expand [sideload.com](http://sideload.com)’s catalog by encouraging users to upload songs to

1 the sideload.com index. For example, members of MP3tunes's staff were  
2 encouraged to upload songs from their own accounts, even when those  
3 songs came from websites that appeared to contain infringing material.  
4 Robertson directed MP3tunes employee Sharmaine Lindahl to provide  
5 MP3tunes employees a list of sites featuring free MP3s "for sideloading  
6 purposes." Joint App'x 1241. Lindahl observed that one of the sites on the  
7 list "look[ed] to be mainly pirated music." Joint App'x 1239. MP3tunes  
8 also encouraged repeated sideloading among MP3tunes.com users by  
9 creating a "Sideload Hall of Fame" consisting of the "top 25 Sideloaders  
10 with accounts at MP3tunes.com."

11 In October 2006 MP3tunes added a cover art feature. When a user  
12 began to "sync" or upload a song to her locker and cover art was not part  
13 of the music file, MP3tunes's software would "automatically go check  
14 for . . . cover art" provided on Amazon.com and download the cover art to  
15 MP3tunes's servers. Although MP3tunes had two agreements with  
16 Amazon, an Amazon operations analyst testified at trial that the copying  
17 of cover art violated the agreements. The analyst explained that "there  
18 was no reference to Amazon around th[e] cover image[s]" and that the

1 display of the cover art therefore “was not being used for the primary  
2 purpose of driving traffic to Amazon,” as the agreements required.

3 II. Procedural History

4 In 2010 the parties cross-moved for summary judgment. The District  
5 Court granted the plaintiffs’ summary judgment motion on certain claims  
6 that are not the subject of this appeal, including the claims of direct  
7 infringement by Robertson for the songs he personally sideloaded. The  
8 District Court also granted the defendants summary judgment on other  
9 claims on the ground that MP3tunes qualified for safe harbor protection  
10 under the DMCA and that the safe harbor barred the plaintiffs’ state-law  
11 claims for infringement of recordings “fixed” before February 15, 1972.<sup>3</sup>  
12 The District Court also addressed § 512(i)(1)(A)’s requirement that a  
13 service provider “adopt[] and reasonably implement[] . . . a policy that  
14 provides for the termination in appropriate circumstances of  
15 subscribers . . . who are repeat infringers.” The District Court held that

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<sup>3</sup> A recording is “fixed” in this context when it is embodied in a permanent or stable medium that can be perceived, reproduced, or otherwise communicated. 17 U.S.C. § 101; see also Copyright Office, Copyright Registration for Sound Recordings, Copyright Circular #56, at 1 (the copyright law of the United States defines “sound recordings” as “works that result from the fixation of a series of musical, spoken, or other sounds”).



1 MP3tunes had such a policy because it “demonstrated that it has a  
2 procedure for responding to DMCA takedown notifications and does not  
3 interfere with copyright owners’ ability to issue such notices.” Capitol  
4 Records, Inc. v. MP3tunes, LLC, 821 F. Supp. 2d 627, 639 (S.D.N.Y. 2011).  
5 As proof of the existence and effectiveness of the procedure, the District  
6 Court pointed out that MP3tunes had “terminated the accounts of 153  
7 users who allowed others to access their lockers and copy music files  
8 without authorization.” Id. Finally, in a separate ruling related to  
9 Robertson’s motion for summary judgment, the District Court determined  
10 that it had personal jurisdiction over Robertson because “MP3tunes did a  
11 significant amount of business with New York customers and Robertson  
12 exercised extensive control over MP3tunes.” Special App’x 76.

13 Prompted by our subsequent decision in Viacom International, Inc.  
14 v. YouTube, Inc., 676 F.3d 19 (2d Cir. 2012), the District Court partially  
15 reconsidered its ruling that MP3tunes qualified for safe harbor protection  
16 under the DMCA. Whether MP3tunes was barred from the DMCA’s safe  
17 harbor protection (because it was willfully blind to or had red-flag

1 knowledge of infringing activity), it held, actually presented a question of  
2 fact that a jury had to decide, not a question of law.

3 The case thereafter proceeded to trial before a jury, which returned a  
4 verdict for the plaintiffs and awarded them approximately \$48 million,  
5 \$7.5 million of which constituted punitive damages against Robertson.

6 The District Court then granted judgment as a matter of law as to some of  
7 the claims. It reversed the jury's finding that MP3tunes was willfully blind  
8 or had red-flag knowledge regarding several different categories of songs  
9 on the ground that there was insufficient evidence of willful blindness or  
10 red-flag knowledge. Finally, it reduced the punitive damages award  
11 against Robertson to \$750,000 on the ground that the \$7.5 million punitive  
12 damages award violated due process.

13 This appeal and cross-appeal followed.

## 14 DISCUSSION

### 15 I. The Plaintiffs' Appeal

16 The plaintiffs challenge three rulings made by the District Court:  
17 first, that MP3tunes reasonably implemented a repeat infringer policy and  
18 was eligible for DMCA safe harbor protection for pre- and post-1972

1 songs; second, that the jury’s finding of red-flag knowledge or willful  
2 blindness with respect to certain categories of songs was wrong as a matter  
3 of law; and third, that the plaintiffs were entitled to only one award of  
4 statutory damages for songs where the copyright to the musical  
5 composition and the copyright to the sound recording were owned by  
6 different holders.

7 We address each of these challenges.

8 A. “Reasonably Implemented” Repeat Infringer Policy

9 The DMCA shields a service provider from liability for the  
10 infringing acts of its users if the provider satisfies certain conditions. One  
11 of those conditions requires that a service provider “adopt[] and  
12 reasonably implement[] . . . a policy that provides for the termination in  
13 appropriate circumstances of subscribers and account holders of the  
14 service provider’s system or network who are repeat infringers.” 17 U.S.C.  
15 § 512(i)(1)(A). The plaintiffs argue that MP3tunes never reasonably  
16 implemented a repeat-infringer policy because it failed to track users who  
17 repeatedly created links to infringing content in the sideload.com index or

1 who copied files from those links, which appeared on multiple takedown  
2 notices sent to MP3tunes.

3 In addressing this argument, we answer two questions: first,  
4 whether certain MP3tunes users qualified as “repeat infringers”; and  
5 second, if so, whether MP3tunes reasonably implemented a policy directed  
6 at them.

