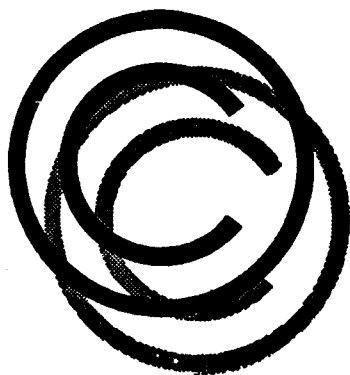

BULLETIN

OF THE

COPYRIGHT SOCIETY

OF THE U.S.A.



Published at
NEW YORK UNIVERSITY LAW CENTER

VOL. 29, No. 1

OCTOBER, 1981

JOURNAL OF THE COPYRIGHT SOCIETY OF THE U.S.A.
(formerly BULLETIN OF THE COPYRIGHT SOCIETY OF THE U.S.A.)

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ISSN 0010-8642

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THE JOURNAL of The Copyright Society of the U.S.A. (formerly the BULLETIN OF THE COPYRIGHT SOCIETY OF THE U.S.A.) is published 6 times a year by The Society at the Law Center of New York University, 40 Washington Square South, New York, New York 10012; Stanley Rothenberg, *President*; Richard Dannay and Alan J. Hartnick, *Vice Presidents*; Theodora Zavin, *Treasurer*; Jerold L. Couture, *Secretary*; Henry R. Kaufman, *Assistant Treasurer*; Raymond D. Weisbond, *Assistant Secretary*.

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Additional copies of the JOURNAL for all members at same address \$50.

CITE: 29 J. COPR. SOC'Y, page no., Item . . . (1981).

PART I

ARTICLES

1. EDITORS' NOTE

On July 22, 1981, the Register of Copyrights submitted to Congress a report on the likely effects of the expiration of the manufacturing clause of the copyright law. (§601 *et. seq.*) This report had been requested by Senators Scott and McClellan in 1976. The report and appendices are approximately 1,000 pages in length. A cornerstone of the conclusions is a paper on the legislative history of the provision by Patrice A. Lyons, Senior Attorney-Adviser in the Copyright Office. We believe Ms. Lyons' study is a valuable contribution to the literature independently of its use in the report; accordingly, we are publishing it in these pages. In addition, we believe our readers will be interested in seeing the Introduction and Conclusion sections of the report, although we recognize that these excerpts will contain internal references to materials not being published in this journal.

2. THE MANUFACTURING CLAUSE REPORT*

I. *Introduction*

In 1976 Congress abolished, effective July 1, 1982, a portion of the copyright law known as the "manufacturing clause." The clause which exists today generally requires that "literary works," chiefly books and periodicals, written in English by resident American citizens be printed and bound in the United States or Canada if they are to enjoy complete copyright protection.**

Since 1891 there has been a manufacturing clause in the United States copyright law. Its scope has been reduced on several occasions. The most recent reduction occurred in 1978 when it was limited to its

*The Report in its complete form is available in two volumes from the Library of Congress, Copyright Office, Washington, D.C. 20559, Attention: Certifications and Documents Section—Room 458. Its cost is \$23.

**The effect of the clause, its legislative history, and a discussion of the impact of its expiration comprise the bulk of this report. This introduction is designed to recount, briefly, the process that led to the report and to give a brief overview of its contents. In the interest of brevity and readability, no further footnotes are contained in the introduction.

present form and also assigned a termination date. The reasons for its original enactment, its periodic revisions, and its ordered termination are described in this report. It suffices here to say that its proponents believe that it contributes significantly to a healthy domestic printing and book manufacturing industry; its opponents believe it is an anachronism whose arguable past utility had disappeared and that it is now a form of government intervention in the market place which is at once a hindrance to the freedom of choice of some American copyright owners without being particularly helpful to its intended beneficiaries. These arguments, with some variations, have been repeated over the past several years on various occasions.

In 1976, during debate on the copyright act of that year (most of that Act took effect in 1978), Senator Scott described the purpose of postponing the expiration date of the clause as being:

[to] enable Congress to take a close look at the dangers faced by the printing industry in this country.

He and Senator McClellan requested that the Copyright Office prepare a report concerning the economic impact of the expiration of the clause. This is that report.

In preparing it, the Copyright Office acknowledges its lack of experience and expertise in the discipline of economic analysis. Because much of the focus of the parties in interest has been upon statistical analysis and international trade patterns, it must be said that this report could not have been done at all without the assistance of Edward Knight and seven other members of the staff of the Economics Division of the Congressional Research Service and of William S. Lofquist, an industry specialist for the Bureau of Industrial Economics at the Department of Commerce. With their assistance, the report examines the available objective evidence and the positions taken by the parties. When possible, conclusions are drawn and predictions are made. When that is not possible, the information is reported as received for the consideration of the Congress.

Two different methods were used to obtain the information contained herein. In order to permit a full record to be made, after four meetings between the Copyright Office and various interested parties, a public hearing was held in Washington, D.C., on January 13, 1981. At that hearing, representatives of printing and book manufacturing firms, their employees' unions, publishers, and authors were heard and questioned by the Register of Copyrights and four Copyright Office staff members. The record thereby created consists not only of a hearing transcript but also of some thirty-eight separate comment letters and

prepared statements, all of which are attached to this report. At the hearing, and in the submissions, a wide range of opinions and recommendations were expressed. It should be noted that although the manufacturing clause by its terms clearly covers both books and periodicals, the overwhelming emphasis of the parties, and hence this report, is on books. The reason for that emphasis may be that the time-sensitivity of periodicals requires that they be produced with the shortest possible production schedules, thus reducing the likelihood that they will be printed abroad. When issues concerning periodical production are raised they are, of course, discussed in the report.

To obtain information from a disinterested source, the Copyright Office sought and received the assistance of the Congressional Research Service (CRS). Their report, also attached hereto, is based on a survey they conducted and their independent research and analysis. It provides a basis for the type of economic analysis requested by Senators Scott and McClellan. It found, in essence, that the probable effects of the expiration of the manufacturing clause will be rather less severe than predicted by advocates of its retention but more consequential than believed by some supporters of its expiration.

Our report consists of this introduction, an examination of the legislative history of the manufacturing clause, an analysis of the many issues raised in the hearing and comment process, a discussion of possible non-copyright alternatives to the manufacturing clause, an examination of the legal treatment of the international book trade in several countries, and our conclusions and recommendations. Attached to it are five appendices, including a survey of the legislative history of the manufacturing clause, together with its present provisions, (Appendix A), an examination of a tax alternative to the manufacturing clause (Appendix B), the hearing transcript (Appendix C), a compilation of the letters and statements (Appendix D), and the CRS report (Appendix E).

The Copyright Office, after examining the testimony and written submissions of the parties, and the data contained in the CRS report, recommends that the manufacturing clause expire in accordance with the schedule provided by Congress in 1976.

This recommendation is based on many findings, the most important of which are:

1. The reasons for abolishing the clause which were articulated by Congress in 1976 apply with equal force today. No evidence was adduced which demonstrated that conditions favoring abolition had significantly changed since then—much less that they had changed enough to warrant revision of the law.

2. One of the arguments for retaining the clause, which Congress acknowledged in 1976, is no longer tenable. Some foreign publishers

are now having their works manufactured here.

3. The expiration of the clause will improve the United States' position in the international copyright community and will give the world notice of our commitment to a reduction in barriers to free trade. It should also permit Canada to consider removing portions of its law which are potential barriers to free trade with the United States.

4. The expiration of the clause will end nearly a century of discrimination against one class of copyright owners. No manufacturing requirement exists with respect to works of art, musical, compositions, dramatic works, sound recordings, or motion pictures.

5. Expiration will end manufacturers' blanket protection against *possible* harm but will in no way reduce the availability of other protection against *provable* harm.

6. The likelihood of substantial harm to American industry is rather small. Purely economic forecasting suggests that the percentage of books which will be printed abroad after expiration is not likely to exceed 10 to 19 per cent, and even a reduction of this size might well not have a proportional effect on employment rates in the industry.

7. There is some evidence that publishers make manufacturing decisions on bases which are not completely quantifiable. This means that any economic forecast which uses the cost of production as its most significant component is likely to overstate predicted losses of work to foreign competition.

8. Although no one seems to know the ratios, whether in man-hours or in money, between the manufacturing of works protected by the clause and of those not so protected (non-literary works, uncopyrightable works, and works in which copyright is traditionally not sought), it seems clear that much of the output of the United States printing industry consists of works not at all constrained by the clause. Thus, forecasts predicting large losses in all sectors of the printing industry should be rigorously examined to determine the extent to which their authors understand the limited scope of the present clause.

These findings have led the Register of Copyrights to conclude that expiration as provided in 17 U.S.C. §601 should occur. If, after it occurs, demonstrable actual or potential harm to domestic manufacturing interests can be proven, remedies crafted to meet specific problems may be obtained, without threatening the copyright status of the works of one class of American authors.

VI. *Recapitulation and Conclusion*

After examining the record in this proceeding, the legislative history of the manufacturing clause, the economic data proffered by the parties,

the laws and practices of other countries, and the CRS report, the Copyright Office has made the findings and reached the conclusions set out below. They are reproduced here in somewhat shorter form than in the body of the report, and are organized by the sections in which they first appear.

A. Legislative History

1. Two arguments have been made for the clause throughout its history: 1) it is a reasonable limitation on copyright for the protection of book printers and manufacturers; and 2) but for its existence, much work now done here would be done abroad.

2. The concerns about foreign printers and publishers which caused the clause's advocates to urge its enactment and, generally therewith, to oppose its periodic liberalization, have, thus far, not been borne out.

3. The parties disagree both over the extent to which the dispersal of advanced technology into "low-wage" nations has occurred and, to the extent that it has, over the size of the threat posed thereby.

B. Paper

4. Among those nations often regarded as likely competitors for U.S. book manufacturing business in a "post-clause" world, Japan has the greatest capacity for producing high quality paper.

5. That capacity notwithstanding, Japan faces certain difficulties regarding paper supply. They include;

- a) significantly higher paper prices than in the U.S.;
- b) the need to import either pulpwood or finished paper from the U.S. or elsewhere;
- c) the need to expand the Japanese paper industry if importation of finished paper is to be avoided; and
- d) the absence of a strong paper industry in the countries where co-venturing by Japanese and local entrepreneurs might reasonably be expected to occur in order to take advantage of low wage structures.

6. The combination of a wealth of raw materials and a strong paper manufacturing industry in this country likely will continue to give the U.S. an advantage over its potential competitors in book manufacturing.

C. Labor Costs

7. Wage and total compensation rates in book manufacturing industries in much of the Far East are substantially lower than in the U.S.; those rates in Europe are equal to or higher than ours.

8. Labor intensity has declined in these industries during the 1970's in the United States. Such a decline tends to make the U.S. less vulnerable to foreign competition based on compensation differentials.

9. Labor productivity must be evaluated in determining whether "cheap" labor is truly a bargain. Since the U.S. still has the most pro-

ductive labor force in the world, higher wages here may merely be a fair reflection of that fact, and not necessarily an incentive for manufacturers to seek cheaper, but less productive, workers.

D. Transportation Costs

10. Books manufactured overseas cost at least somewhat more to deliver to markets in the U.S. than do domestically printed books, which may make their overall cost less attractive than if transportation costs are ignored.

11. The time consumed by ocean transport compares unfavorably with totally domestic shipment schedules. Since publishers desire close contact with their printers, rapid additional printings, and small inventories, this factor may be particularly significant.

E. Technology.

12. The last two decades' technological advances in book manufacturing have been felt in all parts of the industry, but have been especially important in pre-press and press operations.

13. The state of the art in the U.S. is equal to that in any country and superior to most.

14. The international dispersal of the manufacturing of the equipment used to manufacture books poses no insurmountable hardship for American book manufacturers.

15. The state of the art in many nations which might compete with us, in the absence of the manufacturing clause, is enough lower than ours that massive investments of time as well as money would be needed to permit their industries to do what ours does now. There is, further, no reason to assume that if they do undertake to modernize their capital base that U.S. manufacturers will cease improving their plants and equipment.

F. Present Industry Health.

16. By the available measures of growth—sales, employees, firms in the industry—the book manufacturing industry in this country is healthy today and its recent performance matches or exceeds that of American industry in general.

17. How much of that health can fairly be attributed to the manufacturing clause is unclear. It appears that American publishers, in choosing manufacturers for works *not* governed by the manufacturing clause, frequently select domestic printers and binders.

G. The Impact of the Manufacturing Clause's Expiration.

18. Book manufacturers and printers, in part because they overestimate the number of jobs protected by the manufacturing clause, tend to overstate the likely effects of expiration with respect both to market and employment losses.

19. By two different modes of analysis, the Congressional Research

Service reached its estimate of a 10-19% level of import penetration.

20. The growth in demand for books due to increased domestic demand and increased exports might result in no job losses at all, but, rather, a reduction in the rate of job growth.

H. *The "Australian Experience"*.

21. The "Australian Experience"—severe losses to their printers in the face of competition from certain Asian nations—has little meaning for a "post-clause" United States. Among the marked differences between their industry then and ours now are their relative ages and maturity, their relative sizes, the traditional level of imports in the book markets for whom they do their work, their locations vis-a-vis the Far East, and their access to cheap and plentiful raw material. In each case, the U.S. enjoys a more favorable position from the standpoint of having incentives to keep book production at home.

I. *Canada and the "Toronto Agreement"*.

22. The parties to the Toronto Agreement have lived up to their bargains by petitioning their governments as they undertook to do.

23. Although the Canadian government has not yet adhered to the Florence Agreement, it has made several positive steps in the direction outlined in the Toronto Agreement, including the reduction to zero of the duty imposed on books imported from the U.S.

24. The expiration of the manufacturing clause may make that reduction permanent and permit Canada to take other positive steps to remove potential trade barriers with the U.S.

J. *Other Issues*.

25. The Copyright Law is an inappropriate home for barriers to free trade.

26. The manufacturing clause's discriminatory provisions are strong arguments against its retention, whether or not they amount to constitutional infirmities.

27. Typesetting and composing, not governed by the manufacturing clause, should be little affected by its expiration.

28. Expiration is a small but significant step toward the deregulation of the marketplace.

29. Foreign publishers, in a break with the past, now do print some works here for distribution abroad.

30. The existence of a Royal Patent on the King James Version of the Bible is not a fair basis for retaining the manufacturing clause.

K. *Alternatives to the Manufacturing Clause*.

31. Expiration does not foreclose other forms of protection for the American book manufacturing industry.

32. Tax credits could be provided by Congress so as to treat book publishers as motion picture producers are now treated.

33. The Florence Agreement, by virtue of our reservation thereto, does not limit the power of the International Trade Commission to impose duties, quotas and the like with respect to books.

34. Relief should be given only if harm is *provable* rather than *possible*.

L. *International Considerations.*

35. Alone among major book publishing and manufacturing countries, the U.S. controls international commerce in books by limiting the freedom of choice of some of its copyright owners.

36. The means used by other nations to exert control—duties, quotas, licenses, exchange restrictions, and the like—amount to costs to be considered but not outright bars to foreign manufacture.

37. Various means—both in and out of copyright systems—for protecting domestic editions are very different from our manufacturing clause:

- a) they do not tell publishers where to have their works printed, and
- b) their breach never results in a loss of copyright rights.

The conclusion to which these findings lead seems clear: the manufacturing clause, whatever its historical justification, is not, in 1981, a necessary or proper part of the Copyright Law. No evidence is present in the record which suggests that circumstances have changed since 1976 so that Congress should withdraw from its conclusion reached in that year: that the manufacturing clause should expire on July 1, 1982. If, after that date, economic harm should befall book manufacturers due to increased imports, mechanisms are now available to protect their interests without restricting the freedom of choice of American copyright owners.

3. THE MANUFACTURING CLAUSE: A LEGISLATIVE HISTORY*

By PATRICE A. LYONS*

Although a legislative history of the manufacturing requirements in section 601 of the Copyright Act of 1976¹ would begin properly with the Report of the Register of Copyrights in 1961,² a brief excursion into

*This article is a work of the United States government not subject to copyright.

**Ms. Lyons is the Senior Attorney-Adviser to the U.S. Copyright Office.

¹ Copyright Act of 1976, Pub. L. 94-533, §601, 90 Stat. 2588 (codified at 17 U.S.C. §601 (Supp. III 1979)).

² *Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law*, Copyright Law Revision, 87th Cong., 1st Sess. (House Comm. Print 1961).

the origins of the present clause may help shed some light on the meaning and impact of that provision. Detailed consideration will then be given to the more recent efforts to maintain, revise or eliminate the so-called manufacturing clause.

Since the development of the manufacturing clause has been the subject of several scholarly reports,³ only a few highlights of the past history of the clause will be considered. Hopefully, this discussion will further a comprehension of how the restrictions on manufacture came to be, as well as their gradual constriction over the years.

From its conception toward the close of the nineteenth century to its enactment in 1976, the structure of the manufacturing clause has been substantially altered. No longer a condition of copyright, the clause as it appears in section 601 of the 1976 Act is quite limited in scope. With certain exceptions, only a work consisting preponderantly of non-dramatic literary material in the English language, where the author of any substantial part is either a national or domiciliary of the United States, would come within its reach. This was not always the case.

A. *The Early Days: 1790 to 1891*

When the first federal copyright law was enacted in 1790, the United States depended to a great extent on the importation of books and other printed material from European countries, particularly the United Kingdom. There was no need for a manufacturing requirement, since copyright under the Act of May 31, 1790, was granted only to citizens or residents of the United States.⁴ In fact, to ensure ready access to works produced outside the United States, it was clearly stated in the Act that nothing therein should be construed "to extend to prohibit the importation, vending, reprinting or publishing within the United States, of any map, chart, book or books, written, printed, or published by any person not a citizen of the United States, in foreign parts or places without the jurisdiction of the United States."⁵ This provision restricting copyright to citizens or residents remained a cornerstone of the U.S. copyright law for over a hundred years.

The intent behind this denial of copyright protection to works by foreign authors was twofold: to encourage American authorship and to permit free access to foreign works. As noted in an 1882 case involving

³ See, e.g., M. McCannon, *The Manufacturing Clause of the U.S. Copyright Law*, Study No. 35 (1963), reprinted in, *STUDIES ON COPYRIGHT*, Arthur Fisher Mem. Ed., vol. II, at 1123 (1963); D. M. Schrader, *Ad Interim Copyright and the Manufacturing Clause: Another View of the Candy Case*, 16 VILLANOVA L. REV. 215 (1970).

⁴ Act of May 31, 1790, §1, 1 Stat. 124.

⁵ *Id.* §5, 1 Stat. 125.

a work designed and printed in Europe by a foreign artist:

A copyright here [in the U.S.], upon such articles designed and manufactured abroad, would be a double injury to American authors and designers. It would not only encourage the employment of foreign artists to the neglect and detriment of native designers, but it would prevent the use by the latter in this country of the foreign material which would otherwise find its way here to the education and development of our native artists, and which would serve as models or suggestions for their own work.⁶

In other words, the order of the day was what may be termed "piracy", even though the uncompensated use of works of foreign authors was permitted by the copyright law.⁷

An additional encouragement to the reprinting of works of foreign authors was introduced in the Tariff Act of 1842, albeit in a rather indirect manner.⁸ Under section 7 of the Act, books printed and published abroad in the English language, and not republished in the United States within a period of one year, or printed and published abroad more than five years before importation, could be imported at a substantially reduced rate of duty.⁹ Although the impact of that provision is not clear, it may have served to shelter the American market from the importation of foreign works for a period of one year, regardless of whether they were protected by copyright. Further, by raising the tariff sharply after one year, it may have provided U.S. publishers with an incentive to reprint English language works shortly after their first publication abroad.

As a result of the copyright and tariff policies adopted by the Congress, many U.S. publishers freely reprinted works by British authors. In this respect, it has been observed that,

⁶ Yuengling, Jr. v. Schile, 12 Fed. 97, 104 (C.C.S.D. N.Y. 1882).

⁷ See *Scribner v. Stoddart*, 21 F. Cas. 876 (C.C.E.D. Pa. 1879) (No. 12,561). In the *Scribner* case the court observed: "To reproduce a foreign publication is not wrong. There may be differences of opinion about the morality of republishing here a work that is copyrighted abroad; but the public policy of this country, as respects the subject, is in favor of such republication. It is supposed to have an influence upon the advance of learning and intelligence." *Id.* at 879. A working substitute for international copyright known as "trade courtesy" existed for a time. However this eventually proved ineffective. See Statement of Henry Holt, *Statements on S.191 and S.1178 before the Sen. Comm. on Patents*, 49th Cong., 1st Sess. 9 (1886).

⁸ Tariff Act of 1842, 5 Stat. 548, ch. 270.

⁹ *Id.* §7, 5 Stat. 557.

“though there are few periods in the history of English literature which are as rich as the Victorian, the chief Victorian authors reaped little or no financial reward from the fame their works achieved in this country. The essays of Macauley, the poems of Tennyson, and the novels of Dickens were multiplied in American reprints without the consent of their authors and with little or no recognition of their right to payment.”¹⁰

American authors also suffered from this practice, since they were forced to compete with the less expensive works of the British authors.¹¹

In an effort to correct this unruly situation, Henry Clay presented to the Senate a petition of British authors, asking protection for foreign works.¹² Mr. Clay also introduced a bill (S.32) on December 13, 1837, amending the copyright law then in effect to extend copyright protection to any subject or resident of the United Kingdom of Great Britain and Ireland, or of France, in the same manner as if they were citizens or residents of the United States.¹³ However, there was a proviso in the bill that,

“unless an edition of the work for which it is intended to secure the copyright, shall be printed and published in the United States simultaneously with its issue in the foreign country, or within one month after depositing as aforesaid the title thereof in the clerk’s office of the district court, the benefits of copyright hereby allowed shall not be enjoyed as to such work.”¹⁴

This may be viewed as the first attempt to introduce a manufacturing requirement into the U.S. copyright law.

The Clay initiative and the many that followed did not meet with much success. A sharp division arose between those urging copyright protection for literary and scientific works, regardless of nationality, as a matter of “justice and right,”¹⁵ and the book publishers and manufac-

¹⁰ M. M. Kampelman, *The United States and International Copyright*, 41 AJIL 406, 413 (1947).

¹¹ *Id.*

¹² See E. S. DRONE, A TREATISE ON THE LAW OF PROPERTY, at 92 (1879); see also *Statements on S.191 and S.1178 made before the Sen. Comm. on Patents*, 49th Cong., 1st Sess. 66 (1886).

¹³ An Act to Amend the Several Acts Respecting Copyright, S.32, 25th Cong., 2d Sess. (1837). The bill was reported by the Committee on Patents and the Patent Office on June 25, 1838, but no further action was taken.

¹⁴ *Id.* at 2.

¹⁵ S. Rep. No. 409, 42d Cong., 3d Sess. 1 (1873); see also E. S. DRONE, *supra* note 12, at 93.

turers who argued that such protection would injure their respective interests. A particularly adverse report submitted to the Senate in 1873 by the Joint Committee on the Library appears to have delayed action on this subject for many years.¹⁶ In its report, the Committee noted that

“no form of international copyright can fairly be urged upon Congress upon reasons of general equity or of constitutional law; that the adoption of any plan for the purpose which has been laid before us would be of very doubtful advantage to American authors as a class, and would be not only an unquestionable and permanent injury to the manufacturing interests concerned in producing books, but a hinderance to the diffusion of knowledge among the people and to the cause of universal education. . . .”¹⁷

In light of unsuccessful attempts to secure legislative protection for works of foreign authors, advocates of international copyright urged the adoption of a copyright convention between the United Kingdom and the United States.¹⁸ In 1879, a group of book publishers distributed a pamphlet containing a draft treaty that became known as the “Publishers’ Copyright Convention.”¹⁹ It is interesting to note that one of the basic conditions set forth in this draft as a requirement of copyright was that “a work manufactured and published in one country to secure copyright in the other country must also have been ‘manufactured and published there *by a subject or citizen thereof* within three months after its original publication in the country of the author;” however, this manufacturing requirement was not intended to prohibit “printing in one country from stereotype plates prepared in the other and imported for that purpose.”²⁰

The reasons for publisher opposition to a grant of copyright to foreign authors without any restriction on manufacture gradually emerged in the course of preparation of what was to be the first U.S. copyright law to provide protection for foreign works: the Act of March 3, 1891.²¹

¹⁶ *Id.* E. S. DRONE, at 94.

¹⁷ S. Rep. No. 409, 42d Cong., 3d Sess. 8 (1873).

¹⁸ A convention between these two countries had actually been prepared in 1853, but was not ratified. See T. Solberg, *The International Copyright Union*, 36 YALE L. J. 68 (1926); see also M. M. Kampelman, *supra* note 10, at 414.

¹⁹ *Id.* T. Solberg, at 69. For a discussion of the position taken by U.S. publishers on this subject, see D. M. Schrader, *supra* note 3, at 226.

²⁰ T. Solberg, *supra* note 18, at 69.

²¹ Act of March 3, 1891, ch. 565, 26 Stat. 1106.

B. The International Copyright Act of 1891

Toward the close of the nineteenth century, authors in many European countries expressed an interest in the preparation of an international copyright convention. At the initiative of the *Société des Gens de Lettres* of France, and under the chairmanship of Victor Hugo, a permanent international organization was founded by various national writers' associations: the International Literary Association.²² During a meeting of this Association in 1882, several members proposed the creation of an international union for the protection of literary and artistic works. The following year a congress of the Association was held at Rome for the preparation of a preliminary draft convention; subsequently, the Swiss Federal Council convened a diplomatic conference at Berne in 1884 to establish the first official draft. Work was completed on this instrument in 1885, and the text of an international convention for the protection of literary and artistic works was adopted during a diplomatic conference held at Berne in September 1886.²³

Although the President of the Swiss Confederation invited the United States to be represented at the 1884 conference, the U.S. declined to send delegates to that meeting.²⁴ It was felt that the United States should first adopt domestic legislation granting copyright protection to foreign authors before agreeing to participate in the drafting of any international convention.²⁵ The United States did decide to be represented at the 1886 diplomatic conference. However, the U.S. delegate was not empowered to sign the international convention adopted by that conference.²⁶

Encouraged by the efforts undertaken in Europe to advance international copyright relations, U.S. publishers and authors joined forces to urge Congress to consider granting copyright protection to works of

²² In 1884, the word "artistic" was added and the organization became known as the International Literary and Artistic Association [*Association littéraire et artistique internationale*], a title by which this association is still known. See V. De Sanctis, *Le développement et la consécration internationale du droit d'auteur*, 79 RIDA 207, 224 (1974).

²³ *Id.*

²⁴ See M. M. Kampelman, *supra* note 10, at 415.

²⁵ President Arthur in this annual message to Congress on December 1, 1884, noted that, although conventions would be necessary to fully protect authors, composers and artists, "until Congress shall by statute fix the extent to which foreign holders of copyright shall be here privileged, it has been deemed inadvisable to negotiate such conventions." *Id.* Work did proceed, however, on the drafting of a U.S./U.K. copyright agreement. See generally T. Solberg, *supra* note 18, at 76.

²⁶ M. M. Kampelman, *supra* note 10, at 416.

foreign authors.²⁷ Although protectionism was the prevailing sentiment of the time, the publishers and authors did succeed in convincing Congress of the need for such protection. The case for international copyright was clearly articulated in an 1888 report of the Senate Committee on Patents. Commenting on a bill (S.554) that would allow foreign authors to claim copyright in the United States, the Committee observed:

The great nations of Europe, most of the nations of South America, China, Japan, and even the little island of Hayti, are members of an international copyright union, by which they agree, each with all the others, to recognize the rights of the citizens of all those states, and grant to them such privileges in this regard as they grant to their own citizens. . . . The committee believe it is time that the United States should cease to be the Barbary coast of literature, and that the people of the United States should cease to be the buccaneers of books.²⁸

It should be noted, however, that Congressional enthusiasm for international copyright was not completely unbridled.

As it finally emerged from Congress, the Act of March 3, 1891, specifically provided that, to be protected by copyright in the United States, books delivered or deposited with the Librarian of Congress as required by the Act had to be "printed from type set within the limits of the United States, or from plates made therefrom."²⁹ With certain exceptions, the Act also provided that, "[d]uring the existence of such copyright the importation into the United States of any book . . . so copyrighted, or any edition or editions thereof, or any plates of the same not made from type set . . . within the limits of the United States, shall be, and it is hereby, prohibited. . . ."³⁰ Thus was born the first "manufacturing clause" in the history of U.S. copyright.

It became evident from the discussions leading up to the adoption of the 1891 Act that some restriction on the typesetting³¹ of books would

²⁷ *Id.*

²⁸ *Report from Sen. Comm. on Patents to accompany S.554*, S. Rep. No. 622, 50th Cong., 1st Sess. 2 (1888).

²⁹ Act of March 3, 1891, ch. 565, §3, 26 Stat. 1106, 1107.

³⁰ *Id.*

³¹ Whether "printing" as well as "typesetting" were covered by the Act is not entirely clear. During hearings on international copyright in 1886, a publisher suggested that only printing be restricted and not typesetting, *see Statements on S.191 and S.1178 made before the Sen. Comm. on Patents*, 49th Cong., 1st Sess. 56 (1886). However, Congress does not appear to have adopted this proposal. The Treasury Department provided some guidance on this point in a later decision. In a 1903 case involving books printed

be the necessary price to pay in order to secure copyright protection for foreign authors.

In support of their demand for copyright protection for foreign works, American authors argued that they were being subjected to unfair competition, since publishers were not required to pay any royalty to foreign authors. This situation was especially difficult for new or unknown authors, since U.S. publishers preferred to reprint works of foreign authors for economic reasons. As stressed in a memorandum submitted on behalf of the American Copyright League³² during the course of hearings on the subject of international copyright:

“[a]t present he [the American author] must compete with the books of the foreign author, which, being uncopyrighted, are cheaper than his own. The price of the American book must include compensation to the author; the pirated foreign book bears no such tax. Plunder is necessarily cheaper than property acquired in the regular way.”³³

It was also thought that protection for works of foreign authors would open new markets for American authors, particularly in the United Kingdom.³⁴

Although the equity and justice of granting copyright protection to works of foreign authors was widely recognized, there was a reluctance on the part of some U.S. publishers and book manufacturers to accord British publishers copyright protection in the United States without at the same time assuring that these publishers would make their works available at reasonable prices and would not gain an absolute monopoly over the American book market. The mechanism chosen to encourage the domestic production of works of foreign authors, particularly those

abroad from plates made from type set in the United States, it was observed “that the statute does not provide that books shall be printed *in the United States*. It merely states that the article shall be produced from type set within the limits of the United States, or from plates made therefrom.” T.D.24742, [1903] 6 *Treas. Dec.* 888, *reprinted in*, 13-16 C.O. BULL. 3201 (1980).

³². The American Copyright League was an association of about six hundred authors, including “the presidents and members of the faculty of Harvard and John Hopkins Universities, Yale, Columbia, Princeton, Williams, Dartmouth, and other colleges in all parts of the country.” *Statements on S.191 and S.1178 made before the Sen. Comm. on Patents*, 49th Cong., 1st Sess. 66 (1886).

³³. *Id.* at 63; *see also Report to accompany H.R. 10881*, H.R. Rep. No. 2401, 51st Cong., 1st Sess. 9 (1890).

³⁴. *See Statement of G. H. Putnam, Hearing on S.554 before the Sen. Comm. on Patents*, S. Rep. No. 622, 50th Cong., 1st Sess. 23 (1888).

of a scholarly nature, was the restriction on typesetting introduced in the 1891 Act. The rationale behind this provision was described generally in a report on international copyright prepared by the Senate Committee on Patents:

The more wholesome literature of the past of England is now free to all. The cheap publications are not of that character, but are confined largely to works of fiction and serial stories, while the less conspicuous, but much more valuable works, upon law, the sciences, art, and the higher walks of literature which are written abroad are seldom published here, and many of them are not imported in the form adapted to popular use, because the system of publication of such books abroad is to issue small editions at a high price; so that they are out of the reach of ordinary readers in this country or ordinary collectors of books, being confined to a few of the larger libraries. If, however, the foreign author of those works is protected by this law, he must make provision for the publication of his work within three months of the time of recording his copyright, and, perforce, must make such conditions with the American publisher as would put him in a position to meet the requirements of the American market.³⁵

This point was reiterated in a later report. Commenting on the need for international copyright, the Committee noted that it had

“seen to it that no foreigner shall be enabled thereby to withhold from the reading public within our borders the opportunity to avail themselves of the book or other copyrighted article, and for that purpose have required that the books or other copyrighted article shall be produced and manufactured in this country.”³⁶

Although Congress weighed many factors in reaching a decision to require the typesetting of books in the United States as a condition of copyright, it is clear that they did not view the need for a manufacturing requirement as a free trade issue. The presence or absence of tariff protection was not at all relevant to their decision. As noted in a Senate report on a bill providing copyright for foreign authors:

³⁵. *Report to accompany S.2496*, S. Rep. No. 1188, 49th Cong., 1st Sess. III (1886). As finally passed, the 1891 Act did not allow a three month grace period. See note 29 *supra*.

³⁶. *Report to accompany S.554*, S. Rep. No. 622, 50th Cong., 1st Sess. 2 (1888).

“[t]here is nothing in any of the features of this bill which can in any wise be construed to touch the question either of protection, as the term is used in its ordinary sense, or of free trade. The duties might be entirely removed from books or other copyrighted articles without in any sense affecting the operations of this bill, or they might be doubled or quadrupled and still be without such effect.”³⁷

In fact, most books imported into the United States at that time were subject to a substantial duty.³⁸ The imposition of a manufacturing restriction in the 1891 Act was inspired by other considerations.³⁹

C. *The Louisiana Purchase Exposition of 1904*

The United States established copyright relations with many foreign countries in the years following the adoption of the 1891 Act. By the time of the Louisiana Purchase Exposition of 1904, the protection of the Act had been extended to nearly fourteen countries.⁴⁰ However, the formalities required by the Act of 1891 still constituted a formidable barrier to the acquisition of copyright in the United States. The situation became particularly acute in 1903 when many foreign exhibitors were reluctant to send books to the United States for the Louisiana Purchase Exposition to be held at St. Louis the following year.

³⁷ *Report to accompany S.554*, S. Rep. No. 622, 50th Cong., 1st Sess. 1 (1888); *see also Report to accompany S.2496*, S. Rep. No. 1188, 49th Cong., 1st Sess. IV (1886).

³⁸ Under the Tariff Act of 1890, most imported books were subject to a duty of 25% ad valorem. *See Act to reduce the revenue and equalize duties on imports, and for other purposes*, ch. 1244, §1, para. 423, 26 Stat. 567, 599 (1890). However, certain books were exempt from this duty. For example, books produced more than twenty years before importation, books imported for the use of the blind, or books specially imported for the use of libraries or educational institutions, generally entered free of duty. *Id.* §2, paras. 512 to 516, at 604.

³⁹ It should be noted, however, that the Act of March 3, 1891, contained a specific reference to the tariff provisions then in force. Among the exceptions to the prohibition on importation of books not printed from type set in the United States were cases specified in paragraphs 512 to 516 of the Tariff Act of 1890. *See note 29, supra.*

⁴⁰ *See Protection to Exhibitors at the Louisiana Purchase Exposition, Report to accompany S.2022*, S. Rep. No. 142, 58th Cong., 2d Sess. 2 (1903). Under the 1891 Act, copyright protection in the United States was generally available to citizens of a foreign country when the President determined, by proclamation, that U.S. authors were protected in that country on substantially the same basis as its own citizens. *See Act of March 3, 1891*, ch. 565, §13, 26 Stat. 1110.

In order to relieve the difficulties experienced by the organizers of the Exposition, Congress approved a law granting foreign exhibitors a temporary or interim copyright for a two-year period. They also provided for the extension of the period to a full term of copyright protection, upon compliance with certain formalities. In particular, the Act of January 4, 1904, specifically required the deposit with the Library of Congress of two copies of the original text or an English translation of a book "printed from type set within the limits of the United States or from plates made therefrom."⁴¹ Thus, although the manufacturing requirements of the copyright law were relaxed for the limited purposes of the 1904 Exposition, Congress continued to require the typesetting of books in the United States as a condition of full copyright protection. In maintaining this restriction, they were apparently concerned lest foreigners benefit from copyright in the United States at the expense of American labor. As noted in a Senate report on this subject: "[t]he protection afforded by this bill to exhibitors is for two years only. The protection to American labor given by our copyright laws is carefully guarded in this bill."⁴²

Although this first "interim" copyright was of a restricted nature, it does mark the beginning of what was to prove a succession of steps taken by Congress to ease some of the more burdensome aspects of the manufacturing requirement in the U.S. copyright law.

The notion of a temporary or "ad interim" copyright was extended to all books first published abroad in a foreign language by the Act of March 3, 1905.⁴³ To be protected under the Act, an author or proprietor of a book in a language other than English had to deposit one copy of the work in the Library of Congress within thirty days of first publication in a foreign country with notice of copyright. Compliance with this provision secured protection in the United States for at least one year. To extend this interim copyright for a full term, the title and two copies of the book in the original language or, in the alternative, copies of a translation of it in the English language, "printed from type set within the limits of the United States, or from plates made therefrom," had to be deposited with the Library of Congress within twelve months of first publication abroad.⁴⁴

The intent of the Act of 1905 was to assist foreign authors in ob-

⁴¹ Act of January 7, 1904, ch. 2, §6, 33 Stat. 4, 5.

⁴² See *Report to accompany S.2202*, *supra* note 40. Foreign exhibitors at subsequent expositions were also given temporary copyright protection. See, e.g., Act of July 19, 1932, ch. 509, 47 Stat. 703 (Chicago World's Fair).

⁴³ Act of March 3, 1905, ch. 1432, 33 Stat. 1000.

⁴⁴ *Id.*

taining copyright protection in the United States. This became necessary since experience under the 1891 Act showed that few authors in other countries were able to comply with the typesetting requirements of the law. The difficulties confronting foreign authors were discussed in a House report on this issue:

It is obviously difficult for a foreign author to decide in advance whether his book may count upon such a sale in the United States as to warrant the printing of a separate edition here, and the almost complete failure of authors of books in other languages than English to take advantage of the copyright laws is due to this difficulty of arranging to make the deposit of American type-set copies before the publication of the original editions of their books.⁴⁵

Although manufacture in the United States was still required, foreign authors writing in languages other than English were given a grace period to comply with this formality. It would appear, however, that U.S. authors of foreign language books were excluded from the benefits of the act.⁴⁶

According to a report published by the Copyright Office, compliance with the provisions of the Act secured during a period of twelve calendar months from the date of first publication: "a. Protection against any infringement or appropriation of the work in any way, including unauthorized translation of it. b. Free access to the United States market for the sale of the work." Thus, in addition to enjoying copyright protection, the author or proprietor of a foreign language book first published abroad could probably import the work into the U.S. during the interim period.⁴⁷

⁴⁵. *Report to accompany H.R. 6487*, H.R. Rep. No. 1287, 58th Cong., 2d Sess. 2 (1904).

⁴⁶. The Copyright Office took the position that the Act of March 3, 1905, only applied to citizens or subjects of specific foreign countries. See *Directions for Registering Copyrights*, at 23 (1905), reprinted in *COMPILATION OF REGULATIONS CONCERNING COPYRIGHT 1874-1956*, published by the U.S. Copyright Office; see also *Report to accompany S.9440*, S. Rep. No. 1108, 60th Cong., 2d Sess. 14 (1909).

⁴⁷. Since the importation provision in the 1891 Act was not changed, it has been asked whether the Treasury Department would have permitted importation once interim copyright was established. See D. M. Schrader, *supra* note 3, at 233, n.77. However, importation under the Louisiana Purchase Exposition Act of 1904 was clearly contemplated. See T.D. 25097, [1904] 7 *Treas. Dec.* 407, reprinted in, 13-16 *C.O. Bull.* 3202 (1980).

D. *The Copyright Act of 1909*

The restrictions on manufacture in the Act of March 4, 1909, differed in several important respects from the 1891 Act, as amended.⁴⁸ For the first time, the original text of a book of foreign origin⁴⁹ in a language or languages other than English was completely exempted from the manufacturing requirements of the law.⁵⁰ This change was urged on Congress in order to encourage the growing U.S. book trade with foreign countries, particularly in South America.⁵¹ However, printed books and periodicals in the English language still had to be manufactured in the United States to enjoy full copyright protection.⁵²

Although the ad interim copyright previously available to foreign language books was extended to English language works first published abroad, the period of protection was sharply reduced. Under section 21 of the Act, an author or copyright proprietor had thirty days from first publication abroad to deposit one copy of an English language book in the Copyright Office with a request for reservation of copyright; once secured, ad interim protection lasted for thirty days from the date of such deposit.⁵³ This ad interim period could be extended to a full term

⁴⁸. See Act of March 4, 1909, ch. 320, §§ 15, 16, 21 & 22, 35 Stat. 1075 (current version at 17 U.S.C. §§16, 17, 22 & 23 (1976)).

⁴⁹. During the hearings on revision of the copyright laws in 1908, the American Authors' Copyright League asked Congress to abolish the manufacturing clause for books in foreign languages of foreign origin, but not books in foreign languages of American origin. See *Hearings on Pending Bills to Amend and Consolidate the Acts Respecting Copyright before the Sen. and House Comms. on Patents*, 60th Cong., 1st Sess. 56 (1908) [hereinafter cited as *1908 Hearings*]. The Copyright Office interpreted "of foreign origin" to mean "of foreign authorship." Foreign language books and periodicals by U.S. citizens or domiciliaries were not considered exempt. See C.O. Reg. 28 (1910), reprinted in, *COMPILATION OF REGULATIONS CONCERNING COPYRIGHT 1874-1956*, published by the U.S. Copyright Office.

⁵⁰. Act of March 4, 1909, ch. 320, §15, 35 Stat. 1078. It is doubtful whether such works had to be manufactured and first published abroad to be exempt.

⁵¹. See *1908 Hearings*, *supra* note 49.

⁵². Periodicals were not covered by the prior manufacturing requirements. Unfortunately, they were mentioned only in section 15 of the 1909 Act and not in the provisions on ad interim copyright. This situation was later clarified. See *Report to accompany H.R. 2285*, H.R. Rep. No. 238, 81st Cong., 1st Sess. 3 (1949).

⁵³. Act of March 4, 1909, ch. 320, §21, 35 Stat. 1080. Following World War I, it became apparent that copyright in the U.S. was being secured for very few books published in the United Kingdom. To relieve this situation, the period for deposit of a book first published abroad in the English language, "on or after the date of the President's proclamation of peace," was changed to sixty days; and the protection secured was extended to endure for four

if an authorized edition of the book was published in the United States in accordance with the manufacturing requirements of the Act, and all registration, deposit and other formalities were met.⁵⁴

With respect to ad interim copyright for English language works, a question was raised concerning whether copyright attached at the time of first publication abroad with notice of copyright even though no attempt was made to obtain ad interim copyright. It was argued that the ad interim provisions were permissive and that failure to comply with them would not work a forfeiture of copyright protection under the 1909 Act. Although the practices of the Copyright Office on this issue were not consistent over the years, when revising its regulations in 1956, the Office clearly adopted the position that compliance with the ad interim provisions was mandatory.⁵⁵ The Copyright Office would not register an American edition of an English language book or periodical manufactured and first published abroad, where an ad interim copyright had not first been secured.

Another difference between the Copyright Act of 1909 and the 1891 Act concerns the scope of the manufacturing requirements. While only typesetting had been required by the prior Act, both the printing and binding of a book or periodical as well as the setting of the type had to be performed in the United States under the 1909 Act. In accordance with section 15 of the Act:

[T]he text of all copies accorded protection under this Act . . . shall be printed from type set within the limits of the United States, either by hand or by the aid of any kind of typesetting machine, or from plates made within the limits of the United States from

months after such deposit. Act of December 18, 1919, ch. 11, 41 Stat. 368, 369. For a discussion of this amendment, see *Hearings on H.R. 3754 before the House Comm. on Patents*, 66th Cong., 1st Sess. 6 (1919). The periods were again revised in 1949. See Act of June 3, 1949, Pub. L. 84, ch. 171, §2, 63 Stat. 153.

⁵⁴. Act of March 4, 1909, ch. 320, §22, 35 Stat. 1080.

⁵⁵. Section 202.4(b)(1) of the 1956 Regulations provided that "[a]n American edition of an English-language book or periodical identical in substance to that first published abroad will not be registered unless an ad interim registration is first made." 37 C.F.R. §202.4(b)(1), *reprinted in*, COMPILATION OF REGULATIONS CONCERNING COPYRIGHT 1874-1956, published by the U.S. Copyright Office. The position of the Copyright Office was upheld in a case involving the novel *Candy* which was first printed and published in the English language in France, and later published in the United States. See *Hofenberg v. Kaminstein*, 396 F.2d 684 (D.C. Cir. 1968), *cert. denied*, 393 U.S. 913 (1968). For a detailed discussion of this case, see D. M. Schrader, *supra* note 3; see also C. Rembar, *Xenophilia in Congress: Ad Interim Copyright and the Manufacturing Clause*, 69 COLUMBIA L. REV. 770 (1969).

type set therein, or, if the text be produced by lithographic process, or photoengraving process, then by a process wholly performed within the limits of the United States, and the printing of the text and binding of the said book shall be performed within the limits of the United States. . . .⁵⁶

Except for cases where a lithograph or photoengraving represented a subject located in a foreign country and illustrated a scientific work or reproduced a work of art, the requirements of the Act also extended "to the illustrations in a book consisting of printed text and illustrations produced by lithographic process, or photo-engraving process, and also to separate lithographs or photo-engravings."⁵⁷

In revising the manufacturing requirements to include the printing and binding of books and periodicals as well as the production of certain illustrations, Congress was convinced of the need to protect American labor from foreign competition. In a report issued just prior to the passage of the 1909 Act, the Senate Committee on Patents observed that

"if there was reason, as we think there was, for the requirement that the book should be printed from type set in this country, there was just as much reason for a requirement that the book should be printed and bound in this country and that the ordinary illustrations produced by lithographic process and photo-engraving process and separate lithographs or photo-engravings should be made in this country. That protection to the men engaged in the work of setting type, making plates, printing and binding books is given by this section. . . ."⁵⁸

Although the processes required to be performed in the United States were set forth in section 15 of the 1909 Act, the wording of that provision gave rise to certain difficulties. It was thought by some that only books or periodicals produced by a process mentioned in that section were subject to copyright.⁵⁹ In order to clarify this situation, lan-

⁵⁶ Act of March 4, 1909, *supra* note 50. It may be asked whether the printing and binding requirement applied to periodicals as well as books. *See generally* 28 *Op. Att'y Gen.* 150 (1910).

⁵⁷ *Id.* Act of March 4, 1909. For a brief discussion of the reasons for inclusion of illustrations in the manufacturing requirements, *see Report to accompany S.9440, supra* note 46, at 12; *see also Memoranda by G. H. Putnam, 1908 Hearings, supra* note 49, at 195.

⁵⁸ *Report to accompany S.9440, supra* note 46, at 12. Both the Senate and House Committees on Patents heard testimony on the danger to American typographers and other printing interests from the lower wages in most European countries. *See 1908 Hearings, supra* note 49, at 185.

⁵⁹ *See M. McCannon, supra* note 3, at 15.

guage was added to section 15 specifically exempting from the manufacturing requirements works printed or produced in the United States by any other process than those specified in that section.⁶⁰ Even after this amendment, however, some doubt remained whether a book or periodical that was mimeographed, typewritten or produced by a similar process could be protected by copyright if that process were not performed in the United States.⁶¹

To ensure compliance with the restrictions on manufacture, the 1909 Act provided that, in the case of books, the copies deposited in the Copyright Office had to be accompanied by a duly sworn affidavit stating that the printing, binding and other manufacturing requirements had been performed within the limits of the United States.⁶²

The need for such an affidavit was first considered by Congress in 1904. Although the proposal was not adopted on that occasion, the House Committee on Patents did see the utility of such a requirement. In its report on this subject, the Committee noted that it had reason to believe that

“it was not only possible, but that in some instances the present law has been evaded and violated to the injury of American labor, and that this can be done with comparative ease under the existing law; that there is no remedy and no means of enforcing this condition as to printing from type set by American labor and within our own country.”⁶³

The remedy suggested by the Committee was the requirement that a person applying for registration of a claim to copyright in a book subject to the manufacturing clause should furnish proof in the form of an affidavit that the conditions of manufacture had been met.⁶⁴ In drafting the Copyright Act of 1909, Congress agreed with that assessment.⁶⁵

E. Relaxation of Manufacturing Clause

As a further check on violations of the manufacturing provisions,

⁶⁰ Act of July 3, 1926, ch. 743, 44 Stat. 818.

⁶¹ See *Manufacturing Clause*, COMPENDIUM OF COPYRIGHT OFFICE PRACTICES, ch. 6, ¶6.2.1 (as of July 1, 1970).

⁶² Act of March 9, 1909, ch. 320, §§16 & 17, 35 Stat. 1078.

⁶³ *Report to accompany H.R. 13355*, H.R. Rep. No. 2857, 58th Cong., 2d Sess. 2 (1904); see also *Report to accompany H.R. 13355*, S. Rep. No. 3908, 58th Cong., 3d Sess. (1905).

⁶⁴ *Id.*

⁶⁵ See *Report to accompany S.9440*, S. Rep. No. 1108, 60th Cong., 2d Sess. 11 (1909).

the 1909 Act imposed certain restrictions on the importation of books.⁶⁶ Generally, under section 31 of the Act, the importation into the United States of "piratical copies" of books or of any copies not produced in accordance with the manufacturing provisions in section 15, or any plates of the same not made from type set within the limits of the United States, or any copies produced by lithographic or photoengraving process not performed within the limits of the United States, was, with certain exceptions, strictly prohibited.⁶⁷ The exceptions concerned primarily works in raised characters for the use of the blind, certain foreign newspapers or magazines, and books published abroad with the consent of the author or copyright proprietor that were imported for individual use and not for sale, for the use of the United States, or for the use of particular educational and cultural organizations.⁶⁸ In many cases, only one copy at one time of a book covered by an exception could be imported into the United States.⁶⁹ However, importation of books protected only by a temporary or ad interim copyright was not allowed.

A similar prohibition on importation of books not produced in accordance with manufacturing requirements was first introduced in the 1891 Act. This prohibition was urged on Congress by the American typesetters who feared that, without such a provision, the restrictions on manufacture could easily be circumvented.⁷⁰ To alleviate the plight of libraries and certain private individuals who wished to have access to foreign editions of books not manufactured in the U.S., specific exceptions to this prohibition were also written into the Act.⁷¹ The import restrictions in the Copyright Act of 1909 were patterned on these provisions.

Since the burden of manufacture under the 1909 Act fell most heavily on authors of English language books first printed and published abroad, works of foreign origin in languages other than English having been exempted, an effort was undertaken to allow importation of such books during the period of ad interim copyright. The need for this relaxation of the manufacturing clause became evident following World

⁶⁶ It was not clear whether periodicals were covered by the import provisions.

⁶⁷ Act of March 4, 1909, ch. 320, §31, 35 Stat. 1082. When the 1909 Act was enacted into positive law in July 1947, the sections were renumbered. Most provisions on manufacture were raised by one number. For example, §15 became §16, and §21 became §22; however, §31 on importation became §107. See Act of July 30, 1947, Pub. L. 281, ch. 391, §107, 61 Stat. 652, 663.

⁶⁸ *Id.*

⁶⁹ *Id.*

⁷⁰ See Statement of Stephen H. Olin, Counsel for American Publishers' Copyright League, *Arguments on S.6330 and H.R. 19853 before the Sen. and House Comms. on Patents*, 59th Cong., 1st Sess. 33, 36 (1906).

⁷¹ See notes 38 & 39, *supra*.

War II. As explained in a report prepared by the Senate Committee on the Judiciary, the manufacturing clause

“is a bar to the manufacture in the United States of books published abroad in the English language except in the case of works by the most famous authors. Last year [1948] over 14,000 books were published in England and yet only 139 books written in the English language in England and in all other foreign countries were registered in the United States Copyright Office.”⁷²

To encourage foreign authors writing in English to secure copyright in the United States, Congress decided in 1949 to amend the Copyright Act to allow the importation of 1500 copies of books or periodicals, of foreign origin, in the English language, to be imported into the United States if an ad interim copyright had been obtained.⁷³ As a further incentive, all authors were given six months to obtain ad interim copyright; and the term of copyright was extended to five years from the date of first publication abroad.⁷⁴

When considering whether to allow the importation of 1500 copies “to test the American Market” and to extend the time limits for securing ad interim copyright, the House Committee on the Judiciary heard testimony from a representative of the International Allied Printing Trades Council concerning the impact of the proposed legislation on American labor. He indicated that, in his opinion, wages in the U.S. printing industry were at least twice as high as those prevailing in the United Kingdom which was the main source of imported books in the English language at that time. However, he did not think the type of relaxation envisaged would operate to undermine wage standards in the United

⁷² *Report to accompany H.R. 2285 with respect to relaxation of provisions governing copyright of foreign works*, S. Rep. No. 375, 81st Cong., 1st Sess. 2 (1949). For discussion of ad interim copyright under the 1909 Act, see notes 52-55 and text, *supra*.

⁷³ See Act of June 3, 1949, Pub. L. 84, ch. 171, §1, 63 Stat. 153 (amending §61 [formerly §15] of the 1909 Act). This right to import 1500 copies during the period of ad interim copyright was not formally extended to U.S. citizens or domiciliaries until 1954. See Act of August 31, 1954, Pub. L. 743, ch. 1161, §2, 68 Stat. 1030. The Copyright Office had construed the Act of June 3, 1949, as not allowing U.S. authors to import 1500 copies during the ad interim period. See Statement of Arthur Fisher, Register of Copyrights, *Removal of Domestic Manufacturing Requirement for the Acquisition of Copyright by Certain Foreign Nationals*, Hearings on H.R. 4059 before Subcomm. No. 3 of the House Comm. on the Judiciary, 82d Cong., 2d Sess. 198 (1952).

⁷⁴ *Id.* §2 (amending §22 [formerly §21] of the 1909 Act). For reference to earlier time limits, see note 53 *supra*.

States.⁷⁵ In his view, the amendments under consideration

“should increase the flow of foreign works into the United States. It should also increase the good will of foreign authors, publishers and readers toward us and hence the willingness of foreign countries to facilitate the importation of American books and other literary works. In short, the enactment of the bill should promote international cultural exchange of the advantages of democracy and of the American way of life.”⁷⁶

Congress agreed that the relaxation of the manufacturing restrictions would not be harmful to American labor.⁷⁷ It was even hoped that, if the response of foreign countries were favorable, U.S. publishers and book manufacturers might actually benefit from the changes.

Support for the proposed relaxation of the manufacturing requirements in the 1909 Act was not completely unrestrained. A representative of the State Department testified that the maintenance of any restrictions on manufacture was detrimental to the increase of U.S. exports abroad and invited retaliation by other countries. He also pointed out that such restrictions unjustly discriminated against authors of English language works who might not be in a position to manufacture a separate edition in the United States. For these reasons, the Department of State strongly urged that the manufacturing clause be entirely repealed.⁷⁸

In rejecting the appeal of the State Department for the elimination of any restrictions on manufacture, Congress was convinced that, absent a high duty on the importation of books of foreign manufacture, the abrogation of these restrictions would result “in the flooding of the American market with the products of cheap foreign labor.”⁷⁹ They thought that American publishers would benefit from low wage rates in certain foreign countries at the expense of the U.S. printing industry.

⁷⁵ Statement of Oscar R. Strackbein on behalf of the International Allied Printing Trades Council, *Hearings on H.R. 2285 before Subcomm. No. 4 of the House Comm. on the Judiciary*, 81st Cong., 1st Sess. 3 (1949).

⁷⁶ *Id.* at 4.

⁷⁷ *Report to accompany H.R. 2285*, H.R. Rep. No. 238, 81st Cong., 1st Sess. 3 (1949).

⁷⁸ Letter to Emanuel Celler from Ernest A. Gross, Acting Assistant Secretary of State, *Hearings on H.R. 2285 before Subcomm. No. 4 of the House Comm. on the Judiciary*, 81st Cong., 1st Sess. 20 (1949).

⁷⁹ *Report to accompany H.R. 2285*, *supra* note 77, at 5. Just prior to the relaxation of the manufacturing provisions in 1949, the rate of duty on imported books had been considerably modified in accordance with a Presidential proclamation issued pursuant to the General Agreement on Tariffs and Trade. Under the rates of duty specified in the Tariff Act when it was enacted in

F. Multilateral Copyright Conventions

(1) *Berne Convention.* Throughout the checkered history of the manufacturing clause in the U.S. copyright law, many attempts were made to abolish any requirements on manufacture.⁸⁰ Often the impetus came from a desire to bring the law into compliance with the terms of the Berne Convention for the Protection of Literary and Artistic Works. Following the revision of the Berne Convention at Rome in 1928, many bills were introduced in Congress with a view to U.S. adherence to the Berne Convention. During hearings on these bills, however, the manufacturing clause emerged as a major stumbling block.

One of the more ambitious, albeit unsuccessful efforts to revise the 1909 Act was launched by Representative Vestal in 1926.⁸¹ In the context of a general revision of the copyright law, Mr. Vestal suggested certain amendments to the manufacturing requirements in order to allow U.S. entry into the Berne Union.⁸² Specifically, in section 28 of his bill, H.R. 10434, he proposed that the requirements should not apply to "works by foreign authors."⁸³

When hearings were held on this bill in the House Committee on Patents, it is interesting to note that very little opposition was expressed concerning the proposed change in the manufacturing clause. In fact,

1930, books were taxed at 15% or 25% ad valorem depending on the nationality of the author. However, as of July 1, 1950, most books of foreign authorship were subject to a duty of 5% ad valorem, while books "of other than bona fide foreign authorship" were taxed generally at 10% ad valorem. See *United States Import Duties*, Mis. Ser. TC 1.10: Im 7/4/950, para. 1410, at 119 (1950). "Books and pamphlets printed wholly or chiefly in languages other than English" were not subject to any duty. *Id.* para. 1630, at 152. For text of Presidential proclamation of December 16, 1947, on the General Agreement on Tariffs and Trade [GATT], see T.D. 51802, [1947] 82 *Treas. Dec.* 305.

⁸⁰ For a chronological summary of bills introduced in the 1920's and 30's, see A. A. Goldman, *The History of U.S.A. Copyright Revision from 1901 to 1954*, Copyright Law Rev. Study No. 1, Sen. Subcomm. on Patents, Trademarks, and Copyrights, 86th Cong., 1st Sess. 4 (Comm. Print 1960).

⁸¹ See H.R. 10434, 69th Cong., 1st Sess. (1926), *Hearings on H.R. 10434 before the House Comm. on Patents*, 69th Cong., 1st Sess. 1 (1926).

⁸² Countries party to the Berne Convention constitute a Union for the protection of the rights of authors in their literary and artistic works known as the Berne Union. See Commentary on Article 1, *Guide to the Berne Convention*, published by the World Intellectual Property Organization, at 8 (1978).

⁸³ *Id.* H.R. 10434, §28. For review of the development of this bill, see A. A. Goldman, *supra* note 80, at 6. A revised version of this bill, H.R. 12549, eventually passed the House of Representatives in 1931 and was referred to the Senate. Although the bill was reported by the Senate Committee on Patents, it could not be brought to a vote before the session ended. *Id.*

even the printing trades unions appear to have supported the exemption of foreign authors from the restrictions on manufacture.⁸⁴ As noted in a report on a revised version of the bill introduced in the 71st Congress:

"American printers are protected against foreign importations by the provisions in section 28. This section is believed to be entirely satisfactory to the printing trades, and provides that the works of American authors, which are the subject of copyright in the United States, shall be printed in this country."⁸⁵

The continued application of the clause to American authors was apparently sufficient.

Since attempts at a general revision of the 1909 Act did not meet with a very enthusiastic reception, companion bills were introduced in 1933 to revise the law in only those minimal aspects thought necessary to secure U.S. adherence to the Berne Convention.⁸⁶ The need for this change of direction was stressed by Senator Cutting in the course of hearings on the Senate version (S.1928):

. . . you will remember that at the end of the 1930-31 session we had an elaborate copyright bill before the Senate, the so-called "Vestal bill", which had previously passed the House of Representatives. The bill was so complicated, contained so many amendments which were unsatisfactory to various interests, that it got into a hopeless tangle, and was defeated finally in the filibuster which ended that session. It has seemed to the friends of copyright legislation that the best thing to do is to pass some simple law which will merely enable us to enter the International Copyright Union. . . .⁸⁷

Another event of importance with respect to the Berne Convention occurred in 1934: a message was sent to the Senate from the President of the United States transmitting for its advice and consent the text of

⁸⁴. See Statement of Matthew Woll, Vice President, American Federation of Labor, *Hearings on H.R. 10434 before the House Comm. on Patents*, 69th Cong., 1st Sess. 32 (1926).

⁸⁵. *Report to accompany H.R. 12549*, S. Rep. No. 1732, 71st Cong., 3d Sess. 26 (1931).

⁸⁶. In 1933, a bill was introduced in the House by Rep. Luce as H.R. 5853 and in the Senate by Sen. Cutting as S.1928. See A. A. Goldman, *supra* note 80, at 8.

⁸⁷. Statement of Hon. Bronson Cutting, A Senator from New Mexico, *Hearing on S.1928 before the Sen. Comm. on Foreign Relations*, pt. 1, 73d Cong., 2d Sess. 2 (1934).

the Berne Convention for the Protection of Literary and Artistic Works as revised at Rome on June 2, 1928.⁸⁸

Among the basic provisions of the Copyright Act of 1909 that had to be revised in order for the United States to become a party to the Berne Convention were the manufacturing requirements. Since the restrictions on manufacture were a condition of copyright under the 1909 Act, and since the "enjoyment and exercise" of copyright under the Rome Act of the Berne Convention could "not be subject to the performance of any formality," the restrictions had to be eliminated from the Act, at least insofar as nationals of countries of the Union, or works first published therein, were concerned.⁸⁹ Although U.S. authors had, for many years, enjoyed copyright protection for their works under the Berne Convention through what was termed the "back door," it was argued that, in the event the U.S. did not join the Convention, the Berne countries might actually close the "door".⁹⁰

Apart from protection in Berne countries, it was also thought that, if the United States did not eliminate its manufacturing requirements, other countries might adopt similar restrictions. This danger of retaliation was stressed in a report prepared by an interdepartmental committee composed of representatives of the Departments of State and Commerce and the Copyright Office, Library of Congress. On the basis of testimony submitted during conferences convened at the request of the Senate Committee on Foreign Relations, the interdepartmental committee concluded that the

"continuance of the manufacturing clause invites retaliation from other English-speaking countries, more than one of which have

⁸⁸ Message from Franklin D. Roosevelt, President of the United States, transmitting to the Senate the International Convention of the Copyright Union as revised and signed at Rome on June 2, 1928, Executive E, 73d Cong., 2d Sess. (1934).

⁸⁹ See Berne Convention for the Protection of Literary and Artistic Works, Rome Act of 1928, Art. 4(2), reprinted in, COPYRIGHT LAWS AND TREATIES OF THE WORLD, Berne Copyright Union: Item E-1 (1980).

⁹⁰ To secure protection in a Berne Convention country, U.S. authors published their works simultaneously in the U.S. and in a Berne country. It was thought that some Berne countries might take steps to curtail this practice. This would have been possible since it was provided in the Rome Act that, "where any country outside the Union fails to protect in an adequate manner the works of authors who are nationals of one of the countries of the Union, the latter country may restrict the protection given to the works of authors who are at the date of the first publication thereof nationals of the other country and are not effectively domiciled in one of the countries of the Union." *Id.* Rome Act of 1928, Art. 6(2).

seriously considered it. Retaliation against American copyright interests could easily cause far more unemployment than could, by any imaginable estimate, result from the repeal of the clause. If other countries should adopt a course of retaliation against the treatment their authors received in this country, they could do incalculable damage. These are times when countries retaliate with more than usual alacrity when they deem themselves wronged."⁹¹

In particular, it was feared that any retaliation by foreign countries might have an adverse impact on the growing U.S. export trade in literary and artistic works.⁹²

As indicated by a representative of the Department of State during hearings on S.1928, the economic situation in the United States had changed considerably since the close of the nineteenth century when copyright had first been extended to works of foreign nationals. No longer a net importer of books and periodicals, by the 1930's the U.S. was exporting a substantial number of literary and artistic works by American authors.⁹³ With this increase in U.S. exports came an awareness of the need for more adequate copyright protection of U.S. works in foreign countries. It was hoped that any disadvantages resulting from membership in the Berne Convention might be more than offset by the growth in the number of works exported to countries party to the Convention. As noted in a 1939 report on international copyright from the Senate Committee on Foreign relations:

... any advantages to American industry, whether from the point of view of employers or labor, that may accrue from denying copyright to works in English manufactured outside the United States is wiped out by the accompanying loss of export trade. ... It is believed that approval of the copyright treaty [Berne Convention] will result in a genuine stimulation of employment in the industries engaged in the manufacture of copyrightable works.⁹⁴

⁹¹ *Report of the Interdepartmental Committee on Copyright to the Committee on Foreign Relations, Report to accompany Executive E, 73d Cong., 2d Sess., Exhibit 4, Sen. Ex. Rep. No. 4, 74th Cong., 1st Sess. 14 (1935).*

⁹² *Id.*

⁹³ *See Statement of Wallace McClure, Assistant to Assistant Secretary of State, Hearing on S.1928 before the Sen. Comm. on Foreign Relations, pt. 1, 73d Cong., 2d Sess. 8 (1934).*

⁹⁴ *Report to accompany Executive E, 73d Cong., 2d Sess., Sen. Ex. Rep. No. 2, 76th Cong., 1st Sess. 5 (1939).*

It was also thought that, "for reasons of convenience or economy," works subject to the manufacturing clause in the 1909 Act would continue to be manufactured in the U.S. even if the clause were eliminated.⁹⁵ Moreover, once English language works of foreign authors were protected in the U.S. market, regardless of the conditions of manufacture, it was anticipated that a larger number of these authors would turn to U.S. printers and publishers for assistance.⁹⁶

Not everyone was sanguine, however, about the future of the U.S. book industry should the manufacturing requirements be repealed for works of foreign authorship. Contrary to an earlier position, representatives of the printing trades were opposed to any modification of the restrictions on manufacture, even though it would preclude U.S. membership in the Berne Union.⁹⁷ They were basically concerned that the elimination of the manufacturing clause might result in a reduction in the amount of work being done in the U.S. printing industry at a time of widespread unemployment.⁹⁸ Absent sufficient tariff protection, it was feared that repeal of the clause would lead to an influx of cheap foreign publications that would unfairly compete with works of U.S. authors and thus deprive the U.S. book manufacturing industry of needed business.

The position of the printing trades unions was explained during hearings with respect to U.S. adherence to the Rome Act of 1928. In a detailed report urging retention of the manufacturing clause, it was clearly stated that:

"[a]ny thought entertained at this time permitting European printers to compete with American printers for the American market is indefensible. It is thus plain that the European and Asiatic printing employers have a great advantage in production costs over American employers and they fully intend to maintain that advantage. . . . In view of all facts it is to be expected the printing trades unions will be alarmed by any law or treaty which will still further reduce the earnings of the members, place our standards of employment, wages, and hours in direct competition with low-paid labor in foreign countries and further contribute

⁹⁵. See Sen. Ex. Rep. No. 4, *supra* note 91.

⁹⁶. See Statement of Thorvald Solberg, Register of Copyrights (1897 to 1930), *Hearings on S.1928 before the Sen. Comm. on Foreign Relations*, pt. 2, 73d Cong., 2d Sess. 55 (1934).

⁹⁷. See Statement of M. J. Flynn representing the International Allied Printing Trades Association, *Hearing on S.1928 before the Sen. Comm. on Foreign Relations*, pt. 1, 73d Cong., 2d Sess. 10 (1934).

⁹⁸. See Sen. Ex. Rep. No. 4, *supra* note 91.

to an already aggravated unemployment problem."⁹⁹

In light of the points raised by the printing unions in opposition to the elimination of the manufacturing clause, consideration was given to the impact of the clause on the U.S. printing industry. Testimony was submitted by several persons to the effect that only about three to five hundred workers would be potentially hurt by the repeal of the restrictions on manufacture for English language works by foreign authors.¹⁰⁰ Since in 1935 about 70,000 workers were employed in printing, publishing and engraving in the U.S., and 12,000 were engaged in the book-publishing trades alone, it was thought that the repeal of the manufacturing restrictions would not significantly alter the employment situation.¹⁰¹

Resistance to the proposed exemption of foreign authors from the manufacturing requirements of the 1909 Act was also exerted by representatives of American authors. They regarded the attempt to relieve foreign authors of the burdens of manufacture in the U.S., while retaining the provisions for American authors, as blatantly discriminatory.¹⁰²

Although the Senate actually gave its advice and consent to adherence to the Rome Act of the Berne Convention on April 19, 1935, it subsequently rescinded its action.¹⁰³ Unfortunately, the necessary compromises were not struck prior to the outbreak of World War II, and efforts to revise the 1909 act to permit U.S. adherence to the Berne Convention had to be suspended.

(2) *Universal Copyright Convention*. During the post-war years, with

⁹⁹ Statement of the International Typographical Union, the International Printing Pressmen & Assistants Union, the International Electrotypers & Stereotypers Union, the International Photo-Engravers Union, the International Brotherhood of Bookbinders, comprising the International Allied Printing Trades Association, *Hearings on Executive E, 73d Cong., before Subcomm. of the Sen. Comm. on Foreign Relations, 77th Cong., 1st Sess.* 178 (1941) [hereinafter cited as *1941 Hearings*].

¹⁰⁰ See Statement of Wallace McClure, Assistant Chief, Treaty Division, Department of State, *Hearing on S.1928 before the Sen. Comm. on Foreign Relations*, pt. 2, 73d Cong., 2d Sess. 27 (1934); see also Letter from Department of Labor to the Subcomm. of the Sen. Comm. on Foreign Relations, *1941 Hearings, supra* note 99, at 195.

¹⁰¹ See Sen. Ex. Rep. No. 4, *supra* note 91.

¹⁰² Memorandum submitted by the Authors' League of America on the question of the United States adhering to the International Copyright Union, *Hearings on Executive E, 73d Cong., 2d Sess., before a subcomm. of the Sen. Comm. on Foreign Relations, 75th Cong., 1st Sess.* 35 (1937).

¹⁰³ See *Report of the Subcomm. on Copyright, Report to accompany Executive E, 73d Cong., 2d Sess., Exhibit 1, Sen. Ex. Rep. No. 1, 75th Cong., 2d Sess.* 6 (1937).

the continued expansion of U.S. exports to foreign countries, there was renewed interest in securing adequate copyright protection for works of U.S. citizens in foreign countries. It was apparent, however, that some new direction had to be taken in order to bring the United States into a copyright arrangement with other countries. The answer lay in the preparation of the Universal Copyright Convention.

Beginning in September 1947, groups of copyright experts met under the auspices of the United Nations Educational, Scientific, and Cultural Organization [Unesco] to consider whether to prepare a new international copyright convention to which all countries, including the United States, could adhere without being required to make extensive revisions in their respective laws on copyright.¹⁰⁴ The basic principles of what was to become the Universal Copyright Convention [UCC] were formulated by an intergovernmental committee of experts which met at Paris in July 1949.¹⁰⁵ After further study, the text of the new convention was drafted in final form at an Intergovernmental Conference held at Geneva in 1952, and was signed by forty countries including the United States.¹⁰⁶

A key provision of the UCC, at least from the perspective of U.S. copyright law, is Article III on formalities.¹⁰⁷ Among the formalities singled out for special mention in that article were manufacturing restrictions such as those in the U.S. law. Under Article III, manufacture as a condition of copyright would be waived, provided certain notice

¹⁰⁴ For a detailed summary of efforts undertaken to prepare the Universal Copyright Convention, see A. A. Goldman, *supra* note 80, at 12.

¹⁰⁵ *Id.*

¹⁰⁶ See *Records of the Intergovernmental Copyright Conference* [Geneva 1952], published by Unesco in 1955.

¹⁰⁷ Article III provides in pertinent part: "Any Contracting State which, under its domestic law, requires as a condition of copyright, compliance with formalities such as deposit, registration, notice, notarial certificates, payments of fees or *manufacture* or publication in that Contracting State, shall regard these requirements as satisfied with respect to all works protected in accordance with this Convention and first published outside its territory *and the author of which is not one of its nationals*, if from the time of the first publication all the copies of the work published with the authority of the author or other copyright proprietor bear the symbol © accompanied by the name of the copyright proprietor and the year of first publication placed in such manner and location as to give reasonable notice of claim of copyright." Universal Copyright Convention, Art. III(1), *id.* at 11 (emphasis added). A certified copy of the UCC was enclosed with the Message from Dwight D. Eisenhower, President of the United States, transmitting the Universal Copyright Convention of 1952 to the Senate for its advice and consent. See Executive M, 83d Cong., 1st Sess. 4 (1953). For a commentary on Art. III, see *Report to accompany Executive M, 83d Cong., 1st Sess.*, Sen. Ex. Rep. 5, 83d Cong., 2d Sess. 5 (1954).

requirements were met. Thus, if the United States were to become party to this new convention, it was first necessary to revise the 1909 Act to accommodate the notice provisions in Article III of that instrument.¹⁰⁸

On August 31, 1954, the U.S. Congress passed a law amending title 17 to permit U.S. ratification of the Universal Convention.¹⁰⁹ Generally, insofar as the manufacturing clause was concerned, the Act of August 31, 1954, exempted the author of a work who was a citizen or subject of a state party to the UCC, or who first published the work therein, from the manufacturing requirements of the U.S. copyright law if, at the time of first publication, all copies of the work bore the copyright notice required in Article III of the UCC.¹¹⁰ However, this exemption was not available to works of American authors. The 1954 Act specified that the exemption did not extend "to works of an author who is a citizen of, or domiciled in the United States of America regardless of place of first publication, or to works first published in the United States."¹¹¹

During hearings on legislation to revise the Copyright Act of 1909 to allow the U.S. to join the UCC, the only voices raised in opposition to the modification of the manufacturing requirements were those of representatives of the printing trades unions and, at least initially, the book manufacturers.¹¹² They were hesitant to support the proposed revision of the 1909 Act since they feared an increase in the number of cheap foreign works that might enter the United States in competition with the works of American authors. Although most European countries did not have the means to produce the large print runs needed to satisfy

¹⁰⁸. It was determined that the UCC was not self-executing. As noted in a Senate report on the convention: "it is required under article X [of the UCC] that each state must be in a position under its domestic law to give effect to the convention at the time it deposits its instrument of ratification, the necessary action to accomplish this result must first be taken by each state. The convention, therefore, is not self-executing, but in terms requires implementing legislation before adherence to it can be perfected." *Report to accompany Executive M, 83d Cong., 1st Sess., Sen. Ex. Rep. No. 5, 83d Cong., 2d Sess.* 10 (1954).

¹⁰⁹. See Act of August 31, 1954, Pub. L. 743, ch. 1161, 68 Stat. 1030. The Universal Copyright Convention entered into force for the United States on September 16, 1955. See 17 U.S.C. §104, Universal Copyright Convention (Geneva 1952), at 1514 (Supp. III 1979).

¹¹⁰. Act of August 31, 1954, Pub. L. 743, ch. 1161, §1 (amending §9 of title 17 U.S.C.), 68 Stat. 1031.

