

THE LIMITS OF LIABILITY OF NETWORK SERVICE PROVIDERS

by **Samtani Anil***

“Liability for copyright infringement has been specifically addressed by a number of jurisdictions, not just because of the difficulties that it poses for Internet Intermediaries, but also because of sustained pressure from major rightsholders concerned to ensure that their interests are not undermined by digital copying. Much of that legislation reflects the tensions between those two groupings, who while not exactly opposed to each other’s point of view, have each been wary to ensure that any concession made to the other does not potentially damage their own interests. The resulting legislation thus tends to display two main threads: (a) That ISPs will be granted a carefully crafted limited immunity from liability for copyright infringement. (b) That rightsholders will be granted greater powers over digital copying of their works than has been granted to any previous type of work.”¹

Introduction

A problematic issue is raised by the role of network service providers and other intermediaries in relaying information through their systems. Due to the difficulty of enforcing copyrights against individual users of the Internet, disgruntled copyright owners have started filing suits against network service providers. These claims are usually for copyright infringement or, in some cases, based on the doctrine of vicarious liability.

Advocates who argue that network service providers should be held liable point to the fact that the latter profit from pirates’ use of the Internet and are in a good position, through contractual means or the implementation of applicable technologies, to police

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¹ See Andrew Charlesworth and Chris Reed, “The Liability of Internet Service Providers and Internet Intermediaries” in Chris Reed and John Angel (eds), *Computer Law* (4th Edition, 2000, Blackstone Press Limited) at page 394- 395.

their subscribers' use of the Internet. Network service providers have, however, retaliated by arguing that they are mere passive carriers, akin to telecommunications companies, and should accordingly be granted immunity or limitations from liability for copyright infringement committed by their users. There was also concern that the imposition of liability on network service providers may stifle the growth of the Internet.

Reasons for Pursuing Claims Against Network Service Providers

Network service providers usually conduct their operations through the use of software that processes information automatically. Very often, the information is transferred without knowledge, on the part of the network service provider, of the content of the information or the nature of the transaction involved. This lack of knowledge does not necessarily absolve the network service provider of legal liability in situations where the content of the information disseminated or the dissemination of the information itself infringes on the rights of a third party. There are several reasons why aggrieved parties may decide to pursue action against the network service provider rather than the party responsible for developing the information or initiating the dissemination of the information.

Firstly, network service providers are generally perceived to have deep pockets and are, thus, better targets for litigation than the originators of the offending information content. Furthermore, it is sometimes felt that network service providers may be more amenable to pay the claimants to settle the case rather than be embroiled in a long drawn court battle.

Secondly, the location of the network service provider may play a critical role in a claimant's decision to pursue a claim against it rather than the originator of the offending information. In a situation where the network service provider is located in the claimant's home jurisdiction whilst the intermediary is located in a foreign jurisdiction, the tendency would be for a claimant to first exhaust all of his potential remedies against the network service provider before initiating suit against the originator of the offending information.

Thirdly, if the network service provider is located in a jurisdiction that habitually renders favorable decisions (from the point of view of the claimant) in similar suits brought against network service providers, this may persuade the claimant to bring suit against the network service provider.

Lastly, the sort of remedies desired by the claimant would play a critical role in the decision to bring suit against the network service provider or the originator of the offending information or both. If the claimant wishes to block access to the information, taking action against one originator may not have the desired outcome. On the other hand, taking action against the network service provider may have the desired effect of blocking access to some or all of the originators or potential originators. An action against one network service provider may also have the effect of stifling any attempt by other network service providers or intermediaries from carrying the same or similar information.