7 We begin with the first question. The District Court held that “[t]he  
8 purpose of subsection 512(i) is to deny protection to websites that tolerate  
9 users who flagrantly disrespect copyrights.” Capitol Records, 821 F. Supp.  
10 2d at 637. For the purposes of § 512(i)(1)(A), it defined a “repeat infringer”  
11 as a user who posts or uploads infringing content “to the internet for the  
12 world to experience or copy” knowing that the conduct infringes another’s  
13 copyright. Id. at 638. In contrast, the District Court believed, a user who  
14 downloads or copies “songs from third-party sites for their personal  
15 entertainment” could not be a “repeat infringer.”<sup>4</sup> Id. The District Court

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<sup>4</sup> The District Court explained that, unlike users who upload infringing content, users who download “content for their personal use and are otherwise oblivious to the copyrights of others . . . like MP3tunes users who sideload content to their lockers for personal use, do not know for certain whether the material they download violates the copyrights of others.” Id.

1 thus concluded that only users who upload infringing content are “blatant  
2 infringers that internet service providers are obligated to ban from their  
3 websites.” Id.

4 We reject this definition of a “repeat infringer,” which finds no  
5 support in the text, structure, or legislative history of the DMCA.

6 Starting with the text, we note that the DMCA does not itself define  
7 “repeat infringers.” But “where a statute does not define a term, we give  
8 the term its ordinary meaning.” Laurent v. PricewaterhouseCoopers LLP,  
9 794 F.3d 272, 281 (2d Cir. 2015) (quotation marks omitted). In this context,  
10 we take “repeat” to mean “a person who does something . . . again or  
11 repeatedly,” Oxford English Dictionary (3d ed. 2009), while an “infringer”  
12 is “[s]omeone who interferes with one of the exclusive rights of a . . .  
13 copyright,” Infringer, Black’s Law Dictionary (10th ed. 2014). Copyright  
14 infringement is a strict liability offense in the sense that a plaintiff is not  
15 required to prove unlawful intent or culpability, see Cartoon Network LP,  
16 LLLP v. CSC Holdings, Inc., 536 F.3d 121, 130 (2d Cir. 2008); Shapiro,  
17 Bernstein & Co. v. H. L. Green Co., 316 F.2d 304, 308 (2d Cir. 1963), and a  
18 user does not have to share copyrighted works in order to infringe a

1 copyright, cf. Arista Records, LLC v. Doe 3, 604 F.3d 110, 124 (2d Cir.  
2 2010). In the context of this case, all it takes to be a “repeat infringer” is to  
3 repeatedly upload or download copyrighted material for personal use.

4 We turn next to the structure and context of the DMCA, interpreting  
5 the term “repeat infringer” against the backdrop of the statute as a whole.

6 It is important to recall that the DMCA imposes certain requirements on  
7 service providers in exchange for limitations on liability. It would make  
8 little sense to link that limitation on liability to the knowledge of users.<sup>5</sup>

9 Indeed, the DMCA explicitly relieves service providers from having to  
10 affirmatively monitor their users for infringement—something that would  
11 likely be required should MP3tunes have to ascertain its users’ knowledge.

12 See 17 U.S.C. § 512(m)(1) (“Nothing in this section shall be construed to

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<sup>5</sup> The Nimmer treatise on copyright law similarly links the term “repeat infringer” more directly to the knowledge of service providers rather than users. See 4 Nimmer on Copyright § 12B.10. The treatise defines an “infringer” for the purposes of § 512(i)(1)(A) as follows: “either a party who has been adjudicated to have committed copyright infringement, or a party about whom the service provider has actual knowledge that s/he has engaged in infringement.” Id. § 12B.10[B][3][c]. The treatise cautions that a service provider has to have done more than just receive a copyright holder’s takedown notices in order to be charged with knowledge of infringement. Id. In this case, as will become clear, we need not decide whether takedown notices suffice on their own to prove that the provider was aware of infringement.

1 condition the applicability of [the DMCA safe harbors] on a service  
2 provider monitoring its service or affirmatively seeking facts indicating  
3 infringing activity.”); Viacom, 676 F.3d at 41 (“[T]he safe harbor expressly  
4 disclaims any affirmative monitoring requirement—except to the extent  
5 that such monitoring comprises a ‘standard technical measure’ within the  
6 meaning of § 512(i).”); S. Rep. 105-190, at 52 (1998); H.R. Rep. 105-551(II), at  
7 61 (1998) (“[T]he Committee does not intend [the repeat-infringer policy  
8 requirement] to undermine the principles of new subsection (l) or the  
9 knowledge standard of new subsection (c) by suggesting that a provider  
10 must investigate possible infringements, monitor its service, or make  
11 difficult judgments as to whether conduct is or is not infringing.”).

12         The legislative history also confirms our view that the District  
13 Court’s definition of “repeat infringer” as limited to willful infringement is  
14 too narrow. The Senate and House reports accompanying the DMCA  
15 recognize a difference between inadvertent and willful infringement. But  
16 both reports also assert that a “repeat infringer” requirement is meant to  
17 deter those “who repeatedly or flagrantly abuse their access to the Internet  
18 through disrespect for the intellectual property rights of others.” S. Rep.

1 105-190, at 52 (1998); H.R. Rep. 105-551(II), at 61 (1998) (emphasis added).

2 In other words, the legislative history of the DMCA indicates that a  
3 “repeat infringer” does not need to know of the infringing nature of its  
4 online activities, or to upload rather than download content.

5 Finally, none of our sister circuits has adopted the District Court’s  
6 definition of “repeat infringer” to include only those who willfully infringe  
7 copyrights. To the contrary, the Seventh Circuit has suggested that the  
8 term covers users of file-sharing services who are “ignorant or more  
9 commonly disdainful of copyright.” See In re Aimster Copyright Litig.,  
10 334 F.3d 643, 645 (7th Cir. 2003).

11 Our view of what Congress meant by the term “repeat infringer”  
12 leads us to conclude that the District Court improperly granted summary  
13 judgment. Prior to trial, there was clearly enough disputed evidence  
14 relating to MP3tunes’s policy regarding infringers to conclude that  
15 summary judgment was inappropriate. To show that it reasonably  
16 implemented such a policy, MP3tunes proffered evidence at the summary  
17 judgment stage that it terminated 153 users who shared locker passwords.  
18 In response, though, the plaintiffs demonstrated that MP3tunes did not



1 even try to connect known infringing activity of which it became aware  
2 through takedown notices to users who repeatedly created links to that  
3 infringing content in the sideload.com index or who copied files from  
4 those links. See Perfect 10, Inc. v. CCBill LLC, 488 F.3d 1102, 1110 (9th Cir.  
5 2007) (“[A] substantial failure to record webmasters associated with  
6 allegedly infringing websites may raise a genuine issue of material fact as  
7 to the implementation of the service provider’s repeat infringer policy.”).