¹¹¹. *Id.* Foreign authors were also exempted from import prohibitions to the extent they were related to the manufacturing requirements. *Id.*

¹¹². For official position of the Book Manufacturers' Institute, see Letter from J. R. Tiffany to Sen. Comm. on Foreign Relations, *Hearings on Executive M, 83d Cong., 1st Sess. and S.2559 before a Subcomm. of the Sen. Comm. on Foreign Relations*, 83d Cong., 2d Sess. 179 (1954) [hereinafter cited as *1954 Hearings*].

the U.S. market at that time, it was felt that the repeal of the restrictions on manufacture might encourage European printers and other persons engaged in the production of books, to acquire the appropriate machinery. As noted by the legislative representative of the International Allied Printing Trades Association:

“[t]he mere fact that under the manufacturing clause imports are restricted does not mean that imports would continue at that level if the clause were repealed. Foreign publishers, knowing that the American market lay open before them, with only a nominal rate of duty to impede them, could make special manufacturing arrangements to supply this market. They could install the necessary modern presses and thus gain full advantage of the much lower wage rates; they could follow all this with special sales campaigns aimed at their newly widened market potential.”¹¹³

In spite of the objections raised by the unions, Congress was convinced that the benefits to be gained from entry into the UCC far outweighed any potentially harmful impact on the book manufacturing industry.¹¹⁴ When passing the legislation required for the U.S. to be in compliance with the provisions of the convention, the Senate Committee on the Judiciary was particularly impressed by testimony submitted on behalf of the American Book Publishers Council, Inc. by Robert W. Frase. In his statement, Mr. Frase convincingly argued that, since American authors would not be exempt from the manufacturing requirements, only one-half of one percent of the book business might be adversely affected, or about 200 individuals.¹¹⁵ Since representatives of

¹¹³. Statement of O. R. Strackbein, Legislative Representative, International Allied Printing Trades Association, *id.* at 68.

¹¹⁴. See *Report to accompany S.2559*, S. Rep. No. 1936, 83d Cong., 2d Sess. 6 (1954).

¹¹⁵. See Statement of Robert W. Frase, Economic Consultant, American Book Publishers Council, Inc., 1954 *Hearings*, *supra* note 112, at 139. According to a Senate report, Mr. Frase based his statement on the following data: “[b]ook manufacturing constitutes 20 percent of the total printing industry in the United States. The segment of book production which could be penetrated by raising the manufacturing bar to copyright for foreign works in English amounts to about 10 percent of the book production or 2 percent of the entire printing industry. Of a total number of some 470,000 workers in that industry, 40,000, or less than 10 percent of those in the printing trades are employed on books. The analysis referred to above estimates that if as high as 25 percent (a generous figure related to the fact that runs of over 2,500 copies can be produced more advantageously in the United States than abroad) of foreign authors, publishing here shifted over to foreign manufacture, a maximum of one-half of 1 percent of workers in the industry—not more than 200 individuals—would be prejudiced.” *Report to*

the book manufacturing industry failed to refute this estimate, Congress apparently found these figures persuasive.¹¹⁶

G. Gestation of Section 601

(1) *Register's Report.* Shortly after the entry into force of the Universal Copyright Convention for the United States, funds were appropriated by Congress for studies to be undertaken by the U.S. Copyright Office with a view to a general revision of the Copyright Act of 1909. Among the issues selected by the Register of Copyrights for special consideration was the manufacturing clause. Although the principal study prepared by the Office on this subject was not completed until 1963,¹¹⁷ the Register did include a detailed analysis of the manufacturing provisions in a report submitted to Congress in 1961, in which he summarized the results of the studies completed to date and offered recommendations for amendments to the 1909 Act.¹¹⁸

After reviewing generally the manufacturing requirements then in effect, the Register concluded that there was, in his opinion,

"no justification for denying copyright protection, or cutting it off after 5 years, for failure to manufacture an edition in the United States. The effect on authors is severe. They lose not only the right to reproduce their works in printed form, but also the other rights, often more remunerative, to use their works in motion pictures, broadcasts, plays, etc. Moreover, withholding or cutting off copyright from works printed abroad has proved to be of little or no benefit to the printing industry. If printers need protection against foreign competition, it should be afforded by other means such as an import limitation."¹¹⁹

In reaching this conclusion, the Register was particularly influenced by the plight of U.S. authors who, for practical reasons, wished to have their works manufactured outside the United States.¹²⁰ He cited cases where a work by a U.S. author was written in a foreign language, where

accompany Executive M, 83d Cong., 1st Sess., Sen. Ex. Rep. No. 5, 83d Cong., 2d Sess. 13 (1954).

^{116.} *See id.* at 14; *see also Report to accompany S.2559, supra* note 114, at 8; and *Report to accompany H.R. 6616, H.R. Rep. No. 2608, 83d Cong., 2d Sess. 4 (1954).*

^{117.} *See M. McCannon, Study No. 35, supra* note 3.

^{118.} *See Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law, supra* note 2, at 119.

^{119.} *Id.* at 123.

^{120.} *Id.* at 122.

the market for the work was so small, as in the case of some scholarly or technical works, that low printing costs were important, or where a foreign publisher was the only one willing to publish a particular work.¹²¹

In light of his research, the Register recommended the complete elimination of the manufacturing clause and related provisions from the copyright law. He urged that, in the event Congress should find it necessary to impose some import limitation on English language books or periodicals in order to protect the U.S. printing industry, it should do so in legislation other than copyright.¹²²

During the discussion that followed the publication of the Register's report, most interested parties expressed support for the recommendations of the Register with respect to the manufacturing clause. Representatives of university presses and learned societies were particularly enthusiastic in urging the elimination of the restrictions on manufacture. They felt that works of U.S. authors manufactured abroad for reasons of economy, but published in the U.S., should be protected by copyright, and noted that certain works, such as technical and art books, would not be produced at all if they were not manufactured outside the United States.¹²³ One of the only dissenting voices heard was that of the representative of the Book Manufacturers' Institute who thought U.S. manufacturers should enjoy some protection against competition from countries whose economic costs of manufacture were considerably lower

^{121.} *Id.* It should be recalled that, in 1961, the brunt of the manufacturing clause fell most heavily on U.S. citizens. Although U.S. authors of English language books and periodicals could import 1,500 copies during the period of ad interim copyright, they subsequently lost all copyright protection in the U.S. if they failed to comply with the manufacturing requirements in the 1909 Act. U.S. authors of foreign language works were not even eligible for ad interim protection.

^{122.} In his report, the Register specifically recommended that: "(a) The requirement of manufacture in the United States as a condition of copyright (sec. 16) and the related provisions dealing with affidavits (secs. 17 and 18) and ad interim copyright (secs. 22 and 23) should be eliminated. (b) The prohibition against the importation of copyrighted English-language books manufactured abroad (sec. 107) and the provision for importing up to 1,500 copies under ad interim copyright (sec. 16) should be eliminated. If Congress finds that an import limitation on English-language books is necessary for the protection of the U.S. printing industry the limitation need not be confined to copyrighted books, and it should be provided for in legislation other than the copyright statute." *Id.* at 124.

^{123.} See Comments of Robert P. Armstrong, Director, Northwestern University Press, *Discussion and Comments on Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law*, Copyright Law Revision, pt. 2, 88th Cong., 1st Sess. 243 (House Comm. Print 1963); see also Comments of Association of American University Presses, *id.* at 245.

than those in the United States.¹²⁴

(2) *Preliminary Drafts*. In view of the comments received on the 1961 report, preliminary drafts of provisions for a general revision of the 1909 Act were prepared during 1963 and 1964 under the direction of the then Register of Copyrights, Abraham L. Kaminstein.¹²⁵ Insofar as the manufacturing requirements were concerned, the 1963 draft presented two possible solutions: (a) a proposal for the complete elimination of any restrictions on the place of manufacture of copies, and a transitional section extending subsisting *ad interim* copyrights to a full term; and (b) an alternative proposal that would retain restrictions on manufacture, but would considerably limit their impact.¹²⁶ Although alternative (a) was more in keeping with the recommendations in the Register's Report, the second alternative was clearly more acceptable to the book manufacturing industry. Further, since it eliminated the requirement of domestic manufacture as a condition of copyright, alternative (b) was also a compromise solution that authors and publishers could generally support. Therefore, in subsequent discussions, although attempts were still made to repeal all restrictions on manufacture, the final text of the manufacturing clause in the Copyright Act of 1976 was to emerge from the second proposal of the Register;¹²⁷ however, to the extent it adopts the proposal to eliminate all restrictions on manufacture, section 601 of the 1976 Act also reflects the proposal in alternative (a) of the preliminary draft.¹²⁸

What was to prove one of the more controversial aspects of the draft manufacturing clause provisions was the suggestion that the restrictions on manufacture were to extend to copies of works reproduced in the form of "reproduction proofs".¹²⁹ It had become a widely accepted prac-

¹²⁴ See Comments of Malcolm Frost, Executive Director, Book Manufacturers' Institute, *id.* at 194.

¹²⁵ For complete text of preliminary draft, see *Preliminary Draft for Revised U.S. Copyright Law and Discussions and Comments on the Draft*, Copyright Law Revision, pt. 3, at 1 (House Comm. Print 1964).

¹²⁶ See *Preliminary Draft for Revised U.S. Copyright Law*, Section 43: Alternatives A and B, *id.* at 31.

¹²⁷ See Copyright Act of 1976, 17 U.S.C. §601 (Supp. III 1979).

¹²⁸ In accordance with section 601(a) of the 1976 Act, the manufacturing requirements are to be eliminated from the Act as of July 1, 1982. 17 U.S.C. §601(a) (Supp. III 1979).

¹²⁹ Under Alternative B of section 43: "A copy shall not be considered to have been wholly manufactured in the United States if any step in the process of its reproductive manufacture, including the composition of type, the preparation of plates, mats, reproduction proofs, tapes, or other devices for the reproduction of copies by any process, the presswork or other process for duplicating copies, and the binding, if any, took place in a foreign country." See *Preliminary Draft for Revised U.S. Copyright Law*, Section 43: Alternative B, §43(c), *supra* note 125, at 32.

tice under the 1909 Act to send works covered by the manufacturing requirements to certain foreign countries for composition, importing reproduction proofs, and then manufacturing copies "by lithographic process . . . wholly performed within the limits of the United States."¹³⁰ Although the Copyright Office had previously adopted the practice of registering claims to copyright in works subject to the manufacturing clause that were manufactured from such reproduction proofs, the proposed change in the 1909 Act marked the first attempt to formally clarify this ambiguity in the manufacturing clause.¹³¹ A resolution of this issue was to await further consultation among the interested parties.¹³²

The proposal of the Register to close the popular "reproduction proof" loophole met with considerable opposition on the part of U.S. universities and book publishers who were concerned about the possible effect of the change on U.S. authors of scholarly and scientific works. During a series of meetings held by the Register of Copyrights to discuss the draft provisions, a representative of the Joint Copyright Committee of the American Book Publishers Council and the American Textbook Publishers Institute noted that, if the proposed modification on the manufacturing clause were enacted, there would be a 25% decrease in "the publishing of scholarly works in advanced science and in the religious book, art book, and music book fields," as well as an increase in the sale price of most advanced scientific books.¹³³ Further, he felt that

^{130.} See 17 U.S.C. §16 (1964).

^{131.} Under the 1909 Act, the Copyright Office practices with respect to the lithographic or photoengraving processes required to be performed in the U.S. provided that: "Where a book subject to the manufacturing clause was first printed from type abroad, and the pages printed abroad are reproduced in the United States by 'offset' or other lithographic process, such reproduction may be considered, under the rule of doubt, as complying with the requirement that the lithographic process be performed in the U.S. The book so reproduced in the United States may be registered in Class A, with a warning letter." *Manufacturing Clause*, COMPENDIUM OF COPYRIGHT OFFICE PRACTICES, ch. 6, ¶6.2.2 (as of July 1, 1970).

^{132.} At the invitation of the Register of Copyrights, a Panel of Consultants met several times in 1963 and 1964 to discuss the Register's Report and to review the preliminary drafts prepared by the Copyright Office. In light of the suggestions offered by the Consultants, the preliminary texts were carefully redrafted, and a revised version was introduced in Congress in 1964. For text of the 1964 revision bill, see *1964 Revision Bill with Discussions and Comments*, Copyright Law Revision, pt. 5, 89th Cong., 1st Sess. 1 (House Comm. Print 1965).

^{133.} See Comments of Horace S. Manges, Joint Copyright Committee of the American Book Publishers Council and the American Textbook Publishers Institute, *Further Discussions and Comments on Preliminary Draft for Revised U.S. Copyright Law*, Copyright Law Revision, pt. 4, 88th Cong., 2d Sess. 182 (House Comm. Print 1964).

the proposed revision would discourage scholarly and scientific writings by U.S. authors, and encourage foreign publishers to use the services of foreign rather than U.S. authors in the field of science.¹³⁴

(3) *1965 Revision Bill*. When a bill for a general revision of the copyright law was introduced in Congress, tentative compromises had been reached on several of the more difficult issues in relation to the manufacturing clause provisions:¹³⁵ the clause was restricted to nondramatic literary material in the English language, and failure to comply with the requirements of manufacture was no longer a condition of copyright; with respect to reproduction proofs, a decision was reached to retain the ambiguous language in §16 of the 1909 Act; the notion of an ad interim copyright was eliminated; and the importation of no more than 3,500 copies not manufactured in the U.S. was allowed if the procedural requirements of the law were met.¹³⁶ The manufacturing requirements in the 1965 revision bill reflected a serious desire on the part of authors, publishers, typographers and book manufacturers to reconcile their differences in order to advance the revision effort. This will to compromise even the more controversial issues was to continue throughout the many days of hearings that followed.

After the introduction of the 1965 bill, extensive hearings were held in both the House and Senate Judiciary Committees. Although they provided an opportunity for the interested parties to express their views on specifics of the proposed revision of the manufacturing clause, the general framework of section 601 in the 1965 bill proved generally acceptable.

During hearings on the 1965 revision bill before a subcommittee of the House Committee on the Judiciary, Mr. Irwin Karp outlined the reasons why the Authors' League of America regarded the manufacturing clause as unfair and discriminatory.¹³⁷ Generally, the League was opposed to the imposition of the penalty of forfeiture of copyright as

¹³⁴ *Id.* at 183.

¹³⁵ The 1965 revision bill was introduced in the House as H.R. 4347, H.R. 5680, H.R. 6831, and H.R. 6835, and in the Senate as S.1006. For text of the 1965 revision bill, see *Supplementary Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law: 1965 Revision Bill*, Copyright Law Revision, Pt. 6, 89th Cong., 1st Sess. Appendix B, at 167 (1965). For a summary of progress of bill see *Report to accompany S.22*, H.R. Rep. No. 94-1476, 94th Cong., 2nd Sess. 47 (1976).

¹³⁶ See *1965 Revision Bill*, §601, *id.* at 282.

¹³⁷ For views of the Authors' League of America, see Statement of the Authors' League of America, *Hearings on H.R. 4347, H.R. 5680, H.R. 6831, H.R. 6835 before Subcomm. No. 3 of the House Comm. on the Judiciary*, pt. 1, 89th Cong., 1st Sess. 105 (1966).

a means of preventing copies of works by American authors from being manufactured outside the United States. He noted that often the choice facing a U.S. author was "between publishing abroad, or not being published at all."¹³⁸

Although the Authors' League preferred to see the complete repeal of any restrictions on manufacture, in the event the clause was retained in some form, Mr. Karp offered certain suggestions for revision of section 601 in the 1965 bill: (a) the clause should not apply to works of U.S. authors that are published by foreign publishers, at least in cases where the author resides abroad at the time the publishing contract was executed;¹³⁹ (b) proposed §601(d) should be modified since, under that provision, an author or his heirs had the difficult burden of proving a negative in order to protect his copyright. Mr. Karp observed that, "[i]f others are to be given the privilege—under the clause—of publishing an author's work without his consent or compensation, they should be required to sustain the burden of proving that he authorized the importation of more than 3,500 copies."¹⁴⁰ Finally, he urged that the three-month grace period in §601(d)(2)(B) be eliminated: once an author has registered a claim in an authorized American edition of a work, no one should be permitted to issue an infringing edition of the work.

During the hearings in the House, the Department of Commerce expressed opposition to the inclusion of "collateral trade protective features such as the manufacturing clause in a general copyright statute," and questioned the need for continued protection for the printing in-

^{138.} *Id.* at 106.

^{139.} Section 601 of the 1965 bill was modified to reflect this proposal. As enacted, §601 of the 1976 Act exempts authors who are nationals of the U.S. and have been domiciled abroad for a continuous period of at least one year immediately preceding the date importation is sought or public distribution in the U.S. is made. With respect to publication of works of U.S. authors by foreign publishers, a new exception was eventually added to the bill at the request of the Authors' League. See 17 U.S.C. §601(b)(1) and (7) (Supp. III 1979).

^{140.} *Id.* at 107. Under §601(d) of the 1965 bill, the owner of the exclusive rights to reproduce and distribute copies of a work had to sustain the burden of proving either: "(A) that such importation or public distribution was without his authority or acquiescence; or (B) that the infringement was commenced more than three months after the effective date of registration for an authorized edition of the work, the copies of which have been manufactured in the United States." 1965 revision bill, *supra* note 135, §601(d)(2), at 286. In the 1976 Act, the burden is placed on the infringer, not the owner of copyright, to prove that the infringement was commenced before the effective date of registration for an authorized edition of a work, the copies of which were manufactured in the U.S. or Canada as required by §601. See 17 U.S.C. §601(d)(3) (Supp. III 1979).

dustry.¹⁴¹ In this respect, they noted that

“[t]he difference between foreign and domestic labor costs in the printing industry is growing smaller. Highly automated U.S. plants have an advantage in the printing of large editions, despite their higher wage rates. An additional advantage is their proximity to their customers. Trade practices of foreign printers differ from those of the U.S. industry. These differences lead to misunderstandings which tend to discourage the placement of printing orders abroad.”¹⁴²

While the Commerce Department thought the removal of the manufacturing requirements could result in some printing going abroad that was then done in the U.S., they doubted that any loss would substantially injure the U.S. book industry.

It was not surprising that the representatives of the U.S. book publishing industry were also opposed to the retention of any restrictions on manufacture. To support their view, the book publishers commissioned a detailed economic study of the manufacturing clause. This important report was submitted to the House Judiciary Committee by Mr. Robert W. Frase, Director of the Joint Washington Office of the American Book Publishers Council and the American Textbook Publishers Institute. The basic thrust of his report was to urge the complete elimination of the manufacturing clause from the U.S. copyright law.¹⁴³

The following are some of the more interesting data brought to the attention of Congress in the Frase study:

(a) Recalling the argument presented in the 1954 congressional hearings on the Universal Copyright Convention that severe economic damage would be done to the U.S. printing industry if works by British authors could be imported into the United States free of any manufacturing restrictions, Mr. Frase noted that, between 1953 and 1964, the increase in the number of imported books was matched by about the

¹⁴¹ Letter from Robert E. Giles, General Counsel of the Department of Commerce to Hon. Emanuel Celler, *Hearings on H.R. 4347, H.R. 5680, H.R. 6831, H.R. 6835 before Subcomm. No. 3 of the House Comm. on the Judiciary*, pt. 2, 89th Cong., 1st Sess. 1130, 1131 (1966).

¹⁴² *Id.*

¹⁴³ See Statement of Robert W. Frase, Director of the Joint Washington Office of the American Book Publishers Council and the American Textbook Publishers Institute; Accompanied by Chester Kerr, Director, Yale University Press; Raymond C. Harwood, Director, Harper & Row; and J. Stetson Barnes, Vice President, John Wiley & Sons, *Hearings on H.R. 4347, H.R. 5680, H.R. 6831, H.R. 6835 before Subcomm. No. 3 of House Comm. on the Judiciary*, pt. 3, 89th Cong., 1st Sess. 1579 (1966).

same increase in the number of copies of foreign works remanufactured in the U.S.¹⁴⁴ He observed that, “[a]s it had been in 1953, it continued to be more economic to remanufacture in the United States titles with a sizable potential sale and to import the titles with a small sale”;¹⁴⁵

(b) As for “reproduction proofs”, he estimated that, as of the date of the report, less than three percent of the annual production of new and revised book titles was produced from reproduction proofs. He noted that the use of such proofs was usually advantageous only for scientific, technical, and scholarly books produced in small editions and that, if the problem of composition could not be met by the use of reproduction proofs, many of these books could not be published, in which case book manufacturers and printing union members would lose all of the work of platemaking, printing and binding for those works;¹⁴⁶

(c) In 1954, it was forecast that the employment of at most 200 printing production workers out of a total of some 470,000 such workers in the entire complex of printing industries might be affected by the repeal of the manufacturing clause for works of foreign authors. According to Mr. Frase, “[t]his proved to be too conservative—employment of production workers in the specialized book manufacturing industry actually increased in the period 1958-63 by an average of over 1,000 workers per year”;¹⁴⁷

(d) Finally, in order to gauge the lack of significance of the manufacturing clause as a protective device, Mr. Frase considered the volume of imports and exports of other types of printed matter not so protected, in relation to the volume of domestic production. He reasoned that, if the clause provided protection for U.S. book manufacturing from the danger of low-cost foreign competition, it could be expected that U.S. printed matter not so protected would show imports exceeding exports and a high ratio of import to domestic production: such was not the case in 1963.¹⁴⁸ In fact, his statistics showed a large surplus of exports over imports and a very low ratio of imports to the volume of domestic production.

Mr. Frase’s views were strongly endorsed by other representatives of the book publishing industry. From a practical standpoint, it was also noted that, if the restrictions on manufacture were repealed, publishers would be reluctant to print abroad in view of the high quality paper available in the U.S. Moreover, it was pointed out that any economic

¹⁴⁴ See Comparative Volume of Trade Books in English, Imported & Manufactured in the U.S. in 1953, 1958 and 1964, Chart 1, *id.* at 1588.

¹⁴⁵ *Id.* at 1587.

¹⁴⁶ *Id.* at 1584.

¹⁴⁷ *Id.* at 1592.

¹⁴⁸ U.S. Book Exports and Imports (1936-1964), Chart 4, *id.* at 1597.

advantages to be gained from foreign manufacture were more than offset by the inconvenience, time factors, communication difficulties, transportation costs, and interruptions, such as maritime strikes, encountered in getting books produced outside the U.S.¹⁴⁹

Needless to say, the representatives of the book manufacturing industry took issue with Mr. Frase's observations. Although negotiations between authors and publishers on the one hand, and typographers and book manufacturers on the other, were being actively pursued, certain areas of disagreement remained. Apart from the basic question of whether there should be any restrictions on manufacture in the copyright law, a difference of opinion emerged on the issue of reproduction proofs.

When asked whether negotiations with the other interested parties, particularly publishers, had broken down over the question of reproduction proofs and other new processes, Mr. Gerhard Van Arkel, representing the International Typographical Union, replied that, in the view of the Union he represented, the publishers' objective was to cut reproduction proofs out of the manufacturing clause, and that any such deletion should not be tolerated. The Union was concerned that, if such proofs were left out of the manufacturing requirements, Congress might, in a few years, be asked by publishers to exclude printing and binding as well: they viewed an exception for reproduction proofs as a major step toward the complete elimination of the manufacturing clause. If such proofs could not be expressly covered by the clause, he urged that the ambiguous wording of the 1909 Act be retained.¹⁵⁰

Speaking on behalf of the Book Manufacturers' Institute, Mr. Harry F. Howard generally favored the retention of the restrictions on manufacture as proposed in §601 of the 1965 revision bill. He was convinced that

"accession by the Congress to the demand of the publishers for permission to send U.S. copyrights abroad for low-cost foreign processing would be disastrous, would suddenly remove a major factor which has permitted the U.S. book manufacturing industry to survive, and would catch book manufacturers at a critical time when the cost-price squeeze and heavy expenditures for new equipment have reduced industrywide profits to a bare minimum."¹⁵¹

^{149.} *Id.* Comments of Mr. Harwood, at 1615.

^{150.} See Statement of Gerhard Van Arkel, General Counsel, International Typographical Union, Accompanied by Joe Bailey, Vice President, International Typographical Union, *id.* at 1633.

^{151.} Statement of Harry F. Howard for the Book Manufacturers' Institute, *id.* at 1667. Mr. Howard included a table for the Book Manufacturers' Institute,

He indicated that, according to a survey of twenty-nine companies made each year by the Book Manufacturers' Institute, most companies had very low profit margins. It was feared that, in such a low-profit-margin industry, if the manufacturing clause were removed, the resulting loss in volume would lead to a certain number of bankruptcies.¹⁵²

In light of the comparatively low-wage rates in many foreign countries,¹⁵³ Mr. Howard thought it was reasonable to expect that the removal of the manufacturing clause from the copyright law would cause a loss of printing and binding paralleling that which had taken place in composition through the so-called reproduction proof loophole.¹⁵⁴ Although he acknowledged it was difficult to obtain statistics on the amount of composition set abroad, he was prepared to support that the practice was fairly widespread.

With respect to proposed section 601 of the 1965 revision bill, the book manufacturers agreed that the clause should be changed to remove loss of copyright as the penalty for violation of the restrictions on manufacture. They were opposed, however, to the exemption of 3,500 copies from the manufacturing requirements, and referred to a statistical study made in 1960 by the Association of American University Presses to illustrate that raising the number would exempt the entire production of university presses from the manufacturing clause.¹⁵⁵ Mr. Howard noted that 2,000 copies would be a reasonable increase. As for reproduction proofs, he recommended the adoption of the ambiguous wording of the 1909 Act as a compromise solution, but reluctantly supported the inclusion in the House report of language exempting such proofs, at least in a limited way, "so that scholarly technical and scientific work might not be so costly that their publication would not be possible."¹⁵⁶

The book manufacturing industry was also interested in restricting the exemption for foreign authors in the case of works made for hire. They thought that, if an employer were considered an author for purposes of the exemption in §601(b), it might invite "evasion by permitting exemption to be obtained through the use of bogus for-hire contracts

id. at 1667. Mr. Howard included a table showing that expenditures for new equipment rose from \$7 million in 1954 to \$22,675,000 in 1963. He indicated that, as a result of these expenses, most book manufacturers were heavily in debt. *Id.* at 1675.

^{152.} *Id.*

^{153.} Mr. Howard provided data concerning wage rates in certain foreign countries. See Comparative hourly earnings, United States and selected foreign countries, book printing, and allied industries, *id.* Exhibit B, at 1681.

^{154.} *Id.* at 1678.

^{155.} *Id.* at 1679.

^{156.} *Id.* at 1673.

between U.S. authors and foreign publishers or foreign subsidiaries of U.S. publishers.”¹⁵⁷ To remedy this potential problem, they proposed that, in the case of works made for hire, the employee, that is, the person actually preparing the work, should be considered the author for purposes of the exemption. Although this specific suggestion was not adopted in the 1976 Act, the language of the manufacturing clause was eventually modified to reflect their concerns.¹⁵⁸

When a revision bill was reported by the House Committee on the Judiciary in 1966 and again in 1967, most conflicts with respect to the wording of the manufacturing clause had been settled. On the reproduction proof issue, the Committee was convinced that the ambiguous wording of §16 of the 1909 Act should *not* be retained, and that the bill should clearly define what constituted “manufacture in the United States.” In light of the testimony submitted by the interested parties, the Committee concluded that the manufacturing clause should not restrict the making of copies in the U.S. from imported “reproduction proofs”, provided the “printing or other final process of producing multiple copies and any binding of the copies have been performed in the United States.”¹⁵⁹ To further clarify this matter, the Committee noted in its report that,

“[u]nder the amended subsection there would be nothing to prevent the importation of reproduction proofs, however they were prepared, as long as the plates from which the copies are printed are made here and are not themselves imported. Similarly, the importation of computer tapes from which plates can be prepared here would be permitted. However, regardless of the process involved, the actual duplication of multiple copies, together with any binding, are required to be done in the United States.”¹⁶⁰

Although a minor technical change was later made in the wording of section 601(c), the compromise struck in 1967 was carried forward in the final text of the 1976 Act.¹⁶¹

¹⁵⁷. Statement of James H. French, Counsel, Book Manufacturers' Institute, *id.* at 1687.

¹⁵⁸. See 17 U.S.C. §601(b)(1) (Supp. III 1979). For commentary on the work for hire issue, see *Report to accompany S.22*, H.R. Rep. No. 94-1476, 94th Cong., 2d Sess. 167 (1976).

¹⁵⁹. See Bill (H.R. 2512) for a general revision of the U.S. copyright law, §601(c)(3), *Report to accompany H.R. 2512*, H.R. Rep. No. 83, 90th Cong., 1st Sess. 235 (1967).

¹⁶⁰. *Id.* at 137.

¹⁶¹. When the revision bill was introduced in 1969 (S.543, 91st Cong., 1st Sess.), it retained the restrictions on manufacture in the 1967 bill; however, when

The Committee also decided that the number of copies of a foreign edition of a nondramatic literary work in the English language that could be imported without complying with any manufacturing requirements should be raised to 2,000 from 1,500, and that, instead of a complete loss of copyright protection, a violation of these requirements should only result in the loss of certain rights against infringers.¹⁶² However, on the basic question of whether a manufacturing clause should be retained in any form, the Committee did not think it was in a position to recommend the elimination of all restrictions on manufacture. In this respect, the Committee observed:

“[t]he real issue that lies between section 601 and complete repeal is an economic one, and on purely economic grounds the possible dangers to the American printing industry in removing all restrictions on foreign manufacture outweigh the possible benefits repeal would bring to American authors and publishers.”¹⁶³

They went on to say that,

“because new machines and devices for reproducing copyrighted text matter are presently in a stage of rapid development, the future in this area is unpredictable. Outright repeal of the manufacturing requirement should be accomplished as soon as it can be shown convincingly that the effects on the U.S. printing industry as a whole would not be serious. Meanwhile the best approach lies in the compromise embodied in section 601 of the present bill.”¹⁶⁴

the Senate Judiciary Subcommittee reported the bill to the full Senate Judiciary Committee on December 10, 1969, it redrafted the “repro-proof” clause “to make clearer that the use of imported reproduction proofs made by foreign compositors would be permitted in the case of offset and gravure printing, as long as the intermediate and final stages of the book manufacturing process—platemaking, printing, and binding—were done in the United States.” See *Draft Second Supplementary Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law: 1975 Revision Bill*, ch. XIV, at 26 (1975) (copy of report on file at the U.S. Copyright Office). For final text of provisions dealing with the use of reproduction proofs, see 17 U.S.C. §601(c) (Supp. III 1979).

¹⁶² *Report to accompany H.R. 2512*, H.R. Rep. No. 83, 90th Cong., 1st Sess. 135, 137 (1967); see also *Report to accompany H.R. 4347*, H.R. Rep. No. 2237, 89th Cong., 2d Sess. 164, 166 (1966).

¹⁶³ *Report to accompany H.R. 2512*, H.R. Rep. No. 83, 90th Cong., 1st Sess. 134 (1967).

¹⁶⁴ *Id.*

Although further hearings were held on the revision bill in 1967 before a subcommittee of the Senate Committee on the Judiciary, the spirit of compromise that prevailed during the House hearings continued to flourish. With certain minor exceptions, most interested parties were prepared to accept the proposed text of the manufacturing clause.¹⁶⁵

(4) *Florence Agreement and the Canadian Exemption.* In the course of the congressional hearings on the 1965 revision bill, one issue that was not resolved concerned the possible exemption of Canada from the restrictions on manufacture. The notion of a Canadian exemption was urged on Congress by representatives of the book manufacturing industry. In his prepared statement, Mr. Harry F. Howard noted that, as shown in Department of Commerce statistics on exports and imports, Canada absorbed nearly fifty percent of the U.S. book exports. He thought that, if the manufacturing clause did not apply to Canada, and Canadian restrictions on books imported from the U.S. were removed, book manufacturers in both countries would be free to manufacture for the whole North American market. On behalf of the Book Manufacturers' Institute, he recommended the removal of the manufacturing clause for Canada as well as for any other country in which the cost of manufacturing books did not differ significantly from the cost of manufacturing comparable books in the United States.¹⁶⁶ Several Canadian organizations representing the printers, engravers, typesetters and binders of Canada also urged Congress to exempt Canada from the manufacturing requirements in §601.¹⁶⁷

Shortly after the House Judiciary Committee reported the revision bill in 1966, an event transpired that was to have an important effect on the Canadian issue: Congress enacted legislation that enabled the United States to become a party to the Agreement on the Importation of Educational, Scientific and Cultural Material, known as the Florence Agreement.¹⁶⁸ Although the exemption of Canada from the manufacturing

^{165.} See S.597, 90th Cong., 1st Sess., §601, *Hearings on S.597 before the Subcomm. on Patents, Trademarks, and Copyrights of the Sen. Comm. on the Judiciary*, 90th Cong., 1st Sess. 26 (1967).

^{166.} See Statement of Harry F. Howard for the Book Manufacturers' Institute, *Hearings on H.R. 4347, H.R. 5680, H.R. 6831, H.R. 6835 before Subcomm. No. 3 of House Comm. on the Judiciary*, pt. 3, 89th Cong., 1st Sess. 1679 (1966).

^{167.} See, e.g., Letter to Judiciary Subcommittee on Copyright from W. E. Trevett, President, Graphic Arts Industries Association of Canada, *id.* at 1728.

^{168.} See Educational, Scientific, and Cultural Materials Importation Act of 1966, Pub. L. 89-651, 80 Stat. 897 (1966). The Florence Agreement entered into force for the U.S. on November 2, 1966. See Agreement on the Importation of Educational, Scientific and Cultural Material, *opened for signature* November 22, 1950, [1966] 17 U.S.T. 1835, T.I.A.S. 6129. Under article I of the

clause was not a contentious issue during the hearings on the Florence Agreement,¹⁶⁹ it eventually emerged as the basis for an understanding on the participation of Canada in the Florence Agreement that was reached at Toronto on February 16, 1968, between representatives of U.S. and Canadian business and labor organizations concerned with printing and publishing.¹⁷⁰

Under the terms of the so-called Toronto Agreement, the Canadian printers and publishers agreed to urge the Canadian Government to accept the Florence Agreement as soon as an exemption for Canada from the manufacturing requirements in the U.S. copyright law had been adopted by Congress. For its part, the U.S. group committed itself to informing the Department of State of the Toronto meeting and urging the Department "(a) not to oppose an exemption for Canada from the U.S. manufacturing clause, and (b) to work closely with the Government of Canada in opposing weakening of international copyright protection under the Berne Convention or the Universal Copyright Convention."¹⁷¹

In testimony before the House Subcommittee on Courts, Civil Liberties and the Administration of Justice, a representative of the U.S. Department of State took the position that an exemption for Canada from the requirements of manufacture would violate U.S. obligations under article XIII of the General Agreement on Tariffs and Trade which required nondiscriminatory application of quantitative restrictions, and obliged the United States to seek a special waiver from GATT-contracting parties to permit such an exception.¹⁷² They also informed

Florence Agreement, member States undertake not to apply customs duties or other charges on, or in connection with the importation of printed books, newspapers, periodicals and other publications and documents covered by the Agreement. *See id.*, Art. I, [1966] 17 U.S.T., at 1837.

^{169.} *See Implementation of Florence and Beirut Agreements, Hearings on H.R. 8664, H.R. 15271 and H.J. Res. 688 before the House Comm. on Ways and Means*, 89th Cong., 2d Sess. (1966); *see also Florence Agreement Implementation Legislation, Report from the House Comm. on Ways and Means to accompany H.R. 8664*, H.R. Rep. No. 1779, 89th Cong., 2d Sess. (1966).

^{170.} For text of Agreement of Toronto, *see Draft Second Supplementary Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law: 1975 Bill*, ch. XIV, at 24 (1975). By letters dated April 1, 1968, the Toronto Agreement was transmitted by Robert W. Frase on behalf of the American Book Publishers Council and the American Textbook Publishers Institute, to the then Chairmen of the House and Senate Judiciary Subcommittees considering the general revision of the copyright law. *Id.* at 23.

^{171.} *Id.* Agreement of Toronto, paras. (2) and (3), *id.* at 24.

^{172.} *See* Testimony of Joel W. Biller, Secretary for Commercial Affairs and Business Activities, Department of State, *Hearings on H.R. 2223 before the Subcomm. on Courts, Civil Liberties, and the Administration of Justice of the House Comm. on the Judiciary*, pt. 1, 94th Cong., 1st Sess. 121 (1975). The Department of State

the Subcommittee that the United Kingdom had protested the proposed change in the manufacturing clause, and noted that the exception for Canada would violate commitments in various friendship, commerce and navigation treaties that normally require the U.S. to notify and consult before introducing nontariff barriers on important products of the other country, and forbid the prohibition of the other country's products unless the products of third countries are similarly prohibited.¹⁷³

The representatives of the typographical unions and book manufacturers disagreed with the position taken by the Department of State on the issue of Canadian exemption from the manufacturing clause. In a statement dated September 18, 1975, Mr. Gerhard Van Arkel, representing the International Typographical Union, noted generally that the Union favored a specific exemption for Canada. He discussed in some detail the Toronto Agreement and its relationship to Canadian adherence to the Florence Agreement. Recalling the views of the Department of State concerning the possible violation of article XIII of the GATT if Canada were exempted from the manufacturing requirements, Mr. Van Arkel observed that

"the whole context of Article XIII, which refers to allocation of quotas among supplying countries, makes it clear that the situation dealt with has no relationship at all to administration of the manufacturing clause of the copyright laws. Rather, the manufacturing clause is *sui generis*. It is an extension of the benefits and protection conferred by the copyright monopoly."¹⁷⁴

When a bill (S.1361) for a general revision of the copyright law was reported by the Senate Judiciary Subcommittee on April 19, 1974, and passed the Senate on September 9, Canada was exempted from the restrictions on manufacture in section 601.¹⁷⁵ In explaining its reasons

had also opposed the exemption of Canada in a letter dated September 19, 1967, addressed to Senator McClellan of the Senate Judiciary Committee. See Letter to Hon. John McClellan from William B. Macomber, Jr., Assistant Secretary of State for Congressional Relations, *id.* pt. 3, at 1688.

^{173.} *Id.* pt. 1, at 121.

^{174.} Supplemental Statement of Gerhard Van Arkel, General Counsel, International Typographical Union, *id.* pt. 3, at 1684; see also Letter to Hon. John McClellan from James French (October 11, 1967), enclosing a *Technical Memorandum on Effect of Existing U.S. International Agreements on Proposed Exemption of Canada from the Manufacturing Clause of the Copyright Law*, *id.* at 1690.

^{175.} See Bill (S.1361) for the general revision of the copyright law, §601, *Report to accompany S.1361*, S. Rep. No. 93-983, 93d Cong., 2d Sess. 66 (1974).

for deciding to propose the exemption of Canada, the Subcommittee noted that it had adopted

“the proposal put forward by various segments of both the U.S. and the Canadian printing industries, recommending an exemption for copies manufactured in Canada. Since wage standards in Canada are substantially comparable to those in the United States, the arguments for equal treatment under the manufacturing clause are persuasive.”¹⁷⁶

Although this same commentary appears in subsequent reports of both the House and Senate Judiciary Committees,¹⁷⁷ the Conference Committee limited the exemption somewhat. Noting that the Canadian exception was the product of the Toronto meeting, the Committee stated that the continued exemption of Canada depended on the Canadian adoption of the Florence Agreement. The report states that, “[i]f for any reason Canadian trade groups and the Canadian Government do not move promptly in reciprocation with U.S. trade groups and the United States Government to remove such tariff and other trade barriers, we would expect Congress to remove the Canadian exemption.”¹⁷⁸ Thus, it remains to be seen whether the exemption for Canada is retained, should Congress decide to reconsider the elimination of the manufacturing clause from the U.S. copyright law.

(5) *Elimination of Section 601.* In addition to the Canadian exemption, the only major issue that was pending at the time of the 1975 hearings before the Subcommittee on Courts, Civil Liberties, and the Administration of Justice of the House Judiciary Committee, was whether there should be *any* manufacturing clause in the U.S. copyright law. The question was eloquently posed by the Chairman of the Subcommittee Representative Kastenmeier:

“For a country that holds itself out as having freedom of the press and freedom of speech and peoples with various ideological per-

¹⁷⁶ *Id.* at 198.

¹⁷⁷ See *Report to accompany S.22*, S. Rep. No. 94-473, 94th Cong., 1st Sess. 149 (1975); and *Report to accompany S.22*, H.R. Rep. No. 94-1476, 94th Cong., 2d Sess. 167 (1976).

¹⁷⁸ See *Conference Report to accompany S.22*, H.R. Rep. No. 94-1733, 94th Cong., 2d Sess. 81 (1976). After the entry into force of the 1976 Act, by an Order in Council, the Canadian Government ordered that the most-favored-nation tariff rate of customs duties for certain tariff items pertaining to printed matter be reduced to “free” for the period beginning on January 30, 1979, and ending on June 30, 1982. See *Customs Duty on Books Order*, P.C. 1979-207 (Jan. 30, 1979).

suasions, is it consistent for us to deny foreign publications into this country by using this economic device [the manufacturing clause] in the copyright law to limit or, in fact, prohibit equal protection for such copyright materials . . . ?"¹⁷⁹

In reply to Mr. Kastenmeier's inquiry, the representative of the typographical unions observed that, in his opinion, they were not talking about a limitation on the importation of books or periodicals into the United States, but rather the conditions under which foreign publishers could achieve a monopoly by law of the entire American book market. He felt it was the duty of Congress to see that there were reasonable conditions on the grant of a copyright, and that the use of the manufacturing clause was totally appropriate for that purpose.¹⁸⁰

On behalf of the Authors' League of America, Mr. Irwin Karp complained that the manufacturing requirements still inflicted harsh restraints and injury on American authors of literary material who manufactured abroad. He also thought that, because of its arbitrary and discriminatory classifications, the clause may violate the first and fifth amendments to the U.S. Constitution.¹⁸¹

H. Section 601

As finally enacted on October 19, 1976, section 601 of the Copyright Act of 1976 establishes a definite termination date: July 1, 1982.¹⁸² After

¹⁷⁹ See Panel Discussion: Mr. Strackbein, Mr. Van Arkel, Mr. Sandler, and Mr. Karp, *Hearings on H.R. 2223 before the Subcomm. on Courts, Civil Liberties, and the Administration of Justice*, pt. 3, 94th Cong., 1st Sess. 1709 (1975).

¹⁸⁰ Reply of Mr. Gerhard Van Arkel, *id.*

¹⁸¹ See Testimony of Irwin Karp, Counsel, Authors' League of America, Inc., *id.* at 1706.

¹⁸² The House bill (S.22) set the phase-out date at January 1, 1981; the Conference Committee moved the effective date to July 1, 1982. See *Conference Report to accompany S.22*, H.R. Rep. No. 94-1733, 94th Cong., 2d Sess. 80 (1976). As enacted, §601(a) of the 1976 Act provides: "Prior to July 1, 1982, and except as provided by subsection (b), the importation into or public distribution in the United States of copies of a work consisting preponderantly of nondramatic literary material that is in the English language and is protected under this title is prohibited unless the portions consisting of such material have been manufactured in the United States or Canada." 17 U.S.C. §601(a) (Supp. III 1979). It has been argued, however, that the manufacturing clause will continue to have some impact after July 1, 1982, where copies of works improperly manufactured under the 1976 Act are imported or publicly distributed in the United States before that date. See NIMMER ON COPYRIGHT, §7.22[A][1], at 7-154.1 (1980).

¹⁸³ Following the enactment of the 1976 Act, Senators Scott and McClellan wrote

that date, all restrictions on manufacture will be eliminated from the U.S. copyright law unless Congress acts to change this provision.¹⁸³ Until then, U.S. authors and domiciliaries must comply with the manufacturing requirements in the 1976 Act. In its present form, however, very little remains of the once formidable manufacturing clause.

No longer a condition of copyright as it was under the 1909 Act, section 601(d) of the 1976 Act specifically provides that “[i]mportation or public distribution of copies in violation of this section does not invalidate protection for a work under this title.”¹⁸⁴ However, in a civil action or criminal proceeding for infringement of the exclusive rights to reproduce and distribute copies of a work that have been improperly manufactured, an infringer has a complete defense with respect to all nondramatic literary material in the work, including any other parts of the work where the rights to reproduce and distribute are owned by the same person, provided the infringer sustains the required burden of proof.¹⁸⁵

Under the new law, where the owner of copyright fails to comply with the manufacturing requirements all is not lost. As noted in the report of the House Committee on the Judiciary that accompanied the bill (S.22) that was to become the 1976 Act,

“[t]he bill does away with the special ‘ad interim’ time limits and registration requirements of the present law and, even if copies are imported or distributed in violation of the section, there would be no effect on the copyright owner’s right to make and distribute phonorecords of the work, to make derivative works including dramatizations and motion pictures, and to perform or display the work publicly.”¹⁸⁶

to the then Register of Copyrights requesting “a thorough study of the ramifications or removal of the so-called manufacturing clause of the Copyright Bill before July 1, 1982, the phaseout date established in S.22.” Letter to Barbara Ringer, Register of Copyrights, from Senators Hugh Scott and John L. McClellan, 122 *Cong. Rec.* 33815 (1976).

^{184.} 17 U.S.C. §601(d) (Supp. III 1979). Since the manufacturing clause is not a condition of copyright under the 1976 Act, compliance with the notice provisions of Art. III of the Universal Copyright Convention would not exempt a U.S. author, who first publishes in a state party to the convention, from the manufacturing requirements of the U.S. copyright law. The adoption of regulations for the enforcement of the provisions prohibiting importation and the disposition of excluded articles has been left to the Secretary of the Treasury and the U.S. Postal Service. *See id.* §603.

^{185.} *Id.* §601(d).

^{186.} *Report to accompany S.22*, H.R. Rep. No. 94-1476, 94th Cong., 2d Sess. 169 (1976).

Moreover, the owner of copyright may regain the right to control the reproduction and distribution of copies of a work by manufacturing an authorized edition in the United States or Canada, and registering a claim to copyright in the work with the U.S. Copyright Office.¹⁸⁷

Generally, the manufacturing clause in the 1976 Act only applies to works consisting "preponderantly of nondramatic literary material that is in the English language."¹⁸⁸ Therefore, the manufacturing requirements would not extend to: "dramatic, musical, pictorial, or graphic works; foreign-language, bilingual, or multilingual works; public domain material. . . ."¹⁸⁹ Problems arise, however, where a work contains "nondramatic literary material in the English language" as well as other material that is not subject to the manufacturing requirement. The report of the House Judiciary Committee appears to suggest a qualitative approach for determining whether a work consists "preponderantly" of protected nondramatic English-language literary material. Stressing the relative "importance" of such literary material, the report observes that,

"where the literary material in a work consists merely of a foreword or preface, and captions, headings, or brief descriptions or explanations of pictorial, graphic or other non-literary material, the manufacturing requirement does not apply to the work in whole or in part. In such case, the non-literary material clearly exceeds the literary material in importance, and the entire work is free of the manufacturing requirement."¹⁹⁰

The report also offers an example of a case where the literary material exceeds the other material in importance: "a work containing pictorial, graphic, or other non-literary material is subject to the manufacturing requirement if the non-literary material merely illustrates a textual narrative or exposition, regardless of the relative amount of space occupied by each kind of material."¹⁹¹ A recent court decision appears to have clarified somewhat the meaning of the term "importance" for purposes of the manufacturing clause.

In the case of *Stonehill Communications, Inc. v. John Martuge, N.Y. Area*

¹⁸⁷. See 17 U.S.C. §601(d)(3) (Supp. III 1979).

¹⁸⁸. 17 U.S.C. §601(a) (Supp. III 1979). Since the use of the term "literary material" was not intended to connote any criterion of literary merit or qualitative value, it includes "catalogs, directories and 'similar materials.'" *Report to accompany S.22*, H.R. Rep. No. 94-1476, 94th Cong., 2d Sess. 166 (1976).

¹⁸⁹. *Id.* *Report to accompany S.22*.

¹⁹⁰. *Id.* at 167.

¹⁹¹. *Id.*

¹⁹². *Stonehill Com., Inc. v. Martuge*, 512 F. Supp. 349 (S.D. N.Y. 1981).

Director of U.S. Customs Service,¹⁹² the court favored a quantitative rule for deciding whether certain material was subject to the manufacturing requirements in section 601 of the 1976 Act. The case involved a book entitled *World Guide to Nude Beaches and Recreation* that was written by an American author but printed in Italy. The book described the life style found on and associated with nude beaches and where to find such beaches. Absent specific guidelines in the statute, the Customs Service had followed the ambiguous language in the House report, which seemed to direct that the relative "importance" of the literary and pictorial portions of a work should govern.¹⁹³

The court in the *Stonehill* case was concerned that the Customs Service did not follow any objective criteria in reaching its decision. In this respect, the court observed that:

"[t]he assertion of unfettered discretion on the part of the Customs Service to determine what is 'important' in a book, based on its 'accumulated experience,' not only does not provide American authors and publishers with any realistic way of determining if a book will be subject to the clause, but it also is unnecessary to effectuate the purpose of the clause."¹⁹⁴

To provide some objective guidance, the court found that, in the absence of any other standards, a book consists preponderantly of nondramatic literary material in the English language "when more than half of its surface area, exclusive of margins, consists of English language text."¹⁹⁵

In addition to the nature of the material subject to manufacturing requirements, some mention should be made of the persons subject to these requirements. Under the 1976 Act, the manufacturing clause does not apply where, on the date importation is sought or public distribution in the U.S. is made, the author of any substantial part is neither a national or a domiciliary of the United States or, if such an author is a national, he or she has been domiciled outside the U.S. "for a continuous period of at least one year immediately preceding that date."¹⁹⁶ Foreign authors may also be exempted where a work is made "for hire". Section 601(b)(1) of the Act provides that, in the case of a work made for hire, the exemption does not apply "unless a substantial part of the work was prepared for an employer or other person who is not a national or

^{193.} *Id.* at 351.

^{194.} *Id.* at 352. The court thought that the purpose of the clause was "purely economic in support of the American printing industry." *Id.*

^{195.} *Id.*

^{196.} See 17 U.S.C. §601(b) (Supp. III 1979).

domiciliary of the United States or a domestic corporation or enterprise.”¹⁹⁷ However, according to the House report, the reference to a “domestic corporation or enterprise” does not exempt “a subsidiary formed by the domestic corporation or enterprise primarily for the purpose of obtaining the exemption.”¹⁹⁸

With respect to the processes that must be performed in the United States, as discussed more fully above, section 601(c) permits the use of imported reproduction proofs or computer tapes, where the making of plates from which copies are printed, and the printing or other final process of producing multiple copies, and any binding of the copies have been performed in the United States or Canada.¹⁹⁹ The 1976 Act also allows the owner of copyright in a work that has not been manufactured in accordance with the requirements of section 601(c) to import and publicly distribute copies of the work in the United States under certain circumstances. Generally, under section 601(b)(2), no more than two thousand copies of any one work may be imported where the U.S. Customs Service is presented with an import statement issued under the seal of the Copyright Office.²⁰⁰ Import statements are issued by the Copyright Office upon compliance with the procedures set forth in §201.8 of its regulations.²⁰¹

Additional import exceptions are set forth in clauses (3) to (7) of section 601(b). In accordance with these provisions, the prohibition on importation of copies does not apply where: (a) importation is sought “under the authority or for the use, other than in schools, of the Government of the United States or of any State or political subdivision of a State”; (b) importation by “any person” for use, and not for sale, of

¹⁹⁷. 17 U.S.C. §601(b)(1) (Supp. III 1979).

¹⁹⁸. *Report to accompany S.22*, H.R. Rep. No. 94-1476, 94th Cong., 2d Sess. 167 (1976).

¹⁹⁹. *See* 17 U.S.C. §601(c) (Supp. III 1979); *see also Report to accompany S.22*, H.R. Rep. No. 94-1476, 94th Cong., 2d Sess. 168 (1976).

²⁰⁰. *See* 17 U.S.C. §601(b)(2) (Supp. III 1979). Copies imported under subsection (b)(2) may be publicly distributed in the U.S. under subsection (b)(6). *Id.* §601(b)(6).

²⁰¹. The Register of Copyrights issued regulations dealing with import statements on February 18, 1981. *See* 46 *Fed. Reg.* 12701 (1981) (to be codified in 37 C.F.R. §201.8), *reprinted in*, *C.O. Announcement*, ML-253 (1981). In drafting its regulations, the Copyright Office specifically considered such issues as whether to allow the importation of 2000 copies in addition to copies already imported under an import statement issued before January 1, 1978, and whether registration of a claim to copyright must be made as a condition for issuance of an import statement. The application of the importation provisions of the 1976 Act to works published before January 1, 1978, was also considered by the Office in some detail. *See id.*

no more than one copy of any work at any one time, or with respect to copies forming part of such person's personal baggage when arriving from outside the U.S.; (c) importation for use, and not for sale, by any organization "operated for scholarly, educational, or religious purposes and not for private gain, with respect to copies intended to form a part of its library"; and (d) copies reproduced in raised characters for the use of the blind.²⁰² At the request of the Authors' League of America, an exception was also included in subsection (b) under which an individual American author may arrange for the publication of his or her work by a foreign publisher.²⁰³

I. Conclusion

The United States book manufacturing and publishing industries have made considerable progress since the early days of the republic when Congress sought to protect the then "infant industries" against unfair competition from more developed European countries by the imposition of restrictions on the manufacture of copies of works as a condition of copyright. The scope of these restrictions has been gradually narrowed over the years. Whether the economic health of these industries has now advanced to a point where they no longer need to be sheltered from foreign competition has been analyzed in the main body of the Copyright Office report. However, the history of the manufacturing clause, in particular its attenuation over time, appears to weigh heavily against the continued presence of such restrictions in the Copyright Act.

²⁰². See 17 U.S.C. §601(b)(3)-(5) (Supp. III 1979).

²⁰³. *Id.* §601(b)(7). The Authors' League had specifically requested such an exemption during the 1975 hearings on the revision bill. See Testimony of Irwin Karp, *Hearings on H.R. 2223 before the Subcomm. on Courts, Civil Liberties, and the Administration of Justice*, pt. 3, 94th Cong., 1st Sess. 1708 (1975).

PART II

LEGISLATIVE AND ADMINISTRATIVE DEVELOPMENTS

1. United States of America and Territories

4. U.S. CONGRESS. HOUSE.

H.R. 3528. A bill to amend the copyright law respecting the limitations on exclusive rights to secondary transmissions, and for other purposes. Introduced by Mr. Frank on May 12, 1981; and referred to the Committee on the Judiciary. (97th Cong., 1st Sess.)

This bill would eliminate all compulsory licensing after a transition period of one-and-a-half years. It would also exempt from all copyright liability systems with fewer than 2,500 subscribers, and, effective in one-and-a-half years, exclude satellite resale carriers from passive common carrier exemption. Additionally, it would broaden the master antenna exemption to include the secondary transmission of all over air signals.

5. U.S. CONGRESS. HOUSE.

H.R. 3530. A bill to amend the copyright laws to strengthen the laws against record, tape, and film piracy and counterfeiting, and for other purposes. Introduced by Mr. Frank on May 12, 1981; and referred to the Committee on the Judiciary. (97th Cong., 1st Sess.)

To be cited as the "Piracy and Counterfeiting Amendments Act of 1981," this bill would amend section 506(a) of Title 17, United States Code to make any person who infringes a copyright willfully and for purposes of commercial advantage or private financial gain subject to criminal punishment under the provisions of section 2319 of Title 18, United States Code. Section 2318 of Title 17, United States Code, would be amended to make anyone who knowingly traffics in a counterfeit label affixed or designed to be affixed to a phonorecord, or a copy of a motion picture, or an audiovisual work, subject to a fine of not more than \$250,000 or imprisonment for not more than five years, or both.

6. U.S. CONGRESS. HOUSE.

H.R. 3940. A bill to amend the manufacturing clause of the

copyright law. Introduced by Mr. Ashbrook on June 17, 1981; and referred to the Committee on the Judiciary. (97th Cong., 1st Sess.)

This bill would amend section 601(a) of chapter 6 Title 17 United States Code by leaving intact the manufacturing clause of the copyright law scheduled to expire on July 1, 1982.

7. U.S. COPYRIGHT ROYALTY TRIBUNAL.

37 CFR 303. Regulations for copyright owner access to phonorecord players (jukeboxes) and certain establishments. Final rule. *Federal Register*, vol. 46, no. 121 (June 24, 1981), pp. 32576-78.

The Copyright Royalty Tribunal amends its regulations to remove Section 303.3, effective July 31, 1981. The rule, which requires jukebox operators to file location lists, was adopted in order to aid copyright owners of musical works in preparing jukebox royalty claims and to assist the Tribunal in performing its royalty distribution duties under the copyright law. In that no requests for use of the lists have been received from copyright owners since the rule was adopted September 12, 1978, the Tribunal concluded that the lists were unnecessary and the rule's retention unjustifiable.

8. U.S. FEDERAL COMMUNICATIONS COMMISSION.

47 CFR 76. Cable television services, petition by Television Muscle Shoals, Inc.; order extending time for filing reply comments. Petition for reconsideration of actions in rulemaking proceeding; extension of reply comment period. *Federal Register*, vol. 46, no. 88 (May 7, 1981), pp. 25490-91.

The Cable Television Bureau grants Television Muscle Shoals, Inc.'s request for extension of time to file reply comments from April 27, 1981 to May 7, 1981 in the matter of its petition for reconsideration of an amendment to Section 76.51 major television markets. This action is taken pursuant to authority delegated by Section 0.288 of the Rules and Regulations of the Federal Communications Commission.

9. U.S. COPYRIGHT OFFICE.

Policy decision regarding immediate cancellation of registration in uncollectible check case. Notice of policy decision. *Federal Register*, vol. 46, no. 108 (June 5, 1981), p. 30221.

The public is notified that effective immediately the Copyright Office is adopting a new policy with respect to uncollectible

checks submitted in payment of the statutory copyright registration fee. Under the new practice, when a check remitted in payment of the fee is returned marked "insufficient funds" or otherwise marked uncollectible, any completed registrations for which the check was received will be cancelled immediately. The remitter will then be notified of the dishonored check and of the cancellation action and told that the certificate of registration is null and void and should be returned.

10. U.S. COPYRIGHT OFFICE.

37 CFR 201. Compulsory license for cable systems. Notice of public hearing. *Federal Register*, vol. 46, no. 111 (June 10, 1981), pp. 30649-51.

The public is notified that on July 28, 1981 the Copyright Office is conducting a hearing to elicit information with respect to a review of its cable television regulations and Statement of Account forms. The aim of the hearing is to consider improvements in the administration of the cable compulsory license and, in this regard, the Office has listed several questions which it is particularly interested in having addressed. The deadline for submitting written requests to present testimony is July 21, 1981 and the written statements must be received by the Office on or before July 24, 1981.

11. U.S. COPYRIGHT OFFICE.

37 CFR 201. General provisions; works consisting of sounds, images, or both: advance notice of potential infringement. Final regulation. *Federal Register*, vol. 46, no. 103 (May 29, 1981), pp. 28846-50.

The public is advised that effective July 1, 1981, the Copyright Office is adopting a new final regulation to implement Section 411(b) of the Copyright Act of 1976. This paragraph concerns the service of advance notices of potential infringements involving works consisting of sounds, images or both that are being transmitted live simultaneously with their being fixed in a tangible form for the first time. The new regulation prescribes the requirements governing the content and manner of service of the notices, which are intended to prevent the unauthorized use of live transmissions by enabling the copyright owner to institute infringement actions either before or after first fixation, provided registration is made within three months following the first transmission.

12. U.S. COPYRIGHT OFFICE.

37 CFR 201. Payment and refund of copyright office fees, general provisions. Final regulations. *Federal Register*, vol. 46, no. 88 (May 7, 1981), pp. 25443-44.

Pursuant to 17 U.S.C. 702 and 708(c), the Copyright Office amends Section 201.6(c) of its regulations to allow the retention of registration fees in cases where an application is rejected and to provide that mistaken or excess payments of less than \$5 be refunded only upon specific request. The effective date of the amendment is June 15, 1981.

13. U.S. COPYRIGHT OFFICE.

37 CFR 202. Registration of claims to copyright: notice of termination of proposed rulemaking regarding registration of claims to copyright in the graphic elements involved in the design of books and other printed publications. Notice of termination of proposed rulemaking. *Federal Register*, vol. 46, no. 111 (June 10, 1981), pp. 30651-53.

The public is advised that the Copyright Office is terminating its proposed rulemaking on the subject of the registration of claims to copyright in graphic elements involved in book design. A review of the relevant written comments and oral testimony in this proceeding has led the Office to conclude that, with the exception of spacing and arrangement of text, much of the protection being sought in such works can be secured under current regulations and practices. Registrability is determined solely on the basis of originality of the creative expression embodied in a work and it is on this basis that the Office believes that copyright protection does not extend to the arrangement, spacing or juxtaposition of text matter involved in book design. Since this view is expressed in the existing regulations and practices and accurately reflects established principles of law, the Office terminates the proposed rulemaking in this matter and continues its longstanding practices with respect to the graphic elements involved in the design of books, periodicals, pamphlets, brochures and other printed publications.

14. U.S. COPYRIGHT OFFICE.

37 CFR 201 and 202. Catalog of copyright entries; preparation of catalog card; recordation of agreements between copyright owners and public broadcasting entities; copyright notice;

pictorial, graphic, and sculptural works. Final regulations. *Federal Register*, vol. 46, no. 124 (June 29, 1981), p. 33248-49.

The Copyright Office adopts amendments to Parts 201 and 202 of its regulations in order to delete provisions that are no longer applicable and to make technical and clarifying changes.

15. NORTH CAROLINA

H.B. 950. An act to provide that an employee may retain the rights to his independently created inventions notwithstanding an employment agreement to the contrary.

Introduced on May 4, 1981 by Rep. Musselwhite, this bill would prohibit an employer from claiming rights in the independently created inventions of its employee, provided the invention was developed entirely on the employee's own time without using the employer's equipment, supplies, facility or trade secret information and that it (i) does not relate to the employer's business or actual or demonstrably anticipated research or development, or (ii) does not result from any work performed by the employee for the employer. [See 531 PTCJ A-12, May 28, 1982].

2. Foreign Nations

16. SWEDEN. *Laws, statutes, etc.*

Laws amending the law of 1960 (No. 729) on copyright in literary and artistic works. (No. 610, of June 19, 1980 effective Jan. 1, 1981). *Copyright*, vol. 17, no. 2 (Feb. 1981), p. 57.

This law would amend the Law of 1960 (No. 729) on Copyright in Literary and Artistic Works to add a new "section 15 making teachers and other persons who are, on the basis of written agreement concluded by an organization of authors, entitled to make copies of works by means of reprography for use in their educational activities, made for the same purpose, also to make copies of published works by authors who are not represented by the organization." Section 49 would be amended to allow catalogues, tables, and similar compilations in which a large number of particulars have been summarized to be reproduced without the consent of the producer before ten years have elapsed from the year in which the production was published.

17. SWEDEN. *Laws, statutes, etc.*

Law amending the law of 1960 (No. 730) on rights in photographic pictures. (No. 611, of June 19, 1980, effective Jan. 1, 1981). *Copyright*, vol. 17, no. 2 (Feb. 1981), pp. 58.

This law would amend the Law of 1960 (No. 730) on Rights in Photographic Pictures by adding a new section 7a which reads as follows: "The provisions of section 15a of the Law of 1960 (No. 729) on Copyright in Literary and Artistic Works shall apply accordingly to rights in photographic pictures".

18. UNITED KINGDOM. *Laws, statutes, etc.*

The Copyright (Hong Kong) (Amendment) Order 1979 (No. 910, of July 26, 1979). *Copyright*, vol. 17, no. 3 (March 1981), pp. 79, 80.

This amendment establishes a Performing Right Tribunal in and for Hong Kong, with jurisdiction broadly similar to that of the United Kingdom tribunal. Members of the Hong Kong tribunal will be appointed by the Governor.

19. UNITED KINGDOM. *Laws, statutes, etc.*

The Copyright (International Conventions) (Amendment) Order 1980 (No. 1723, of Nov. 11, 1980). *Copyright*, vol. 17, no. 3 (March 1981), p. 80.

This order amends the Copyright (International Conventions) Order 1979, to include the accession of the Republic of Guinea to the Berne Copyright Convention. The Order extends to dependent countries of the Commonwealth to which the 1979 Order extends.

PART III

CONVENTIONS, TREATIES AND PROCLAMATIONS

20. COMMITTEE OF GOVERNMENTAL EXPERTS ON COPYRIGHT PROBLEMS ARISING FROM THE USE OF COMPUTERS FOR ACCESS TO OR THE CREATIONS OF WORKS (Paris, Dec. 15 to 19, 1980). Report. *Copyright*, vol. 17, no. 3 (March 1981), pp. 73-79.

This report analyzes the impact of computer storage and retrieval of works protected by copyright and the possible need for express recognition of copyright protection of works created with the help of computers, and to formulate tentative recommendations applicable at national and international levels. The Committee could reach no conclusion on recommendations intended for national legislators. However, the Committee authorized the Secretariat of Unesco and the International Bureau of WIPO to draft a text for comments on the conclusion of the Working Group of 1979. This draft will be sent to Member States and international organizations concerned for input.

PART IV

JUDICIAL DEVELOPMENTS IN
LITERARY AND ARTISTIC PROPERTY

A. DECISIONS OF U.S. COURTS

1. Federal Court Decisions

21. **BUILDING OFFICIALS AND CODE ADMINISTRATORS INTERNATIONAL, INC. v. CODE TECHNOLOGY, INC.** 628 F.2d 730 (1st Cir. August 27, 1980) [Campbell, C. J.]. *See also* 504 BNA's Pat., Trademark & Copr. J. A-7 (D. Mass. 1981).

Richard L. Stevens, Boston, Mass., and, Thompson, Birch, Gauthier and Samuels, Boston, Mass., Joseph A. Murphy and Ancel, Glink, Diamond and Murphy, P. C., Chicago, Ill., on the brief, for plaintiff-appellee; Morton David Goldberg, New York, N.Y., and Richard Dannay and Schwab, Goldberg, Price and Dannay, New York, N.Y., on the brief, for defendant-appellant; Ronald C. Allan and Buckingham, Doolittle and Burroughs Co., LPA, Akron, Ohio, on the brief for amicus curiae.

Appeal from an order granting a preliminary injunction prohibiting defendant from publishing the Commonwealth of Massachusetts State Building Code. The state regulations were copied, with permission, from plaintiff's copyrighted model building code. Order reversed. *Held*, the adoption by a state of a model code of regulations which would otherwise be protected by copyright raises sufficient doubts regarding the public domain status of the adopted regulations to prevent the issuance of a preliminary injunction prohibiting unauthorized publication of the state regulations.

Plaintiff, the Building Officials and Code Administrators International, Inc. (BOCA), developed and published the *BOCA Basic Building Code*, a copyrighted model building code. BOCA encouraged states to adopt the code by reference, through a licensing program. Pursuant to a license granted by BOCA, the Commonwealth of Massachusetts adopted the BOCA Code, with

minor revisions, as the Commonwealth of Massachusetts State Building Code. BOCA published the Massachusetts building code with a notice to the effect that substantial portions were taken, by permission, from copyrighted material owned by BOCA. Defendant Code Technology, Inc. (CT) published its own edition of the Massachusetts building code without obtaining permission from BOCA. CT copied its text from the official copy of the Massachusetts building code maintained by the Secretary of State. BOCA brought suit against CT for infringing its copyright in the BOCA code. The District Court granted BOCA's motion for a preliminary injunction and CT appealed.

The Court of Appeals reversed the lower court's order on the ground that BOCA failed to establish probable success at a trial on the merits of the action. It was clear to the court that statutes written by a state legislature are in the public domain. This rule is the expression of two unrelated policies. The first is that works created by public bodies with government funds should be freely available to the public. The second is that due process of law requires that statutes be freely distributed so citizens may learn of their legal obligations. However, the court found the issue presented in the instant case, *i.e.*, whether model regulations which are drafted by a private organization and are then adopted as state regulations, to be one of first impression. The court concluded that the due process interest in unrestricted access to public laws and regulations is so great that BOCA could not establish probable success on the merits on the public domain status of the BOCA code. The court emphasized the interlocutory nature of the appeal, and stated that its decision did not preclude further review of the issue at later stages of the case.

The Court of Appeals definitely rejected BOCA's contentions that section 301 of the Copyright Act of 1976, the preemption section, and section 105 of the Act, which provides that the copyright status of a work is unaffected by publication by the federal government, prevents the actions of Massachusetts from affecting the copyright status of the BOCA rule.

Following the Court of Appeals' decision, a motion to dismiss based on non-copyrightability was made. The District Court denied the motion because of the novelty of the issue and the need for factual exploration.

22. HARPER & ROW, PUBLISHERS, INC. v. NATION ENTERPRISES, 501 F. SUPP. 848 (S.D.N.Y., Oct. 21, 1980) [Owen, D. J.].

Roger L. Zissu, Cowan, Liebowitz and Latman, P. C., New York, N.Y. and Edward A. Miller, New York, N.Y., for plaintiffs; Floyd Abrams and Andrew L. Deutsch, Cahill, Gordon and Rein-del, New York, N.Y., and Bruce J. Ennis, American Civil Liberties Union, New York, N.Y., Leon Friedman, Hempstead, N.Y., of counsel, for defendants.

Action for copyright infringement, conversion and tortious interference with contract brought by publishers of former President Ford's memoirs against a magazine, for unauthorized publication of excerpts from the memoirs. Motion to dismiss plaintiffs' pendent state law conversion and interference with contract claims on the ground that they were pre-empted by section 301 of the Copyright Act of 1976. *Held*, motion granted.

In February 1977, former President Gerald Ford granted to plaintiffs the exclusive right to publish his forthcoming memoirs in book form and to sell pre-book publication rights to newspapers and magazines. In March 1979, after Mr. Ford had produced a typescript, plaintiffs granted to Time, Inc. an exclusive license to publish excerpts from the memoirs. Time, Inc. was licensed only to publish excerpts in the April 23, 1979 issue of *Time*, which was to be distributed on April 16, 1979. Plaintiffs agreed not to authorize any other person to publish excerpts prior to April 23, 1979. Defendants published excerpts from the Ford memoirs in the April 7, 1979 issue of the *Nation*. Time, Inc. then cancelled its planned publication of Ford memoir excerpts.

According to the court, section 301 establishes a two-pronged test for determining whether a state cause of action is pre-empted by the Copyright Act. First, the state law must create or protect rights in or regarding a work within the subject matter of copyright, as defined in sections 102 and 103 of the Copyright Act. Second, the rights created or protected by state law must be equivalent to the rights granted to copyright proprietors in section 106 of the Act.

The court held that the Ford memoirs were copyrightable subject matter. It held it irrelevant, for section 301 analysis, whether the memoirs included "news events" and public domain material, or whether the memoirs were sufficiently original to qualify for copyright protection under section 102.

The District Court characterized the issue of whether state-protected rights are equivalent to section 106 rights as whether the rights being compared are "qualitatively different." Disparity between the elements of a copyright infringement claim and a state claim would not be dispositive on the issue of pre-emption.

Using this analysis, the court held that plaintiffs' conversion and tortious interference with contract claims were pre-empted.

Plaintiffs alleged in their conversion claim that defendants had obtained a copy of the Ford memoirs typescript, copied it, published portions of it and that this conduct deprived plaintiffs of the profits from their contract with Time, Inc. The court held that plaintiffs were therefore seeking damages for defendants' copying of the typescript, a section 106 right, not for the physical theft of the typescript.

Using similar reasoning, the court held that plaintiffs' tortious interference with contract claim was equivalent to a claim for copyright infringement. The interference with contract claims was based on the same allegations as the copyright infringement and interference with contract conversion claims, plus the allegations that defendants had been aware of plaintiffs' contract with Time, Inc. and that publication of the Ford memoirs excerpts in the Nation constituted intentional interference with that contract. The court ruled that the contractual right plaintiffs sought to protect, the right to license others to publish excerpts of the Ford memoirs, was the right "to prepare derivative works based upon the copyrighted work" and "to distribute copies" thereof to the public. It was accordingly a right equivalent to copyright and preempted.

23. **MOSLEY v. FOLLETT**, 209 U.S.P.Q. 1109 (S.D.N.Y. Nov. 5, 1980) [Lowe, D. J.].

Goldman, Cooperman and Levitt, New York, N.Y., for plaintiff; Paskus, Gordon and Hyman, New York, N.Y., for defendants.

Motion for a preliminary injunction in a copyright infringement action. *Held*, use in a novel of events described in a prior copyrighted work represented and regarded as a historical work is not an infringement of the prior work's copyright if that work's expression of those events is not copied. Motion denied.

Plaintiff Leonard Mosley is the author of a copyrighted book entitled *The Cat and the Mice* ("Cat"). *Cat* is an account of a World War II espionage episode given the code name "Operation Condor." *Cat* is represented as a work of fact in its jacket copy, introduction and text, and is so regarded by the Library of Congress, other libraries, World War II historians and the central figure in "Operation Condor." However, in the instant litigation plaintiff describes *Cat* as an historical novel and alleges that certain episodes and characters were fictional. Defendant Ken Follett is the

author of *The Key to Rebecca* ("*Rebecca*"), an historical novel about "Operation Condor."

In ruling on plaintiff's motion, the court quickly reached the issue of whether *Rebecca* was substantially similar to the copyrighted elements of *Cat*. Defendants did not dispute that plaintiff's copyright was valid and plaintiff would therefore be presumed to have suffered irreparable harm if his copyright was found to have been infringed. In addition, defendant Follett admitted he had access to *Cat* prior to the publication of *Rebecca*.

Central to the court's determination of substantial similarity was a determination whether *Cat* was a work of history or a work of fiction. If *Cat* were a work of history, then plaintiff could not claim any proprietary rights in the incidents depicted in the book, and Follett could write a novel about those incidents without incurring liability as long as plaintiff's expression was not copied. The court concluded that *Cat* was a work of history, and Follett could have reasonably regarded it as such, because *Cat* was so represented and generally viewed, and because the allegedly fictional passages were outweighed by the balance of the book. Since plaintiff's expression of the events described in *Cat* were not reproduced in *Rebecca*, the court held that plaintiff failed to establish his claim of copyright infringement.

24. ASSOCIATION OF AMERICAN MEDICAL COLLEGES v. CAREY, 482 F. Supp. 1358 (N.D.N.Y. Jan. 22, 1980) [McCarn, D. J.].

DeGraff, Foy, Conway, Holt-Harris and Mealey, Albany, N.Y., and Fulbright and Jaworski, Washington, D.C., Carrol J. Mealey, Albany, N.Y., and Carl W. Vogt and Joyce E. Reback, Washington, D.C., of counsel, for plaintiff; Robert Abrams, Attorney General of the State of New York, Stanley Fishman and Maurice K. Peaslee, of counsel, for all defendants except three.

Action by administrator of the Medical College Admission Test (MCAT) for declaratory and injunctive relief to declare illegal, and enjoin the enforcement of, sections 341 and 342 of the New York Educational Law. On motion for preliminary injunction, *held*, plaintiff's claim that state law requiring disclosure of MCAT questions and answers, and studies of test results, to the public and state agencies raises serious questions going to the merits of the action, and that plaintiff having made the necessary showing of irreparable injury and balance of hardships, a preliminary injunction is warranted.

Plaintiff develops and administers the Medical College Admissions Test (MCAT). As the sponsor of the MCAT, plaintiff prepares confidential studies of the performance of graduates of selected universities and of all subjects' performance on certain questions. Sections 341 and 342 of the New York Education Law, part of Article 7-A, "the Testing Law," require disclosure of MCAT questions, answers and studies as follows: The MCAT questions and answers must be supplied to test subjects and to the Commissioner of Education after test results are released. The test studies must be filed with the Commissioner. All materials on file with the Commissioner of Education become subject to public disclosure under the State Freedom of Information Act.

Plaintiff is of the view that the disclosure provisions of the Testing Law would prevent the successful administration of the MCAT. Disclosure of questions and answers would prevent the re-use of questions, prevent the use of recurring scored questions to compare tests from year to year, and prevent the preparation of confidential studies. Prior to commencing the instant action, plaintiff announced that it would cease administering the MCAT in New York.

In this action to enjoin enforcement of sections 341 and 342 of the Testing Law, plaintiff claimed that enforcement would violate its copyrights in the MCAT and the MCAT studies. Plaintiff argued that as copyright owner, it alone was entitled to control the reproduction and distribution of the MCAT and the studies, but sections 341 and 342 would require plaintiff to print and distribute copies contrary to its will. In addition, plaintiff argued that defendants would engage in the unauthorized reproduction and distribution of its copyrighted works when they were disclosed by the Commissioner to members of the public pursuant to the Freedom of Information Act.