Reported Judicial Decisions from the US and Australia

There have been several decisions that have been called upon to address the issue of the liability of network service providers. The following extract² succinctly summarises the salient aspects of these decisions:

“Several decisions in the United States³ have addressed the issue of on-line service provider liability. The decision of *Cubby Inc v CompuServe Inc*⁴ involved the issue of service provider liability for the defamatory statements made by a subscriber. The cases *Playboy Enterprises v Frena*,⁵ *Sega Enterprises v MAHPHIA*⁶ and *Religious Technology Center v Netcom On-Line Communication Services*⁷ each addressed the issue of copyright infringement. Of the last 3 cases, in two decisions the courts in the US found the service provider liable, while in the last case, *RTC v Netcom*, the court held otherwise.

Cubby v CompuServe Inc.

In this case the issue was whether CompuServe, a service provider, could be held liable for the publication of defamatory statements made by one of its subscribers.

The US District Court for the Southern District of New York applied the rule that 'publishers' (and re-publishers) of defamatory matter are subject to strict liability, whereas 'distributors' of defamatory matter (such as news vendors, bookstores and public libraries) are not subject to liability so long as they neither knew nor had reason to know of the defamation.⁸ In the final analysis, the court found that CompuServe was more akin to a distributor because it exercised little or no editorial control over its subscribers.⁹ Since CompuServe had neither knowledge nor reason to know of the libellous statements made by its subscriber, no liability was imposed.

More importantly the court observed that to hold CompuServe liable "would impose an undue burden on the free flow of information" because it would drive

² Taken from Stanley Lai, "Liability of Network Service Providers under Copyright Law: Impact of the Copyright (Amendment) Act 1999", (2000) 27 *Asia Business Law Review* 65.

³ The liability of service providers in the US should now be examined in the light of Title II of the Digital Millennium Copyright Act of 1998 ("DMC"), which creates limitations on the liability of online service providers for copyright infringement when engaging in certain activities. The US cases hereafter discussed are relevant insofar as they demonstrate the extent to which the genius of the common law is suited to determine the copyright liability of service providers.

⁴ 776 F.Supp 135 (SDNY 1991). The *Cubby* decision is the first reported case involving on-line service provider liability in the US.

⁵ 839 F.Supp 1552 (MD Fla 1993).

⁶ 857 F.Supp 679 (ND Cal 1994).

⁷ 907 F.Supp 1361 (ND Cal 1995).

⁸ *Supra* n.4 at 139.

⁹ *Supra* n.4 at 140-1.

service providers out of business.¹⁰ The clear message from the *Cubby* case is that on-line service providers must take a hands-off approach if they are to escape liability for defamation. Any attempts to regulate the content of uploads from subscribers are likely to subject the service provider to liability.

Whilst the *Cubby* decision suggests that on-line service providers should do nothing to regulate their subscribers, courts have held otherwise when the issue is copyright infringement.

Playboy v Frena

In *Playboy v Frena* the publisher of Playboy magazine successfully argued that George Frena, a bulletin board operator, was liable for copyright infringement when bulletin board subscribers were uploading and downloading unauthorised copies of Playboy's copyrighted photographs.¹¹ Frena contended that he was not liable because he had no knowledge of the infringing activity on his bulletin board system.¹² Frena was held by the District Court for the Middle District of Florida to be directly liable for copyright infringement.¹³ The court stated that "intent or knowledge is not an element of infringement, and thus even an innocent infringer is liable for infringement."¹⁴ This is of course a touchstone of primary copyright liability that is also found in the SCA.

Sega v MAPHIA

In *Sega*, unauthorised copies of video game software for Sega products were uploaded onto the MAPHIA bulletin board and subsequently downloaded by system users.¹⁵ The case is distinguishable from *Playboy v Frena* in that unlike the defendant in *Playboy*, who claimed to have had no 'knowledge' of the infringing activity, the operator of the MAPHIA bulletin board knew of the infringement and even encouraged users to download copies of the pirated software. The defendants also sold hardware devices that permitted downloaded software to be used in Sega's video game equipment.¹⁶

Unlike the *Playboy* case, the court in *Sega* focused on contributory infringement rather than direct infringement.¹⁷ The court held:

¹⁰ Supra n.4 at 140.

