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**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

UNITED STATES OF AMERICA

Plaintiff,

v.

AMERICAN SOCIETY OF COMPOSERS, AUTHORS
AND PUBLISHERS,

Defendant.

In the matter of the Application for the Determination of
Reasonable License Fees by

AT&T WIRELESS

Case No. 41-1395 (WCC)

**AT&T MOBILITY'S REPLY IN
SUPPORT OF ITS MOTION
FOR SUMMARY JUDGMENT
ON RINGTONES**

FILED UNDER SEAL

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INTRODUCTION

ASCAP's responsive brief is an overt attempt to relitigate this Court's decision in *U.S. v. ASCAP (In re America Online, Inc. et al.)*, 485 F. Supp. 2d 438 (S.D.N.Y. 2007) (the "Download Decision"). There, this Court held that downloads of music files do not implicate the public performance right because, "in order for a song to be performed, it must be transmitted in a manner *designed for contemporaneous perception.*" (ASCAP Resp. at 10, *citing Download Decision*, 485 F. Supp. 2d at 443.) *The undisputed fact is that ringtones sold by AT&T are not sent to a user in a manner designed for contemporaneous perception.*

ASCAP attempts to create an issue of fact by emphasizing that "progressive downloads" and "streams" can be heard contemporaneously with the delivery. (ASCAP Resp. at 6) (noting that the "audio file starts playing before the initial transmission is completed.") However, ASCAP has not claimed anywhere in its brief or declarations that AT&T ringtones – whether labeled streams, progressive downloads, pseudo-downloads, or just downloads – are *actually* heard contemporaneously with the delivery. In fact, ASCAP admits that "the transmission does not ordinarily play before the transmission is concluded." (*Id.* at 12.) *Again, it is undisputed that ringtone files sold by AT&T are delivered to users without a contemporaneous perception – they are fully delivered to the phone before the audio can be heard.*

ASCAP complains that AT&T *chose* to design its sale and delivery of ringtones so that the files are *not perceived contemporaneously* with the download. But AT&T cannot be faulted for choosing to deliver ringtones in a manner that does not infringe. Nor can AT&T be found to engage in the performance of those ringtones because it *could have* (but *does not*) perform them.

ASCAP's attempt to demonstrate secondary infringement is likewise premised on absurdity – that is, the notion that millions of customers are guilty of direct infringement whenever there is a musical playback in response to an incoming call. This ringtone playback is

not a “public performance” any more than turning up a car stereo with the windows rolled down is a public performance. ASCAP’s failure to establish a case of primary infringement against the customer moots its secondary infringement argument against AT&T.

ARGUMENT

Assuming the Court does not overturn the Download Decision, it need only consider the following: (1) whether the subsequent playback of ringtones on users’ phones constitutes an infringing public performance; and if so, (2) whether AT&T is directly or indirectly liable for such performance.¹

I. AT&T Is Not Liable For Direct Copyright Infringement.

AT&T is not liable for direct copyright infringement (1) when it delivers a ringtone file to a user or (2) when the customer receives a telephone call and the phone plays the ringtone. In the first instance, the ringtone delivery is not a performance because it is not contemporaneously perceived. In the second instance – ringtones signaling incoming calls – any performance is neither an actionable “public performance” nor the result of volitional actions by AT&T.

¹ In an effort to divert attention, ASCAP has included references to previews in its Response. AT&T’s pending motion for summary judgment does not ask for the Court to rule on whether previews are public performances, and AT&T has not briefed that issue. ASCAP nevertheless argues that granting the motion will not streamline the trial because previews may remain before the Court; but license fees for ringtones are very different than license fees for previews. Moreover, *if ringtones are part of the trial, AT&T’s ringtone providers (most of whom are responsible for ringtone royalties) may seek to intervene*, which would result in considerable expansion of this litigation; if only previews are before the Court, they likely will not. Significantly, ASCAP does not deny that AT&T’s ringtone providers should be permitted to intervene.

