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Embedding the Server Test Rift: S.D.N.Y. Decision Bucks Ninth Circuit Once Again

By Todd Larson and Michael Goodyear

On July 30, 2021, the Honorable Jed S. Rakoff of the U.S. District Court for the Southern District of New York denied defendants' motion to dismiss in *Nicklen v. Sinclair Broad. Grp., Inc.* In his decision, Judge Rakoff rejected the well-known "server test" that prevails in other circuits, and held that websites that embed images from third-party sites (here, Instagram and Facebook) may infringe the display right of the copyright owners of the images, even where it is the third-party site that hosts and delivers the image to the viewer through the embedded link. This decision, although on a preliminary motion and not yet blessed by the Second Circuit, threatens to widen the gulf between the circuits and exacerbate the legal uncertainty for sites that embed content hosted by third-party websites and social media platforms.

The Server Test

The Ninth Circuit has long held that, for purposes of copyright law, online content is publicly displayed by the entity that stores and serves the image, not the website that links to or embeds that content—typically relieving the embedder of licensing responsibility or infringement exposure. The seminal case on the server test, *Perfect 10 v. Amazon.com, Inc.*, held that Google's "inline linking" of full-size copyrighted images hosted elsewhere on the Web, even when viewable from within the Google search interface, did not constitute a public display of the images by Google. As Google did not store the photographs, and did not make or retain copies of those works, it could not communicate a copy. Instead, the court held, Google merely provided HTML instructions that directed a user's browser to the website that stored, and subsequently displayed, the full-size images.[1] Following *Perfect 10*, district courts in the Ninth Circuit faithfully applied the server test.[2] Courts in other circuits also appeared to endorse, or at least acknowledge, the server test, and there was fairly widespread belief that it prevailed nationally given the absence of explicitly contrary decisions.[3]

Goldman v. Breitbart New Network, LLC

This apparent consensus was disrupted by the U.S. District Court for the Southern District of New York in 2018, when Judge Forrest rejected the server test in *Goldman v. Breitbart News Network, LLC*.[4] In *Breitbart*, several websites embedded Tweets on their platforms that included plaintiff's copyrighted photo of Tom Brady.[5] Under the server test, Twitter, not the embedding websites, would be the party making the public display of the photos, as the photo was stored on, and served from, Twitter's servers. But the *Breitbart* court held that

there is "no indication in the text or legislative history of the [Copyright] Act that possessing a copy of an infringing image is a prerequisite to displaying it" and contended that the server test effectively collapses the display right into the separate reproduction right.[6] The court concluded that although the defendant news sites did not host the infringing photo, each took active steps to display the copyrighted photo by purposefully embedding the Tweets in its story.[7]

The *Breitbart* court also explained that even if the server test prevailed, it would not apply to the case at hand. It construed the server test narrowly, emphasizing that in *Perfect 10* (1) the defendant operated a search engine and (2) the user actively chose to click on an image in order to see the inline display. On a blog or news site, by comparison, the user is confronted by the copyrighted content from the moment she opens a story, whether she clicks on it or not.[8]

The Decision in *Nicklen*

The decision in *Nicklen* echoes the holding in *Breitbart*. Like *Breitbart*, *Nicklen* involves a defendant news platform embedding a social media post. The plaintiff filmmaker originally posted a video on his Instagram and Facebook pages of an emaciated polar bear in the Canadian Artic. The defendant, Sinclair, then published an article about the video going viral, embedding a link on its website with HTML code to the Instagram or Facebook video. Sinclair argued that the embedding is not a public display by Sinclair and encouraged the court to adopt the server test. Like in *Breitbart*, however, Judge Rakoff held that the server test is contrary to the text and legislative history of the Copyright Act and improperly collapses the display right into the reproduction right: *i.e.*, when a copy of a work is displayed, the Copyright Act does not care whether (or require that) that entity possesses the copy that is displayed, just that it displays it.[9]

Also like *Breitbart*, the *Nicklen* court found that even if the server test did apply, it was limited to situations where (1) the defendant is a search engine and (2) the copyrighted images are displayed only by a user's click. As "[a]n individual still image from the Video awaits Sinclair readers whether they click the image to play the video or not. . . . *Perfect 10*'s test is a poor fit for this case, and the Court declines to adopt it."[10]