8 Furthermore, the plaintiffs presented evidence that MP3tunes  
9 executives were encouraged to and did personally sideload songs from  
10 blatantly infringing websites. See Pls.’ Mem. Law Supp. Mot. Summ. J.  
11 (07-cv-9931 Docket No. 207) 12–14 (citing an email encouraging employees  
12 to sideload from a website containing “pirated” music). The same  
13 executives made the songs available to sideload.com users. There was also  
14 evidence that MP3tunes was capable of cataloging the sideloads of each  
15 MP3tunes user. A jury could reasonably infer from that evidence that  
16 MP3tunes actually knew of specific repeat infringers and failed to take  
17 action.

1           A reasonable jury alternatively could have determined that  
2 MP3tunes consciously avoided knowing about specific repeat infringers  
3 using its services, even though the infringement was rampant and obvious.  
4 In Viacom, we held that “the willful blindness doctrine may be applied, in  
5 appropriate circumstances, to demonstrate knowledge or awareness of  
6 specific instances of infringement under the DMCA.” 676 F.3d at 35.  
7 Thus, at trial the plaintiffs could prevail by demonstrating that MP3tunes’s  
8 failure to track users who created links to infringing content identified on  
9 takedown notices or who copied files from those links evidenced its willful  
10 blindness to the repeat infringing activity of its users.

11           Our conclusion that the District Court improperly granted partial  
12 summary judgment to MP3tunes on the basis of its policy regarding  
13 “repeat infringers” is not inconsistent with the DMCA’s provision  
14 declaring “that safe harbor protection cannot be conditioned on ‘a service  
15 provider monitoring its service or affirmatively seeking facts indicating  
16 infringing activity.’” Id. at 41 (quoting 17 U.S.C. § 512(m)(1)). Based on  
17 the available evidence, a reasonable jury could have concluded that it was  
18 reasonable for MP3tunes to track users who repeatedly created links to

1 infringing content in the sideload.com index or who copied files from  
2 those links. See Aimster, 334 F.3d at 655 (“The common element of  
3 [DMCA] safe harbors is that the service provider must do what it can  
4 reasonably be asked to do to prevent the use of its service by ‘repeat  
5 infringers.’”). After all, MP3tunes had already tracked and removed 153  
6 users “who allowed others to access their lockers and copy music files  
7 without authorization,” Capitol Records, 821 F. Supp. 2d at 639; by  
8 comparison, requiring MP3tunes to extend that policy to users who  
9 sideloaded infringing content may not be an unreasonably burdensome  
10 request. Furthermore, doing so would not require MP3tunes to “monitor”  
11 or “affirmatively seek facts” about infringing activity in a manner  
12 inconsistent with § 512(m)(1) because it already had adequate information  
13 at its disposal in the form of takedown notices provided by EMI as to  
14 which links were allegedly infringing. Cf. Perfect 10, 488 F.3d at 1112–13  
15 (declining to hold that the defendant service provider failed to implement  
16 its repeat infringer policy in a reasonable manner based on its receipt of  
17 takedown notices that did not substantially comply with § 512(c)(3)  
18 because the service provider would have had to “cobble together adequate

1 notice” and would therefore be “unduly burden[ed]”). MP3tunes would  
2 simply have had to make use of information already within its possession  
3 and connect that information to known users. While the defendants could  
4 yet make the case at trial that it was unreasonable under the circumstances  
5 to ask MP3tunes to identify users who repeatedly infringed plaintiffs’  
6 copyrights by sideloading music files, no evidence available at the  
7 summary judgment stage compelled that conclusion as a matter of law.

8 For these reasons, we vacate the District Court’s grant of summary  
9 judgment and remand for further proceedings.<sup>6</sup>

10 B. Red-Flag Knowledge and Willful Blindness

11 We turn next to the District Court’s determination that the jury’s  
12 finding of red-flag knowledge or willful blindness with respect to certain  
13 categories of songs was wrong as a matter of law. We start with the

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<sup>6</sup> In its summary judgment ruling, the District Court also held that MP3tunes was eligible for DMCA protection for pre-1972 sound recordings, which are protected by state rather than federal copyright law. The plaintiffs challenge this decision on appeal, but their challenge is foreclosed by our recent decision in Capitol Records, LLC v. Vimeo, LLC, 826 F.3d 78 (2d Cir. 2016). In Vimeo, we held that “the safe harbor established by § 512(c) protects a qualifying service provider from liability for infringement of copyright under state law.” Id. at 93.

1 proposition that even if a service provider has a reasonably implemented  
2 repeat infringer policy, it relinquishes the DMCA's safe harbor if it, first,  
3 has "actual knowledge that the material or an activity using the material  
4 on the system or network is infringing" or "in the absence of such actual  
5 knowledge, is [] aware of facts or circumstances from which infringing  
6 activity is apparent," and second, "upon obtaining such knowledge or  
7 awareness, [does not] act[] expeditiously to remove, or disable access to,  
8 the material." 17 U.S.C. § 512(c)(1)(A); see also 17 U.S.C. § 512(d)(1). At  
9 trial, the plaintiffs contended that MP3tunes was "aware of facts or  
10 circumstances from which infringing activity was apparent" — or in other  
11 words had "red-flag knowledge" or willful blindness, see Viacom, 676  
12 F.3d at 31, 35, with respect to several categories of songs. The jury found  
13 that MP3tunes had knowledge as to four categories of files: (1) those stored  
14 on domains identified in takedown notices as having ten or more  
15 infringing files; (2) sideloads of MP3s before January 2007; (3) certain  
16 sideloads by MP3tunes executives; and (4) works by the Beatles. The  
17 District Court upheld the jury's finding of red-flag knowledge with respect  
18 to certain songs and subsets of songs but granted the defendants judgment

1 as a matter of law as to two categories of songs that are the subject of our  
2 review: MP3s from major labels issued before 2007, and all songs by the  
3 Beatles.

4 We have already explained that the DMCA does not impose “an  
5 amorphous obligation to take commercially reasonable steps in response to  
6 a generalized awareness of infringement.” Viacom, 676 F.3d at 31  
7 (quotation marks omitted). Accordingly, “[o]n the issue of disqualifying  
8 knowledge . . . the burden falls on the copyright owner to demonstrate that  
9 the service provider acquired knowledge of the infringement, or of facts  
10 and circumstances from which infringing activity was obvious, and failed  
11 to promptly take down the infringing matter, thus forfeiting its right to the  
12 safe harbor.” Capitol Records, LLC v. Vimeo, LLC, 826 F.3d 78, 95 (2d Cir.  
13 2016). In other words, a copyright owner must point to a defendant’s  
14 “actual knowledge or awareness of facts or circumstances that indicate  
15 specific and identifiable instances of infringement.” Viacom, 676 F.3d at  
16 32.