A. AT&T's Sale and Delivery of Downloads Are Not Performances and Therefore Not Direct Infringements.

1. There is no perception of AT&T's ringtones until after the download is complete.

“[I]n order for a song to be performed, it must be transmitted in a manner designed for contemporaneous perception.” *Download Decision*, 485 F. Supp. 2d at 442-43. ASCAP does not point to any evidence that ringtones are heard before the delivery to a mobile phone is completed, and AT&T has testified that ringtones are not heard contemporaneously with the delivery. In fact, ASCAP admits that “the transmission does not ordinarily play before the transmission is concluded.” (ASCAP Resp. at 12.) As a result, there is no dispute that ringtones, exactly like the downloaded files in the AOL proceeding, are delivered to users without a contemporaneous perceptible rendition and do not implicate a public performance.

ASCAP proposes that because [REDACTED] [REDACTED] ringtones must be progressively downloaded; and thus, ringtones must be transmitted in a manner designed for contemporaneous perception. But the undisputed facts demonstrate that (a) [REDACTED] [REDACTED] and (b) [REDACTED] [REDACTED] (Zaffino Supplemental Decl. ¶¶ 11-12.) As much as ASCAP might wish that AT&T ringtones were heard during the delivery, it simply does not happen.

Of course, once an audio file has been downloaded to a user's mobile phone, the user can thereafter take some action to cause the audio file to be played, which is entirely consistent with ASCAP's brief that repeatedly refers to the *user* clicking or selecting the option to play a ringtone *after it is downloaded*. (See, e.g., ASCAP Resp. at 3-5.) The same functionality existed in the *Download Decision*, but as the Court noted, “it is not the availability of prompt replay but

the simultaneously perceptible nature of a transmission that renders it a performance under the Act.” 485 F. Supp. 2d at 446. As the Court further explained, “that a customer’s online purchase is . . . capable of playback as soon as the transmission is completed, does not change the fact that the transaction is a data transmission rather than a musical broadcast.” *Id.* Notwithstanding ASCAP’s fixation on the playing of a ringtone promptly after the download delivery, the fact is that customers do not buy ringtones in order to listen to them promptly after their delivery. Rather, customers buy ringtones to play upon receiving a call. ASCAP’s tedious dissection of the mechanics of a ringtone purchase and the possibility of a prompt initial performance serves as a red herring to distract from the real function of “ringing” that ringtones are designed to perform.

2. The mere possibility of designing a system that could produce a contemporaneous perception does not equate to a contemporaneous perception.

The Applicants in the Download Decision acknowledged that they were considering implementing progressive downloads. (*See Applicants’ Mem. of Law in Opp. to ASCAP’s Mot. for Partial Sum. Judg. at 18 n.9.*) But the *possibility* of a contemporaneous perception did not convince the Court that there was an *actual* contemporaneous perception. If the Court now were to rule that the delivery of a downloaded file was a public performance merely because it could have been delivered by streaming, such a ruling would eviscerate the Download Decision, as most (if not all) audio files theoretically can be streamed.

3. The network between AT&T and its customers’ phones that enables communication does not convert a download into a stream.

In addressing streaming, this Court observed that “a constant link is maintained between the server and the client until playing of the song is completed, at which time replay of the song is not possible without streaming it again.” 485 F. Supp. 2d at 442. ASCAP tries to twist this

language into an argument that there is a “constant link” between AT&T and its customers (apparently, ASCAP means the network) that generates a download, just as this Court referred to the need for a constant link to generate a stream. But a ringtone can be purchased from someone other than AT&T and downloaded. Moreover a download (unlike a stream) must be fully delivered before it can subsequently play. In addition, a download (again unlike a stream) can be played independently by a customer for an infinite number of times without ever connecting to AT&T – simply by pressing the play button on the phone. And of course, a ringtone (again unlike a stream) plays only in response to the volitional acts of a customer (over which AT&T has no control). Finally, a “constant link” also existed between Cablevision and its customers, but the Second Circuit found that of no relevance.

4. AT&T’s sale and delivery of a ringtone is not transformed into a public performance merely because it may later be played by the customer.

