

**EPISODE 9**

**[0:00:00.2] AWB:** You are listening to the Legal Road Map Podcast, episode nine. Today we are talking about what to do if you receive a cease and desist letter or a take down notice.

**[INTRODUCTION]**

Welcome to the Legal Road Map Podcast with lawyer Autumn Witt Boyd. She's bringing creative entrepreneurs the copyright, trademark, and business info you need. Learn how to navigate legal issues for your business and protect your rights so you can confidently build your dream business.

**[DISCUSSION]**

**[0:00:39.1] AWB:** Hi Everybody, Lawyer Autumn Witt Boyd here. I'm so glad you've joined us. If this is your first time listening, thanks for being here. I am going to talk about some copyright and trademark concepts in this episode nine. If you haven't listened to it already, go back and listen to episode five. It's going to give you an overview of what is a copyright, what is a trademark? Just kind of some basic intellectual property information that will help you understand this episode better. I'm not going to repeat the information that I gave out in episode five. So that will help you have a background.

This first season of the podcast, it's a 12 episode guide to help you get your creative business' legal docs all in a row. Go check out show notes for each episode, they're on my website at [awbfirm.com/podcast](http://awbfirm.com/podcast) and the episode number. This one is at [awbfirm.com/podcast9](http://awbfirm.com/podcast9). You can always just click on the podcast link in the top menu bar as well. We'll have links to everything I've chatted about and a transcript and a super useful downloadable PDF for every episode. So be sure to go check out the show notes.

Let's dive into what to do if you get a letter saying that you have used somebody else's content without their permission. I'll start with my standard disclaimer. I am a lawyer, I'm licensed in Tennessee, but I'm not your lawyer unless you actually hire me and sign an engagement letter and we agree to work together, one-on-one. Everything that I'm talking about today is going to

be based on US copyright and trademark law. The thing to be careful about here is that the laws can change from time to time and they do. I'm recording this in October of 2016, so if you are listening to this a ways after that, be sure to check with either a lawyer or do some research and make sure that the law has not changed during that time.

All right. So, I'm going to be talking about, through this episode, what is called a cease and desist letter. This is the word cease, as in "stop", and desist, which also is kind of another word for stop. This just means a letter accusing you of infringement. Accusing you of using someone else's intellectual property usually is what a cease and desist letter and this context is going to be about. Someone accusing you of using their stuff without their permission, and they want you to stop doing it, that's the cease and desist part. They're putting you on notice that they are asserting rights and whatever it is that you have used and they want you to stop using it.

So the first way that we often see this come up is what's called a DMCA take down notice. DMCA stands for Digital Millennium Copyright Act. This is a fairly new law, it's only been around for a few years and the case law interpreting it, which is what happens when you have a court that makes decisions based on a law, basically explaining how they're applying the law. There's not much case law here, there's not many examples of how this law is interpreted because it is so new.

What the Digital Millennium Copyright Act does in part is it gives protection to companies like Internet service providers and companies like Google or other companies like Etsy who may be displaying things that they don't own on their website that third parties, that they're users have put up. So let's use Etsy as an example. Etsy does not post its own photos of items that are for sale. It allows users who are sellers on its platform to upload their own photos of their own items that they're selling on the Etsy platform in the Etsy marketplace. If you're not familiar with this site, it's [etsy.com](http://etsy.com). It's an online marketplace. Mostly for handmade and craft type items.

So we get a lot of issues with Etsy because people unfortunately will copy other people's photos of items, that's one example or they may have items that they're selling that are infringing other people's rights. Even if they've created their own photos, maybe the item itself that they're selling infringes someone else's rights. So the DMCA gives protection to companies like Etsy. As

long as they are following certain procedures, you, Jane copyright holder, cannot sue Etsy or Etsy can't be found liable. You could sue Etsy but you won't win.

They won't be held liable for copyright infringement if they followed this rules. Basically it gives them a layer of protection. As long as they're following this rules that they won't be held liable for things that their users that the seller is using their platform or doing. So, let's see how this works in practice? Etsy.com, this online marketplace, you have Jane Doe who is a seller. Let's call her Sally Seller, that will make it easier to keep track off as I'm going through this example.

So Sally Seller uploads photos to Etsy of her — let's say she's made some embroidered sweaters and they feature Disney characters. We've got a clear case of copyright infringement. Disney owns the copyrights to those characters and she did not have permission to use them, so she is going to be violating Disney's copyright. As long as Etsy has a procedure to take down those images, if Disney complains about it, so if the rights holder shows up and tells Etsy, "Hey, Sally Seller has infringed my rights." As long as Etsy takes it down then Etsy can't be sued for basically having a platform that allows people to infringe other people's copyrights.