Defendants claimed that their enforcement of the Testing Law would be protected by the defense of fair use because of two aspects of the use. First, enforcement of the Testing Law would serve the public interest by making testing agencies accountable to the public. Second, defendants will not use the tests for commercial or testing purposes in competition with plaintiff. Plaintiff counter-argued that the fair use doctrine did not apply to defendants' conduct because of the special nature of the MCAT. Distribution of MCAT materials is deliberately restricted and the Testing Law would require their public dissemination. According to plaintiff, such public distribution would render the MCAT worthless as an admissions test. Plaintiff also argued that the fair

use defense was not applicable to defendants' enforcement of the Testing Law because defendants would copy entire works.

In granting plaintiff a preliminary injunction, the court emphasized that its decision did not constitute a final determination concerning defendants' assertion of the fair use defense.

The District Court also found sufficient merit in claims made by plaintiff in addition to its copyright infringement claim. First, plaintiff claimed that enforcement of the Testing Law was prohibited by the pre-emption provisions of the Copyright Act because it was a state law that diminished plaintiff's copyright rights.. Second, plaintiff claimed that enforcement of the Testing Law would deprive plaintiff of valuable property interests in its tests without due process of law. Plaintiff's due process argument rested on its contention that the Testing Law was not reasonably necessary to achieve a substantial public purpose and would have an unduly harsh impact. Finally, plaintiff claimed that the Testing Law violated the equal protection clause of the Fourteenth Amendment because the College Board and Graduate Record Examination achievement tests were exempted from the requirements of section 342 of the Testing Law.

PART V

BIBLIOGRAPHY

A. ARTICLES FROM LAW REVIEWS AND COPYRIGHT PERIODICALS

1. United States

25. KOPPANY, WILLIAM JOHN. A methodology to their madness: the first copyright royalty tribunal and distribution of cable royalty fees. *Beverly Hills Bar Journal* (Spring 1981), pp. 466-485.

A discussion of major interest groups' tactics in attempting to influence the Tribunal's distribution of cable royalty fees. The claimants mentioned include: 1. Motion Picture Association of America; 2. The National Association of Broadcasters; 3. The Joint Sports Claimants; 4. ASCAP, BMI, and SESAC; 5. PBS and copyright owners of cartoon characters. There is also provided a list of factors which the Tribunal is using to analyze and distribute cable royalty fees.

26. MALLOWS, R. J. Guides to the copyright law. *The Author* (Spring 1981), pp. 23-24.

A look at two new works on copyright, THE MODERN LAW OF COPYRIGHT, and the twelfth edition of COPINGER AND SKONE JAMES ON COPYRIGHT. The new COPINGER AND SKONE JAMES edition takes into account recent developments in the copyright field while the MODERN LAW OF COPYRIGHT discusses how the law has reached its present form and points out areas where the law is in doubt. Both books discuss the problems for copyright owners and publishers as members of the European Economic Community and the international aspects of copyright.

2. Foreign

1. In English

27. DIETZ, ADOLF. United States and Soviet copyright systems: An essay in comparison. *IIC*, vol. 2, no. 2 (1981), pp. 153-185.

A look at international copyright and the superpowers, the role of state structure, constitutional safeguards, "droit moral" fixation and works made for hire both in the United States and the Soviet Union and the remuneration to artists in both countries.

2. In French, English and Spanish

28. MASOUE, PATRICK. French law vis-a-vis the piracy of phonograms. *Revue Internationale du Droit d'Auteur*, no. 108, April 1981, pp. 51-121.

A look at piracy around the world and France's attempts to stop the expansion of piracy through its two organizations, SNEPA and SACEM/SDRM, which track down pirates and dismantle networks of traffickers. Also discussed is the international protection afforded by the Rome and Geneva Convention and an assessment of the future of phonograms.

29. NABHAN, VICTOR. A few aspects of the legal problems posed by video reproduction: The Betamax case. *Revue Internationale Du Droit d'Auteur*, no. 108, April 1981, pp. 2-49.

A discussion of two companies, Universal Pictures and Walt Disney Productions, who charged that certain films to which they owned rights had been recorded in whole or in part on magnetic tape using Betamax machines. The decision of the court is analyzed and an in-depth look at the "fair use" concept is provided.

30. NOEL, WANDA. Compulsory licenses and copyright. *Revue Internationale du Droit d'Auteur*, no. 180, April 1981, pp. 51-121.

The author defines copyright, exclusive rights, and compulsory licenses. This article questions whether the use of a compulsory license is "a reflection of the theory of copyright within

the jurisdiction examined or whether theory is developed after the fact to support legislation." The copyright legislations of the United Kingdom, Canada, Australia, Japan and Germany are also analyzed.

B. ARTICLES PERTAINING TO COPYRIGHT FROM MAGAZINES

I. United States

31. ABBOUD, MOUNIR B. MPAA, Lebanese vid clubs squabble over pirate culprits. *Variety*, vol. 303, no. 7 (June 17, 1981), pp. 42, 66.

The Motion Picture Association of America (MPAA) is considering legal action against the video clubs in Lebanon, charging them with piracy. The Association claims that the clubs get their films from theater owners and/or projectionists who let them copy the pictures in violation of the copyright law. The clubs admit that this claim is true in a few instances, but they say that most of their cassettes are bought from "unofficial distributors." They maintain that it is these distributors whom the MPAA should be prosecuting for piracy.

32. Accused duper to pay cost of U.K. probe. *Billboard*, vol. 93, no. 23 (June 13, 1981), p. 65.

The United Kingdom High Court has ordered Kevin Roberts to turn over some 15,000 illegally manufactured albums to the British Phonographic Industry (BPI). Roberts had allegedly illegally imported U.S. recordings from which he made about 18,000 LPs and then sold them for as much as \$24 each. The Court also "perpetually restrained" Roberts from dealing in bootleg or pirated material and ordered him to pay the BPI legal costs.

33. AFM's Emerson warns of danger to live performance business. *Variety*, vol. 303, no. 3 (May 20, 1981), p. 96.

In his remarks at a Tri-State Conference, J. Martin Emerson of the American Federation of Musicians charged that "the lack of performance rights for performers was unfair, stressing that the musician who performs on a recording should receive a royalty, just as composers and authors do for their copyrighted

works." He indicated that the royalty would be especially beneficial to musicians now because the live music business is being jeopardized by government cuts in spending and increasing public interest in stereo, video and cable developments.

34. Antitrust—fraud threshold higher for copyrights than patent? *Copyright Management*, vol. IV, no. 5 (May 1981), p. 8.

This article discusses *Wondura Products v. Dart-Kraft, Inc.*, an antitrust suit challenging the enforceability of an allegedly fraudulently obtained copyright in a mirror design. It also excerpts a portion of and comments on the court's ruling in the case.

35. ASCAP suing Roxy Roller Rink. *Record World*, vol. 37, no. 1772 (July 18, 1981), p. 42.

ASCAP has lodged a copyright infringement suit against Steven Greenberg for his refusal to obtain a license to play the Society's music at his Roxy Roller Rink in New York. Among the songs illegally performed at the Roxy were "Ooh, Baby Baby" and "Sailing."

36. BAKER, BERT. Heavy hitters meet on British homevid. *Variety*, vol. 303, no. 6 (June 10, 1981), p. 34, 56.

The subject of the British Videogram Assn.'s first annual meeting was video software rights and industrial relations. There was also some discussion of procedures that could be established for out-of-court settlement of copyright disputes and video theft via piracy and unauthorized rentals.

37. BMI tallies CBS retro bill: asks \$65 million in antitrust suit windup. *Billboard*, vol. 93, no. 21 (May 30, 1981), pp. 1, 10.

Based on purported losses in performance royalties, interest and potential performance receipts from prospective licensees due to CBS' antitrust suit, BMI is expected to submit a claim to the U.S. District Court for an estimated \$105 million. Since 1969, CBS had attempted to convince the courts that the BMI and ASCAP blanket license was illegal. A final decision rejecting the broadcaster's contentions was issued last March and since that time the parties have been unable to reach a voluntary settlement regarding retroactive fees. The District Court has, therefore, begun proceedings to adjudicate the matter, thus the BMI claim. ASCAP has not tendered its claim as yet.

38. BMI toils to collect song royalty rights. *Billboard*, vol. 93, no. 21 (May 30, 1981), pp. 6, 50.

Alan Smith, vice president of licensing at BMI, recently reported that his organization is having trouble collecting non-broadcast royalties. BMI has about 25,000 non-broadcast licensees and another 250 to 350 that are added annually through court actions. Tracking, uncovering and bringing suit against non-payers is costly. Smith said that he cannot understand why establishments are unwilling to pay the license fee as required by the 1976 Copyright Act, especially since so many of these locations only pay about \$75 a year for the license.

39. Bob Roberts sues over 'Body and Soul.' *Variety*, vol. 303, no. 2 (May 13, 1981), p. 12.

In a suit filed against the Cannon Group and Paramount Pictures, Bob Roberts claims to own the motion picture and literary rights to the 1947 film "Body and Soul." The complaint contends that defendant Cannon has produced a film that is based on the original work and in violation of plaintiff's rights. The Cannon Group says it bought the rights from Paramount, which acquired them from a bank, but Roberts maintains that the bank's rights were in the original work and did not extend to a revision of the film.

40. Bo's 'Tarzan' break hinges on judicial 'license' screening. *Variety*, vol. 303, no. 10 (July 8, 1981), pp. 6, 24.

A federal court in New York will decide whether MGM has violated the licensing agreement under which Edgar Rice Burroughs Inc. authorized the making of the first "Tarzan the Ape Man" film in 1932. The Burroughs estate asked the court to determine whether the nudity and story revisions in a recently completed, yet to be released, version of the movie starring Bo Derek have so drastically changed the work that it cannot be considered a "remake, but something never intended by Burroughs" and, therefore, a breach of the license. In seeking the determination prior to release of the film, the estate hopes to ensure that the new version will be "faithful to the original" and suitable for children's viewing.

41. BPI team take fight to pirates: Indian tapes. *Billboard*, vol. 93, no. 23 (June 13, 1981), p. 63.

The proliferation of illegal Indian and Pakistani records and video products on the U.K. market has caused the British Phonographic Industry (BPI) to launch a vigorous antipiracy campaign to eliminate the problem. In this vein, BPI investigators have conducted raids and filed several court actions, the most recent of which ended with the court ordering the accused to pay \$8,000 in damages to the plaintiffs.

42. Brother of Rogers sued over income from a copyright. *Variety*, vol. 303, no. 7 (June 17, 1981), pp. 67, 75.

Kenny Rogers' brother, Lelan, has been named in a breach of contract and fraud suit arising out of his alleged failure to pay Mickey Jones certain income that was owing on a song he published entitled "Tennessee Bottle." Jones claims that he assigned the tune to Rogers who, pursuant to an oral agreement, was to administer the copyright. The complaint charges that the defendant "dissipated" the performance and mechanical royalties that were paid to him and asks that ASCAP, BMI and the Fox Agency be ordered to send future sums directly to plaintiff. Additionally, it seeks rescission of the agreement and return of the song's copyright.

43. BRUNO, MICHAEL H. How new printing technology affects paper requirements. *Tappi*, vol. 64, no. 5 (May 1981), pp. 41-45.

A review of the current trends in the different segments of the printing and publishing industries, the present conditions and constraints affecting them. The author concludes that the 1978 copyright law has been a beneficial factor for book publishers by providing wider dispersion of printed materials and stronger protection for authors. "Although a blessing for publishers, it can become a curse for book printers with the elimination of the manufacturing clause scheduled for July 1982."

44. Burbank man sentenced on copyright charges. *Daily Variety*, vol. 192, no. 13 (June 24, 1981), p. 22.

A 65-year old Burbank, California man, Horace V. Waddell, was sentenced to thirty days in jail and fined \$30,000 for six counts of copyright infringement. The charges were brought against Waddell after a lengthy FBI investigation disclosed that he had been shipping thousands of illegal Elvis Presley albums via his record-pressing company. Authorities said that a fine point in the

copyright law forced them to limit their prosecution of Waddell to six counts.

45. CACNIO, PAUL. Yank majors ease Thai boycott; 10-pic 'test' while taxes pend; vidtape piracy a prime factor. *Variety*, vol. 303, no. 5 (June 3, 1981), pp. 47, 48.

After an absence of about four and one-half years, U.S. film companies have lifted the ban on exporting their product to Thailand. The companies, which began the boycott in early 1977 after the import duty was increased from about 35 cents to approximately \$1.50 per metre, say that a primary factor in their resuming exportation to Thailand is the widespread pirating of their films. They say that during the embargo, rampant copying of foreign motion pictures by local filmmakers and the circulation of videocassettes of recent U.S. releases at local coffee shops and restaurants kept the country well-supplied with American products. Apparently, the U.S. majors hope to capture the box office support that the pirates have been usurping for the past few years.

46. Canada's Fox vows to improve taxes, c'right re artists. *Variety*, vol. 303, no. 4 (May 27, 1981), p. 2.

Francis Fox, Canada's communications minister, told the Canadian Conference of the Arts that he advocates revision of the country's copyright law to ensure that copyright owners benefit from all uses of their works. He also mentioned that a new tax policy will be implemented next year that will allow artists to deduct expenses in their field.

47. Canadian cinemas face hike of 500% in music payments. *Variety*, vol. 303, no. 7 (June 17, 1981), p. 71.

Canada's Copyright Appeal Board granted the country's Performing Rights Organization (PRO) a performance royalty increase to be based on film house seating capacity. The license fees for concert halls and promoters of rock and classical concerts as well as those for airlines and the Canadian Broadcasting Corp. (CBC) were also increased and, in anticipation of new technology, a fee was established for the "performance of music to cable TV subscribers or 'other means of communication except broadcasting' and to theme parks." The new rate for concert halls is approximately .175% of ticket sales, for CBC is 2.17 per person based on Canada's population, and for CATV is ½% of the monthly subscriber fee.

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48. Canadian pirate fined only \$500 on 25 counts; need for change noted. *Variety*, vol. 303, no. 5 (June 3, 1981), p. 67.

A Canadian court has fined Chris Nissen of Montreal \$500 for copyright violations. Nissen pleaded guilty to 25 counts of infringement involving tunes by Bob Dylan, Paul McCartney and others. The court also ordered the destruction of 1,326 bootleg recordings that were seized in connection with this case.

49. Capitol, Grand Funk settle royalty suit. *Record World*, vol. 37, no. 1767 (June 13, 1981), p. 8.

According to attorneys for the parties, the rock group Grand Funk Railroad and Capitol Records have been able to settle their royalty dispute. Grand Funk had filed suit claiming that the label failed to pay more than \$680,000 in mechanical and artist royalties. No details of the out-of-court settlement have been released as yet.

50. CARR, JOHN. Musicians squeeze Greece on piracy: threaten boycott. *Billboard*, vol. 93, no. 25 (June 27, 1981), p. 65.

The Greek Musician's Union has threatened to boycott the Athens Festival unless the Greek government ratifies a pending antipiracy and copyright bill. The bill was voted by parliament a year ago but, because the presidential seal has not been affixed to the measure, it does not have the force of law.

51. CATV on copyright. *Broadcasting*, vol. 100, no. 25 (June 22, 1981), pp. 42.

In a letter to Rep. Kastenmeier, chairman of the House Judiciary Subcommittee on Courts, Civil Liberties and the Administration of Justice, the CATA (Community Antenna Television Association) said it wants to change in the present copyright law, but if changes are necessary, it wants the 'must carry' rule and liability for local television signals eliminated. However, with the exceptions of local signals and the "signal carriage complement," CATA said it would support full copyright liability.

52. Caucus seeks revision of present royalty fees for cable operators. *Daily Variety*, vol. 191, no. 41 (May 1, 1981), p. 4.

The Caucus for Producers, Writers and Directors says that though it favors abolishing the compulsory license for cable systems, it would settle for revising the fee for such licenses to reflect

the true market value. The group will present its views to a House subcommittee hearing testimony on this and other copyright issues. The Caucus is expected to also recommend that the Federal Communications Commission reinstate its cable rules and to voice its opposition to a draft bill exempting cable systems that have 5,000 subscribers or less from all copyright payments.

53. CBS, ASCAP settle license dispute. *Record World*, vol. 37, no. 1771 (July 11, 1981), p. 6.

CBS and ASCAP have reached a settlement with respect to all "outstanding interim license fees" owing the society for the period 1970 to 1980 and all antitrust claims. The settlement established terms for a new five-year ASCAP license under which CBS will pay \$8 million for 1981, \$8.5 million for 1982, \$9 million for 1983, \$9.5 million for 1984, and \$9.8 million for 1985. CBS will also pay ASCAP supplemental payments of \$6.2 million for the 1970 to 1980 period.

54. CBS, QM prods. named in suit over telefilm. *Daily Variety*, vol. 191, no. 50 (May 14, 1981), p. 14.

Arthur Seidelman in a copyright infringement and breach of confidence suit is charging that CBS and Q.M. Prods. appropriated his copyrighted work titled "Parade" for its own benefit, use and personal gain. Plaintiff claims that he submitted the work to CBS in 1978 after he was led to believe that the broadcaster was interested in purchasing the property. He contends that CBS' only intention was to use the work as a basis for its upcoming telefeature, "Senior Trip." The complaint seeks to enjoin the defendants from televising "Senior Trip" and asks for an accounting of any revenue derived from the show.

55. CBS to pay ASCAP \$6.2 million to settle dispute over licenses. *The Wall Street Journal*, vol. CXCVIII, no. 2 (July 2, 1981), p. 12.

CBS has agreed to pay ASCAP \$6.2 million to settle outstanding claims resulting from licensing agreements with ASCAP for the past few years. CBS said it had also established terms for ASCAP licenses for the rights to more than 30,000 composers and music publishers represented by ASCAP from 1981 through 1985 for an estimated \$44.8 million. BMI is currently proceeding in New York federal court, seeking \$65 million from CBS in retroactive pay, since 1970.

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56. CHIN, BRIAN. NMPA holds annual meeting. *Record World*, vol. 37, no. 1770 (July 4, 1981), p. 6.

Copyright issues were the subject of a considerable part of the discussions at this year's National Music Publishers Assn.'s annual meeting. The talks included the Copyright Royalty Tribunal's (CRT) decision recommending a four-cent royalty, the recording industry's appeal of that decision and the Tribunal's tying of cost-of-living increases to the Consumer Price Index. Attention was also focused on pending litigation, the General Accounting Office audit of the CRT and the recommendations it made, and the recent resignation of Clarence James as chairman of the Tribunal.

57. CMA urges artists not to appear in blank tape blurbs. *Variety*, vol. 303, no. 2 (May 13, 1981), pp. 4, 417.

The Country Music Association, as part of its antipiracy effort, is asking its members to "consider the impact and implications" that commercial endorsements of blank audio tape might have on the home taping problem. In this same vein, the Association is also apprising fair managers of the problem of the pirated and counterfeit product that is being sold on their properties.

58. Copyright issues debated in Senate. *Broadcasting*, vol. 100, no. 18 (May 4, 1981), pp. 52, 54.

In testimony before the Senate Judiciary Committee, Register of Copyrights, David Ladd, called for a repeal of the compulsory license for cable systems after a three-to-five-year transition period. He noted that the cable industry is no longer in need of the protective support of a compulsory license because of its viability. However, former Register Barbara Ringer, voicing support for retention of the compulsory license, said that the "practical impossibility of each cable system sitting down and bargaining with the literally thousands of possible and actual copyright owners of the programming to be retransmitted, and the intolerable danger of full liability for unlicensed transmissions" remain as they were five years ago.

59. Copyright notice. *Copyright Management*, vol. IV, no. 5 (May 1981), pp. 6-7.

The American Patent Law Association has adopted a resolution calling for the removal of the copyright notice as a pre-

requisite to U.S. copyright protection. The Association asserts that elimination of the requirement would not only remove "a trap for the unwary that can cause forfeiture of copyright" but it would place the U.S. closer to adherence to the Berne Convention, which does not require a copyright notice.

60. Copyright: respect it. *Music Insider* (1981), p. 15.

Many music enthusiasts illegally duplicate copyrighted songs not realizing that it violates the copyright law and trespasses on the achievements of creative people without permission or compensation. The National Music Council urges all music users, therefore, to obey the copyright law and to refrain from stealing the property of creative minds.

61. Copyrightability: discovery and fair use issues. *Copyright Management*, vol. IV, no. 5 (May 1981), pp. 7-8.

This article briefly discusses the case of *Rubin v. Boston Magazine*, which both a district court and appellate court decided in the plaintiff's favor. The action arose out of defendant's unauthorized use of scales designed by plaintiff to determine whether two persons are in love. In finding for the plaintiff, the courts rejected Boston Magazine's defenses of uncopyrightable matter and fair use.

62. Court ok's \$5 mil c'right fees payout. *Daily Variety*, vol. 191, no. 41 (May 1, 1981), pp. 1, 8.

The General Accounting Office has been asked to conduct a study of the Copyright Royalty Tribunal, its various compulsory licenses and its royalty distribution procedures. Reportedly, the study will be aimed at correcting what this article says are "some glaring weaknesses" of the agency. Presumably, the GAO report and the cable compulsory license will be the subject of hearings before a House judiciary subcommittee.

63. Court rules in favor of Midway in Artic copyright action. *Cash Box*, vol. XLIII, no. 7 (July 4, 1981), p. 43.

In *Midway Manufacturing Co. v. Artic*, a U.S. District Court in Chicago has denied defendant's motion for summary judgment. In denying the motion, the court held that the plaintiff had stated a cause of action against the defendant "as a manufacturer and distributor of electronic circuit boards and speed-up kits for Mid-

way's copyrighted video games." Defendant argued that a video game itself is not copyrightable, but the court rejected that argument.

64. Court ruling vs. b'casters' cable exclusivity battle. *The Hollywood Reporter*, vol. CCLXVII, no. 14 (June 17, 1981), p. 3.

The U.S. Court of Appeals in New York denied broadcasters' petition to review the Federal Communications Commission (FCC) decision abolishing its syndicated exclusivity and distant signal carriage rules. The suit, *Malrite Broadcasting v. FCC*, sought to have the court rescind the FCC decision. Its failure means that cable systems may now pick up programming from any location.

65. Court upholds Williams claim in copyright case. *Cash Box*, vol. XLIII, no. 6 (June 27, 1981), p. 37.

A federal court in Alabama has granted Williams Electronics, Inc. a permanent injunction in its copyright and trademark infringement suit against a game operator. Allegedly the defendant had been manufacturing and distributing a video game that infringed plaintiff's "Defender" video game. The defendant, reportedly, admitted having assembled the infringing games from kits.

66. Cromwell sues Denton, Haskins over rights to Leo Wood compositions. *Variety*, vol. 303, no. 2 (May 13, 1981), p. 397.

Cromwell Music Inc. and Denton & Haskins Corp. are in the midst of a court battle over the ownership of copyrighted songs written by deceased composer Leo Wood. The complaint, which was filed by Cromwell, claims that the rights previously controlled by Denton & Haskins were assigned to plaintiff in 1980 by Wood's heirs under provisions of the 1976 Copyright Act.

67. CUNNIFF, AL. Publishing consultant Richard Perna teaches how to protect copyrights. *Record World*, vol. 37, no. 1771 (July 11, 1981), p. 16.

Richard Perna heads Music Publishing Consultants, a company that specializes in informing and teaching artists, producers, writers and publishers about such things as publishing, performance, mechanical and synchronization rights. Perna says that many successful publishers do not know as much as they should about these and other copyright matters, so for the past few years his company has been focusing on three areas: administering pub-

lishing rights; serving as a consultant; and maintaining a full-scale education program, as well as conducting research that will lead to a book on publishing practices.

68. DAVIES, GILLIAN. The minefield of video rights acquisition: "all parties must consult together." *Billboard*, vol. 93, no. 22 (June 6, 1981), pp. 14, 85.

The acquisition of rights for the production of videograms and the current situation regarding contract negotiations for such rights was the subject of a speech delivered by Gillian Davies at Billboard's International Music Industry Conference in Berlin. After a brief discussion of the legal status of video, Davies' speech, the text of which is set out in full, focused on such issues as ownership of copyright and the categories of right owners and other contributors with whom videogram producers must negotiate.

69. Dublin pirate station held in check by injunction. *Variety*, vol. 303, no. 3 (May 20, 1981), p. 80.

The High Court in Dublin enjoined a pirate TV station from broadcasting films that are less than three years old. The Motion Picture Assn. of America and others filed the suit after the station issued a statement indicating that it intended to televise motion pictures as part of its programming. In a settlement reached pursuant to the injunction, the owner of the station agreed not to air films, TV series or videocassettes in the Irish Republic without the consent of the film companies.

70. Dutch nab cable pirates: future shock? *Billboard*, vol. 93, no. 24 (June 20, 1981), p. 72.

Dutch police raided two locations in the Netherlands that were transmitting movies via illegal cable television stations. One of the stations, Simplex, was being operated by five "youngsters" and the other, Moonlight TV, was run by a 31-year old Englishman. All six of the offenders were arrested. There are at least four other pirate cable stations operating in the country, but the police admit that they have been unable to discover their locations because of a lack of effective tracking equipment.

71. Dutch pirates air Bond films, scare exhibs about 'Eyes.' *Daily Variety*, vol. 192, no. 22 (July 7, 1981), p. 2.

It was recently reported that Dutch pirate cable stations had obtained a copy of the James Bond movie "For Your Eyes Only," yet to be released in Amsterdam. What the pirates had actually gotten was an illegal copy of a trailer for the film to which were added clips from other Bond features. Rumors about the availability of pirated videocassettes of the film, to the dismay of the local theater trade, were true, however.

72. Dutch plug pirate cable mag. *Variety*, vol. 303, no. 9 (July 1, 1981), p. 43.

An Amsterdam court has enjoined the weekly television magazine "The Pirate" from carrying copyrighted material. The magazine, which is published by Holland's pirate cable systems, had been publicizing information on films to be broadcast on the pirate cable stations as well as the promotional material and program schedules of the country's two national TV networks, both of which have their own copyrighted television magazines.

73. EGLASH, JOANNE. Canadian court rules film pirate guilty of fraud. *The Hollywood Reporter*, vol. CCLXVII, no. 16 (June 19, 1981), pp. 1, 4.

In a landmark decision, the Supreme Court of Ontario has ruled that anyone who distributes pirated copies of films without the owner's permission is guilty of fraud. The decision is significant in that similar cases have been prosecuted only on copyright grounds. The defendant in this action was accused of distributing pirated tape copies of 20th Century-Fox Film Corp.'s "Star Wars." After changing his not guilty plea to guilty midway through the trial, he was fined \$500.

74. EGLASH, JOANNE. WB Records sues state for \$1.7 mil. *The Hollywood Reporter*, vol. CCLXVII, no. 6 (June 5, 1981), pp. 1, 33.

Warner Brothers Records Inc. (WB) has filed a suit challenging a tax assessment computed by the California State Board of Equalization. Plaintiff contends that the Board improperly assessed it for sales taxes on royalties paid to artists during the period from 1971-1973. Legislation passed in 1976 exempts royalty payments from taxation. Plaintiff questions the legality of taxing such payments made prior to that time. WB is also taking issue with the assessment because it claims that part of the payments were "for copyrights in . . . recordings." Since state copy-

right laws treat such rights as intangible, the company says that these payments should not have been included in the tax computations.

75. Emmylou wins court nod. *Billboard*, vol. 93, no. 23 (June 13, 1981), p. 69.

The U.S. District Court in Los Angeles has found Emus Records and Roulette Records guilty of copyright infringement. The finding was issued in a suit filed by Emmylou Harris which alleged that the defendants had re-released one of her early albums without obtaining mechanical licenses. The court granted plaintiff a partial summary judgment but did not act on her motion to enjoin the defendants from selling the album.

76. The ever enraging issue of copyright. *Broadcasting*, vol. 100, no. 16 (Apr. 20, 1981), pp. 38, 39.

Four members of the House Subcommittee on Courts, Civil Liberties, and the Administration of Justice attended a workshop at the National Association of Broadcasters' annual meeting in Las Vegas to discuss copyright issues. The workshop was in response to a draft bill to amend the 1976 Copyright Act that is being prepared by Congressman Kastenmeier. The bill would codify the FCC's rules limiting the distant signals cable systems import, expand the rate-making power of the CRT and authorize it to establish syndicated exclusivity rules. Efforts to amend the copyright law stem from the FCC's decision to repeal the syndicated exclusivity and distant-signal rules.

77. FARRELL, DAVID. Keep 2 mechanical royalty, says study: Like writers' income. *Billboard*, vol. 93, no. 21 (May 30, 1981), p. 63.

The Canadian government has published a seventy-page report that recommends retention of the country's current two-cents mechanical royalty rate. The report also recommends that changes be made in the scope of the compulsory licensing system with respect to sound recordings embodying literary and dramatic works and suggests that separate licensing procedures be established for audio and audio-visual works. The Copyright Review Board is expected to consult this study in making its final decision on the revision.

78. FBI raids net 185,000 bootleg lps in 5 states. *Daily Variety*, vol.

192, no. 11 (June 22, 1981), p. 3.

FBI agents have arrested three and seized approximately 185,000 bootleg albums and some \$3,500,000 worth of manufacturing equipment in a series of raids on locations in New York, Connecticut, Michigan and Wisconsin. The raids, which began March 12, were the culmination of a six-month investigation. Those arrested were Keith Taruski of Old Saybrook, Connecticut, Stuart Clurman of New York and Robert Cerreta of Bridgeport, Connecticut.

79. FBI seizes bogus videos in Ohio. *Cash Box*, vol. XLIII, no. 7, July 4, 1981), pp. 5, 25.

FBI agents confiscated a large quantity of allegedly counterfeit videocassettes of live performances by various rock groups and comedians from If Productions, Inc. in Milford, Ohio. The seizure was the result of a joint investigation with the Recording Industry Assn. of America into possible violations of several federal laws, including the copyright law. Along with the videocassettes were seized electronic, mechanical and duplicating equipment believed to be used to manufacture the infringing tapes and the company's business records. No one was arrested.

80. First-ever prosecution of videocassette pirate in Canada successful. *Variety*, vol. 303, no. 3 (May 20, 1981), pp. 1, 109.

Mooney's Bay TV and Stereo Ltd. has been fined \$300 for violations of the Canadian Copyright Act. The store's vice president, after some 87 videocassettes were seized in a raid by the Royal Canadian Mounted Police, admitted to having rented out illegally reproduced copies of American films. This was Canada's first copyright infringement prosecution involving videocassettes.

81. FISCHER, MARK A. Meeting of the Copyright Society. *Copyright Management*, vol. IV, no. 6 (June 1981), pp. 7-8.

Among the speakers at the fifth Annual Meeting of the Copyright Society of the U.S.A. was Marybeth Peters of the Copyright Office. She told those attending the session of an upcoming revision of the copyright forms and reported on changes that are being considered by the Office with respect to the amount of the registration fee and the acceptance of credit cards. She also talked about the registration of video games, the trade secrets issue and the GAO audit of the Copyright Royalty Tribunal. Alan Latman

of the Copyright Society spoke on recent copyright cases. *Burroughs v. Metro-Goldwyn-Mayer, Inc.* and *Durham Industries v. Tomy Corp.*, two cases involving the rights in characters, were included in his discussion.

82. Foes of compulsory license make their case to Kastenmeier. *Broadcasting*, vol. 100, no. 20 (May 18, 1981), pp. 30-31.

In hearings before the House Judiciary Subcommittee on Courts, Civil Liberties, and the Administration of Justice on May 14, program producers, professional sports and broadcasters presented opposition to compulsory licensing for cable TV systems. Speaking against eliminating compulsory licensing, Jack Valenti, president of the Motion Picture Association of America, said because cable is highly profitable and because most cable systems are owned by large conglomerates, the industry can assume full copyright liability without raising subscriber fees. He noted that "cable is a monopoly; once you're on cable, you can't get over-the-air unless cable carries it."

83. FRANK, JEROME P. BMI's fight to save the 'clause' heats up. *Publishers Weekly*, vol. 219, no. 23 (June 5, 1981), pp. 54, 58.

This article covers the annual conference of the Book Manufacturers Institute (BMI) held on April 26-28. Bob Hackford, president of BMI, told the attendees that the elimination of the manufacturing clause scheduled for July 1, 1982 would be disastrous to their industry. BMI's primary objective is to get bills supporting the retention of the Manufacturing Clause introduced in Congress. He noted that a U.S. Department of Labor study on the problem will show a job impact on commercial printing several times as severe as that on book manufacturing.

84. GELMAN, MORRIE. Big piracy victory for STV: Ninth court overturns lower court decision on feevee signal reception. *Daily Variety*, vol. 191, no. 46 (May 8, 1981), pp. 1, 32.

In National Subscription Television's suit against S&H TV, the Court of Appeals in San Francisco reversed the U.S. District Court's finding that subscription television broadcasts are within the exception to Section 605 of the Communications Act of 1934. The complaint sought to stop the defendant from manufacturing and distributing decoding devices capable of intercepting plaintiff's over-the-air signals. The District Court ruled that since plain-

tiff's transmissions were for the use of the general public, their interception was not prohibited by law. In overturning the lower court, the Court of Appeals held that plaintiff's broadcasts come under the provisions of Section 605, which prohibits unauthorized interception of radio/television communications. This is the second appellate court that has rendered a favorable decision in the subscription television industry's fight against pay-TV pirates.

85. German court sez Bauer must pay up on 'Throat'. *Variety*, vol. 303, no. 2 (May 13, 1981), p. 206.

The West German high court has ruled that Bauer Films, a German distributor, must pay royalties on the motion picture "Deep Throat." Bauer, which has distributed the film since 1975 under a contract with Cinema Center Corp., reneged on the payments after the first year claiming that because the work was hard porno the agreement was against public morals. In deciding against the distributor, the court said that the company could not "distribute the film initially and share the profits with Cinema Center and then stop paying because of the 'morality' of the picture, while still continuing to release it."

86. GLEASON, GERALD T. Microcomputers in education: the state of the art. *Educational Technology* (March 1981), pp. 7-18.

This article presents a current perspective on the instructional applications of computer-assisted instruction, broadly, and microcomputer applications, specifically. The author concludes that the major problem in the production and distribution of computer software relates to the federal copyright law. While technically illegal, it is relatively easy to copy a diskette or program tape; thus, a school system can buy one copy of a program and make copies of it for use in several schools. There is growing concern about the ethics of this practice, but the ease with which it can be done and the unlikelihood of getting caught and convicted will continue to tempt many budget-conscious educators with the opportunity to get a "free" program.

87. Global antipiracy growing: IFPI hears of Korea, Mid East gov'ts aid. *Billboard*, vol. 93, no. 25 (June 27, 1981), pp. 1, 63, 65.

The annual meeting of the International Federation of Producers of Phonograms and Videograms (IFPI) council held in Copenhagen discussed antipiracy developments in Korea, the

Middle East, Greece, the Far East and other areas. A good deal of attention was devoted to a report that the revenue from the tax Norway wants to impose on recording equipment and blank and prerecorded tape will go to benefit the state and not rights owners. Other topics discussed included a new mechanical royalty contract and IFPI's efforts towards a blank tape and hardware royalty.

88. GOLD, RICHARD. N.Y. appeals court rules Factors doesn't have exclusive Elvis right. *Variety*, vol. 303, no. 9 (July 1, 1981), p. 63.

In *Boxcar Enterprises Inc. v. Pro Arts Inc.*, the Second Circuit Court of Appeals has ruled that plaintiff and its licensee do not have the exclusive right to the commercial use of Elvis Presley's name and likeness. Boxcar had sought to prevent Pro Arts from distributing a Presley poster entitled "In Memory 1935-1977." This appellate ruling not only overturns the lower court's decision in this suit but is in agreement with one handed down by the Sixth Circuit in a similar action arising out of the sale of Presley statuettes.

89. Goldwyn Co. files suit vs. Atlantic. *The Hollywood Reporter*, vol. CCLXVI, no. 43 (May 18, 1981), pp. 1, 13.

The Atlantic Releasing Corp. and its president are being sued by Samuel Goldwyn Co. for fraudulently representing that they owned the TV distribution rights in the film "Once in Paris." The complaint claims that, based on defendants' misrepresentations, the plaintiff advanced \$50,000 to license the picture. Goldwyn also filed a second suit against Atlantic claiming breach of contract in connection with an agreement for the distribution of a motion picture entitled "The Attic."

90. GRAHAM, SAMUEL. Cable TV association holds 30th convention. *Record World*, vol. 37, no. 1766 (June 6, 1981), pp. 19, 22.

Cable copyright was among the topics to be discussed at the National Cable Television Association's thirtieth annual convention held in Los Angeles from May 29 to 31. In fact, the issue was scheduled to be debated by a panel of communications experts whose members included U.S. Senators and Representatives. Other panels were to focus on such subjects as financing, personnel, advertising, market research and technical communications matters.

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91. GREEN, PATRICIA. Unlicensed dishes irk CRTC after granting Cancom license. *Variety*, vol. 303, no. 3 (May 20, 1981), p. 88.

After the Canadian satellite system Cancom was licensed to provide broadcast services to Canada's remote communities, the Federal Department of Communications announced that it would bring "enforcement action" against unlicensed earth station operators who had been transmitting U.S. satellite TV signals to those same areas. Its first attempt to prosecute an unlicensed station ended in failure, however. The judge hearing the case dismissed the charges against the accused on the ground that the government failed to prove its case. The judge also intimated that the prosecution was "acting prejudicially," and questioned the government's reason for taking legal action against only one of the country's many unlicensed stations.

92. GUILD, HAZEL. GEMA loses in 2 rights cases, one involving U.K. 'cheapie' lps. *Variety*, vol. 303, no. 8 (June 24, 1981), p. 73.

Use of the song "Up Cherry Street" was the subject of a suit recently decided by the Frankfurt High Court. The tune's publisher brought the action against a local chemical firm claiming that the company's use of the song as part of background music for a film was not covered by the license it had obtained from GEMA, the German musical rights society. The court entered a judgment for the publisher. In another West German suit, the European Common Market Court decided that a British record company did not have to pay additional royalties on records it imported into Germany as long as the disks were also sold in England and other Common Market countries. GEMA brought the suit maintaining that the company should pay the same royalties on parallel imports that would be paid on identical recordings manufactured in Germany in that the domestic royalty rate is higher.

93. GYONGY, PAUL. Hungarians propose to thwart home taping via licenses, tax. *Billboard*, vol. 93, no. 27 (July 11, 1981), p. 58.

Artisjus, Hungary's copyright protection society, is about to propose a compulsory license for works "broadcast by radio or TV, or else fixed on a visual or sound medium for commercial purposes." The society will also recommend that the Hungarian government impose an 8% tax on the retail price of tape hardware and software. These recommendations are being made for the

purpose of compensating copyright owners for unauthorized home taping.

94. HARRIS, PAUL. B'casters sing familiar tune in railing against a performer's royalty. *Daily Variety*, vol. 192, no. 4 (June 11, 1981), pp. 1, 14.

Testifying before a House judiciary subcommittee, radio broadcasters reiterated earlier arguments against the performance royalty bill introduced by Rep. George Danielson. They said that they feel that it is unfair to make them pay for record use since airplay, which promotes record sales, is vital to the recording industry.

95. HARRIS, PAUL. C'right Tribunal chief resigns: Clarence James Jr., saying he was doublecrossed by colleagues, quits in huff. *Daily Variety*, vol. 191, no. 45 (May 7, 1981), pp. 1, 19.

Copyright Royalty Tribunal Chairman, Clarence James, Jr., has resigned. Apparently, his resignation has to do with a statement that Thomas Brennan read to the Senate Judiciary Committee favoring retention of the compulsory license for cable systems. Brennan indicated to the Committee that the Tribunal as a whole unanimously supported his view even though James had told a House subcommittee approximately a month earlier that he favored abolishing the Tribunal and replacing the compulsory license with an automatic payment plan. James' letter indicated that his views had been totally misrepresented by the other Tribunal members during the Senate committee hearings, which he incidentally did not attend.

96. HARRIS, PAUL. GAO joins c'right panel critics: says Tribunal members are overpaid, under qualified; org itself lacks authority. *Daily Variety*, vol. 192, no. 5 (June 12, 1981), pp. 1, 22.

The General Accounting Office has completed its study of the Copyright Royalty Tribunal. It concluded that the effectiveness of the Tribunal's decisions has been impeded by the agency's lack of subpoena power and authority to make final decisions as well as the absence of a general counsel and funding for consultants. The report indicated that the fact that only one of the commissioners had any familiarity with copyright matters also hampered the agency's decision making. It recommended, therefore, that the law be amended to give the Tribunal final decision-

making authority, subject only to congressional review or appeal when there is a question of fraud, corruption or impropriety; and that future commissioners have background in copyright. Additionally, it suggested a number of alternatives to the present Tribunal structure and organization.

97. HARRIS, PAUL. New plan urged for CATV to pay copyright fees. *Daily Variety*, vol. 192, no. 16 (June 29, 1981), pp. 1, 9.

Former Register of Copyrights Barbara Ringer told a House judiciary subcommittee that she does not support proposals to abolish the compulsory license for secondary transmissions. She said that some form of compulsory licensing is needed because it is impossible for cable operators to individually negotiate with every television channel on every retransmission. Instead of the current system, however, she favors "agreed licensing" in that it would "encourage private negotiations and allow voluntary agreements to supersede statutory or regulatory terms and rates."

98. HELOPALTIO, KARI. Finnish industry dupers: blank cassettes out-sell prerecorded as pirates sail. *Billboard*, vol. 93, no. 28 (July 18, 1981), p. 69.

The Finnish recording industry's vigilance in combatting piracy and counterfeiting has kept Finland's illegal record and tape market down considerably. The industry's antipiracy efforts include seminars, advertising campaigns and court actions aimed at prosecuting not only those who manufacture and sell illegal product but those who import and sell legally manufactured parallel records and tapes.

99. HENNESSEY, MIKE. Norwegian indie heads tax revolt: levy on tape, hardware. *Billboard*, vol. 93, no. 26 (July 4, 1981), p. 74.

Arne Bendiksen of the Norwegian recording industry is heading up a lobbying effort to repeal Norway's new tape and hardware levy. The law provides that effective January 1, 1982 audio and video hardware will be taxed, and beginning July 1, 1982 blank and prerecorded tape will be taxed. Bendiksen has indicated that if the lobby is unsuccessful artists and composers have been encouraged to express any dissatisfaction they have by way of their vote in the fall general election.

100. HENNESSEY, MIKE. U.K. bootleg raids break up ring, show a

profit. *Billboard*, vol. 93, no. 26 (July 4, 1981), pp. 3, 10.

At the annual meeting of the British Phonographic Industry, it was reported that the organization's Operation Moonbeam bootleg investigation was a success. The operation resulted in the break-up of a bootleg ring, the receipt of \$60,410 in damages, the seizure of \$4,000 worth of equipment and the confiscation of bootleg product valued at \$200,000. Pending prosecutions resulting from the investigation are expected to bring in another \$44,562 in damages.

101. HOLLAND, BILL. Eight charged with videocassette piracy. *Record World*, vol. 37, no. 1766 (June 6, 1981), p. 24.

An FBI "sting" investigation working out of the District of Columbia and Baltimore, Maryland has culminated in the arrest and indictment of eight men on copyright infringement, prostitution and Racketeer Influenced Corrupt Organization charges. Undercover agents conducted the probe from a location called Odyssey Productions that was set up specifically for the purpose of making contact with persons suspected of being involved in the sale of illegally reproduced copyrighted films. At the conclusion of the investigation, the Bureau revealed that it had uncovered a multi-million-dollar videocassette piracy ring.

102. HOLLAND, BILL. Justice Dept. endorses anti-counterfeit bill. *Record World*, vol. 37, no. 1770 (July 4, 1981), pp. 3, 34.

Testifying before the Senate Subcommittee on Criminal Law, Renee Szybala said that the Attorney General's office favors S. 691, the Piracy and Counterfeiting Amendments Act of 1981. The bill calls for stiffer fines and penalties for copyright offenders and Szybala indicated that his office feels that, if enacted, it will "stem the tide of record, tape and movie counterfeiting and piracy." Appearing before the House Subcommittee on Courts, Civil Liberties, and the Administration of Justice, members of the Copyright Royalty Tribunal voiced support for the recent GAO report on the Tribunal but expressed disagreement with its recommendations on access to general counsel and the qualifications for future commissioners. With respect to cable television, the Tribunal said that during the last two years it had been unable to discover "any new and viable alternative" to the compulsory license.

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103. HOOS, WILLEM. 4,000 videotapes are confiscated by Dutch police. *Billboard*, vol. 93, no. 23 (June 13, 1981), p. 63.

Dutch plainclothes police seized approximately 4,000 pirated videocassettes in raids on several shops and warehouses in Amsterdam. Also confiscated at the locations were legitimate cassettes on which copyright royalties had not been paid. The raids were the result of a request from the public prosecutor, and a local police official indicated that there will be more such seizures in a number of Dutch cities in the future.

104. House hearings set on performance fees. *Billboard*, vol. 93, no. 20 (May 23, 1981), p. 9.

The House Subcommittee on Courts, Civil Liberties and the Administration of Justice has begun hearings on H.R. 1805, a bill to amend the copyright law to include a performance royalty for the use of sound recordings by broadcasters and others. The rates proposed in the bill for radio use range from an annual payment of 1% of revenues for broadcasters with net advertising income of more than \$200,000 to no payment at all for stations earning less than \$25,000. The maximum yearly fee for television use would be \$1500 for stations with net ad revenues over \$4 million, stations netting between \$1 and \$4 million would pay \$750 and stations earning less than \$1 million would be exempted.

105. HUGHES, CATRIONA. Abolition of compulsory license would throw labels into tizzy. *Variety*, vol. 303, no. 1 (May 6, 1981), p. 124.

This article discusses Australia's mechanical royalty. The author traces the royalty from its inclusion in the country's first federal copyright law in 1912 to the government's recent announcement of a "decision in principle" to abolish the compulsory license system for manufacturing sound recordings altogether. The article also weighs the advantages and disadvantages for creator/copyright owners should the Australian government's decision to repeal the statutory royalty be carried out.

106. H'wood urged to 'mobilize' against compulsory license. *Daily Variety*, vol. 192, no. 6 (June 15, 1981), p. 6.

Congressman Barney Frank told those attending a session of the Motion Picture and Television Assembly to "mobilize" against

the compulsory license for cable systems, censorship and piracy. Focusing on the copyright issues, he said that one bill, H.R. 3528, he introduced in this Congress would abolish the compulsory license and help to discourage piracy of copyrighted material and another proposal, H.R. 3530, would make piracy a felony for a first offense, punishable by a fine of up to \$250,000 and a prison sentence of up to five years.

107. IMIC focus: satellites, cable, copyright protection: 11th meet viewed as watershed. *Billboard*, vol. 93, no. 19 (May 16, 1981), p. 90.

The main topics at this year's International Music Industry Conference were satellite communications, cable television and the protection of rights of musical compositions. Added to the list of problems vexing the industry this year was the issue of uncontrollable dissemination of creative property via such technological advancements as decoders that are capable of illegally intercepting satellite signals. Piracy, home taping, parallel imports and the need for more severe penalties for copyright violations again headed the list of matters yet to be resolved.

108. In camera. *American Photographer*. vol. VII, no. 1 (July 1981), p. 9.

Finnish photographer Kalervo Ojutkangas was sued for invasion of privacy by his unauthorized use of a photograph he took of gypsy children. The mother stated that the children were not properly dressed and made her look like a bad mother. The municipal court dismissed her claim, stating that "the picture had not been staged and had been taken in a public place." The local appeals court overturned the ruling. Ojutkangas then sued a painter, Pekka Vihera, for copyright infringement for using his photograph in a painting very similar to his photograph. The photographer lost again because the court held that "a photograph becomes a part of a common cultural heritage through mass communication."

109. Indictments returned vs. alleged bootleggers of Elvis merchandise. *Variety*, vol. 303, no. 7 (June 17, 1981), p. 67.

Wayne Tacker, Joan Bailey, Robert Heis, Gene Haffner and Alexander Anderson have been indicted for bootlegging Elvis Presley singles, albums and tapes. The indictments are the result

of FBI raids that were conducted during the annual Presley memorial convention in Memphis last year.

110. Industry calls for increased piracy penalties. *Daily Variety*, vol. 192, no. 11 (June 22, 1981), pp. 1, 12.

James Bouras of the Motion Picture Assn. of America asked a Senate judiciary subcommittee to approve a bill sponsored by Senator Strom Thurmond that would make piracy a felony. The proposal would impose penalties of up five years in jail and \$250,000 in fines.

111. Injunction granted restraining sale of 'Hunter and Hunted.' *The Hollywood Reporter*, vol. CCLXVII, no. 8 (June 9, 1981), p. 3.

The Supreme Court in Sydney has enjoined Pact Prods. and others from selling a program entitled "The Hunter and the Hunted" to the PBS Network. The injunction was sought by William Bemister, who claims to own the work and who contends that the defendants offered it for sale without his knowledge and consent. The defendants, on the other hand, say that Bemister was an employee.

112. Injunction on Rogers album. *Billboard*, vol. 93, no. 25 (June 27, 1981), p. 82.

A federal court in Nashville has granted Kenny Rogers and others a preliminary injunction against Koala Records' distribution of an unauthorized album containing ten songs by the singer. The defendants copied the songs from Rogers' "First Edition" album and released them under the title "Kenny Rogers' Greatest."

113. Irish piped TV systems must pay foreign noters royalties, sez high court. *Variety*, vol. 303, no. 8 (June 24, 1981), p. 51.

In a suit brought by the Performing Rights Society against Marlin Communal Aerials Ltd., the High Court in Dublin ruled that royalties must be paid to foreign composers whose songs are broadcast via piped television services. Companies providing such services that pick up programs from Britain and Northern Ireland will now have to obtain a PRS license and pay the royalties.

114. Japan publishers divided on '81 outlook as problems loom in im-

ports, home taping and broadcasting. *Billboard*, vol. 93, no. 21 (May 30, 1981), p. J-12.

The Music Publishers Assn. of Japan (MPA) sees home taping, record imports and blanket contract rates for broadcasting use as problems facing the industry. With respect to home taping, the MPA says that the appearance of record lending and music taping stores has increased the problem to the point that the Copyright Committee of the Culture Agency and the Japanese Parliament are studying the matter. Meanwhile, the Japanese Phonograph Record Assn. is circulating a memorandum to labels and distributors warning that it intends to tackle record lending "from the standpoints of the sale purpose of records, ownership of copyrights and healthy development of cultural projects."

115. Japanese culture agency ups broadcasters' c'right fee 5%. *Billboard*, vol. 93, no. 19 (May 16, 1981), p. 92.

The Japanese government has approved a 5% increase in the copyright fees paid by broadcasters for the use of recorded music. Japan's rights organization, JASRAC, had hoped for a 40% increase, but the copyright use fees subcommittee of the Copyright Council decided that 5% was more appropriate. The new rates, which will be in effect for one year, "are 0.69% for the semi-government Japan Broadcasting Corporation (NHK) and 0.65% for the commercial broadcasting stations."

116. JONES, PETER. Approve blank tape, hardware levy, U.K. government urged: by 4 industry groups. *Billboard*, vol. 93, no. 20 (May 23, 1981), p. 75.

The British Phonographic Industry, the Mechanical Rights Society, the Mechanical Copyright Protection Society and the Musicians' Union have jointly issued a booklet detailing a proposal for a software/hardware levy. The proposal includes suggestions on the creation and administration of the levy and recommends several uses which should be exempted. The booklet premises the proposal on the fact that recording equipment is "designed and constructed to permit the easy infringement of the copyright in films, sound recordings and musical works," and that tape is the carrier on which the infringement occurs.

117. JONES, PETER. 'Back-tracking,' says U.K. rights society. *Billboard*,

vol. 93, no. 28 (July 18, 1981), p. 31.

The British Videogram Assn.'s (BVA) recent rejection of the latest rates proposed by the Mechanical Rights Society (MRS) for the use of copyrighted music in video programming has brought two years of negotiations to a standstill. Therefore, the MRS issued a statement warning producers and duplicators of videograms to protect themselves from possible copyright liability by obtaining a music use license from the Mechanical Copyright Protection Society or directly from the music publishers. The BVA said that it will advise its members in the near future.

118. JONES, PETER. Imports to U.K. bogus? *Billboard*, vol. 93, no. 21 (May 30, 1981), pp. 1, 61.

Motown Records and EMI have filed suit against U.K. importers alleging that albums imported from Portugal were counterfeit. The complaint, which was filed in the High Court in London, charges that records seized in a raid on the premises of Simons Sales Stores Ltd., Simons Records Ltd., and Warren Records Ltd., the defendants in the case, are illegitimate. The defendants contend, however, that the recordings are legitimately manufactured parallel imports from Portugal, which is the subject of another controversy affecting the U.K. record industry that the European court is expected to decide in the near future.

119. JONES, PETER. Snag in U.K. vid, publisher talks: MPA accused of 'bullying' over c'right tariff use. *Billboard*, vol. 93, no. 24 (June 20, 1981), p. 72.

Speakers at the first annual meeting of the new British Videogram Association (BVA) focused on the progress of video use copyright tariff negotiations between videogram producers and music publishers. The industry was hopeful that an agreement could be worked out quickly, but the BVA's Roy Simpson indicated that continuing unresolved disputes have delayed the talks considerably. BVA chairman, Donald MacLean complimented the members on the unity they had shown this first year and warned them of the many challenges awaiting them in "the area of rights, industrial relations and unauthorized use, including piracy."

120. JONES, PETER. U.K. blank tape firms unite, fight levy lobby: Sony exec leads group. *Billboard*, vol. 93, no. 23 (June 13, 1981), pp. 1, 63.

Blank tape firms in the United Kingdom have formed the Tape Manufacturers Group (TMG) to lobby against record industry efforts for a blank tape levy. TMG members, which include Sony U.K., 3M and Memorex, said that they feel that the home taping problem on which the British Phonographic Industry (BPI) is basing its pro-levy arguments is not as bad as pictured. The group indicated that there are other factors that jointly have contributed to the drop in record sales that the industry is experiencing. The TMG's anti-levy endeavors so far have consisted of hiring a public relations firm to conduct a publicity campaign and a public affairs consultant to lobby members of Parliament and tax officials. The group has also set up its own research office to compile statistics that counter BPI estimates of losses due to home taping.

121. KLAIN, STEPHEN. Will science soon trace pirate lairs? *Variety*, vol. 303, no. 9 (July 1, 1981), pp. 5, 33.

A print identification system is being developed that will enable authorities to determine the exact print source of illicit video copy. The name of the company that is developing the system has not been disclosed, but Joseph Moscarret of Paramount Pictures is in charge of the Motion Picture Assn. of America committee that is overseeing the system's development.

122. KOZAK, ROMAN. Keith Richard, Shanachie settle suit out of court. *Billboard*, vol. 92, no. 28 (July 18, 1981), p. 10.

An out of court settlement has been reached in Keith Richard's suit against Shanachie Records. The company allegedly displayed a sticker and poster portraying Richards, who is a member of the Rolling Stones, as a featured artist on an album by new reggae artist Max Romeo "in order to fraudulently induce sales." In the suit, Richards asked for the return of \$10,000 that he lent Romeo "to put finishing touches" on the LP when it was in production and 3% of the work's gross retail sales. He also asked to be identified on the new album cover as a producer and lead guitarist.

123. K-tel sues in 'overrun'. *Billboard*, vol. 93, no. 22 (June 6, 1981), p. 83.

In a copyright infringement action against printers P. G. Wood, K-tel International was granted an injunction by the High

Court in London. K-tel has indicated that that company is the first of a string of defendants that are believed to be involved in an illegal operation which markets unauthorized cassettes under the K-tel label. The defendant allegedly printed as many as 500,000 more cassette inlay cards than were called for in a K-tel order.

124. Labels sue Taxe family to collect federal judgment. *Variety*, vol. 303, no. 1 (May 6, 1981), p. 181.

Some seventeen record companies have jointly filed suit against Richard Taxe and his brother Ronald. Apparently, a \$700,000 judgment entered against the brothers in 1974 for record piracy was never settled. The companies seek to satisfy the award through this court action, which asks for injunctive relief and seizure of property belonging not only to the brothers but to their parents as well. Plaintiffs, which include ABC, Warner Bros. and CBS records, are also seeking current legal and investigative fees.

125. LEO, CHRISTIE. Joint Malay-Indonesian test: could reduce piracy. *Billboard*, vol. 93, no. 28 (July 18, 1981), p. 71.

The Copyright Act of Indonesia, like that of Malaysia, protects the works of local artists but not that of foreign artists because the country is not a signatory to any international copyright convention. The market for all but domestic records and tapes, therefore, is controlled by the pirate trade. To combat at least some of this illegal activity, an alliance has been struck between the Asia Pacific Record Company of Indonesia and the New Asia Pacific Malaysia. The purpose of the union is to test the potential for Indonesian product in Malaysia while at the same time decreasing the proliferation of illegal Indonesian product in the Malaysian market.

126. LEO, CHRISTIE. Pirate sales a 'must' in Malay shops. *Billboard*, vol. 93, no. 28 (July 18, 1981), p. 69.

Eighty-five percent of the record retailers in the Kuala Lumpur area say that they sell pirated as well as legitimate product because the profit margin allowed them by Malaysian record companies is so low that they need the added revenue from the sale of illegal merchandise to cover overhead expenses and to give them a marginal profit. Most of the dealers say that the illegal

tapes they sell feature only international repertoire, which is not protected since Malaysia is not a party to any of the international copyright conventions. The works of local artists are protected by the country's amended Copyright Act.

127. LEO, CHRISTIE. Retail dissidents try boycotting, so major labels striking back: Malaysian trade. *Billboard*, vol. 93, no. 22 (June 6, 1981), p. 83.

The Malaysian Assn. of Phonogram Producers and Distributors (MAPPD) has accused local retailers of dealing in a pirated product. As a result, a "pro-tem committee" of the Retailers Assn. boycotted a MAPPD member store and the organization retaliated by not shipping the product to retail outlets throughout the country for a few days. The MAPPD claims that the committee is comprised of only a few unscrupulous retailers and wholesalers led by an out-of-town dealer. Its members are purported to have some affiliation with pirate manufacturers and to get much of their product via illegal parallel imports or duty-free product smuggled from Singapore.

128. LICHTMAN, IRV. NMPA's memo in court prompts member dispute. *Billboard*, vol. 93, no. 26 (July 4, 1981), pp. 3, 72.

The National Music Publishers Assn. has been accused of taking sides in what some of its members feel is a court dispute between publishers. The dispute in question involves a suit filed by the Harry Fox Agency seeking the court's guidance on the distribution of mechanical royalties on a copyrighted song, the grant to which was terminated by the author's heirs under the termination provisions of the 1976 Copyright Act. In responding to the accusation, the NMPA indicated that because it viewed the controversy as one involving music publisher versus writer issues, it felt justified in filing a memo with the court supporting publisher interests.

129. LIONEL, SOBEL. Legal briefs. *The Hollywood Reporter*, vol. CCLXVII, no. 16 (June 19, 1981), p. 16.

Since the death of Elvis Presley, there have been several law suits filed by his estate to prevent unauthorized impersonations and the sale of unlicensed merchandise bearing the late singer's name and/or likeness. The courts that decided the cases involving merchandise based their decisions on the right of publicity but

came to varying conclusions. The federal courts in New York ruled that the exclusive right to Presley's name and likeness survived his death while the Tennessee federal court found that it did not. The impersonation suit, which was brought in the District Court in New Jersey, was decided on the grounds of unfair competition and trademark law. It concluded that the producer of an unlicensed stage show patterned after an authorized Elvis Presley look-alike stage production could continue his presentation so long as he took certain steps to inform the public that he was not affiliated with or licensed by the Presley estate. The court did, however, enjoin the producer's use of specific words, poses and pictures because they had become the singer's "service marks."

130. MALONEY, LANE. Par's 'Raiders' b.o. hit named in \$110 mil suit. *Daily Variety*, vol. 192, no. 24 (July 9, 1981), pp. 1, 15.

Stanley Rader and Robert Kuhn have filed a \$110 million breach of contract suit against George Lucas, Steven Spielberg and others involved in the production of the film "Raiders of the Lost Ark." The complaint claims that the idea for the film was taken from a screenplay written by plaintiff Kuhn entitled "Ark," the manuscript of which was submitted to International Creative Management, an agency that has represented both of the defendants. Copyright infringement was not among the claims asserted in the complaint, reportedly, because the case involves the taking of the idea and basic essentials of the Kuhn story and not the concrete work.

131. MCA files suit over Elton John services; Geffen, WB disks named. *Daily Variety*, vol. 191, no. 47 (May 11, 1981), p. 20.

A copyright infringement suit has been filed against Geffen Records, Sackville Prods. and others over the release of an Elton John album entitled "The Fox." The suit claims that Sackville produced albums of John performances while he was under contract to MCA Records, Inc., the plaintiff in the action. It contends that "The Fox" is one such album and seeks to restrain its issuance by Geffen. In a deposition accompanying the defendants' opposition to motion for a temporary restraining order, Elton says that the work on "The Fox" album began a week after the expiration of his agreement with MCA.

132. MCA rebuffed in John fray; trial next step? *Billboard*, vol. 93, no. 20 (May 23, 1981), pp. 3, 12.

U.S. District Court Judge William Gray refused to issue a preliminary injunction against the release of Elton John's album "The Fox." MCA Records filed suit against Geffen Records, the label under which the new album was produced, and others, claiming copyright infringement and conspiracy to infringe upon rights in performances that were allegedly recorded while John was under contract to plaintiff. The suit will probably proceed to trial now that MCA has failed in its attempt to stop the album's release.

133. MCA unit files breach of contract suit vs. Mattel. *The Hollywood Reporter*, vol. CCLXVI, no. 34 (May 5, 1981), pp. 1, 22.

Mattel, Inc. is being sued by the Merchandising Corp. of America for breach of contract. The suit charges that MCA continued to manufacture and sell its line of "Battlestar Galactica" toys after the licensing agreement authorizing such use expired. Plaintiff is seeking over \$1 million in royalties which it claims are still owing under the agreement and an accounting of profits resulting from sales subsequent to its termination.

134. McCULLAUGH, JIM. RIAA, MPAA: antipirate duo. *Billboard*, vol. 93, no. 24 (June 20, 1981), pp. 1, 59.

The Recording Industry Assn. of American and the Motion Picture Assn. of America have agreed to assist each other in anti-video piracy efforts. Member companies of both groups have been apprised of the informal arrangement and have been urged to pass on any information regarding suspected illicit video activities. The organizations were already cooperating with respect to illegal record and film products.

135. McMASTERS, THERESA. Cable license bill stirs controversy. *The Hollywood Reporter*, vol. CCLXVI, no. 42 (May 15, 1981), pp. 1, 29.

In testimony regarding Congressman Robert Kastenmeier's cable copyright bill, Jack Valenti, Bowie Kuhns and Vincent Wasilewski complained that it calls for retention of the compulsory license for cable, it exempts 80% of the country's cable systems from royalty liability and it proposes to give the Copyright Royalty Tribunal rate setting authority. The Tribunal would also be given the right to reimpose syndicated exclusivity rules. A bill introduced by Congressman Barney Frank calling for the elimination of the compulsory license for cable systems with more than 2500

subscribers by January, 1983, was received more favorably than the Kastenmeier proposal.

136. MCMASTERS, THERESA. Congress erred on cable license, says private study. *The Hollywood Reporter*, vol. CCLXVI, no. 38 (May 11, 1981), pp. 1, 17.

A study compiled by Harry Shooshan and Charles Jackson, two former members of the House Communications Subcommittee staff, recommends the abolition of the compulsory license for cable systems. The report says that the license is having a negative impact on TV programming for sports fans and low-income and rural viewers. The study suggests two alternatives to the license and warns that "over-the-air viewers and subscribers to small cable systems . . . will have fewer . . . program choices in the future" if it is not removed.

137. MGM, NBC sued over proposed Stratten film. *Daily Variety*, vol. 191, no. 47 (May 11, 1981), p. 4.

Paternella Eldridge, the mother of slain Playmate of the Year, Dorothy Stratten, and Copa de Oro Prods., have filed a copyright infringement suit against MGM Film Co. and NBC. Plaintiffs seek to enjoin the defendants' production of a biopic based on the writings of Stratten, who was killed by her husband last summer. The suit claims that defendant's project would diminish the value of a diary, poems and other of Stratten's writings, the rights to which plaintiff Copa de Oro Prods. owns.

138. Mikulski wins partial victory in DG suit. *Billboard*, vol. 93, no. 25 (June 27, 1981), p. 67.

A suit involving the domestic distribution rights of Abba's "Arrival" album has been decided by the German Supreme Court. Deutsche Grammophon filed the action against Mikulski Import Company claiming that the defendant had illegally imported Israeli manufactured copies of the album in violation of plaintiff's exclusive distribution rights under paragraph 85 of the German copyright law. The court agreed with plaintiff's assertions with respect to territorial licensing and copyright prohibitions against the importation of certain parallel imports from countries with free trade agreements with the EEC. It concluded, however, that since the records were manufactured by CBS Israel and exported directly to West Germany by way of CBS U.K., the product was

legal. Reportedly, the court mistakenly assumed that CBS Israel and CBS U.K. are one company acting under one license to market the album and that the disks were marketed in the U.K. by CBS.

139. MILLINGER, DONALD M. Resale royalty rights. *American Artist*, vol. 45, no. 467 (June, 1981), pp. 70-73.

Three areas of legal protection for the artist are viewed by the author. These protections for the artist include the new Copyright Act, the California Resale Royalty Rights Act, including the case of *Morseburg v. Baylon*, and the California Preservation of Works of Art Act which became effective January 1, 1980. The author provides a lengthy discussion of the controversy surrounding the resale royalty rights legislation and a history of the first resale royalty right in France.

140. 'Modsoun' suits filed by five record labels. *Record World*, vol. 37, no. 1771 (July 11, 1981), p. 4.

Five record companies have filed individual suits against H&W Supply and others for copyright infringement in connection with raids resulting from the FBI's "Modsoun" undercover investigation. The record companies, which include RCA, CBS and Atlantic, seek damages and injunctive relief.

141. Momentum seems to be growing for change in copyright law. *Broadcasting*, vol. 100, no. 17 (April 27, 1981), p. 27.

Ten witnesses will testify before the Senate Judiciary Committee on April 29 concerning copyright liability for cable systems. David Ladd, Register of Copyrights, outlining his testimony in a letter to several members of Congress, argued that changes in technology and in the cable industry and the "probable outcome" of the FCC's elimination of rules governing cable's retransmission of broadcast programming make it necessary to eliminate compulsory licensing. Barbara Ringer, former Register of Copyrights, is also scheduled to testify.

142. More ammunition for broadcasters on copyright issue. *Broadcasting*, vol. 100, no. 20 (May 18, 1981), p. 55.

A study by the Washington consulting firm of Shooshan & Jackson concludes that the "hidden cost" of the cable provisions of the 1976 Copyright Act has seen a decline in programming

available to broadcasters that will become increasingly precipitous. According to the study, some producers have refused to sell to broadcasters to prevent cable carriage and, in at least one case, a producer has reportedly paid cable systems not to carry his program. Absent the copyright provisions, the study said, hybrid networks, in which a program is sold to a cable operator in one market and to a broadcaster in the next, could theoretically evolve to provide "expanded service to most viewers." The study also concludes that "the transaction costs" that cable operators would incur under full liability "are not prohibitively high."

143. MORRIS, EDWARD. Financial, legal issues' update: publishing confab covers royalties, prices & piracy. *Billboard*, vol. 93, no. 24 (June 20, 1981), pp. 14, 66.

The American Bar Association recently co-sponsored a workshop with the Vanderbilt University Law School. Among the topics discussed were the mechanical royalty rate, home taping, piracy and record rentals. One of the speakers at the workshop mentioned a demonstration he had seen which convinced him that soon it will be possible to make quality recordings at home via a satellite-cable hookup, eliminating the need for record retailers altogether. Another guest spoke on the "conflicting interpretations of the rights and obligations of copyright owners whose works fall under both the 1909 and 1976" Copyright Acts and problems he foresees with the derivative work provision of Section 304 of the law.

144. Mulford estate in win over Zouary re Hopalong pics. *Variety*, vol. 303, no. 4 (May 27, 1981), pp. 4, 37.

Filmvideo Releasing Corp. has been ordered to turn over 23 Hopalong Cassidy films to the trustees of the Clarence E. Mulford Estate and to pay attorneys' fees. The order was issued pursuant to a judgment citing Filmvideo for copyright infringement with respect to the films, which were based on stories and characters featured in Hopalong Cassidy books authored by Mulford.

145. NBC, ABC, three prod. co's named in copyright suit. *The Hollywood Reporter*, vol. CCLXVI, no. 37 (May 8, 1981), pp. 1, 41.

Jon Astor is suing NBC, ABC and others for \$15 million. The suit, which makes copyright infringement and several other claims, alleges that the characters and the theme of three hit TV

shows were all derived from a script titled "Manor House" which he submitted to the defendants. Plaintiff cites instances where specific incidents were taken directly from his story. The allegedly infringing shows are NBC's "Diff'rent Strokes" and ABC's "One in a Million" and "My Buddy."

146. \$1 mil copyright suit on Ono tune. *The Hollywood Reporter*, vol. CCLXVII, no. 13 (June 16, 1981), p. 18.

Donaldson Publishing Co. and others have filed a copyright infringement suit against Yoko Ono. The complaint alleges that a song featured on an album recorded by Ono and her late husband, John Lennon, was illegally copied from a 1928 tune entitled "Makin' Whoopee" written by Gus Kahn and Walter Donaldson. Plaintiffs seek \$1 million in punitive damages, injunctive relief and an accounting of all profits.

147. Par files c'right infringement suit. *Daily Variety*, vol. 191, no. 47 (May 11, 1981), p. 4.

Paramount Pictures Corp. has filed a copyright infringement and unfair competition suit against A. S. Barnes & Co., Inc. The complaint alleges that the defendant illegally used stills from six of plaintiff's copyrighted films in a book entitled "Paramount Pictures and the People Who Made Them." Plaintiff is seeking \$1 million in actual and punitive damages.

148. Paris judge dismisses French Chanel effort to stop film. *The Hollywood Reporter*, vol. CCLXVII, no. 8 (June 9, 1981), p. 10.

A Paris court has entered a judgment for the defendant in the law suit against producer Larry Spangler. The French Chanel design house has brought the action alleging that Spangler's upcoming "Chanel Solitaire" film, which is based on the life of the controversial fashion queen, infringed its copyrights. A similar suit is still pending against Spangler in the U.S. courts.

149. P.R.O. group seeks foreign royalty \$\$\$. *Billboard*, vol. 93, no. 24 (June 20, 1981), p. 75.

The Performing Rights Organization of Canada Ltd. has decided that it will collect mechanical royalties for its members abroad. As a result, agreements have been negotiated with societies in the U.S. and eighteen other countries, with the first payments for outstanding foreign mechanicals due in January, 1982.

and subsequent payments due every six months thereafter.

150. Publisher sues Hammerstein heirs. *The Hollywood Reporter*, vol. CCLXVII, no. 14 (June 17, 1981), p. 3.

T B. Harms has filed suit against the heirs of Oscar Hammerstein over the ownership of 41 Hammerstein songs. Harms, which is a California music publisher, claims that the agreement by which it purchased the tunes in 1969 covered "any and all possible term extensions." Apparently, the heirs, exercising rights provided under the 1976 Copyright Act, filed a notice of termination to recapture the extended renewal copyright term in the songs. Harms disputes this right and asks the court to declare its ownership, thereby preventing the heirs from selling the copyrights to another publisher.

151. Publisher wins vid piracy suit. *Billboard*, vol. 93, no. 20 (May 23, 1981), p. 75.

ATV-Northern Music, an Australian music publisher, has won a court action against an American company that allegedly had been distributing illegal videotapes of the Beatles' film "Magical Mystery Tour" in Australia. An ATV official said that the defendant, which previously had been prosecuted by ATV-US for similar violations, was manufacturing the tapes and then importing them into the country.

152. Quick printing industry and the copyright law. *Quick Printing* (March 1981), pp. 41-43.

A report on a hearing conducted by David Ladd, Register of Copyrights, in New York City. Photo mechanical reproduction and the new copyright law was discussed. There is also included a discussion on the Copyright Clearance Center in New York and its position as a center in obtaining permission for reprints whenever those reprints exceed the strict fair use requirements.

153. 'Raiders' print seized by FBI in Ill. raid. *Daily Variety*, vol. 192, no. 5 (June 12, 1981), p. 1.

Acting on a tip, FBI agents in Illinois seized 35mm prints of "Raiders of the Lost Ark" and two other films in a raid on Auvicon, Inc. in Elmhurst. Also confiscated were almost \$100,000 worth of master vidtapes, videorecorders, duplicating equipment and video editing devices.

154. Reading the riot act on piracy. *The Bookseller*, no. 3936 (May 30, 1981), pp. 1862.

Malcolm Rowland, the secretary of Britain's international publishing association, stated at a meeting in Atlanta that the Association of American Publishers had "failed to support British efforts and those of its own members in combating piracy around the world." British publishers are concerned about increasing evidence of U.S. infringing editions in United Kingdom exclusive markets and the spread of piracy.

155. Record companies seek library use fees in Australia. *LJ/SLJ Hotline*, vol. X, no. 21 (May 25, 1981), p. 21.

According to an article published in the February, 1981 issue of a local library newsletter, the Phonographic Performance Company of Sydney has asked Australian libraries to pay a license fee for the public performance of records and tapes. The license, which covers such uses as background music and individual listening at carrels, would cost "\$8 a year for each set of headphones the library has and \$40 a year per room, floor or vehicle where the music is heard."

156. Rooney files suit over TV residuals. *Daily Variety*, vol. 192, no. 15 (June 26, 1981), p. 26.

Mickey Rooney and several other actors have jointly filed suit against Columbia Studios and others in New York federal court. Plaintiffs seek to have the court rescind a 1967 agreement that set 1960 as the cut-off point for films that earn television residuals. Rooney claims that the cut-off has prevented him from earning income from 150 of his films.

157. Sam Goody Inc. attorneys ask court to overturn convictions. *Daily Variety*, vol. 192, no. 30 (June 17, 1981), p. 6.

Attorneys for defendants in the Sam Goody counterfeit trial have filed post-trial memoranda asking the court to set aside their clients' convictions or to grant a retrial. The brief contends that the prosecution failed to prove that Goody and Samuel Stolon were guilty of transporting counterfeit tapes across state lines, that they knew the tapes were counterfeit and that the tapes' copyrights were valid. The memo also included claims with respect to the instructions given the jury and testimony given by government agents.

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158. SAMPSON, JIM. Few foreigners seek German "neighboring rights" payments: less than 100 contact GVL. *Billboard*, vol. 93, no. 21 (May 30, 1981), p. 64.

For years, GVL, the West German performing rights society, has collected neighboring rights royalties for its member recording companies and artists residing in West Germany while refusing to collect such payments for artists residing in countries without neighboring rights laws. Now a decision issued by the European Commission has forced the organization to change its membership policy to include all artists residing in European Economic Community countries. The ruling makes domestic video firms and some foreign artists eligible for payments. Though the GVL has been busy notifying foreign artists of their membership prerogative, fewer than 100 artists have responded since the change took effect last October.

159. SAMPSON, JIM W. German tax earns \$15 million. *Billboard*, vol. 93, no. 20 (May 23, 1981), pp. 6, 79.

Germany's 1964 Copyright Law provides that ZPU, the local rights society, can collect up to 5% of the wholesale value of the recording section of all sound recording equipment. This hardware levy generated almost \$15 million in royalty income for music and literary authors, artists and record companies last year and is expected to bring in even more this year. Apparently the favorable results of the hardware levy have prompted the German music industry to urge the government to also place a tax on blank tape.