ASCAP incorrectly applies the “intermediate transmission” doctrine, which states that an intermediate transmission of a “performance” in a “chain of transmissions” that is not otherwise “to the public” is deemed so if the final “transmission” in the chain is “to the public.” But ASCAP’s intermediate transmission cases require that each transmission in the chain be a transmission of a performance. See *National Football League v. Primetime 24 Joint Venture*, 211 F.3d 10, 11-12 (2d Cir. 2000) (transmissions of television broadcasts); *David v. Showtime/The Movie Channel, Inc.*, 697 F. Supp. 752, 758-59 (S.D.N.Y. 1988) (same). This Court has already held that a download (such as of a ringtone to a phone) is not a transmission of a performance – unlike the television broadcasts in *David* and *NFL*. *Download Decision*, 485 F. Supp. 2d at 446. Just as this Court noted in the *Download Decision* the *David* case is “not instructive” on the issue of ringtone downloads here. See *id.*

B. The “Transmit” Clause Does Not Create a Public Performance in the Absence of a Performance.

The Copyright Act provides that to perform a work publicly means not only to perform in a place open to the public, but also “to transmit or otherwise communicate a performance . . . of the work to a [public place] or to the public, by means of any device or process.” 17 U.S.C. § 101.² But the “to transmit or otherwise communicate a performance” language does not make a ringtone download a “public performance” for a simple reason: A download does not constitute a transmission of a *performance*. As this Court held in its Download Decision, “[t]he statutory language . . . makes clear that the transmission of a *performance*, rather than just the transmission of data constituting a media file, is required in order to implicate the public performance right in a copyright work.” *Download Decision*, 485 F. Supp. 2d at 446 (emphasis added). The transmit clause merely identifies how a “performance” may be publicly performed. 17 U.S.C. § 101. It does not create performances out of non-performances.

ASCAP cannot escape this conclusion by resorting to the alternative phrase “otherwise communicate” in Section 101’s clause, as though it were somehow distinct from the term “transmit” in the same clause. The only decision which AT&T located that has addressed the phrase “otherwise communicate” concluded that it means to “transmit” – to send via some

² The entire text of the relevant section from 17 U.S.C. § 101 reads as follows:

To perform or display a work “publicly” means —

(1) to perform or display it at a place open to the public or at any place where a substantial number of persons outside of a normal circle of a family and its social acquaintances is gathered; or

(2) to transmit or otherwise communicate a performance or display of the work to a place specified by clause (1) or to the public, by means of any device or process, whether the members of the public capable of receiving the performance or display receive it in the same place or in separate places and at the same time or at different times.

process to another location. Simply put, “the term ‘otherwise communicate’ should be construed consistently with the term ‘transmit.’” See *Columbia Pictures Indus., Inc. v. Prof'l Real Estate Investors, Inc.*, 866 F.2d 278, 282 (9th Cir. 1989). The phrase “otherwise communicate” therefore does not alter the requirement of a public performance – and a ringtone download is not a performance under this Court’s Download Decision.

C. The Performance of a Ringtone to Signal an Incoming Call Does Not Subject AT&T to Direct Liability.

1. Direct liability for ringtone performances requires volitional conduct.

ASCAP wrongly asserts that volition is not required because the Copyright Act is a strict liability statute: The strict liability standard merely eliminates the requirement to show wrongful intent. In fact, it is precisely because it is a strict liability statute that courts only impose liability where volitional conduct can be shown. See, e.g., *Costar Group, Inc. v. Loopnet, Inc.*, 373 F.3d 544, 549 (4th Cir. 2004); *Religious Tech. Ctr. v. Netcom On-Line Commc'n Servs., Inc.*, 907 F. Supp. 1361, 1370 (N.D. Cal. 1995) (“Although copyright is a strict liability statute, there should still be some element of volition or causation . . .”).

ASCAP does not dispute that the cases AT&T cited in its opening brief – *Cartoon Network*, *Costar*, *Parker*, and *Field* – all required a showing of a *necessary volitional element* to constitute direct copyright infringement. ASCAP suggests, however, that *Cartoon Network* is inapplicable because it is a “reproduction” case rather than a “public performance” case, and argues that the court’s volitional conduct analysis does not dictate the same result with respect to transmitted performances.³ (ASCAP Resp. at 18.) But nothing in the Second Circuit’s reasoning

³ In *Cartoon Network*, the defendant designed, hosted, and maintained a system that only existed to make copies of television programs and to perform those copies to its customers. *Cartoon Network*, 536 F.3d at 131. Reversing the district court, the Second Circuit held that “the person who actually presses the button to make the recording, supplies the necessary element of volition, not the person who manufactures, maintains, or if distinct from the operator, owns the

limits the volitional conduct requirement for performances but not for reproductions. Even if ASCAP could read the Second Circuit's mind to have silently interpreted that the same amount of volitional conduct was not required for some transmitted performances, there is no transmission of a *performance* by AT&T (under the Download Decision). And there is also no *transmission* of a performance by a mobile phone user (because "to transmit" a performance is to communicate it by any device or process whereby images or sounds are received beyond the place from which they are sent, 17 U.S.C. § 101; and ringtones that play on a phone are not received beyond the place from which they are sent but are merely heard, if at all, in the immediate vicinity of the customer's phone).