¹¹ Supra n.5 at 1559-1561.

¹² This argument was tenuous given that advertisements for Frena's BBS made use of some of Playboy's photographs; supra n.5 at 1559.

¹³ Frena had access to the infringed work, the infringed work was substantially similar to the protected work, and Playboy's exclusive rights of distribution and display were infringed; supra n.5 at 1556-7.

¹⁴ Ibid.

¹⁵ Supra, n.6 at 683.

¹⁶ Supra, n.6 at 685.

¹⁷ Supra, n.6 at 686-687. The distinction between direct and contributory infringement was somewhat unclear: see criticism in *RTC v Netcom* supra n.7 at 1371. See also Andrea Sloan Pink, "Copyright Infringement Post Isoquantic Shift: should Bulletin Board Services be Liable?" 43 UCLA L Rev 587 at 606 (1995).

"..even if Defendants [did] not know exactly when games [would] be uploaded to or downloaded from the MAPHIA bulletin board, their role in the copying, including provision of facilities, direction, knowledge and encouragement, amount[ed] to contributory copyright infringement."¹⁸

The distinction is of course one involving the level of scienter. Direct infringement gives rise to strict liability in tort, whereas contributory infringement requires that a defendant knew or had reason to know of the infringing activity and substantially participated in the activity.

Religious Technology Center v Netcom On-Line Communication Services

The District Court for the Northern District of California was reluctant to impose liability on Netcom On-line (an internet access provider) in the *RTC* case. RTC, the owner of copyright in the writing of one Scientology guru, brought an action against one Dennis Erlich, a former Scientology minister turned critic, claiming that Erlich infringed RTC's copyright by uploading excerpts of the guru's writing onto an internet discussion group.¹⁹ RTC also proceeded against the bulletin board operator and Netcom On-line, alleging that they directly, contributorily and vicariously infringed RTC's copyrights.²⁰

On the issue of direct liability of Netcom, the court dismissed RTC's claim, reasoning that Netcom had only acted as a conduit for electronic communications, similar to other systems worldwide. It reasoned:

"..where the infringing subscriber is clearly directly liable for the same act, it does not make sense to adopt a rule that could lead to the liability of countless parties whose role in the infringing is nothing more than setting up and operating a system that is necessary for the functioning of the Internet."²¹

On the issue of contributory infringement, the court observed that RTC had to establish that Netcom had knowledge of the infringing activity and substantially participated by inducing, causing or materially contributing to the infringing conduct of Erlich.²² Given that RTC notified Netcom of Erlich's alleged infringement and Netcom refused to take any action, the court held that a factual issue remained for trial, as to whether the failure to act on the notification amounted to substantial participation in the infringement.²³ The consequence of imposing liability on Netcom for contributory infringement would mean that

¹⁸ Supra n.6 at 686-687.

¹⁹ Supra n.7 at 1356.

²⁰ Supra n.7 at 1366.

²¹ Supra n.7 at 1381.

²² Supra n.7 at 1373, 1382.

²³ Supra n.7 at 1375, 1382.

whenever service providers are notified of alleged infringement, they must either remove the alleged infringing material or terminate access to users, even when the allegations are unsupported²⁴ ...

RTC's claim against Netcom for vicarious infringement was also dismissed, on the ground that an essential element of vicarious liability had not been established: that Netcom received a direct financial benefit from Erlich's alleged infringement. No such benefit was apparent from the fee structures used by Netcom.²⁵

The afore-discussed US decisions illustrate the perils of entrusting NSP copyright liability to the common law, in the absence of legislative guidance on the larger question of primary and secondary liability. In this respect the Amendment Act should be welcomed.