160. SCHREIBER, MANFRED. Austro royalties sag. overseas' tabs rise. *Billboard*, vol. 93, no. 24 (June 20, 1981), p. 72.

Austro-Mechana, the Austrian mechanical rights society, reported a decline in royalties it collected during the latter half of 1979 and the first half of 1980. The organization anticipates that it will realize a profit from the new copyright tax on blank cassettes, however. An eighteen-month contract for the tax was recently negotiated with tape importers establishing a rate of eight cents per hour of playing time on each cassette, which will be effective retroactively from January 1, 1981 to December 31, 1981. The rate will automatically increase to nine cents for the first six months of 1982. The contract also contains a provision whereby an importer choosing to pay through a specially chosen

Viennese notary will be given a reduced rate.

161. SCHWEIGER, ROBERT. Beware of copying multiple workers. *Quick Printing* (April 1981).

A discussion of copyright problems in the unauthorized creation of anthologies by copying them from copyrighted materials selected by college faculties for distribution to students. The author warns his readers that such large-scale copying is illegal and that commercial copying centers bear "full legal responsibility for their copying activities for such anthologies."

162. SEGERS, FRANK. Demand for videotape rentals has suppliers, retailers feuding; call out for a new biz system. *Variety*, vol. 303, no. 8 (June 24, 1981), pp. 46, 64.

Customer interest in video rentals is causing a disturbance in the homevideo industry between retailers on one side and program suppliers and copyright owners on the other. Copyright proprietors/suppliers oppose the rental of pre-recorded videotape cassettes because they would not share in the profits. Retailers had been arguing that once the cassette is purchased from the supplier, "how it is transferred from shelf to customers is strictly the store's business." Recently, however, the dealers have expressed an interest in and, in some cases, have offered to share a percentage of their rental income with the suppliers.

163. SEKULER, ELIOT. BMI national meeting covers broad range of issues. *Record World*, vol. 37, no. 1770 (July 4, 1981), p. 12.

In an interview with *Record World*, BMI president Edward Cramer talked about his organization's recent meeting and several matters of concern to writers, publishers and the music industry at large. The discussion included a briefing on BMI's suit against Harvard University a few years ago for not obtaining a music use license and three similar actions that are currently being brought against other major universities. Cramer indicated dismay over the fact that among the many music users that do not want to pay for the use of copyrighted musical works are universities, public broadcasters and symphony orchestra directors, people who should and often do "know better but just do not want to compensate creative people for their compositions."

164. Senate testimony against compulsory cable license plan. *The Hol-*

lywood Reporter, vol. CCLXVI, no. 31 (Apr. 30, 1981), pp. 1, 4.

Most of the witnesses testifying at the recent oversight hearings before the Senate Judiciary Committee favored abolishing the compulsory license for cable systems. David Ladd, the Register of Copyrights, recommended that the Copyright Act be amended to eliminate the license, "to exempt from liability the simultaneous secondary transmission of network programming; exempt from liability the simultaneous secondary transmission of local signals; clarify the law to make clear that the activities of satellite resale carriers are subject to full copyright liability and provide for a three- to five-year transition period before the changes are implemented." The only proponent of the compulsory license present was former FCC chairman, Charles Ferris.

165. Showtime files 'Pippin' suit against Sheehan. *Daily Variety*, vol. 192, no. 23 (July 8, 1981), p. 15.

Showtime Entertainment of New York is suing Sheehan Telescenes Inc. to prevent it from producing a pay-TV version of "Pippin." The complaint alleges that the defendant agreed to sell the pay-TV rights to plaintiff for \$600,000 but "subsequently repudiated all of its obligations" and informed plaintiff that a competing TV service was willing to pay more for the property.

166. Sinatra, Liza sue videocassette firm. *Variety*, vol. 303, no. 10 (July 8, 1981), p. 59.

All Star Video Corp. is being sued by Frank Sinatra and Liza Minnelli for the unauthorized distribution of videocassettes of the singers' performances. The joint action seeks \$2,000,000 in punitive damages and injunctive relief.

167. SIPPEL, JOHN. 3 found guilty of piracy in California. *Billboard*, vol. 93, no. 26 (July 4, 1981), p. 85.

Mr. and Mrs. Leonel Sosa Ramirez and George Gonzalez have been convicted of conspiring to manufacture and manufacturing illegal tapes of Latin music. Evidence introduced during their trial showed that thousands of labels and eight-tracks, slave units, a master and a printing press had been confiscated from the defendants' homes, which had been partially converted into duplicating plants.

168. SLATER, ANDREW. Georgia solons hear of home taping ills. *Bill-*

board, vol. 93, no. 21 (May 30, 1981), pp. 3, 12.

Music industry leaders met with Georgia state legislators to discuss home taping of recorded music. Georgia enacted the first statewide antipiracy laws in 1975 and its recently formed Music Industry Study Committee has expressed an interest in helping to solve the home taping problem. Though the Committee is going to study the problem, it would not commit itself on the question of legislation. In fact, its chairman, state senator Bill English, said that he was "very hesitant in regard to legislation because you get right into the problem of seizure of First Amendment rights."

169. SOBEL, LIONEL. Legal briefs. *The Hollywood Reporter*, vol. CCLXVI, no. 47 (May 22, 1981), p. 20.

This article discusses exclusive rights and the inclusion of the exclusivity concept in the 1976 Copyright Act. Attention is also focused on the role that the notion of exclusive rights has played in the entertainment industry and on two cases involving the question of "whether the owners of exclusive broadcasting rights to sporting events may prevent other broadcasters from carrying those events without their consent." In both instances, the courts upheld exclusive rights.

170. SOBEL, LIONEL. Legal briefs. *The Hollywood Reporter*, vol. CCLXVII, no. 21 (June 26, 1981), p. 18.

This is a discussion of legal developments regarding the copyright status of commercial users of background music since the 1930's. Several copyright infringement actions in which such use by restaurants and clothing stores was at issue are examined. These cases include *Buck v. Jewell-Lasalle* and two recent cases brought by BMI and ASCAP against Casual Corner shoestores and the Gap clothing stores, respectively.

171. SOBEL, LIONEL. Legal briefs. *The Hollywood Reporter*, vol. CCLXVII, no. 26 (July 3, 1981), p. 7.

In this discussion of the cable market for sporting events, Mr. Sobel focuses on a speech addressing this subject that was recently given at a seminar sponsored by the Practising Law Institute in Los Angeles. The speaker was D.C. lawyer Philip Hochberg who included in his talk the definition of such terms as cable origination and signal carriage and explained why these practices make cable television both a boon and a bane. Hochberg also explained

the reasons for this dichotomy, talked about the compulsory license for cable and, citing the case where Notre Dame reportedly paid a cable system not to carry its games, addressed the problem of unauthorized carriage of sporting events and other programming.

172. SPAHR, WOLFGANG. Publisher parley: c'right, video major topics at 3-day meet. *Billboard*, vol. 93, no. 24 (June 20, 1981), p. 75.

West German music publishers recently held a three-day meeting. Two major problems concerning those in attendance were illegal photocopying and video copyright. With respect to the former, one thing the publishers are considering is an "anti-Xerox point." The dot is invisible on the printed sheet; but when the sheet is photocopied, it shows up as black. In the area of video, they are going to ask GEMA, the country's rights society, for additional personnel "so that video copyright can be effectively controlled."

173. Stiffest sentence ever for record piracy meted out. *Variety*, vol. 302, no. 13 (Apr. 19, 1981), pp. 1, 98.

As a result of the FBI's "Operation Turntable" record piracy investigation, eight of ten accused who pleaded guilty to copyright infringement and related charges were given jail terms. The remaining two defendants received suspended sentences. A prison sentence was also imposed on one other person after the court convicted him on a copyright infringement count.

174. Suit claims c'right jump by ABC vidpic. *Daily Variety*, vol. 191, no. 52 (May 18, 1981), p. 8.

ABC, Inc. and Circle Arts Prods. is being sued for copyright infringement. Writer Alvin Katz, plaintiff in the action, claims that the defendants' "The Girl in the Office" telefeature is based on his unpublished novel entitled "The Fruit of the Berry." Katz claims that he submitted his work to ABC in 1978.

175. Tape pirate receives ten-year sentence in Florida case. *Record World*, vol. 37, no. 1766 (June 6, 1981), p. 6.

Jerry H. Jones has been sentenced to ten years in jail for copyright infringement in connection with his being convicted on charges of racketeering and interstate transportation of stolen property. Four other men convicted along with Jones were also

given prison sentences. The convictions were the result of the FBI's "Operation Turntable" tape piracy investigation that ended some months ago.

176. Tax relief, blank tape levy sought by industry. *Billboard*, vol. 93, no. 24 (June 20, 1981), p. 75.

At hearings scheduled by Canada's Federal Cultural Policy Review Committee, Brian Robertson of the Canadian Recording Industry Assn. voiced the record industry's concerns. Among them he listed a levy on the sales of blank tape imported into the country and stiffer penalties for piracy and counterfeiting. The government has indicated that it is waiting for the committee to complete its hearings before making any decisions with respect to revision.

177. Trials set for 4 alleged dupers. *Billboard*, vol. 93, no. 26 (July 4, 1981), p. 85.

Raids in Chicago and suburban Los Angeles have resulted in the arrest of Augustine Cervantes, Rene T. Espindola, Carlos Nuno and Jose A. Garcia on charges ranging from selling of unauthorized tapes to selling unidentified sound recordings. The raids, which netted approximately \$18,000 worth of allegedly pirated Latin tapes, followed a cooperative investigation by authorities in both cities and a piracy consultant from Los Angeles.

178. The trouble with "running a business in the yellow." *Copyright Management*, vol. IV, no. 6 (June 1981), pp. 2-3.

This article discusses the decision in *Northwestern Bell Telephone Co. v. Bedco of Minnesota*, a copyright infringement action arising out of defendant's unauthorized copying of advertisements from the yellow pages for use in a solicitation campaign for a competing publication. The court found for the plaintiff and, consequently, issued a preliminary injunction prohibiting the defendant "from using photocopies of pages or actual pages, or photocopies of listings and advertisements or actual listings and advertisements from any yellow pages directory that has been copyrighted by Northwestern Bell Telephone Company . . ."

179. TUSHER, WILL. Bill Sargent claims new device will prevent FM stereo piracy, *Daily Variety*, vol. 192, no. 15 (June 26, 1981), p. 18.

Bill Sargent has announced that he has patents pending on

an anti-piracy device that prevents home audio taping of FM stereo broadcasts. He says the mechanism encodes recordings with a signal as it is transferred to master record or master tape. The signal is not audible to FM listeners, but it is picked up and produces a loud hum on material taped off-the-air.

180. U.K. industry urged to demand c'right revisions with stiff penalties. *Billboard*, vol. 93, no. 21 (May 30, 1981), p. 62.

Lord Goodman, a well-known legal figure in the United Kingdom, urged those attending the centenary dinner sponsored by the Music Publishers Assn. in London to make strong demands for copyright law revision and stiffer penalties for infringement. He said that record piracy and home taping are eating into the earnings of performers, composers and music publishers and indicated that a levy on blank tape may be the solution to the problem.

181. U.K. vid hubbub: publishers hit for taking 2 manufacturers to court. *Billboard*, vol. 93, no. 20 (May 23, 1981), p. 76.

The Mechanical Copyright Protection Society (MCPS) has been strongly criticized by Michael Kuhn for seeking an injunction against Thorn EMI Video Productions and EMI Records. The injunction, which was granted by the High Court, prevents the defendants from manufacturing and selling videocassettes of six motion pictures. While acknowledging that the Society was within its rights to bring the action, Kuhn, who is the chairman of the Rights Committee of the British Videogram Association, stated that the action was "unwise and impolitic" in that his organization is in the midst of negotiating "an agreement on tariffs for the use of MCPS-protected music in videograms." He said that the two companies had every intention of meeting their royalty obligations and he indicated that their offer to put money into escrow while the royalties were being deliberated attested to that fact.

182. Unauthorized duplication deplored by NMC. *American Ensemble*, vol. 4, nos. 1-2 (Spring 1981), p. 39.

A special committee of the National Music Council has drafted a resolution regarding the illegal duplication of printed and recorded music. The measure, which will be published in various industry publications, condemns the unauthorized copying of copyrighted music and calls upon the music community "to join in an on going campaign to inform and educate the public

about the inherent immorality" of such practices.

183. Valenti decries court decision upholding FCC on cable rules. *Daily Variety*, vol. 192, no. 12 (June 23, 1981), pp. 1, 15.

The Motion Picture Assn. of America's Jack Valenti wrote a letter to Congressman Robert Kastenmeier denouncing the recent appeals court decision upholding the Federal Communications Commission's elimination of its distant signal importation and syndicated exclusivity rules. In the wake of the ruling, the letter urged that Congress act to protect program suppliers and broadcasters.

184. Views polarize on cable and copyright. *Broadcasting*, vol. 100, no. 25 (June 22, 1981), pp. 30, 31.

In testimony before the House Subcommittee on Courts, Civil Liberties, and the Administration of Justice, Ted Turner, chairman of Turner Broadcasting System, said an end to compulsory licensing would mean an end to superstations and a massive loss of sports programming to the American public. Turner said that compulsory licensing works to provide program diversity to the public at a cost nonprohibitive to cable systems. Without compulsory licensing, cable systems would not be able to transmit the entire program schedules of superstations, because systems would have to negotiate individually with copyright owners for each superstation.

185. WALLACH, AMEI. The trouble with print abuses in today's market. *Artnews*, vol. 80, no. 5 (May 1981), pp. 60-69.

A thoughtful discussion on the misrepresentation of art prints through photomechanical reproduction and distortion of edition size in prints. Some of the problems in discovering unauthorized works include a lack of information as to whether a work was made in an artist's lifetime or is a restrike of a posthumous work. Robert Abrams, Attorney General of the State of New York, has proposed legislation intended to protect consumers' fine prints.

186. WEA cuts some rock cassette prices to dissuade home tapers. *Billboard*, vol. 93, no. 25 (June 27, 1981), p. 67.

Market research has led WEA Germany to conclude that rock fans do most of the home taping in West Germany. To discourage this activity, the company has decided to reduce the wholesale

price of its domestic rock cassettes by 37%. WEA's managing director indicates that he believes that this experiment could show that consumers would rather buy an inexpensive tape copy than duplicate a record.

187. WILLARD, BILL. Vegas vid pirate gets nailed; says defense cost 100G. *Variety*, vol. 303, no. 1 (May 6, 1981), p. 156.

Jack Poster, the owner of the Video Mart in Las Vegas, has been fined \$4,500 and placed on three years probation for making unauthorized video copies of copyrighted films. Poster had originally been indicted on eleven counts but, as a result of plea bargaining, ten of the charges were dismissed in return for his plea of no contest to one copyright infringement count.

188. WOOD, GERRY. Labels and publishers air gripes: copyrights panel discusses royalties and tapes levy. *Billboard*, vol. 93, no. 22 (June 6, 1981), pp. 78, 86.

One of the panels at *Billboard's* International Music Industry Conference was entitled "The Protection of Property Rights in the Face of Rapid Technological Developments." The panel discussions included such topics as piracy, home taping, blanket licensing copyright legislation and hardware/software levy.

2. Foreign

1. Great Britain

189. Sale of shirts not 'publishing' copyright work. *Infabrics Ltd. and Others v. Jaytex Ltd.* *The Times*, London (March 27, 1981).

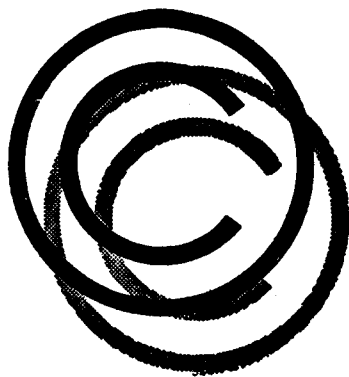
The House of Lords held that the sale of shirts made in Hong Kong and carrying a design in which copyright was claimed for an artistic work "did not constitute publishing the work such as to constitute an infringement of copyright entitling the owners to damages for every shirt sold."

JOURNAL

OF THE

COPYRIGHT SOCIETY

OF THE U.S.A.



Published at
NEW YORK UNIVERSITY LAW CENTER

VOL. 29, No. 2

DECEMBER, 1981

JOURNAL OF THE COPYRIGHT SOCIETY OF THE U.S.A.
(formerly BULLETIN OF THE COPYRIGHT SOCIETY OF THE U.S.A.)

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Published at New York University Law Center, 40 Washington
St. South, New York, N.Y. 10012. Printed and distributed by
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ISSN 0010-8642

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THE JOURNAL of The Copyright Society of the U.S.A. (formerly the BULLETIN OF THE COPYRIGHT SOCIETY OF THE U.S.A.) is published 6 times a year by The Society at the Law Center of New York University, 40 Washington Square South, New York, New York 10012; Stanley Rothenberg, *President*; Richard Dannay and Alan J. Hartnick, *Vice Presidents*; Theodora Zavin, *Treasurer*; Jerold L. Couture, *Secretary*; Henry R. Kaufman, *Assistant Treasurer*; Raymond D. Weisbond, *Assistant Secretary*.

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CITE: 29 J. COPR. SOC'Y, page no., Item . . . (1981).



LEONARD ZISSU

PART I

ARTICLES

190. WHITHER CHARACTER RIGHTS: SOME OBSERVATIONS—*The Eleventh Donald C. Brace Memorial Lecture**

By LEONARD ZISSU**

I appreciate greatly the invitation extended to me to deliver the eleventh in the annual series of the Donald C. Brace Memorial Lectures on Copyright. I was president of the Copyright Society when this series commenced and it was my privilege on behalf of the Society to invite as our inaugural lecturer Professor Melville Nimmer whose lecture on the subject "Copyright vs. The First Amendment" proved indeed prescient in the years to come.

I am doubly pleased that it was suggested that I deal with the subject of character rights¹—a topic that immediately connotes the *Sam Spade* case.² The antagonists in that extended litigation were the film producer, Warner Brothers, and the author, Dashiell Hammett. I was fortunate enough to be on the winning side as attorney for Dashiell Hammett.

PRELIMINARY

Some preliminary observations are useful here. The character we treat is the fictional figure only. The historical or actual figure, living or dead, is not the subject of our inquiry. Such figures are not fictional even when presented fictitiously in the sense that the author gave unduly free rein to his imagination instead of adhering to the facts.

The challenged use of the name or likeness of historical or actual figures is ordinarily treated under concepts of unfair competition, def-

*This article is based on the Brace Lecture delivered by Mr. Zissu on April 23, 1981 at the New York University Law Center in New York City and on May 12, 1981 at the Beverly Hillcrest Hotel in Beverly Hills, California.

**Mr. Zissu is a member of the New York bar and former president of The Copyright Society of the U.S.A. Acknowledgment is given to Mr. William H. Hart for his assistance in editing the footnotes for publication.

¹ *I.e.*, for simplicity, rights to the use of the character or his name.

² Warner Bros. Pictures, Inc. v. Columbia Broadcasting System, Inc., 216 F.2d 945 (9th Cir. 1954), *cert. denied*, 348 U.S. 971 (1955).

amation, privacy and publicity rights.³

ELEMENTS OF CHARACTER

For our purposes it may be stated that a character comprises some or all of such elements as (and principally) the name, physical appearance and attributes,⁴ mannerisms, speech and expressions, habits, attire, setting and locale. His association with the other designated characters and his outlook or view of life (subjective indicia) may also be regarded as within the composite which denotes the character.

HOW CHARACTERS ARISE

Characters may originate in visual or non-visual form. Their visual appearance may be in graphic or two-dimensional depictions such as cartoons, or in three-dimensional representations, such as dolls or stage actors. The non-visual characters may derive from verbal depictions in writings such as novels, short stories and plays. (We shall refer to the characters used in these works as literary characters in contrast to visual characters.)

VARIETIES OF CHARACTERS

The characters may be human, animal or insect or even inanimate or invisible. They may cross over to different forms, dimensions and media and even be spun off from a lesser role in one television series to a leading role in another. Thus, visual characters, if two-dimensional, may subsequently become three-dimensional as well as literary characters and vice versa. For successful characters the value of character rights in the media and merchandising fields may well run into millions.

A BRIEF NOTE CONCERNING SAM SPADE AND OTHER CASES

Over twenty-five years ago the Ninth Circuit decided the *Sam Spade* case⁵ in which it was held that the basic agreement between Hammett

³ These are beyond the scope of this presentation, although it may be noted that publicity rights (as to the name or likeness of a decedent possessing celebrity) may present somewhat analogous problems to those of character rights, particularly with respect to inheritability.

Also, trademark laws as such are for the most part not treated here. Although introducing registration systems, they are essentially an outgrowth and branch of the substantive common law of unfair competition.

⁴ While these could comprehend unique mental or physical powers or feats of which the character is capable, the language in cartoon cases would apparently extend such character elements to "specific exploits . . . as each picture portrays them"—a concept more related to the action or story. See *National Comics Publications, Inc. v. Fawcett Publications, Inc.*, 191 F.2d 594, 600 (2d Cir. 1951).

and Warner Brothers covered only certain specific copyright rights (motion picture, radio and television) in the published copyrighted mystery novel "The Maltese Falcon" written by Hammett and introducing the fictional detective "Sam Spade." It concluded that the parties never intended by their contract to deal with the use of the character in future stories or that the author should be deprived of such use. (Consequently, the licensing by the author of the radio series entitled "THE ADVENTURES OF SAM SPADE" which subsequently ensued was upheld against Warner's claims of copyright infringement and unfair competition).

The court then went on to state by way of dictum (or alternate holding) that even an assignment of the complete rights in the copyright of the novel would not prevent the author's use of the character in other stories. It regarded the character here as a general type or vehicle for the story and therefore not protected by copyright. It viewed the copyright statute as excluding such characters "*with their names*" from its protection and from subject matter embraced within copyright assignments.⁶

In holding that Hammett was not deprived of the sequel use of his characters the court avoided any declaration as to the enforceability *by Hammett* of sequel (or character) rights. It found that no useful purpose would be served thereby since all the issues in suit arising from the Warner claims against Hammett were being settled by the judgment.⁷ In its conception, the common law rights which are extinguished by publication apparently relate only to rights in the *writing* or *work* itself, not in the characters embodied therein. Previously in a fuller exposition, the district court had explicitly declared that the statutory copyright (then based upon publication) does not operate to divest an author of all common law rights incident to authorship but saves certain common law rights including the right "to exclude others from making use of the . . . characters."⁸

It is noteworthy that although the upper court did not squarely come to grips with this question and denied Hammett's prayer for a declaration of his rights, it commended a reading of the district court "opinion and notation of authorities cited."⁹

Nowhere did the Court of Appeals indicate that character names are not protectible under any legal theory, even though characters with

⁵ Warner Bros. Pictures, Inc. v. Columbia Broadcasting System, Inc., 216 F.2d 945 (9th Cir. 1954), *cert. denied*, 348 U.S. 971 (1955).

⁶ 216 F.2d at 950 (emphasis added).

⁷ *Id.* at 951.

⁸ 102 F. Supp. 141, 147 (S.D. Cal. 1951).

⁹ 216 F.2d at 951.

their names are not covered in the copyright statute.

While the *Spade* court's dictum dismissed copyright as a ground of protection for fictional literary characters of a general type such as Sam Spade, it did not eschew but rather upheld copyright as the cornerstone of protection for characters distinctively developed whose delineation had been too closely imitated.¹⁰ (This was the test previously enunciated by Judge Learned Hand in the so-called *Nichols* case.)¹¹

To warrant copyright protection, however, such character, in the view of the *Spade* court, had to "really constitute the story being told."¹²

Forseeably, the decision in the *Spade* case touched off a lively and unabated flow of commentaries concerning the protection of fictional characters. Meanwhile, the character cases show that generally they are not inherently inconsistent but indeed do spell out an acceptably sound legal framework.

VISUAL CHARACTERS

It might be worth noting at this point that cases dealing with named cartoon characters or dolls have generally allowed remedies for copyright infringement where copyright subsists or for unfair competition where it does not. The *Fisher* case¹³ in the New York Court of Appeals is illustrative. There the plaintiff was the cartoonist of the widely known and successful "Mutt and Jeff" cartoon strip identified with him and originally created *prior* to his employment by defendant. The initial groups of strips featuring the "Mutt" and "Jeff" characters were unco-

¹⁰ *Id.* at 950.

¹¹ *Nichols v. Universal Pictures Corp.*, 45 F.2d 119, 121 (2d Cir. 1930); *cert. denied*, 282 U.S. 902 (1931).

¹² 216 F.2d at 950. This test has been viewed, at least in the case of literary characters, as having such sweeping effect as ordinarily to debar characters from copyright protection. Query whether such classic figures of literature as Anna Karenina, Madame Bovary and Nicholas Nickleby would be shorn of copyright eligibility under the *Spade* dictum. See *Walt Disney Productions, Inc. v. Air Pirates*, 581 F.2d 751 (9th Cir. 1978), *cert. denied*, 439 U.S. 1132 (1979). Consider Judge Waterman's footnote statement in *Goodis v. United Artists Television* responding to the possible contention that the characters of the *Maltese Falcon*, presumably because indistinct, were in the public domain: "[W]e think such a conclusion would be clearly untenable from the standpoint of public policy for it would effectively permit the unrestrained pilfering of characters." 425 F.2d 397, 406 n. 2 (2d Cir. 1970).

Note, too, the First Circuit's analysis of the *Spade* Case in *De Costa I* (discussion beginning in text accompanying note 25, *infra*) as *not* implying that "characters are inherently uncopyrightable" and the observation in another case that copyright could extend to cover characters in dramatic works "under certain circumstances." *Ideal Toy Corp. v. Kenner Productions*, 443 F. Supp. 291, 301 (S.D.N.Y. 1977).

pyrighted. Following the termination of plaintiff's employment the defendant continued to publish "Mutt" and "Jeff" cartoons drawn by others. Plaintiff was awarded a judgment enjoining the use of the names, characters and strips so closely imitative as likely to cause public deception. The court's reasoning was that the rights in the names and characters were protected as in the *INS* case, *infra*, under extended concepts of unfair competition (competitor's misappropriation without passing off) rather than copyright.

Even where unfair competition claimants hold the related copyrights they have been awarded comparable, unfair competition relief¹⁴ against the unsanctioned use of deceptively similar characters with their names.

Typical is the *Gruelle* case¹⁵ where the creator of the "Raggedy Ann" and "Raggedy Andy" dolls had similar success against the use of such names on dolls with a deceptively similar appearance to those in his copyrighted books and drawings. Relief was confined to such name usage, but could have been extended to enjoin manufacture and sale of defendant's dolls if a copyright claim had also been asserted.¹⁶

The existence of copyright does not preclude unfair competition claims based upon defendant's misleading use of the same name or one confusingly similar. They would in fact be joinable.¹⁷ Thus, if the copyright claim (dependent upon copyrightability and a substantial taking) were accompanied by elements of unfair competition (secondary significance with passing off, for example) the claimant could proceed on either or both theories. The copyright route, though, appears to have been the chosen main avenue particularly for cartoons, as expounded in the *Air Pirates* case.¹⁸ The court there observed that while literary characters are ordinarily not "copyrightable" under the *Spade* test—since difficult of distinctive delineation and not constituting the story being

¹³ *Fisher v. Star Co.*, 231 N.Y. 414, 132 N.E. 133, *cert. denied*, 257 U.S. 654 (1921).

¹⁴ Unless duplicative of granted copyright relief. *See Dealer Advertising v. Barbara Allan Financial*, 209 U.S.P.Q. 1003, 1019 (W.D. Mich. 1979).

¹⁵ *Gruelle v. Molley-ES Doll-Outfitters*, 94 F.2d 172, 176 (3d Cir. 1937), *cert. denied*, 304 U.S. 561 (1938).

¹⁶ *Id.* Literary characters too have been similarly protected under unfair competition. *See Patten v. Superior Talking Pictures*, 8 F. Supp. 196 (S.D.N.Y. 1934); *Paramore v. Mack Sennet, Inc.*, 9 F.2d 66 (S.D. Cal. 1925). The author of the copyrighted novel "Stella Dallas" was upheld in her complaint for unfair competition challenging a radio series by that name for its allegedly inferior and damaging use of her titled character. *Prouty v. National Broadcasting Co.*, 26 F. Supp. 265 (D. Mass. 1939).

¹⁷ *See generally Frederick Warne & Co., Inc. v. Book Sales Inc.*, 205 U.S.P.Q. 444, 448, 449 (S.D.N.Y. 1979) and *Dealer Advertising*, 209 U.S.P.Q. at 1019.

¹⁸ *Walt Disney Productions, Inc. v. Air Pirates*, 581 F.2d 751 (9th Cir. 1978), *cert. denied*, 439 U.S. 1132 (1979).

told—the same was not necessarily true as to comic book characters because of their added visual images. It saw this concept illustrated in the *Superman-Detective Comics* case¹⁹ where copyright infringement was found without name similarity but with “the character’s personality and other traits in addition to its image” taken into account.²⁰

Unlike the case of purely literary characters, the distinctly delineated cartoon figure is inherently more readily protected against infringement.²¹ Visual comparisons, being relatively more objective, offer a sounder test. When the *same name* accompanies similar imagery, a finding of infringement *per se* would appear almost inevitable. The Ninth Circuit, however, seemingly questions whether such factors, lacking an additional showing of similar personality and other traits, would be enough.²² In any event, however, similarity of imagery could not contribute toward infringement unless there were more than similarity as to “common . . . general imagery.”²³ The similarity as to imagery would need to be “sufficiently particular and concrete as to represent an appropriation of the protected expression of the plaintiff’s works.”²⁴

DE COSTA

In *De Costa I* (1967) the first²⁵ of two decisions by the First Circuit in the *Paladin* case against CBS, the court denied protection against the “misappropriation” of plaintiff’s character by that name. The plaintiff, a Rhode Island mechanic of limited education, with a passion for things western, conceived of a black mustachioed cowboy character dressed entirely in black to whom he applied the name “Paladin” after a similar name was brought to his attention as meaning “champion of knights.” To his black costume which included a flat-crowned hat, he added a St. Mary’s medal affixed to his hat and an antique derringer secreted under his arm. He also used the symbol of a silver chess knight on his holster, and on printed cards which bore the name “Paladin” as well as the slogan

¹⁹ *Detective Comics, Inc. v. Bruns Publications, Inc.*, 111 F.2d 432 (2d Cir. 1940). See also *DC Comics, Inc. v. Crazy Eddie, Inc.*, 205 U.S.P.Q. 1177 (S.D.N.Y. 1979).

²⁰ 581 F.2d at 757 n. 14.

²¹ *But cf. Filmvideo Releasing Corp. v. Hastings*, 509 F. Supp. 60, 66 (S.D.N.Y. 1981) (“Hopalong Cassidy” sufficiently delineated as a literary character to be protected against infringement “irrespective and independent of the similarity of the story line”).

²² See *Air Pirates*, 581 F.2d at 757.

²³ *Warner Bros., Inc. v. American Broadcasting Companies, Inc.*, 654 F.2d 204, 209 (2d Cir. 1981).

²⁴ *Id.*

²⁵ *Columbia Broadcasting System, Inc. v. De Costa*, 377 F.2d 315 (1st Cir. 1967), *cert. denied*, 389 U.S. 1007 (1968).

"Have Gun Will Travel. Wire Paladin." And importantly, these cards bore his photograph conveying his costume and menacing appearance. He passed out his cards and photographs to hospitals and commercial establishments—some 250,000 of them—and made many costumed appearances featuring his quick draw at local events such as rodeos, horse shows and auctions. He pursued his activities purely for the sake of entertaining others, sold nothing, charged no fees and exploited only himself.

Years after the origin of plaintiff's "Paladin" activities, CBS broadcast its highly successful television series entitled "Have Gun Will Travel" which for all intents and purposes so far as the principal character was concerned was a deliberate, direct, complete and unabashed steal of plaintiff's Paladin. In reversing the judgment below for the plaintiff, the court ruled in effect that a state law misappropriation claim was unsupported because preempted by then federal law and that a published character such as Paladin could be a writing protectible under the copyright statute upon compliance with its requirements.²⁶ Such compliance was found lacking, however, because the widely distributed photographs embodying his visual appearance and comprising all the copyrightable elements had omitted the prescribed copyright notice. The court in effect assimilated Paladin to visual characters. It viewed the *Spade* case as having limited holdings which did *not* imply that "characters are inherently uncopyrightable" and cited distinguishable cases supporting copyright and unfair competition protection where applicable.²⁷

De Costa II (1975)²⁸ acknowledged that *De Costa I* had settled only the misappropriation issue and proceeded to rule upon plaintiff's claims for common law trademark and/or service mark infringement and for unfair competition.²⁹ The plaintiff fared no better. The court found that the plaintiff had no business use or income from *Paladin*, that the parties had different types of customers or markets and that there was no public deception, confusion or the likelihood thereof.³⁰

GOODIS

In the *Goodis* case,³¹ following the rejection in *De Costa I* of the misappropriation theory, the Second Circuit examined an alleged situ-

²⁶ 377 F.2d at 320, 321.

²⁷ *Id.* at 320 n. 9 and accompanying text.

²⁸ *De Costa v. Columbia Broadcasting System, Inc.*, 520 F.2d 499 (1st Cir. 1975), *cert. denied*, 423 U.S. 1073 (1976).

²⁹ 520 F.2d at 509.

³⁰ *Id.* at 510-15. Plaintiff's meager solace was a service mark registration awarded in a Patent Office proceeding over the opposition of CBS. *Columbia Broadcasting System, Inc. v. De Costa*, 192 U.S.P.Q. 453 (TTAB 1976).

³¹ *Goodis v. United Artists Television, Inc.*, 425 F.2d 397 (2d Cir. 1970).

ation not unlike that in *Spade* except that (1) the author retained the copyright in the novel as well as sequel (or character) rights with respect to the character, evidently also of a general type like Sam Spade (there is no indication in the opinion that the character was fully delineated in the *Nichols*' sense) and (2) the position of the parties was reversed. The author was suing the producer (the purchaser's assignee) for copyright infringement by reason of the unlicensed production and broadcast of a television series featuring the characters.

The author's position was upheld on "public policy" grounds against any possible defense that the characters were in the public domain.³² The court noted that this point was not reached in *Spade*.³³

It should be observed that the public domain status which the court negated would only have resulted from (1) the characters being of a general type that were not *copyright*-protectible and (2) in any event they were otherwise unprotectible because there had been a divestitive publication working a dedication of character name rights.³⁴ In repudiating the public domain status it would appear that the court was necessarily rejecting the supposed grounds on which, colorably, this could be supported. Hence, although the *Goodis* claim pleaded was cast in terms of statutory copyright infringement, it does not follow that such was the only recourse. The complaint could have been amended prior to trial (the case was settled) for the joinder under pendent jurisdiction of a state (New York, *semble*) common law unfair competition claim. Prior publication would not have been preemptively fatal to such claim.³⁵

PROTECTIBLE ASPECTS OF CHARACTERS—COPYRIGHT

Copyright doctrine, statutory as well as common law, ordinarily determines the protectibility, against the world, of those elements of a character which derive from pictorial or verbal depiction. The courts generally refer to these elements as "expression" deemed protectible as

³² 425 F.2d at 401-03.

³³ *Id.* at 406 n. 1 (concurring opinion).

³⁴ *But cf.* 425 F.2d at 401-03 (*Goodis* court's treatment of the issue of divestitive publication and the adequacy of notice).

³⁵ State law would determine its effect. *See Goldstein v. California*, 412 U.S. 546, 569 n. 28 (1973). *See also Dealer Advertising*, *supra*, 209 U.S.P.Q. at 1019; *Frederick Warne*, *supra*, 205 U.S.P.Q. at 449, 450. The ultimate dismissal of a colorably good copyright infringement claim will not oust the federal court of jurisdiction of a pendent state unfair competition claim. Relief, however, which is merely duplicative of that sought unsuccessfully through copyright infringement claims will not be granted. *Dealer Advertising*, 209 U.S.P.Q. at 1019. *See also* Official Form 17, a short form complaint where the allegations of infringement of copyright are joint and merged with those of unfair competition, Form 17, Complaint for Infringement of Copyright and Unfair competition, Fed. R. Civ. P. 84 in Appendix of Forms.

against "ideas" which are not.³⁶ Lifting them would be textual copying (in a broad sense, comprising graphic or visual matter as well as words or literary text).

As already indicated, a general character type or common character such, for example, as a hardboiled, tough-talking, hard-hitting, romantically inclined private detective would fall into the idea category and the appropriation of such character type (e.g., Sam Spade) alone would not constitute copyright infringement.³⁷ Suppose, however, that there is not textual copying as, of the pictorial representation or of the language expressing the character's thoughts, habits or speech, but only the borrowing of the *factual* incidents exemplifying the character's habits, for example, daily shoeshine, horse wager, flower purchase, orphan home visit, tennis game, museum visits, etc. Such factual borrowing could hardly in itself constitute copyright infringement since it comprises merely factual facets of a general type character which in itself is not protectible by copyright.

However, is such lifting of the factual individualisms from a previous character delineation actionable copying? (We shall assume that the prior character has been sufficiently developed or delineated, a test necessarily vague and varying from case to case to meet the *Nichols* standard for copyright protectibility.) This simulation encompasses no similarity of expression but involves only an appropriation of certain factual peculiarities of the subject character. Because the prior figure is sufficiently developed in detail it is copyrightable³⁸ and its "close imitation" in the later work is a copying infringement. In so stating, Judge Learned Hand in the *Nichols* case conceded the difficulty of fixing the boundary line but expounded a rationale departing in effect from the traditional concept that copyright protects expression or text rather than the underlying ideas or facts. While supportable by cases establishing liability for the copying from compilations of facts, lists, or materials not susceptible of individual copyrights, such as telephone directories, which result from labor (which is doubtfully of an intellectual sort), it must be regarded as an exception to basic copyright doctrine which otherwise protects only the expression.

NAME COPYING

What, however, if there is no copying from detailed delineation or

³⁶ See *Warner Bros. Inc. v. American Broadcasting Companies, Inc.*, 654 F.2d 204 and cases cited therein (2d Cir. 1981).

³⁷ But see *Filmvideo Releasing Corp.*, *supra* note 21, where copyright infringement was found as to a cowboy character sufficiently delineated in a series of western stories.

³⁸ Or more correctly, is deemed a component part protectible under the copyright of the overall work.

textual expression but only the use of the same name purporting to be that of the same character? (Or, suppose there is identification without the use of such name, as for example, where an unnamed fictional character purports to be telling a story in the first person.) Unless we can invoke in these situations copying through *incorporation by reference*—namely, the use of the same named or identified character appropriates without further ado all of the discernible elements that make up the author's character—we are outside the rationale of copyright. However, incorporation by reference as the equivalent of actual copying would appear to be an anomalous doctrine in copyright meeting with sparse judicial support.³⁹

UNFAIR COMPETITION

Unless precluded by the *Sears-Compco* doctrine that state law may not forbid the copying of an uncopyrighted work, protection in these "name" situations would only derive from the doctrine of unfair competition. The name or identity of the character is analogous to the name or mark of a business or product originated by and identified with the same creator or producer as its source. Unless abandoned through lack of compliance with legal requisites, the creator or legal successor may protect the name as applied to and signifying his creative product.⁴⁰

Presupposed, of course, is use and development of secondary significance with the author or creator. Secondary significance here depends upon a sufficiently widespread use or publication of the named character. Such publication should not divest the author of his inchoate common law "character rights" stemming from his creation but, indeed, any such publication in association with the author's name should serve to perfect such rights in him. Although such publication prior to the effectiveness on January 1, 1978 of the current Copyright Act may have abrogated common law copyright according to applicable state law and, where defective (through omission of the required copyright notice, for example) also negated statutory copyright, there is a loss only of *copyright* rights. Such publication is a form of use which establishes the secondary

³⁹ This concept without such labelling appears to have been utilized to find infringement of the plaintiff's book of questions by the defendant's book containing in effect, only the answers thereto. *Addison-Wesley Publishing Co., Inc. v. Brown*, 223 F. Supp. 219 (E.D.N.Y. 1963). Cartoon cases may point in a similar direction. See, e.g., *The Air Pirates* case, 581 F.2d at 757-58.

⁴⁰ Under appropriate limitations this could be the publisher of works featuring the character rather than the author or creator. See *Frederick Warne & Co., Inc. v. Book Sales, Inc.*, 205 U.S.P.Q. at 448, 450. Either could receive protection, semble, in his separate field where his extensive use has caused public identification with him in such field.

meaning or significance in the public mind that the character is the creation of the author. Thus, contrary to a divestment of protection, the publication is the *sine qua non* for the establishment of rights to the name protected under the doctrine of unfair competition and including the somewhat related concept of "dilution." The latter protects in various states (including New York, Illinois and California), against erosion of the distinctive quality of a mark or name even by the acts of a non-competitor which do not tend to cause confusion.⁴¹

Such protectibility of the name (unlike that of a title) does not depend upon a subsisting copyright in the work from which the character emerges and exists whether or not such work is or has ever been under copyright.⁴² The challenged user would be precluded from using the name except for its use by title or otherwise in connection with the reproduction or other use of the original work or a sequel or derivative work after the basic original work enters the public domain. In the latter cases there should be an appropriate notice disclaiming the same original authorship.⁴³

The area of protection would, therefore, not necessarily be limited to challenged uses in like or competing works or to similar fields. Humor aside, would the owner of character rights (unabandoned) in "Sherlock Holmes" have only a claim for the use of his character's name in the various fields of publication and entertainment or also for use as part of a trade or business name such as "Sherlock Holmes Security Agency"? And would the use in the publishing and entertainment fields have to be of the exact name? Would, for example, "The Adventures of Sherlock Holmes, Jr." be permissible?

PREEMPTION

The 1976 Copyright Act has basically sounded the death knell for state protection of rights equivalent to copyright rights in material eligible as writings for copyright protection under the federal copyright statute. The legislative history of the Act, though, is far from clear that preemption was intended of claims for the "misappropriation" of artistic or intellectual labors, although presented in published or other tangible form.

Compco in 1964 had signalled preemption: [W]hen an article is unprotected by a patent or copyright, state law may not forbid others to

⁴¹ N.Y. GEN. BUS. LAW § 368-d (McKinney 1968); *Frederick Warne*, 205 U.S.P.Q. at 451 n. 5. See generally, *Allied Maintenance v. Allied Mechanical*, 42 N.Y.2d 538, 369 N.E. 1162, 399 N.Y.S.2d 628 (1977).

⁴² See *Frederick Warne*, 205 U.S.P.Q. at 449.

⁴³ See text accompanying note 49, *infra*.

copy that article.⁴⁴ The lower courts, however, have generally not purported to disturb state unfair competition protection, at least in the area of passing off through confusing packaging, labelling or even through dilution. Indeed, a most recent case states that New York extends such unpreempted protection against "any form of commercial immorality."⁴⁵

Character names, like trademarks,⁴⁶ are not constitutional writings within the Copyright Act but subject instead to state unfair competition law. The puzzlement continues as to other matters not expressly eligible for statutory copyright, such as factual news or more pertinently the undeveloped literary character. The latter could be or remain under the expanded misappropriation domain stemming from *INS*.⁴⁷ In that case the appropriation (without the usual passing off) of "uncopyrighted" news items freshly gathered by a rival news agency was held unfair competition. Curiously though, the Supreme Court's opinions in *Sears-Compco* and later cases⁴⁸ avoided reference to the viability of *INS*, an omission which is surely difficult to fathom in view of the inherently relevant misappropriation aspects of that case. Whether the silence by the Supreme Court signifies the road to extinction or limitation of *INS* doctrine or posits an enclave of state-protected subject matter to be delineated through future decisions remains presently moot.

If the misappropriation theory of *INS* is deemed repudiated, does this mean that character protection through unfair competition doctrine is necessarily jettisoned? Hardly so. Even if misappropriation is not the basis of character protection, unfair competition in its more traditional sense is. The problem is akin to passing off since the unauthorized user is presenting, purportedly, the same named or identified character as originally associated with the author (or, subsequently, the publisher).⁴⁹ The character's name or identification is the analogue to the dress or package of the product, namely, the character is the product itself. "The name is the thing." True, the lines are blurred between the package and the product. But this is not to say that the challenged use is permissible, because it is arguably no more than the product simulation sanctioned

⁴⁴ *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 237, *reh. denied*, 377 U.S. 913 (1964). This case along with *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, *reh. denied*, 376 U.S. 973 (1964), have come to stand for the "*Sears-Compco*" doctrine.

⁴⁵ *Roy Export Co. v. Columbia Broadcasting System, Inc.*, 503 F. Supp. 1137, 1151 (S.D.N.Y. 1980).

⁴⁶ See the *Trade-Mark Cases*, 100 U.S. 82 (1879).

⁴⁷ *International News Services v. Associated Press*, 248 U.S. 215 (1918).

⁴⁸ *Goldstein v. California*, 412 U.S. 546 (1973) and *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470 (1974).

⁴⁹ See also notes 42 & 43 and accompanying text, *supra*.

in *Sears-Compco*. The configurations that had been scrutinized in those cases, articles of a physical nature, were held to be all that could be simulated. No packaging or name had been under consideration. Had there been, the Supreme Court's reserve as to precautionary labelling requirements for protection against passing off would surely have come into play. Thus, *Sears-Compco* would appear to mean in the character context, absent copyright, that only textual or delineation copying, namely, that which would have been the subject of copyright, is permissible but that the simulated labelling or packaging or dilution through the use of the character's name is not.

Further support against the preemption of the undeveloped character is found in the express exclusion of "ideas" from copyrightable subject matter under the Act.⁵⁰ There is authority indicating that ideas, at least when embodied in unpublished material, are not preempted but remain subject to state law.⁵¹ Since characters which are not adequately delineated are regarded as ideas, it would follow that they are left to state law protection, if any, under principles of misappropriation or other precepts.⁵² And it appears settled that state control could apply whether or not there were a "publication" of the character.⁵³

On the other hand, the character sufficiently delineated in a copyrighted work would remain subject to the federal copyright system.

SECONDARY MEANING—ITS ABSENCE—IDEA DISCLOSURE

The secondary meaning attaching to the plaintiff's character necessarily results in offending confusion or its likelihood where the accused character bearing the same name purports, in fact, to be the plaintiff's figure. Even where the same name is applied to a character not purporting to be the plaintiff's confusion would appear likely. The consuming public for the defendant's character would ordinarily not ascertain in advance of actual consumption, in whatever form, that a different character, although bearing the same name, is depicted.

Since, in either case, it is normally the secondary significance which confers protectibility, the question arises as to a creator's rights where his character appears only in an unpublished or unexploited manuscript or has been so meagerly used as not to have developed the requisite secondary significance in respect of the challenged use. Here there could be no unfair competition in the traditional legal sense and any protection would be limited to dealings between the specific parties under such

⁵⁰ 17 U.S.C. § 102(b) (Supp. III 1979).

⁵¹ *Bromhall v. Rorvik*, 478 F. Supp. 361, 367 (E.D. Pa. 1979).

⁵² Contractual or trust, for example. See text preceding note 54, *infra*.

⁵³ See note 35, *supra*.

circumstances as to give rise to express contracts or contracts implied in fact or law or to confidential or trust relationships. Such dealings typically concern the disclosure or submission of ideas which under applicable state law (being expressly excluded from federal copyright) must satisfy certain criteria as a condition to protectibility. These are typically writing, novelty, originality and concreteness.⁵⁴

THE PARTIES TO BE PROTECTED—THE AUTHOR OR CREATOR, HIS SUCCESSORS, ASSIGNS AND LICENSEES—EMPLOYMENT

The creator of the named character (where it emerges separately and integrally as in the case of a doll) or from a literary work or production (as in the case of Sherlock Holmes or Sam Spade), which has been sufficiently exploited to achieve secondary significance is, in the first instance, entitled to protection under the theories previously discussed. He may, of course, assign the character rights and such assignment, if made under circumstances which do not debar protection, will be valid.

The grant should be explicit as to the name, use restrictions, and specific rights conveyed. Unless these are clearly spelled out, the grant and use restrictions may not be effective. This problem is illustrated in *Spade* and other cases.

A publisher's or producer's use of such previously exploited character, if made under a mere license, will not vest character rights in him. Moreover, a naked license or assignment in gross carrying the right of use without qualifications or standards governing such use may well be invalid. Additionally, the assignor may forfeit his character rights.

To prevent deception of the public as to authenticity or origin of the creative product—the named character—the original owner must insure that the nature and quality of the product is preserved. In the case of a character, this would mean that the same character as developed by the creator must be the subject of the authorized uses by another. One could not convert Sherlock Holmes into a crook, quack doctor, arsonist or rapist. These are clear examples. In other words, the doctrine of quality control applies. Whether this doctrine would extend to "killing off" a live character or resurrecting a dead one is not entirely free from doubt but, likely, the author would have a claim against the otherwise authorized user if a "killing off" were not sanctioned as such. Character rights protectible under unfair competition law would also appear transferable through wills, intestacy and generally by operation of law. Offending uses by these successors of the sort herein illustrated may well

⁵⁴ See, e.g., *Ed Graham Productions, Inc. v. National Broadcasting Co., Inc.*, 180 U.S.P.Q. 93 (N.Y. Sup. Ct. 1973).

destroy such character rights.

Character rights may also vest in an employer by virtue of the employment relationship with the personal creator.⁵⁵

LIMITATIONS IN A COPYRIGHT APPROACH

Let me say a word as to the argument that such rights as there may be in characters, apart from copyright, should be vested in the copyright owner. In the case of novels, plays and the like, the latter would at times be the publisher or producer. However, there may be a number of works or productions (derivative works) featuring the same central character and there may be different parties as copyright owners. Would the first such publisher or producer be entitled to such character rights?⁵⁶ What of the uses subsequently made by the others? Would the author himself be precluded from using the character again as against such copyright owners? What if the first work was never under or ran out of copyright? What if all the works ran out of copyright? What if the author remained alive before or after the first or all of such works ran out of copyright?

And in the latter situations would the duration of the protection of character rights be affected? How? The posing of this potential copyright morass argues for a uniformity needed (and indeed fairly inherent in the cases) which establishes the author as the fount or source of the exploited character and, therefore, the initial and basic owner of the character rights dehors copyright. He retains such rights except to the extent that he parts with or is divested of them voluntarily or through operation of law.

HOW LONG PROTECTION

Copyright protection against textual or detailed character delineation copyright would last while the work was under copyright. Thus, such text and delineation within a copyrighted novel giving rise to a

⁵⁵ Where, however, the employee is an actor or performer portraying himself in the development of the distinctive fictional character *created* (i.e., not merely interpreted) by and publicly identified with him, the employee is the primary owner of the character rights. See, for example, the *Laurel and Hardy* case, *Price v. Hal Roach Studios, Inc.*, 400 F. Supp. 836, 845 (S.D.N.Y. 1975); cf. *Lugosi v. Universal Pictures*, 25 Cal. 3d 813, 205 U.S.P.Q. 1090 (Cal. 1979) (concurrence by Mosk, J.). See also *KGB, Inc. v. Giannoulas*, 207 U.S.P.Q. 121, 123-125 (Ct. App. 1980). But see *DeCosta II*, discussed in text accompanying notes 28-30, *supra*. If the employee's role were merely that of an interpreter, it would seem that no matter the excellence or uniqueness of the rendition, his role could not give rise to proprietary rights either in himself or his employer. See *Superior Records, Inc. v. Decca Records, Inc.*, 90 F. Supp. 904, 909 (S.D. Cal. 1950).

⁵⁶ See *Frederick Warne*, 205 U.S.P.Q. at 448.

character in an uncopyrighted comic strip would remain protected under copyright although the cartoon depiction would not. And *vice versa* if the novel were not copyrighted but the comic strip was. In either of these cases—and even if neither were under copyright—protection would still extend to the name of the character under unfair competition doctrine.⁵⁷

Protection, however, against use of the same purported and named character even in the absence of textual and delineation copying would normally endure so long as there had not been an abandonment of character rights by its owners. Continued commercial licensing with quality standards imposed would preclude abandonment. Inactivity resulting from a lack of demand could hardly be regarded as abandonment if the lapse were of relatively short duration, and certainly protection would be unimpaired if renewed licensing followed the inactive interval. Should the inactivity, however, be spread over a relatively long period of time, perhaps several or more years, there would probably be abandonment *in invitum*. Surely this is not surprising doctrine. Where, analogously, rights in trade names are sought to be enforced, protection may endure for many generations and even beyond—so long as the trade name was continued in use by the owners of the business or product involved. Conversely, in the case of characters from works of vintage which have come to be regarded as classics, the public domain would ordinarily have taken its toll as a result of the absence of licensing activity or use by the owners over a number of generations.

Such abstention from the exercise of character rights would appear to be the norm. Styles and tastes change and a figure once appealing may become in time worn, threadbare and hackneyed, thereby dulling any demand or interest in his further exploits. In cases where such fictional personality is still commercially viable, the prospect of encountering complexities in ascertaining and tracing heirs and others who may be character rights claimants is surely no greater than that which is regularly faced in comparable activity relating to copyright claimants.

Notwithstanding these inherent time limitations of protection, the argument against any indefinite and perpetual span would probably have judicial appeal, supported no doubt by the limited duration of copyrights imposed by the current 1976 Copyright Act. In order to fix a period of protection for literary and artistic material no greater than the term provided copyrights by the 1976 Act, a court would likely follow, again by way of analogy⁵⁸ the provisions of the copyright statute

⁵⁷ *Id.* at 449.

⁵⁸ *Rosette v. Rainbo Record Mfg. Corp.*, 354 F. Supp. 1183 (S.D.N.Y. 1973), *aff'd*, 546 F.2d 461 (2d Cir. 1976).

itself. These would be life of the author plus fifty years after death and in the case of anonymous or pseudonymous works or works made for hire, seventy-five years from first publication or one hundred years from creation, whichever expires first. (Where the character is developed through a number of works or stories it would appear that order and convenience may be best served by deeming the character "created" in the initial one—whether then fully delineated or a general type.)

The otherwise privileged use after the cut-off period of the same named character in sequels or new stories by third parties should be accompanied by a disclaimer of the original authorship. This differentiation should ensure against possible public deception.⁵⁹

Apart from such maximum length of protection of character rights and their loss through acts or omission of their owners, there is provided in the 1976 Copyright Act a right of termination of copyright grants and licenses exceeding specified time limits.⁶⁰ In general this right is for the benefit of the author and his family. It would presumably cover grants and licenses of a sufficiently delineated character in a copyrighted work. The provisions are too complex for further treatment here. Note should be taken, however, that they are operative only when the particular disposition is a *copyright* grant or license. If the transfer documents are not of a *copyright* nature, the terminability provisions of the Act do not apply. Pending litigation should resolve a number of questions arising from these termination provisions.⁶¹

STATE TRADE AND SERVICE MARK LEGISLATION AND THE LANHAM ACT

Offshoots from unfair competition doctrine are the collateral and limited protections available at common law and under the federal (Lanham) and state statutes.⁶² The latter in some states encompasses "anti-

⁵⁹ See *Patten v. Superior Talking Pictures, Inc.*, 8 F. Supp. 196, 197 (S.D.N.Y. 1934); *G & C Merriam Co. v. Ogilvie*, 159 Fed. 638 (1st Cir. 1908). Cf. *Walt Disney Productions, Inc. v. Souvaine Selective Pictures, Inc.*, 98 F. Supp. 774 (S.D.N.Y.), *aff'd*, 192 F.2d 856 (2d Cir. 1951).

⁶⁰ In the case of transfers on or after January 1, 1978, 35 years from grant of publication with the latter. 203 (a) (3). For transfers prior to January 1, 1978, the termination cuts off the rights provided by the Act with respect to the extended nineteen-year renewal term, 17 U.S.C. § 304 (c) (3).

⁶¹ See *Burroughs v. MGM Inc. and United Artists Corp.*, 519 F. Supp. 388 (S.D.N.Y. 1981) (appeal pending) (holding license to use TARZAN character the grant of a "right under copyright" under the provisions of 17 U.S.C. § 304 (c) and otherwise incorporating prior decision). See also 491 F. Supp. 1320 (S.D.N.Y.) (denying preliminary injunction), *aff'd without opinion*, 636 F.2d 1200 (2d Cir. 1980).

⁶² See n. 3 *supra*.

dilution" laws as well as traditional trade and service mark legislation. The scope and utility of such state legislation with respect to character names are not clear. The Lanham Act, however, provides for the registration of distinctive character names and representations.⁶³ Such registration is for an indefinite period subject to successive twenty year renewals.⁶⁴

LOOKING AHEAD

Legislative considerations have been addressed by courts and commentators. The argued need for congressional action is, however, hardly balanced by any prospect of success. During the monumental legislative effort of over twenty years which culminated in the general copyright law revision Act of 1976, scant attention was given to "characters." Against such background it is hardly likely that Congress would now single out for separate treatment a technically complex subject of limited public interest at best—especially when it is obliged to examine the vast and far-reaching programs of the new administration.

Instead, it seems to me we can look forward to the evolving and refining development of case law which although imperfect—and necessarily so—has produced a jurisprudence dealing with character rights which on a case by case basis is fairly harmonious and serviceable.

Supplementing the regular body of decisional law with respect to character rights, there is now the broadening protection under Section 43(a) of the Lanham Act. These provisions aimed essentially at *falsifications* concerning origin, quality and other aspects of goods and services entering interstate commerce have now been apparently construed to cover unsanctioned alterations, authorship credits, approvals, ownership or rights claims and identifications or relationships with respect to literary and artistic materials.⁶⁵ It surely requires no imagination to perceive the relevance of these expansive provisions to character rights, particularly when there is an unauthorized use or misuse of the name of the character or his creator.

⁶³ 15 U.S.C. § 1052, 1053 (1976).

⁶⁴ 15 U.S.C. §§ 1058, 1059 (1976).

⁶⁵ See generally *Warner Bros., Inc. v. Gay Toys, Inc.*, No. 81-7373, Slip. Op. (2d Cir. August 24, 1981); *DC Comics Inc. v. Filmation Associates Inc.*, 486 F. Supp. 1273 (S.D.N.Y. 1980); *Follett v. Arbor House Publishing Co.*, 208 U.S.P.Q. 597 (S.D.N.Y. 1980); *Gilliam v. American Broadcasting Companies, Inc.*, 538 F.2d 14 (2d Cir. 1976); *Geisel v. Poynter Products, Inc.*, 283 F. Supp. 261, 267 (S.D.N.Y. 1968).

191. THE RIGHT TO A JURY IN COPYRIGHT CASES

By WILLIAM PATRY*

Unlike the right to a jury trial in criminal cases, which is guaranteed in Article III of the Constitution,¹ there is no provision for a right to a jury trial in civil cases in the Constitution as originally adopted in 1788.² As Justice Rehnquist recently remarked, though, this omission "was not for a lack of trying."³

The omission was first mentioned a scant five days before the adjournment of the Constitutional Convention of 1787, during the reporting out of the final draft of the Constitution by the Committee on Style and Arrangement.⁴

At this point, there was a debate among the delegates concerning the efficacy of such a provision. Nathaniel Gorham of Massachusetts opposed the idea on the ground that it was impossible to "discriminate equity cases from those in which juries are proper,"⁵ a concern which, as we shall see, is central to the current copyright decisions which are the subject of discussion here. Elbridge Gerry, also of Massachusetts,

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¹ U.S. CONST. art. III §2 cl. 3: "The Trial of all Crimes, except in Cases of Impeachment, shall be by jury; and such Trial shall be held in the State where the said Crimes shall have been committed; but when not committed within any State, the Trial shall be at such Place or Places as Congress may by Law have directed." Because this allowed a criminal defendant to be tried anywhere in the state in which the crime was alleged to have been committed, the Sixth Amendment was proposed and adopted, *inter alia*, as a cure for potential venue abuses. In relevant part, the Sixth Amendment reads: "In all criminal prosecutions, the accused shall enjoy the right to a speedy and public trial, by an impartial jury of the state and district wherein the crime shall have been committed . . ." U.S. CONST. art. VI. The Sixth Amendment was made applicable to the states through the Fourteenth Amendment in *Duncan v. Louisiana*, 391 U.S. 145 (1968) and *Bloom v. Illinois*, 391 U.S. 194 (1968).

² The Constitution was formally adopted on June 21, 1788 with the ratification of New Hampshire. It did not become effective, however, until March 1789.

³ *Parklane Hosiery Co. v. Shore*, 439 U.S. 332, 341 (1979) (Rehnquist, J. dissenting). See also *Colgrove v. Battin*, 413 U.S. 149, 153 (1973).

⁴ See 2 RECORDS OF THE FEDERAL CONVENTION OF 1787 at 587-88 (M. Farland ed. 1911) (hereinafter cited as "FARLAND"); and, Wolfram, *The Constitutional History of the Seventh Amendment*, 57 MINN. L. REV. 639, 658 n. 56 (1973) (hereinafter cited as "WOLFRAM").

⁵ 2 FARLAND at 587.

supported the provision as protection against corrupt judges.⁶ Colonel Mason of Virginia agreed with Gorham that there were some difficulties with the proposal, but felt nevertheless that a civil jury right was necessary, adding that in his opinion the Constitution should be prefaced by a bill of rights.⁷ Gerry then made a motion to have the committee prepare such a bill of rights. The motion was seconded by Mason, but defeated upon a vote by the states of 10-0, with Massachusetts abstaining.⁸

Undaunted, Gerry and Charles Pickney of South Carolina came forward three days later with a proposed addition to Article III that "a trial by jury shall be preserved as usual in civil cases." This too was defeated.⁹ The rejection, however, proved to be most ill-advised, for anti-federalist and popular support for civil juries ran so high that the federalists opposing the right were forced to agree they would include it along with a full bill of rights to be enacted by the First Congress, as the price for ratification of the Constitution.¹⁰

This promise notwithstanding, when James Madison introduced the suggested amendments to the House in 1789, several members objected, stating that there was more important business to which Congress should first devote its attention.¹¹ The amendments were then referred to a select committee which later filed its report, revising Madison's suggested version on the civil jury right to read "In suits at common law, the right to a trial by jury shall be preserved."¹²

In August, the full House passed this version without further discussion. The Senate, however, added the phrase "where the consideration exceeds twenty dollars,"¹⁴ and in its final form

In suits at common law, where the value in controversy shall

⁶ *Id.*

⁷ *Id.*

⁸ 2 FARLAND at 588.

⁹ 2 FARLAND at 628. During the debate leading up to this second rejection, Gorham raised another objection, that of the varying state practices in providing for civil jury trials. In *Colgrove v. Battin*, 413 U.S. at 149, 153 (1973), the Supreme Court attributed this inability of "fashion words appropriate to cover the different state practices," as the primary reason for the failure of the Convention to pass the proposed clause. *But see* WOLFRAM at 660-61 for a more detailed account.

¹⁰ *Parklane Hosiery Co. Inc. v. Shore*, 439 U.S. at 342 (Rehnquist, J. dissenting).

¹¹ WOLFRAM at 726.

¹² Madison's proposal read "In suits at common law, between man and man, the trial by jury, as one of the best securities to the rights of the people, ought to remain inviolate." 1 ANNALS OF CONGRESS 435 (1789).

¹³ 1 ANNALS OF CONGRESS 760 (1789).

¹⁴ 1 ANNALS OF CONGRESS 76 (1789).

exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury shall otherwise be examined in any court of the United States, than according to the rules of the common law.

The Seventh Amendment became effective along with the rest of the Bill of Rights with the ratification of Virginia on December 15, 1791. The right did not and does not now apply to the states. *Livingston v. Moore*; ¹⁵ *Curtis v. Loether*. ¹⁶

The opponents of a civil jury right did not, however, give up the fight after ratification of the Seventh Amendment. The battlefield shifted to the courts, where efforts were made to give as restrictive an interpretation as possible to the right. The first route of attack was to attempt to limit the use of juries to only those cases which conformed to the technical causes of action recognized by the common law at the date of ratification in 1791.

Rejecting this interpretation of the amendment, the Supreme Court early on construed the phrase "at common law" to be used only in contradistinction to equity and admiralty. As Justice Story wrote in *Parsons v. Bedford*: ¹⁷

By common law (the Framers of the Amendment) meant . . . not merely suits, which the common law recognized among its old and settled proceedings, but suits in which legal rights were to be ascertained and determined, in contradistinction to those where equitable remedies were administered . . . In a just sense, the amendment then may well be construed to embrace all suits which are not of equity and admiralty jurisdiction, whatever might be the peculiar form which they assume to settle legal rights. (emphases omitted). ¹⁸

The *Parsons* court thus broke away from the highly artificial pleadings labyrinth the common law forced litigants to wind their way through. Under that system, the question of whether an aggrieved citizen could bring suit depended upon his ability to fit his facts into one of the established causes of action, such as trespass, trespass on the case or debt; or, conceding that the facts did fit into one of those actions, whether

¹⁵ 32 U.S. (7 Pet.) 469, 551-52 (1883).

¹⁶ 415 U.S. 189, 192 n. 6 (1974).

¹⁷ 3 Pet. 433 (1830).

¹⁸ 3 Pet. at 446-47, cited in *Curtis v. Loether*, 415 U.S. at 1007-08.

he had picked the right one. Failure to fit in, or to select the correct writ, resulted in dismissal of the case.

By contrast, a citizen bringing a "bill of equity" or a "petition" before the Chancellor of England had only to state the facts upon which relief was requested, throwing in a certain amount of argument for good measure.

There were other differences between legal and equitable litigation, such as the equitable discovery devices of interrogatories and depositions,¹⁹ and the at-law restraints against the parties testifying on their own behalf.²⁰ Two others, the *in personam* nature of equity and the requirement that a party not have an adequate remedy at law before resorting to the equity courts, are directly relevant to our inquiry here.

The requirement that a party not have an adequate remedy in the law courts before coming to equity²¹ has its roots in the politics of medieval England.²² The equity courts, also known as the chancery courts, derived their authority from the Chancellor of England, who frequently held a position of power both within the church and with the King. On the law side were the common law Court of the King's Bench with jurisdiction over crimes and torts of a criminal nature; the Court of the Exchequer with jurisdiction over taxation and revenue; and, the Court of Common Pleas, which heard ordinary civil suits. These judges (and lawyers) were naturally jealous of encroachments by the chancery courts.

These encroachments occurred most often, however, when the common law was out of step with the times. One example of this was the equitable enforcement of uses and trusts in order to circumvent the at-law prohibition against devising land.

Unlike the chancery courts, the law courts did not issue personal directives to the litigants before them. As Professor Dobbs put it, the law courts

told the defendant neither to act nor to avoid acting. It declared the law, as applied to his case. It said: the plaintiff owned Black-acre, and title was in him. Or the defendant owed the plaintiff thirty pounds. This was law-saying, not a personal order. Consequently, the law was not offended if the defendant did not pay

¹⁹ 3 BLACKSTONE COMMENTARIES 442-455; KERLY, AN HISTORICAL SKETCH OF THE JURISDICTION OF THE COURT OF CHANCERY 68-69 (1890).

²⁰ 2 WIGMORE ON EVIDENCE §§ 575-77 (3d ed. 1940).

²¹ The First Judiciary Act, Act of September 24, 1789, 1 Stat. 73, continued this requirement in the United States, in Section 16. *Infra* text at n.86.

²² JAMES & HAZARD, CIVIL PROCEDURE §8.2 at 358 (2d ed. 1965). These authors suggest conflicts between the King and Parliament as additional reasons for the rule.

the 30 pounds or turn over Blackacre. It would enforce its judgment, the law, by some action. The sheriff would put the defendant out of Blackacre and put the plaintiff in, or the defendant's goods would be sold to make money to pay the 30 pounds. But the defendant who ignored a judgment at law was not contumacious. He had ignored law, but he had not disobeyed a personal directive.²³

Equity, however, acted in just the opposite manner: it never declared law, it only issued personal directives; and, when the defendant failed to comply with this *in personam* order, he could be held in contempt and thrown in jail.²⁴

The requirement of an inadequate remedy at law and the *in personam* nature of equity are not relics of the past. As we shall see below in our discussion of the Supreme Court's decision in *Beacon Theatres Inc. v. Westover*²⁵ and *Dairy Queen v. Wood*,²⁶ they are important criteria for determining when there is a right to a jury trial in copyright cases.

In essence, what the *Parsons* court did was to focus on the right sought to be protected and the remedy sought for the defendant having invaded that right. As the Supreme Court held in *Pernell v. Southall Realty*,²⁷ after citing the above-quoted language from *Parsons*:

(The Seventh) Amendment requires trial by jury in actions unheard of at common law, provided that the action involves rights and remedies of the sort traditionally enforced in an action at law, rather than in an action in equity or admiralty.²⁸

Hence, if the plaintiff sought monetary damages for X being destroyed, this was recognized as the assertion of a legal right, regardless of whether the common law would have recognized such a legal right. If, however, plaintiff were suing for an injunction prohibiting defendant from destroying future Xs, this would be considered an equitable action.

Other antiquarian hurdles remained after *Parsons*, though. For example, our plaintiff above would have had to bring two separate suits, one at law to recover the monetary damages, the other in equity to enjoin the future destruction. This was necessary because at this time neither the federal nor the state courts were operating under a "unified system,"

²³ D. DOBBS, REMEDIES 34 (1973).

²⁴ *Id.*

²⁵ 359 U.S. 500 (1959).

²⁶ 359 U.S. 469 (1959).

²⁷ 416 U.S. 363 (1974).

²⁸ 416 U.S. at 375.

as we are today. Under this system, a litigant can join as many claims as he has, whether legal, equitable or maritime, into a single cause of action.²⁹

In this pre-unified or as it is called "pre-merger" era, the federal courts administered separate law and equity "sides" and according to different procedures.³⁰ In some of the states, there were (and still are), however, completely separate law and equity courts.³¹

Eighteen years after *Parsons*, New York revised its rules of civil procedure under what has become known as the "Field Code,"³² providing for a unified form of civil action, thereby abolishing the distinction between "actions at law and suits in equity, and the forms of those actions and suits." Although many states followed New York's lead, it was not until 1938, ninety years later, that the federal courts jumped on the bandwagon, with Rule 18(a), which presently reads:

Joinder of claims. A party asserting a claim to relief as an original claim, counterclaim, cross-claim or third party claim, may join, either as an independent or as alternate claims, as many claims, legal, equitable, or maritime, as he has against an opposing party.³³

Merger also made available to all actions all of the discovery devices formerly available only in equity suits, as well as allowing the awarding of damages and injunctive relief in the same action. Hence, most if not all of the "inadequate" attributes of the remedy at law were eliminated by merger.

Yet, the distinction between "actions at law," and "suits in equity" is very much alive today, and for a very fundamental reason: While under the Seventh Amendment a party is entitled to a jury trial for the assertion of a legal right involving more than twenty dollars, there is no such entitlement for the assertion of an equitable right, no matter what the amount in controversy.

The Federal Rules of Civil Procedure do not help in determining which type of cases or issues are at law or in equity; rather they adopt the constitutional test:

The right to trial by jury as declared by the Seventh Amendment

²⁹ Federal Rule of Civil Procedure 18(a).

³⁰ For an example of how this affected the copyright litigant, see *Wheaton v. Peters*, 33 U.S. (8 Pet.) 591 (1834); *Brady v. Daly*, 175 U.S. 148 (1899).

³¹ See D. DOBBS, *REMEDIES* 81-82 (1973) for a discussion of present day state court separation of law and equity courts.

³² HAZARD & JAMES, *FEDERAL CIVIL PROCEDURE* §1.6 at 18-19.

³³ Federal Rule of Civil Procedure 18(a). See also Rule 18(b).

to the Constitution or as given by a statute of the United States shall be preserved inviolate.³⁴

Throughout a long series of cases,³⁵ the Supreme Court repeatedly held that because the Seventh Amendment requires the right of trial by jury be "preserved," the content of the right must be judged by historical, that is to say, eighteenth century, practice. As it was recently put:

If a jury would have been impaneled in a particular kind of case in 1791, then the Seventh Amendment requires a jury trial today, if either party so desires.³⁶

Reference must be made not only to the English practice of the time, but to the practice in the United States as well.³⁷

In order to trace the present right to a jury in copyright cases, then, we must look back and ascertain the English and American practices of that period.

COPYRIGHT IN ENGLAND

Until 1640, the King of England exercised an unlimited authority over the press through the exclusive royal printing charter granted to the Stationer's Company, and, through the Star Chamber. The Stationer's Company was given the powers to search for and confiscate books not printed by the Company, with the Star Chamber supporting these actions by imprisoning infringers.³⁸

Because most of the records of the Star Chamber were destroyed, no cases for prosecution of a copyright have been found. In *Millar v. Taylor*,³⁹ however, it is stated that a decree was issued by the Star Chamber in 1637 which

³⁴ Federal Rules of Civil Procedure Rule 38(a). The Copyright statute, 17 U.S.C. §§ 1 *et seq.* (1978) is silent on the jury right.

³⁵ *Parklane Hosiery Co. Inc. v. Shore*, 439 U.S. 332 (1979); *Curtis v. Loether*, 415 U.S. 189 (1974); *Colgrove v. Battin*, 413 U.S. 149 (1973); *Ross v. Bernhard*, 396 U.S. 531 (1970); *Capital Traction v. Hof*, 174 U.S. 1 (1899); *Parsons v. Bedford*, 28 U.S. (3 Pet.) 433 (1830). The approach appeared initially in a decision by Justice Story while riding circuit, *U.S. v. Wolfson*, 28 F. Cas. (C.C.D. Mass. 1812).

³⁶ *Parklane Hosiery Co. Inc. v. Shore*, *supra* n. 35.

³⁷ *Continental Illinois Nat'l Bank & Trust Co. v. Chicago, R.I. & Pac. Ry.*, 294 U.S. 648 (1935); *Patton v. U.S.*, 281 U.S. 276 (1930); *Thompson v. Utah*, 170 U.S. 343 (1898); *WOLFRAM* at 641.

³⁸ *Millar v. Taylor*, 4 Burrows 2303, 2312, 98 Eng. Rep. 201, 206 (K.B. 1769).

³⁹ *Id.*

expressly supposes a copyright to exist otherwise than by patent, order, or entry in the register of the Company, which could only mean by common law.⁴⁰

In 1640, the Star Chamber was abolished, and all of the above-mentioned charter powers of the Stationer's Company revoked. Subsequent to this, various ordinances and licensing acts were passed, which prohibited the printing of books without the owner's permission. There is some question, though, as to whether this protection was extended only to members of the Stationer's Company or to authors in general.⁴¹

Both the law and the chancery courts, however, recognized that an author had a right of so-called "first publication"—he could enjoin and/or sue for damages for the unprivileged printing of a work he had not consented to be made public.⁴² In the United States, this right has frequently been termed the "common law copyright."⁴³ But the problem confronted by the English courts in the eighteenth century concerned a different kind of common law copyright, one perhaps more appropriately termed a "natural law copyright," one that allegedly existed independent of any statutory authority protecting published works,⁴⁴ and which existed after the expiration of the term of protection granted to published works by the "first copyright statute," the Statute of Anne.⁴⁵

Under this statute, authors were granted the exclusive right to print books for fourteen years from the date of publication, with a renewal for another fourteen years if the author were alive at the time for such renewal. Violations of the statute were punished by forfeiture of all infringing copies, with damages set at one penny per infringing sheet. One half of these damages went to the Crown, the other to the *qui tam* plaintiff, who may or may not have been the author. It is well to stop here and note the reasons behind this statutory damage provision, and

⁴⁰ 4 Burrows at 2313, 98 Eng. Rep. at 207. The House of Lord's decision in *Atkins v. Stationer's Co.*, Carter's Reports 89 (1666) is also cited for this proposition. 4 Burrows at 2316, 98 Eng. Rep. at 208. Note, however, that this case involved an unpublished work.

⁴¹ 4 Burrows at 2371, 98 Eng. Rep. at 238.

⁴² 4 Burrows at 2330, 2340, 2378-79, 98 Eng. Rep. at 221, 238.

⁴³ Section 301(a) of the 1976 Act expressly preempts state law protection for unpublished works after January 1, 1978. Section 2 of the 1909 Act had, however, contained an explicit savings clause for state law protection of "common law" copyright. See, W. STRAUSS, PROTECTION OF UNPUBLISHED WORKS 3, COPYRIGHT OFFICE STUDY NO. 29 (1957); 1 STUDIES ON COPYRIGHT 193 (Arthur Fisher Mem. Ed. 1963).