Why does this all matter? Well, it matters because if Sally Seller is posting photos of her sweaters with Disney characters on them and Disney complains, Sally Seller is going to get what's called a DMCA take down notice. So that is where, on Etsy, they have a special form that you can use and it makes it really easy. If you're not dealing with a company that deals with this all the time you can just send them a letter and there are special rules for what you have to include. Sally Seller is going to get that take down notice and she isn't going to know what to do.

So here is what Sally Seller needs to do in that situation. A take down notice is basically like a cease and desist letter. They're putting her on notice that Disney asserts the rights to this items and that she is infringing their rights and they want her to stop. Now, the DMCA is a copyright act, this really only applies — this whole special protection from liability for the company as long as they have this procedure — it only applies to copyrights but in practice, a lot of companies, because there is so much confusion about what is a copyright, what is a trademark and there can be some overlap where things are protected by both copyright and trademark.

A lot of companies treat this as a way to report infringement of trademarks as well. If you're a legal nerd like me, that makes you crazy because it's not in the law. But that's an extra protection that they give to trademark owners that it gives them a way to notify them of trademark infringement as well. That's just kind of an aside, but Sally Seller gets her DMCA take down notice. What can she do? Under the law, she has the right to file what's called a counter notice and this is where if she thinks that her use is not infringing.

So let's say, Disney filed a takedown notice against her but she hand drew the characters on her sweater and she doesn't actually think that they're infringing, maybe they're similar to Elsa and Anna from the Frozen movie, but she thinks that they're different enough and she didn't base them on Elsa and Anna that she's not infringing. She is a good faith basis to believe that her item is not infringing Disney's copyrights. She can file what's called a copyright notice and basically say that. Tell that to Etsy.

At that point, under the DMCA procedures, Etsy will then notify Disney. Disney has a certain amount of time to decide, are they going to sue Sally Seller over this copyright infringement or they're just going to let it go? If they don't sue her, under the law, Etsy has done everything it was supposed to do. So Etsy cannot be found liable for copyright infringement or enabling copyright infringement and if they don't sue her within that time, then Etsy is allowed to put the stuff back up. They can allow Sally Seller to reignite her listing. She can put it back up.

Now, Disney could certainly sue her at a later date for that same issue, but this is just, we're talking about within this DMCA kind of special procedure that they've got. So that is how that works. If you get a DMCA notice, your first response, and this is true for a cease and desist letter. Because for the purposes of this, a DMCA take down notice and a cease and desist letter, you're basically going to follow the same path of how to respond.

So here is, again, this is just information. This is not a legal advice but this is the path that I often will take with a client when they come to me with a situation like this. So your first action is going to be to investigate. Did you do what the person said you did? Maybe you don't own the website that they are contacting you about or maybe it was only up for a day and it's been taken down, you just want to gather all the facts, gather all the information.

If they are contacting you and it's something you didn't do then of course you want to know that or if you've already taken it down, you want to have a record of that. Maybe it's like the situation with the sweater that we talked about earlier. Maybe you did what they said you did but you don't think that it's infringement and maybe you want to consult with an attorney at this point too. If you think it's a close call or if maybe you think you have a fair use defense, this is a definitely a great time to consult with an attorney and see what they think, under the law.

So if you don't think that you did anything wrong, you should respond and say so. I will say with a caveat under the DMCA, you are swearing on penalty of perjury when you filed that response. This means you are basically swearing under oath that you are telling the truth, the whole truth and nothing but the truth so help you god. If you are lying, you could potentially face being sued for perjury, so nobody wants to be in that situation. You have to have a good faith basis for everything that you're saying.

If you file this counter notice, if you don't think you did anything wrong, then like I said, your content will usually be put back up. The copyright owner has the choice under the DMCA to file a lawsuit against you within 10 business days and if they don't do that, and that would be like Disney in my example. If they don't do that then Etsy has the choice to put the sweater back up for a listing.

Now, if you did do what they said you did, a sincere apology goes a long way to be honest and that is what I will often start with, with my clients. This is a tricky area of the law and as new business owners, a lot of us don't really understand what we're supposed to do and so if you really did just make an honest mistake, that doesn't mean that you get off Scott free under the law.

But often, a sincere apology will go a long way with the copyright holder, and especially if you just had no idea that you were doing anything wrong or that they owned it or whatever the circumstances are. I think it's always worth explaining how you got to where you were, especially if it was something like where you found an image on a website that said it was free stock photos for use anywhere on the Internet.

That's a terrible idea, you shouldn't be downloading images from those sites because you never know if they really do have all the rights. But if that is your case, then explaining that to the other person can sometimes convince them to drop a claim. You should certainly take down whatever content is being alleged to be infringing. So if it's a photo on your website or a video or some music, you definitely want to stop using it as soon as you learn that there is an infringement claim.