*Telstra Corporation Limited v Australasian Performing Right Association Limited*²⁶

The Australian High Court decision of *Telstra v Apra* should also be mentioned in the discussion for good measure. The High Court imposed primary liability for copyright infringement on Telstra, Australia's main telecommunications carrier, in respect of music played to users of a telephone system while they were put on hold. Much of the decision focused on the meaning of the Australian diffusion right,²⁷ which falls outside the scope of this discussion, but by parity of reasoning it appears that if an NSP transmits copyright material to its customers in the course of transmitting other internet content, that transmission is a "transmission to subscribers to a diffusion service" within the Australian Copyright Act. Under Australian common law it therefore appears that a NSP may be potentially directly liable for infringement of copyright caused by that transmission."²⁸

Statutory Provisions – The Electronic Transactions Act

Section 10 of the Singapore Electronic Transactions Act deals with the issue pertaining to the liability of network service providers. Section 10(1) provides that network service providers are not liable in respect of "third-party material" which is in the form of electronic records in a situation where the network service provider "merely provides access". The phrase "provides access" is defined in section 10(3) in relation to third-party material as meaning "the provision of the necessary technical means by which third-party material may be accessed and includes the automatic and temporary storage of the third party material for the purposes of providing access". "Third-party" is defined in section

²⁴ Supra n.7 at 1375.

²⁵ Supra n.7 at 1375, 1377, 1382.

²⁶ (1997) 146 ALR 649.

²⁷ Section 26 of the Australian Copyright Act 1968.

²⁸ The decision has raised concerns among writers. See for eg. Simon Gilchrist "Telstra v Apra - Implications for the Internet" [1998] CTLR 16; Macmillan, Blakeney "The Internet and Communications Carriers' Copyright Liability" [1998] EIPR 52.

10(3) in relation to a network service provider as meaning “a person over whom the provider has no effective control”.

In the context of copyright infringement committed by computer users accessing the Internet via the services provided by Internet Service Providers in Singapore, section 10(1) could be *potentially*²⁹ availed in situations where action is brought against the Internet Service Provider. As observed by one commentator,³⁰ the scope of section 10 is very broad (although it must be noted that the various limitations on the operation of section do have the effect of making the exemption unavailable in some situations):

“This exemption from liability is potentially very powerful. It is not even conditional upon lack of knowledge on the part of the service provider. Hence it will apply even if a service provider knows that a certain web-site has a lot of unlicensed, pirated software for download, and that many of the service provider’s subscribers access that “warez” web-site.

It is, of course, possible to have a more restrictive exemption of liability clause which requires that the service provider must not know of the third-party content in question, and if he becomes aware of it, he must block it, either within limits of what is commercially reasonable or absolutely. However, if the goal is to recognise the infrastructural role played by service providers – not unlike that played by telephone and postal operators – and to grant service providers exemption from liability in respect of content conveyed by them as mere “conduits” of information, then such a guarded exemption of liability clause would be inadequate.

However, one very important ingredient in s 10 is that the network service provider must be “merely providing access” in respect of the third-party content in question. If a service provider were to recommend and advertise “hyperlinks” to any third-party content, it may not be able to avail itself of the protection offered by s 10, since it may have effectively “endorsed” or “adopted” the content as its own.³¹ Furthermore, a service provider that attempts to absolve itself of liability by hosting or locating its content on an international or offshore web-site would also not succeed since it would not then be “merely providing access” in respect of such content.³² The fact that the section deals with third-party content means that it does not absolve the network service provider from liability for *its*

²⁹ The effectiveness of the provision is, however, now curtailed somewhat by virtue of section 10(2): see discussion below.

³⁰ See Tan Ken Hwee, “Breaking New Ground: The Electronic Transactions Act”, (1998) *Asia Business Law Review*.

³¹ For example, a service provider that provides, in its email newsletter, a hyperlink to a collection of files which are images of copyrighted arcade game Read-Only-Memory chips, may be assisting in the propagation of software piracy in a manner which s 10 would offer no protection against.