17 With this principle in mind, we conclude that the trial evidence in  
18 this case, viewed in the light most favorable to the plaintiffs, see Izzarelli v.

1 R.J. Reynolds Tobacco Co., 731 F.3d 164, 167 (2d Cir. 2013), showed that  
2 MP3tunes and Robertson knew that major music labels generally had not  
3 even authorized their music to be distributed in the format most widely  
4 available on sideload.com, let alone authorized it to be shared on the  
5 internet. In particular, Robertson apparently knew that major record labels  
6 had not offered songs in MP3 format until 2007. In January 2007, in  
7 connection with MP3tunes's MP3 sale model, for example, Robertson  
8 admitted that "popular acts have never before sold tracks in MP3  
9 formats." Joint App'x 3145-46. With respect to MP3s sideloaded before  
10 2007, therefore, the jury reasonably could have concluded that MP3tunes  
11 and Robertson were aware of "facts and circumstances that make  
12 infringement obvious." Vimeo, 826 F.3d at 98.

13 What prompted the District Court to conclude otherwise? In  
14 granting judgment as a matter of law to the defendants on this issue, the  
15 District Court explained that barring MP3tunes from the DMCA safe  
16 harbor "would require Defendants to actively conduct routine searches  
17 and eliminate material likely to be infringing." Capitol Records, Inc. v.  
18 MP3tunes LLC, 48 F. Supp. 3d 703, 716 (S.D.N.Y. 2014). It therefore

1 understandably concluded that imposing such a duty clashed with the  
2 DMCA's "express . . . disavowal of a duty to affirmatively monitor." Id.  
3 Under the circumstances of this case, we respectfully disagree with the  
4 District Court's assessment, primarily for three reasons.

5         First, we think the jury could reasonably have found, based on the  
6 evidence presented, that MP3tunes had the ability to search sideload.com  
7 for MP3s sideloaded before a certain date. Indeed, at trial an expert for the  
8 plaintiffs described how he obtained a list of MP3s sideloaded before  
9 January 26, 2007. Joint App'x 1800-02. His testimony demonstrated that  
10 searching through libraries of MP3 songs was a common function of  
11 MP3tunes's business.

12         Second, the jury was clearly instructed, and we presume it  
13 understood, that MP3tunes had no continuing, affirmative duty to monitor  
14 its servers for infringement. The jury could comply with that instruction  
15 and still find that MP3tunes was required to disable access to pre-2007  
16 songs by "act[ing] expeditiously to remove, or disable access to" the pre-  
17 2007 songs "upon obtaining such knowledge or awareness." 17 U.S.C.  
18 § 512(c)(1)(A)(iii). The jury was permitted to conclude that a time-limited,



1 targeted duty—even if encompassing a large number of songs—does not  
2 give rise to an “amorphous” duty to monitor in contravention of the  
3 DMCA. Viacom, 676 F.3d at 31; see also id. at 34 (suggesting that a  
4 reasonable jury could find red-flag knowledge with respect to groups of  
5 clips).

6       The same is true of the Beatles songs. The jury heard evidence that  
7 Robertson was unaware of any legal online distribution of Beatles tracks  
8 before 2010, other than one track used within a video game. Robertson  
9 furthermore admitted that he authored a 2009 e-mail that showed he was  
10 aware of the plaintiffs’ position that “[the] Beatles have never authorized  
11 their songs to be available digitally.” Joint App’x 3165. MP3tunes was  
12 further made aware through user emails that Beatles songs such as  
13 “Strawberry Fields Forever” were on sideload.com’s index. The jury could  
14 have reasonably concluded that MP3tunes had red-flag knowledge of, or  
15 was willfully blind to, the infringing nature of the Beatles tracks on its  
16 servers and failed to “act[] expeditiously” to remove them. 17 U.S.C.  
17 § 512(c)(1)(A)(iii).

1 Third, the jury could reasonably have found that MP3tunes  
2 conceived of and was designed to facilitate infringement based in part on  
3 evidence presented at trial that MP3tunes “actively encourage[ed]  
4 infringement” and that Robertson and MP3tunes executives “personally  
5 used [sideload.com] to download infringing material.” Columbia Pictures  
6 Indus., Inc. v. Fung, 710 F.3d 1020, 1043 (9th Cir. 2013). Although such  
7 evidence might not alone support a separate finding of red-flag knowledge  
8 or willful blindness as to users, see Vimeo, 826 F.3d at 99, the jury could  
9 certainly rely on it in deciding whether MP3tunes was entitled to the  
10 DMCA safe harbor, see Fung, 710 F.3d at 1040 (holding that “aspects of the  
11 inducing behavior that give rise to liability are relevant to the operation of  
12 some of the DMCA safe harbors and can, in some circumstances, preclude  
13 their application”). Indeed, the jury could reasonably have understood  
14 Robertson to have admitted on cross-examination that sideload.com “was  
15 premised on the notion that everything that was on the internet that was  
16 not locked down could be sideloaded into the site.” Joint App’x 2342.  
17 And in editing sideload.com’s Frequently Asked Questions (“FAQs”),  
18 Robertson emphasized that the site should tell users that its music is “legal

1 to download” because “[s]ideloader.com does not store any music, but  
2 rather links to files publicly available [in] other places on the net.” Joint  
3 App’x 3017.

4 For these reasons, we reverse the District Court’s ruling vacating the  
5 jury verdict with respect to red-flag knowledge and willful blindness for  
6 pre-2007 MP3s and Beatles songs.<sup>7</sup>

7 C. Statutory Damages

8 The plaintiffs also challenge the District Court’s decision to allow  
9 only one award of statutory damages where the copyrights to the sound  
10 recording and to the musical composition are owned by separate plaintiffs.  
11 Section 504(c) of Title 17 provides that a “copyright owner may elect . . . to  
12 recover, instead of actual damages and profits, an award of statutory  
13 damages for all infringements involved in the action, with respect to any  
14 one work” in an amount of up to \$30,000 if the infringer acted innocently  
15 or of up to \$150,000 if the infringer acted willfully. “For the purposes of  
16 [§ 504(c)], all the parts of a compilation or derivative work constitute one

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<sup>7</sup> We note that, should it be found on remand that MP3Tunes did not reasonably implement a repeat infringer policy and is therefore ineligible for DMCA safe harbor protection at all, the jury’s finding of red-flag knowledge or willful blindness as to the above categories of songs would not be required to impose liability.