⁴⁴ See *Whicher, The Ghost of Donaldson v. Becket*, 9 BULL. COPR. SOC'Y 102, 116 *passim* (1961).

⁴⁵ 8 Anne c. 19 (1710).

in this regard, we can do no better than to quote from Justice Aston's opinion in *Millar*:⁴⁶

This Act was brought in at the solicitation of authors, booksellers and printers, but principally of the two latter; not from any doubt or distrust of a just and legal property in the works or copy-right (as appears by the petition itself, pa. 240, vol. 16 of the Journals of the House of Commons); but upon the common-law remedy being inadequate, and the proofs difficult, to ascertain the damage really suffered by the injurious multiplication of the copies of those books which they had bought and published.⁴⁷

Statutory damages, then, were created as a substitute for actual damages, which even today are difficult to prove. It is true that the first such damages were cast as forfeitures or penalties, but this does not detract from the remedial essence of the origin. This will become more evident when we discuss the 1856 amendment to the U.S. Copyright Act, which had minimum and maximum statutory damages of a "purely remedial" nature.⁴⁸

Nor did the fact that the damages were statutorily provided for affect the right to a jury. It did not convert the cause of action into an equitable one, as so many courts have held in recent years.⁴⁹

The facts in *Millar* are as follows. In 1727 James Thompson published his poem "The Seasons." By assignment a bookseller named Millar became the copyright owner. Millar published subsequent editions of the poem. In 1763, after the expiration of the statutory term, Robert

⁴⁶ *Supra* n. 38.

⁴⁷ 4 Burrows at 2350, 98 Eng. Rep. at 227.

⁴⁸ *Infra* 28 *passim*; 2 CONG. DEB. 424 (1831) (remarks of Rep. Hoffman).

⁴⁹ *Millar* contains extensive references to this point, such as those of Justice Yates: "in the case of *Ewer v. Jones*, 2 Salk 415 and 6 Mod. 26, Lord Chief Justice Holt lays it down that wherever a statute gives a right, the party (has) an action at law to recover it." 4 Burrows at 2381, 98 Eng. Rep. at 243. See also 4 Burrows at 2319, 2396, 98 Eng. Rep. at 210, 251. Recent U.S. cases are: *Strouse v. Breckenridge Hotels*, Civ. Nos. 80-1220C(2) & 81-296(C)(2) (E.D. Mo. 1981); *20th Century Music Corp. v. Firth*, 645 F.2d 6 (5th Cir. 1981); *BMI v. Dici Naz Vellegia*, 490 F. Supp. 1342 (D. Md. 1980); *BMI v. Papa John's*, 201 U.S.P.Q. 1157 (N.D. Ind. 1979); *Sid & Marty Krofft TV v. MacDonald's*, 562 F.2d 1157 (9th Cir. 1977); *Cayman Music v. Reichenberger*, 403 F. Supp. 794 (W.D. Wisc. 1975); *Chappel & Co. v. Palermo Cafe*, 249 F.2d 77 (1st Cir. 1952); *Contra: Gnososs Music v. McKening*, Civ. No. 80-1311 (4th Cir. 1981); *Nat'l Conf. Bar Exam v. MLS*, Civ. No. 78-C-4217 (N.D. Ill. 1981); *BMI v. Moor-Law*, 203 U.S.P.Q. 487 (D. Del. 1978); *Chappel & Co. v. Pumpnickel Pub.*, 79 F.R.D. 528 (D. Conn. 1977); *Chappel & Co. v. Cavalier Cafe*, 13 F.R.D. 321 (D. Mass. 1952).

Taylor published his own, unconsented-to-version.

Millar sued, at law, claiming infringement of his common law copyright. The case came on to be heard before the Court of the King's Bench, where Taylor argued that there was no common law copyright in published works, and hence, at the expiration of the statutory term provided by the Statute of Anne, the copyright owner's protection was exhausted, leaving anyone free to pirate the work.

By a three to one vote, the Court upheld Millar's claim of infringement, ruling that the common law copyright was not lost by publication and that the Statute of Anne was not intended to and did not cut off that right.⁵⁰ Five years later, in 1774, in *Donaldson v. Becket*,⁵¹ the House of Lords overruled the holding of the King's Bench Court in *Millar*. As we shall see, when the Supreme Court of the United States was faced with the same problem, it relied on the House of Lords' decision in *Donaldson*.⁵² By summary we may say that in 1791 in England, there was a common law right in unpublished works and a statutory right in published works. In infringement actions concerning published works, the author was to proceed at law by an action of debt, for which there was a right to a jury.⁵³

COPYRIGHT IN COLONIAL AMERICA

In 1672, John Usher persuaded the colonial legislature of Massachusetts to enact a statute protecting the owner of copyright in a printed book from unauthorized reprintings. The statute put no time limits on this protection. Apparently Massachusetts was not alone in granting this protection.⁵⁴

The Usher statute read:

In ans^r to the petition of John Vsher, the Court judgeth it meete to order & be it by this Court ordered & enacted, that no printer shall print any more coppies then are agreed & paid for by the

⁵⁰ WHICHER at 120-21.

⁵¹ 4 Burrows 2407, 98 Eng. Rep. 257 (1774).

⁵² *Wheaton v. Peters*, 33 U.S. (8 Pet.) 591 (1834).

⁵³ There were three other English copyright statutes in existence at this time: 8 Geo. II c. 13 (1735); 7 Geo. III c. 38 (1767); and, 7 Geo. III c. 57 (1777). These dealt with pictorial works which were not protected in the U.S. until 1802.

⁵⁴ See Bald, *Early Copyright Litigation and Its Bibliographical Interest*, 36 PAPERS BIBLIOG. SOC'Y AMERICA 81, 84-85 (1942); WHICHER at 131-33.

owner of the said coppie or coppies, nor shall he nor any other reprint or make sale of any of the same, without the said owners consent, upon the forfeiture and poenalty of treble the whole charges of printing, & paper, &c, of the whole quantity payd for by the owner of the coppie, to the said owner or his assignes.⁵⁵

In 1783, the Continental Congress passed a resolution recommending that the states secure to authors copyright protection.⁵⁶

Twelve of the thirteen states responded, with only Delaware failing to extend protection. A summary of these enactments is presented in the table on the following page.

⁵⁵ COPYRIGHT ENACTMENTS, "*Laws Passed in the United States Since 1783 Relating to Copyright*," 140 Copyright Office Bulletin No. 3 Revised (1973) (hereinafter cited as "COPYRIGHT ENACTMENTS").

⁵⁶ COPYRIGHT ENACTMENTS I.

SUMMARY OF STATE COPYRIGHT LAWS
FROM 1783-1786 ENACTED PURSUANT
TO THE RECOMMENDATION OF THE
CONTINENTAL CONGRESS

STATE	TYPE OF ACTION OR COURT	DAMAGES FOR INFRINGEMENT	DATE
Connecticut ⁵⁷	published works: at law unpublished works: at law	double value of copies just damages	1783
Georgia ⁵⁸	published works: of law unpublished works: of law	double value of copies just damages	1786
Maryland ⁵⁹	no language on subject	two pence per sheet	1783
Massachusetts ⁶⁰	action of debt	a sum not to exceed three thousand pounds but not less than five pounds	1783
New Hampshire ⁶¹	action of debt	a sum not to exceed one thousand pounds but not less than five pounds	1783
New Jersey ⁶²	any court where cognizable	double value of copies	1783
New York ⁶³	published works: of law unpublished works: of record	double value of copies damages for such injury	1786
North Carolina ⁶⁴	of record	double value of copies, ½ to state, ½ to author	1785
Pennsylvania ⁶⁵	any court where cognizable unless value below five pounds then before 2 county justices	double value of copies	1784
Rhode Island ⁶⁶	action of debt	a sum not to exceed one thousand but not less than 5 pounds	1783
South Carolina ⁶⁷	debt, plaint or information	1 shilling per sheet, ½ to state, ½ to plaintiff	1784
Virginia ⁶⁸	any court of record	double value of copies	1785

⁵⁷ COPYRIGHT ENACTMENTS 1-4.⁶⁰ *Id.* at 4-5.⁶³ *Id.* at 19-21.⁵⁸ *Id.* at 17-19.⁶¹ *Id.* at 8-9.⁶⁴ *Id.* at 15-17.⁵⁹ *Id.* at 5-6.⁶² *Id.* at 6-7.⁶⁵ *Id.* at 10-11.

We see then four states specified a common law cause of action (Massachusetts, New Hampshire, Rhode Island and South Carolina), while three others specified "at law" (Connecticut, Georgia and New York). Two stated a "court of record" (North Carolina and Virginia); two others "any court where cognizable" (New Jersey and Pennsylvania), while Maryland had no language to this effect in its statute. Of particular interest are the statutes in Massachusetts, New Hampshire and Rhode Island, which had minimum and maximum damages (to be collected by an action of debt), a feature of our current copyright act, and one to which we shall return.⁶⁹

No reference was made to equity jurisdiction or equitable remedies and none may probably be inferred, for as we shall see the federal copyright act⁷⁰ did not have such a provision, and did not get one until 1831. Finally, Professor Dobbs has written that some states managed for a while with no equity courts at all.⁷¹ It is a safe assumption, then, given the express references to common law forms of action, at law designations and the English practice of the time, to state that cases arising under these statutes, including those for minimum and maximum damages, were tried to a jury.

The omission of equitable jurisdiction no doubt stemmed from the colonialists' extreme hostility towards the chancery courts. This hostility was not confined to our side of the Atlantic, as is apparent in the following from Charles Dickens' *Bleak House*:

Fog everywhere. Fog up the river, where it flows among green aits and meadows; fog down the river, where it rolls defiled among the tiers of shipping, and the waterside pollutions of a great (and dirty) city. Fog on the Essex marshes, on the Kentish heights. . . . And by the Temple Bar, in Lincoln's Inn Hall, at the very heart of the fog, sits the Lord High Chancellor in his High Court of Chancery.

Never can there come fog too thick, never can there come mud and mire too deep, to assort with the groping and floundering condition which this High Court of Chancery, most pest-

⁶⁶ *Id.* at 9-10.

⁶⁷ *Id.* at 11-14. This tracks the Statute of Anne.

⁶⁸ *Id.* at 14-15. For a general discussion of these statutes see WHICHER at 139-42.

⁶⁹ 17 U.S.C. §504(c)(1978).

⁷⁰ Act of May 31, 1790 §6, 1 Stat. 125-26. See W. STRAUSS, REMEDIES OTHER THAN DAMAGES FOR COPYRIGHT INFRINGEMENT, COPYRIGHT OFFICE STUDY NO. 24 (1959), for a history of equitable jurisdiction and practices in copyright law.

⁷¹ D. DOBBS, REMEDIES 68-69 (1973).

ilent of hoary sinners, holds this day, in the sight of heaven and earth.⁷²

The colonialists qua colonialists suffered this oppression even more intensively.

... no colonial institution was the object of such sustained and intense political opposition as the courts dispensing equity law.⁷³

The extensive use by the British of the juryless vice-admiralty courts in not only criminal but civil cases was a deeply divisive issue prior to the outbreak of war in 1774, and was among the specific offensive English practices denounced in the Declaration of Independence.⁷⁴

We have already seen how the absence of a provision in the Constitution for a civil jury right threatened to defeat ratification, a threat which was eliminated only with the promise to include the provision in the Bill of Rights.⁷⁵

During the state ratification debates, it was argued that the references to "court" and "courts" in Article III of the Constitution amounted to an implied prohibition against the use of juries in civil cases. Because the same argument is being used with surprising success today to deny the right to a jury in copyright cases involving statutory damages,⁷⁶ it is well to demonstrate the rejection of this same argument some 200 years ago.

⁷² C. DICKENS, BLEAK HOUSE 1-2. In the seventeenth century, equity was held in similar disrepute: "Equity is a roguish thing. For law we have a measure, know what to trust to. Equity is according to the conscience of him that is Chancellor, and as that is larger or narrower, so is equity. Tis all one, as if they should make the standard for the measure we call a foot to be the Chancellor's foot. What an uncertain measure this would be; one chancellor has a long foot, another a short foot, a third an indifferent foot; tis the same thing in the Chancellor's conscience." J. SELDEN, TABLE TALK (Pollock ed. 1927), cited in D. DOBBS, REMEDIES 32 at n. 7 (1973).

⁷³ Katz, "The Politics of Law in Colonial America; Controversies over Chancery Courts and Equity Law in the Eighteenth Century," in LAW IN AMERICAN HISTORY 257-58 (D. Fleming ed. 1971).

⁷⁴ *Parklane Hosiery Co. v. Shore*, 439 U.S. at 340; *WOLFRAM* at 654-56; C. UBBELODHE, THE VICE-ADMIRALTY COURT AND THE AMERICAN REVOLUTION 195-201 (1960).

⁷⁵ See *supra* at n. 9-16 and text. In the FEDERALIST NO. 83 at 558 (J. Cooke ed. 1961), Alexander Hamilton notes regarding his own state of New York: "The objection to the plan of the convention which has met with most success in this state and perhaps several of the other states, is *that relative to the want of a constitutional provision for the trial by jury in civil cases.*" (emphases in original)

⁷⁶ See *supra* at n. 48.

During the Massachusetts debates, the argument was answered as follows:

Mr. DAWES said, he did not see that the right of trial by jury was taken away by the article. The word *court* does not, either by a popular or technical construction, exclude the use of a jury to try facts. When people, in common language, talk of a trial at the *Court of Common Pleas*, or the *Supreme Judicial Court*, do they not include all the branches and members of such court—the *jurors* as well as the judges? They certainly do, whether they mention the jurors expressly or not. Our state legislators have construed the word *court* in the same way; for they have given appeals from a justice of peace to the Court of Common Pleas, and from thence to the Supreme Court, without saying any thing of the jury; but in cases which, almost time out of mind, have been tried without jury, there the jurisdiction is given expressly to the justices of a particular court, as may be instanced by suits upon the absconding act, so called.⁷⁷

and by John Marshall during the Virginia debates:

Does the word *court* only mean the judges? Does not the determination of a jury necessarily lead to the judgment of the court? Is there any thing here which gives judges exclusive jurisdiction of matters of fact? What is the object of a jury trial? To inform the court of the facts. When a court has cognizance of facts, does it not follow that they can make inquiry by a jury? It is impossible to be otherwise. I hope that in this country, where impartiality is so much admired, the laws will direct facts to be ascertained by a jury.⁷⁸

THE JUDICIARY ACT OF 1789

The first Congress in its first session passed not only the Bill of Rights but also the Judiciary Act of 1789.⁷⁹ This act has taken on especial significance due to the circumstances of its enactment. As the Supreme Court noted in *Wisconsin v. Pelican Insurance Co.*,⁸⁰ the act

⁷⁷ 2 THE DEBATES IN THE SEVERAL STATE CONVENTIONS ON THE ADOPTION OF THE FEDERAL CONSTITUTION 113 (J. Elliott ed. 1891) (hereinafter cited as "ELLIOTT").

⁷⁸ 3 ELLIOTT 557-58.

⁷⁹ Act of Sept. 24, 1789 chpt. 20, i Stat. 73.

⁸⁰ 127 U.S. 265 (1888).

was passed by the first congress assembled under the constitution, many of whose members had taken part in framing that instrument, and is contemporaneous and weighty evidence of its true meaning.⁸¹

Section 4 of the Act⁸² created the so-called circuit courts, with Section 11⁸³ enumerating their jurisdiction. No federal question jurisdiction, however, was granted to the circuit (or district) courts.⁸⁴ Their jurisdiction over civil cases at common law was limited for our purposes to diversity cases where the matter in controversy exceeded five hundred dollars.⁸⁵

Section 16 provided

That suits in equity shall not be sustained in either the Courts of the United States, in any civil cases where plain, adequate remedy may be had at law.

This rule, referred to above as the inadequate remedy at law rule, was absolute in requiring that an aggrieved party seek relief in the law courts if a "plain and adequate" remedy were available there. Where a claim properly cognizable only at law, such as an action of debt, was united in the same pleadings with a claim for equitable relief, an equity court could not take jurisdiction over the case, and had to dismiss it without prejudice to the filing of an action at law.⁸⁶

COPYRIGHT IN CONGRESS FROM 1790-1897

Unfortunately the committee proceedings during which the copyright clause was drafted were conducted in secret. Madison's comments in the Federalist No. 43 become therefore most significant.

The utility of this provision will scarcely be questioned. The copyright of authors has been solemnly adjudged, in Great Britain, to be a right of common law. The right to useful inventions seems with equal reason to belong to inventors. The public good fully coincides in both cases with the claims of individuals. The State cannot separately make effectual provision for either of these

⁸¹ 127 U.S. at 267.

⁸² 1 Stat. 73 §4 (1789).

⁸³ 1 Stat. 73 §11 (1789).

⁸⁴ The district courts, created in Section 9, had jurisdiction over criminal cases and a mixed bag of civil cases, but they did not have jurisdiction over copyright cases under the first copyright act.

⁸⁵ 1 Stat. 73 § 11 (1789).

⁸⁶ Scott v. Neely, 140 U.S. 106 (1891).

cases, and most of them have anticipated the decision on this point, by laws passed at the instance of Congress.⁸⁷

The commentators are split as to whether Madison (and the drafters of the copyright clause) were aware of the House of Lords' decision in *Donaldson v. Becket* and deliberately chose not to follow it, or, were simply not aware of the overruling of *Millar v. Taylor* by *Donaldson*.⁸⁸ At any rate, Madison's remarks clearly set out the common law roots of our copyright act.

The result of the committee's work was Article I, Section 8:

The Congress shall have power: To promote the progress of science and useful arts, by securing, for limited times, to authors and inventors, the exclusive right to their respective writings and inventions.⁸⁹

On May 31, 1790, the First Congress during its Second Session exercised its constitutional power by passing the original copyright act.⁹⁰ The relevant parts here concern jurisdiction and damages, which are found in Section 2 (unpublished works) and Section 6 (unpublished works).

Section 2. That if any other person or persons . . . shall print, reprint, publish or import . . . any copy or copies of such map, chart, book or books, without the consent of the author or proprietor thereof . . . then such offender shall forfeit (same) to the author or proprietor . . . who shall forthwith destroy the same: And every such offender and offenders shall also forfeit and pay the sum of fifty cents for every sheet which shall be found in his or their possession . . . the one moiety thereof to the author or proprietor of such map, chart, book or books who shall sue for the same, and the other moiety thereof to and for the use of the United States, to be recovered by action of debt in any court of record in the United States, wherein the same is cognizable . . .

Section 6. And it be further enacted, That any person or persons who

⁸⁷ THE FEDERALIST 279 (Mod. Lib. ed. 1941). See also, Fleming, *The Origin of the Patent and Copyright Clause of the Constitution*, 17 GEO. L.J. 109 (1929); Note, *Copyright—Study of the Term "writings" in the Copyright Clause of the Constitution*, 31 N.Y.U. L. REV. 1263 (1956).

⁸⁸ Cf. TAUBMAN, COPYRIGHT AND ANTI-TRUST 11-14 (1960), with WHICHER 133-139.

⁸⁹ U.S. CONSTITUTION art. I §8.

⁹⁰ Act of May 31, 1790, 7 Stat. 124.

shall print or publish any manuscript, without the consent and approbation of the author or proprietor thereof, first had and obtained as aforesaid (if such author or proprietor be a citizen of or resident in these United States) shall be liable to suffer and pay to the said author or proprietor all damages occasioned by such injury, to be recovered by a special action on the case founded upon this act, in any court having cognizance thereof.⁹¹

The act thus specified common law causes of action in both provisions: for published works, an action of debt; for unpublished works, an action on the case. It provided for only statutory damages for the infringement of published works, with only actual damages available for unpublished works. Finally, unless the controversy involved more than five hundred dollars, and was between citizens of different states, the suit was tried in state court.⁹²

One of the most striking features of the act, however, is the complete absence of equity jurisdiction, which did not come for another twenty-nine years. All copyright suits for damages, then, were at law, triable to a jury. The right to a jury for infringement of a published work, however, was not present solely because the damages were considered penal,⁹³ as we shall see below in our discussion of the 1856 Copyright Amendment.⁹⁴ One distinguishing feature of this act from the Statute of Anne is that even though suits for statutory damages were by a *qui tam* action, half of the damages did go to the copyright owner. In *Dwight v. Appelton*,⁹⁵ a case involving the infringement of published sermons, tried to a jury, Justice Thompson, sitting as a Circuit Justice, wrote on this difference:

The statutes made to secure the copyright to authors are somewhat obscurely expressed; and the English decisions shed very little light on the subject; though these acts are penal, yet they are also remedial also, and made in favor of the aggrieved party, and to secure his rights, and the forfeiture goes in part to him.⁹⁶

THE SUPPLEMENTAL COPYRIGHT ACT OF 1802

In 1802, the Seventh Congress extended copyright protection to

⁹¹ *Id.* §§4 and 6.

⁹² See discussion of this in *Wheaton v. Peters*, 33 U.S. (8 Pet.) 589, 641 (1834); also WRIGHT, *LAW OF FEDERAL COURTS* 4 (1976). Even though tried in a state court, a copyright case, as arising under a law of the United States, had the protection of the Seventh Amendment.

⁹³ *Infra* at 29-30.

⁹⁴ *Infra* at 30-34.

⁹⁵ 8 F. Cas. No. 4215 (C.C.S.D.N.Y. 1843).

⁹⁶ 8 F. Cas. at 86.

citizens or residents of the United States who shall

invent and design, engrave, etch or work, or from his own works and inventions, shall cause to be designed and engraved, etched or worked, any historical or other print or prints . . .⁹⁷

Damages of one dollar per infringing print were established, but no changes were made in either the damage provision for maps, charts or books, or in the jurisdictional elements referred to above.

THE SUPPLEMENTAL COPYRIGHT ACT OF 1819

In 1819, the Fifteenth Congress extended original jurisdiction over copyright cases at law or *in equity* to the circuit courts:

Be it enacted by the Senate and House of Representatives of the United States of America; in Congress assembled,

That the circuit courts of the United States shall have original cognisance, as well in equity as at law, of all actions, suits, controversies, and cases, arising under any law of the United States granting, or confirming to authors or inventors the exclusive right to their respective writings, inventions, and discoveries: and upon any bill in equity, filed by any party aggrieved in any such cases, shall have authority to grant injunctions, according to the course and principles of courts of equity, to prevent the violation of rights of any authors or inventors. secured to them by any laws of the United States, on such terms and conditions as the said courts may deem fit and reasonable: *Provided, however,* That from all judgments and decrees of any circuit courts, rendered in the premises, a writ of error or appeal, as the case may require, shall lie to the Supreme Court of the United States, in the same manner, and under the same circumstances, as is now provided by law in other judgments and decrees of such circuit courts.⁹⁸

This was the first copyright act to grant federal question jurisdiction to the U.S. courts. It was also the first act to grant equity jurisdiction. This equitable power, though, was limited to the issuance of injunctions. There is no suggestion that this extension of equitable jurisdiction was intended in any way to alter the at-law characterization of proceedings to collect statutory (or actual) damages. Indeed, the original 1790 act, which specified common law forms of action for such proceedings, was left completely intact. And, as noted above, Section 16 of the First Ju-

⁹⁷ Act of April 29, 1802, 7th. Cong. 1st. Sess., 2 Stat. 171.

⁹⁸ Act of February 15, 1819, 15th Cong. 2d Sess., 3 Stat. 481.

diciary Act required a litigant to proceed at law where such remedy was available.

A search of the *Annals of Congress* revealed only the following perfunctory note in the House on the adoption of this 1819 supplementary act.

Mr. Nelson reported also a bill concerning suits brought on copyrights: which was read twice and committed.⁹⁹

Finally, in *Blunt v. Patten*,¹⁰⁰ a bill in equity was dismissed on the ground that there were issues of fact which had to be tried to a jury, in an at-law proceeding.

THE 1831 COPYRIGHT REVISION

The first general revision of the copyright act occurred in 1831.¹⁰¹ This act continued the fifty cents per sheet infringement statutory damage provision for books, again to be collected by an action of debt. For maps, prints, engravings, charts and musical compositions (which were protected for the first time), damages were to be assessed at \$1.00 per sheet. Actions to collect such damages were to be brought in "any court having competent jurisdiction."¹⁰²

For unpublished works, the author again was to receive actual damages¹⁰³ brought by an action on the case in "any court having cognizance thereof,"¹⁰⁴ with the circuit courts retaining their power to issue injunctions.¹⁰⁵

Of particular significance in reiterating the common or at law nature of both the statutory and actual damages is Section 10, which stated:

That, if any person or persons shall be sued or prosecuted, for any matter, act or thing done under or by virtue of this act, he or they may plead the general issue and give special matter in evidence.¹⁰⁶

Under the common law system, a defendant was entitled to "plead the general issue," the effect of which was to place all of the essential facts which constituted the plaintiff's cause of action in issue.¹⁰⁷ Gener-

⁹⁹ 33 ANNALS OF CONGRESS 434 (1818).

¹⁰⁰ 3 F. Cas. Nos. 1579, 1580 (C.C.S.D.N.Y. 1828).

¹⁰¹ Act of February 3, 1831, 21st Cong., 2d Sess., 4 Stat. 436.

¹⁰² *Id.*

¹⁰³ *Id.* Section 9.

¹⁰⁴ *Id.*

¹⁰⁵ *Id.*

¹⁰⁶ *Id.* Section 10. This provision is also found in Section 7 of the 1790 Act.

¹⁰⁷ KOEFFLER & REPPY at 457.

ally, however, the defendant was not entitled to set up a special plea which could be shown under the general issue. There were exceptions to this, though.¹⁰⁸

Under the 1831 Revision as under the 1790 Act, the author of an infringed work would bring an action of debt. The defendant's general issue plea would be "Nihil Debet," thereby denying he owed the money alleged to be due via the statutory damages. By "giving the special matter in evidence," he could also challenge the validity of the plaintiff's copyright.

In a suit for infringement of an unpublished work, brought by an action on the case, the defendant's general issue plea would be "Not guilty," and he could again contest the validity of the plaintiff's copyright.

Both defendants above would have been entitled to a jury on all disputed issues of fact, which with pleading the general issue, meant all of the essential elements of plaintiff's case. I have digressed into this discussion of common law pleading in order to demonstrate how deeply steeped in the common law our early copyright acts were. The equity jurisdiction extended in 1819 in no way changed the at law nature of damage proceedings, which as we know were brought on a completely separate "side" of the court.

This important history has been overlooked by those present day courts which mistakenly characterize an infringement suit for statutory damages as equitable, and which on the basis of this mischaracterization deny litigants the right to a jury. Our examination shows this to be contrary to both the English practice and the practice in the United States in 1791 and in subsequent years.

The 1831 Act doubled the term of protection from fourteen to 28 years, with a right of renewal. During the House debates over this provision, an interesting discussion arose between two members on the nature of copyright. Congressman Verplanck took the view that copyright existed before and independent of the 1790 Act, adverting to *Millar v. Taylor*. Congressman Hoffman, however, rejected that position, remarking that although the right was *remedial*, by the terms of the Statute, protection was limited to twenty-eight years.¹⁰⁹

The Committee Report accompanying the bill supports Representative Hoffman's view, and mentions the overruling of *Millar* by *Donaldson*.¹¹⁰ Three years later, the Supreme Court also sided with Mr. Hoffman in *Wheaton v. Peters*.¹¹¹

¹⁰⁸ *Id.* at 435.

¹⁰⁹ 7 CONG. DEB. 424 (1831). *Millar* was not a unanimous decision as asserted by Mr. Verplanck. See text at n.50, *supra*.

¹¹⁰ This report is reproduced in the Appendix, page 119 of 7 CONG. DEB. (1831).

¹¹¹ 33 U.S. (8 Pet.) 591 (1834).

WHEATON V. PETERS

Wheaton v. Peters, decided in 1834, is the American version of *Millar* and *Donaldson*, with the twist that the copyrighted subject matter concerned not a poem, but the reported opinions of the Supreme Court itself. As the facts of the case are no doubt familiar to readers of these pages, they shall not be repeated here.

In dicta which forms the great bulk of the court's opinion, and for which the case is cited, the court discussed how it believed there was no common law copyright in published works. However, only four of the six justices who participated agreed with these remarks.¹¹²

Relying on the House of Lords' decision in *Donaldson* and the Statute of Anne, rather than the circumstances surrounding the adoption of our own constitutional clause and act, it was written by the *Wheaton* court that

This (copy)right, as has been shown, does not exist at common law—it originated, if at all, under the acts of Congress . . .¹¹³
Congress, then, by this act, instead of sanctioning an existing right, as contended for, created it.¹¹⁴

For our purposes, the significance of *Wheaton* is that a claim of a jury right in copyright cases involving published works cannot be based on a "natural" common law copyright, but rather on a statutory right which created legal rights and remedies enforceable in an action for damages in ordinary courts of law. *Curtis v. Loether*,¹¹⁵ *Parsons v. Bedford*.¹¹⁶

BACKUS v. GOULD

*Backus v. Gould*¹¹⁷ was the first Supreme Court case to construe the

¹¹² WHICHER at 207. Nevertheless, *Wheaton* has been faithfully followed by subsequent decisions. *Stevens v. Gladding*, 58 U.S. (17 How.) 447 (1854); *Bobbs-Merrill Co. v. Straus*, 210 U.S. 339 (1908); *Caliga v. Interocean Newspaper*, 215 U.S. 182 (1909).

¹¹³ 33 U.S. at 663.

¹¹⁴ 33 U.S. at 661. The copyright which was determined in the dicta here not to exist at common law, of course referred solely to a common law copyright in published works. But cf. *Goldstein v. California*, 412 U.S. 546 (1973). Both British and U.S. courts have recognized that there was a common law copyright in unpublished works. Section 2 of the 1909 Act retained a savings provision for state protection of such works. However, Section 301(a) of the 1976 act expressly preempts all legal or equitable common law or state statutory copyrights.

¹¹⁵ 415 U.S. 189, 194 (1974).

¹¹⁶ 3 Pet. 433, 446-57 (1830).

¹¹⁷ 48 U.S. 798 (1849). This view taken in *Backus* on the penal nature of the statute was reaffirmed in subsequent decisions. See text at n. 157-160. *infra*.

statutory penalties provided for in the 1831 Act, in this case, Section 6, concerning infringement of books. As with *Wheaton v. Peters*, *Backus* involved alleged infringement of the copyright in judicial opinions, in this instance New York state court opinions, with accompanying table of cases, indices, and headnotes, the only material properly copyrightable.

The suit was tried to a jury which found the defendants guilty of infringement and which assessed damages on the basis of the total number of pages printed rather than on the basis of the total number of pages found in defendant's possession. Treating the section as a penal statute, the Court held it was to be construed strictly, and on the basis of faulty jury instructions, reversed and remanded for a new trial.

STEVENS v. GLADDING

In *Stevens v. Gladding*,¹¹⁸ the Supreme Court made explicit the lack of equitable jurisdiction to award statutory penalties. In its opinion, the Court traced the grant of equity power back to its roots in 1819 and discussed the lack of said power in the original copyright act, comparing the English statutes of the time.

. . . It is a significant fact that congress, in legislating on this subject, though manifestly acquainted with the phraseology of the act of Geo. III., and though in some particulars it adopted that phraseology, yet omitted to confer upon courts of equity power to enforce either of the forfeitures provided for, but left them to be recovered "in any court having competent jurisdiction thereof." And the only equitable jurisdiction as to copyright, conferred upon the courts of the United States, is by the act of February 15, 1819, which gives original cognizance to the courts of the United States, as well in equity as at law, of cases arising under any law of the United States granting to authors or inventors the exclusive right to their respective writings, inventions, and discoveries; and, upon any bill in equity filed by any party aggrieved in any such case, shall have authority to grant injunctions according to the course and principles of courts of equity, to prevent the violation of the rights of any authors or inventors secured to them by any laws of the United States, on such terms as the said courts may deem fit and reasonable. . . .

There is nothing in this act of 1819, which extends the equity powers of the courts to the adjudication of forfeitures; it being manifestly intended, that the jurisdiction therein conferred should be the usual and known jurisdiction exercised by courts

¹¹⁸ 58 U.S. (17 How.) 447 (1854).

of equity for the protection of analogous rights. The prayer of this bill for the penalties must therefore be rejected.¹¹⁹

THE SUPPLEMENTARY ACT OF 1856

In 1856, protection for dramatic compositions was expanded to prohibit the unconsented-to performance thereof. The right was to be vindicated by

an action on the case or other equivalent remedy, with costs of suits in any court of the United States, such damages in all cases to be rated and assessed at such sum not less than one hundred dollars for the first, and fifty dollars for every subsequent performance, as to the court shall appear just. *Provided nevertheless*, That nothing herein enacted shall impair . . . or . . . restrict in any way the right of such author to process in equity in any court of the United States for better and further enforcement of his rights.¹²⁰

The remarks in the Senate leading up to passage of the act are particularly instructive. Apparently Senator Seward, the sponsor of the bill, had received some uncomplimentary letters from authors and publishers, who mistakenly believed that the act was intended to alter their rights. Allaying these fears, Senator Seward declared:

I desire to have the bill referred to the Committee on the Judiciary, which I suppose is the proper committee; but inasmuch as the notice which I gave on a previous occasion has brought me into an uncomfortable correspondence with authors and publishers, I desire to state, in regard to this bill, that the only provision which it contains is a provision to the effect that the copyright for dramatic composition shall be extended so as to give to authors a property for a given period of time in acting or enacting of their own compositions.¹²¹

When the bill was reported back from the Committee on the Judiciary, the following discussion took place on the Senate floor:

MR. BAYARD. . . . The amendment of the Judiciary Committee

¹¹⁹ 58 U.S. (17 How.) at 453-55. In *Chapman v. Ferry*, 12 Fed. 693 (C.C. Ore. 1882), this view was repeated concerning the codification of the sections into the Revised Statutes in the 1873 Act, *see* text at n. 138. *infra*.

¹²⁰ Act of Aug. 18, 1856, 34th Cong., 1st Sess., 11 Stat. 138.

¹²¹ CONG. GLOBE, 34th Cong., 1st Sess. 847 (1856).

is to strike out the words “summary process,” and to insert “action on the case,” as the remedy to an author for the presentation of his play without or against his consent.

MR. SEWARD. I hope the amendment will be adopted. I introduced the bill for the benefit of the dramatic authors of the United States, and I think the amendment is an improvement on the bill.

MR. BAYARD. The honorable Senator from Louisiana (Mr. BENJAMIN) suggests to me that an action on the case will not hold in the civil law courts of some of the States, and of course the remedy would not be sufficient. He suggests an alteration of the amendment so as to read “action on the case, or other equivalent remedy.” I have no objection to accepting that amendment. take it as part of the amendment.

MR. SEWARD. Very well.

The amendment, as modified, was agreed to.¹²²

Louisiana, naturally, was a civil not common law state, and therefore did not recognize the common law forms of action. Other states such as Texas were common law states, but had abolished the common law forms of action. We see then that the language indicating that infringers shall be “liable to damages to be sued for and recovered by action on the case or other equivalent remedy” was not intended to alter the at-law characterization of statutory damages, but rather to take care of idiosyncrasies in state law. This was necessary since states still had jurisdiction over copyright litigation involving citizens of the same state, or between citizens of different states where the amount in controversy was less than \$500.

The most fascinating part of the amendment, though, is the addition of a minimum statutory damage provision (not less than \$100 for the first and \$50 for each subsequent performance) to be assessed “as the court having cognizance thereof shall appear to be just.” This is the first provision in U.S. copyright law where statutory damages are spoken of in connection with the language “as to the court . . . shall appear to be just.” All damages went to the author.

We have already seen¹²³ how three states (Massachusetts, New Hampshire and Rhode Island) provided for such minimum and maximum damages in their pre-Constitution statutes. They did not, however, contain the language on “as to the court shall appear just”; nor, in fact did any federal act until the 1856 act under discussion here.

Does this mean that such damages were to be assessed by a judge sitting without a jury, or that such damages were equitable? Absolutely

¹²² CONG. GLOBE, 34th Cong., 1st Sess. 1643 (1856).

¹²³ Notes 60, 61 and 66 and text, *supra*.

not! First, it must be remembered that infringement proceedings to collect these damages were to be by an action on the case,¹²⁴ one of the classic, common law causes of action. This established the "legal" nature of the action, and therefore, the right to a jury. Second, we have already seen how the phrase "court" was construed even in pre-Constitution times to include the jury.¹²⁵ Third, we have also noted how law and equity were separated at this time.¹²⁶

Additionally, an equitable characterization of statutory damages for dramatic compositions would result in an illogical arrangement whereby all infringement actions to collect statutory damages but those involving dramatic compositions would be at law. This is contrary to Senator Seward's remarks which clearly indicate that the sole purpose of the act was to extend protection to dramatic compositions.

Finally, the act is divided into two discrete parts, the opening prologue "*Be it enacted. . . ;*" and, the proviso which begins, "*Provided nevertheless . . .*" Under this proviso, the act states that

. . . nothing herein enacted shall . . . restrict in any way the right of such authors to process in equity in any court of the United States for the better and further enforcement of his rights.¹²⁷

The proviso thus demarcates the author's equitable rights from those in the prologue which concern the statutory damages, which are to be recovered by an action on the case. The obvious intent of Congress here was to ensure that the collection of the at law statutory damages would in no way impair the author's ability to go on the equity side to obtain an injunction against future performances of his work, or as we shall see, to forego entirely the collection of statutory damages and receive an equitable accounting of the defendant's profits instead.

We can say with full confidence, then, that proceedings to collect minimum statutory damages to be assessed "as to the court shall appear just," were at law proceedings, wherein there was a right to a jury. This will be confirmed shortly in our discussion of *Brady v. Daly*,¹²⁸ but we note its importance here because our current act similarly provides for minimum and maximum statutory damages which are to be assessed "as the court considers just,"¹²⁹ the phrasing of which has unfortunately

¹²⁴ As we noted above "or equivalent remedy" applied to civil law states or those common law states which had abolished common law pleadings. Notes 120-122 and text, *supra*.

¹²⁵ Notes 1-13 and text, *supra*.

¹²⁶ Notes 27-31 and text, *supra*.

¹²⁷ Act of August 18, 1856, 34th Cong., 1st Sess., 11 Stat. 138.

¹²⁸ 175 U.S. 148 (1899).

¹²⁹ 17 U.S.C. §504(c) (1978).

led more than a few courts to hold that "court" means court and not jury,¹³⁰ a holding which we can see is erroneous.

THE CIRCUIT COURT ACT OF MARCH 3, 1865

So strong was the protection of the right to a jury in civil cases in eras past, that in 1865 Congress passed a bill which required that before the right could be deemed waived both parties had to file a written stipulation to that effect with the clerk of the court.¹³¹

That this statute applied to copyright cases, and specifically to copyright cases where statutory damages were sought, will be seen when we get to our discussion of the first Supreme Court decision to construe the meaning of remedial damages, *Brady v. Daly*.¹³²

THE 1870 COPYRIGHT REVISION

The 1870 Copyright Revision¹³³ was the second general revision. This act extended protection for the first time to photographs, paintings, statues and a number of other art forms.¹³⁴

Sections 99, 100 and 101 contained the damage provisions, with Section 99 governing books, 101 dramatic compositions, and 100 all other works. Unlike Section 6 of the 1831 Act and Section 2 of the original act, which provided for a fifty cent per infringing sheet statutory damage rate, one-half to the author and one-half to the government, Section 99 of the 1870 Act provided only for actual damages which were to be recovered in a "civil action." Note here that the verb used in the context of collecting such actual damages is "forfeit."

The damages for infringement of dramatic compositions were the same as in the 1856 act. Within the non-dramatic works category, there were two separate damage rates: for paintings, statues etc., damages were \$10 per copy sold, exposed for sale, or found in the infringer's possession; for all other non-dramatic works, the \$1 per copy rate previously in effect continued. All damages were to be recovered "by action in a court of competent jurisdiction."

Unpublished works were protected in Section 102, the author to collect actual damages by an action on the case. Section 105 continued the language of the 1790 Act on pleading the general issue and giving special matters in evidence.¹³⁵

Section 106 was the jurisdictional section and read:

¹³⁰ *Supra* n. 49.

¹³¹ Act of March 3, 1865, 38th Cong., 2d Sess. Chpt. 86.

¹³² 175 U.S. 148 (1899).

¹³³ Act of July 8, 1870, 41st Cong., 2d Sess., 16 Stat. 198.

¹³⁴ *Id.* Section 86.

¹³⁵ Text following note 108, *supra*.

SEC. 106. *And it be further enacted*, That all actions, suits, controversies, and cases arising under the copyright laws of the United States shall be originally cognizable, as well in equity as at law, whether civil or penal in their nature, by the circuit courts of the United States, or any district court having the jurisdiction of a circuit court, or in the supreme court of the District of Columbia, or any Territory. And the court shall have power, upon bill in equity, filed by any party aggrieved, to grant injunctions to prevent the violation of any right secured by said laws, according to the course and principles of courts of equity, on such terms as the court may deem reasonable.¹³⁶

Suits to recover statutory damages were to be recovered "by action," dropping in the instance of dramatic representations, the specification of "an action on the case," and in the instance of non-dramatic works "by action of debt."

These changes did not alter the at-law characteristics of these damages, but rather enlarged them, as is evident from the statements of the bill's House sponsor.

The committee have also considered the effect of the proposed revision upon all existing legal rights, and in the clause of repeal and the schedule of acts repealed referred to in it they have carefully preserved every existing right, extending the remedial provisions of this act to all proceedings and suits hereafter commenced, so that where remedies are enlarged they will be available to all those who shall seek those remedies upon existing rights hereafter. That is the principle by which the committee has been governed in offering amendments to the bill and also in considering the report of the commissioners of revision. Their object has been, not to disturb any existing rights or to take away any remedies, but to enlarge the remedies in every case where they could do so consistently with the principle of the law.¹³⁷

THE 1870 COPYRIGHT REVISION

The statute was revised again a mere three years later,¹³⁸ and codified into the Revised Statutes in Sections 4948-71. None of the revisions, however, affect our topic. Section 4966 retained the 1856 amendment concerning dramatic productions, including the critical language "as to the court shall appear just."

¹³⁶ Act of July 8, 1870, Section 106.

¹³⁷ CONG. GLOBE, 41st Cong., 2d Sess. 2854 (1870).

¹³⁸ Act of December 1, 1873, 43d Cong., 1st Sess.

THE 1891 AMENDMENT

The 1891 Amendment revised a number of provisions in the 1873 Act, but again none affecting our topic.¹³⁹

SCOTT v. NEELY

We have previously observed how an equity court could not take jurisdiction over a suit for statutory damages.¹⁴⁰ We have also noted how equity was disabled from exercising jurisdiction over cases where an adequate remedy at law was to be had.¹⁴¹ This latter principle was clearly reaffirmed in the Supreme Court's 1891 decision in *Scott v. Neely*.¹⁴²

Scott was a diversity case brought on the equity side of the Northern District Court of Mississippi, based upon a Mississippi statute which gave the Mississippi state chancery courts certain powers over real property creditors. As stated by the Supreme Court, the suit was one in equity to set aside a fraudulent conveyance and

to subject the property of the defendants to the payment of a simple contract debt of one of them, in advance of any proceedings at law, either to establish the validity and amount of the debt or to enforce its collection.¹⁴³

The Court first turned to the Seventh Amendment and held that the right to a jury trial may be waived; but it cannot be

impaired by any blending with a claim, properly cognizable at law, of a demand for equitable relief in aid of legal action or during its pendency. Such aid in the federal courts must be sought in separate proceedings, to the end that the right to a jury in the legal action be intact.¹⁴⁴

The Court went on to note the Judiciary Act of 1789's adoption of the inadequate remedy at law rule, and reiterated that

All actions which seek to recover specific property, real or personal, with or without damages for its detention, or a money judgment for breach of a simple contract, or for injury to person or property, are legal actions, and can be brought in the federal

¹³⁹ Act of March 3, 1891, 51st Cong., 2d Sess.

¹⁴⁰ Notes 28-31 and text, *supra*.

¹⁴¹ Note 86 and text, *supra*.

¹⁴² 140 U.S. 106 (1891).

¹⁴³ 140 U.S. at 108.

¹⁴⁴ 140 U.S. at 109.

courts only on their law side.¹⁴⁵

As the debt due plaintiffs was no different in essence from any other debt on a contract the Court held it was the subject of a legal action only and that the District Court could not take jurisdiction over such a suit which united in the same pleadings a claim properly cognizable only at law with one for equitable relief.

Scott is important for our purposes because it reaffirms that copyright cases where claims for damages were sought could only be brought on the law side and could not be coupled with a suit in equity for injunctive relief. That this was the practice will be demonstrated in *Brady v. Daly*, which we will turn to immediately after the following mention of the 1895 and 1897 amendments.

THE 1895 COPYRIGHT AMENDMENT

The 1895 Amendment¹⁴⁶ was confined to revising Section 4965 of the Revised Statutes. The amendment left intact the 1891 language but added two provisos to the \$1 and \$10 statutory damages previously set out for maps, charts, photographs etc. and for pantomimes, statues and statuaries, respectively. The provisos read:

Provided, however, That in case of any such infringement of the copyright of a photograph made from any object not a work of fine arts, the sum to be recovered in any action brought under the provisions of this section shall be not less than one hundred dollars, nor more than five thousand dollars, and: *Provided, further,* That in case of any such infringement of the copyright of a painting, drawing, statue, engraving, etching, print, or model or design for a work of the fine arts or of a photograph of a work of the fine arts, the sum to be recovered in any action brought through the provisions of this section shall be not less than two hundred and fifty dollars, and not more than ten thousand dollars. One-half of all the foregoing penalties shall go to the proprietors of the copyright and the other half to the use of the United States."

As can be seen, the provisos did not contain the language found in Section 4966 "as to the court shall appear just." The reason for this

¹⁴⁵ 140 U.S. at 110. In *Snow v. Mast*, 63 Fed. 623 (C.C.S.D. Ohio 1894), the plaintiff sought an injunction and statutory damages under Revised Statutes 4963 and 4965. The bill was dismissed because the plaintiff was held to have a plain, adequate and complete remedy at law. 63 Fed. at 623.

¹⁴⁶ Act of March 2, 1895, 53d Cong., 2d Sess., 28 Stat. 956.

omission is unknown. Further distinguishing the provisos from Section 4966 is the fact that unlike the damages collected under that Section, damages under the provisos are to be split, half to the "proprietors of the copyright," and half to the government. Hence, the statute stands as a kind of midway point between the fixed sum found in the rest of the act, and the minimum statutory damages found in Section 4966 of which one hundred percent go to the copyright owner. The significance of this addition to Section 4965 is that it belies the assertion that minimum and maximum damages have always been equitable. Following the teachings of *Scott v. Neely*, *Brady v. Daly* and *Backus v. Gould*, there can be no doubt that actions to collect damages under Section 4965 were at law, triable to a jury.

THE 1897 COPYRIGHT AMENDMENT

This amendment¹⁴⁷ was confined to Section 4966 and included within its protection not only dramatic but musical performances. It continued the "as to the court shall appear just" language, and for the first time, provided for criminal penalties, including imprisonment for not more than one year. The act also contained elaborate provisions for the granting and dissolution of injunctions but did not suggest, as *Scott v. Neely* teaches us it could not, that actions for such damages could be joined with a request for equitable relief.

BRADY v. DALY

In 1867, Augustin Daly composed the play "Under the Gaslight." He subsequently obtained a certificate of copyright in the work and remained the exclusive proprietor thereof. The play was performed in 1868 to great critical success, apparently due to the third scene of the fourth act, which depicted the last minute rescue of one of the characters, who was in imminent danger of being run over by a train, the danger attributable to his having been deliberately tied down to the railroad tracks.

Shortly afterwards, a rival play "After Dark" was produced, which was found to be substantially similar to "Under the Gaslight." In 1889, Daly brought a suit in equity praying for an injunction and an accounting "of all moneys and profits received" from the infringing performances.

The Circuit Court denied the injunction and dismissed the bill on the ground that there was a material variance between the registered title and the published work.¹⁴⁸ The Court of Appeals reversed and

¹⁴⁷ Act of January 6, 1897, 54th Cong., 2d Sess., 29 Stat. 481.

¹⁴⁸ *Daly v. Brady*, 39 Fed. 265 (C.C.S.D. N.Y. 1899); 47 Fed. 903 (C.C.S.D. N.Y. 1891).

remanded with instructions to enter a permanent injunction and order an accounting.¹⁴⁹

Pursuant to this mandate, a permanent injunction was issued and a master appointed to take evidence on the number of performances, but the decree said nothing about ascertaining the defendant's profits. At the hearing before the master, the defendant objected to having to produce its books on the ground that Revised Statute 4966 was allegedly a penal statute, and accordingly, defendant could not be forced to turn over evidence against himself, an apparent Fifth Amendment argument. No evidence was taken on the question of profits, and in 1893, the Circuit Court adopted as its own the master's report which contained findings of fact on the number of performances. No judgment or decree for profits was requested or rendered.

Three months later, Daly began an action at law under Revised Statute 4966 for recovery of statutory damages. The case came on to be heard before Judge Shipman of the Circuit Court for the Southern District of New York, *sitting with a jury*. Pursuant to Revised Statute 649, the codified version of the 1856 act discussed above,¹⁵⁰ the parties filed a written stipulation waiving the right to a jury.

Obviously, then, the provision in Revised Statute 4966 that the minimum statutory damages were to be assessed "as to the court shall appear just" did not deprive the parties of the right to a jury, and indeed, that right had to be expressly waived. Undoubtedly, "court" here was construed to include the jury, in full accord with the sentiments expressed in this regard during the state ratification debates.¹⁵¹ Surely the opinion of a John Marshall carried some weight.

Based primarily on concerns over statute of limitation problems, Judge Shipman held that Revised Statute 4966 was a penal statute. Because of this characterization, Judge Shipman refused to admit the testimony given in the equity suit, and dismissed for lack of evidence. The case was subsequently reopened, though, and independent evidence presented. This new evidence resulted in a verdict for plaintiff in the sum of \$6,300.¹⁵² The Second Circuit affirmed, noting in the course of its opinion that the jury right had been waived.¹⁵³

The Supreme Court accepted the appeal, and after discussing the history of Section 4966, went on to reverse the lower courts' holdings

¹⁴⁹ 56 Fed. 483 (2d Cir. 1892).

¹⁵⁰ Note 127, *supra*.

¹⁵¹ Text at notes 77-78, *supra*. *Bouicault v. Wood*, 3 F. Cas. No. 1,693 (C.C.N.D. Ill. 1867), is an earlier case under the 1856 Act which also involved the minimum statutory damages, and which was tried to a jury.

¹⁵² 69 Fed. 285 (C.C.S.D. N.Y. 1895).

¹⁵³ 83 Fed. 1007 (2d Cir. 1897).

that Section 4966 (and its predecessors) were penal.

These statutes, it will be perceived, all use the word "damages" when referring to the wrongful production of a dramatic composition. No word of forfeiture or penalty is to be found in them on that subject. It is evident that in many cases it would be quite difficult to prove the exact amount of damages which the proprietor of a copyrighted dramatic composition suffered by reason of its unlawful production by another, and yet it is also evident that the statute seeks to provide a remedy for such a wrong, and to grant to the proprietor the right to recover the damages which he has sustained therefrom.

The idea of the punishment of the wrongdoer is not so much suggested by the language used in the statute as is a desire to provide for the recovery by the proprietor of full compensation from the wrongdoer for the damages such proprietor has sustained from the wrongful act of the latter. In the face of the difficulty of determining the amount of such damage in all cases, the statute provides a minimum sum for a recovery in any case, leaving it open for a larger recovery upon proof of greater damage in those cases where such proof can be made. The statute itself does not speak of punishment or penalties, but refers entirely to damages suffered by the wrongful act. The person wrongfully performing or representing a dramatic composition is, in the words of the statute, "liable for damages therefor." This means all the damages that are the direct result of his wrongful act. The further provision in the statute, that those damages shall be at least a certain sum named in the statute itself, does not change the character of the statute and render it a penal instead of a remedial one. The whole recovery is given to the proprietor, and the statute does not provide for a recovery by any other person in case the proprietor himself neglects to sue. It has nothing in the nature of a *qui tam* action about it, and we think it provides for the recovery of neither a penalty nor a forfeiture. . . .

Where the statute provides in terms, as the one before us does, for a recovery of damages for an act which violates the rights of the plaintiff and gives the right of action solely to him, the fact that it also provides that such damages shall not be less than a certain sum, and may be more, if proved, does not, as we think, transform it into a penal statute.¹⁵⁴

¹⁵⁴ 175 U.S. 148, 154-156 (1894).

The Court also rejected the defendant's contention that because Daly had first sought an injunction and an accounting in the equity suit, he had made an election of remedies which barred the recovery of statutory damages in the at law suit. It held that when an accounting was not made, statutory damages were recoverable in the at-law proceeding.¹⁵⁵

Finally, as had the two lower courts, the Supreme Court noted that the right to a jury trial in this at-law suit to collect statutory minimum damages "as to the court shall appear just" had been waived in writing as required by Revised Statute 649.¹⁵⁶

BOLLES V. OUTING COMPANY

Two weeks after the *Brady* decision, the Supreme Court handed down its opinion in *Bolles v. Outing Co.*,¹⁵⁷ a case involving the copyright infringement of a photograph, brought under the 1891 amendment to Revised Statute 4965, rather than the 1895 version. Feeling itself bound by its earlier decision in *Thornton v. Schreiber*,¹⁵⁸ the Court reiterated its position that the provisions found in the 1891 version of Revised Statute 4965, the successor of Section 6 of the 1831 Act, were penal,¹⁵⁹ as they fixed

a single and arbitrary measure of recompense to the plaintiff, irrespective of the damages actually sustained by him, or the profits realized by the defendant; and in the further provision that one half of the amount recovered shall be to the use of the United States. It makes no pretense of awarding damages, and simply imposes a specified sum.¹⁶⁰

SUMMARY OF U.S. COPYRIGHT LAWS FROM 1672-1897

The first known copyright statute in Colonial America was that passed by Massachusetts in response to John Usher's entreaty. This statute provided for treble the charges of printing as the penalty for infringement. Of the twelve states which passed copyright statutes upon the recommendation of the Continental Congress, nine provided for a fixed damage rate, calculated by either the value of the copies or the number of infringing sheets. Three state statutes, however, provided

¹⁵⁵ 175 U.S. at 160-61.

¹⁵⁶ 175 U.S. at 151.

¹⁵⁷ 175 U.S. 262 (1899).

¹⁵⁸ 124 U.S. 612 (1888).

¹⁵⁹ See text following note 117, *supra*.

¹⁶⁰ 175 U.S. at 264. See *Werckmeister v. American Tobacco Co.*, 207 U.S. 375 (1907) for a similar holding on the 1895 Amendment.

for minimum and maximum statutory damages. All three of these states further provided that such damages were to be collected by an action of debt, a classic common law form of action, triable to a jury.

The original copyright act contained two provisions, one for published works, the other for unpublished works. For published works, a *qui tam* suit by an action of debt was brought with the defendant "forfeiting" fifty cents per sheet, half of which went to the copyright proprietor, and half to the U.S. government. Suits for infringement of unpublished works were to be brought by an action on the case for actual damages.

These provisions remained basically intact up to the 1909 general revision, except for the significant amendment in 1856 for dramatic performances, which as we know provided for minimum statutory damages to be assessed as to the court shall appear just; and in the 1895 provisos, as well as the 1897 amendment which extended the 1856 protections for dramatic performances to musical ones too. In 1899, the Supreme Court, in *Brady v. Daly*, held this type of statute (specifically Revised Statute 4966) to be remedial.

A number of comments may be made then in regard to the pre-1909 history as it affects the right to a jury. First, at the time the original copyright act was passed, damages for copyright infringement were purely at law, whether in the form of a penalty or not. Second, with the exceptions noted in the previous paragraph, the provisions for collecting damages for infringed published works were penal, and as such required a jury, unless waived.

The right to a jury was not limited, however, to these penal provisions. Actions to collect statutory damages "as to the court shall appear just" under Revised Statute 4966 and its predecessors were also tried to a jury, were at law and not equitable. Suits for injunctions had to be sought on the equity side of the federal courts, and the right to a jury trial for a legal claim could not be defeated by attempting to join that legal claim with a request for equitable relief. Such a legal claim could only be brought on the law side, so as to preserve the right to a jury.

THE 1909 GENERAL REVISION

In 1909, the Copyright Act underwent a major revision¹⁶¹ especially in the area of damages. All of the prior damage provisions were consolidated into one section, §25. This section therefore combined former Revised Statute 4965, a penal statute, with former Revised Statute 4966, a remedial statute. This consolidation was repeatedly attacked through-

¹⁶¹ 17 U.S.C. §§1 *et seq.* (1909, repealed 1978).

out the three years of hearings which led up to the enactment of the revision.¹⁶²

All of the *qui tam* characteristics of the prior acts were eliminated; all of the provisions for a fifty-fifty splitting of the damages between the copyright owner and the government were eliminated; and, although there were still fixed statutory sums for certain category of works, copyright damages were finally "purely" remedial.

In terms of the separation of law and equity, copyright litigation received a big leg-up twenty-eight years before the enactment of the Federal Rules of Civil Procedure, with Section 27, which provided:

That the proceedings for an injunction, damages, and profits, and those for the seizure of infringing copies, plates, molds, matrices, and so forth, aforementioned, may be united in one action.¹⁶³

This provision was of course permissive, and nothing even remotely suggests that a party to a suit could be deprived of his right to a jury. The House Report simply states that "Section 27 is inserted to prevent a multiplicity of suits."¹⁶⁴ Another pertinent portion of the House Report states:

Section 25 [101] deals with the matter of civil remedies for infringement of a copyright. Subsection (a) is merely declaratory of existing law. . . . The provision that in lieu of actual damages and profit such damages shall be awarded as shall appear to the court just, not exceeding the sum of \$5,000, is a modification of existing law, decreasing instead of increasing the amount which may be obtained in this way. There have been actions brought under existing law where the penalty would have been \$30,000, and under the law now in force regarding certain infringements it is provided that the damages shall not be less than \$250 nor more than \$10,000. The special limitation as to the amount of damages which may be recovered in case of a newspaper reproduction of a copyrighted photograph is made because such re-

¹⁶² See Arguments before the Committee on Patents, on S. 6330 and H.R. 19853, 59th Cong., 1st Sess., June 6-9, 1906 at 124, 137, 177; *id.*, December 7-11, 1906 at 36, 144, 176; *id.*, March 26-28, 1908 at 21, 362; and discussion thereof in *Jewell-LaSalle Realty Co. v. Buck*, 283 U.S. 202, 207 n. 4 (1930).

¹⁶³ 17 U.S.C. §27 (1909, *repealed* 1978).

¹⁶⁴ H.R. Rep. No. 2222, 90th Cong., 2d Sess. (1909) (reprinted in 4 M. NIMMER ON COPYRIGHT, Appendix 13 at p. 13-21 (1978) (hereinafter cited as "NIMMER").

production has little permanent value or usefulness and a reproduction in this form does not damage the copyright proprietor to as great an extent as would the reproduction and sale of copies of the photograph in a different form.

The first subdivision of the section is, with a slight change of phraseology, reenactment of existing law. The second subdivision is, as to most of the articles covered, a reenactment of existing law, but is broadened so as to cover some reproductions not now enumerated in the statutes, like plastic works of a scientific or technical character, and books, pamphlets, etc. The third subdivision is new, and is intended to give adequate protection against infringement of the new right of copyright given by subsection (c) of section 1. The fourth is a substantial reenactment of existing law, which provides that the damages for an infringement of any dramatic or musical composition shall be not less than \$100 for the first performance and \$50 for every subsequent performance, but we have modified this provision in the bill by fixing the damages for an infringing performance of a purely musical composition at \$10.¹⁶⁵

Let us first concentrate on subdivision four of 25(b), which is the 1909 version of the original amendment in 1856 concerning dramatic performances, later codified in Revised Statute 4966. As quoted above, the House Report indicates this is a "substantial reenactment of existing law." The only modification, again in the words of the report, is "fixing the damages for an infringing performance of a purely musical composition at \$10."

With the exception of this further refinement for purely musical compositions then, Section 25(b)(4) is the identical statute adjudicated in *Brady v. Daly*, and under which, as we have seen, there was a right to a jury, one which could not be waived other than by a written stipulation to that effect.

Not one word is uttered in the House Report to suggest a change in that right. To the contrary, the report states that 25(b) reenacts the prior law, under which the right existed. There can be no doubt that the right survived the 1909 Act intact. Since there was a right under the 1909 Act for cases arising under 25(b)(4), it would be ludicrous to assume that the right existed for only that subdivision. Such a tortured arrangement should be found to exist only with the clearest expression of Congressional intent.

As originally proposed in June of 1906, the act provided for a

¹⁶⁵ 4 NIMMER, Appendix at 13-20 through 13-21.

minimum and maximum applicable to all types of infringement.¹⁶⁶ As enacted, however, the statute furnished a specific dollar guide “as to the court shall appear to be just.” Except for a newspaper reproduction of a copyrighted photograph, where the damages were to be not more than \$200 nor less than \$50, damages collected under 25(b)(1), (2) and (3) were to be not more than \$5,000 nor less than \$250,¹⁶⁷ and “shall not be regarded as a penalty.”

This provision is identical in concept to those enacted by Massachusetts, New Hampshire and Rhode Island in 1783, which provided that the damages were to be a sum not to exceed one thousand pounds nor less than five pounds.¹⁶⁸ It is of no little significance that these damages were to be collected by an action of debt.

The provision also harkens back to the 1895 amendment to Revised Statute 4965, which had two minimum and maximum scales: for photographs, the damages were to be not more than \$5,000 nor less than \$100; for paintings, drawings et al., the damages were to be not more than \$10,000 nor less than \$250. However, these “penalties,” as that act termed them, were subject to the fifty-fifty split. This split was, as mentioned, eliminated in the 1909 Act, which further stated that the 25(b) damages were not to be considered a penalty.

The phrase in the prologue of 25(b) “as to the court shall appear to be just” applies to all four subdivisions. As noted above, it would be ludicrous to construe the phrase to allow a jury under subdivision four, but deny it under subdivisions one, two and three. The phrase has already been seen in *Brady v. Daly* to include the jury, and this was the position held by John Marshall and others during the state conventions to ratify the constitution.

The \$250-\$5,000 range in 25(b) did not destroy that right; rather it delineated the range within which the right was to be exercised. The 1909 Act then, may be seen as having adopted the approach taken by Revised Statute 4966 as the approach for *all* statutory damages. That this is so will be borne out shortly below in our discussion of the first Supreme Court decision to construe this section of the 1909 Act, *L. A. Westerman Co. v. Dispatch Printing Co.*¹⁶⁹ Since there was a right to a jury under Revised Statute 4966, it follows from the above conclusion that there was a right to a jury under all subdivisions of Section 25(b). This view was taken by the first court of appeals case to decide the issue directly, *Mail & Express Co. v. Life Publishing Co.*¹⁷⁰

¹⁶⁶ See *Jewell-LaSalle Realty Co. v. Buck*, 283 U.S. 202, 207 n. 5 (1931).

¹⁶⁷ *L. A. Westerman Co. v. Dispatch Printing Co.*, 249 U.S. 100 (1919); *Jewell-LaSalle Realty Co. v. Buck*, note 166, *supra*.

¹⁶⁸ Notes 57-68 and text, *supra*.

¹⁶⁹ 249 U.S. 100 (1919).

¹⁷⁰ 192 Fed. 899 (2d Cir. 1912).

In *Mail Express*, an appeal was made from a jury verdict for the minimum \$250 under 25(b). The main argument seems to have been that the trial court erred in charging the jury that if they found for the plaintiff, they had to award at least \$250 damages for each infringement. A fall-back argument was that while the trial judge might have taken away the question of damages from the jury and himself have awarded the minimum damages, he was not authorized to direct the jury to do so. The Second Circuit rejected both arguments, on the latter point holding:

While the language of Section 25(b) is somewhat obscure, we do not think that by the use of the word "court" it is required that the judge acting by himself shall assess the damages when a case is calling for an award under the minimum damage clause. We think it the better view that the statute permits him to direct the jury to assess the damages within the prescribed amounts.¹⁷¹

WESTERMAN, JEWELL-LA SALLE, DOUGLAS

In the years 1919-1935, the Supreme Court decided a trilogy of cases concerning the statutory damage provisions of Section 25(b). The first of these, *L. A. Westerman Co. v. Dispatch Printing Co.*, tackled among other questions whether damages less than the \$250 minimum could be assessed. The Court first looked to the \$250-\$5,000 range set out in Section 25(b) and the history of minimum and maximum damages as found in the 1856 Act and its later codification in Revised Statute 4966; and then turned to *Brady v. Daly*'s interpretation of that statute. Because the *Westerman* opinion clearly shows the application of Section 4966 to all damages under the 1909 Act, the relevant parts of that opinion are set out below:

Apart from the natural import of its words, the history of the provision makes strongly for this view. An early statute required the infringer of a copyright in a dramatic composition to pay such damages "as to the court shall appear to be just," but "not less than" a prescribed amount. Act Aug. 18, 1856, c. 169, 11 Stat. 138; Act July 8, 1870, c. 230, § 101, 16 Stat. 214. This statute became section 4966 of the Revised Statutes. A later statute provided that the recovery for infringing a copyright in an engraving should not be less than \$250 nor more than \$10,000, and for infringing a copyright in a photograph of an object other than a work of art should not be less than \$100 nor more than \$5,000.

¹⁷¹ 192 Fed. at 901.

Act March 2, 1895, c. 194, 28 Stat. 965. In 1909, when the copyright statutes were revised, these provisions, and others without present bearing, were brought together in the “in lieu” provision now under consideration. True, they were broadened so as to include other copyrights and the limitations were changed in amount, but the principle on which they proceeded—that of committing the amount of damages to be recovered to the court’s discretion and sense of justice, subject to prescribed limitations—was retained. The new provision, like one of the old, says the damages shall be such “as to the court shall appear to be just.” Like both the old, it prescribes a minimum limitation and, like one, a maximum limitation.

In *Brady v. Daly*, 175 U.S. 148, 20 Sup. Ct. 62, 44 L. Ed. 100, which was an action to recover for the infringement of a copyright in a dramatic composition, the first of the earlier provisions—that in section 4966, Rev. Stat.—was much considered. The trial court was of opinion that, while the damages were to be such as appeared to it to be just, it could not go below the prescribed minimum; and it made the assessment accordingly. In this court it was contended that in this view the provision was penal and the action was one to recover a penalty. But the contention was overruled and the judgment affirmed, the court saying (175 U.S. 154, 157, 20 Sup. Ct. 64, 65 [44 L. Ed. 109]):

(quotation from *Brady* omitted)

It was after the minimum limitation was thus recognized as of controlling force in the assessment of the damages that the terms of the provision then under consideration were substantially repeated in the “in lieu” provision of the revised act. This hardly would have been done had it not been intended that the limitation should be as controlling there as in the earlier statute. That it was intended to be thus controlling is shown by the reports of the committees on whose recommendation the act was passed. House Report No. 2222 and Senate Report No. 1108, 60th Cong., 2d Sess.¹⁷²

We find that although the action in *Westerman* would have been brought under the old (penal) Revised Statute 4965, it is to Revised Statute 4966 and its interpretation in *Brady* that the Court turned. We find that the view expressed earlier, that the 1909 Act represents the

¹⁷² 249 U.S. at 107-09.

expansion of 4966 to include all types of infringement, is borne out. The Court noted that in broadening the minimum and maximum damages for all types, and "as to the court shall appear to be just," the principle of 4966 was retained and indeed controlled the new Act. As we have seen, part of that same principle was the right to a jury, unless waived in writing, such as was done in *Brady* itself. Since the principle espoused in *Brady* was deemed to control the provisions for *all* damages in the 1909 Act, the right to a jury was also carried over, absent a clear expression of Congressional intent to the contrary, something which as we have seen was completely lacking.

In *Jewell-LaSalle Realty Co., Inc. v. Buck*,¹⁷³ an action for statutory damages for the unauthorized orchestral performance of a musical composition, the Court again rejected the contention that an amount less than the \$250 minimum could be awarded. In *Jewell-LaSalle*, the defendant attempted to convince the Court that Section 25(b) was not intended to apply the minimum and maximum damages theretofore contained in former (penal) Revised Statute 4965, which dealt with unauthorized copying, to cases falling within former (remedial) Revised Statute 4966, which gave damages for unauthorized performances.

In rejecting this argument, the Court noted that the primary purpose of the act was to consolidate all damages into one section.¹⁷⁴

In *Douglas v. Cunningham*,¹⁷⁵ the question presented was whether the appeals courts could review the action of a trial judge in assessing statutory damages where the amount awarded was within the limits imposed by Section 25(b). In holding that the appeals courts could not review such awards, the Court wrote:

As the *Westerman* case shows, the law commits to the *trier of facts*, within the named limits, discretion to apply the measure furnished by the statute . . . (emphasis added).¹⁷⁶

The phrase "trier of fact" of course includes both the judge and the jury, indicating quite obviously that the damages could be awarded by a jury, if requested. No doubt the trier of fact language was used here since *Douglas* (as had *L. A. Westerman* and *Jewell-LaSalle*) came to the Court via review of a trial court sitting in equity, which had granted statutory damages, something which we have seen was expressly allowed under Section 27 of the 1909 Act.¹⁷⁷ That it was allowed does not mean

¹⁷³ 283 U.S. 202 (1931).

¹⁷⁴ 283 U.S. at 206-207.

¹⁷⁵ 294 U.S. 207 (1935).

¹⁷⁶ 294 U.S. at 210.

¹⁷⁷ Note 163, *supra*.

that a party could be deprived of a jury if desired, a point the *Douglas* Court makes clear by using the phrase "trier of fact."

LOWER COURT CASES UP TO 1959

In 1926, the United States District Court for the Eastern District of Louisiana dismissed a bill in equity which requested statutory damages but no injunction, on the erroneous ground that such damages were penal.¹⁷⁸ A similarly erroneous view was taken in *Vilagraph v. Grobaski*,¹⁷⁹ which construed the *Westerman* decision as somehow precluding the use of a jury for statutory "penalties."

The first serious decision after *Mail Express* on the issue of a right to a jury in statutory damage actions under the 1909 Act came in *Chappell & Co. v. Cavalier Cafe*,¹⁸⁰ a 1952 opinion out of the District Court of Massachusetts.

In *Cavalier Cafe*, plaintiffs sought an injunction and statutory damages for infringement by performance of a copyrighted musical composition. The defendant made a timely jury demand, which plaintiffs moved to strike. In ruling against the motion, the Court first correctly noted that if plaintiffs had only sought an injunction, the action would be equitable, with no jury right; second, that if plaintiffs had sought only actual damages, the action in effect would be one at common law, for which there was an undisputed right to a jury.¹⁸¹

The question then reduced itself to whether statutory damages were "legal" in nature. On this point, the Court held that statutory damages could not be considered as "merely incidental" to equitable relief, since the damages were a distinct and separate remedy which could be sought wholly apart from and without reference to, equitable relief.¹⁸²

The Court went on to discuss how under the common law pleadings system the suit would be by action of debt, "in which the jury right clearly existed"; and, finally, how the very question of infringement is an issue of fact, which the jury as the trier of fact should pass on.

In *Chappel & Co. v. Palermo Cafe*,¹⁸³ the First Circuit reversed a district court ruling that refused to strike a jury demand. The suit, for an infringing musical performance, requested an injunction and statutory damages "as to the court shall appear proper, but not less than \$250." After the defendant filed its answer, requesting a jury trial, plaintiff filed a motion to strike the jury demand, later amending its complaint

¹⁷⁸ 17 F.2d 207 (E.D. La. 1926).

¹⁷⁹ 46 F.2d 813, 815 (W.D. Mich. 1931).

¹⁸⁰ 13 F.R.D. 321 (D. Mass. 1952).

¹⁸¹ 13 F.R.D. at 321-22.

¹⁸² 13 F.R.D. at 322.

¹⁸³ 249 F.2d 77 (1st Cir. 1957).

to pray for only the \$250 minimum.

Based on *Cavalier Cafe*, District Judge Wyzanski had denied the motion and entered a permanent injunction, but awarded no damages as he felt that issue should be submitted to the jury. Since the issuance of the injunction was not deemed to be a "final decision" within the meaning of 28 U.S.C. §1291, the Court of Appeals dismissed plaintiff's appeal on jurisdictional grounds, noting in dictum its belief that the entire case was equitable. The court did, however, go on to decide on the merits, defendant's cross-appeal on the issuance of the injunction, the defendant claiming that the injunction could not be issued prior to the damage determination, and that statutory damages could not be considered "incidental" to the equitable relief, a position with which this author is in full agreement.

The Court of Appeals disagreed, though, holding that it was not an abuse of discretion for the trial judge to decide the equitable claim first, even though this would collaterally estop a jury trial on common issues of fact. This holding was expressly overruled two years later in *Beacon Theatres v. Westover*, discussed immediately below. The second rationale given by the Court was based upon a misreading of *Brady v. Daly* and *F. W. Woolworth v. Contemporary Arts Inc.*¹⁸⁴ as holding that the necessary flexibility to do justice in copyright cases could only be achieved by the exercise of judicial as opposed to jury discretion, a remarkably anti-democratic sentiment. We know of course that under *Brady* there was a right to a jury, and the part of *Woolworth* referred to dealt not with the right to a jury, which was not before the court, but rather with the taking of evidence of the defendant's profits where only statutory damages are sought.

BEACON THEATRES v. WESTOVER, DAIRY QUEEN v. WOOD AND COLLATERAL ESTOPPEL OF THE RIGHT TO A JURY

The Federal Rules of Civil Procedure were adopted in 1938, although Section 27 of the 1909 Copyright Act had already provided for a unified copyright cause of action, if requested. As noted above,¹⁸⁵ F.R.C.P. 38(a) reaffirmed the constitutional principle that the right to a jury trial as declared in the Seventh Amendment shall be preserved inviolate.

Nevertheless, the foes of the jury trial acted to undercut the right after 1938 as they had after the adoption of the Seventh Amendment in 1791. The attack this time was made in suits seeking both legal and equitable relief by having the district judge, pursuant to F.R.C.P. 42(b),

¹⁸⁴ 344 U.S. 228 (1952).

¹⁸⁵ Note 34 and text, *supra*.

try the equitable claim first, thereby collaterally estopping a jury trial on issues common to the legal claim.¹⁸⁶

In *Bruckman v. Hollzer*,¹⁸⁷ a 1946 copyright decision by the Ninth Circuit, the complaint set forth three sets of transactions, none of which needed for its adjudication the prior decision of either of the others. The remedies variously sought were actual damages, an accounting and an injunction.

The trial judge ruled that he would try the first cause of action to a jury, and that he would simultaneously try, without a jury, the second and third causes of action "to the extent practicable." The defendant moved to strike the jury demand, and when that motion was denied, sought mandamus from the Ninth Circuit. The Ninth Circuit refused to grant mandamus, however, holding that the Federal Rules of Civil Procedure preserved the right to a jury trial, and that to that end, the trial judge was required to have the legal issues determined first. This position was affirmed in the Supreme Court in *Beacon Theatres v. Westover*.¹⁸⁸

In *Beacon*, a movie theater operator (Fox) filed an apparently poorly drafted "Complaint for Declaratory Relief" and requested an injunction, under the Sherman and Clayton Acts. The facts of the suit involved exclusive rights to first run movies within a defined competitive area. The defendant (Beacon) filed an answer, a counterclaim and a cross-claim, seeking treble damages. A timely demand for a jury was made.

The District Court viewed the issues raised by the "Complaint" as equitable, and under the purported authority of F.R.C.P. 42(b) and 57, directed that these issues be tried to the court before jury determination of the counter and cross-claims. There were, however, common issues of fact between the complaint and the counter and cross claims. By hearing the equitable claim first, Beacon would be collaterally estopped from having the jury pass on those issues during the trial of its claims.