³² Given the amorphous and borderless nature of the Internet, whether or not content is that of a network service provider or a third party is a question of fact which must be determined by an objective review of the dataflow involved. The answer to this question cannot be determined from a simplistic consideration of the physical location of physical machines in which data content is stored or “hosted” in cyberspace.

own content (i.e. when it provides access to “programmes” on the Internet not as access provider,³³ but in its capacity as a content provider in its own right).³⁴

In addition to section 10 of the Electronic Transactions Act, the Copyright (Amendment) Act 1999 has now introduced a new Part IXA that seeks to address issues pertaining to the liability of network service providers. Section 10 of the Electronic Transactions Act is expected to be of limited utility to network service providers in situations involving copyright infringement by its’ users as section 10(2)(b) specifically provides that nothing in section 10 of the Electronic Transactions Act shall “affect the obligation of a network service provider as such under a licensing or other regulatory regime established under any written law”. Section 10(2)(b) is likely to be read as encompassing the provisions contained in Part IXA of the Copyright Act.

We will now turn our attention to the relevant provisions of Part IXA of the Copyright Act. Before we examine these provisions, it may be opportune to discuss in general the various policy arguments in relation to the issue of the liability of network service provider. We will then turn our attention to case law that has been instrumental in triggering the drive, in many parts of the world, to develop statutory provisions that seek to curtail the liability of network service providers.

The US Approach

In order to address the concerns expressed by network service providers, some countries have enacted appropriate legislation. In the United States, for example, the Digital Millennium Copyright Act³⁵ seeks to address these concerns by codifying into statutory law the principle established in the American case of *Religious Technology Center v Netcom*³⁶ that passive acts cannot be the basis of on-line copyright infringement.

³³ Under the Singapore Broadcasting Authority Act (Cap. 297), “programme” is defined as, *inter alia*, “any matter the primary purpose of which is to entertain, educate or inform all or part of the public.” A Class Licence Scheme under the SBA Act governs Internet service and content providers in respect of the content, or “programme” carried by such providers.

³⁴ Hence, a service provider which creates a collection of newsgroup postings, exercising control in the selection and editing of such postings, would not be able to claim that such an edited content is “third-party content”.

³⁵ For a detailed analysis of the US Digital Millennium Copyright Act, see Mark E. Harrington ‘On-line Copyright Infringement Liability for Internet Service Providers: Context, Cases & Recently Enacted Legislation’ (1999) Boston College Intellectual Property and Technology Forum 060499: this article can be viewed at http://www.bc.edu/bc_org/avp/law/st_org/ipf/articles/content/1999060401.html.

³⁶ 907 F. Supp 1361 (N.D. California 1995). See also the decision of the New York State Court of Appeals in *Lunney v. Prodigy Services* which ruled that Internet service providers are not publishers and are therefore not subject to libel laws. An imposter had posted various vulgar and profane messages in the name of a teenage Boy Scout. The father of the teenager asserted argued that his son had been stigmatized by being falsely portrayed as the author of the offensive messages and sued Prodigy Services. The court opined that Prodigy Services was protected against charges of defamation by the common law privilege applicable to phone companies. The court was of the view that the transmission of e-mail by Prodigy Services was analogous to the transmission of a defamatory phone call by a telephone company. In respect of messages posted on Prodigy Services bulletin board, the court found the question of liability for bulletin board postings ‘more complicated’ due to the ‘generally greater level of cognizance that their operators have over them.’ The court held that Prodigy Services was not a publisher of the electronic bulletin board

The legislation also seeks to clarify the criteria for establishing liability and makes it more difficult to successfully sue network service providers on the basis of contributory or vicarious copyright infringement. In addition, the legislation provides that in situations where network service providers institute action against alleged copyright infringers, the law accords protection to network service providers from lawsuits when they act to assist copyright owners in limiting or preventing infringement. Lastly, the Digital Millennium contains provisions requiring the payment of costs incurred when someone knowingly makes false accusations of on-line infringement.