1 work.” 17 U.S.C. § 504(c)(1); see Xoom, Inc. v. Imageline, Inc., 323 F.3d  
2 279, 285 (4th Cir. 2003), abrogated on other grounds by Reed Elsevier, Inc.  
3 v. Muchnick, 559 U.S. 154 (2010). A derivative work is “a work based  
4 upon one or more preexisting works, such as a . . . sound recording.” 17  
5 U.S.C. § 101. If “there are several different versions of plaintiff’s work,  
6 each of which commands a separate copyright,” but “the defendant’s work  
7 incorporates material covered by each of those copyrights,” the Copyright  
8 Act “provides for but a single statutory damages award.” 5 Nimmer on  
9 Copyright § 14.04[E][1][b].

10 As noted, the District Court held that the plaintiffs could recover  
11 only one statutory damages award for a musical composition and its  
12 corresponding sound recording, even where the composition and the  
13 recording were owned by separate plaintiffs. In doing so, it agreed with  
14 those district courts that have concluded that infringement of a musical  
15 composition and its corresponding sound recording entitles a plaintiff to  
16 only one statutory damages award. See, e.g., Spooner v. EEN, Inc., No. 08-  
17 CV-262-P-S, 2010 WL 1930239, at \*4 (D. Me. May 11, 2010); see also  
18 Reservoir Media Mgmt., Inc. v. Craze Prods., No. 1:13-cv-1847 (GHW),

1 2015 WL 5692105, at \*7 (S.D.N.Y. Sept. 28, 2015) (citing with approval  
2 Judge Pauley’s reasoning in Capitol Records, but declining to decide  
3 whether the plaintiffs were entitled to multiple statutory damages awards  
4 for a musical composition and its corresponding sound recording). Other  
5 courts, meanwhile, have explained that multiple statutory damages can be  
6 awarded when the copyrights to the sound recording and the musical  
7 composition are owned by different plaintiffs. See, e.g., Teevee Toons, Inc.  
8 v. MP3.com, Inc., 134 F. Supp. 2d 546, 548 (S.D.N.Y. 2001) (concluding that  
9 “where . . . the plaintiffs owning the copyrights on the musical  
10 compositions are separate from the plaintiffs owning the copyrights on the  
11 sound recordings, each may recover statutory damages”).

12 A plain reading of the Copyright Act’s text supports the District  
13 Court’s conclusion. See Patry on Copyright § 22:186 (“Sound recordings  
14 are defined in section 101 as a species of derivative work of the underlying  
15 musical composition, and, as such, both fall within the one work, one  
16 award rule for statutory damages that only award[s] for infringement of  
17 both works . . . regardless of whether there are different owners.”).

1           Both the House Report and the Senate Report accompanying the  
2 Copyright Act reinforce this point:

3           Subsection (c)(1) [of 17 U.S.C. § 504] makes clear . . . that,  
4 although they are regarded as independent works for other  
5 purposes, “all the parts of a compilation or derivative work  
6 constitute one work” for th[e] purpose [of assessing  
7 statutory damages]. Moreover, although the minimum and  
8 maximum amounts are to be multiplied where multiple  
9 “works” are involved in the suit, the same is not true with  
10 respect to multiple copyrights, multiple owners, multiple  
11 exclusive rights, or multiple registrations. This point is  
12 especially important since, under a scheme of divisible  
13 copyright, it is possible to have the rights of a number of  
14 owners of separate “copyrights” in a single “work”  
15 infringed by one act of a defendant.

16 H.R. Rep. No. 94-1476, at 162 (1976); S. Rep. No. 94-473, at 144  
17 (1975). In our view, then, Congress did not intend for separate  
18 statutory damages awards for derivative works such as sound  
19 recordings, even when the copyright owner of the sound recording  
20 differs from the copyright owner of the musical composition.

21           In sum, the District Court’s decision to permit only one  
22 award of statutory damages for the musical composition and  
23 corresponding sound recording comports with both the plain text  
24 and the legislative history of the Copyright Act. We therefore  
25 affirm that part of the judgment.

1       II.     Robertson’s Appeal

2             Robertson’s cross-appeal challenges several rulings of the  
3 District Court, some relating to the liability of MP3tunes and some  
4 relating to his own personal liability. We address each challenge in  
5 turn.

6             A. MP3tunes’s Liability

7               i.     Red-Flag Knowledge and Willful Blindness

8             Robertson challenges the District Court’s ruling on red-flag  
9 knowledge and willful blindness. In particular, he argues that the District  
10 Court erred in upholding the jury’s verdict of red-flag knowledge and  
11 willful blindness with respect to songs sideloaded from personal file  
12 storage sites and student-run college webpages with what are alleged to be  
13 “obviously infringing” URLs.<sup>8</sup>

14             “The hypothetical ‘reasonable person’ to whom infringement must  
15 be obvious is an ordinary person—not endowed with specialized

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<sup>8</sup> Robertson also asserts that the District Court was wrong to conclude that MP3tunes had red-flag knowledge of the infringement of “Strawberry Fields Forever.” Because we reverse the District Court’s determination regarding red-flag knowledge or willful blindness with respect to all Beatles songs, including “Strawberry Fields Forever,” we need not address this argument.

1 knowledge or expertise concerning music or the laws of copyright.”  
2 Vimeo, 826 F.3d at 93–94. That said, “[i]t is . . . entirely possible that an  
3 employee of the service provider . . . may well have known that [a] work  
4 was infringing, or known facts that made this obvious.” Id. at 97. “If the  
5 facts actually known by an employee of the service provider make  
6 infringement obvious, the service provider cannot escape liability through  
7 the mechanism of the safe harbor.” Id.

8       The trial evidence supported the plaintiffs’ argument that Robertson  
9 and MP3tunes executives knew that personal file storage sites and college  
10 student webpages were distributing infringing files. There was also  
11 evidence that Robertson himself sideloaded from personal websites, and  
12 that other MP3tunes executives regularly sideloaded from these sites. The  
13 jury could therefore conclude that MP3tunes knew that songs from sites  
14 with personal file storage or college URLs were available on sideload.com  
15 and that those sites were “obviously infringing,” yet failed to act on that  
16 information. For these reasons, we affirm the District Court’s order  
17 denying judgment as a matter of law with respect to this category of songs.



1           ii.     Direct Liability for Infringement of Cover Art

2           At trial, the jury found that MP3tunes was liable for directly and  
3 willfully infringing all 296 works of cover art associated with the plaintiffs'  
4 songs and albums. The District Court partially upheld that jury verdict  
5 when it ruled on Robertson's motion for judgment as a matter of law,  
6 although it granted the motion and vacated the verdict as to some of the  
7 cover art. On appeal, Robertson contends that the entire verdict relating to  
8 cover art infringement should have been vacated. We disagree.