ASCAP also argues that this Court should not rely on *Cartoon Network* "because the Second Circuit specifically cautioned against applying the holding to . . . any case when secondary copyright liability is potentially at issue." (ASCAP Resp. at 19 n.45.) But the Second Circuit did just the opposite, identifying contributory liability as the reason to be *less* concerned about requiring volitional conduct for direct liability: "[T]o the extent that we may construe the boundaries of direct liability more narrowly, the doctrine of contributory liability stands ready to provide adequate protection to copyrighted works." *Cartoon Network LP v. CSC Holdings, Inc.*, 536 F.3d 121, 132 (2d Cir. 2008). In other words, the Second Circuit reasoned that the existence of the doctrine of secondary liability rendered it unnecessary to stretch the doctrine of direct liability to the untenable point of discarding the volition requirement.

ASCAP attempts to distinguish the *Google* cases by characterizing Google as a passive intermediary that was less involved in offensive conduct than AT&T, (ASCAP Resp. at 19), but that characterization is inaccurate. In *Parker v. Google, Inc.*, 422 F. Supp. 2d 492, 497 (E.D. Pa.

machine." *Id.* Here also, "the person who actually presses the button [*i.e.*, *the customer who sets the ringtone to play in a public place*] . . . supplies the necessary element of volition."

2006), Google designed a system of spiders and robots to actively comb the Internet and to copy and archive online postings. And in *Field v. Google, Inc.*, 412 F. Supp. 2d 1106, 1115 (D. Nev. 2006), Google's system copied the plaintiff's work and stored a copy for Google users to access. Although Google was not a passive intermediary, it was not directly liable because Google – like AT&T here – engaged in no volitional conduct.

Finally, the cases offered by ASCAP to rebut the volitional conduct standard for direct liability – *Napster*, *Aimster*, and *Grokster* – do not address direct liability at all; instead they are secondary liability cases. Similarly, *On Command Video Corp. v. Columbia Pictures Indus.*, 777 F. Supp. 787 (N.D. Cal. 1991), is not instructive because the court's finding of liability was limited to transmissions. Ringtone performances are not “transmissions” because they are not carried beyond the immediate vicinity of the mobile phone. *See* 17 U.S.C. § 101.

2. Any “public performance” of a ringtone is executed by the customer and the caller, not by AT&T.

It is undisputed that once a ringtone has been downloaded to a mobile phone, that copy is stored on the phone and not on AT&T's network. (Zaffino Decl. ¶ 4 (“Ringtones downloaded to phones using AT&T's network are played from the file residing on the user's phone and not streamed from AT&T's network.”).) When a ringtone signals an incoming call, the playback is from the file that resides on the phone. While AT&T's network does alert the receiving phone that there is an incoming call, that alert does not transmit any musical data or performance *because the ringtone already resides on the mobile phone*. Moreover, the alert is indifferent to whether the phone is set to play a ringtone or not. The passive function of signaling an incoming call is not specifically designed to trigger the performance of ringtones and, in fact, is the same signal regardless of whether the user has ever even downloaded a ringtone.

It is also undisputed that it is the party calling the user who triggers the incoming call. AT&T obviously does not control the caller, who may or may not even be an AT&T subscriber. Not only does AT&T not control the caller: It is also *undisputed that mobile phone users engage in all of the volitional acts necessary for a ringtone to play on their handsets in response to an incoming call signal.*⁴ Absent these volitional acts by the user and the caller, there is no playback of a ringtone at all in response to an incoming call.