It is also apt to note that the US legislation does not establish an exemption to copyright infringement liability but rather is a limitation on liability. This limitation takes the form of a statutory change in the remedies available to a plaintiff. Some other countries, such as Singapore, have formulated slightly different responses to similar problems posed. An examination of the Singapore position follows.

The Singapore Copyright (Amendment) Act 1999

It is increasingly recognized that network service providers play a vital role in the on-line delivery of content for copyright owners. Therefore, it is crucial that the legal framework provides certainty about their respective liabilities and responsibilities. In December 1999, the Copyright Act was amended to introduce provisions which exempt network service providers from liability for any kind of incidental copying that may occur while carrying out their activities.³⁷ What follows is a very brief discussion of the relevant provisions of the Copyright (Amendment) Act 1999.³⁸

Under the Copyright Act, a distinction made between materials to which the Network Service Provider provides access, and materials hosted by the Network Service Provider at the direction of the end user. Network Service Providers not liable for any kind of incidental copying that may occur while providing access to materials (ie. user caching).³⁹ However, in relation to hosted materials, this statutory protection may be lifted if the copyright owner makes and serves on the Network Service Provider a Statutory Declaration stating that he believes in good faith that the materials hosted by the Network Service Provider are infringing, and notwithstanding this Statutory

messages. The court, however, refused to close the door on such liability and noted that there might be other circumstances in which an electronic bulletin board operator might be found to be a publisher: see John Caher 'Internet Provider Not Liable For Defamation' New York Law Journal (January 3, 2000) accessible at <http://www.nylj.com/stories/99/12/120399a2.htm>. The decision is accessible at <http://www.nycourts.com/scripts/csearch.exe/singledecision?&FILE=cpsy3369.002&CRT=5>.

³⁷ c.f. section 10 of Electronic Transactions Act - NSP's statutory immunity against civil and criminal liability in respect of third party material.

³⁸ Readers who are interested in a detailed examination of the amendments introduced may wish to refer to Stanley Lai, "Liability of Network Service Providers under Copyright Law: Impact of the Copyright (Amendment) Act 1999", (2000) 27 *Asia Business Law Review* 65 or George Wei, *The Law of Copyright in Singapore* (SNP Editions, 2000, 2nd Edition) at pages 1349 to 1358.

³⁹ Section 193B.

Declaration, the Network Service Provider fails to either remove the material which is said to be infringing, or disable access to the material.⁴⁰

Faced with such a Statutory Declaration, the Network Service Provider may either

- a. remove hosted material as demanded by copyright owner and be entitled to statutory immunity against copyright infringement; or
- b. ignore the demand and Statutory Declaration and lose the statutory immunity.

A loss of statutory immunity does not necessarily mean that the Network Service Provider will be liable for copyright infringement. Liability will still have to be determined in accordance with other general provisions of the Copyright Act (eg. for authorising infringement under section 31 of the Act). To prevent frivolous demands from being made, the Act provides for penalties in the event false Statutory Declarations are made. Where any removal or disabling of access to a copy is done in compliance with Statutory Declaration, the Network Service Provider is automatically exempted from any civil and criminal liability in respect of such removal or disabling of access.

A Comparative Study

The provisions of the Copyright Act in relation to the liability of ISPs may be compared with the “safe harbour” guidelines in the US Online Copyright Infringement Limitation Act. Under the US legislation, an ISP is not liable for transmitting copyright infringing information if:

- a. Transmission of infringing material not initiated by ISP;
- b. Transmission carried out through an automatic technical process without hands-on selection of material by the ISP;
- c. ISP does not personally select the recipients of material except as an automatic response to the request of another person;
- d. No copy of the infringing material is made by the ISP in a manner accessible by customers other than the intended recipient;
- e. ISP does not modify the infringing material; and
- f. ISP expeditiously removes or disables access to web site or infringing portions of web site when ISP becomes aware of infringing materials.

⁴⁰ Section 193C.