9           "[V]olitional conduct is an important element of direct liability."  
10 Cartoon Network, 536 F.3d at 131. The District Court instructed the jury as  
11 follows: "When a person or company itself copies, distributes, publicly  
12 performs, or displays the copyrighted work without authorization or other  
13 defense, it is considered a 'direct infringement.' In order to be a direct  
14 infringer, a person or company must have engaged in a volitional act that  
15 causes the alleged copying." Joint App'x 4380. Robertson asserts that  
16 MP3tunes could not have engaged in a "volitional act" with respect to the  
17 cover art infringement because the retrieval of that art was not directed by

1 MP3tunes but rather obtained from Amazon.com at the direction of the  
2 user when the user selected a song.

3         The record contradicts Robertson on this point. MP3tunes's  
4 employees testified that the company's LockerSync system was designed  
5 to retrieve one aspect of a copyrighted work (the album art) whenever a  
6 user uploaded another aspect of a copyrighted work (the song). In other  
7 words, the system retrieved a copyrighted item that a user did not request,  
8 frequently without the user's knowledge of the copyrighted nature of the  
9 item. This constituted enough evidence, in our view, that copying of the  
10 cover art was directed by MP3tunes, not users.<sup>9</sup> And a jury reasonably  
11 could also infer that each of the 296 images had been downloaded from  
12 Amazon.com at least once because the evidence presented at trial showed  
13 that each image was actually downloaded several times.

14         Robertson follows up by arguing that the plaintiffs' cover art  
15 copyrights themselves are invalid. First, he contends, the plaintiffs  
16 improperly used a Form SR (also used for the corresponding sound

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<sup>9</sup> For the same reason, we reject Robertson's argument that MP3tunes was entitled to DMCA protection under § 512(c) for cover art infringement. As Robertson acknowledges, the subsection covers only "infringement of copyright by reason of the storage at the direction of a user." 17 U.S.C. § 512(c)(1) (emphasis added).

1 recording) to register the cover art copyrights. We reject that argument.

2 Pursuant to 37 C.F.R. § 202.3, the SR class “includes all published and

3 unpublished sound recordings,” and “[c]laims to copyright in literary,

4 dramatic, and musical works embodied in phonorecords may also be

5 registered in this class under paragraph (b)(4) of this section” if certain

6 conditions are met. Because visual works are not explicitly listed as a

7 category that can also be included in SR copyrights, Robertson argues that

8 the plaintiffs’ registration of cover art on Forms SR renders their cover art

9 copyrights invalid. But a few years ago the Copyright Office issued a

10 circular that expressly sanctioned the use of a Form SR to register both the

11 recording and associated images. See Copyright Office, Copyright

12 Registration for Sound Recordings, Copyright Circular #56, at 3 (Aug.

13 2012) (providing instructions for how to fill out a Form SR “if the claim

14 includes artwork, photographs, and/or liner notes”). The Copyright

15 Office’s interpretations of the Copyright Act are entitled to some deference

16 insofar as we deem them to be persuasive. See Morris v. Bus. Concepts,

17 Inc., 283 F.3d 502, 505–06 (2d Cir. 2002). Here, we are persuaded by the

18 Copyright Office’s apparent view that there is no logical distinction

1 between “literary” works and “visual” works associated with a sound  
2 recording such that the former is properly registered on a Form SR but the  
3 latter is not.

4 Robertson separately claims that the copyrights are invalid because  
5 the Forms SR fail to list the authors of the cover art. But the forms were  
6 registered as works-for-hire, which do not require a separate identification  
7 of artists. Moreover, a certificate of registration with inaccurate  
8 information is invalid only if, among other things, the registrant knew it  
9 was inaccurate. 17 U.S.C. § 411. There is no evidence on this record that  
10 the certificates of registration at issue here were inaccurate. And, even if  
11 there were, there is no evidence that the plaintiffs knew the copyrights  
12 inaccurately described authorship.

13 iii. Liability for Infringement by MP3tunes Executives

14 In addition to finding MP3tunes liable for its own infringement and  
15 for the infringement of its users, the jury held MP3tunes liable for the  
16 sideloading activity of three MP3tunes executives (Emily Richards,  
17 Douglas Reese, and Mark Wooten) under a theory of respondeat superior.  
18 Robertson argues that there was insufficient evidence that these employees

1 acted within the scope of their authority and in furtherance of MP3tunes's  
2 business when downloading the challenged songs.

3 We think there was sufficient evidence for a rational jury to  
4 conclude that MP3tunes was liable under a respondeat superior theory.  
5 Among other evidence admitted at trial, Reese wrote an email asserting  
6 that "we [MP3tunes employees] would see[d] the [sideload.com] index  
7 with higher quality tracks." Joint App'x 2049. An MP3tunes employee  
8 testified that she and other MP3tunes employees "specifically sought out  
9 websites on the Internet to locate files and sideload them into the Sideload  
10 index," and that they all did so "as employees of MP3tunes." Joint App'x  
11 2057. Robertson directed that the same employee provide other MP3tunes  
12 employees a "list of some sites featuring free MP3s" "for sideloading  
13 purposes." Joint App'x 1957. There was also ample evidence from which  
14 a juror could reasonably have inferred that these executive sideloads were  
15 performed from MP3tunes's offices. And it was clearly in MP3tunes's  
16 interest to increase the number of quality songs on sideload.com by using  
17 its employees to expand the index.

1           B. Robertson's Liability2           i.       Personal Jurisdiction

3           Robertson challenges the District Court's personal jurisdiction ruling  
4 on various grounds. We review a District Court's ruling on personal  
5 jurisdiction de novo. See Bank Brussels Lambert v. Fiddler Gonzalez &  
6 Rodriguez, 305 F.3d 120, 124 (2d Cir. 2002).