Beacon accordingly sought to have its claims tried to the jury first, but the district judge refused. The Ninth Circuit denied the writ of mandamus to force the presentation of claims as requested by Beacon, for a variety of reasons we need not discuss. The Supreme Court accepted the case, and reversed.

The Court first looked to the historical basis for injunctive relief, which was irreparable harm and lack of an adequate remedy at law. These terms, the Court held, were to be construed in light of modern day practice and remedies, including the Federal Rules of Civil Proce-

¹⁸⁶ *Beacon Theatres v. Westover*, 359 U.S. 500, 504, 506 (1959); *Dairy Queen v. Wood*, 369 U.S. 469, 472 (1962).

¹⁸⁷ 152 F.2d 730 (9th Cir. 1940).

¹⁸⁸ 359 U.S. 500 (1959).

ture. In a major break with legal thought up to that time, the Court held

Since in the federal courts equity has always acted only when legal remedies were inadequate, the expansion of adequate legal remedies provided by the Declaratory Judgment Act and the Federal Rules necessarily affects the scope of equity. Thus, the justification for equity's deciding legal issues once it obtains jurisdiction, and refusing to dismiss a case, merely because subsequently a legal remedy becomes available, must be re-evaluated in the light of the liberal joinder provisions of the Federal Rules which allow legal and equitable causes to be brought and resolved in one civil action . . .

This is not only in accord with the spirit of the Rules and the Act but is required by the provision in the Rules that "[t]he right of trial by jury as declared by the Seventh Amendment to the Constitution or as given by a statute of the United States shall be preserved * * * inviolate."

If there should be cases where the availability of declaratory judgment or joinder in one suit of legal and equitable causes would not in all respects protect the plaintiff seeking equitable relief from irreparable harm while affording a jury trial in the legal cause, the trial court will necessarily have to use its discretion in deciding whether the legal or equitable cause should be tried first. Since the right to jury trial is a constitutional one, however, while no similar requirement protects trials by the court, that discretion is very narrowly limited and must, wherever possible, be exercised to preserve jury trial. As this Court said in *Scott v. Neely*, 140 U.S. 106, 109-110, 11 S. Ct. 712, 714, 35 L. Ed. 358: "In the Federal courts this [jury] right cannot be dispensed with, except by the assent of the parties entitled to it; nor can it be impaired by any blending with a claim, properly cognizable at law, of a demand for equitable relief in aid of the legal action, or during its pendency." This long-standing principle of equity dictates that only under the most imperative circumstances, circumstances which in view of the flexible procedures of the Federal Rules we cannot now anticipate, can the right to a jury trial of legal issues be lost through prior determination of equitable claims.¹⁸⁹

A mere three years later, equity jurisdiction shrank again in *Dairy*

¹⁸⁹ 359 U.S. at 509-511.

Queen v. Wood,¹⁹⁰ a mandamus action over a jury demand. *Dairy Queen*, significantly, was a trademark suit, wherein the complaint sought injunctive relief and "an accounting to determine the exact amount of money owing plaintiff and a judgment for that amount,"¹⁹¹ the controversy arising out of an alleged breach of contract.

In setting up its answer, the defendant requested a jury trial. The District Court granted plaintiff's motion to strike the jury demand, on the ground that the suit was "purely equitable" or, if not purely equitable, whatever legal issues raised were "incidental" to the equitable issues. In neither case was there a right to a jury, allegedly.¹⁹² The defendant unsuccessfully sought a writ of mandamus from the Third Circuit, which denied it without an opinion. Certiorari was granted, and the lower courts' decisions reversed.

The Supreme Court's first ground for reversal was the denial of the jury on the basis that the right to a jury could be lost as to legal issues where those issues are characterized as "incidental" to equitable issues. Relying on *Scott v. Neely*, the Court emphatically rejected such an approach.¹⁹³ While the Federal Rules of Civil Procedure abandoned that part of *Scott* which dealt with the separation of the law and equity "sides," its basic holding that the right to a jury trial be preserved was reaffirmed in F.R.C.P. 38(a), the Court noted.¹⁹⁴

The Court then reviewed its decision in *Beacon*, reiterating that where both legal and equitable claims are presented in the same case, the right to a jury trial is not lost. That holding, the Court wrote, applies

whether the trial judge chooses to characterize the legal issues as "incidental" to equitable issues or not.¹⁹⁵

Turning to the complaint, the Court agreed with the defendant that insofar as the complaint requested a money judgment, it presented a claim which was unquestionably legal. And, the Court noted

As an action for damages based upon a charge of trademark infringement, it would be no less subject to cognizance by a court of law¹⁹⁶

¹⁹⁰ 369 U.S. 469 (1962).

¹⁹¹ 369 U.S. at 475.

¹⁹² 369 U.S. at 470.

¹⁹³ 369 U.S. at 470-73.

¹⁹⁴ 369 U.S. at 471-73.

¹⁹⁵ 369 U.S. at 472-73.

¹⁹⁶ 369 U.S. at 477.

citing two *copyright* cases, *Bruckman v. Hollzer*¹⁹⁷ and *Arnstein v. Porter*.¹⁹⁸ Although both these cases involved suits for actual damages, the Court's language here is broad enough to include statutory damages.

The Court next turned to the characterization of the request for an accounting as "equitable." The Court repeated the holding in *Beacon* that the prerequisite for a suit for equitable relief is an inadequate remedy at law, but the *Dairy Queen* court took this further by making it clear that an inadequate legal remedy is a rare beast indeed.¹⁹⁹

A legal remedy is not to be characterized as inadequate "merely because the measure of damages may necessitate a look into . . . business records."²⁰⁰ For complicated cases, the Court said that a master could be appointed to aid the jury. Finally, the Court noted that the constitutional right to a jury could not be made to depend upon the choice of words such as "accounting," "debt," or "damages."²⁰¹

CURTIS v. LOETHER

We have already made reference to *Curtis v. Loether* above,²⁰² but we pause here to repeat that decision's essential holding that the Seventh Amendment applies to the enforcement of statutory rights, and requires a jury trial upon demand

if the statute creates legal rights and remedies, enforceable in an action for damages in the ordinary courts of law.²⁰³

In a laundry list of cases where the Seventh Amendment applies, the Court cited *Arnstein v. Porter*, as had the *Dairy Queen* court.²⁰⁴ We note this here because much of the discussion up to this point has focused on the existence of a statutory right to a jury. We should not lose sight of the "big picture"—that the issue is also a constitutional one. Regardless of whether the statute implies a right to a jury, the Seventh Amendment commands that one be available.

DECISIONS ON THE RIGHT TO A JURY WHERE STATUTORY DAMAGES WERE SOUGHT UNDER THE 1909 ACT AFTER BEACON AND DAIRY QUEEN

¹⁹⁷ Note 188, *supra*.

¹⁹⁸ 154 F.2d 464 (2d Cir. 1946), *cert den.* 330 U.S. 851 (1947).

¹⁹⁹ 369 U.S. at 479.

²⁰⁰ 369 U.S. at 479.

²⁰¹ 369 U.S. at 477.

²⁰² Note 16, *supra*.

²⁰³ 369 U.S. at 194.

²⁰⁴ 369 U.S. at 194 n. 7.

The first reported decision I have found on the right to a jury trial for statutory damages after *Beacon* and *Dairy Queen*, is *Cayman Music Ltd. v. Reichenberger*,²⁰⁵ a 1975 case out of the Western District for Wisconsin. The opinion is an unscholarly effort, which is all the more unfortunate as it is frequently cited with approval.

The suit was one for injunctive relief and the minimum \$250 statutory damages, arising out of the unauthorized performance of a musical composition. The defendant requested a jury trial, plaintiff moved to strike the request, and the court granted the motion.

Although the defendant cited and relied on *Dairy Queen* and *Beacon*, the court held that statutory damages are an "integral part of the injunctive relief and not a separate basis for relief."²⁰⁶ This conclusion of course finds no support in the statute. Section 25(a) gives the courts injunctive power, while it is Section 25(b) that speaks to statutory damages. The assertion that statutory damages are "integral" to injunctive relief not only overlooks the obvious point that a plaintiff may seek statutory damages without ever asking for injunctive relief, but the word "integral" is a thinly disguised substitute for the word "incidental" so roundly condemned in *Dairy Queen*.

The *Cayman* court's citation to *Palermo Cafe* reinforces the court's unconscious hearkening back to the pre-*Beacon* era. But if this weren't bad enough, the court went on to state in the complete absence of authority that

The pre-merger history is clear in the copyright cases: suits for injunctive relief and just (statutory) damages were suits in equity.²⁰⁷

Our review here of that pre-merger history has shown quite the opposite to be true. *Stevens v. Gladdings*; *Backus v. Gould*; *Thornton v. Schreiber*; *Brady v. Daly*; *Bolles v. Outing Co.*

Chappel & Co. v. Pumpernickel Cafe,²⁰⁸ a 1977 opinion out of the District Court for Connecticut, is our next case. Like almost all of these cases, it too involved an infringing musical performance. *Pumpernickel Cafe* is a well reasoned and researched opinion, and I say that not only because I believe it was decided correctly.

In *Pumpernickel*, Judge Newman first turned to *Beacon Theatres* and *Dairy Queen*, and in line with them, wrote

²⁰⁵ 403 F. Supp. 794 (W.D. Wis. 1975).

²⁰⁶ 403 F. Supp. at 796-97.

²⁰⁷ 403 F. Supp. at 797.

²⁰⁸ 79 F.R.D. 528 (D. Conn. 1977).

The right to a jury trial cannot be eviscerated by characterizing a legal claim as merely “incidental” to the equitable claim. If the claim for statutory damages in lieu of actual damages is a legal claim, defendant is entitled to a jury trial. Plaintiffs can avoid a jury only if the claim for “in lieu” (statutory) damages is, like the injunctive relief sought, purely equitable in nature.²⁰⁹

Plaintiffs relied on the First Circuit’s *Palermo Cafe* decision. As *Dairy Queen* had overruled the rationale of *Palermo*, the continuing validity of that decision was thought to be “open to serious question.”²¹⁰

Rejecting *Cayman*’s reasoning that “if it is not compensatory or penal, it’s equitable,”²¹¹ Judge Newman perceptively zeroed in on *Dairy Queen*’s holding on the need for a modern treatment of inadequacy of remedy at law.

Historically, certain remedies were available only in equity because of a jury’s inability to fashion the appropriate relief. But surely a jury is capable of awarding statutory minimum damages, for that is far easier than assessing actual damages. Moreover, the underlying factual issue of whether there was infringement is within the jury competence. The issue of infringement is tried to a jury when actual damages are sought and is no less entitled to jury consideration when the claim is for statutory damages.²¹²

Finally, and without apparently realizing that pre-1909 statutory damage actions were thought to be an action of debt, Judge Newman analogized the current provisions to an action of debt for which there was a right to a jury.²¹³

In *Sid & Mary Krofft Television v. MacDonald’s Corp.*,²¹⁴ a 1977 Ninth Circuit decision, cited most often for its holding on the test for substantial similarity, the Court of Appeals, in the course of a twenty-two page opinion, reversed, in passing, a district court’s submission of statutory damages to the jury:

In the case now before us the district court, after the jury had been dismissed, refused to exercise its discretion to hear additional testimony on the applicability of “in lieu” damages. It ruled that

²⁰⁹ 79 F.R.D. at 529.

²¹⁰ *Id.*

²¹¹ 79 F.R.D. at 530.

²¹² *Id.*

²¹³ 79 F.R.D. at 530-31.

²¹⁴ 562 F.2d 1157 (9th Cir. 1977).

"in lieu" damages should have been submitted previously to the jury and consequently it declined to consider the propriety of such an award. We reverse this determination and hold that, after the plaintiffs have had an opportunity to prove profits, the district court should consider the propriety of "in lieu" damages, although an award of such damages will be within its discretion.

We so hold because the issue of "in lieu" damages is properly addressed to the court, not the jury. Section 101(b) expressly directs the *court* to use its discretion in the determination of "in lieu" damages. The jury plays no role in this determination, because "the *court's* conception of what is just in the particular case, considering the nature of the copyright, the circumstances of the infringement, and the like, is made the measure of the damages to be paid. . . ." *Westermann Co. v. Dispatch Printing Co.*, 249 U.S. 100, 106, 39 S. Ct. 194, 196, 63 L. Ed. 499 (1919) (emphasis added). See *F. W. Woolworth Co. v. Contemporary Arts, Inc.*, *supra*.²¹⁵

Westerman and *Woolworth* made no such ruling on the question of the right to a jury, and as discussed above,²¹⁶ *Douglas v. Cunningham* used the phrase "trier of fact." It is lamentable that the Ninth Circuit ruled on an important constitutional question (if it may be said to have addressed the Seventh Amendment claim at all) on the basis of such a sparse analysis.

In *BMI v. Moor-Law*,²¹⁷ a District of Delaware case, the court held there was a right to a jury where statutory damages were sought, citing *Dairy Queen* and expressly rejecting *Cayman Music*.

The last case to confront our question under the 1909 Act is *BMI v. Papa John's*,²¹⁸ a 1979 decision from the Northern District of Indiana. Although *Papa John's* was decided against the jury right, it is a thoughtful opinion.

Citing *Dairy Queen* and *Ross v. Bernhard*,²¹⁹ the court felt itself guided by *Ross'* holding that the pre-merger treatment of the cause of action and the nature of the remedy sought were to be looked to in determining the Seventh Amendment issue.

Unlike *Cayman Music*, Judge Eshbach found the pre-merger custom unclear, mentioning that such actions were brought by an action on the case, which he thought sounded in tort, and which he therefore believed

²¹⁵ 562 F.2d at 1177.

²¹⁶ Notes 175-77 and text, *supra*.

²¹⁷ 203 USPQ 487 (D. Del. 1978).

²¹⁸ 201 USPQ 302 (N.D. Ind. 1979).

²¹⁹ 396 U.S. 531 (1970).

to be legal or equitable, depending on the relief sought.²²⁰ Judge Eshbach was apparently not aware of the action of debt procedure nor the 1856 Amendment and its consolidation into Revised Statute 4966, for which we know there was a right to a jury under *Brady v. Daly*.

In rejecting the right to a jury for statutory damages, Judge Eshbach relied on three factors. First, he believed that by creating statutory damages, Congress simply authorized by statute what equity courts had done in the past: "not to suffer a wrong to be without a remedy."²²¹ Congress supposedly had merely furnished the equity court some guidelines in Section 25(b).

Second, he analogized copyright statutory damages to backpay restitution under Title VII. Third, he focused on the use of the word "court." As to the first factor, we know that statutory damages originated with the Statute of Anne because actual damages were hard to prove, and we know that such damages were exclusively at law. True, such damages were originally penal, but the philosophical underpinning which supports *Papa John's* equity rationale misses the mark since the remedy provided to right the wrong was given at law, not in equity.

Second, the analogy to Title VII is inappropriate both because Title VII involves administrative law problems, coupled with fears of racial prejudice among the very jurors selected to pass on issues of racial discrimination, but also because unlike backpay, copyright statutory damages are not in the nature of restitution. Backpay can be precisely calculated, and the victim of discrimination made whole. The victim of an infringing musical performance cannot prove actual damages, though, and cannot be said to be capable of being made whole in the same way. He cannot be said to have been put in the same position he would have been but for the infringement.

Third and finally, we have already seen how the restrictive interpretation of "court" used here was rejected during the state ratification debates and did not prevent juries under Revised Statute 4966. Moreover, in two of the Supreme Court cases discussed above, *Beacon Theatres v. Westover* and *Curtis v. Loether*, both statutes under which there was found to be a constitutional right to a jury stated that "the court may grant relief as it deems appropriate."²²² The presence of this same language in the copyright statute poses no barrier then either.

THE 1976 COPYRIGHT REVISION

Between 1924 and 1940, a number of copyright law revisions were

²²⁰ The third prong of *Ross*, that of jury capability, was not relevant.

²²¹ 201 USPQ at 305-06.

²²² This language is from that applicable in *Curtis*, 42 U.S.C. §3612 (1968).

unsuccessfully introduced. The movement for a general revision was not revived until 1955, the year the United States became a party to the Universal Copyright Convention.

From 1955 to 1964, thirty-five unpublished monographs were produced under the auspices of the Copyright Office, with numerous meetings being held between the interested parties and the Copyright Office. From 1964, bills were introduced during the 88th, 89th, 90th, 91st, 92d, 93d and 94th Congresses. The 1976 Act was passed during the 94th Congress and signed into law by President Ford, becoming effective for the most part on January 1, 1978.²²³

The House, Senate and Conference Reports do not speak to our issue. Hence, we may assume that no change on this score was contemplated from the 1909 Act. Section 504(c) is the relevant damage provision of the 1976 Act and reads

(c) STATUTORY DAMAGES.—

(1) Except as provided by clause (2) of this subsection, the copyright owner may elect, at any time before final judgment is rendered, to recover, instead of actual damages and profits, an award of statutory damages for all infringements involved in the action, with respect to any one work, for which any one infringer is liable individually, or for which any two or more infringers are liable jointly and severally, in a sum of not less than \$250 or more than \$10,000 as the court considers just. For the purposes of this subsection, all the parts of a compilation or derivative work constitute one work.

(2) In a case where the copyright owner sustains the burden of proving, and the court finds, that infringement was committed willfully, the court in its discretion may increase the award of statutory damages to a sum of not more than \$50,000. In a case where the infringer sustains the burden of proving, and the court finds, that such infringer was not aware and had no reason to believe that his or her acts constituted an infringement of copyright, the court in its discretion may reduce the award of statutory damages to a sum of not less than \$100.²²⁴

Subsection (1) continues the “as to the court shall appear just” language found for the first time in the 1856 Amendment. The addition in subsection (2) of the court’s “discretion” does not detract from the right to a jury; indeed a determination of willfulness or innocence is a

²²³ 17 U.S.C. §§101 *et seq.* (1978).

²²⁴ 17 U.S.C. §504(c) (1978).

fact matter peculiarly within the traditional province of the jury. It is simply incredible that a defendant may be held liable for \$50,000 in damages, by a fact finding of willfulness, and have this considered an equitable proceeding.

As we can see from subsection (1), an election for actual or statutory damages can be made at any time before final judgment is rendered. As there is no dispute over the constitutional right to a jury where actual damages are sought, the irrationality of denying the right to a jury where statutory damages *may* be recovered as an election is readily apparent—it forces the plaintiff to make a decision before trial whether he will only seek statutory damages, in order to tactically deprive the defendant of a jury. Section 504(c) clearly contemplates giving plaintiffs a last-minute election, but this election is only meaningful if there is a right to a jury for both types of damages. It must also be said that a defendant's Seventh Amendment right should not be made to rest on so flimsy a ground as a plaintiff's trial tactic.

DECISIONS UNDER THE 1976 ACT

There are two district court and two Court of Appeals decisions on our question under the provisions of the 1976 Act.²²⁵ One district court, the Eastern District of Missouri, and one Court of Appeals, the Fifth Circuit, have held against the jury right, while a district court in the Northern District of Illinois and the Fourth Circuit have held that there is a jury right when statutory damages are sought.

In *Strouse v. Rodgers*,²²⁶ the Missouri case, the court noted the split in authority discussed above, but based its decision on the language "as the court considers just" and "in the court's discretion." We need not repeat here why this argument fails.

As laconic as *Strouse* is, the Fifth Circuit's opinion in *Twentieth Century Music Corp. v. Firth*,²²⁷ a case decided on the court's summary calendar, is even more sparse, failing even to cite contrary authority. The entire opinion on the issue is quoted below.

This appeal seems to present very simple questions. Appellant argues that this appeal is governed by the principles of *Beacon Theatres, Inc. v. Westover*, 359 U.S. 500, 79 S. Ct. 948, 3 L. Ed. 2d 988 (1959) and *Dairy Queen, Inc. v. Wood*, 369 U.S. 469, 82 S. Ct.

²²⁵ Actually, there is a third district court case, *BMI v. Dici Naz Vellegia*, 490 F. Supp. 1342 (D. Md. 1980), but this decision was overruled by the Fourth Circuit's decision in *Gnossos Music v. Mitken Inc.*, Civ. No. 80-1311 (4th Cir. 1981).

²²⁶ Civ. Nos. 80-1200C(2); 81-296C(2) (E.D. Mo. 1981).

²²⁷ 645 F.2d 6 (1981).

894, 8 L. Ed. 2d 44 (1962). We find their arguments unpersuasive in light of *Ross v. Bernhard*, 396 U.S. 531, 90 S. Ct. 733, 24 L. Ed. 2d 729 (1970). See *BMI v. Papa John's Inc.*, 201 U.S.P.Q. 302 (N.D. Ind. 1979); *Cayman Music Ltd. v. Reichenberger*, 403 F. Supp. 794 (W.D. Wis. 1975). The whole case before the Court was equitable in nature as to which the appellant had no constitutional or statutory right to a jury trial. See *Chappell & Co. v. Palermo Cafe Co.*, 249 F.2d 77, 78 (1st Cir. 1957); *BMI v. Dici Naz Velleggia*, 490 F. Supp. 1342 (D. Md. 1980).²²⁸

Aside from not citing contrary authority, *Palermo Cafe* was a pre-*Beacon* case, effectively overruled by *Beacon*. *BMI v. Dici Naz Velleggia* was actually overruled a month and a half after *Firth*, in *Gnossos Music v. Mitken*.²²⁹

Gnossos, like almost all our cases, involved an infringing musical performance. The suit sought injunctive relief, damages, and costs. The defendants filed an answer denying infringement, and demanded a jury. Plaintiffs then waived any recovery over the \$250 statutory minimum.

Defendants claimed a Seventh Amendment and statutory right to a jury. In reviewing the language of Section 504(c), the Court of Appeals for the Fourth Circuit found it ambiguous and the Congressional history silent, and hence based its decision on Seventh Amendment grounds.

In finding such a Seventh Amendment right, the court quoted the same language from *Parsons v. Bedford* quoted above here,²³⁰ to the effect that "common law" was to be used only in contradistinction to equity and admiralty. The court next reviewed *Beacon Theatres* and *Dairy Queen* and their rejection of the concept of an "incidental" legal issue. The court noted that under *Curtis v. Loether*, the Seventh Amendment applies to statutory rights enforceable by an action for damages in the ordinary courts of law.

The issue for the court, then, got down to whether statutory damages are a remedy which have typically been enforced in an action at law. In holding that they were, the court analogized statutory damages to a tort of interference with property rights; and, to an action of debt, citing and following *Pumpnickel Cafe* on this point.

Finally, the court repeated our discussion above that there is "as to the court shall appear just" or "in the court's discretion" language in other statutes where a Seventh Amendment right does exist.

In *National Conference of Bar Examiners v. Multistate Legal Studies*,²³¹

²²⁸ 645 F.2d at 7.

²²⁹ Civ. No. 81-1311 (4th Cir. 1981).

²³⁰ *Supra* at n. 18.

²³¹ Civ. No. 78C-4217 (N.D. Ill. 1981).

the Illinois District Court decision, the plaintiffs typically waived all recovery other than the \$250 statutory minimum after defendant demanded a jury. This case did not involve a musical performance, as the style of the case readily reveals, but rather involved bar examination materials. This writer believes that there has been a perhaps unconscious tendency for some courts deciding the jury right issue in the musical performance context to glide over the basic issue of whether an infringement has even taken place. Hence, they decide the case really on a summary judgment basis since there is rarely if ever any disputed issue of fact in the musical performance cases. Such was not true, however, in the *Multistate* case, and it points up the danger of pronouncing broad legal decisions on the basis of the specific facts *sub judice*.

In holding that there was a right to a jury in *Multistate*, the court first discussed the possibility that under Section 504(c) a defendant may be held liable for up to \$50,000 in damages for willful infringement. This section of the statute the court deemed to be punitive, and therefore, the question of willfulness must be submitted to a jury, although the court also felt that it could assess the amount of damages once a finding of willfulness was made. I agree that the issue of willfulness should be submitted to the jury, but also believe that the jury should be allowed to assess the damages as well, if so requested by either party.

The court further believed that the seeking of attorney's fees and costs entitled the party to submit the question of liability for such expenses to the jury. To the extent that the court suggests here that a request for attorney's fees and costs gives a party a right to a jury it would not otherwise have, I disagree, for it is the legal or equitable nature of the cause of action that should be the determinative factor.

The court believed too that the basic issue of infringement entitled a defendant to a jury, and this seems obviously correct. If there is no material fact genuinely in issue, a plaintiff is protected from a frivolous trial on the merits by a motion for a summary judgment. If there is such a disputed fact in issue, however, a defendant is entitled to have the jury decide that fact, no matter what damages are sought.

SUMMARY AND CONCLUSIONS

We have seen how the provision for statutory damages arose from an inability to prove actual damages. This is as true today as it was in 1710. Although the original acts at this time contained penal damages, this underlying purpose remained and continues today. It is too facile to say that the early American statutory damages were penal and that in 1909 they became remedial and therefore equitable. First, there is a lack of Congressional support for such an assertion, but more important, we have seen how under the 1856 Act and its subsequent codification

in the Revised Statutes, the remedy was purely remedial and there was a right to a jury, which could be lost only by a written stipulation to that effect. Moreover, statutory minimum damages under that Revised Statute 4966 were to be assessed as to the court shall appear just, but this did not preclude the right to a jury in *Brady v. Daly*. We have also discussed how the restrictive interpretation of "court" as meaning court and not jury was rejected by John Marshall and others before the Constitution was ever ratified and how even today there is a Seventh Amendment right to a jury under statutes with identical language.

It is clear that all actions to collect statutory damages prior to the 1909 Act were at law. We must ask, then, whether anything happened in 1909 to change the at-law characteristics of those damages. We know that the penal element was removed, but the remedial part found in former Revised Statute 4966 became the basis for all statutory damages under the 1909 Act. The House Report to the 1909 Act states that the existing law was substantially reenacted, the only modification being a reduction in the amount of damages for a purely musical performance. So, contrary to any argument that the 1909 Act somehow altered the at-law characteristic of statutory damages, we find that it was continued through Revised Statute 4966 into Section 101(b).

The present statute in Section 504(c) does not change this either, and in fact makes the right to a jury even more compelling due to its punitive provision in 504(c)(2). Additionally, to deny the right to a jury for statutory damages forces the plaintiff to make an election before trial, contrary to the avowed procedure in 504(c)(1) which allows him to make an election any time before final judgment is rendered.

Regardless of the statutory right, there is a Seventh Amendment right to a jury when statutory damages are sought, and the pre-merger history explored here fully satisfies the test set out in *Ross v. Bernhard*. Statutory damages were and are "legal" in nature. Certainly the assessment of \$50,000 in damages based on a finding of fact of willfulness smacks of a punitive, not equitable action.

In view of the split among the Courts of Appeals and the district courts, it is earnestly hoped that the Supreme Court will grant certiorari when sought in one of these cases, and resolve the question. The right to a jury is one of our most cherished rights. It cannot be denied on the grounds of expediency, or on the ground that judges are allegedly more flexible or just than juries. The reasons our forefathers fought for the right to a jury are as valid today as they ever were.

PART II

LEGISLATIVE AND ADMINISTRATIVE DEVELOPMENTS

1. United States of America and Territories

192. U.S. CONGRESS. HOUSE.

H.R. 4225. A bill to amend the Communications Act of 1934 to establish certain limitations relating to the ownership of cable television franchises by certain foreign entities. Introduced by Mr. Walgren on July 21, 1981; and referred to the Committee on Energy and Commerce. (97th Cong., 1st Sess.)

This bill would amend the Communications Act of 1934 by adding a provision prohibiting cable systems from carrying the signal of any television broadcasting station or any programming delivered by a radio facility licensed by the Commission, or by any communications satellite the operation of which is subject to regulation by the Commission, if such system is owned, operated, or leased by: (1) any alien or a representative of an alien; (2) any foreign government or a representative of a foreign government; (3) any corporation organized under the laws of any foreign government; (4) any corporation of which any officer or director is an alien or of which more than one-fifth of the capital stock is beneficially owned or voted by (a) aliens or their representatives . . . (b) any corporation organized under the laws of a foreign country . . .

193. U.S. CONGRESS. HOUSE.

H.R. 4441. A bill to amend title 17 of the United States Code with respect to the fees of the Copyright Office, and for other purposes. Introduced by Mr. Rodino on September 9, 1981; and referred to the Committee on the Judiciary. (97th Cong., 1st Sess.)

This bill would amend the Copyright Act of 1976, Section 708 of chapter 7, to allow the Copyright Office to retain the application fee for registration of a claim or supplementary registration under section 408 even though registration is refused. This Act would take effect thirty days after its enactment and shall apply to claims to original, supplementary, and renewal copyright received for registration in the Copyright Office on or after the effective date.

194. U.S. COPYRIGHT ROYALTY TRIBUNAL.

37 CFR 304. Cost of living adjustment for compulsory royalty rates paid by non-commercial broadcasting. Final rule. *Federal Register*, vol. 46, no. 147 (July 31, 1981), pp. 39139-40.

As determined by the Consumer Price Index from June 23, 1980 to the Index published prior to August 1, 1981, the Copyright Royalty Tribunal announces that the cost-of-living adjustment to be applied to the compulsory license rates paid by non-commercial broadcasting for the use of certain copyrighted works will be 9.8%. The rates published August 1, 1980 (45 FR 51197) are revised accordingly.

195. U.S. COPYRIGHT ROYALTY TRIBUNAL.

37 CFR 307. Royalty payable under compulsory license for making and distributing phonorecords (mechanical royalty); possible commencement of proceeding for determination of interim adjustment. Request for comments on possible commencement of rulemaking proceeding. *Federal Register*, vol. 46, no. 178 (Sept. 15, 1981), p. 45785.

Pursuant to the U.S. Court of Appeals ruling in *Recording Industry Assn. of America v. Copyright Royalty Tribunal*, an alternative to the existing interim adjustment scheme used to adjust the royalty payable under the compulsory license for making and distributing phonorecords is being considered. The court opined that a mechanism should be adopted which excludes "annual exercise of discretion" by the Tribunal. In this connection, therefore, interested parties are invited to comment on whether the Tribunal should commence a rulemaking proceeding.

196. U.S. COPYRIGHT ROYALTY TRIBUNAL.

Cable television royalty fee adjustment proceeding. *Federal Register*, vol. 46, no. 181 (Sept. 18, 1981), p. 46375.

In connection with the Motion Picture Assn. of America's (MPAA) request for adoption of certain interim cable television rates and a ruling on the effective date of any royalty adjustment resulting from a royalty adjustment proceeding, the Copyright Royalty Tribunal is soliciting comments regarding the jurisdictional and procedural questions raised by the MPAA.

197. U.S. COPYRIGHT ROYALTY TRIBUNAL.

Petition to initiate cable television royalty fee adjustment pro-

ceeding for cable systems carriage of distant signals formerly prohibited by FCC distant signal and syndicated exclusivity restrictions; and to waive Copyright Royalty Tribunal rule 301.63. *Federal Register*, vol. 46, no. 159 (Aug. 18, 1981), p. 41840.

The National Cable Television Association, Inc. (NCTA), in its capacity as a user of copyrighted works whose cable royalty rates are established by 17 U.S.C. 111 or by the Copyright Royalty Tribunal (CRT), has petitioned the CRT to waive Sec. 301.63 of its rules and to commence a cable royalty adjustment proceeding. The royalty adjustment is requested to determine the reasonableness of rates effected by the Federal Communication Commission's order abolishing its distant signal carriage and syndicated exclusivity rules. The requested waiver of Sec. 301.63, requiring the expiration of ninety days from the effective date of such FCC action before considering the adjustment of effected royalty rates, would allow the Tribunal to commence adjustment proceedings immediately. All comments on this matter should be submitted to the Tribunal no later than September 24, 1981 and should address the issues raised by the NCTA petition as well as the question of whether NCTA is a copyright user "with a significant interest in the royalty rate in which an adjustment is requested."

198. U.S. COPYRIGHT ROYALTY TRIBUNAL.

Possible declaration of controversy concerning distribution of 1980 cable royalty fees. *Federal Register*, vol. 46, no. 155 (Aug. 12, 1981), p. 40787.

The Copyright Royalty Tribunal, in accordance with 17 U.S.C. 111(d)(5)(B), solicits comments from claimants to the 1980 cable copyright royalty fees regarding the possibility of a controversy with respect to the distribution of such fees. Comments should be submitted by September 10, 1981.

PART IV

JUDICIAL DEVELOPMENTS IN LITERARY AND
ARTISTIC PROPERTY

A. DECISIONS OF U.S. COURTS

1. Federal Court Decisions

199. **TRIANGLE PUBLICATIONS, INC. v. KNIGHT-RIDDER NEWSPAPERS, INC.**, 626 F.2d 1171 (5th Cir. July 24, 1980) [Brown, C. J.].

Reginald L. Williams, Miami, Fla., Melville B. Nimmer, Beverly Hills, Cal., for plaintiff-appellant; Steel, Hector and Davis, Talbot D'Alemberte, Patricia A. Seitz and James D. Spaniolo, Miami, Fla., for defendants-appellants.

Appeal from denial of preliminary and permanent injunction in copyright infringement action brought by publisher of *TV Guide* for defendant's reproduction and display of *TV Guide* covers in comparative advertising. The District Court held that defendant's conduct was not fair use, but was nevertheless protected by the First Amendment. Judgment affirmed on different grounds. *Held*, the reproduction of the cover of a competitor's magazine in comparative advertising is a fair use.

Plaintiff-appellant Triangle Publications, Inc. publishes *TV Guide*, a copyrighted magazine containing television broadcast schedules and articles relating to television. Defendant-respondent Knight-Ridder Newspapers, Inc. publishes the *Miami Herald*. In the fall of 1980 Knight-Ridder began to advertise a television listing booklet which would be distributed as part of the Sunday edition of the *Miami Herald*. Five print advertisements, a newspaper vending machine poster and two television commercials displayed covers of old issues of *TV Guide*. Triangle began the instant copyright infringement action for a preliminary and permanent injunction against Knight-Ridder's use of *TV Guide* covers in its advertising. The District Court denied plaintiff's motion for a preliminary injunction on equitable grounds. In deciding the

plenary action, the court found that *TV Guide* covers were protected by the magazines' copyrights, that the uses of the covers were, *prima facie*, acts of infringement, and that defendant's actions were not fair use because the *TV Guide* covers were used for commercial advantage. However, the District Court rendered judgment for defendant because Knight-Ridder's advertising, including its use of *TV Guide* covers, was protected by the First Amendment.

On plaintiff's appeal, the Court of Appeals proceeded directly to the issue of fair use; it was undisputed that Knight-Ridder's uses of *TV Guide* covers were acts of infringement, unless protected by the doctrine of fair use or the First Amendment. A fair use determination is a finding of fact, and is normally reviewed by an appellate court under the "clearly erroneous rule." However, the Court of Appeals felt free to delve more deeply into the issue in the instant case because the District Court erred in its interpretation of §107 of the Copyright Act. The District Court erred by establishing a *per se* rule that defendants with a commercial motive are not protected by the doctrine of fair use.

The Court of Appeals analyzed Knight-Ridder's fair use defense by considering the four factors enumerated in §107. The court recognized that §107 did not exhaust all possible factors a court could consider when the defense of fair use is asserted, but determined that, in the ordinary case, consideration of the four factors would be sufficient. Since §107 is a restatement of prior case law, the court relied on that case law to determine the weight to be given each factor and held that the fourth factor—the effect of the challenged use on the potential market for, or the value of, the copyrighted work—was the most significant.

Although the Court of Appeals disagreed with the District Court's sole reliance on the first factor—the purpose and character of defendant's use—the Court of Appeals viewed that factor as influential. However, the effect of the first factor was muted in the instant case by the fact that Knight-Ridder engaged in truthful comparative advertising.

The second factor—the nature of plaintiff's work—played no part in the Court of Appeals' analysis. The fact that *TV Guide* is a commercial publication did not influence the court.

The third factor—the amount and substantiality of the portion of plaintiff's work used by defendant in relation to plaintiff's entire work—favored the defendant. Defendant only copied *TV Guide* covers. The Court of Appeals found that the "essence" of *TV Guide* is its broadcast schedules and articles, which were not

copied. The court rejected Triangle's contention that each *TV Guide cover* is an independent copyrighted work.

The fourth factor, the most important, also favored the defendant. The Court of Appeals ruled that Knight-Ridder's use of *TV Guide* covers had no more than a *de minimis* effect on the value of the magazines' copyrights. If Knight-Ridder's advertising hurt *TV Guide* sales, this effect would not be attributable to the use of the *TV Guide* covers *per se*. According to the court, Triangle failed to establish a link between Knight-Ridder's use of *TV Guide* covers and harm to Triangle's copyrights.

Thus, the Court of Appeals held that defendant's conduct constituted fair use. The majority at first concluded that the First Amendment issue should not be reached. Circuit Judge Brown, dissenting in part, felt "compelled" to address the issue raised by the District Court's decision. Judge Brown believed that "the 'idea-expression dichotomy' generally provides a workable framework for separating First Amendment interests (ideas) from copyright interests (expressions)." In the case of graphic works, rather than literary works, idea and expression merge; however, since the intellectual content of graphic works is slight when compared to that of literary works, the copyright interest in protecting expression should prevail. Thus, according to Judge Brown, the District Court's ruling on the First Amendment issue erred in two ways. First, the right to free speech is not absolute and First Amendment interests should not always prevail over copyright interests. Second, by ignoring the idea-expression dichotomy, the District Court failed to observe that a *TV Guide* cover does not convey an articulable idea, and therefore does not represent significant First Amendment interests.

Following Judge Brown's partial dissent, Judge Tate addressed himself to the First Amendment issue and found that the Amendment, as well as the fair use doctrine, shielded defendant from liability.

200. DATA CASH SYSTEMS, INC. v. JS&A GROUP, INC., 628 F.2d 1038 (7th Cir. Sept. 2, 1980) [Nichols, Assoc. J., Ct. Cl., sitting by designation].

Geraldine Soat Brown, Chicago, Ill. for plaintiff-appellant; George H. Gerstman, Chicago, Ill. for defendants-appellees.

Appeal from an order denying plaintiff's motion for a preliminary injunction and granting defendant's motion for summary judgment on plaintiff's copyright-infringement claim. The

District Court held that the "object program" of plaintiff's computerized chess game is not a copy of its copyrighted "source program." The Court of Appeals affirmed the judgment, purporting to do so on different grounds, i.e., that distribution of the game with its object program, without a notice of copyright, placed the program in the public domain.

Plaintiff has manufactured and marketed a computer chess game called CompuChess since 1977. CompuChess is a hand-held device with a keyboard and data display. A player enters his or her moves on the keyboard and the computer's response is shown on the display. The CompuChess component that analyzes and responds to the information entered on the keyboard is its "object program," embodied in a "ROM," for "read only memory."

The object program is the culmination of a four-step process which produces, in turn: (1) A flow chart which sets forth the steps taken in solving a problem. (2) A source program, which translates a flow chart into a computer language such as FORTRAN. A source program is written by, and may be read by, humans. (3) An assembly program, which is written by a computer and is virtually unintelligible to humans. (4) An object program, which is a silicon chip that incorporates the assembly program in the form of an electrical circuit.

Plaintiff placed a copyright notice on its source program and registered its copyright in the program. However, no copyright notice was placed on the CompuChess device, its packaging or its literature, and, no copyright notice would appear if a printout of the ROM's contents were prepared. Plaintiff's officers erroneously believed that one could not produce a printout from the ROM.

In 1977, defendants began to market the JS&A Chess Computer (the "JS&A"). The JS&A ROM is identical to the CompuChess ROM.

Plaintiff brought the instant action for copyright infringement and unfair competition, and moved for a preliminary injunction. Defendants cross-moved for summary judgment. With respect to plaintiff's copyright claim, the District Court denied plaintiff's motion and granted defendants' on the ground that the CompuChess ROM was not a "copy" of its source program, and, therefore, reproduction of the ROM did not infringe the source program copyright. The court reasoned that a "copy" is a reproduction of a work which may be read with the human eye. The issue of whether the CompuChess ROM was a copy of the source program was raised by the court *sua sponte*. The parties had assumed the ROM was a copy of the source program, and disputed

whether distribution of the CompuChess without a copyright notice placed the CompuChess source program in the public domain.

The Court of Appeals reversed the judgment below. The court found the issue as to publication without notice to be dispositive and did not expressly reach the merits of the lower court's opinion.

Initially, the Court of Appeals had to determine whether the 1909 Copyright Act or the 1976 Copyright Act applied. If the former applied, publication without notice would deprive the CompuChess source program of copyright protection. If the latter act applied, then publication without notice would not necessarily result in loss of copyright.

Twenty-five hundred CompuChess units had been sold in 1977. However, plaintiff argued that the CompuChess source program could not have been published before 1978, when the firm that manufactured plaintiff's ROM sent a copy to a third firm. The 1977 sales did not constitute publication of the source program, plaintiff argued, because its officers erroneously believed that a source program could not be extracted from a ROM.

The Court of Appeals held that the CompuChess source program was published in 1977, thereby divesting it of copyright protection. The court framed the question of publication as depending on "the date when the copyright owner sacrificed control of the work such that anyone who wished to view the work *could* do so, not upon when the public *actually* viewed the work" (emphasis added). Therefore, the CompuChess source program was published in 1977 because a CompuChess purchaser could have copied it from a CompuChess ROM, regardless of the beliefs of the plaintiff's officers.

The Court of Appeals did not permit plaintiff to benefit from the doctrine of limited publication, under which a restricted distribution of a work is not treated as a publication for copyright purposes. Plaintiff placed no restriction on who could purchase its CompuChess games in 1977, and placed no restriction on what those purchasers could do with their games. Therefore, plaintiff's 1977 distribution was not a limited publication.

Similarly, the Court of Appeals did not permit plaintiff to benefit from the accidental omission provisions of section 21 of the 1909 Act.

201. **STONEHILL COMMUNICATIONS, INC. v. MARTUGE**, 512 F. Supp. 349 (S.D.N.Y. April 24, 1981) [Weinfeld, D. J.].

Clark, Wulf, Levine and Peratis, New York, N.Y., Leon Fried-

man, of counsel, for plaintiff; John S. Martin, Jr., United States Attorney for the Southern District of New York, Nancy E. Friedman, Assistant United States Attorney, of counsel, for defendant.

Action to review a determination of the United States Customs Service that plaintiff's book violated section 601(a) of the Copyright Act, the "manufacturing clause." *Held*, a book with photographs and English text does not consist "preponderantly of non-dramatic literary material . . . in the English language," and is therefore not subject to the manufacturing clause, if more than one-half of the book's surface area, exclusive of margins, is composed of photographs.

Plaintiff publishes the *World Guide to Nude Beaches and Recreation* ("*Nude Beaches*"). The book contains photographs of nude recreation areas and English text describing them. *Nude Beaches* was written by an American, was printed in Italy, and bore a copyright notice. The defendant is an official of the United States Customs Service, which decided that *Nude Beaches* violated section 601(a) of the Copyright Act, the so-called "manufacturing clause." Section 601(a) prohibits the importation into the United States of books protected by copyright that consist preponderantly of non-dramatic literary material in English and were printed outside of the United States or Canada.

In this action to review the Custom Services determination, plaintiff argued that since the number of square inches of photographs in *Nude Beaches* exceeded the number of square inches of text, it was not "preponderantly of literary, non-dramatic material in the English language," and therefore, not subject to the manufacturing clause. The Customs Service argued that the photographs bore no captions and merely illustrated the text. Thus the text was more important than the photographs. Therefore, *Nude Beaches* was preponderantly of English text and was subject to the manufacturing clause. The Customs Service stated it derived its "importance test" from the House Report on the Copyright Act. The House Report stated that a book containing photographs, accompanying captions and a preface is not subject to the manufacturing clause because the photographs are more important than the text. On the other hand, the House Report continued, a book containing text and illustrative photographs is subject to the manufacturing clause, regardless of the amount of space occupied by each, because the text is the more important part.

The District Court characterized the issue presented by the instant case as one of statutory construction. However, the court

found no authority to guide it. The Copyright Act does not define “preponderantly” as it is used in section 601(a). The court found the House Report to be of little aid. The House Report sets forth the subjective “importance test” used by the Customs Service but does not provide criteria to be used in applying the test. The Customs Service promulgated no regulations or guidelines to govern its administration of the manufacturing clause. The Customs Service official who found *Nude Beaches* to be in violation of the manufacturing clause based his decision on his “experience and research.”

The District Court found fault with the “importance test” used by the Customs Service because the importance test does not provide American authors and publishers with a method of determining whether a book is subject to the manufacturing clause, and vests the Customs Service with wide discretion. Furthermore, the court continued, the use of a subjective test is not necessary to serve the purpose of the manufacturing clause, *i.e.*, the protection of the American printing industry. Therefore, in the absence of Congressional or regulatory guidance, the District Court held that an objective or mechanical test should be applied to determine whether a book is subject to the manufacturing clause. The objective test adopted by the court was the one set forth by the plaintiff—a comparison of the surface area of the book occupied by text with the surface area occupied by other material, exclusive of margins. Since the number of square inches of photographs in *Nude Beaches* exceeds the number of square inches of text, the District Court held that plaintiff’s book was not subject to the manufacturing clause.

- 201a. NOVA STYLINGS, INC. v. RINGER, No. CV 79-3798-TJH (C.D. Cal. Aug. 12, 1980) [Hutter, D. J.].

Plaintiff brought an action in the nature of mandamus to compel the Register of Copyrights to register plaintiff’s claim of copyright in ten pieces of jewelry. The Register moved to dismiss plaintiff’s action on the ground that the District Court lacked subject matter jurisdiction. The motion was based on section 411(a) of the Copyright Act which provides that no copyright infringement action may be brought until the plaintiff registers his claim of copyright. But section 411(a) further provides that a plaintiff who has had his registration application denied may nevertheless begin an infringement action if a notice of the action and a copy of the complaint is served on the Copyright Office,

and the issue of registrability becomes part of the action. Therefore, the Register argued, plaintiff had an adequate remedy at law making mandamus unavailable. The court agreed and held that a district court lacks subject matter jurisdiction over an action to compel registration of a copyright brought independently of an infringement action.

The action was dismissed without prejudice to commencement of an action under §411(a).

PART V

BIBLIOGRAPHY**A. BOOKS, TREATISES AND CASSETTES****1. United States Publications**

202. SHOOSHAN, HARRY M. Cable copyright and consumer welfare: The hidden cost of the compulsory license. Shooshan & Jackson (1981) 109 p.

This study states that the compulsory license for cable systems was designed to "promote the growth of cable television and with it expanded programming choices for viewers." It concludes that the license has accomplished one of its aims—to promote cable growth—but, in so doing, it has defeated its other goal—to expand viewer choices. The report says that the compulsory system has, in fact, reduced program availability, especially to those consumers who do not subscribe to cable services, because it denies program producers/copyright owners control over their productions, causing them to sell their programs to cable and other distribution systems which allow them to retain maximum control. Additionally, the system has distorted the video marketplace by stimulating the growth of the new video technologies at the expense of retarding conventional broadcasting. The study predicts that as cable penetration increases so will the problem of program availability and the problem of imbalance between cable and the new video technologies on the one hand and conventional broadcasting on the other. It is pointed out that, with the exception of cable, all of the new technologies have operated and grown within the full copyright liability market. The study demonstrates that cable could function likewise. Realizing, however, Congress' hesitancy to thrust the cable industry into a total liability situation, the report recommends alternative copyright solutions that provide a "bridge" to full copyright liability. It discusses several other measures that it considers to be preferable to the existing compulsory license and statutory fee schedule.

203. STRONG, WILLIAM S. The copyright book: A practical guide. The MIT Press, Cambridge, Massachusetts (1981) 211 p.

This book explains the rights and responsibilities of both creators and users of copyrighted works and explores the implications of the 1976 Copyright Act for authors and artists in traditional as well as the new communication technologies. The areas covered in the book include subject matter of copyright, ownership, transfers, registration, infringement, fair use and tax treatment of copyrights. It also contains excerpts from copyright-related information published by the Copyright Office and the Copyright Royalty Tribunal.

B. ARTICLES FROM LAW REVIEWS AND COPYRIGHT PERIODICALS

1. United States

204. CLARK, R. H. Historical antecedents of the constitutional right to privacy. *University of Dayton Law Review*, vol. 2, no. 2 (Summer 1977), pp. 157-198.

A look into the history of the right of privacy and the Fourth and Fifth Amendments and also the writs of assistance in America. The case of *Griswold v. Connecticut* also is discussed in depth.

205. HOLMES, WILLIAM C. Compulsory patent and trademark licensing: a framework for analysis. *Loyola University of Chicago Law Journal*, vol. 12, no. 1 (Fall 1980), pp. 43-77.

A look at compulsory licensing and antitrust cases and the Federal Trade Commission's recent attempt to order compulsory licensing of Borden, Inc.'s "RealLemon" trademark. The author states that there have been only a few cases in the area of compulsory patent or trademark licensing. The author then sets forth the framework in which forms of antitrust relief can be analyzed.

2. Foreign

1. In English

206. LAND, SHELLY. *James Arnold & Co. Ltd. v. Miafern Ltd.* Initial

ownership revisited. *EIPR*, vol. 3, no. 5, pp. 150-158.

The author discusses a Nigerian case involving logos used on scarves through the use of photographic negatives etched onto zinc plates. Plaintiff had charged defendant with copyright infringement in its rubber stereos. The court held that although the work had been sub-contracted to a third party, "the plaintiff as the person who commissioned the ultimate work, the paper transfers, was the owner of the copyright in the rubber stereos."

207. POCH, PETER. Amendments to Austrian copyright, unfair competition and local supply laws. *EIPR*, vol. 3, no. 5 (May 1981), pp. 147-149.

The amendments to the copyright law in Austria are in two areas: home taping and cable television. The question of the cost of a licensing fee is also discussed. The aim of the amendment to the law is to protect competitors and consumers against unfair competition and to provide them with adequate remuneration for home taping by consumers.

2. In French, English and Spanish

208. CARREAU, CAROLINE. Merit and copyright. *Revue Internationale du Droit d'Auteur*, no. 101 (July 1981), pp. 2-139.

The history of the rights of authors, composers and artists in France from 1793 until today is discussed. A look at legal literature and case law is provided, including the law of 1957 providing for the protection of titles. There is also a discussion on the protection of photographs, a protection which requires that photographs be either artistic or documentary, and the criterion for each category of protection.

209. FERNAY, ROGER. Greatness, misery and contradictions of copyright. *Revue Internationale Du Droit D'Auteur*, no. 190 (July 1981), pp. 138-173.

The article discusses the history of printing, the development of copyright and plagiarism. The author then looks at the protection of sound recordings in Europe, beginning with early Swiss music boxes, and follows the development and protection during the past half-century of television and radio broadcasting.

C. ARTICLES PERTAINING TO COPYRIGHT FROM MAGAZINES

1. United States

210. ABKCO Music files c'right suit over 'Rock City' film. *Daily Variety*, vol. 192, no. 42 (Aug. 4, 1981), p. 9.

A copyright infringement suit has been filed against Columbia Pictures Industries Inc. and others for the unauthorized use of five Mick Jagger-Keith Richards songs in the British-made film "Rock City". ABKCO Music, Inc., the plaintiff in the action, is seeking unspecified damages and an accounting of profits.

211. Alleged inventor of a Presley game sues manufacturer. *Variety*, vol. 303, no. 11 (July 15, 1981), p. 64.

Stephen Wilson, the inventor and copyright proprietor of the Elvis Presley "King of Rock" game, has filed suit against the game's manufacturers. Wilson charges that Eric Parton and others named in the complaint failed to pay him royalties owing under agreements signed in September 1978 and June 1979. He seeks a \$172,500 judgment against the defendants and \$10,000 in back royalties.

212. ASCAP sees victory in court ruling vs. religious radio. *Daily Variety* (July 23, 1981), pp. 1, 30.

A federal district court in San Francisco recently found religious broadcast station KFAX-AM guilty of willfully infringing 23 of ASCAP's copyrighted songs. Besides enjoining the station from further unauthorized performances, the court ordered it to pay attorney's fees and assessed damages against it in the amount of \$5750.

213. At large. *Broadcasting* (June 1, 1981), pp. 47-48, 50, 52, 54, 58-59.

In this interview with National Cable Television Association president Tom Wheeler, he answers questions regarding the state of the industry, cable penetration, First Amendment application to some cable activities and state/local regulation. He also addresses such industry problems as those associated with copyright, the AT&T challenge and the conflict with conventional broadcasting.

214. The Atari challenge. *Copyright Management*, vol. IV, no. 8 (Aug. 1981), p. 5.

Atari, Inc. has sent warning letters to computer software manufacturers and retailers informing them that some Invader/Asteroid-type games infringe rights that the company acquired from Japanese designers. Reportedly, the warnings are the result of a copyright decision in which the validity of an Atari affiliate's "copyright registration of transitory images of Atari games" was upheld "even though the underlying software programs had not been registered."

215. Athens police nail two pirate vid ops. *Variety*, vol. 303, no. 11 (July 15, 1981), p. 42.

Responding to complaints by two motion picture trade associations, Athens police raided two video stores that were illegally making, renting and selling video-cassettes of American films. Confiscated in the raids were more than 200 videocassettes of feature as well as pornographic films and several catalogs listing hundreds of pictures with Greek subtitles.

216. Bar Tony Kelly from peddling pirate prints of Warners, Columbia. *Variety*, vol. 304, no. 5 (Sept. 2, 1981), p. 33.

In a newspaper campaign, Irish bars, clubs, hotels, etc. have been warned against the unauthorized duplication, distribution and exhibition of videotapes of copyrighted motion pictures. The warning, which was published by the Society of Film Directors, appeared on the same day that a man by the name of Anthony Kelly, d/b/a Home Video Exchange Club and Video Exchange Club (Ireland) Ltd., was enjoined by the High Court from "dealing or trading in motion pictures copyrighted" by three major film companies.

217. Bibio Music added as defendant in Ensign suit. *Variety*, vol. 304, no. 5 (Sept. 2, 1981), p. 57.

A federal court in New York joined Bibio Music Publishers Inc. as defendants in Ensign Music Publishers Corp.'s copyright infringement suit against Avis Inc. and others. The suit arose out of defendants' alleged infringement of the song "Gentle on My Mind" by a commercial jingle titled "Honey."

218. BMI 'flurry' hits Villanova, 9 clubs with c'right suits. *Variety*, vol.

304, no. 5 (Sept. 2, 1981), pp. 57, 62.

BMI has filed a copyright infringement suit against Villanova University for its alleged unauthorized performance of 29 BMI-licensed songs. In addition to the Villanova suit, BMI brought nine similar actions against nightclubs throughout the country. All of the suits pray for statutory damages in addition to attorney's fees and court costs.

219. BMI sues disco over copyright. *Billboard*, vol. 93, no. 38 (Sept. 26, 1981), p. 39.

BMI has brought a copyright infringement suit against the Apple Disco in Ponce, Puerto Ricó. Plaintiff alleges that at least five of its copyrighted songs were performed at the club without authorization and is seeking statutory damages, attorney fees and court costs.

220. Book publishing handbook. *Copyright Management*, vol. IV, no. 8 (Aug. 1981), p. 7.

The Practising Law Institute's Book Publishing—1981 Handbook covers "copyright formalities subject matter considerations" and paperback, book club and dramatic rights issues. Other topics discussed include the International Copyright Convention and copyright relations with the People's Republic of China. The application of antitrust laws to copyright is also treated.

221. Bo's 'Tarzan' ruled bona fide remake; July 24 greenlight. *Variety*, vol. 303, no. 11 (July 15, 1981), pp. 3, 35.

In the Edgar Rice Burroughs estate's breach of contract suit against MGM, a federal district court has ruled that "Tarzan, the Apeman", starring Bo Derek, is substantially based on the 1931 version of the film and "that there are no material changes or material departures" from the story in the original work. In making its ruling, the court refused to grant plaintiff's motion for a preliminary injunction against the picture's release.

222. BOYLE, JOE. NAB in Vegas gauges the odds on new media, gov't actions. *Multichannel News*, (Apr. 27, 1981), pp. 1, 10.

Those attending the National Association of Broadcasters' (NAB) 59th annual convention were encouraged to participate in developing the new technologies, viewing them not as industry

threats but as new business opportunities. Discussions during the four-day meeting focused on "the role broadcasters will play in the telecommunications revolution," revision of the 1976 Copyright Act and cable deregulation. Representatives of subscription television and multipoint distribution service conducted workshops and the American Television & Communications Corp. displayed its STV decoder terminal.

223. Braverman sues. *Variety*, vol. 304, no. 8 (Sept. 23, 1981), p. 4.

Marvin Braverman has filed a plagiarism suit against Mel Simon, George Hamilton and others. The complaint alleges that plaintiff's original screenplay titled "Goodbye Zorro" was the basis for defendants' "Zorro the Gay Blade." Plaintiff seeks approximately \$5,000,000.

224. Cable license will free majors from TV. *Variety*, vol. 303, no. 11 (July 15, 1981), pp. 1, 84.

MCA's Sid Sheinberg recently told Congressman M. Caldwell Butler that the existing compulsory licensing system will eventually destroy broadcast television because copyright owners will begin to sell their programs directly to cable rather than sell the programs to local stations and let cable pick them up for the meager price of a compulsory license. Congressman Butler agreed with Sheinberg's prediction.

225. CACNIO, PAUL. Thai pic assn. underwriting two film piracy cases as a part of 'get tough' policy. *Variety*, vol. 304, no. 3 (Aug. 19, 1981), p. 26.

In an unprecedented videotape piracy action, Thailand's Saha Mongkol Films Co. Ltd. has accused two companies of making illegal copies of its films. Under the Thai copyright law, the companies' owners could be jailed for up to a year and fined up to about \$8,700 if found guilty.

226. Cadet hit by L.A. raiders. *Billboard*, vol. 93, no. 36 (Sept. 12, 1981), p. 86.

In a raid on Cadet Records, Los Angeles police confiscated some 1500 allegedly counterfeit Beatles LPs and manufacturing paraphernalia believed to be used to make the albums. No complaint was filed, but an investigation of the company's business records and dealings is being conducted.

227. CALLAHAN, JEAN. RIAA filing petition on mechanical hike. *Billboard*, vol. 93, no. 36 (Sept. 12, 1981), p. 3.

The U.S. Court of Appeals has issued its opinion detailing the decision handed down June 23 in the *Recording Industry Assn. of America v. Copyright Royalty Tribunal* case. In it, the court rejects the arguments of both the RIAA and copyright owners regarding the Tribunal's order increasing the mechanical royalty rate to four cents. It suggested, however, that instead of meeting annually to make interim rate adjustments, the Tribunal devise a scheme for automatic adjustments between now and 1987.

228. CALLAHAN, JEAN. RIAA seeks review of royalty decision; says it's 'critical.' *Billboard*, vol. 93, no. 37 (Sept. 19, 1981), p. 4.

The Recording Industry Assn. of America (RIAA) has petitioned the Court of Appeals to review its decision concerning the Copyright Royalty Tribunal's (CRT) adjustment of the mechanical royalty rate. The request is premised on three arguments—(1) the appellate opinion "fails to explain the source of the 4-cent rate determined by the CRT"; (2) the Tribunal illegally based the rate on the Consumer Price Index; and (3) the appeals court "misunderstood the singer/songwriter issue."

229. CALLAHAN, JEAN. U.S. copyright boss pays China visit. *Billboard*, vol. 93, no. 29 (July 25, 1981), p. 74.

Register of Copyrights David Ladd and several other government representatives recently traveled to China to meet with the Copyright Study Group responsible for drafting the country's copyright law. The Chinese expressed concern about copyright protection for books and "developing laws to meet the obligation of the 1979" US-China Trade Agreement. Their main emphasis was on educational uses of printed materials. It is therefore felt that film and music copyright will not be covered in the law currently being drafted. During the talks, the Register offered to assist the Chinese in drafting their laws and to receive interns from China to work in the Copyright Office.

230. CASTELLI, VITTORIO. Law hits piracy in Italy. *Billboard*, vol. 93, no. 38 (Sept. 26, 1981), pp. 1, 80.

Italy's new law providing penalties of "from three months to three years and fines from 500,000 lire (\$423) to six million lire (\$5,072)" for anyone convicted of making or dealing in pirated

sound recordings is already proving fruitful after being in force for only two months. In that Italy for many years has been considered "the European country most severely affected by record and tape piracy," the impact of the new measure as an antipiracy tool is seen as crucial.

231. CATA offers subcommittee new position on copyright. *Multi-channel News* (June 22, 1981).

Ben Willie of the Community Antenna Television Association (CATA) wrote a letter to the chairman of the Subcommittee on Courts, Civil Liberties and the Administration of Justice emphasizing the CATA's opposition to any changes in the 1976 Copyright Act. The letter suggested, however, that if the law were changed, compulsory licensing should be abolished except with respect to the carriage of three network, three independent and one educational signals. Willie also said that the Association advocated the gradual phasing in of full cable copyright liability, removal of the FCC rules requiring cable operators to carry local broadcast signals and, in the event that compulsory licensing is eliminated, relieving the Copyright Royalty Tribunal of its cable authority.

232. CELS, ROGER. Mood in Congress for higher cable TV copyright fees seen. *The Hollywood Reporter*, vol. CCLXVIII, no. 16 (Aug. 28, 1981), pp. 1, 29.

In mid-September, Congress will be considering two major pieces of legislation affecting cable. One would increase "cable TV copyright fees by broadening the authority of the Copyright Royalty Tribunal." The other would deregulate the cable industry. Lobbying has been intense on both sides of these measures, with cable arguing against the fee increase and for deregulation. The Motion Picture Association of America is for increasing the cable fees; the National League of Cities opposes deregulation.

233. CELS, ROGER. Pay TV copyrights protected; court regulates hardware sales. *The Hollywood Reporter*, vol. CCLXVIII, no. 21 (Sept. 4, 1981), p. 5.

A U.S. District Court in Florida has enjoined eleven companies from marketing antennas and converters capable of intercepting the MDS signal of the Private Channel Club. American Television & Communications Corp. and Midwest Corp. jointly

own the Private Channel Club, which is a pay-TV service that provides Home Box Office to its subscribers. The injunction also orders the eleven companies to divulge the names and addresses of the people who purchased the equipment.

234. CFA files suit against NCAA in TV dispute. *Variety*, vol. 304, no. 6 (Sept. 9, 1981), pp. 55, 76.

A dispute has arisen concerning who has the authority to negotiate television rights to college football games, the College Football Assn. (CFA) or the National Collegiate Athletic Assn. Council (NCAA). The NCAA worked out a four-year agreement with CBS and ABC for broadcast rights to the games and, subsequently, the CFA entered into a contract with NBC Sports for the same rights during the same period. The NCAA, claiming that it has had, for thirty years, the right to negotiate for its members, many of which also belong to the CFA, threatened to expel any CFA school that honors the NBC contract. As a result, two class action suits have been filed against the NCAA to restrain it from making good on its threat. One of the actions was filed jointly by Georgia and Oklahoma and the other by the University of Texas.

235. CLARK, TED. Nab cash, raid Paris sites of phony Lee pic. *Variety*, vol. 303, no. 11 (July 15, 1981), pp. 39-40.

Four Paris theaters that were allegedly exhibiting counterfeit Bruce Lee films have been raided by local authorities. Confiscated in the raids were receipts, posters, publicity material, front-of-house photos and copies of "Son Dernier Combat" (His Last Combat). Rene Chateau, who holds the French distribution rights in four Lee pictures and shares theatrical rights in a fifth, said that the counterfeit film was actually a picture entitled "The True Game of Death" into which had been spliced sequences from another Bruce Lee movie. Chateau indicated that he and the producer of the films will be bringing suit against the theater owners.

236. COHEN, JERRY. Stolen property. *Copyright Management*, vol. IV, no. 8 (Aug. 1981), p. 2.

This article looks at a case in which a Massachusetts Superior Court dismissed an indictment against a person "accused of having received, purchased and aided in the concealment of certain in-

tellectual property contained" on an illegally recorded videocassette of "Star Wars". The dismissal was affirmed by the Supreme Judicial Court of Massachusetts.

237. COLDEN, DAVID. New technologies raise complex legal questions. *Daily Variety*, vol. 192, no. 26 (July 13, 1981), pp. 20, 48, 52.

This is a discussion of motion picture licenses and the pay-television market. The article says that the pay-TV market for films in the United States basically falls into three groups—"major programmers," "larger programmers" and "atomized independents." An explanation of these categories is provided and then attention is focused on questions that a licensee or licensor might ask when licensing a film for pay-TV. The questions cover such areas as duration, exclusivity and price.

238. Convictions overturned in Goody illicit tapes case; judge orders new trial. *Daily Variety*, vol. 192, no. 38 (July 29, 1981), pp. 1, 17.

U.S. District Court Judge Thomas Platt overturned the convictions of Sam Goody, Inc. and its vice president, Samuel Stolon, on charges that they knowingly purchased and transhipped counterfeit tapes. In reversing the convictions, Judge Platt indicated that the jury's deliberations in the original trial might have been "tainted" by the prosecutor's "attempted cover-up of the false statements" made by FBI Agent Richard Ferri. He also pointed to other conditions which he felt might have negatively affected the deliberations.

239. Copyright infringement—damages the Mastercraft case. *Copyright Management*, vol. IV, no. 8 (Aug. 1981), p. 1.

This is a brief discussion of *Stevens Linen & Associates Inc. v. Mastercraft Corp.*, a copyright infringement suit involving a fabric pattern called Chestertown. The case was appealed after a federal district court in New York enjoined defendants from further infringements but refused to award damages. The Second Circuit remanded the case, instructing the lower court to award damages based on "the difference between sales of Chestertown after the beginning of the [infringement] by Mastercraft and sales of Stevens Linens Associates' other products, with the allowable speculation of treating the difference as entirely due to erosion through Mastercraft's infringing competition."

240. Copyright infringement—PLI manual. *Copyright Management*, vol. IV, no. 8 (Aug. 1981), pp. 5-6.

The Practising Law Institute's manual on "Infringement of Copyright" is now available as Number 134 of its Course Handbook Series. The manual discusses the general principles of infringement, including liability, interplay between the new law and the old law, damages and remedies. It also treats fair use and explores the topic of willful copyright infringement.

241. Copyright Office recommends end of manufacturing clause. *Publishers Weekly*, vol. 220, no. 6 (Aug. 7, 1981), pp. 9, 18.

The Copyright Office has issued its report on the manufacturing clause and recommends that it expire on July 1, 1982. The report also said that "the expiration of the clause will improve the United States' position in the international copyright community and will give the world notice of our commitment to a reduction in barriers to free trade". One of the reasons for its conclusion was that "the expiration of the clause will end nearly a century of discrimination against one class of copyright owners. No manufacturing requirement exists with respect to works of art, musical compositions, dramatic works, sound recordings or motion pictures."

242. Court to CBS: pay 725g. *Variety*, vol. 303, no. 13 (July 29, 1981), p. 68.

A U.S. District Court has upheld the award of \$725,000 in compensatory and punitive damages to the Roy Export Company in its copyright infringement and unfair competition suit against CBS. The action arose out of the station's broadcast of a biographical sketch of Charlie Chaplin after his death in 1977. About 40% of the piece was composed of footage from copyrighted Chaplin films that were used without the consent of Roy Export.

243. C'right liability debate rears its head during House hearing. *Daily Variety*, vol. 192, no. 25 (July 10, 1981), p. 4.

Testifying before a House judiciary subcommittee, Roy Bliss of United Video said that resale common carriers should not be liable for copyright payments because they do not perform copyrighted works; they merely deliver programming that is requested by cable systems. Bliss' testimony was in opposition to H.R. 3844, a bill that would exclude satellite carriers such as

United Video from the "passive" carrier exemption of the Copyright Act. Herman Land, a proponent of the bill, countered Bliss' comments stating that resale common carriers should not be excused from copyright liability because they act as program distributors in that they select the program services, they get paid by the cable company and they get paid for use of their transponder.

244. CRT begins task of cutting up 1979 cable royalty pie. *Broadcasting*, vol. 101, no. 2 (July 13, 1981), p. 62.

The Copyright Royalty Tribunal has begun six weeks of all-day hearings to decide on distribution of the 1979 cable royalties. Jack Valenti, president of MPAA, testified at the first day of hearings and argued that because syndicated programs represent 80% or more of the programs retransmitted by cable systems under the compulsory license, program syndicators deserve the "lion's" share of the cable royalty fund. It is estimated that the fund contains more than \$15 million.

245. CRT's adjustment to royalty rate upheld by court. *Daily Variety*, vol. 192, no. 17 (June 30, 1981), pp. 1, 11.

Upholding the Copyright Royalty Tribunal's decision to increase the mechanical royalty rate to four cents, the U.S. Court of Appeals ruled that the agency had acted within its authority. The court did, however, overrule the Tribunal's adoption of a procedure for annual adjustments of the rate "and ordered it to devise an alternative scheme of interim adjustments." The Recording Industry Assn. of America indicated that it will appeal the decision to the Supreme Court.

246. Designer's colorful raft in graphic arts display. *New Canaan Advertiser* (July 9, 1981).

A rubber raft designed by Liza Greene, associate art director of *People* magazine, was chosen for the permanent graphic design archives of the Library of Congress.

247. Distant TV signals the issue of cable copyright hearings. *Broadcasting*, vol. 101, no. 5 (Aug. 3, 1981), pp. 67, 68.

The Copyright Office has held hearings to seek comments on how it can improve the administration of compulsory licensing of cable. Robert Ross, senior vice president for the National Cable

Television Association, told the Copyright Office to guard against adopting rules that "disserve users of copyright works by over-compensating copyright holders." Ross also urged the Copyright Office to revise its policies to account for "split-system carriage," whereby cable systems offer different program packages to subscribers in separate geographical areas or by "tiering" packages to different subscribers.

248. DOBULER, SHARON LEE. Video retailers urged to fight cassette pirates. *The Hollywood Reporter*, vol. CCLXVIII, no. 6 (Aug. 14, 1981), pp. 1, 33.

Dealers attending the NARM Video Retailers Conference were urged to join the motion picture industry's antipiracy fight. James Bouras of the Motion Picture Assn. of America told the group that pirates steal their customers, their market for sales of legitimate cassettes and discs and their goodwill. He explained the different kinds of video piracy, discussed recent criminal convictions and talked about current and proposed penalties.

249. Dutch group offers book on antipiracy. *Billboard*, vol. 93, no. 32 (Aug. 15, 1981), p. 78.

The Dutch Foundation School and Business together with the Dutch branch of IFPI have published a pamphlet entitled "He Who Steals Sound Is A Thief, Too." The publication is aimed at informing young people about piracy and the threat it poses to the record industry. It also outlines various aspects of the problem, including the moral issue.

250. Dutch pols ponder legalizing local TV to sidestep pirates. *Variety*, vol. 303, no. 12 (July 22, 1981), p. 34.

The Dutch government has indicated its support for legalizing local television as a means of curtailing not only pirate broadcast networks but pirate cable operations as well. Filmmakers had complained and, allegedly, threatened to take the government to court for its lack of action against the pirates. Legalizing the stations would preempt "the many pirate broadcasters who presently pump low power signals to cable companies' transmitters, giving them access to 85% of Holland's 4,000,000 TV homes after national broadcaster NOS" goes off the air at night.

251. 18 'Pirate dens' raided in Caracas; defendants can't flee land; nab

record 25,000 tapes, mostly U.S. *Variety*, vol. 304, no. 6 (Sept. 9, 1981), pp. 3, 42.

Eighteen video retail outlets in Caracas, Venezuela were raided by federal authorities and over 25,000 pirated videocassettes were confiscated. The majority of the cassettes that were seized consisted of U.S. films with Spanish subtitles. The seizures ended a year-long investigation by the Motion Picture Assn. of America in conjunction with the Motion Picture Export Association.

252. Ex-FCC chief as cable flack. *Variety*, vol. 303, no. 12 (July 22, 1981), p. 34.

Speaking on behalf of the cable industry at House judiciary subcommittee hearings, former FCC chairman Charles Ferris said that the copyright law should not be amended to reimpose constraints on cable systems. He also urged Congress to retain the cable compulsory license. Reportedly, subcommittee members questioned the appropriateness of Ferris now being a spokesman for the industry which he was instrumental in deregulating.

253. FBI nabs pirates' vast video factory. *Variety*, vol. 304, no. 1 (Aug. 5, 1981), p. 7.

FBI agents raided the home of Lonnie Fisher in Enon, Ohio confiscating videocassettes, videodiscs, motion picture duplicating equipment and other video manufacturing paraphernalia. The seizure culminated an eighteen-month investigation by an undercover agent who discovered that Fisher duplicated videotapes from cable TV and then used these as master copies to allegedly make bootleg copies of feature films.

254. Feds seize bootleg tapes worth over \$5.6 million. *The Hollywood Reporter*, vol. CCLXVII, no. 39 (July 22, 1981), p. 18.

More than 300 videocassettes were seized by San Antonio FBI agents from the homes of Patrick Jennings and Edward Bagwell, owners of the Video Exchange Club. Along with the cassettes were seized approximately \$12,000 worth of recording equipment allegedly used to record bootleg tapes. Both Jennings and Bagwell were arrested in the raids, ending a three-month joint investigation by the FBI and the Motion Picture Association of America.

255. FIELDS, HOWARD. Copyright Office calls for photocopy negotia-

tions. *Publishers Weekly*, vol. 220, no. 10 (Sept. 4, 1981), p. 13.

David Ladd, Register of Copyrights, told a meeting of the American Bar Association that he plans to invite producers and users of copyrights to a conference by the end of the year to discuss some of the issues involved in the photocopying controversy. Participants at the session would include authors and publishers, librarians and possibly photocopying companies.

256. Filipino police seize counterfeit tapes in studios. *Variety*, vol. 304, no. 4 (Aug. 26, 1981), p. 75.

Local authorities seized approximately \$125,000 worth of tapes and recording paraphernalia in raids on four recording studios in Manila. The four people held in connection with the raids, reportedly, will be charged with unfair competition and violation of the copyright law.

257. Filipinos calculate losses of 'pirated' films fed tapes. *Variety*, vol. 304, no. 5 (Sept. 2, 1981), p. 33.

Besides hurting the revenues of the Filipino motion pictures industry, pirates are also having a negative impact on the revenues of the Philippine government. Last year the government received more than \$4,000,000 in taxes on industry income and film billing receipts; it is estimated that, to date, the pirates have caused a 30% loss in these revenues this year.

258. Five sentenced in counterfeit record scheme. *Daily Variety*, vol. 192, no. 46 (Aug. 10, 1981), pp. 1, 14.

A Texas man, Jerry May, was sentenced to six months in jail, fined \$2,000 and put on two years' probation after pleading guilty to criminal copyright infringement and copyright conspiracy. May's wife, daughter and two others, who pleaded guilty to similar charges, were also fined and put on probation. The charges stemmed from FBI raids in November and December of 1979 on May's counterfeit sound recording operations in Ft. Worth and Splendoria, Texas.

259. Florida equipment distributors hit with injunction in pay-TV case. *Broadcasting*, vol. 101, no. 10 (Sept. 7, 1981), pp. 86-89.

Interpreting Sec. 605 of the Communications Act to prohibit unauthorized reception of pay-TV signals, a U.S. District Court

has issued preliminary injunctions against eleven companies in Miami for selling signal decoder devices. The companies are enjoined from "interfering with, interrupting, intercepting, receiving, divulging or using plaintiffs' communications . . . without authorization." The injunction also orders the defendants to turn over a list of their customers to the Private Channel Club, the plaintiff in the suit. Plaintiff says it will solicit subscriptions from these people at the same time that it warns them against further unauthorized pickup of its pay signal.

260. Former FCC chairman to lobby for cable TV. *Record World*, vol. 18, no. 1774 (Aug. 1, 1981), p. 11.

The National Cable Television Association (NCTA) has retained former Federal Communications Commission chairman Charles Ferris and his law firm to advise it on legislative matters regarding the copyright law as it affects cable TV. The NCTA opposes abolition of the cable compulsory license.

261. FRIED, JOSEPH P. Convictions thrown out in Sam Goody tape case. *The New York Times*, vol. CXXX, no. 45,023 (July 28, 1981), pp. A1, B4.