The court acknowledged concerns that rejecting the server test would impose "far-reaching and ruinous liability" across the online landscape, but concluded that such concerns were, in the court's view, farfetched and speculative. Judge Rakoff was far more concerned with the situation created by the server test, claiming that "[u]nder the server rule, a photographer who promotes his work on Instagram or a filmmaker who posts her short film on YouTube surrenders control over how, when, and by whom their work is subsequently shown – reducing the display right, effectively, to the limited right of first publication that the Copyright Act of 1976 rejects."[11]

The Future of Embedding

There is increasing uncertainty about whether embedding is permissible under the Copyright Act. Several copyright infringement cases related to embedding are pending around the country.[12] And at least one district court in the Ninth Circuit has questioned whether the server test extends beyond search engines such as Google.[13] While *Nicklen* largely followed the reasoning of *Breitbart* in rejecting the server test—again, reasoning not yet adopted by the Second Circuit—it underlines the rising threats against embedding and other online linking to copyrighted material. This uncertainty also places greater weight on alternative defenses to embedding, including fair use, which has been raised by Sinclair in the *Nicklen* case[14] and successfully relied upon in other embedding cases.[15] In the longer term, the growing division between courts endorsing and rejecting the server test could potentially lead to a circuit split necessitating the Supreme Court's intervention.

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[1] *Perfect 10 v. Amazon.com, Inc.*, 508 F.3d 1146, 1159-63 (9th Cir. 2007).

[2] *See, e.g.*, *Goes Int'l, AB v. Dodur Ltd.*, No. 14-cv-05666, 2018 WL 2298631, at *11 (N.D. Cal. May 20, 2018); *ALS Scan, Inc. v. Cloudflare, Inc.*, No. 16-cv-5051, 2017 WL 11579039, at *11 (C.D. Cal. June 1, 2017); *Perfect 10, Inc. v. Yandex N.V.*, 962 F. Supp. 2d 1146, 1153 (N.D. Cal. 2013); *Louis Vuitton*

Malletier, S.A. v. Akanoc Solutions, Inc., No. 07-03952, 2010 WL 5598337, at *3 (N.D. Cal. Mar. 19, 2010).

[3] *See, e.g.*, *Soc'y Holy Transfiguration Monastery, Inc. v. Gregory*, 689 F.3d 29, 55 (1st Cir. 2012); *Grady v. Iacullo*, No. 13-cv-00624, 2016 WL 1559134, at *6 (D. Colo. Apr. 18, 2016).

[4] 302 F. Supp. 3d 585 (S.D.N.Y. 2018); *see also Leader's Inst., LLC v. Jackson*, 14-cv-3572, 2017 WL 5629514, at *11 (N.D. Tex. Nov. 22, 2017) ("[T]o the extent *Perfect 10* makes actual possession of a copy a necessary condition to violating a copyright owner's exclusive right to display her copyrighted works, the Court respectfully disagrees with the Ninth Circuit.").

[5] *Breitbart*, 302 F. Supp. at 586.

[6] *Id.* at 595.

[7] *Breitbart*, 302 F. Supp. at 594.

[8] *Id.* at 593-95.

[9] *Nicklen v. Sinclair Broad. Grp., Inc.*, No. 20-cv-10300, 2021 WL 3239510, at *1, 4 (S.D.N.Y. July 30, 2021).

[10] *Id.* at *5.

[11] *Id.*

[12] *See, e.g.*, *McGucken v. Newsweek LLC*, 19-cv-09617 (S.D.N.Y.); *Hunley v. Instagram, LLC*, 21-cv-03778 (N.D. Cal.); *Babcock v. Gannett Satellite Info. Network*, 20-cv-00023 (N.D. Ind.).

[13] *Free Speech Sys., LLC v. Menzel*, 390 F. Supp. 3d 1162, 1172 (N.D. Cal. 2019) ("FSS has not provided any case within the Ninth Circuit applying the server test outside of the search engine context or in the context here, the wholesale posting of copyrighted material on a news site.").

[14] *Nicklen*, 2021 WL 3239510, at *5-7.

[15] *See, e.g.*, *Boesen v. United Sports Publ'ns*, No. 20-cv-1552, 2020 WL 6393010, at *6 (E.D.N.Y. Nov. 2, 2020) (holding that an embedded photo of a professional tennis player in a news article was fair use).

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