It cannot credibly be argued that the signal itself is a copyright-infringing act. The signal contains no copyrightable performance of any ASCAP work and simply informs the mobile phone of the call. At that point, whether the phone plays a ringtone or does not play a ringtone is not in AT&T's hands – it is up to the user who programmed the phone to react to an incoming call in a certain way.⁵

II. AT&T Has No Secondary Liability For Ringtone Performances By Its Customers.

Before there can be secondary liability, there must be a direct infringer. *See Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 434-38 (1984) and other cases cited in AT&T Opening Brief at 17. ASCAP has not pointed to a single AT&T customer who would be liable for direct copyright infringement for the public performance of any ASCAP work.

⁴ As noted in AT&T's opening brief, these volitional acts by the user include the following: (1) programming the phone to play a ringtone – as opposed to another type of audible indication – to signal an incoming call; (2) programming the phone to play a ringtone to signal an incoming call from certain callers and not others; (3) bringing the phone to a public setting rather than a private one; (4) setting the volume of the phone loud enough for bystanders to be capable of hearing it; and (5) setting (or leaving) the phone on “play” (rather than “silent” or “vibrate.”)

⁵ It is undisputed that AT&T has no control whatsoever over where the phone will be when an incoming call arrives, when a caller will make a call to the user, or whether any ringtone will play.

A. Mobile Phone Users Are Exempt From Direct Liability Under Section 110(4) of the Copyright Act.

The Copyright Act provides that the “performance of a . . . musical work otherwise than in a transmission to the public, without any purpose of direct or indirect commercial advantage and without payment of any fee or other compensation for the performance to any of its performers, promoters, or organizers” is not an infringement. 17 U.S.C. § 110(4). ASCAP offers no evidence of *any* public performances of ASCAP works by AT&T customers, much less evidence of public performances by *AT&T customers* that falls outside Section 110(4). ASCAP therefore fails to satisfy its burden of introducing adequate evidence to defeat summary judgment. *Download Decision*, 485 F. Supp. at 442 (“[T]o defeat summary judgment, the nonmovant must go beyond the pleadings and do more than simply show that there is some metaphysical doubt as to the material facts.”) (internal quotation omitted). To repeat, ASCAP offers no evidence that *any AT&T customer* has ever charged a fee or received any direct or indirect commercial advantage as a result of publicly performing a ringtone. [REDACTED]

[REDACTED] As a result, any public performances by AT&T customers are exempt under Section 110(4).

Despite hiring an investigator, ASCAP can only resort to inadmissible hearsay by referring to a newspaper article about the Chicago Sinfonietta, a Chicago organization that performed a modern symphony and allegedly invited the audience to play ringtones from their phones during the performance. The article, however, does not suggest that any of the mobile phone users were AT&T customers; that any of the users received calls through AT&T’s network during the event; or that any of those mobile phone users charged a fee or received any commercial advantage in connection with the event. Even if somewhere an AT&T customer could be found to testify that he or she tried to charge a fee for the public to hear the customer’s

ringtone, the Section 110(4) exemption would hold for all but a *de minimis* number of performances by an infinitesimally small number of mobile phone users. It would truly be a case of the tail wagging the dog for such a miniscule exception, assuming it even exists, to justify public performance royalties for all of AT&T's ringtone sales. That is especially true since other theaters, concert halls, classrooms, churches and other public places typically *demand* that everyone turn their phones "off."

In a rate-setting proceeding such as this, ASCAP is not entitled to royalties based on every AT&T ringtone sale where, at worst, a small handful of those ringtones might ever have violated any ASCAP members' public performance right. And, as discussed below, the fact that almost all ringtone users are exempt from liability under Section 110(4) prevents secondary liability under the *Sony* doctrine, since uses by those customers certainly qualify as substantial noninfringing uses.

ASCAP cannot get around Section 110(4) by arguing that AT&T, but not its customers, derives a commercial benefit from the sale of ringtones. AT&T does not argue that its sales of ringtones – for which reproduction royalties are paid – are without financial benefit. It relies on Section 110(4) to point out that mobile phone *users* are exempt from direct liability because *they* do not benefit financially. Section 110(4) is addressed to the issue of whether the *performance of the ringtone playback itself* is made without any purpose of direct or indirect commercial advantage. In the absence of direct liability by its customers (because of the Section 110(4) exemption), AT&T cannot be made indirectly liable simply because it makes money from the sale of ringtones.