Federal District Court Judge Thomas C. Platt has thrown out the convictions of Sam Goody Inc. and a vice president of the company on counterfeit-tape charges and accused the prosecution of misconduct. In throwing out the convictions, the judge held that the jury's deliberations at the original trial might have been "tainted" by various conditions. One of these was the prosecutor's "attempted cover-up of false statements" given by an FBI agent who was a prosecution witness at the trial. Defendants had been convicted of two counts of interstate transportation of illicit merchandise and three counts of criminal copyright infringement.

262. FUJITA, SHIG. Japan's rental shops spark controversy. *Billboard*, vol. 93, no. 32 (Aug. 15, 1981), pp. 1, 76, 78.

Japan's recording industry is waging a campaign against retail record rentals, which it fears encourages home taping and could ultimately stymie the country's record manufacturers. CBS/Sony, which is purported to be leading the fight, is sending circulars to its dealers and retailers explaining the adverse effects the shops have on the record industry and reiterating assertions made by the Japan Phonograph Record Assn. that the record rental busi-

ness is illegal. The circulars also ask the dealers not to sell to record rental shops and warns that steps will be taken to curtail record and tape supplies of anyone not complying with the request.

263. GARY, CHARLES L. News on copyright. *Oregon Music Educator* (Spring 1981).

A short discussion on the Copyright Royalty Tribunal and its responsibilities of making adjustments in the copyright royalty rates for the compulsory license for the making of phonograph records, for coin-operated record players and for the use of works in non-commercial broadcasting. The rate for a compulsory license has been increased to four cents per song or $\frac{3}{4}$ cents per minute of playing time.

264. GELMAN, MORRIE. Mass. test of copyright law could inhibit cablers' pickups of excerpts from local TVs. *Variety*, vol. 304, no. 2 (Aug. 12, 1981), pp. 41, 56.

A federal court in Boston has temporarily enjoined the Entertainment Sports Programming Network (ESPN) and five of its affiliates from picking up and transmitting highlights of Boston Red Sox and Boston Bruins games. The two teams and New Boston Television, Inc., the plaintiffs in the action, maintained that the defendants made a practice of "taping . . . game broadcasts off the air, excerpting as much as two minutes and offering these excerpts to cable affils as part of an ESPN program package," but the defendants argued that their use of two-minute excerpts was 'fair use.'

265. GUILD, HAZEL. West German lp, cassette sales dented by home taping epidemic. *Variety*, vol. 304, no. 4 (Aug. 26, 1981), p. 75.

A recent study shows that approximately 64% of West German households have one or more cassette recorders, the main source of their copying being radio music programs from which they take about 68% of their music. More than 445 million blank cassettes have been purchased and almost all of them are used to record either international pop music or German hits.

266. HARRIS, PAUL. C'right panel urges retention of compulsory cable license. *Daily Variety*, vol. 192, no. 14 (June 25, 1981), pp. 1, 11.

Members of the Copyright Royalty Tribunal (CRT) told a

House judiciary subcommittee that they were against legislative proposals that would alter or eliminate the cable compulsory license and change the CRT's structure and authority. They argued that the justification for maintaining the cable license is greater than for any of the other compulsory license plans—records, jukeboxes and public broadcasting—that it administers.

267. Hearing on c'right suit vs. Mel Brooks will be Aug. 17. *Daily Variety*, vol. 192, no. 46 (Aug. 10, 1981), p. 4.

William Arnold and Noel Marshall have filed a copyright infringement suit against Mel Brooks and others. The complaint states that the defendants used "Shadowland," a book written by Arnold, as a basis for their upcoming film entitled, "Frances". Both works are about the life of Frances Farmer, but Brooks says that the screenplay is an "independent creative effort." Plaintiffs seek \$5 million in punitive damages and injunctive relief.

268. HELOPALTIO, KARL. Finn first: six fined for pirate cassettes. *Billboard*, vol. 93, no. 37 (Sept. 19, 1981), p. 71.

A court action in Turku, Finland involving the importation and marketing of pirated prerecorded cassettes ended with \$10,000 in damages and fines being levied against two Finnish sailors. A similar case that was tried in nearby Vantaa, resulted in four men being ordered to pay \$15,000 in compensatory damages.

269. HENNESSEY, MIKE. Blanket licensing no photocopying answer: says U.K. publisher. *Billboard*, vol. 93, no. 29 (July 25, 1981), p. 37.

Jonson Dyer, a former president of the U.K.'s Music Publishers Association, wrote an article for the May issue of the *European Intellectual Property Review*. In it he says that recent surveys indicate that up to 60% of the material duplicated in educational institutions is printed music, most of which is copied without authorization and involves copyright infringement. The article goes on to say that photocopying has grown to such proportions that it is threatening the livelihood of writers and publishers. Dyer writes that some way should be found to compensate copyright owners, but he rejects blanket licensing as a solution to the problem and points out what he considers to be a flaw in a 1977 report that made that recommendation.

270. HOLLAND, BILL. Copyright Register Ladd to support performance royalty, anti-piracy bill. *Record World*, vol. 37, no. 1773 (July 25, 1981), p. 149.

In a document prepared for House hearings on H.R. 1805, the Performance Rights Royalty Bill, and H.R. 3530, the Anti-Counterfeiting Bill, Register of Copyrights David Ladd stated his support for both measures. In endorsing H.R. 1805, he indicated that, in his agency's view, there is no justification for denying the recording industry "compensation for the public performance or recordings from which the user enjoys financial gain." With respect to H.R. 3530, the Register suggested, however, that the bill's proposal to transfer the penalties for criminal infringement be redrafted "since the jurisdictional base of the U.S. Code sections is limited in some cases, at present not mentioning provisions on forfeiture and destruction of infringing copies of records, tapes and movies."

271. HOLLAND, BILL. Performance and counterfeit bills scheduled for congressional attention. *Record World*, vol. 18, no. 1779 (Sept. 5, 1981), pp. 3, 51.

October 15 and 17 have been set aside for possible markup of the performance rights bill and the bill to increase penalties for pirating and counterfeiting. A House of Representative staff member indicated that if the bills' sponsors and the subcommittee chairman "feel they have the votes," the two proposals will be considered for markup along with several other pending copyright matters.

272. HOLLAND, BILL and JEFFREY PEISCH. RIAA and CBS petition for rehearing of copyright issue; publishers intimate they will sue if labels don't pay. *Record World*, vol. 18, no. 1781 (Sept. 19, 1981), pp. 3, 47.

With the release of the U.S. Court of Appeals' written opinion upholding the Copyright Royalty Tribunal's decision increasing the mechanical royalty rate to four cents, publishers say the rate is law and they will bring suit against any record company that fails to pay the new fee. National Music Publishers Assn. members will be discussing the payment issue at an upcoming meeting because there is a feeling that some labels may resist paying the new rate in that the "RIAA is proceeding on the assumption that while the appeal process is still in motion, the new rate is not yet law."

The Association and CBS are currently seeking a full-court rehearing of the mechanical rate decision.

273. HOOS, WILLEM. Dutch court puts the whammy on cable TV use by film pirates. *Variety*, vol. 304, no. 8 (Sept. 23, 1981), p. 75.

Eleven U.S. film companies have won a victory in their court battle against Kabel Televisie Amsterdam. The companies brought the suit to make the defendant, Amsterdam's cable TV operator, take steps to prevent pirates from using its system. In finding for the plaintiffs, a Dutch court "overruled a previous decision that Kabel Televisie could not be held responsible for pirates who in effect hitch a free ride on the town's cable network." The cabler was given until October 1 to implement preventive measures or be subject to a fine of approximately \$25,000 for each violation by a pirate.

274. HOOS, WILLEM. Dutch dilemma: sales lag, dubbing, and piracy blamed. *Billboard*, vol. 93, no. 35 (Sept. 5, 1981), p. 57.

During a ninety-minute radio program on the local record business, Leo Boudewijns of the Dutch Division of IFPI said that the industry has experienced financial losses for the past three years. He attributed this, in part, to home taping. Aad Kosto, a socialist member of the Dutch parliament, said that the current Dutch copyright law does not prohibit copying for one's personal use. He noted, however, that he feels that the law should be updated.

275. HOROWITZ, GARY. The case for the designer belt buckle: the problem of copyrighting utilitarian objects. *Art & the Law*, vol. VI, no. 3 (1981), pp. 59-66.

A discussion about a copyright case, *Kieselstein-Cord v. Accessories by Pearl, Inc.*, and a look at the constitutional basis for the protection of utilitarian objects and protection under the 1976 act and the 1909 act.

276. HOROWITZ, IS. BMI settles with CBS in antitrust finale. *Billboard*, vol. 93, no. 32 (Aug. 15, 1981), pp. 1, 14.

CBS' antitrust suit against BMI and ASCAP has ended with a five-year settlement agreement under which the network agreed to pay BMI approximately \$43 million—\$5.5 million in supplemental payments and the remainder in graduated annual fees

that will level off at \$8.3 million in 1985. ASCAP reached its settlement with CBS about a month ago, negotiating a deal of \$51 million. In the suit, CBS had charged that the blanket license offered by the performing rights organizations was in violation of antitrust laws. The Supreme Court after almost twelve years of litigation rejected the broadcaster's claims and ruled in favor of the societies in March of this year.

277. HOROWITZ, IS. U.S. counterfeiting dips but bootleggers taking up slack—RIAA. *Billboard*, vol. 93, no. 33 (Aug. 22, 1981), pp. 1, 10.

Jules Yarnell reports that record counterfeiting has declined in the past six months due to concentrated antipiracy efforts by the Recording Industry Association of America and law enforcement authorities. With most of the attention focused on counterfeiting, bootlegging, which is the recording and repackaging of legitimately manufactured product, increased. Yarnell, who is the RIAA's antipiracy counsel, says that bootlegging activity extends to the taping and marketing of live concert performances as well as motion pictures. Therefore, his organization will be devoting more time to combatting bootlegging and coordinating efforts with motion picture groups.

278. Industryites were biggest customers of alleged pirate. *Variety*, vol. 304, no. 8 (Sept. 23, 1981), p. 77.

Reportedly, Les Szarvas, owner of Discontinued Records, will soon be arraigned on piracy charges as the result of an investigation into his business practices by the Recording Industry Association of America and the Burbank police. Szarvas allegedly was engaged in selling unauthorized tape copies of records in his library that were no longer available in record company catalogs. Members of the recording industry have been accused of being Szarvas' biggest customers.

279. INTV, united video take their turns at copyright bat. *Broadcasting*, vol. 101, no. 2 (July 13, 1981), pp. 26.

In testimony before the House Subcommittee on Courts, Civil Liberties, and the Administration of Justice, the Association of Independent Television Stations called for the elimination of compulsory licensing or mandate syndicated exclusivity protection to solve present marketing inequities. Herman Land, president of the Association, made these remarks at the fifth series of hearings

on cable copyright laws. He also said that no commercial user of copyrighted programs should be totally exempt from liability, but if the subcommittee must exempt some systems, it should exempt only unaffiliated systems with fewer than 1,000 subscribers.

280. Israel showbiz unions seek common front; copyright is a factor. *Variety*, vol. 304, no. 5 (Sept. 2, 1981), p. 33.

All of Israel's creative artists' unions, including unions of actors, stage and film directors, musicians and broadcasters, met recently to form a single organization to lobby and speak for their joint interests and needs. Among matters of concern at this first meeting were copyright law revision, performers' rights and "legislation that would facilitate the life of local artists and make their output easier to market."

281. Jacobs to seek reinstatement of Goody Inc. verdict. *Variety*, vol. 304, no. 7 (Sept. 16, 1981), p. 63.

The government will seek reinstatement of the conviction of Goody Inc. vice president Samuel Stolon. A jury found the Goody chain and Stolon guilty on copyright infringement and interstate transportation of stolen property counts in April. But the trial judge, Thomas C. Platt, set aside the convictions and ordered a new trial after finding that contradictory testimony and the inclusion of racketeering charges in the original indictment "tainted" the jury's deliberations. The federal prosecutor in the case indicated that in addition to appealing the overturned convictions he will seek the replacement of Judge Platt at the new trial.

282. JENSEN, TIM. The selling of Picasso: a look at the artist's rights in protecting the reputation of his name. *Art & the Law*, vol. 6, no. 3, pp. 77-79.

T-shirts with Picasso's image were sold in front of MOMA by unlicensed vendors. Picasso's heirs had stated specifically they did not want T-shirts licensed. A summons and a preliminary injunction were served upon a number of T-shirt vendors although that did not stop the sales completely. This article goes on to discuss in depth how successful preliminary injunctions are as a remedy for unauthorized trademark usage on T-shirts.

283. JONES, PETER. Bar in U.K. to Canadian imports falls. *Billboard*, vol. 93, no. 32 (Aug. 15, 1981), pp. 8, 77.

A High Court ruling enjoining the importation of Canadian-manufactured albums into the U.K. by way of Holland was overturned by the Appeal Court pending a full appeal hearing. The rulings were handed down in a suit filed by the British Phonographic Industry on behalf of Chrysalis, the BBC and CBS Records against a U.K. import conglomerate. At issue in the suit is not the question of whether the Canadian parallel albums infringed the U.K. copyright law but whether "indirect imports via Holland" violate the law. Simon Records and its group of companies, the defendants in the action, argue that they do not because the Treaty of Rome allows "free movement between member states of products made in a third country which are in free circulation in a member state."

284. JONES, PETER. U.K. retailer told: no more counterfeits. *Billboard*, vol. 93, no. 29 (July 25, 1981), pp. 3, 62, 67.

The U.K. High Court has found Warren Goldberg, Britain's largest record importer, guilty of dealing in counterfeit records. The suit, which was brought by Motown Record Corp. and EMI Records Ltd., charged that the defendant was importing Portuguese counterfeits and distributing them in the U.K. Pursuant to the court's finding, Goldberg agreed to turn over the albums involved and to divulge details and documents regarding their importation and distribution.

285. JONES, PETER & NICK ROBERTSHAW. Govt nixes tape tax, jolting U.K. industry: in 'Green Paper.' *Billboard*, vol. 93, no. 29 (July 25, 1981), pp. 1, 62.

The British government's Green Paper on copyright reform concludes that (1) "photocopying for private study by individual students and libraries should be allowed to continue"; (2) the need exists for a copyright tribunal with broader scope than the current Performance Right Tribunal; and (3) record producers are entitled to royalty payments for records played for guests in hotels and holiday camps. The Paper recommends strengthening criminal remedies for copyright infringement, creating a new criminal offense of possession of an infringing copy in the course of trade and broadening "the scope for award of penal damages for flagrant infringements." To the disappointment of the record industry, however, the paper rejects a tax on blank tape and audio/video hardware to help compensate for losses from home taping.

286. KAHN, HENRY. Direct club licenses by French composer. *Billboard*, vol. 93, no. 37 (Sept. 19, 1981), p. 64.

Complaining that the copyright fees are exorbitant, French disco owners are threatening to negotiate music use licenses with composers and writers who are not members of SACEM, France's copyright society. This idea was thought to be unrealistic until recently when Armand Moulin, a composer and former SACEM member who has been working directly with discos for four years, said he was prepared to enter into agreements with discos, restaurants and other public establishments for the use of his music. Moulin indicated that he thinks others might follow his lead.

287. KIRK, CYNTHIA. St. Loo vid outlet operators sentenced in film piracy case. *Daily Variety*, vol. 192, no. 35 (July 24, 1981), p. 8.

This article reports on several film piracy-related cases. In the first three, the owners of Bonnie & Clyde Video in St. Louis were fined and sentenced to jail terms, the owner-operators of the Video Exchange Club in Austin, Texas were indicted on copyright infringement charges and Peter Arcabascio, d/b/a Home Video Inc. in Chicago, was to be arraigned for copyright violations. The last case is one in which the FBI agents in Eno, Ohio seized over a thousand master copies of feature films, twelve videorecorders, two videodisk players and a film chain from the home of Lonnie Fisher.

288. KIRK, CYNTHIA. Uncharted waters in the licensing of music for homevid. *Variety*, vol. 303, no. 11 (July 15, 1981), p. 42.

Because a standard royalty formula for music used in videocassettes has not been worked out as yet, some video producers are negotiating broad rights usage agreements on a case-by-case basis. Others, however, are using music without proper clearances, realizing that their unauthorized use subjects them to possible copyright infringement actions. This article explores these and other problems facing music publishers, unions and producers in the area of music licensing for the homevideo market.

289. KNAPSCHAEFER, JOHANNA. Equating copyright to competition. *Cablevision*, vol. 6, no. 48 (Aug. 10, 1981), p. 19.

Jack Valenti, president of the Motion Picture Association of America (MPAA), told the Senate Judiciary Committee that the copyright act should be changed to make cable operators compete.

He said that cable systems were geographic monopolies that should not be immune to competition. Vincent Wasilewski, president of the National Association of Broadcasters, agreed with Valenti's opinion and added that cable no longer needs a 'Robin Hood' copyright law, subsidizing its basic services at the expense of broadcasters and program producers.

290. KRISTOF, NICHOLAS D. A new line of video games: battle the 'pirates.' *The Washington Post*, vol. 104, no. 255 (Aug. 17, 1981), pp. A17.

This article discusses the U.S. government's battle against pirates who steal computer secrets and copy video games. Such video games as Asteroids, Space Invaders and Pac Man have become a national craze with coin-operated machines located in arcades and restaurants. Pirates buy video games and dissect them, remove the circuit boards and reproduce the electrical circuitry that controls the displays. Then, with a small machine like a tape recorder, they can get a few tiny computer chips in the original game, its "brains," and spill out the computer program that makes the game run. Policing the pirates is difficult because the turnover of games is rapid and video games are different from other copyrighted materials like films and books since the games depend on the player—every play is different. To combat the problem, thirteen video game manufacturers have formed the Amusement Device Manufacturers Association, based in Chicago.

291. Labels asked to pay for disk airtime. *Billboard*, vol. 93, no. 33 (Aug. 22, 1981), p. 54.

The National Federation of Free Radios in France has recommended that record companies pay for record airplay. Apparently, it bases its proposal on the fact that free radio provides about the best form of record promotion that is available in France. What is widely accepted, however, is that the free radio stations depend on records to attract and hold the audiences they need to succeed.

292. Labels in piracy-plagued Nigeria convince gov't. problem exists. *Billboard*, vol. 93, no. 36 (Sept. 12, 1981), pp. 69, 71.

This article discusses record piracy in Nigeria. Robert Oeges of the Decca label (West Africa) says record piracy is big business in Nigeria due to the country's economic problems and the public's

ignorance about piracy and the copyright law. When the law is used against pirates or bootleggers, he says it is ineffective because its penalties are negligible—\$50 fine or a month in jail. Decca and other record companies organized the Anti-Piracy Task Force, therefore, to lobby the government for amendment of the law to impose stiffer penalties.

293. LANDIORIO, JOSEPH S. Amended patent/copyright law alters ownership rights, ups fees. *EDN Design Management* (June 24, 1981), pp. 133-134, 136.

This article discusses PL 96-517, the Act amending the patent and copyright laws. The new law amends the Copyright Act to "define a computer program as a set of statements or instructions to be used directly or indirectly in a computer to bring about a particular result." It also refers to a computer program's owner as a copyright owner and lists certain acts that do not infringe the copyright in a computer program.

294. Law & regulation: defying bureaucratic gravity at the Copyright Royalty Tribunal. *Broadcasting* (June 1, 1981), pp. 62, 64-65.

The Copyright Royalty Tribunal, one of the federal government's smallest agencies, has been the subject of much controversy in recent months. This article talks about the issues involved in that dispute as well as about the Tribunal, its members and responsibilities. A biographical sketch of each of the four commissioners is also provided.

295. L.B. man is indicted in Ohio piracy scheme. *Daily Variety*, vol. 192, no. 45 (Aug. 7, 1981), pp. 1, 22.

Simon and Sara Kaufman and six other people have been indicted on copyright infringement and mail fraud counts resulting from an eighteen-month national undercover film piracy investigation. The indictments were brought by a federal grand jury in Cleveland, Ohio.

296. Legal charges v. S. African piracy. *Variety*, vol. 304, no. 6 (Sept. 9, 1981), p. 54.

Omar Kaczmarczyk, an American film distributor based in Switzerland, is seeking to bring suit against video pirates in South Africa who have been illegally copying and distributing his titles. He indicated that legal proceedings had been successful against

pirates in West Germany and that similar tactics are being employed against "illicit dealers in The Netherlands and the United Kingdom."

297. LICHTMAN, IRV. Rent-A-Record bows unit in U.S. *Billboard*, vol. 93, no. 37 (Sept. 19, 1981), pp. 3, 6.

Rena's Rent-A-Record, a Canadian franchise chain, has opened a shop in Rhode Island. Reportedly, consumer response to the rental idea has been excellent, but some industry figures say that rentals will "further stimulate home taping." David Nan-coff, who originated the Rena concept, does not deny the charge, but he claims that, apparently for reasons of compensation, all "franchisers are obliged to put aside 15 cents per rental for payment to mechanical agencies."

298. LOYND, RAY. Script plagiarism cases keep apace; 'Shampoo' hits appeal. *The Hollywood Reporter*, vol. CCLXVIII, no. 2 (Aug. 10, 1981), pp. 1, 4.

This article focuses on Bernice Mann's appeal of the decision in her suit against Warren Beatty and others. The complaint charges that "Shampoo", written by Beatty and Robert Towne, is a plagiarism of a work entitled "Women Plus" that plaintiff submitted to Columbia Pictures in 1973. A jury rejected the plagiarism claim but awarded Mann \$185,000 for breach of an implied contract. The trial judge later overturned that award, entering a summary judgment for the defendants. In addition to the Mann suit, two other current plagiarism actions involving major motion pictures are also discussed.

299. MAITLAND, LESLIE. From Schwarzburg to Flatbush. The mysterious journey of Hans and Felicitas Tucher. *Artnews*, vol. 80, no. 7 (Sept. 1981), pp. 78-84.

An article reconstructing a twelve-year legal battle over two Durer portraits that were stolen, resold, and now, according to the ruling of a federal judge, must be returned to an East German museum. The case is now on appeal as the participants still do not agree who stole the paintings. The paintings, worth \$10 million, have passed through the hands of a Grand Duke, a museum in the Weimar Republic, the German Army in World War II, an American soldier and finally to an attorney who is also an art dealer and collector living in Brooklyn. This case has involved

both U.S. and German law, including theories on the rights of possession in Germany and U.S. military law imposed on Germany by occupation forces.

300. MANNING, MARY JO. Cable television: challenge of the 80s. *TVC* (June 1, 1981), pp. 229, 232-233.

This article provides an in-depth discussion of the cable industry. It points out that since its emergence in the late 1960s the industry has overcome many obstacles, including FCC signal and exclusivity rules, pay restrictions, serious economic recession and access requirements, to become the recognized entertainment medium that it is today. It talks about alternative communication mediums such as STV, MDS, DBS, low power TV and videocassettes/discs and examines such cable issues as copyright, franchising and deregulation. Attention is also focused on cable's competitors, especially AT&T, and its opportunities for the future.

301. MCCULLAUGH, JIM. See rent-only vid plan abroad. *Billboard*, vol. 93, no. 36 (Sept. 12, 1981), p. 4.

WEA International reports that it is implementing all-rental video programs in countries outside the U.S. The rental plan, which will vary from country to country, should be operational within sixty days, says WEA vice president Lee Mendell. Without revealing any specifics, Mendell said that "the 'umbrella' plan internationally involves short-term rental, short-term renewal and no great cash outlay for the dealer who leases."

302. Meta Film copyright suit vs. 'Animal House' moves forward. *The Hollywood Reporter*, vol. CCLXVII, no. 50 (Aug. 6, 1981), pp. 1, 21.

In Meta Films Associates' \$55 million copyright infringement suit against Universal, more than forty depositions have been taken, with more scheduled for the near future. The complaint charges that the comedy film "National Lampoon's Animal House", is a theft of a script titled "Frat Rats" which Meta submitted to Universal in the hopes that a co-production deal could be negotiated. Plaintiffs maintain that the two works have more than fifty similarities "in character and events."

303. MIDAS, SOPHIA. CBS Video placing product in racks; sixty Sears

stores will be involved. *Record World*, vol. 18, no. 1780 (Sept. 12, 1981), pp. 3, 23.

CBS Video Enterprises has coordinated a program whereby four distributors are servicing sixty Sears stores with videocassettes. Under the program, CBS Video, acting as a clearinghouse for orders, will credit the distributors upon receipt of delivery invoices and then bill Sears. Currently Sears is only handling the sale of cassettes but, reportedly, is studying a rental plan which it may initiate in the near future.

304. MIDAS, SOPHIA. Warners unveils all-rental video plan. *Record World*, vol. 18, no. 1780 (Sept. 12, 1981), pp. 3, 22.

Warner Home Video (WHV) is implementing an all-rental plan beginning September 8. This is the first such plan to be introduced in the home video industry, and in this article, WHV president Mort Fink explains why his company is adopting a rental policy. He talks about the terms of the new program, noting that once the plan is implemented WHV will no longer sell videocassettes. Briefly, the rental plan allows a dealer to "license a WHV cassette on a weekly basis for a fee" for up to six weeks. The longer the dealer keeps the product, the larger his profit margin, increasing from 25% in the first week to 60% in the sixth week.

305. NAPL news notes. *Pacific Printers Pilot* (June 1981).

Printers are requesting that the clause on manufacturing be retained in the Copyright Act to prevent foreign printers from printing books copyrighted in the U.S. To illustrate the problem, the author provides a history of the Australian book manufacturing industry and the problems the industry encountered when publishers went to cheaper printers in the Far East.

306. Negotiation experts fight rather than negotiate. *Copyright Management*, vol. IV, no. 8 (Aug. 1981), pp. 2-3.

A copyright infringement suit was recently filed against Herb Cohen, author of "You Can Negotiate Anything". Gerald Nierenberg and Ralph Charell, plaintiffs in the action, allege that Cohen's book was substantially copied from five of their publications. Plaintiffs seek an injunction against further sale and distribution of the Cohen book, destruction of all copies and plates of the book and damages.

307. N.F.L. asks court to restrict cable TV. *The New York Times*, vol. CXXX, no. 45,073 (Sept. 16, 1981), pp. B12.

The National Football League has petitioned the Supreme Court, requesting a restriction on cable telecast of games. The N.F.L. said in its petition that unrestricted cable televising of games "threatens substantial injury" to it, and urged the Court to overturn a Federal Communications Commission decision permitting such telecasts. The dispute focuses on the FCC decision to relax "distant signal rules" that restrict the number of out-of-town television stations a cable system may offer a particular area. The Court of Appeals for the Second Circuit has upheld the FCC.

308. PEISCH, JEFFREY. U.S. execs respond to U.K. 'Green Paper.' *Record World*, vol. 18, no. 1775 (Aug. 8, 1981), pp. 3, 60.

The British recording industry decried the U.K. government's failure to recommend a levy on audio and video equipment in its Green Paper on copyright and home taping. The reaction in America was mixed, with many industry leaders responding negatively to the "Paper" while, at the same time, expressing doubts as to the practicality of a blank tape levy as a solution to the home taping problem. U.S. publishers and record manufacturers had hoped, however, that the British government would make some recommendations with respect to the home taping controversy that would set a positive precedent.

309. Plagiarism suit filed over Fox' "Making Love". *Daily Variety*, vol. 192, no. 28 (July 15, 1981), p. 18.

Gordon Glasco has filed a plagiarism suit against Dan Melnick, 20th Century-Fox and others. The complaint states that plaintiff delivered a copy of his "Second Nature" novel to defendants in March of 1978 and alleges that the defendants, thereafter, used the work as a basis for their screenplay entitled "Making Love". Plaintiffs seek "\$1,000,000 in general damages, \$1,000,000 for loss of royalties, merchandising and record sales and \$1,000,000 in punitive damages."

310. PRICE, DAVID. Ferris defends copyright act. *Cablevision*, vol. 6, no. 46 (July 17, 1981), p. 49.

In his remarks before a House subcommittee hearing on cable, former FCC chairman Charles Ferris said that there is no

need to amend the copyright law and no justification for legislation reimposing syndicated exclusivity and distant signal rules. When asked about the must carry rules, he said that they should be retained because at present there are technological barriers to eliminating them.

311. Prorate royalties: NCTA implores Copyright Office. *The Hollywood Reporter*, vol. CCLXVIII, no. 23 (Sept. 9, 1981), pp. 1, 9.

The Copyright Office has been asked to conduct a rule-making session to consider the question of cable systems prorating royalty fees. The National Cable Television Assn., which made the request, wants the royalty fees to be based on actual distant signal carriage. It says that under the existing payment scheme copyright owners are unduly compensated for works not actually retransmitted by cable because a system carrying a distant signal for any portion of a given accounting period has to pay "for all the non-network programming shown by that station during the entire six months." The NCTA also has raised questions as to the Copyright Office's authority to accept or reject a cable system's statements of account.

312. Pubbery sues Atlantic, songwriters for alleged copyright infringement. *Variety*, vol. 304, no. 3 (Aug. 19, 1981), p. 65.

Atlantic Records and others have been sued for copyright infringement by Boardwalk Music in connection with their alleged unauthorized use of a song by Richard Fields and Belinda Wilson. Plaintiff seeks to "enjoin the defendants from continuing their alleged infringement and to assess them for damages, including legal costs."

313. RITZER, TERI. Industry should speak out for copyright change: Mathias. *The Hollywood Reporter*, vol. CCLXVIII, no. 36 (Sept. 28, 1981), p. 3.

Addressing a luncheon group at the Motion Picture and TV Assembly, Senator Charles Mathias encouraged entertainment industry leaders to speak up regarding specific changes they would like to see in the area of copyright. He told the group that there is a move on Capitol Hill to minimize direct federal involvement in the decision-making processes of business because Congress recognizes "that business was shackled by too many unnecessary rules and regulations in the 1970s." He urged in-

dustry spokesmen, therefore, to voice any matters in which they would like government intervention.

314. ROBBINS, JIM. Foreign rights dispute as to 'Napoleon' beyond France & U.S. *Variety*, vol. 304, no. 7 (Sept. 16, 1981), pp. 7, 38.

A dispute has arisen regarding the distribution rights to the reconstructed Carmen Coppola-scored version of "Napoleon" by Abel Gance. Claude Lelouch has exclusive rights for French Territories and Francis Coppola jointly with Robert Harris' Images Film Archives has the rights in the U.S., but the subject of the dispute is the distribution rights in territories outside of France and the United States. Also at issue is the question of how many versions exist of the silent film—two or three.

315. SAMPSON, JIM. Germans set tape tax meet in Bonn. *Billboard*, vol. 93, no. 35 (Sept. 5, 1981), pp. 6, 50.

The German Ministry of Justice has scheduled hearings for September 17th to discuss "compensation for rights holders for revenues lost through home taping." The music industry is expected to push for passage of a blank tape levy even though last year the Ministry rejected the tax, proposing instead "an increased royalty surcharge on recording hardware."

316. SAMPSON, JIM. Vid piracy 'out of control,' says GEMA in Germany. *Billboard*, vol. 93, no. 33 (Aug. 22, 1981), pp. 1, 56.

Video piracy is running rampant in West Germany and local piracy investigators attribute it to "inadequate laws and penalties plus inconsistent support from the authorities." Reportedly, 70 to 80% of this illicit trade is controlled by the underworld which, via bribes and threats, is able to obtain feature films shortly after they are premiered and transfer them for duplication onto home video tapes. Video piracy is a civil crime under German law. Therefore the copyright proprietor has to establish that the law has been broken before authorities can go after offenders.

317. SIPPEL, JOHN. Trade wants specifics on Warner vid rentals: wholesalers distressed. *Billboard*, vol. 93, no. 36 (Sept. 12, 1981), pp. 1, 86.

Reportedly, CBS/MGM Home Video postponed announcement of its video rental plan due to wholesalers' reaction regarding WEA-Warner Home Video's rental-only concept. The

wholesalers say that they want more specific operational details concerning rentals and their role as what Warner terms "master licensors." Several expressed the feeling that the new policy will create a deluge of paperwork for them, nurture piracy, and cause many other problems.

318. SOBEL, LIONEL. Legal briefs. *The Hollywood Reporter*, vol. CCLXVII, no. 31 (July 10, 1981), p. 18.

This article discusses whether satellite relay companies have the right to retransmit the signals of superstations and examines a law suit in which this is the main issue. Broadcasters and copyright owners argue that while the Copyright Act authorizes cable's retransmission of broadcast signals via the compulsory license, it does not permit the activities of satellite relay companies which pick up and relay the signals to the cable systems. Therefore, they challenge the companies' right to relay programming without consent. The satellite relay companies maintain that they are "carriers" and that the Copyright Act exempts their activities from copyright liability.

319. SOBEL, LIONEL. Legal briefs. *The Hollywood Reporter*, vol. CCLXVII, no. 41 (July 24, 1981), p. 16.

The Loyola Law School recently published the first issue of a new law review entitled "Entertainment Law Journal". The Journal is purported to be the first review devoted entirely to entertainment law. The inaugural issue contains articles written by Barbara Ringer, Arthur Katz and Stuart Brotman. Subjects covered in the articles include authors' rights, summary judgment in copyright cases, developments leading to the creation of the Copyright Royalty Tribunal and negotiation of recording contracts. There are several student pieces and a "directory of California law firms specializing in entertainment law."

320. SOBEL, LIONEL. Legal briefs. *The Hollywood Reporter*, vol. CCLXVIII, no. 1 (Aug. 7, 1981), p. 20.

This article looks at two copyright infringement suits in which the court levied large money judgments against the defendants. In the first case, *Roy Export Co. v. CBS*, plaintiff was awarded \$725,000 for defendant's unauthorized broadcast of a thirty-minute retrospective on Charlie Chaplin's career on the day following his death. The second suit, *Abkco Music v. George Harrison*, resulted

in the defendant being ordered to pay \$587,000 for what was termed his subconscious plagiarism of the melody of the tune "He's So Fine" for his hit song "My Sweet Lord".

321. SOBEL, LIONEL. Legal briefs. *The Hollywood Reporter*, vol. CCLXVIII, no. 6 (Aug. 14, 1981), p. 16.

This article discusses the various aspects of the legal dispute between 20th Century-Fox and Universal City Studios regarding three science fiction films. In 1978, Fox filed suit against Universal alleging that "Battlestar Galactica" infringed the copyright in "Star Wars". Universal counterclaimed charging that "Star Wars" was an infringement of the film "Silent Running".

322. SOBEL, LIONEL. Legal briefs. *The Hollywood Reporter*, vol. CCLXVIII, no. 11 (Aug. 21, 1981), p. 18.

This article traces the copyright infringement suit filed by Pulitzer Prize-winner Gene Miller against Universal from the federal district court to the appeals court. Miller wrote a book entitled "83 Hours Till Dawn" based on the true story of Barbara Mackle's kidnapping in 1968. The book was published in 1971, after which it was condensed in *Reader's Digest* and serialized in *Ladies' Home Journal*. Thereafter Universal produced a film dramatizing the Mackle story and Miller brought the suit alleging that the motion picture was based on his book.

323. SOBEL, LIONEL. Legal briefs. *The Hollywood Reporter*, vol. CCLXVIII, no. 25 (Sept. 11, 1981), p. 53.

Mr. Sobel discusses the suit involving Superman and the fictional character in ABC's "The Greatest American Hero" series, Ralph Hinkley. The owners of Superman filed the action alleging that Hinkley infringed the copyrights in their character. The U.S. District Court in New York ruled, and the Court of Appeals agreed, that a "comparison of the characters Ralph Hinkley and Superman and their respective stories reveals . . . that they are so dissimilar as to preclude a finding of substantial similarity." The similarities put forth by Superman's owners were found to be in theme or general idea only and not in the expression of those ideas.

324. SPENCER, HAL. Copyright and wrongs. How to keep your customers from breaking the law. *Bookstore Journal* (July 1981), pp. 148-149.

The author warns that the use of a copyrighted piece of music for whatever purpose "requires permission from the copyright owner before any reproduction can be made." The author urges ministers and choir directors to assume greater responsibility in stopping illegal reproduction of copyrighted church music.

325. Sticky issue in WGN-United Video case. *Broadcasting*, vol. 101, no. 10 (Sept. 7, 1981), p. 89.

This article discusses the copyright infringement suit filed by WGN Continental Broadcasting Co. against United Video Inc. At issue is whether the defendant, a common carrier, violated the copyright law by removing the teletext portion of plaintiff's signal, replacing it with material of its own before retransmitting the signal to cable TV systems. Plaintiff contends that by altering the signal, defendant "exercised direct control over the content of a primary transmission of the programming," in violation of the Copyright Act.

326. Still more opinions on copyright. *Broadcasting*, vol. 100, no. 26 (June 29, 1981), pp. 45.

Barbara Ringer, former Register of Copyrights, told the House Subcommittee on Courts, Civil Liberties, and the Administration of Justice that it should replace compulsory licensing for cable with a system of "agreed licensing" similar to that used to determine fees for public broadcasting. She also said that the elimination of the FCC's signal carriage rules had left copyright law "crippled and in urgent need of legislation repair." Compulsory licensing, however, is a "safety net" still needed by the cable industry "if we are to avoid real dangers to the development of our communications system." Her remarks were made during the hearings on H.R. 3560.

327. Talent asked to support tape levy. *Billboard*, vol. 93, no. 29 (July 25, 1981), p. 64.

Peter Kirsten of Global Music is asking members of Germany's music industry to draft a petition urging the government to adopt a blank tape levy. Kirsten is also asking him to personally talk with politicians about home taping and apprise them of the problem it has created.

328. Tape, lp pirates nabbed in south. *Record World*, vol. 18, no. 1779 (Sept. 5, 1981), p. 8.

The Recording Industry Association of America reports that an FBI raid on a residence in Orlando, Florida has led to the arrest of Karriem-el-Amin Shabazz on copyright infringement and interstate transportation of stolen property charges. The Association also announces that Samuel E. Welch, after pleading guilty to criminal copyright infringement, copyright conspiracy and interstate transportation of stolen property counts, was fined \$5,000 and placed on three-years' probation.

329. Tape sales on march, NARM's survey shows; cassettes whomp 8-tracks; blanks bring up rear. *Variety*, vol. 304, no. 4 (Aug. 26, 1981), pp. 69, 75.

The results of the National Assn. of Recording Merchandisers 1980 survey shows that prerecorded audio tapes accounted for 39% of the prerecorded music volume for 1980, which was a 20% increase over comparable figures for 1979. Surprisingly, blank audio tape sales were up only slightly over figures for 1979.

330. TERRY, KEN. BMI offers new block license to settle religious b'cast dispute. *Variety*, vol. 304, no. 8 (Sept. 23, 1981), pp. 77, 80.

BMI is now offering what it calls a block programming license to radio stations that agree to sell a block of time to outside programmers, including nonprofit organizations and those who put on religious or ethnic programs. The station would also have to broadcast "no more than 5 minutes of BMI-licensed music . . . within a 15-minute segment programmed by the outside group."

331. Three sentenced for copyright violations. *Record World*, vol. 18, no. 1782 (Sept. 26, 1981), pp. 4, 19.

According to information released by the Recording Industry Assn. of America, three men—Jerry Pettus of North Carolina, Jerry Gregory of Oklahoma and Robert Cerrata of Connecticut—were sentenced on copyright infringement charges. Pettus was fined \$25,000 and sentenced to two years in jail, Gregory was placed on three years probation and fined \$7,500 and Cerrata received a one-year suspended sentence.

332. U.K. government proposes stiffer piracy penalties. *Daily Variety*, vol. 192, no. 29 (July 16, 1981), pp. 1, 18.

The British government's copyright revision proposals in-

clude provisions for imposing import restrictions on pirated films and records as well as stiffer penalties for piracy. The measure does not include, however, a surtax on blank tape and recording equipment because the government believes that while home taping hurts record industry revenues, such a tax would be unfair to most consumers.

333. WAY, MICHAEL. Tax disks, not us, say French blank tape firms. *Billboard*, vol. 93, no. 35 (Sept. 5, 1981), pp. 6, 59.

Blank tape manufacturers in France have begun a campaign to counter efforts for a blank tape levy. They propose a tax on records to compensate rights owners for revenue losses due to home taping. The proposal was set out in a nine-page document released by the Syndicat des Industries Electroniques de Reproduction & d'Enregistrement, a group representing the electrical and electronic trades.

334. WCI reward offer for lp piracy tips extended to spring. *Variety*, vol. 304, no. 7 (Sept. 16, 1981), p. 63.

Warner Communications Inc. is extending its \$100,000 piracy fund until next spring. The fund was established to reward record piracy informants for tips leading to convictions. As yet, no arrests nor seizures of illicit product have resulted from tips received, but WCI is hopeful that by spring some of these leads "will bear fruit."

335. WEISSMAN, STEVEN J. Can an artist's copyright be jeopardized? An analysis of current marketing practices in the sale of art works. *Art & the Law*, vol. VI, issue 3 (1981), pp. 66-69.

A look at catalogs used in galleries to display art works and photographs taken to illustrate these articles. The author discusses the concept of "publication" of a work of art, the display of an original work of art and the distribution of photographs or catalogs.

336. WHITE, ERIKA. Copyright protection for architectural structures. *Art & the Law*, vol. VI, no. 3 (1981), pp. 70-74.

A report on copyright protection for architectural structures including a discussion of *Mazer v. Stein* and *Esquire v. Ringer*, a look at copyright protection for architectural plans and drawings and alternative sources of protection for the architect.

337. Who owns the airwaves? *Home Video* (Aug. 1981).

At the request of one of its readers, *Home Video* tries to explain the laws concerning the interception of STV, MDS, pay-cable, etc. signals. In doing so, the article discusses the moral as well as legal aspects of the issue. It discusses off-air-taping, the use of home video recorders and home satellite earth stations, and the Federal Communications Commission's rescission of its licensing requirements for such stations. Attention is also focused on provisions of the Communications Act, the Copyright Act and state laws applicable to the unauthorized reception of pay signals.

2. Foreign

1. England

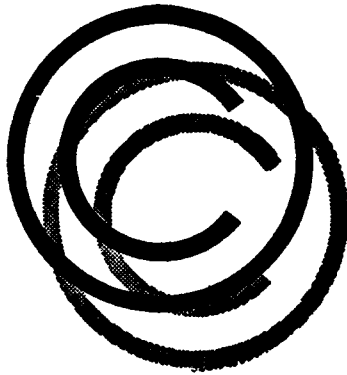
338. GIBB, FRANCES. Authors say 'yes but' to ministers PLR plan. *The London Times* (July 25, 1981), p. 2.

Paul Channon, Minister for the Arts in London, has introduced a draft scheme for public lending rights under which authors will receive payment according to how often their books are borrowed from libraries. The Government is inviting comments on the scheme which comes more than two years after the passing of the Public Lending Right Act of 1979. Mr. Channon said he hoped that after consultation, which closes on December 30th, the scheme could go before Parliament for approval and come into force in the next year.

339. Reform of the law on copyright, designs and performers' protection. *The Bookseller*, no. 3944 (July 25, 1981), pp. 286-290.

A discussion on proposals made for the revision of the law relating to copyright, industrial designs and performers' protection, with particular interest placed on reprography. The copyright protection for computers and the new legislation concerning this protection is also mentioned. The remainder of the article is devoted to type faces, ownership and the term of copyright protection.

JOURNAL
OF THE
COPYRIGHT SOCIETY
OF THE U.S.A.



Published at
NEW YORK UNIVERSITY LAW CENTER

VOL. 29, No. 3

FEBRUARY, 1982

JOURNAL OF THE COPYRIGHT SOCIETY OF THE U.S.A.
(formerly BULLETIN OF THE COPYRIGHT SOCIETY OF THE U.S.A.)

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ISSN 0010-8642

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THE JOURNAL of The Copyright Society of the U.S.A. (formerly the BULLETIN OF THE COPYRIGHT SOCIETY OF THE U.S.A.) is published 6 times a year by The Society at the Law Center of New York University, 40 Washington Square South, New York, New York 10012; Stanley Rothenberg, *President*; Richard Dannay and Alan J. Hartnick, *Vice Presidents*; Theodora Zavin, *Treasurer*; Jerold L. Couture, *Secretary*; Henry R. Kaufman, *Assistant Treasurer*; Raymond D. Weisbond, *Assistant Secretary*.

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CITE: 29 J. COPR. SOC'Y, page no., Item . . . (1982).

**THE
KAMINSTEIN LEGISLATIVE
HISTORY PROJECT:
*A Compendium and Analytical Index
of Materials Leading to the
Copyright Act of 1976***

ALAN LATMAN and JAMES F. LIGHTSTONE, Editors

Published for The Copyright Society of the U.S.A.
and New York University School of Law

This work is a new approach to analyzing legislative history. It provides a three-pronged method enabling the researcher to locate the sources of changes in the development of the 1976 Copyright Act as they occurred.

The Project traces the development of the textual history of each section of the new law, from its earliest embryonic stage as a recommendation by Register Abraham L. Kaminstein in 1961 to its passage into law in 1976. It does so by setting forth each version of language as revision proceeded. The versions of proposed language in each section are set forth by "stopping the action" at twenty important points in the fifteen year legislative process. This process shows how each section evolved, i.e., how the language in each section changed or did not change from the Register's original recommendations through passage. Such tracing in itself is revealing since it is possible to see at a glance when particular language was injected into the legislative process and how well or poorly it endured.

The project does more than compile and set forth the versions of text. In addition, it points the researcher to key developments in the legislative history which connect the various versions of text. These developments (hearings, reports, discussions, etc.) furnish a guide as to how one version of text developed into another. The developments consist of written or transcribed references by a

particular person and/or organization to various aspects of the section under consideration. The need to locate such development references led to a three-fold analytical index. These three alternative methods of finding a development reference are:

(1) key words identifying the specific subject matter of the reference;

(2) characterizations of the nature of references, e.g., statement in opposition, suggestions of amendment, etc.; and

(3) the person and/or organization furnishing the statement in question.

Thus, a particular bit of input to the legislative process of a particular section will be identified by the subject matter of the expected question, the nature of the input and the person doing the speaking or writing.

The Kaminstein Legislative History Project should prove to be an invaluable section-by-section history of the new copyright law and an effective tool to assist judges, lawyers, clients and scholars faced with problems of construction under the Act.

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PART I**ARTICLES****340. NATIONAL REPORTS ON CABLE TELEVISION: ASPECTS OF COPYRIGHT AND MEDIA LAW (SYMPOSIUM OF THE A.L.A.I. IN AMSTERDAM, MAY 1982)****EDITORS' NOTE**

Cable television is raising legal issues in 1982, not only in the United States but in other countries as well. These issues touch a number of areas but often cluster around copyright and communications or media law.

A timely symposium of these subjects is being conducted in Amsterdam, Netherlands from May 16-20, 1982 by the International Artistic and Literary Association (A.L.A.I.) and the Dutch Copyright Association. Reports from a number of countries will attempt to describe and assess the situation from the point of view of copyright and media law.

The JOURNAL has been fortunate to obtain advance English-language texts of a number of these reports which we publish in this issue. The collection opens with the report on copyright from the United States by Register David Ladd. This is followed by reports on the cable television situation in the United Kingdom by Professor W. R. Cornish, in Belgium by Professor Doctor Jan Corbet, in the Federal Republic of Germany by Professor F. Kübler, in Italy by Professor M. Fabiani, in Japan by Professor Teruo Doi, in the Netherlands by Professor Herman Cohen Jehoram and in the Nordic countries by Professor Doctor Gunnar Karnell.

341. A PAVAN FOR PRINT: ACCOMMODATING COPYRIGHT TO THE TELE-TECHNOLOGIES*

By DAVID LADD (U.S.A.)

A Preliminary Reflection

Copyright is a creature of technology—specifically, printing. For centuries now, the print technologies have made the book the essential medium of thought and culture. The strength and completeness of the rights of reproduction and publication in copyright legislation attest to the depth of these technologic roots.

Historically (and contemporaneously), qualifications, limitations or exceptions to copyright have proliferated in the areas of public performance and display rights. In general, however, the legal regimes governing publication and reproduction have remained strong, insulated from erosion by the wake of turbulent technologies.

This insulation may be wearing thin. The historic core of copyright—its strongest redoubt—is under assault. This is due not to any change in our philosophy. Rather, it flows from the growth of technologies which are displacing print as the preferred medium of communication. What once appeared only by print is shifting to dissemination by performance or display. In the United States, the financial failure of long-lived and respected newspapers, and the increasing dominance of television journalism, represented by the recent appearance of 24-hour networks devoted exclusively to news reporting and commentary, are symptomatic.

One of the numerous technologic and economic developments which have fueled the displacement of print by telecommunicators is cable television. Integrating cable into our communications grid has been difficult, and fraught with problems and controversy in copyright. That will continue to be so. How well we deal with those problems will affect whether and how copyright shall survive as the principal conduit of reward for authors.

Technology and Copyright: Linked in Change

In 1970, the Alfred P. Sloan Foundation commissioned sixteen distinguished American economists, scientists, educators and public figures to survey the prospects for cable television communications and weigh its significance. One year later, when, by today's perspective, cable television in the United States still was in swaddling clothes, the Sloan Commission concluded that the advent of cable television compared in

*The assistance of David E. Leibowitz, a Senior Attorney-Adviser in the Office of the General Counsel of the Copyright Office, in the preparation of this report is gratefully acknowledged. No copyright is claimed in this report.

importance to the invention of the printing press.¹ As the printing press freed us from hand copying, so cable television would free telecommunications from the constraints of spectrum space; and we would enter the era of, in the phrase of the subtitle of the Sloan Commission report, the "television of abundance."

At the time, that assessment appeared to some to be an overstatement. Today, it does not. For cable, together with satellite transmission and computer technology, is revolutionizing communications in the United States. The effects are only now becoming manifest.

Much has already been said about the emergence of "post-industrial" society, with its "shift in the kinds of work people do, from manufacturing to services (especially human and professional services) and a new centrality of theoretical knowledge in economic innovation and policy."² And of the services making up post-industrial economic life, none has such contemporary energy, nor points more clearly and urgently toward the future than telecommunications. The truth of the provocative assertion in the late 1960's that "the medium is the message" is unfolding before us: our system of mass communications is determining social organization, and the intellectual and emotional content of our lives. In a fundamental way, information—its creation, transfer, and use—will inexorably shape what kinds of human beings we shall be. As the nineteenth century adopted natural science as the determinant of human growth, our century has adopted technology. Telecommunications will displace printing technique because it is a superior means with which to disseminate information rapidly, organized and directed to individual needs, and much more current and immediate than heretofore possible.

One may well look at the printing press and the book as endangered species. In a personal, perhaps romantic, way this is regrettable. Even if the printed word cannot lead us into the 21st century, it has brought us to the present, and done so rather well. The printed word is something one can continually examine; it permits reflection, judgment, reconsideration, and a kind of human and deepening response that the immediacy of sound and image does not require and often does not permit. Little wonder the chosen instrument for the creation and propagation of our civilization's most fundamental ideas has been the printed word.³

¹ *On the Cable*, Report of the Sloan Commission on Cable Communications, at 3 (1971).

² D. BELL, *THE CULTURAL CONTRADICTIONS OF CAPITALISM*, 14 (Basic Books: 1976).

³ Townsend, Hoopes, President of the Association of American Publishers, in a perceptive and elegant paper, explored the prospects for the book in his remarks before the New York University Conference on Book Publishing: *The Electronic Revolution and the Future of the Book* on January 22, 1982. I hope that his paper will be published and made generally available.

But surely we have learned that neither our fondest attachments nor our deepest qualms can hold the future at bay. The new era in telecommunications has arrived. Its impact is felt around the globe and transcends national boundaries; and because of it, the phrase "the global village" becomes less and less a striking metaphor, and more and more a literal description.

Enough of apocalyptic generalizations. How does all this affect people? In the near term, in a way readily discernible: home communications centers, with wall-size television screens, linked to video cassette and disc players. On the horizon, home computers, connected to multiple, centralized sources of information; data bases and programming delivered by over-the-air broadcasting, cable television, and direct broadcast satellite. Satellites, in fact, are no longer merely on the horizon; they are overhead in the sky. These new technologies are not absolute, either. The intervals between technical advances become shorter and shorter—from theater, to radio, to television, to cable; and now, before cable is fully deployed, home video recording and direct broadcast satellites. Each new technology generates yet a further advance.

Historically, copyright has always been challenged to keep pace with technology. During the transitions from theater to radio and then to television, copyright specialists had the luxury of assessing the copyright implications at some leisure. But, as technological advances occur at a continually accelerating pace, and the only norm is change, the strains on copyright—its theory, law, and commercial practice—intensify concomitantly. It is, therefore, imperative that we try to discern where our technologies may be taking us, so that we may adapt copyright to them—soundly, creatively, and timely. And the pavan for print may be followed by a gigue for the electronic image.

The Growth of Cable Television in the United States

Cable television, the particular technology with which we are concerned here today, began in the United States as a means of delivering over-the-air television signals to areas where reception was inadequate because of topography or distance. For the most part, this meant that cable television came first to the hinterlands—outside our nation's principal population centers and their television transmitters. In its early period, cable merely enlarged audiences for over-the-air television programming, and for that reason, was welcomed by broadcasters.

After it had developed in outlying communities, cable, with its multiple channels and the programs offered on them, became attractive to residents of our large cities. Broadcasters then dug in for a determined struggle to forestall entrance by cable into the major markets. There, broadcasters believed, cable would not merely enhance the visual quality

of local television signals, but also import distant signals and originate programming, thereby diluting established television audiences and threatening established television markets. That belief, and the political strife it produced, continues to the present day. It has affected the copyright law, the regulatory apparatus of the federal government, and the climate in which our Congress is presently re-examining its cable decisions of 1976.

Cable became even more active in all markets in the mid-1970's with the introduction of pay programming—that is, in addition to a complement of broadcast signals, determined by government regulation, an array of originated programming, mostly movies and sporting events, for which the consumer pays a premium over the basic subscription fee. In the wake of this, cable networks developed to supply original programming, distributed first by “bicycling” videotapes, then via telephone lines and microwave relays, and later by satellite. In its Annual Report, the Federal Communications Commission disclosed that revenues derived from pay cable climbed from \$355 million in 1979 to \$575 million in 1980 representing a 62% increase during that interval alone. The Commission also observed that the cable television industry's reliance on pay cable as a source of funds rose from 19.6% of total revenues in 1979 to 25.7% in 1980. This trend is likely to continue.

The coupling of satellite and cable television has fostered many satellite-distributed cable networks carrying programming not available over-the-air. The broad channel capacity of cable television systems permits these satellite-distributed cable networks to cater to specialized tastes of selected viewers, much like special-interest magazines do today. This phenomenon has been referred to here as “narrowcasting.” There are presently thirty-two such networks in operation in the U.S., offering premium motion pictures, educational, cultural, religious, and public affairs programming, 24-hour news and sports programming and live coverage of the U.S. House of Representatives. Some of these networks carry no commercials and require a payment over and above the basic service charge; others are advertiser supported. No less than thirty-three additional satellite-distributed cable networks are in the planning stage. These new services are now so well received by the public that they have displaced improved reception as the basic stimulus for the further penetration of cable television.

Here it should be noted, emphatically, that satellite transmission is important, not merely as an adjunct to cable, but inherently, as an independent system of transmission. Its impact on cable is not yet clearly perceived. It may become the dominant new technology in the succession of radio, television, and cable. What that impact will be, will, of course, be influenced by how copyright protection is adapted to meet the chal-

lenges presented by technological innovation.

Recently, technology has made possible two-way capabilities for cable television; and, an interactive cable system which enables viewers to register their reactions to displayed programs, even to vote on debated issues, has for some time operated in a major American city. Experimentation is now under way with two-way interactive systems which enable the cable subscriber to shop and bank at home, obtain up-to-the-minute stock market quotations, gain instant access to a multitude of computer data bases and programs, send and receive mail electronically, and take academic courses.

The profit potential of all of these services, and their attractiveness to consumers, have changed dramatically the composition and size of the cable television industry in the United States. The tempo of this evolution has increased since the enactment of the Copyright Act of 1976.

Since 1976, the number of subscribers to basic cable services has risen by an estimated 87% to 22.6 million, representing approximately 28% of American television homes. By the end of this decade, the number of cable subscribers is expected to swell to approximately 58 million. Most of this growth will take place in the major U.S. television markets.

What was once an industry composed principally of small individual cable systems and entrepreneurs—what we call in the United States “mom-and-pop businesses”—has been transformed into an agglomeration of multisystem operators owned by, or linked to, some of this country’s major corporations including General Electric, American Express, Time, Inc., Warner Communications, Westinghouse, and Cox Broadcasting. At the present time, the three U.S. television networks are exploring entry into the industry, and the nation’s communications giant, American Telephone and Telegraph, may also enter.

Of central importance to cable in the United States is the growing use of cable for advertising. I do not mean advertising passively carried as a part of conventional broadcast retransmissions, but, rather, advertising committed to the support of cable-originated programming. The Cable Television Advertising Bureau projects that advertising revenues will double in 1982, from \$100 to \$200 million; and an industry leader forecasts revenue increases to \$500 million in 1985 and \$1.5 billion by 1990.

Of course, here we may observe an important difference between the U.S. telecommunications system and those prevalent elsewhere in the world: with few exceptions, like the Public Broadcasting Service, our telecommunications infra-structure is privately owned for profit. It is not, as in some countries, government-owned and operated, nor, as in the United Kingdom, supported even in part by government-collected

and applied levies. Revenues to sustain our mass telecommunications industries are linked to the viewership that programming commands, and the value of the advertising time which accompanies many of these programs and the direct payment accompanying others.

The effects of burgeoning cable viewership and advertising and pay cable revenues are readily apparent: the market for programming is rapidly expanding, program-production enterprises are proliferating (sometimes as subsidiaries of cable companies), and one can expect that cable systems will soon commission their own programs and films, as television has long done. Cable will soon be able to bid for premium programming—like the Olympics, Wimbledon, and the World Cup—heretofore within reach of only the richest broadcasting organizations.

Cable Television and Copyright

Cable television appeared in the United States in the late 1940's. Yet only since 1976 has the phenomenal growth occurred. Why? The answer is not far to seek: The broadcasters perceived cable as a threat to their audiences and revenues and began a campaign in the courts, the regulatory agencies and the Congress, to confine cable to areas outside the major television markets. The various arms of government moved haltingly, slowly, and often inconsistently, to fashion a comprehensive legal framework for cable. The result was a paradigm of government regulation gone awry: in the interest of protecting what government thought people needed, the people were denied what they wanted.

Whether cable television should be liable under the copyright law for its retransmissions of copyrighted broadcast programming, and if so, under what terms, was the battlefield on which the question of cable's role in the United States has been contested. Regulation over cable's activities was assumed by several parts of government, including the Federal Communications Commission (FCC), the Office of Telecommunications Policy (OTP), the courts, and the Congress. At the center of the controversy was the threat—indeed, the likelihood—that cable television would draw away viewers from over-the-air services and thereby threaten their economic viability.

The legal relationship between copyright and cable television retransmission activity in the United States was first examined by the U.S. Supreme Court in 1968. In *Fortnightly Corp. v. United Artists Television, Inc.*,⁴ the Court held that cable retransmission of local broadcasts was not a "performance" of the copyrighted works carried on the signals and thus was not an infringement of copyright. Six years later, in *Te-*

⁴ 392 U.S. 390 (1968).

Teleprompter v. Columbia Broadcasting System, Inc.,⁵ the Supreme Court extended this conclusion to cable retransmission of distant signals not otherwise conventionally available in the community served by the cable system. In *Teleprompter*, the Court also decided that a cable system's freedom from copyright liability for the retransmission of television broadcast signals was unaffected by other activities of the cable system such as program origination, advertising, and the use of microwave interconnections.

Both these decisions were based upon what the Court called a "functional analysis": In determining whether, under the 1909 copyright law, simultaneous cable retransmissions of broadcast programming were performances of copyrighted works, the Court drew a conceptual line which put broadcasters who perform works on one side, and viewers who do not, on the other. The Court concluded that cable's activities were analogous to a television antenna function, falling on the "viewers" side of the line. In each decision, however, the Supreme Court noted its own inability to accommodate equitably new technologies to a copyright law enacted near the turn of the century, and the Court urged Congress to resolve the issue in the copyright legislation then pending before Congress.

Once the Supreme Court made it clear in *Fortnightly* that the 1909 copyright law could not serve as a means to control cable development, the FCC implemented regulatory restraints premised not on copyright, but on communications policy. Between 1968 and 1972, the FCC, acting to protect the economic viability of the established television broadcast stations, imposed several rules substantially restricting the retransmission and origination capabilities of cable television. Most importantly, the FCC so limited the importation of distant broadcast signals that people spoke of a "freeze" on cable in the major markets. During this period, at least some broadcasters hoped to contain cable entirely; and the FCC regulations clearly impeded cable growth.

In 1971, representatives of the cable television, broadcast, and program supply industries, at the request of the OTP, jointly agreed to support copyright legislation providing copyright liability for cable retransmissions, but with compulsory licensing and program exclusivity under varying circumstances. As a result of this agreement, the FCC reconsidered and relaxed its prohibitive regulations to allow greater cable carriage of distant television signals. Such carriage was, however, subject to FCC rules providing limited exclusivity protection for network, syndicated, and sports programming. These exclusivity rules were "copyright surrogates" (and have in public discussion been so denominated).

⁵ 415 U.S. 394 (1974).

They partially preserved the ability of copyright owners and broadcasters to license exclusive rights to programming within a particular television market.

The legislative deadlock continued until 1976 when representatives of the cable television and program supply industries jointly recommended to Congress terms and conditions specifying the extent of copyright liability governing cable retransmissions. These terms and conditions form the essential elements of the cable television provisions of the Copyright Revision Act of 1976.⁶ The recognition in the law of the copyright owners' right to be compensated for the use of their works included in cable retransmissions removed a critical legal barrier to cable's development and provided increased financial stability to the industry.

Scope of Protection

A pivotal point in the new legislation is the definition of "to perform . . . a work 'publicly'" in section 101 of the Act. This provision reverses the two earlier Supreme Court holdings by including cable television's retransmission of broadcast programming to its subscribers as a form of public performance. The second clause of this definition, which makes clear that acts that transmit or otherwise communicate a performance of a work to the public constitute a public performance, corresponds generally to the concept of "communication to the public" specified in Article 11*bis* of the Berne Convention.

Sections 111, 501, and 801 of the copyright law specifically govern the extent of copyright liability for the retransmission of copyrighted television and radio programming by cable systems. Congress defined cable systems broadly as "commercial subscription services that pick up broadcasts of programs originated by others and retransmit them to paying subscribers."⁷ However, other entities, such as apartment house and hotel master antenna systems, wired government instructional and nonprofit educational systems, passive common carriers, and nonprofit boosters and translators, generally are not considered cable systems. Secondary transmissions made by these entities are exempt from copyright liability under limited conditions set forth in section 111(a) of the law.

The U.S. copyright law recognizes generally that the retransmission of broadcast programming by cable television is a separate form of ex-

⁶ General Revision of the Copyright Law, Pub. L. 94-553, (90 Stat. 2541) title 17, U.S. Code (1976).

⁷ H.R. Rep. No. 94-1476, 94th Cong., 2d Sess., at 88 (1976) (hereinafter cited as 1976 House Rep.) [for statutory definition *see* section 111 (f)].

ploitation. Because of this, Congress concluded that "cable systems are commercial enterprises whose basic retransmission operations are based on the carriage of copyrighted program material and . . . copyright royalties should be paid by cable operators to the creators of such programs."⁸

The mechanism adopted in the legislation to administer rights for cable retransmissions of copyrighted television and radio broadcast programming is compulsory licensing with statutorily prescribed royalties. This mechanism permits the use of the copyrighted work by cable systems without the consent of the copyright owner provided that certain conditions in the law are met and statutory royalties are paid. Programming originating from a cable system or from one of the many non-broadcast satellite-distributed cable networks discussed earlier are not, however, subject to compulsory licensing. Pursuant to section 106 of the copyright law, licenses for carriage of such programming must be negotiated between cable system operators and the copyright owners.

The rules of the Federal Communications Commission adopted in 1972 governing cable carriage are intended to operate in conjunction with the cable television provisions of the copyright law. Under this division of responsibilities, the FCC controls signal distribution by cable systems as part of a national allocations policy and protects some contractual "exclusive rights," while the copyright law prescribes the degree and nature of cable operators' liability for the use of copyrighted programming.

How Cable Television Systems Obtain and Maintain a Compulsory License

Before commencing operation, cable television systems must file with the U.S. Copyright Office a notice indicating the ownership of the cable system and identify the signals it intends to carry. Section 111(d)(1) of the copyright law requires that this notice be updated upon change in either the ownership of the system or the signals it carries.

Once service has begun, cable television systems are required to pay semiannual statutory royalties to the Copyright Office rather than directly to any copyright owner. These semiannual royalties must be accompanied by a Statement of Account detailing, among other items, the ownership of the cable system, identification of the television and radio signals actually carried, charges to cable subscribers, and the cable system's gross receipts attributable to its retransmission activities.

Calculation of Statutory Royalty Payment

The amount of the semiannual royalty payment is determined

⁸ 1976 House Rep. at 89.

through a series of computations. In essence, it is derived by applying a fixed percentage of the cable system's gross receipts attributable to its retransmission activities to the amount of its carriage of distant, non-network programming. These percentages are set forth in section 111(d)(2)(B) of the copyright law.

Through the royalty calculation process, the U.S. copyright law recognizes relevant differences between cable retransmission of local and distant signals, and between cable carriage of network and non-network programming. Congress decided that the retransmission of signals within the local service area of the cable system, as determined under the rules of the FCC, does not economically injure copyright owners since they are compensated already for use of their programs in the local markets under their broadcast licenses. Congress also concluded that cable retransmission of network programming, whether local or distant, does not injure the copyright owner. Here, the copyright owner is assumed to be adequately compensated under its contract with the television or radio network under which payment is generally based on the programming reaching all markets by any means. It can be argued that both of these distinctions are premised, in part, on the double-payment theory that compensation has already been paid by the broadcaster for such cable coverage.

Congress did conclude, however, that cable retransmission of distant non-network programming would damage the copyright owner. In this situation, the copyright owner's ability to license subsequently the use of its program in the community of the cable system would be impaired. In effect, the copyright owner would be dealing in used goods, since the program has already been presented in the community. In light of these conclusions, the U.S. copyright law brings cable retransmissions of all signals under the umbrella of a compulsory license but generally bases the statutory royalty fee on the amount of carriage of distant, non-network programming.

Small cable systems are given preferential treatment in the statute with respect to the royalty payment. Rather than calculating their statutory royalties on the basis of distant non-network programming, these systems compute their royalties on a reduced, flat rate based on a percentage of their gross receipts.

No direct payments are made by either large or small cable systems for their retransmission of radio signals, although copyright owners of programming contained in such retransmitted radio signals are entitled to claim a share of the collected royalties.

The Copyright Royalty Tribunal (CRT), an independent, Presidentially-appointed organization created by the Copyright Act of 1976, is given limited authority to adjust periodically the cable royalty rates spec-

ified in section 111(d)(2) to reflect: (1) monetary changes from inflation or deflation; (2) changes in average rates charged by cable systems; (3) changes in FCC rules which increase the number of distant signals that a cable system may carry; or (4) changes in FCC rules concerning syndicated and sports program exclusivity.

Collection and Distribution of Royalties

The Copyright Office collects the compulsory license payments, and deposits the balance of collected fees with the U.S. Treasury. The collected royalties and accumulated interest are then distributed annually among those copyright owners who file claims with the CRT.

Section 111(d)(4) of the copyright law specifies that copyright owners whose works have been included in cable retransmissions of distant non-network television or radio programming are entitled to claim a share of the collected monies. There is no statutory provision explicitly allowing broadcast organizations to share in the distribution of royalties except with respect to their own copyrighted programming. Furthermore, the law does not determine the appropriate division of shares among those copyright owners submitting claims. Unless the individual claimants are able to jointly agree to a royalty distribution, this responsibility rests with the CRT.

Limitations of the Compulsory License

In general, the compulsory license is limited to the simultaneous, unaltered retransmission of those United States television and radio signals which the cable system is authorized to carry under the signal carriage and program exclusivity rules of the FCC. There are, however, several exceptions to this general rule:

1. *Commercial Advertising Research.* Section 111(c)(3) of the copyright law, which in some respects reflects interests akin to those protected by the moral right, generally prohibits cable systems from altering the content of, or the commercial advertising announcements accompanying, a retransmitted program. The provision, however, does allow the substitution of commercial advertising in specific limited situations pertaining to television commercial advertising research.

2. *Carriage of Mexican and Canadian Signals.* Although the compulsory license essentially pertains to the retransmission of domestic, U.S. signals, section 111(c)(4) of the law extends the compulsory license to the retransmission of Mexican and Canadian signals by cable systems located within limited border zones of the U.S. In the case of Canadian signals, the zone of compulsory licensing is defined geographically and is applicable to cable systems located either within 150 miles of the U.S.-Canadian border or above the 42nd parallel of latitude. With respect to Mexican signals, the compulsory license applies only in the area in which

such signals may be received by a U.S. cable system by means of direct interception of a free space radio wave. Copyright owners of retransmitted programming broadcast on Canadian and Mexican stations are entitled to claim a share of the collected royalties.

3. *Off-Shore Taping by Cable Systems.* An exception to the general requirement that cable retransmissions be simultaneous with the original broadcast transmissions is given to certain cable systems located outside the continental United States under certain conditions and limitations specified in section 111(e) of the copyright law.

United States Experience Under the Compulsory License

The cable television compulsory licensing provisions became effective on January 1, 1978. To implement these provisions, the Copyright Office issued regulations governing procedures for submission by cable systems of notices of identity and signal carriage complement and Statements of Account. Statement of Account forms were also prepared to assist cable system operators in submitting the required information and calculating their royalty fee payments.

Seven semiannual submissions have been made by cable systems since the law became effective. The following table summarizes the Copyright Office's experience through January 15, 1982:

<u>Accounting Period</u>	<u>Total Statements of Account Recorded</u>	<u>Royalties Deposited</u>	<u>Total Royalties Available for Distribution⁹</u>
January to June 1978	3,872	\$6,164,789	\$7,970,000 (distributed on May 8, 1981).
July to December 1978	3,879	\$6,699,442	\$9,165,036 (available as of February 25, 1982).
January to June 1979	3,944	\$7,522,250	\$20,659,296 (available as of March 31, 1982).
July to December 1979	4,091	\$8,257,135	

⁹ These figures take account of (1) interest income paid, or to be paid, as of date indicated; (2) deduction of operation costs; (3) refunds for overpayments; (4) face value of securities purchased; and (5) balance on hand. Figures for 1981 represent only the first of two relevant accounting periods.

January to June 1980	4,222	\$9,519,619	\$24,402,438 (available as of August 12, 1982).
July to December 1980	4,507	\$9,544,888	
January to July 1981	4,604	\$11,818,693	\$13,198,999 (available as of August 12, 1982).

It appears from these figures that there has been substantial compliance with copyright obligations by the cable industry.

As noted earlier, the Copyright Office deducts its administrative costs from the collected royalties. For the last four calendar years, these costs have been determined to be \$215,311 (1978), \$273,218 (1979), \$323,950 (1980) and \$355,916 (1981).

The CRT is directed by section 801(b)(3) of the copyright law to distribute annually the statutory royalty fees. The Tribunal has determined the following proportionate distribution to claimant groups of royalty fees deposited by cable systems for secondary transmissions occurring in 1978 and 1979:

	1978	1979
1. Motion Picture Association of America, Christian Broadcasting Network, and other program syndicators	75%	70%
2. Joint Sports Claimants and N.C.A.A.	12%	15%
3. Public Broadcasting Service (for all purposes)	5.25%	5.25%
4. Music Performing Rights Societies	4.5%	4.25%
5. U.S. and Canadian Television Broadcasters	3.25%	5.25%
6. National Public Radio	0%	.25%
7. U.S. and Canadian Commercial Radio	0%	0%

The CRT determined these allocations based upon the following primary factors:

- The harm caused to copyright owners by secondary transmissions of copyrighted works by cable systems;

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- The benefit derived by cable systems from secondary transmission of certain copyrighted works; and
 - The marketplace value of the works transmitted.

The quality of copyrighted program material and time-related considerations were considered by the CRT as secondary factors.

The 1978 royalty distribution decision has been appealed to the United States Court of Appeals pursuant to section 810 of the copyright law. Because of this, 50% of the 1978 collected royalties have been withheld from distribution pending a final decision by the court on the merits. Furthermore, the Tribunal has yet to distribute any of the 1979 collected royalties since further proceedings are under way to allocate royalties to individual claimants within the classes of claimants indicated above.

As noted earlier, the Tribunal is also authorized to adjust the cable rate structure within limitations specified in the statute. During 1980, the CRT conducted its first cable rate adjustment proceeding to reflect monetary changes from inflation. At the conclusion of this proceeding, the CRT determined that the royalty rates should be increased by 21%. In addition, the gross receipts limitations used to determine which cable systems calculate their royalties on the "small system" reduced basis was increased by slightly more than 33%. The Tribunal's decisions in this proceeding also have been appealed to the United States Court of Appeals by representatives of both the cable and program supply industries.

Efforts to Change the Compulsory License

Despite its relative newness, the cable television compulsory license has been subject to increasing efforts for change. The elimination in 1980 by the Federal Communications Commission of its distant signal limitations and syndicated program exclusivity rules undermined its delicate and intricate structure. Furthermore, the prospects for further FCC deregulation, coupled with technological advances within the communications industries, increased concentration of cable ownership and the proliferation of satellite distributed cable networks, raised doubts as to whether cable television continues to need the protective support of compulsory licensing for its retransmission activity. These factors prompted a re-examination last year of the cable compulsory license in both the United States Senate and the House of Representatives.

During this re-examination, the Copyright Office recommended that Congress amend section 111 of the Copyright Act to:

- eliminate the section 111 compulsory license for secondary transmissions by cable systems;

- exempt from copyright liability the simultaneous secondary transmission by cable systems of signals containing network programming only to the extent necessary to assure a full complement of network signals in markets that lack one or more of the three national television networks;
- exempt from copyright liability the simultaneous secondary transmission of local signals by cable systems;
- clarify the present section 111(a)(3) exemption to make clear that the activities of satellite resale carriers are subject to full copyright liability; and
- provide for a transition period during which the present section 111 of the Copyright Act would remain in effect.

The Copyright Office believes that these recommendations could form a solid basis for resolving the controversy surrounding cable re-transmissions for several reasons. First, established trends within the industry indicate that cable will soon replace broadcasting as this nation's basic disseminator of programming. Second, the imposition of full copyright liability would not necessitate one-on-one bargaining between individual cable operators and individual program copyright owners. Rather, contractual arrangements along the lines presently used to license carriage of satellite-distributed cable network programming and, indeed, traditional broadcast network programming, could be utilized. Third, the exempt carriage of local and network signals would provide adequate basic service to cable subscribers without either payment or bargaining. Finally, the imposition of full copyright liability would foster competition enabling all program distribution services to compete equally in the marketplace for the acquisition of programming.

The underlying premises are to allow the public, using the market, to choose not only what programs they shall see, but also how they wish to receive them—by broadcast, cable, satellite, videodisc, or otherwise—to correct the skewing in favor of cable television and against competing technologies worked by the relatively inflexible schedule of statutory license fees, to achieve a more precise market-directed allocation of revenues among copyright owners, and to eliminate the burdensome, cumbersome, and expensive regulatory apparatus necessary to administer the compulsory license.

Three bills were introduced in Congress last year modifying the cable television provisions of the copyright law. Two bills, H.R. 3528 and H.R. 3844, introduced by Congressman Barney Frank of Massachusetts, conform to the Copyright Office's principal recommendations. In addition, Congressman Robert W. Kastenmeier of Wisconsin, Chairman of the House Judiciary Subcommittee on Courts, Civil Liberties and

the Administration of Justice (the Congressional subcommittee with supervision over the copyright law), introduced H.R. 3560. This bill represents a middle ground solution which addresses several of the program suppliers' concerns, while, at the same time, assuring continued cable access to both local and distant broadcast signals through compulsory licensing.