The term “network service provider” is not defined in the Singapore Copyright Act. Section 193A, however, states that "material" means any work or subject matter other than works in which copyright subsists by virtue of the Copyright Act. Section 193A goes on to state that "electronic copy" in relation to any material, means a copy of the material in an electronic form, and includes the original version of the material in that form.

Wei rightly points out that since the term “access” is not defined, this may result in tricky questions over the true scope of the defence. It remains to be seen whether the courts would adopt a narrow or a broad interpretation of the term. In contrast, the term "service provider" is clearly defined in s. 512(K)(1) of the US Digital Millennium Copyright Act 1998 Act as:

- (1) an entity offering the transmission, routing or providing of connections for digital on-line communications between and among points specified by a user, or material of the user's choosing, without modification as to the content of the material as sent or received; and
- (2) provider of on-line services or network access, or the operator of facilities therefor.

Case law in the United States also suggest that operators of computer bulletin boards which are used to upload or download unauthorized copies of video games⁴¹ or photographs⁴² may be liable for copyright infringement. The underlying principle in these cases is that an ISP that facilitates or encourages the use of its system to exchange infringing copies may be liable for contributory copyright infringement, in the same manner as a provider of photocopying services would be liable for authorizing copyright infringement of literary works⁴³. Generally, an ability to control or prevent the infringing act is an important factor in determining if there has been “authorization”, since a person cannot be said to have authorized an act over which he had no effective control⁴⁴. In the case of an ISP, it must be shown that the ISP has knowledge of the infringing activity, and has contributed materially to such activity by taking no action to prevent the continuation of such activity. The mere maintenance of a network that is used for the exchange of infringing material is unlikely to render an ISP liable for authorizing infringement, although that together with a failure to establish any rules governing the use of its network coupled with a refusal to remove infringing material upon being

⁴¹ *Sega Enterprises Ltd. v MAPHIA*, 857 F.Supp. 679 (N.D. CA. 1994).

⁴² *Playboy Enterprises, Inc. v Frena*, 839 F.Supp. 1552 (M.D. Fla. 1993).

⁴³ *Moorhouse v University of New South Wales* [1976] R.P.C. 151. Under section 31 of the Copyright Act, copyright is infringed by a person (other than the copyright owner) who does or authorizes the doing in Singapore, of any act comprised in the copyright. Liability for authorizing copyright infringement in the case of a library which provides photocopying facilities at its premises is expressly dealt with in section 34. Under this provision, the body administering the library shall not be taken to have authorized the making of the infringing copy “by reason only that the copy was made” on its photocopier machine if there is affixed to or near the machine, in a place readily visible to users of the machine, a notice in the prescribed form.

⁴⁴ G Wei, *The Law of Copyright in Singapore* (1989), at p. 132.

notified of the existence of such material on its system may place the ISP in a precarious position insofar as liability for authorizing infringement is concerned.

Conclusion

In several initiatives being undertaken in various parts of the world, we see legislation being passed that seek to limit the liability of network service providers for copies they make of information held on or passing through their servers.

Prior to these legislative initiatives, the courts have also adopted a similar position. The prevalent and preferred view appears to be that liability for carrying infringing copies in situations where a user was responsible for carrying out the original infringement is confined to those cases where the network service provider has actively encouraged its users to transport infringing material via its facilities or where the network service provider has actual knowledge of the infringement and has failed to take reasonable steps to try and prevent it. However, as cautioned by Andrew Charlesworth and Chris Reed, “it remains entirely possible that not all courts in all jurisdictions will be inclined to reach this essentially pragmatic position, and for this reason recent national and international proposals for granting intermediaries statutory immunity ... are likely to be the most effective way to clarify the position of ISPs”.⁴⁵

⁴⁵ See Andrew Charlesworth and Chris Reed, “The Liability of Internet Service Providers and Internet Intermediaries” in Chris Reed and John Angel (eds), *Computer Law* (4th Edition, 2000, Blackstone Press Limited) at page 371.