Finally, ASCAP's argument that AT&T cannot stand in the shoes of its customers in asserting the 110(4) exemption is based on a misuse of the case law. All of the cases cited by

ASCAP stand for the unremarkable proposition that a defendant charged with *direct* copyright infringement should not be permitted to assert fair use defenses potentially possessed by that defendant's customers. These cases do not address the issue presented here – whether AT&T can be held *secondarily liable* for the actions of mobile phone users when such users themselves have no direct liability by virtue of the 110(4) exemption.⁶ AT&T is not trying to “step in the shoes of its customers.” It is demonstrating that those customers themselves have no direct liability in the first place. Because they do not, AT&T cannot be indirectly liable.

B. ASCAP Pointed to No Facts that Would Give Rise to Inducement Liability.

In an effort to create an inducement case where none exists, ASCAP tries to equate the unlawful act of inducing infringement with the lawful act of encouraging the purchase of a product. Of course, AT&T encourages its customers to purchase its products, including ringtones, but that does not address the inducement of infringement question. *Grokster* requires “statements or actions *directed to promoting infringement*,” not simply encouragement to purchase a product. *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster*, 545 U.S. 913, 935 (2005) (emphasis added). As noted in AT&T's opening brief, the *Grokster* Court distinguished *Sony* on the ground that while Sony encouraged consumers to purchase VCRs, it did not purposefully induce specific infringement:

[J]ust as *Sony* did not find intentional inducement despite the knowledge of the VCR manufacturer that its device could be used to infringe, **mere knowledge of infringing potential or of actual infringing uses** would not be enough here to subject a distributor to liability. . . . The **inducement rule, instead, premises liability on purposeful, culpable expression and conduct**, and thus does nothing to compromise legitimate commerce or discourage innovation having a lawful promise.

⁶ *Sony* represents an analogous example in which Sony was absolved of liability not because it could assert its customers' fair use defense but rather because it could not be held secondarily liable when fair use exempted its customers from direct liability.

Id. at 937 (emphasis added) (internal citation omitted). Grokster, on the other hand, focused its efforts on “satisfy[ing] a known source for copyright infringement” (former users of adjudicated infringer Napster).⁷

Like Sony, AT&T encourages its customers to purchase its products. But AT&T’s advertisements are neutral as to product use – even more so than Sony’s. For example, Sony’s advertisements encouraged users to “record favorite shows” and “build a library.” *Sony*, 464 U.S. at 459. By comparison, a few AT&T advertisements encourage customers merely to “give [their] phone personality” and ask customers “[w]hich ringtone will you put on today?” (ASCAP Resp. at 7.) These advertisements say nothing of using ringtones for infringing purposes. Moreover, AT&T certainly does not encourage its customers to perform their ringtones outside the safe haven of Section 110(4) by securing commercial advantage for those performances. In short, AT&T’s advertisements do not demonstrate the “purposeful, culpable expression” that is “directed to promoting infringement.” Therefore, AT&T’s conduct does not meet the *Grokster* inducement standard.

C. The Possibility of Some Infringing Uses Does Not Create Secondary Liability Where There Are Also Substantial Noninfringing Uses.

Sony clarified the standard for knowledge in contributory cases where the product has both infringing and noninfringing uses: Knowledge of specific infringement cannot be inferred simply because a product with lawful uses also is used to infringe copyright. It is indisputable that nonpublic playbacks of ringtones happen all the time – such as when mobile phones ring in the car or at home with family. Therefore, the mere fact that the ringtones sold by AT&T *could* be publicly performed does not establish the knowledge necessary for contributory liability.

⁷ *Arista Records LLC v. Usenet.com, Inc.*, 608 F. Supp. 2d 409, 441 (S.D.N.Y. 2009), cited by ASCAP involved a claim for spoliation of evidence and the only issue before the court was whether certain evidence was relevant to the plaintiffs’ claims.

The cases cited by ASCAP only confirm that principle. In *A&M Records, Inc. v. Napster*, 239 F.3d 1004 (9th Cir. 2001), the Ninth Circuit determined that Napster was liable because it maintained all of the infringing files on its servers and had both *actual knowledge of specific infringing uses*, as well as the ability to remove those files.⁸ *Id.* at 1022. In *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146 (9th Cir. 2007), the Ninth Circuit held that Google could only be liable as a contributory infringer for in-line linking to infringing websites “if it had knowledge that infringing Perfect 10 images were available using its search engine, could take simple measures to prevent further damage to Perfect 10’s copyrighted works, and failed to take such steps.” *Id.* at 1172. Because AT&T does not have specific knowledge of particular infringing public performances and is not able to stop particular “public” performances, AT&T cannot be held contributorily liable for its users’ public performances.