7           Relying on Walden v. Fiore, 134 S. Ct. 1115 (2014) and Daimler AG  
8 v. Bauman, 134 S. Ct. 746 (2014), Robertson argues as an initial matter that  
9 the District Court erred in imputing MP3tunes's contacts with New York  
10 to him. But Robertson was no mere employee of MP3tunes. He was its  
11 founder and CEO, and he exercised extensive control over MP3tunes's  
12 day-to-day activities. According to one MP3tunes employee, "no one  
13 made any final decisions other than Michael." Joint App'x 1173. Under  
14 these circumstances, it was appropriate for the District Court to consider  
15 the scope of MP3tunes's activities in New York in evaluating whether it  
16 could exercise personal jurisdiction over Robertson. See Retail Software  
17 Servs., Inc. v. Lashlee, 854 F.2d 18, 23 (2d Cir. 1988). "[T]his is not a case

1 where an individual defendant who is unaffiliated with a corporation is  
2 being haled into court by a large multinational corporation.” Id.<sup>10</sup>

3         Robertson also argues that, in any event, he and MP3tunes  
4 combined lacked sufficient “minimum contacts” as required by the Due  
5 Process Clause. But Robertson was aware both that MP3tunes had at least  
6 400 users located in New York and that his company provided services to  
7 New York customers. Under these circumstances, the District Court’s  
8 exercise of personal jurisdiction over Robertson comported with due  
9 process. He knew, in other words, that MP3tunes had “purposefully

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<sup>10</sup> Neither Daimler nor Walden compels a different conclusion. Daimler addressed general jurisdiction, not specific jurisdiction, and Robertson does not dispute that there is an “affiliation between the forum [of New York] and the underlying controversy” such that only specific jurisdiction is needed over Robertson. Licci ex rel. Licci v. Lebanese Canadian Bank, SAL, 732 F.3d 161, 170 (2d Cir. 2013) (quoting Goodyear Dunlop Tires Operations, S.A. v. Brown, 564 U.S. 915, 919 (2011)). The Supreme Court expressly declined to “pass judgment on invocation of an agency theory in the context of general jurisdiction.” Daimler AG, 134 S. Ct. at 759-60. Meanwhile Walden held that a defendant’s relationship with a forum state “must arise out of contacts that the ‘defendant himself’ creates with the forum State.” 134 S. Ct. at 1122 (quoting Burger King Corp. v. Rudzewicz, 471 U.S. 462, 475 (1985)). But the Court in Walden emphasized only that personal jurisdiction cannot arise from contacts between the plaintiff or third parties and the forum State. Id. It 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.

1 avail[ed] [it]self of the privilege of conducting activities within [New  
2 York], thus invoking the benefits and protections of its laws.” See Chloé v.  
3 Queen Bee of Beverly Hills, LLC, 616 F.3d 158, 171 (2d Cir. 2010) (quoting  
4 Burger King Corp. v. Rudzewicz, 471 U.S. 462, 475 (1985)). “[J]urisdiction  
5 is appropriate in New York because [MP3tunes] has developed and served  
6 a market for its products there.” Id. That MP3tunes served a national  
7 market, as opposed to a New York-specific market, has little bearing on  
8 our inquiry, as attempts to serve a nationwide market constitute “evidence  
9 of [the defendant’s] attempt to serve the New York market, albeit  
10 indirectly.” Kernan v. Kurz-Hastings, Inc., 175 F.3d 236, 243 (2d Cir. 1999);  
11 see Chloé, 616 F.3d at 171.

12 Finally, Robertson insists that the District Court should have  
13 required the plaintiffs to establish that the District Court had personal  
14 jurisdiction over him by a preponderance of the evidence at a hearing or at  
15 trial. But we are not persuaded that the District Court erred in  
16 determining that it had personal jurisdiction over Robertson without  
17 holding a hearing or putting that issue to the jury. On a summary  
18 judgment motion, a judge may “properly examine[] the record to



1 determine if there [are] undisputed facts that could resolve the  
2 jurisdictional issue.” Ball v. Metallurgie Hoboken-Overpelt, S.A., 902 F.2d  
3 194, 197 (2d Cir. 1990). Robertson did not challenge the facts that the  
4 District Court deemed most persuasive in finding personal jurisdiction:  
5 that he had engaged in previous litigation with record companies in New  
6 York based on similar infringing activities; that MP3tunes had a number of  
7 users in New York; and that Robertson had extensive control over  
8 MP3tunes. See Joint App’x 1135. For these reasons, we conclude that the  
9 District Court did not err in determining at the summary judgment stage  
10 that it could exercise personal jurisdiction over Robertson.

11 ii. Vicarious and Contributory Liability

12 In addition to attacking the District Court’s exercise of personal  
13 jurisdiction over him, Robertson argues that there was insufficient  
14 evidence to support the jury’s finding that he was vicariously or  
15 contributorily liable for MP3tunes’s infringements. In the same vein, he  
16 adds that the District Court’s jury instructions regarding vicarious and  
17 contributory liability were erroneous.

1           We start with Robertson’s challenge to the jury’s vicarious liability  
2 finding and the District Court’s jury instructions. Vicarious liability for  
3 copyright infringement may arise only when the defendant had the “right  
4 and ability to supervise [that] coalesce[d] with an obvious and direct  
5 financial interest in the exploitation of copyrighted materials.” Softel, Inc.  
6 v. Dragon Medical & Sci. Commc’ns, Inc., 118 F.3d 955, 971 (2d Cir. 1997)  
7 (alteration in original) (quoting Shapiro, 316 F.2d at 307). An increase in  
8 subscribers or customers due to copyright infringement qualifies as an  
9 “obvious and direct financial interest.” See Shapiro, 316 F.2d at 307. With  
10 these principles in mind, we conclude that the District Court did not err  
11 when it instructed the jury that an “obvious and direct financial interest . . .  
12 may be established where infringing material acts as a ‘draw’ to attract  
13 subscribers to a defendant’s business, even if it is not the primary, or even  
14 a significant draw.” Joint App’x 2423–24; see also Owen v. Thermatool  
15 Corp., 155 F.3d 137, 139 (2d Cir. 1998).

16           And here there was ample evidence to support the jury’s finding,  
17 aided by a proper instruction, that Robertson was vicariously liable for  
18 copyright infringement. Among other things, an MP3tunes employee

1 testified that she and other employees “used Sideload marketing efforts to  
2 try to get people to sign up for lockers” and emphasized the availability of  
3 free music on sideload.com “in connection with trying to get users to  
4 purchase lockers.” Joint App’x 2059. Meanwhile, Robertson sought to use  
5 sideload.com to attract free users to MP3tunes whom MP3tunes could  
6 thereafter “upsell” to premium lockers. Joint App’x 2337. There was also  
7 evidence that Robertson, through a trust, was the near-exclusive funder of  
8 MP3tunes and thus had an “obvious and direct financial interest” in  
9 infringement that drew subscribers to MP3tunes.com. Cf. Softel, 118 F.3d  
10 at 971. The jury thus had sufficient evidence to find Robertson vicariously  
11 liable in this case.