The reason for this is even if you think you have a good defense, if you lose, you could be what's called a "willful copyright infringer" and this can make you eligible for a lot higher damages that you could owe to the other side. It goes from \$30,000 or \$50,000 up to \$150,000 per work. So your exposure is a lot greater if you are found to be willful. What willful means is that you knew that what you were doing was infringing and you did it anyway?

So once you have been put on notice with the DMCA takedown or with a cease and desist letter and you keep doing it, that's almost, you know, what we would call "per se willful". Because you're on notice, you know that somebody has a claim and you just decided to keep doing it anyway. So there may be instances where you would consult with a lawyer and make a different choice and this is certainly going to be a case-by-case evaluation. But as a general matter, it's going to be a good idea to stop doing whatever it is that you've been accused of doing wrong.

You want to take a screenshot or keep some sort of evidence in your files of the date that you stopped using it. Because you may need to use that as evidence of showing the date you started and stopped using whatever it is that they're fussing at you about and that's because one way of calculating copyright damages is what kind of profits did you make from using the infringing work. You may need to show, "Yes, I was selling things from March 1, 2005 but then I stopped on March 30, 2005," and so only those 30 days are we going to look at any profits. That period of time can be really important.

In addition to taking down the content and keeping a record, you want to evaluate the risk of a lawsuit. So who is the person who is claiming infringement? Is it a giant company like Disney that has virtually unlimited resources and tons of lawyers at its' disposal and has a history of suing people? That will be definitely something in favor of trying to make it right very quickly because it's going to cost you a lot of money and time and energy to try and fight it.

If it's a small time photographer maybe without a lot of resources, you might make a different evaluation and this is not to say that — I don't want people to think you can get away with it just because it's a small time person on the other end who is the copyright holder. But as a practical matter, you — we're making a strategic decision here about how you want to protect your business and how much you want to spend on legal fees, honestly.

So you always do need to kind of look at who is on the other side and evaluate your risks. What's the potential risk and what's the potential upside? These are always how you want to look at making your legal decisions. If it is someone on the other side who has a lot of resources like a Disney and they're probably not just going to go away, it may very well make sense for you to make a small payment just to end the issue.

Whereas if you're dealing with someone on the other side who does not have all the legal resources, you may be able to get them just to drop it and you might not have to pay anything. But you never know; this is a very much a case-by-case analysis so definitely an area when you get hit with one of these, if you're not able to resolve it really quickly with just an apology, this is probably a good time to bring in a lawyer to help you. And a lot of times, I mean, I know I do this for a flat fee, we'll sit down and just talk it through with you.

Look at the cease and desist letter, look at what you've done and what the other side, what the rights are and help you make that decisions for not a lot of money. If they're going to be in it and helping you over a long period of time with lots of steps then of course that's going to get more expensive. But you may be able to consult with a lawyer for a lot less than you think. It can help you protect your rights and maybe evaluate some of your business practices and figure out how you can avoid being in this situation in the future.

So that is the last step as we're going through kind of how this escalates. If you're not able to just talk with the other side on your own or if the other side has already brought in a lawyer, let's say the cease and desist letter that you get is from a lawyer not from just the rights holder, then that is definitely a good time to think about consulting a lawyer of your own if the other side has lawyered up. Because it just kind of takes it to a whole another level. You're definitely facing a higher risk of being sued if the other side already has a lawyer involved. So that's a good

indication that they are taking their rights seriously. That's just a great time that you need someone on your side who can help you make this decision.

I hope this has been helpful in figuring out what to do if you get a cease and desist letter. Try not to freak out, these are just part of doing business and we all make mistakes. Some mistakes are bigger than others, but there's pretty much no mistake that can't be solved. So I have a free download for you for this episode, it is *The Five Steps to Take If You Get a Cease and Desist Letter*. It's a great resource to just stick in your files so that if you do get a cease and desist letter, it will help guide you through your decision making process on how you might want to respond.

I've had a great time chatting with you today about cease and desist letters, I will look forward to speaking with you next time.

[END OF EPISODE]

**[00:17:27.9] AWB:** Has listening to the Legal Road Map Podcast opened your eyes to the legal holes in your business? I'd love to help. I work with entrepreneurs who need help navigating the legal issues in their business, bloggers, online entrepreneurs and influencers, authors, photographers, videographers, musicians and designers, just to name a few.

If you're ready to take your business to the next level, sign up for a one-hour Get Planning legal planning session today. During our call, you can ask me lots of questions about specific issues or documents, I'll learn all about your business and we'll create a list of action items to build your dream business, legally. Go to [awbfirm.com](http://awbfirm.com) to sign up today.

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