Even assuming there were *any* evidence of directly infringing performances that were not exempt under Section 110(4), AT&T had no knowledge of those performances. This is not by design or because AT&T missed a hearsay article about the Chicago Sinfonietta, but rather because of the impossibility of determining (a) whether a mobile phone user has set a ringtone to play as opposed, for example, to vibrate; or (b) whether various performances will be “public” or “private” within the meaning of the statute. Indeed, mobile phone customers themselves do not have any way to know that their phones are going to ring at any particular time and place. Under these circumstances, AT&T certainly cannot be deemed to have the requisite culpable

⁸ The result in *Arista Records, Inc. v. MP3Board, Inc.*, No. 00 CIV. 4660, 2002 WL 1997918 (S.D.N.Y. Aug. 29, 2002), is similarly distinguishable because the alleged infringing activities took place on the defendant’s website and, therefore, the defendant could have specific knowledge. *Id.* at *7. Indeed, the defendant created a category of files titled “Legal MP3s,” which indicated that the defendant had knowledge that other categories were *not* legal. *Id.*

knowledge of particular instances of public performances required to impose contributory liability.

The fact that *Sony* involved the sale of a device, as opposed to copyrighted ringtones (for which reproduction royalties have been paid) is immaterial. ASCAP fails to distinguish *Matthew Bender* and *Mathieson*, which also applied *Sony*'s "substantial noninfringing use" standard to sales of copyrightable content. Thus, "the 'substantial noninfringing use' test is as applicable here as it was in *Sony*." See *Matthew Bender & Co. v. West Publ'g Co.*, 158 F.3d 693, 707 (2d Cir. 1998) (applying *Sony* to sale of copyrighted content on CD-ROM).

D. AT&T Cannot be Vicariously Liable Because It Has No Right and Ability to Prevent Ringtone Performances in Public Places.

ASCAP's argument that AT&T "controls whether the ringtones will automatically play upon transfer" fails for two reasons. (ASCAP Resp. at 27.) First, there is no evidence that ringtones automatically play upon transfer. Indeed, even ASCAP's own declarations are to the contrary.⁹ Second, even if ringtones did play automatically after transfer such playbacks could not become a public performance without several additional actions that only the user could control. Among these, the user must set the file to "play" a ringtone; then the user must take the phone, while set to "play," to a public location or to a place open to persons outside that user's normal circle of family and acquaintances. AT&T controls none of these steps and therefore could not be vicariously liable for the public performance of any playback.

⁹ ASCAP's declarations show that when ASCAP's investigator used a Sony Ericsson Z750a device to purchase a ringtone, the ringtone did not play automatically upon transfer. Instead, the ringtone file downloaded, the phone offered the investigator a menu of options, the investigator selected "play" from that menu, and *then* the phone played the ringtone. (See, e.g., Declaration of ASCAP Witness Cliff Petrovsky ¶ 29.) With respect to the BlackBerry 8310 device described by another ASCAP witness, the ringtone did not play automatically upon transfer either. As ASCAP's own witness testifies, the file played *only after the download* and then *only after* the user selects a menu option on the phone. (See Declaration of Jerry A. Kaufman ¶ 39.)

CONCLUSION

Under this Court's Download Decision, AT&T's sale and delivery of ringtones does not constitute a public performance. Furthermore, AT&T has no direct liability for ringtone performances used to signal incoming calls because all of the necessary volitional conduct is executed by AT&T's customers not by AT&T. AT&T is not indirectly liable for ringtone performances because it does not purposefully induce infringement; because there are substantial noninfringing performances of ringtones; and because AT&T cannot control *when* a customer sets a phone to play, nor *where* a customer takes a phone while it is set to play. For these reasons, AT&T's motion for summary judgment should be granted.¹⁰

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¹⁰ On June 22, 2009, the Court granted AT&T leave to file a reply brief of up to 18 pages.