12 Robertson’s challenge to the jury’s contributory liability finding  
13 fares no better. A contributory infringer is “one who, with knowledge of  
14 the infringing activity, induces, causes or materially contributes to the  
15 infringing conduct of another.” Gershwin Publ’g Corp. v. Columbia  
16 Artists Mgmt., Inc., 443 F.2d 1159, 1162 (2d Cir. 1971). “[O]ne who  
17 distributes a device with the object of promoting its use to infringe  
18 copyright, as shown by clear expression or other affirmative steps taken to

1 foster infringement, is liable for the resulting acts of infringement by third  
2 parties.” Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd., 545 U.S.  
3 913, 919 (2005).

4         Based on our review of the trial record, we reject Robertson’s  
5 challenge to the jury’s verdict finding him liable for contributory  
6 infringement based on the infringing activities of both MP3tunes  
7 executives and MP3tunes users. Robertson personally encouraged his  
8 employees to sideload songs to add to the index. Many of those songs  
9 were from sites that contained “pirated material.” The entire point of  
10 sideloading to the index was to make more music available for user  
11 download—even though Robertson knew the music was generally not  
12 available for free in MP3 form. See id. at 936. This, in turn, aided and  
13 abetted infringement by sideload.com users.

14         Nor are we persuaded by Robertson’s argument that the District  
15 Court should have instructed the jury that his participation needed to be  
16 substantial and to have had a direct relationship to the infringement in  
17 order to find him liable for contributory infringement. The District Court  
18 instructed the jury as follows: “A defendant is liable for contributory

1 infringement if, one, with knowledge of the infringing activity, two, that  
2 defendant introduces, causes, or materially contributes to the infringing  
3 conduct of another.” Joint App’x 2424. We have not previously insisted  
4 on use of the phrase “substantially contributes” rather than “materially  
5 contributes” in the context of a jury instruction about contributory  
6 infringement. To the contrary, we have more often regarded the words  
7 “material” and “substantial” as synonymous. See Substantial, Black’s Law  
8 Dictionary (10th ed. 2014). We conclude that the District Court’s use of the  
9 phrase “materially contributes” rather than “substantially contributes”  
10 was not misleading and adequately informed the jury of the law. See  
11 Owen, 155 F.3d at 139. We also think that the District Court was not  
12 required to instruct the jury specifically that there had to be a “direct  
13 relationship” between the contributor’s activities and the infringement.  
14 We have never held that such an instruction was necessary. In any event,  
15 the District Court’s instruction adequately captured the necessary  
16 relationship when it reminded the jury that a defendant “materially  
17 contributes to the infringing conduct of another if the defendant engages

1 in personal conduct that is part of, encourages, or assists the  
2 infringement.” Joint App’x 2425.

3         Robertson relies on Sony Corp. of America v. Universal City Studios,  
4 Inc., 464 U.S. 417, 442 (1984), to suggest more broadly that he cannot be  
5 held secondarily liable as a matter of law. In Sony, the Supreme Court  
6 held that when a product is capable of “substantial noninfringing uses,” its  
7 manufacturer cannot be liable simply for knowing that the product could  
8 be used in a way that would constitute infringement. Id. at 456. But the  
9 Supreme Court has since clarified that “where evidence goes beyond a  
10 product’s characteristics or the knowledge that it may be put to infringing  
11 uses, and shows statements or actions directed to promoting infringement,  
12 Sony’s staple-article rule will not preclude liability.” Grokster, 545 U.S. at  
13 935. Here, the evidence showed that Robertson acted in a manner  
14 intended to promote infringement. We therefore reject Robertson’s  
15 argument based on Sony.

### 16         C. Damages

17         Finally, Robertson challenges the District Court’s award of statutory  
18 and punitive damages. We address each challenge in turn.

1           i.    Statutory Damages

2           Robertson claims that the District Court's award of multiple  
3   statutory damages for music singles and the albums on which they appear  
4   was error. As previously noted, statutory damages are awarded for  
5   infringement of each copyrighted "work." 17 U.S.C. § 504(c). Several of  
6   the songs relevant to the trial were issued both as singles and as part of  
7   albums. The District Court instructed the jury that, so long as the plaintiffs  
8   proved that "on the date of infringement, each individual sound recording  
9   at issue in this case was available for purchase as a single," it could issue  
10   multiple statutory damages awards for singles that appeared on the same  
11   album. Capitol Records, 48 F. Supp. 3d at 721. The jury found that each  
12   song was available for purchase as a single on the date of infringement.

13           Materials that are sold as part of a compilation, such as songs on an  
14   album, ordinarily are not deemed separate works for the purpose of  
15   determining statutory damages. See Bryant v. Media Right Prods., Inc.,  
16   603 F.3d 135, 141 (2d Cir. 2010); 17 U.S.C. § 504(c)(1) ("[A]ll the parts of a  
17   compilation . . . constitute one work."). But when a copyright holder or  
18   publisher issues material on an independent basis, the law permits a

1 statutory damages award for each individual work. See Twin Peaks  
2 Prods., Inc. v. Publ'ns Int'l, Ltd., 996 F.2d 1366, 1381 (2d Cir. 1993). In  
3 other words, our “focus[] [is] on whether the plaintiff—the copyright  
4 holder—issued its works separately, or together as a unit.” Bryant, 603  
5 F.3d at 141. For these reasons, we conclude that the District Court  
6 properly allowed separate statutory damages awards for songs that the  
7 plaintiffs issued as singles, even if those songs were also made available on  
8 albums.

9       And there was evidence at trial that all the songs in question were  
10 made available as singles on the date of infringement. For example, an  
11 EMI and Capitol Records executive testified that, with the exception of  
12 tracks by Bob Seger and the Beatles, as well as one track by Pink Floyd,  
13 EMI's entire catalog was available for download and sale as singles, Joint  
14 App'x 2476–82, and that this amounted to “95 to 98 percent of our total  
15 catalogue available,” Joint App'x 2482. Based on this and other evidence,  
16 the District Court did not err in upholding the jury's verdict of statutory  
17 damages.





1 harbor protection under the DMCA because the District Court applied too  
2 narrow a definition of “repeat infringer”;

3 (2) **REVERSE** the District Court’s grant of judgment as a matter of  
4 law to the defendants on claims that MP3tunes permitted infringement of  
5 plaintiffs’ copyrights in pre-2007 MP3s and Beatles songs because there  
6 was sufficient evidence to allow a reasonable jury to conclude that  
7 MP3tunes had red-flag knowledge of, or was willfully blind to, infringing  
8 activity involving those categories of protected material;

9 (3) **REMAND** for further proceedings related to claims arising out of  
10 the District Court’s grant of partial summary judgment; and

11 (4) **AFFIRM** the judgment in all other respects.