The hearings before Congress enabled the respective industries and Congress to identify the principal points of conflict and also underscored the importance of arriving at a just agreement addressing the most critical needs of the industries and the American viewing public. At the behest of Chairman Kastenmeier and Congressman Thomas F. Railsback of Illinois, ranking minority member of the House Judiciary Subcommittee, representatives of the National Cable Television Association, the Motion Picture Association of America and the National Association of Broadcasters agreed to support modifications in the compulsory licensing mechanism to reimpose a form of syndicated program exclusivity and codify FCC regulations requiring cable carriage of local signals. The basic principle of compulsory licensing would remain intact under the agreement.

The above-mentioned compact was incorporated, along with other provisions, into an amended version of H.R. 3560. The main elements of this bill are as follows:

- Cable operators receive a compulsory license for an unlimited number of distant signals;
- Subject to certain exceptions and transitional provisions, copyright owners are given exclusivity protection for syndicated programming and a limited number of motion pictures;
- Subject to a limited exemption for cable systems with 36 or fewer activated channels, the current FCC rules requiring cable carriage of local signals are codified;
- The carriage of new broadcast services (including low power television stations, VHF drop-in stations, direct broadcast satellite stations and subscription television services) will be permitted at the option of the cable system;
- The current FCC rules requiring the deletion of duplicating network television programming are codified;
- The current FCC rules requiring the deletion of certain distant sports programming are codified. In addition, nonnetwork television broadcasts of intercollegiate football games receive added exclusivity protection;
- The period for adjustment of cable rates by the CRT to reflect monetary changes from inflation or deflation is shortened

- from five to three years; and
- The Copyright Office is given greater flexibility in reducing or eliminating certain filing requirements and resolving royalty calculation questions.

The bill was narrowly approved by the House Judiciary Subcommittee by a vote of 4 to 3. The three dissenting members of the Subcommittee favored the inclusion in the bill of a sunset provision which would remove the compulsory license entirely after a given period of time.

As this is written, the stage is now set for further consideration of this issue. Just last month (January, 1982), both Mark S. Fowler, Chairman of the Federal Communications Commission, and Bernard J. Wunder, Jr., Assistant Secretary of Commerce for Communications and Information, announced their preferences for a marketplace solution to the problem of cable retransmissions rather than continuation of the compulsory license mechanism. Deliberations on H.R. 3560 as amended will now be made by the full House Judiciary Committee and possibly, the Senate Committee on the Judiciary as well. Furthermore, it appears likely that those Congressional committees which oversee communications policies, as distinguished from copyright legislation, also may intervene before any legislation is presented to both houses of Congress.

Conclusion

Cable television is still relatively new in most Western European countries. Its present activities generally are limited to the retransmission of broadcast signals and are, therefore, analogous to the U.S. community antenna systems of yesteryear.

The American experience with cable television demonstrates that the issues concerning its development and expansion are political as well as both cultural and commercial. To sympathetic observers in the United States, the legal scene in Europe today looks as unsettled as was ours in the 1960's and 1970's. From one state to another, there are conflicting court decisions and legislative proposals to deal with cable's copyright liabilities. The political implications of these decisions and proposals are particularly significant due to differing government controls over broadcasting and ancillary services, viewing publics and commercial concerns. The close proximity between nations complicates further the ability to reach any consensus on cable's transnational activities.

Finding solutions to these copyright problems does not seem to require revision of the Berne Convention; its provisions cover the various situations that may arise and offer wide latitude to national legislation. In March, 1980, a group of independent experts was convened by the Directors General of UNESCO and WIPO to examine the impact of

cable television in the sphere of copyright. The experts agreed that,

... the exclusive right of authorization of the owner of copyright generally recognized in connection with communications to the public should be clearly recognized where the communication to the public is effected by the distribution by cable of broadcast programs consisting of or including works protected by copyright.

With respect to the administration of such rights, the experts favored institutionalized collective administration (if necessary) over nonvoluntary licensing.

The development of cable television of the United States illustrates its enormous potential far beyond the mere retransmission of broadcast signals. At the same time, our national experience vividly shows how this great technology can be stifled through inconsistent regulation.

National governments should provide a cohesive, positive environment for cable television to grow and prosper for the ultimate benefit of their citizens. Adoption of national legislation along the lines favored by the group of independent experts covering cable television's retransmission activities is a significant and necessary first step. It will permit cable television to succeed or fail on its own, and possibly mature into a financially stable communications medium in its own right.

342. CABLE TELEVISION AND COPYRIGHT: THE UK POSITION

By PROF. W. R. CORNISH (London)

Introductory

British copyright law has as its current foundation the Copyright Act 1956. By the time this was enacted, something of the prospects for cable dissemination had been perceived, particularly the use of cable as an extended arm of national broadcasting by radio and television. So the Act dealt specifically with aspects of the problem. Not surprisingly, in some details, these provisions now seem rather limited. The Whitford Committee on Copyright and Design Law, which reported in 1977, had a number of proposals for reform, which I shall come to, and since then the Government has stated its own views on the subject-matter of that Report in a Green Paper, so coloured to indicate that it is consultative and designed to solicit the reactions of interested parties.

Cable transmission has so far had a tightly confined childhood in Britain, thanks to the constraints imposed by Post Office and Home Office licensing. (Even so, it is so lusty an infant that it is now having to be allowed more room for growth.) Accordingly, the copyright aspects of the matter have until very recently received little attention. This stems in particular from one aspect of the 1956 dispositions: these, as we shall see, state that an operator who is licensed to diffuse British broadcasts is not himself obliged to secure a licence from owners of copyright in the material broadcast.

Before describing the 1956 provisions it is worth reminding those whose patterns of copyright thought have been formed elsewhere of a few of the particular characteristics of British copyright law in general. This may make it somewhat easier to fit the provisions on cable diffusion into context:

- (i) The 1956 Act defines the copyright in literary, dramatic, musical and artistic works in Part I. Section 2 is the basic provision dealing together with literary, dramatic and musical works. Section 3 deals separately with artistic works. Each defines the various acts which constitute infringement of the particular category of work.
- (ii) What would elsewhere be regarded as "neighbouring rights" are in Britain called copyright, but are dealt with separately in Part II of the Act. The main distinctive character of these Part II copyrights is that they are accorded initially not to the

author but to the entrepreneur who organises their production. There are four categories: sound recordings (s.12), cinematograph films (s.13—note the difference from many copyright systems), broadcasts (s.14—here the copyright owner is the BBC or the Independent Broadcasting Authority for domestic broadcasts) and typographical format (s.15). Again the acts constituting infringement are specified section by section.

- (iii) In various places throughout the Act, which has a highly elaborate construction, there are definitions which may elucidate the concepts employed (see especially, but by no means exclusively, the definition sections, ss. 48, 49). Likewise there are scattered provisions limited to the primary scope of the acts which constitute infringement.
- (iv) British copyright law does not acknowledge as a fundamental characteristic of copyright the distinction between moral and economic rights. There are however aspects of the civil law—in particular, general torts such as defamation and passing off—which provide some assistance in safeguarding the integrity and reputation of an author. The questions raised by cable transmission are primarily economic and in any case moral right problems relating to material transmitted on cable are not likely to be unique to the medium. Nonetheless it should be remembered that cable is a technique bursting with fresh possibilities. Once interactive use of the medium develops many people may be giving over information which they might like to keep restricted. Questions of privacy and non-mutilation may be lurking around the corner.

The provisions in the 1956 Act relating to cable transmission

The Copyright Act provides a diffusion right for literary, dramatic and musical works and for artistic works broadcast by television. Nonetheless, the provider of a diffusion service does not have to procure a licence from the owner of the diffusion right where he is diffusing a BBC or IBA broadcast. He had to do so if he is relaying a foreign broadcast (but at present that is restricted by Home Office licensing to radio broadcasts and not television) or if he is taking his material from a non-broadcast source.

The detailed provisions are as follows:

- (i) *The transmission right*: The Act attaches to a number of types of copyright the exclusive right of causing “the transmission

to subscribers to a diffusion service." The meaning of this is further described in section 48(3): it covers the transmission in the course of a service of distributing broadcast programmes or other programmes (whether provided by the person operating the service or other persons) over wires, or other paths provided by material substance, to the premises of subscribers to the service. It will be seen that this definition is wide in the following respects: it contains no limit on the means by which the transmitted material is acquired by the diffuser; it is not confined to material that has been broadcast, immediately or at some time in the past; it might be taken directly from a recording, a film or a live performance. And while the transmission must be by cable (since broadcasting is separately dealt with), it does not confine the material medium over which the transmission is made. On the other hand the provision is limited in requiring that the transmission be part of a service provided to a "subscriber" and provided to his premises. A "subscriber" is almost certainly a person who undertakes to pay, and probably he has to be making a distinct payment for the service. The provision of "Musak" by an organisation to other people's supermarkets is included, the transmission of programmes by an education authority to its own schools is not. In any case, section 48(3) specifically excludes any service which is "incidental to a business of keeping or letting premises where persons reside or sleep and is operated as part of the amenities provided exclusively or mainly for residents or inmates therein." This is rather similar to special exceptions that affect the sound recording and broadcasting copyrights of Part II.

The exclusive right covers *causing* the work to be diffused. The person who causes this is the operator of the diffusion service i.e. the person who in the agreements with subscribers to the service undertakes to provide them with a service, whether or not he is the person who transmits the programme. Section 48(3), which specifies this, goes on to state that neither the person who provides the facilities for the transmission of the programme nor the originator of the programme is the person operating the service. Thus in particular, neither of the broadcasting authorities could be liable for causing subsequent diffusion of their own programmes merely by broadcasting them.

- (ii) *Types of copyright affected*: Causing a work or film to be trans-

mitted to the subscribers to a diffusion service is, in principle, an infringement of the following types of copyright (but this is subject to broad exceptions treated later):

- (i) literary, dramatic and musical works
- (ii) artistic works to the extent that they are included in a television programme (this is the extent to which any type of performing right is accorded in an artistic work)
- (iii) cinematograph films

Notice that this list includes neither sound recordings nor broadcasts. The exclusion of the latter was conceivable only on the assumption that substantial diffusion of broadcasts would be under governmental control through licensing.

- (iii) *Exceptions*: The Act creates a number of special exceptions to what would otherwise constitute infringement and some of them are particularly germane to diffusion rights.

- (a) *Section 40(3)*. Much the most basic is the provision that if a literary, dramatic or musical work is incorporated in a BBC or IBA broadcast, the diffuser is not liable for copyright infringement. Should indeed the broadcast be an infringement of this copyright, action may only be brought against the BBC or IBA, though damages must bring into account any transmissions of the broadcast over diffusion services (see s. 40(4)). These provisions likewise are understandable only in a regulated world where substantial diffusers are permitted to do no more than relay immediately the content of broadcasts as received. The assumption then is that diffusers are doing no more than bringing material more efficiently to the same audience as the broadcaster; thus it is equitable and efficient to deal with this by a single licence and corresponding fee negotiated with the broadcasting authority. The effect of this exception, together with the absence of any diffusion right attaching to sound recording or broadcasting copyright, is that an operator who diffuses British broadcasts is under no obligation to secure copyright licences of any kind.

The same does not apply to a foreign broadcast which contains literary, dramatic, musical or artistic work or a film that has British copyright. To diffuse these within the United Kingdom needs a licence.

If the licensor is a licensing body, such as a collecting society, both a refusal to grant a licence and a dispute

about the terms on which it will do so (whether or not it has established a scheme for the relevant class of licence) may be referred to the Performing Right Tribunal. Where the licence in question is for the diffusion of foreign broadcasts, the Tribunal is directed to take account of royalties paid by the foreign broadcasting authority. If these are intended as recompense (*inter alia*) for the diffusion in the United Kingdom the Tribunal may exempt the diffuser from payment or may set the royalty at a level which merely makes up any deficiency (see s. 28).

- (b) *Fair dealing*. In any case not covered by the previous exception, there may still be an exception for fair dealing: for purposes of criticism or review in the case of all Part I works; and for reporting public events in the case of literary, dramatic and musical works. In either case there must be sufficient acknowledgment (see section 6(2), (3), (9), 9(2), (11)). There is a separate provision allowing the inclusion of a sculpture or work of artistic craftsmanship in a television broadcast or diffusion if the work is permanently in a public place or premises open to the public (section 9(3), (11)).
- (c) *Ephemeral recording*. By section 6(7), (9), where the material to be diffused is a literary, dramatic or musical work, and the diffuser has procured a licence to diffuse it in the United Kingdom, he is entitled to make a record or a film of that work solely for the purpose of diffusing under the licence, provided that the recording is destroyed within 28 days of first diffusion. This provision could be important where the diffusion right is held by a collecting agency such as the Performing Right Society and the mechanical right belongs to a publisher. A New Zealand court read a similar provision in the New Zealand Copyright Act 1962 (s.19) in a very limited way and held in consequence that the "Musak" organisation had no right to import tapes of music for licensed diffusion in supermarkets.¹ But the interpretation is by no means compelling and it has been argued forcibly that the decision ought not to be followed in Britain.²

¹ *Albert v. Fletcher Construction* [1974] 2 NZLR 107, [1976] RPC 615.

² See LADDIE, PRESCOTT and VITORIA, *MODERN LAW OF COPYRIGHT* (1980) para. 2.117.

Recommendations of the Whitford Committee

The Committee devoted substantial attention to the copyright problems generated by developments in wire diffusion.³ It treated the evidence that it received from the British Copyright Council, the BBC and the Cable Television Association as being particularly germane. Its detailed recommendations for change are as follows; at the same time is noted the Government's reaction to each proposal in its Green Paper of July 1981:

- (i) The exclusive right relating to diffusion should no longer be confined to diffusion to subscribers to a diffusion service. Instead, following the simple language of the Berne Convention, what should be restricted is the communication of a work or other subject matter to the public by wire. But it would be necessary to create an exception for educational closed-circuit television. The Green Paper undertakes to pay close attention to this.
- (ii) The types of copyright to which this exclusive right should apply should also include sound recordings and broadcasts, domestic and foreign. The Green Paper accepts this.
- (iii) The existing system of excluding the diffusion right in literary, dramatic and musical works where BBC and IBA broadcasts are being diffused should continue and should extend to the proposed right of diffusion for sound recordings. This exception ought only to cover diffusion of the whole broadcast, simultaneously, and within the area where the broadcast is normally receivable or intended to be receivable directly off-air. Foreign broadcasts would acquire a diffusion right in so far as they are the subject of s.14 copyright in general, and no exceptions would relate to them beyond the existing provision concerning the Performing Right Tribunal.⁴
- (iv) So long as a television licence is required by those who receive broadcasts, the Performing Right Tribunal should be required specifically to take account of total audience including those who receive wire diffusion, in any reference to it of the royalty payable for broadcasting works in the United Kingdom.
- (v) There should be no exemption for those who diffuse copyright material as an incidental service in hotels, flats and the like. The Green Paper agrees, but notes that it could only affect diffusion of material other than BBC and IBA broadcasts on such a scale as to be public.

³ Cmnd. 6732, Chapter 8.

⁴ Section 28.

- (vi) Diffusion companies should be given their own "copyright" (which would be a new neighbouring right) for diffusions which they have originated. This would be equivalent to the copyright given to the broadcasting authorities. This is becoming necessary with the growth of diffusions which are not just the immediate re-transmission of a broadcast in unamended form. There would be exceptions equivalent to those already benefitting people who cause broadcasts of recordings or films to be seen or heard in public. The Green Paper is in accord.
 - (vii) Diffusers ought to have equivalent rights to those of broadcasters to make ephemeral recordings in the preparation of programmes; this is also accepted in the Green Paper.
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343. CABLE TELEVISION AND MEDIA LAW IN BELGIUM

By PROF. DR. JAN CORBET (Brussels)

1. *The Radio-communications Law of 30 July 1979*

This Law is the basic text governing the subject in Belgium. It is a modern version, adapted to present-day techniques, of the Law of 14 May 1930, of which it retains the principles.

It is forbidden to have in one's possession in Belgium, or on board a vessel or aircraft subject to Belgian law, a transmitting or receiving apparatus capable of effecting radio-communications without the authorization of the responsible Minister (that of Posts and Telecommunications). Such authorization may be granted private broadcasting organs only after the Ministers responsible for the public broadcasting service (BRT, RTBF and BRF) have expressed a favourable opinion.

It remains forbidden to transmit broadcasts which are contrary to the law, to the security of the State, to public policy or morality or which are offensive to a foreign State; likewise to transmit false distress-signals or to intercept signals intended only for other people.

It is also prohibited to transmit broadcasts intended to be received in the territory of a State bound by the European Agreement of 22 January 1965 for the Prevention of Broadcasts Transmitted from Stations Outside National Territories.

1.1 *Citizens' Band*

A Royal Order of 15 October 1979, made in implementation of the above Law, authorizes private Citizens' Band radio-communication stations (CB). They have to confine themselves strictly to communications and may not send out broadcast programmes (music etc.), news or advertising matter.

1.2. *Private Broadcasting: Local Radio*

Since the Second World War there have been no private broadcasting stations in Belgium. Licence applications have always been refused, and "pirate" broadcasts from ships on the high seas systematically pursued under the law. However, in recent years technical developments have led to rapid proliferation of "free" or "local" radio stations. These stations had always been illegal, but owing to their great number and the undeniably sympathetic trend of public opinion towards them, the authorities eventually set about rendering them legal.

A Royal Order of 20 August 1981 has introduced the licensing of local broadcasting stations and laid down the technical conditions which they have to fulfil. The only kinds of broadcasts authorized are mono-

phonic sound transmissions with frequency modulation (FM). The transmitter power must be limited to 100 watts and the aerial can be no higher than 35 metres. The responsible Minister (that of Posts and Telecommunications) will allot frequencies in the 100-104 MHz band. Licences will only be given with the approval of the Ministers responsible for the public broadcasting service, within the framework of decrees issued by the two Councils of the Cultural Communities.

At the time of writing (October 1981), the Council of the French-speaking Community had already adopted its Decree (of 8 September 1981); the Council of the Flemish Community has not yet adopted its Decree. Advertising will be prohibited and the stations will have to be independent of the public authorities and political organizations.

1.2.1. *The Principle of the Licensing System*

It has been maintained in certain quarters that the radio, being as it were the oral press, should be free, like the written press, and that the prior licensing system enshrined in the Law of 30 July 1979, and the previous Law of 14 May 1930, is unconstitutional and in breach of the Human Rights Convention.

This point of view has been rejected by the Courts.¹ This is because Article 10 of the Convention permits the compulsory licensing of broadcasting, cinema and television undertakings.

Moreover the European Commission of Human Rights has on two occasions found that systematic refusal of licences to private broadcasting undertakings is not contrary to the Convention (7 February 1968—Sweden; 20 March 1972—United Kingdom). It is obvious that the same reasoning applies to cable television.

1.3. *The Public Broadcasting Service*

In Belgium, public broadcasting is the responsibility of three autonomous organisms, one for each of the Cultural Communities: the BRT (broadcasting in Dutch), the RTBF (broadcasting in French) and the BRF (broadcasting in German). The Charter of the BRT was established by the Decree of 28 December 1979, issued by the Flemish Community; that of the RTBF by the Decree issued on 12 December 1977 by the Council of the French-speaking Community; that of the BRF by the Law of 18 February 1977.

The Charters of the BRT and RTBF are fairly similar; that of the BRF is different on account of the small size of the German-speaking

¹ Corr. Kortrijk 22 March 1978; RW 1979-80, 710; confirmed by Ghent, 3 November 1978; RW 1979-80, 706.

community and, consequently, the smaller scale of its requirements.

1.3.1. *Organization*

The two main organisms are administered by boards of governors appointed by the Councils of the Communities. There are a number of incompatibilities to be observed, in that those who fall into the following categories may not be governors: Ministers, members of Parliament, provincial governors, civil servants of high rank, members of city councils, staff members of the BRT or RTBF, newspapermen, managing editors of organs of the press, etc. The principal administrative officers are appointed by the King, the others by the boards of governors.

The main source of income for the organisms is the annual appropriations placed at their disposal by the Councils of the Communities. This means that they do not directly receive income from the licence-money paid by owners of radio or television sets; this licence-money is paid into the national exchequer and the appropriations granted represent only a part of it.

1.3.2. *Broadcasts*

Information has to be broadcast in a spirit of strict objectivity and without prior Government censorship. It is forbidden to broadcast programmes which are contrary to the law, to public interest, to public policy or to morals, or which constitute a flagrant insult to the convictions of others or are offensive to a foreign State.

The organisms are under a duty, at the request of the Government, to broadcast official communications totalling not more than eight hours per month. The public must be informed in clear terms of the nature of such communications in order to avoid any confusion with the organisms own broadcasts. Staff members of the organisms may not participate in such broadcasts.

In certain circumstances, broadcasts produced by third parties may be transmitted. Such third parties must be non-commercial organizations which are representative of major philosophical, political, cultural, social and economic trends. The intention of that provision is to supplement the objective image to be projected by the organisms themselves. The total duration of these third-party broadcasts may not exceed half the duration of the organisms information broadcasts during the previous year.

The organisms are to place their equipment and technical staff etc. at the disposal of the third parties in question.

1.3.3. *Advertising*

The public broadcasting service in Belgium has always been forbidden to broadcast advertising material. When the structures of the Cul-

tural Communities were being set up, the national legislature retained competence in the matter.² Hence the matter is not dealt with in the above-mentioned Decrees.

Recently, the Government stated that it was contemplating the introduction of advertisements into broadcasting under the supervision of a State agency to be set up for the purpose. Such broadcasts, however, would have to meet certain conditions. The cable transmission of foreign broadcasts carrying advertisements (see below) would be authorized on the same conditions. This attitude has given rise to protests on the part of the Grand Duchy of Luxembourg. Talks are at the moment in progress with a view to harmonizing viewpoints.

2. *The Royal Order of 24 December 1966 (Moniteur, 24 January 1967)*

The Royal Order of 24 December 1966 concerns networks for the distribution of broadcasts into the residences of third parties. The operation of a cable-distribution network is subject to the prior authorization of the Minister for Posts and Telecommunications. No authorization is however required for central antenna systems for the sole use of the residents of a block of flats, or any similar system jointly set up by a group of persons for their own use, whether or not they live in the same building (Art. 2).

2.1. *General Provisions*

The operator of the network must be of Belgian nationality; in the case of a corporate person, it must have its registered head office in Belgium and, subject to the requirements of international agreements, the majority of the managerial and administrative staff must be of Belgian nationality. The operator of the network must provide technical, financial and moral sureties and deposit a bond in an amount to be fixed by the Minister (Art. 4). The licences are valid for eighteen years, renewable for nine years at a time (Art. 6).

The licensee must link up to the network any resident of the area covered who requests such connection (Art. 11). The choice of receiving set must be left to the subscriber (Art. 13). The distributor may not hinder a subscriber from also having his residence connected to another licensed distribution network (Art. 15).

The Minister shall lay down maximum connection and subscription charges (Art. 16). It is forbidden to connect up two or more networks (Art. 24).

The licensee must take steps to prevent any use of the network inconsistent with the provisions of the Order. The licensee must report

² Law of August 1980 on Institutional Reform, Art. 4.

to the Minister any persons whom he knows to be using the installation in a manner inconsistent with the provisions of the Order (Art. 26; cf. 2.2.2.2. below, pirate broadcasts). The licensee may not cease operations before the expiry of the licensed period (Art. 39).

2.2. *Programmes*

2.2.1. *Sound Broadcasting*

Every network must transmit, simultaneously and continuously, separate broadcasts of the Belgian Broadcasting Service on at least two of its channels. According to the language regions, these broadcasts may be chosen from among the broadcasts in the language of the region; in Brussels the broadcasts have to be in different languages. In any case, governmental communications and the news bulletins of the First Programme (in one language or the other) must be transmitted (Art. 17). The distributor may in addition transmit the broadcasts of any sound broadcasting station authorized by the country in whose territory it is installed (see 3.1 below). The distributing company may also transmit its own programme of recordings, provided these are limited to music and the dramatic arts (Art. 18).

This provision has been given a broad interpretation, and some distributors (at Ostend and Liège) transmit two programmes of their own. However, the subject-matter of any direct announcement to the public must be confined to the programmes themselves and any difficulties arising in the functioning of the network; they must not be accompanied by comments or advertising (Art. 19).

The networks are thus forbidden to broadcast their own information bulletins, containing for example local news.

2.2.2. *Television Broadcasting*

Every network must transmit simultaneously and in their entirety all the broadcasts of Belgian public television (Art. 20). This obligation thus goes farther than the parallel one for sound broadcasting. *All* the broadcasts of Belgian public television must be distributed *in their entirety*. This obligation has already given rise to serious technical difficulties for the older networks, when both the Belgian transmitters acquired a second channel.

Subject to the requirements of international agreements, the distributor may transmit the broadcasts of any other television station authorized by the country in whose territory it is installed (cf. 3.1 below).

However, the transmission of broadcasts in the nature of commercial advertising is forbidden, as also of the broadcasts of any commercial television stations designated by the Minister (Art. 21).

The distributor is forbidden to distribute any images or sounds

other than those of the authorized programmes. The distributing company may not, in other words, produce its own programmes. Neither may it record programmes for deferred distribution. It may not even be in possession of apparatus capable of producing, recording or reproducing programmes (Art. 22).

The last two prohibitions mentioned above—advertising and own programmes—have given rise to conflicts and intense discussion. It will therefore be as well to go into them more deeply.

2.2.2.1. *The Question of Advertising*

The attitude of the Belgian authorities towards broadcast advertising has always been rather ambiguous.

On the one hand, advertising has hitherto been prohibited on Belgian public broadcasting just as in the case just described of the distribution network. In practice, nevertheless, the authorities have never reacted against the distribution of programmes carrying advertising. Now, the programmes of Radio-Television Luxembourg have always been marked by commercial advertising and, in the course of time, the programmes of the other stations distributed in Belgium have also increasingly introduced advertising. Eventually, therefore, action was taken by certain circles who considered themselves injured parties. So it was that a group of Brussels cinema-licensees sued the Coditel distribution network for unfair competition. By a Judgment of 17 May 1978,³ the Brussels Court of Appeal dismissed the suit, considering that:

“The advertising from foreign television transmitters, the impact of which is increased by the distribution carried out by the appellants, provides serious competition to the other party’s commercial activity, part of which consists in showing advertising films for payment. However, this fact is by no means sufficient to confer on the appellants’ acts the character of activities contrary to normal commercial practice.

It is claimed that they do have this character in the light of the prohibition, in a Royal Order of 1966, of the distribution of foreign broadcasts of a commercial advertising character. However, that provision has never been applied and its application has officially been declared difficult and inopportune, at least provisionally.

That being so . . . the provision in question being persistently suspended, it cannot have the indirect effect of rendering the said acts unfair, at least up to the present.”

³ Ing. Cons. 1978, p. 311.

However, this Judgment was quashed by the Court of Cassation in a Judgment of 12 June 1980,⁴ according to which:

“The Royal Order of 24 December 1966 . . . was published in the *Moniteur* of 24 January 1967 and, in accordance with its Article 44, came into force on that date; on that date, consequently, the prohibition contained in Article 21 of that Order became mandatory without any action by the Minister for Posts and Telecommunications being required to that end.

The Minister does not have the power to suspend the application of the prohibition in question, as this power is not one of those conferred on him by the Royal Order and is not vested in him by virtue of any law.

Neither can any such suspension result from inaction on the part of the public prosecutor, in the sense of his refraining from the criminal prosecution of those who violate the ban.”

The final decision in this case has yet to be given.

In addition, various consumers' associations, joined by the RTBF itself, have instituted proceedings at Liège against the Coditel and ALE distribution networks, alleging infringement of the Royal Order.

The Liège Tribunal Correctionnel, in a decision of 23 February 1979, deemed it necessary to refer certain questions for a preliminary ruling to the Court of Justice of the European Communities.

The Court of Justice replied as follows to those questions in a Judgment of 18 March 1980:⁵

- “1. Articles 59 and 60 of the EEC Treaty do not preclude national rules prohibiting the transmission of advertisements by cable television—as they prohibit the broadcasting of advertisements by television—if those rules are applied without distinction as regards the origin, whether national or foreign, of those advertisements, the nationality of the person providing the service, or the place where he is established.
2. National rules prohibiting the transmission by cable television of advertisements cannot be regarded as constituting either a disproportionate measure in relation to the objective to be achieved, in that the prohibition in question is relatively ineffective in view of the existence of natural reception zones, or discrimination which is prohibited by the Treaty in regard

⁴ JT 1980, p. 708, and RW 1980-81, col. 2055.

⁵ Ing. cons. 1980, p. 140; Jt. 1980, p. 279.

to foreign broadcasters, in that their geographical location allows them to broadcast their signals only in the natural reception zone.”⁶

Accordingly, in a decision of 27 June 1980 which has not yet been published, the Liège Tribunal Correctionnel gave judgment against the tele-distributors. The *partie civile*, RTBF, was awarded symbolic damages of one franc, as the Court found that the tele-distributors might have reduced its viewing audience. On the other hand, it must be stressed, the consumers’ associations had their claim dismissed, as the Court found that advertising was not an evil in itself and that the broadcasts which carried it did not cause them any prejudice. It need hardly be added that this judgment has remained a dead letter and that the transmission of advertising material still continues as before.

What is more, the Belgian Government is now contemplating the authorization of advertising on Belgian public broadcasting. Hence it will no longer make sense to prohibit cable transmission of foreign advertising broadcasts, and there can be no doubt that the ban will disappear from the rules in future (see 2.3 below).

2.2.2.2. *The Question of “Own” Programmes*

As mentioned above, distributors may not transmit their own programmes or even proceed to the deferred transmission of pre-recorded broadcast programmes. However, a few years ago there was considerable interest in this new technique of mass communication in certain circles, especially among those concerned with stimulating cultural, community and further education activities. A conference was held on the question at Ostend in October 1975.

The two Cultural Communities in Belgium reacted differently to the problem. The authorities of the Flemish Community remained in favour of simply keeping the ban. On the other hand, a Royal Order of 4 May 1976 (*Moniteur*, 18 June) allowed departures from the prohibition to be granted

“in order to permit in the French-speaking region, by way of experiment and with the agreement of the distributor concerned, the transmission of audio-visual programmes of local interest, via a network for the distribution of broadcasts, on condition that these programmes are limited to socio-cultural activities and that the general conditions imposed on the distributors . . . are fulfilled by the promoters of the programmes in question.”

Ten or so experiments have been authorized under this Royal Or-

⁶ Case 52/79 *Procureur du Roi v. Marc J. V. C. Debaue and Others* [1980] ECR Reports, pp. 859f.

der. It must however be admitted that, with the exception of the two experiments at Liège, RTC Canal Plus and Canal Emploi, they do not seem to have prospered.

Interest in this kind of transmission appears to have dwindled considerably since the appearance and proliferation of the "free radios." But since a large number of the latter are destined to inevitable disappearance once the Government has passed legislation in this domain, as it intends to do, the possibility of a renewed attempt to have distribution networks transmit their own programmes cannot be ruled out.

To complete the picture, attention must be drawn to an attempt to make a "pirate" broadcast by using a low-power transmitter installed close to the receiving antenna of a distribution network. The broadcast took place on the wavelength of a station whose programmes are normally distributed, but at a late hour after the station in question had closed down for the night. This was made possible by the fact that, for technical reasons, the amplification and distribution equipment of the network are not disconnected at the end of the daily transmission. The "pirates" were aware of this state of affairs. The authorities reacted at once, and so far there has not been any renewed attempt.

2.3. *Changes Contemplated*

Everybody agrees that the Royal Order of 24 December 1966 has been overtaken by events and must be adapted. Texts have been elaborated by several committees and working groups in succession. Their work has been made particularly difficult by the fact that the problems are not only technical and legal but also political. It would seem that at the time of writing no definitive text is yet ready.

The changes are however likely to feature the following points:

- the relationship between the networks and their subscribers is to be defined more clearly and in greater detail;
- the ban on distributing advertising is likely to be lifted;
- it is also likely that distributors will be allowed to transmit their own programmes;
- the role of the national Telephone and Telegraph Agency (*Régie*) is likely to be strengthened, as regards the efficiency of signal-transmission (cf. under 4 below) and the supervision and control of the networks.

3. *International Agreements*

3.1. *European Agreement for the Prevention of Broadcasts Transmitted from Stations Outside National Territories, Strasbourg, 22 January 1965*

The Agreement entered into force for Belgium on 19 October 1967.

This explains why the Royal Order of 24 December 1966 restricted authorization to distribute to broadcasts by stations licensed by the countries where they are installed (cf. 2.2.1 and 2.2.2 above).

3.2. *European Agreement on the Protection of Television Broadcasts, Strasbourg, 22 June 1960*

This Agreement came into force for Belgium on 8 March 1968, and so did the Protocol of 22 January 1965.

When ratifying the Agreement, however, Belgium entered a number of reservations. It withheld protection against distribution by wire in respect of broadcasting organizations constituted in or transmitting from Belgian territory. In respect of broadcasts of any organizations constituted or transmitting outside Belgian territory, it restricted the exercise of such protection to fifty percent of the average weekly duration of the transmissions of such bodies. Protection against communication to the public was restricted to cases where such communication was in places accessible to the public on payment of an entry charge. Protection against fixation was withheld where the fixation or reproduction of the fixation is made for private use, or solely for educational purposes. Finally, an exception was made to the protection of broadcasts for the purpose of reporting current events, in respect of the re-broadcasting, fixation or reproduction of the fixation, wire distribution or communication to the public of short extracts from a broadcast which itself constitutes the whole or part of the event in question.

By a Royal Order of 22 March 1972 (Moniteur, 11 October), measures incorporating those reservations were taken to implement this Agreement and Protocol. The Additional Protocol (Strasbourg, 14 January 1974) came into force on 31 December 1974.

As from 1 January 1985, no State may remain a party to the Agreement unless it is also a party to the Rome International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations (cf. 3.3 below).

3.3 *International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations (Rome, 26 October 1961)*

Belgium has not ratified this Convention, which moreover does not contain any provisions on cable television. However, as explained above (see 3.2) Belgium will be obliged to do so by 1 January 1985 in order not to lose the protection of the European Agreement for the Protection of Television Broadcasts.

3.4. *Convention Relating to the Distribution of Programme-carrying Signals Transmitted by Satellite (Brussels, 21 May 1974)*

Belgium has not ratified this Convention.

4. *Material Organization*

The material organization of cable television has sprung from local initiatives, both in the private and the public sector.

The first initiatives were prompted by reception difficulties in the hilly area in the south of the country or in the areas overshadowed by tall buildings in towns. It was very quickly realised that technology also enabled the number of programmes made available to the public to be multiplied at low cost. Belgium is ideally situated for that purpose, and this was certainly a contributing factor in the increasing success of cable television in this country.

According to recent estimates, eighty percent of the owners of television sets are linked up to a cable television network.

At the present time there are about forty networks operating in Belgium, half of them being run by private-sector enterprises and the other half by public services (*"intercommunales mixtes"*, *"intercommunales pures"*, *"régies communales"*). The majority of these operators have combined to set up a trade union, known in French as the Union Professionnelle de la Radio- et de la Télédistribution, RTD. The private undertakings are often linked to major electronics firms or to electricity production or supply undertakings. Some of the public enterprises are likewise offshoots of area electricity boards.

To avoid multiplication of the relays and major supertrunks, and to counter the cluttering of the airwaves and wasteful duplication, the national Telegraph and Telephone Agency decided a few years ago to take over this infrastructure, reorganize it and run it exclusively in future, placing it for a fee at the disposal of each network. This situation will be legalized in future legislation (see 2.3 above). However, the Agency does not operate any network itself and appears to have no intention of doing so.

344. CABLE TELEVISION IN GERMANY: ASPECTS OF MEDIA LAW

By PROF. F. KÜBLER (Frankfurt)

I. *Introduction*

The German report regarding media law problems of cable television is faced with two major difficulties. The first one stems from the fact that so far no cable television is—and can lawfully be—offered in the Federal Republic. There are cable systems,¹ but so far they can only be used as part of a community antenna installation (*Gemeinschaftsantennenanlage*) for the retransmission of generally receivable radio and television programmes. The other main difficulty is that this situation will probably change in the near future.

In 1973 the Federal Government formed a "Commission for the Extension of the Technical Communications System".² The members were asked to present proposals for economically reasonable and socially desirable measures to be taken in the field of telecommunications. In 1975 the Commission presented its report.³ As far as cable communication is concerned the Commission did not find sufficient evidence for the need to establish a nationwide coaxial cable system immediately. Instead it was proposed to test the economic feasibility and social acceptability of cable communication by a few local experiments, the "pilot projects."⁴

In 1978 the conference of the state prime ministers determined that there should be four pilot projects.⁵ Two years later they also agreed that the necessary financial support should be provided by a small increase of the broadcasting fee which has to be paid by each owner of a radio and/or a TV set.⁶ In the meanwhile it seems to be settled that the four projects will take place in Berlin, Dortmund, Ludwigshafen and

¹ For instance, in 1974 a network was established in Hamburg for 3,500 recipients and another one in Nürnberg for 6,000 recipients.

² Kommission für den Ausbau des technischen Kommunikationssystems, abbreviated: KtK.

³ Telekommunikationsbericht (Telecommunications Report), with eight volumes of supplements.

⁴ Report, 119-120.

⁵ Beschluß der Ministerpräsidentenkonferenz vom 11.5.1978: Kabelfernsehen und Breitbandkommunikation, reported by Martin Stock, Koordinationsrundfunk im Modellversuch (1981), 332-333.

⁶ Beschluß der Ministerpräsidentenkonferenz vom 14.11.1980: Gemeinschaftliche Finanzierung der Pilotprojekte "Kabelfernsehen" durch die Länder, loc. cit., 333-335.

München. The state of Baden-Württemberg plans an experiment of its own.⁷

Traditionally, all telecommunications networks in the FRG are established and controlled by the Deutsche Bundespost (DBP).⁸ The KtK-Commission has suggested that some of the experimental cable networks should be owned by local communities or by private enterprise.⁹ But the Federal Government prefers DBP to preserve and extend its technical telecommunications monopoly.¹⁰ Therefore the DBP plans to build up in a few cities coaxial copper cable networks, offering every household the opportunity to be included. In addition, there are new plans to start in 1982/83 a few experiments by establishing some small local networks of glass fiber cable.¹¹

It seems doubtful that this changing situation can be understandably explained by just answering the questionnaire. In order to give coherent explanations of the many and interdependent problems, a different approach is chosen. I shall first describe the traditional legal framework for broadcasting, including cable television (PART II). I shall then present and discuss the development of some of the major constitutional principles governing broadcasting law (PART III). Then, I shall give a short description of the "pilot projects" (PART IV), and finally a few of the open policy questions should be addressed (PART V).

II. *The Traditional Legal Framework*

1. In article 5 par. 1 2 the Federal Constitution—the "Grundgesetz" (GG)—guarantees the freedom to distribute news by broadcasting.¹² But the notion of broadcasting is not defined by the constitution. A legal definition can be found in sec. 1 par. 1 (2) of the "Telecommunications Act";¹³ it says:

⁷ The state government in 1980 instituted an "Expert Commission on New Media" which presented its final report in 1981; *compare* Expertenkommission Neue Medien—EKM Baden-Württemberg, Abschlußbericht (vol. I, 1981), 197-225.

⁸ The Deutsche Bundespost in the German Federal Mail Service.

⁹ Telecommunications Report (f.n. 3) 126.

¹⁰ See Norbert Elias, *Fernmelderecht und Netzträger*, in: HEINZ HÜBNER ET AL.: KABELFERNSEHPROJEKTE (1980), 5-18. Mr. Elias is Secretary of State in the Federal Ministry for Post and Telecommunications.

¹¹ *Compare* Günter Roessler, BIGFON kommt -wohin geht der Rundfunk? MEDIA PERSPEKTIVEN 1981, 745-752.

¹² "Die Pressefreiheit und die Freiheit der Berichterstattung durch Rundfunk und Film werden gewährleistet."

¹³ Gesetz über Fernmeldeanlagen vom 14. Januar 1928 (RGB1., 8) in der Fassung vom 2. März 1974 (BGBl. I, 469).

"Broadcasting installations are electric devices for the distribution and the reception of information, signs, pictures or sounds without wire or by leading electric waves alongside a wire".¹⁴

Under this language there can be no doubt that cable television comes under the definition of broadcasting. And in the Act, broadcasting together with telephone and telegraph are called "installations for telecommunication" (Fernmeldeanlagen). For these installations the Constitutional Court has recently confirmed that legislation has left the meaning of that notion open for the absorption of new technical developments.¹⁵ The decision thus underlines the broad meaning of the basic concepts used in the "Telecommunications Act".

2. At the same time the phenomenon of broadcasting is clearly divided into its technical and its cultural elements. This separation is deeply rooted in the German federal system:

a) The legislative powers of the Federal Republic are confined to the subjects explicitly mentioned in art. 73 to 75 GG. According to art. 73 no. 7, the Federal Republic has the exclusive power to legislate in the field of "Post and Telecommunications".¹⁶ It is under this provision that the Telecommunications Act was modified in 1974.¹⁷ But the Constitutional Court has clearly stated that this power includes only the technical area of distribution and reception of broadcasting; not only the production of programmes is left out, but also the technique used for that production.¹⁸

b) The production of broadcasting programmes is not mentioned in art. 73 to 75 GG. Therefore the power to regulate broadcasting programmes is attributed exclusively to the States (Bundesländer). When the Federal Government started to create its own television service in 1960, the Constitutional Court held that all the steps taken to that purpose violated the distribution of powers between Federal and States' government.¹⁹ Federal constitutional law provides general principles for the organisation of broadcasting;²⁰

¹⁴ "Funkanlagen sind elektrische Sendeeinrichtungen sowie elektrische Empfangseinrichtungen, bei denen die Übermittlung oder der Empfang von Nachrichten, Zeichen, Bildern oder Tönen ohne Verbindungsleitungen oder unter Verwendung elektrischer, an einem Leiter entlang geführter Schwingungen stattfinden kann".

¹⁵ BVerfGE 46, 120, 143.

¹⁶ Post- und Fernmeldewesen.

¹⁷ Compare note 11.

¹⁸ BVerfGE 12, 205, 225.

¹⁹ Loc. cit., 243-259.

²⁰ They will be explained under PART III.

but this framework is to be implemented only by state law and not by federal legislation.

3. As far as the construction and the use of the technical installations for the distribution and reception of broadcasting are concerned, sec. 1 par. 1 (1) of the Telecommunications Act grants an exclusive right to DBP.²¹ Under sec. 2, DBP has the power to allow the construction and the use of telecommunication installations by granting a license. In principle, this includes broadcasting antennas. In order to reduce administrative proceedings DBP has declared its general consent to the construction and use of broadcasting antennas.²² But there is one important exception: "shared" or "community" antennas²³ with active electronic elements of construction: for their installation and use a special license is required.²⁴ This license can be conferred by DBP if the antenna is only used for the reception of generally receivable radio and television air waves. If the antenna is to be used also for the distribution of other broadcasting programmes, an additional consent by the authority of the state (Bundesland) is required. This is to say that the exercise of cable television networks depends on the consent of two authorities: DBP and the state in whose territory the network is to be run have to agree before the programme distribution can start. So far this consent is regularly denied. Upon request by one of the applicants the Administrative Law Court of Appeal in Münster has stated that even under the free speech clause of the constitution neither DBP nor the states' authorities are obliged to grant consent or license for the broadcasting use of cable systems.²⁵

III. *Programme Responsibility: the Development of Constitutional Principles*

1. In Germany broadcasting was—very much like in Great Britain and in France—from the very beginning regarded as a "public service".²⁶ This approach indicates a marked difference from the press which al-

²¹ See note 8.

²² Compare Deutsche Bundespost: Allgemeine Genehmigung für Rundfunk-Empfangsantennenanlagen (ausgenommen Gemeinschaftsantennenanlagen mit aktiven elektronischen Bauelementen) vom 11. Juli 1974, Amtsblatt der Deutschen Bundespost Nr. 103 vom 11.7.1974, 1540.

²³ "Gemeinschaftsantennen" are defined as antennas providing reception for more than one residential unity.

²⁴ Compare Deutsche Bundespost: Bestimmungen über Gemeinschaftsantennenanlagen mit aktiven elektronischen Bauelementen, Amtsblatt der Deutschen Bundespost Nr. 103 vom 11.7.1974, 1541; see also *Lehr/Berg* 291-296.

²⁵ OVG Münster DÖV 1978, 519-522.

²⁶ Kübler, *Rechtsvergleichendes Generalreferat*, in: BULLINGER/KÜBLER, *RUNDFUNK-ORGANISATION UND KOMMUNIKATIONSFREIHEIT* (1979), 278-279.

ways had been and is a private business open for everybody who had or has enough money to start a newspaper. Broadcasting was thought to be much more of a public institution rendering services like the mail or contributing to civilization like museums and libraries. As a consequence broadcasting was organized and controlled by the government; and private enterprise had no access. An important change occurred in Western Germany after World War II. Due to the British and the American influence the element of government control was eliminated without transforming broadcasting into a private business. This was achieved by introducing the "integration system." The production of radio programmes became the task of regional "broadcasting institutions" (Rundfunkanstalten); they were still organised under public law but were no longer a part of the hierarchy of public administration; their most important feature is autonomy and independence from government. Therefore the ultimate authority of control is given to the "broadcasting council" (Rundfunkrat), a body composed of members who are delegated by the political parties, the churches, trade unions, federations of industry and agriculture, and a variety of cultural organizations.²⁷ The broadcasting council appoints and dismisses the chief executive (Intendant) who is responsible for the programme and therefore has to decide ultimately what will be produced and distributed. The programmes are financed by some advertising and by a fee collected from all owners of radio and/or television sets.

2. This system came under attack for the first time when the Federal Government in 1960 created the "Deutschland-Fernsehen-GmbH", a private law television company whose shares were to be held by the Federal and by States' Governments. As already mentioned this institution was annulled by the Federal Constitutional Court.²⁸ The reasons were not only found in the principles of federalism. The Court decided that the government project also violated the guarantee of the "freedom to report by broadcasting" in art. 5 par. I (2) GG. This verdict was based upon the technical and organisational differences between the printed and the electronic media:

²⁷ The composition of the broadcasting council differs from institution to institution. Originally, the political parties together held only minority positions; this is still true for the "Süddeutsche Rundfunk" and the "Hessische Rundfunk". Later foundations (like the "Zweite Deutsche Fernsehen") or reorganizations (like "Westdeutscher Rundfunk" and "Norddeutscher Rundfunk") were used by the state parliaments to enlarge the influence of politicians and their parties inside the broadcasting system. Limits of constitutional law have been indicated by OVG Lüneburg, *MEDIA PERSPEKTIVEN* 1978, 823-830.

²⁸ See footnotes 16 and 17, *supra*.

"in the German Press a comparatively high number of independent papers are competing by offering a diversity of views and political beliefs, whereas in the field of broadcasting for technical as well as financial reasons only few programmes can be produced and distributed".²⁹

These conditions are confronted with the existing broadcasting system:

"For the production and distribution of broadcasting programmes a legal entity is created by statute under public law; it is either wholly independent from government or subject only to limited government supervision; its boards are de facto composed proportionally by representatives of all important political, cultural and social groups; they have the power to supervise and control the programme in order to enforce its conformity with the legal principles asking for the adequate consideration of all those having an interest in broadcasting".³⁰

This (integration) system is in conformity with the constitution, but not all its elements are constitutionally indispensable. This is particularly true for the monopoly position awarded to the existing broadcasting institutions and for their public law form of organisation. The Grundgesetz does not require

"... that broadcasting programmes can be produced and offered only by public law institutions. Also a private corporation could be allowed to provide performances of this sort if the form of its organization guarantees sufficiently that the views of all socially relevant groups will have—as under the public law system—access to the programme and that the freedom to report will not be abridged."³¹

In addition it would be required "that the programme as a whole is submitted to principles guaranteeing a minimum of content balance, fairness and mutual respect".³²

3. Ten years later these principles were confirmed by a decision dealing with tax problems of broadcasting institutions³³: the existing

²⁹ BVerfGE 12, 205, 261.

³⁰ Loc. cit. 261-262.

³¹ Loc. cit. 262.

³² Loc. cit. 263.

³³ BVerfGE 31, 314.

system is justified and indispensable, as frequencies are scarce and capital requirements for the production of programmes are high. At the same time the Court indicated the possibility that these conditions could change. The decision mentions "the still existing order of broadcasting", which is viable "for the time being" and "at least in the mean time."³⁴ But the Court also gives us to understand that there are still other differences of legal importance between press and broadcasting:

"Broadcasting has become—particularly by the development of television—one of the most powerful mass media and means of communication; with respect to its far reaching consequences and to the danger of misuse by one-sided influence upon public opinion it cannot be abandoned to the free play of economic forces."³⁵

This statement is true without regard to the number of frequencies and to capital requirements. Similar ideas have been indicated in a case where the court awarded an injunction in order to protect a prisoner against publication of his name and picture by television a few weeks before he was released. The invasion of privacy is to be taken much more seriously if it is performed not by a radio or newspaper report but by television. This distinction is imposed by the reach of TV programmes and by the intensity resulting from the optical impression and from the combination of moving pictures with sound.³⁶

4. In the most recent decision, dating from June 1981, important conclusions are derived from this understanding of the structural difference between press and broadcasting.³⁷ The state parliament of the Saarland had, by statute, generally allowed the exercise of commercial broadcasting but refused to award a license to a company formed by a group of newspaper publishers. Their complaint before the Constitutional Court was dismissed and the provisions of the statute were annulled for violation of the Federal Constitution. The opinion is based again on art. 5 par. 1 GG: freedom of speech as a constitutional right aims at a comprehensive guarantee of free private and public exchange of information and ideas.³⁸ Therefore broadcasting requires "a positive regulatory framework," securing not only its independence from government but also "that the diversity of existing opinions will be reflected in the programme as completely as possible and that extensive infor-

³⁴ Loc. cit. 326, 330, and 338.

³⁵ Loc. cit. 325.

³⁶ BVerfGE 35, 202, 226-229.

³⁷ BVerfG NJW 1981, 1774-1778; also published in DBV1. 1981, 915-920 with case note by Walter Schmidt, loc. cit., 920-922.

³⁸ BVerfG NJW 1981, 1775.

mation is thus offered".³⁹ The necessity to regulate the organization of broadcasting is independent from the existing situation; it continues to exist even if frequencies should no longer be scarce and capital requirements should diminish.⁴⁰ The Court confirms that the state legislators may introduce private broadcasting. In doing so two ways are open. The state parliament may vote for the "internally pluralistic organisation",⁴¹ where the required programme diversity is secured by the authority of a board composed by representatives of the most important social groups as in the existing system.⁴² The alternative is an "externally pluralistic organisation" where diversity results from the multiplicity of programmes offered to the public.⁴³ The decision stresses the necessity of regulation particularly for that case without going very much into details; only some general hints are given as to some of the required elements:⁴⁴

- a) The conditions of access to private broadcasting have to be fixed by legislation. This is particularly true as long as it is not possible to admit all interested applicants. In this case there has to be a procedure guaranteeing as well diversity of programmes as fair and equal treatment of the applicants.
- b) The legislators have to state general principles for programmes binding producers to minimum standards of mutual respect and of appropriate, comprehensive and truthful news reporting. At the same time there have to be legal provisions for the protection of children and juveniles.
- c) Another indispensable element to be fixed by law is a limited state supervision which has to secure that the constitutional principles regarding freedom of broadcasting are observed.
- d) The decision also mentions the problem of financing the programmes. The question of how far this point needs regulation, is explicitly left open for further discussion.⁴⁵

IV. The "Pilotprojekte"

As already mentioned, the state prime ministers have agreed to

³⁹ Loc. cit. 1776.

⁴⁰ Loc. cit.

⁴¹ Loc. cit. 1777.

⁴² This is not feasible with the existing legal forms of company law (stock corporation, limited company etc.). If this system is adopted the legislator has to create the legal form of a "private broadcasting company with internally pluralistic organisation."

⁴³ Loc. cit.

⁴⁴ Loc. cit. 1776-1778.

⁴⁵ Compare PART V.1, *infra*.

realise four local experiments of cable broadcasting, including television, in Berlin, Dortmund, Ludwigshafen and München.⁴⁶ In all these cities DBP has accelerated the installation of coaxial cable networks. As far as programme responsibility is concerned, the development in Ludwigshafen shows some special features.

1. The situation regarding Berlin, Dortmund and München is very similar in two major respects.⁴⁷ First of all there are so far no definite plans; for all three places the development seems still to be open in many respects. Only one element of the future organisation—and this is the second point—seems to be settled for all three places: that the ultimate responsibility for programmes will stay with the established broadcasting institutions of the region.⁴⁸ For München this has reasons of state constitutional law: Article 111(a) of the Bavarian Constitution excludes the possibility of private broadcasting in that part of Germany. As far as Berlin and Dortmund are concerned, the decision to stick to the existing broadcasting system is based upon policy considerations; one important aspect is that commercial television should not be admitted. But the traditional organisation will probably be somewhat loosened. It is envisaged that under the “roof” of the public law broadcasting institutions there should be more room for private business to produce and distribute broadcasting programmes. This is particularly true for text communication through local cable nets (“cable text”) which in Germany is not thought to be a form of television.

2. As far as Ludwigshafen is concerned, the state parliament of Rheinland-Pfalz a year ago enacted a “Statute concerning an Experiment with Coaxial Cable”.⁴⁹ The regulatory pattern provided by this legislation seems rather complicated; its efficiency with respect to the aims and principles stated by the Federal Constitutional Court is controversial.⁵⁰ Its most important elements are the following:

- a) The experiment to be carried out by the state of Rheinland-

⁴⁶ See footnotes 5-7, *supra*.

⁴⁷ The state of development of these projects in spring 1981 is precisely described by MARTIN STOCK, *KOORDINATIONSRUNDFUNK IM MODELLVERSUCH* (1981), 93-115; for München see also WALTER SCHMITT GLAESER, *KABELKOMMUNIKATION UND VERFASSUNG* (1980), 27-33.

⁴⁸ That is to say: with “Sender Freies Berlin” (SFB) for Berlin, with the “West-deutschen Rundfunk” (WDR) for Dortmund and the “Bayrischen Rundfunk” (BR) for München. It seems not yet determined how far and in which way the “Zweite Deutsche Fernsehen” (ZDF) will take part in these experiments.

⁴⁹ Landesgesetz über einen Versuch mit Breitbandkabel vom 4.12. 1980, *Gesetz- und Verordnungsblatt Rheinland-Pfalz*, 229; also published by Stock, *loc. cit.*, 362-376.

⁵⁰ For a comprehensive discussion compare Stock, *loc. cit.* 167-311.

Pfalz (sec. 1) in the area of Ludwigshafen (sec. 5) for a period of three years (sec. 2) shall include the following services (sec. 2): cable television and broadcasting, different forms of text communication, two-way-communication, and satellite broadcasting. The experiment serves the purpose of testing new forms, structures and contents of broadcasting programmes as well as the need for local broadcasting services and the participation of private producers; it should include at least 30,000 households (sec. 2). Advertising will be admitted, but it has to be clearly separated from all other programmes and services. TV advertising will be excluded on Sundays and official holidays (sec. 3).

b) The state government will create and incorporate a public law institution under the name "Institution for Cable Communication" (sec. 6). It will have two bodies (sec. 7): an assembly and an executive body. The assembly will have forty members (sec. 8), delegated by the political parties, the state government, the local communities, the churches, the existing broadcasting institutions (SWF and ZDF), the unions, industrial and agricultural federations, associations of newspaper and magazine publishers, and other social and cultural organizations. The main responsibilities of the assembly are the supervision of programmes as to their conformity with the existing regulation and their over-all balance (sec. 9: "Ausgewogenheit der Programme in ihrer Gesamtheit"), and the election and dismissal of the three members of the executive board. Its main function is to grant licences for producers of programmes (sec. 10).

c) The conditions of participation as a producer are fixed in section 14. Two official steps are required: the permission ("Erlaubnis") of the state government and a license ("Nutzungsgenehmigung") granted by the "Institution of Cable Communication". The government permission is to be given if the applicant is a legally capable person or corporation, resident of West Germany and justifying the expectation that the legal provisions and all other regulations will be respected. Once the permission is granted the applicant has to receive a license. The license determines *inter alia* the form of the communication service, to which applicant is admitted, the channel to be used and the time of distribution. The existing broadcasting institutions "Südwestfunk" (SWF) and "Zweites Deutsches Fernsehen" (ZDF) can claim channels for their own (sec. 15).

d) Sections 17 and 18 state general rules and principles for programmes. The principles of a democratic constitution, the idea of international understanding, the dignity of human beings and

the ethical and religious convictions of the audiences have to be respected. The assembly has to assure that the programmes as a whole are balanced; it has to enact regulations preventing one-sided support for the government, a political group or particular personal or economic interests. Under these rules and regulations every producer is responsible for the programmes distributed by him. In case of infractions the assembly can restrict the license or ask the government to withdraw the permission. Section 22 provides a right of reply if a person or agency is concerned by a statement of fact published in a programme.

V. *Final Remarks: Some Open Questions*

The Rheinland-Pfalz statute was enacted before the Constitutional Court had passed its 1981 decision. Therefore it is to be asked if its provisions are compatible with the principles formulated by the Court. There are some doubts; at least three problems should be mentioned.

1. The statute allows that cable television programmes will be exclusively financed by advertising, as long as 20% of the time available for the programme is not exceeded (sec. 14 par. 10). The Constitutional Court did not come forward with any explicit rules but has indicated that there are problems.⁵¹ It has done so by referring to a decision of the Federal Administrative Court. There it was held that the exclusive financing of private television through advertising "would lead to biasing public opinion by the advertising enterprises, that is by groups of business, commerce and industry. This result would be inconsistent with the constitutional concept of freedom of information in a democratic society".⁵² This argument is confirmed by decisions of the Federal Court protecting newspapers against unfair competition by shoppers: these decisions can only be justified by the purpose to protect the freedom of the newspaper reader to decide which paper he wants to acquire.⁵³ Along similar lines the Monopoly Commission⁵⁴ in an unsolicited opinion published only a few weeks ago has argued that purely commercial television should not be admitted as it has been shown to be a particularly strong factor of economic concentration.⁵⁵ This position seems to be justified

⁵¹ See footnote 45, *supra*.

⁵² BVerwGE 39, 159, 167.

⁵³ For a summary see Kübler, *Pressefreiheit als Entscheidungsfreiheit des Lesers*, in: Festschrift für Löffler (1980), 169-185.

⁵⁴ The "Monopolkommission" is a body established by antitrust legislation and composed of five independent experts who have to watch and to comment on the enforcement of antitrust policy.

⁵⁵ Wettbewerbsprobleme bei der Einführung von privatem Hörfunk und Fernsehen, Sondergutachten (1981).

by the results of empirical research mainly in the United States.⁵⁶ Thus, there is sufficient reason to think that the exclusive financing of private cable television by advertising cannot be recommended and may even be unconstitutional.

2. Another unsolved problem is the relationship between private broadcasting and the press. For a long time it has been obvious that newspaper publishers are eager to enter the television business. Certainly, their interest offers advantages: they are able and willing to provide not only the investment capital but also the know how necessary to develop new media. At the same time press shareholdings in the local cable television business are sometimes looked at (and asked for) as compensation for the loss of advertising business to a new competitor. On the other hand, serious disadvantages are to be feared. The newspaper business is highly concentrated; its typical market structure has become the local monopoly. For this reason any form of local or regional newspaper-broadcasting cross-ownership will reduce diversity in the offer of published news and ideas. At the same time it threatens to contribute to the concentration in the newspaper field as the entry into the press market will become still more difficult if the existing newspapers dominate the television business. For these reasons the Monopoly Commission⁵⁷ has proposed an amendment to the merger control provisions: the granting of a broadcasting license should be treated like an acquisition of a newspaper business. Thus, the special rules for newspaper mergers⁵⁸ would be applicable whenever cross-ownership would create or reinforce a dominating position in a local, regional or national newspaper market. Such regulation would certainly be helpful, but it is not quite sure if it would be sufficient, as there may remain two major problems. One is the television business run by a joint venture of newspaper and magazine publishers. The other is the big—national or international—multi-media conglomerate adding television to an already broad spectrum of other mass media activities. These forms of concentration may have not only economic and cultural but also political repercussions: there are indications that it will become extremely difficult to enact and enforce antitrust legislation against the common interest

⁵⁶ See EGON SOHMEN, MARKTWIRTSCHAFT, PRESSE UND WERBUNG (1971), 15-16; I. M. BLAIR, ECONOMIC CONCENTRATION, STRUCTURE, BEHAVIOUR AND PUBLIC POLICY (1972), 321-335; ROGER NOLL/MERTON J. PECK/JOHN J. MCGOWAN, ECONOMIC ASPECTS OF TELEVISION REGULATION (1973), 37-38; WERNER MÜLLER, DIE ÖKONOMIK DES FERNSEHENS. Eine wettbewerbspolitische Analyse unter besonderer Berücksichtigung unterschiedlicher Organisationsformen (1979), 608-610.

⁵⁷ See notes 54 and 55, *supra*.

⁵⁸ See sec. 23 par. 1(7) and sec. 24 par. 9 Gesetz gegen Wettbewerbsbeschränkungen.

of a combined newspaper and broadcasting industry.

3. Finally, there seem to be open questions relating to satellite television. In the Federal Republic the constitutional guarantee of freedom of broadcasting—as defined by the Constitutional Court—requires a rather comprehensive legal framework for the private operation of radio and television,⁵⁹ which could be said to be a part of the “ordre public” of the country. There can be no doubt that these requirements also apply to broadcasting programmes distributed by a German satellite. It will be comparatively easy and inexpensive to receive these programmes. There will be no technical obstacles to receive programmes emanating from other satellites; but this will need much bigger and therefore considerably more expensive antennas. Under the constitutional guarantee of freedom of information nobody can be prevented from buying such antennas and from watching foreign programmes even if they do not correspond to the requirements of German constitutional law. That would even be true for programmes produced by the German newspaper publishers for German audiences and financed by German advertisers but distributed by a Luxembourg satellite. The situation will be different if the antenna is not owned and used by one individual but is part of a shared antenna system serving several or many households. Here a license by DBP has to be obtained;⁶⁰ and it is not clear if it will be possible to deny this license with the argument that the programmes to be received do not correspond to the national “ordre public” in broadcasting. The legal situation may again be different when a DBP-owned cable network has replaced all individual antennas; here it may even be asked if DBP will be allowed to receive and transmit satellite programmes not corresponding to the structural requirements of national constitutional law. For the moment it still seems to be too early to give a reliable answer.

⁵⁹ See PART III, *supra*.

⁶⁰ See PART II.3, *supra*.

345. CABLE TELEVISION: REPLY TO QUESTIONNAIRE ON MEDIA LAW

By PROF. M. FABIANI (Rome)

A. In Italy, broadcasting is regulated by Law 103 of 14 April 1975 ("New provisions on sound broadcasting and television").

Article 1 of this Law declares that the broadcasting of television programmes by hertzian transmission or, on the national scale, by cable, is an essential public service and of citizens' interest. Its purpose is to contribute to the country's social and cultural development, and enhance the citizens' participation therein, in conformity with the principles laid down and sanctioned by the Constitution.

The object of the Law, where cable television is concerned, is to regulate it at both national and local levels. The nationwide teledistribution service, regulated by Title I, is reserved to the State because it is a public service. In other words, this monopoly is justified on grounds of public utility.

Titles II and III, however, cover certain limitations on the monopoly conferred upon the State by Title I.

Title II deals with the installation and exploitation of networks for the local distribution of programmes via cable, while Title III regulates the installation of private wireless stations for the retransmission of foreign and national sound and television programmes.

This 1975 Law comprises the first legislative regulation of cable television at the national and local level.

It was adopted after the Italian Constitutional Court had on 10 July 1974 adopted two Judgments, of which the first (No. 225) concerned hertzian broadcasting and the second (No. 226) cable distribution.

In Judgment 225 the Court had found that the State's monopoly of public radio-television services was not unconstitutional provided it was hedged with conditions likely to ensure its conformity with the purposes of the institution, i.e., to broadcast complete and objective information open to every cultural trend and constituting an impartial representation of the ideas current in society.

In Judgment 226, the one concerning cable television, the Court had found that the same grounds of principle which legitimized the State's monopoly of national hertzian radio-television also justified exclusive State control of cable services covering the whole or the greater part of the national territory. On the other hand, the installation and operation of cable radio-television networks at the local level could, the Court held, properly be carried out by private enterprise, subject to prior official authorization.

The Law of 1975, giving effect to the principle of (partial) liberal-

ization upheld by the Constitutional Court, regulated the setting-up of private cable television networks or installations, listing the qualifications required in order to obtain an official licence, to be issued by the Minister of Posts and Telecommunications. It also laid down the maximum local distribution area which may be covered by any such licence.

Cable distribution of sound or visual programmes is subject to the permission of the authorities of the Region within which the network or installation is located.

Noteworthy among the obligations laid upon licensed operators are the duties to ensure that advertisers' announcements are local in character and do not exceed a certain maximum overall duration, to produce some original programmes and to refrain from linking up with other (Italian or foreign) networks for simultaneous transmissions.

The Law also provides that the installation and operation of private wireless stations for the retransmission of Italian and/or foreign radio or television programmes is subject to Ministry authorization. It lays down a set of conditions for obtaining such authorization, and the obligation to eliminate anything of an advertising nature from the programmes retransmitted.

It should be noted that the Law of 1975 did not expressly regulate the installation of stations for the cable retransmission of broadcasts from outside the country. It can however be argued from the silence of the law on this head that this service is reserved to the State, subject to the application by analogy of the provisions concerning hertzian retransmission of foreign programmes.

B. The provisions of the Law of 1975 concerning cable television have not yet been applied in practice, inasmuch as cable television has not so far developed, in view of the possibility of the private installation and operation, at local level, of (FM) hertzian broadcasting stations. This possibility was opened up by another Judgment of the Constitutional Court (No. 202, of 1976, confirmed by another decision of the same Court, No. 148, of July 1981).

C.1. The Constitutional Court Judgments referred to under A and B above (Nos. 225 and 226 of 1974, and No. 202 of 1976) relied on the provisions of Articles 21 and 41 of the Italian Constitution concerning freedom of expression and freedom of private economic enterprise.

In the Court's view, the provisions of the law governing broadcasting should be consonant with the constitutional principles of freedom of expression and freedom of private economic enterprise, though within the limits dictated by respect for the interests of the collectivity. Nationwide broadcasting, said the Court, is an essential public service and of citizens' interest. The right of hertzian or cable transmission at the local level, and the right to receive and retransmit foreign broadcasts by hertzian means, must be regulated by statute so as to establish which organ

of the central State administration is to be responsible for allocating the available frequencies and exercising the necessary supervision. The Court emphasized the necessity of setting up a system of official licensing for the exercise of the rights in question, so as to obviate clashes with the public interest that had to prevail.

Following the Court's guidelines, the authors of the 1975 Law reserved nationwide cable television to the State and laid down a special licensing system for the local teledistribution to be carried out by private enterprise.

Paragraph 2 of Article 2 specifies the basic principles of the public radio-television service: independence, objectivity and openness to the various political tendencies, in a spirit of respect for the freedoms guaranteed by the Constitution.

2. At the national level, the broadcasting service is run by the RAI, a joint-stock company with a public shareholding, under a concession granted by the State which also covers nationwide cable television.

Supervision of the public broadcasting service is exercised by a forty-member Parliamentary Committee instituted under Law 103 of 1975. It is empowered to indicate the general lines of the programming where political features and debates are concerned, with a view to observance of the principles enunciated in Article 1 of the Law (enhancement of the nation's social and cultural development, independence, objectivity, openness to the various political, social and cultural tendencies). The Committee has also a watching brief where implementation of its guidelines on programmes and advertising is concerned.

D. Conclusions. The provisions of Italian law governing cable television have not so far been subjected to any thorough analysis or critique. Since no system of cable television networks has come into being, the courts have had no occasion to pronounce upon any issues involved in application of the law.

The uncontrolled proliferation of private hertzian transmitters is the main cause of present lack of interest in the organization of a cable teledistribution system.

This proliferation on the local level has taken place before the introduction of any statutory regulation of the matter along the lines indicated by the Constitutional Court in its 1976 Judgment. At present the Government is drafting appropriate legislation. The new regulations will have to bring order to this field and restrict the existing number of stations. Once that happens, there can be a revival of interest in cable television, both among the circles immediately concerned and in the public at large, and it could thus eventually fulfil its role as an instrument for the dissemination of information and culture.

346. GOVERNMENT REGULATION AND COPYRIGHT ASPECTS OF CABLE TELEVISION IN JAPAN

By PROF. TERUO DOI (Tokyo)

Introduction

Government regulation of cable television in Japan began on 1 January 1973 when the Cable Television Transmission Law (Law No. 114, 1972) came into force. This paper will discuss what types of cable television transmissions are subject to regulation, how the establishment and operation of cable television facilities are regulated and to what kinds of standards self-originated programs are subject.

Before entering into the main discussion, it is necessary to mention the size and characteristics of the cable television industry in Japan in order to clarify the need for its regulation.

Then, we will discuss the copyright aspects of cable television because the Copyright Law (Law No. 48, 1970) protects not only the copyright of authors but also neighboring rights and contains some provisions relating to cable television.

I. The Growth of Cable Television Systems.

When the Cable Television Transmission Law was enacted in 1972, the status of cable television systems was as follows:¹

According to the survey conducted by the Ministry of Postal Administration in 1973, the number of cable television facilities throughout the country, as of 31 December 1972, was approximately 10,000. The Ministry sent questionnaires to the operators of these facilities and obtained replies from 60 percent of them. Table 1 was prepared after the survey.

Most of the cable television facilities existing in 1972 were engaged solely in the retransmission of television broadcasts. Those distributing self-originated programs were very few. Retransmission of television programs was made primarily for the purpose of serving the residents in the areas covered by the original television broadcasts who had reception difficulties. But, cable television was also used to retransmit television programs to areas not covered by the original broadcasts. In large cities, there was a growing need of cable television facilities in order

¹ See, Takeshi Ishida, *Yūsen terebijonhōsō to sono mondaiten* (Cable television transmission and its problems), JURISUTO (No. 530) 38 (April 15, 1973).

Table 1

Size of Cable Television Facilities by the Number of Users

Number of users	Number of facilities
0-50	2,470 (43.4%)
50-100	1,750 (30.7%)
101-300	1,302 (22.9%)
301-500	94 (1.7%)
501-1,000	57 (1%)
1,001-2,000	16 (0.3%)
2,001 or more	4 (0.1%)
Total	5,693 (100%)

to overcome reception difficulties caused by ever-increasing high building structures.

After eight years of regulation under the Cable Television Transmission Law, the Ministry of Postal Administration reports the status of cable television systems as of 31 December 1980 as follows:²

The report of the Ministry points out that cable television facilities have been used mainly in remote areas where normal reception of television programs is difficult, but, more recently, cable television facilities have also been used as the most effective means of overcoming reception difficulties in large cities due to the increase of high building structures. The report also indicates that there has been an increase of self-originated programs. As of 31 December 1980, the total number of cable television facilities which have obtained permits from the Ministry or notified the Ministry of the commencement of operations is 23,113 and the total number of their subscribers is 3,005,557. The following table shows the gradual increase of cable television facilities and their subscribers during the past five years:

² See, Yūseishō (Ministry of Postal Administration), ed., TSŪSHIN HAKUSHO SHŌWA 56 NEN BAN (Communication whitepaper 1981 edition) 229-230, 252-260 (1981).

Table 2

Number of Cable Television Facilities and Subscribers

	Facilities Obtained Permits (with capacity to serve 501 or more subscribers)		Facilities Notified Commencement of Operations (with capacity to serve 500 -51 subscribers)		Small Facilities (with capacity to serve less than 50 subscribers)		Total	
	No. of Facilities	No. of Subscribers	No. of Facilities	No. of Subscribers	No. of Facilities	No. of Subscribers	No. of Facilities	No. of Subscriber
1976	181	240,419	9,986	1,244,785	7,193	207,385	17,360	1,692,589
1977	195	268,156	11,231	1,450,976	8,086	231,715	19,512	1,950,847
1978	225	356,336	13,086	1,705,664	9,058	252,426	22,369	2,314,426
1979	274	467,502	14,848	1,972,143	10,212	278,886	25,334	2,718,531
1980	324	514,084	16,318	2,183,495	11,471	307,987	28,113	3,005,557

Facilities having capacity to serve less than 50 subscribers but distributing self-originated programs are included in "Facilities Notified Commencement of Operations".

As of 31 December 1980, the number of cable television facilities having permits is 324, which shows an increase of 50 facilities or 18.2% during the past 12 months. As shown by Table 3, the number of cable television facilities having permits has been sharply increasing in the past few years. The report of the Ministry attributes such an increase to the establishment of cable television facilities in order to ease the reception difficulties caused by newly constructed high buildings, express highways and super-express railways. These facilities are provided by the parties who are liable for the cause as compensatory measures for the residents thereby affected. The report indicates also that cable television facilities are often established in newly developed public housing complexes.

Proprietors of cable television facilities vary greatly. The report of the Ministry attributes this fact to the usefulness of cable television systems as means of communication depending on the natural, economic, social or culture requirements of each community. Table 4 shows such variety of ownership as of 31 December 1980:

II. *The Cable Television Transmission Law and Its Coverage:*³

Article 1 of the Cable Television Transmission Law provides that its purpose is

“to ensure appropriate establishment of cable television transmission facilities and operation of their services and thereby to protect the interests of the recipients of cable transmission as well as to promote sound development of cable television transmission and thus to contribute to the advancement of public welfare.”

The Cable Television Transmission Law consists of the following chapters: Chap. 1, “General Provisions” (Arts. 1 and 2); Chap. 2, “Facilities” (Arts. 3 to 11); Chap. 3, “Operations” (Arts. 12 to 18); Chap. 4, “The Cable Transmission Council” (Arts. 19 to 23); Chap. 5, “Miscellaneous Provisions” (Arts. 24 to 32); Chap. 6, “Penal Provisions” (Arts. 33 to 38).

The cable Television Transmission Law is implemented by the Cable Television Transmission Law Enforcement Order (Cabinet Order No.

³ For a brief explanation of the Cable Television Transmission Law, *see*, Yukio Ōmori, *Yūsen terebihō o kentō suru* (An explanation of the Cable Television Transmission Law), HOSOBUNKA August 1972, p. 2; Tomoyuki Onozawa, *Yūsen terebihōsōhō no seitei* (Enactment of the Cable Television Transmission Law), ZAISEIKEIZAI KŌHŌ (No. 1475) 6 (Sept. 4, 1972).

Table 3

Number of Cable Television Facilities Obtained Permits

	1973	1974	1975	1976	1977	1978	1979	1980	Total
No. of Permits Issued	149	10	16	14	22	34	57	58	360
No. of Permits Withdrawn	—	3	2	3	8	4	8	8	36
No. of Facilities	149	156	170	181	195	225	274	324	—

Table 4

Number of Cable Television Facilities with Permits
Classified by Ownership

	Size of Facilities (number of subscribers can be served)						Total	%
	500- 1,000	1,001- 2,000	2,001- 3,000	3,001- 5,000	5,001- 10,000	10,000 or more		
Profit corporations	14	20	11	11	3	5	64	19.8
Unincorporated associations	91	48	14	4	1	1	159	49.1
State & local public entities	11	3	4	3	1	—	22	6.8
Special corporations	6	2	2	1	—	—	11	3.4
Nonprofit corporations	18	22	2	5	4	1	52	16.0
Cooperatives	3	2	2	—	—	1	8	2.5
Individuals	2	1	—	—	—	—	3	0.9
Others	1	3	1	—	—	—	5	1.5
Total	146	101	36	24	9	8	324	100.0

441, 1972) and the Cable Television Transmission Law Enforcement Regulations (Ministry of Postal Administration Ordinance No. 40, 1972).

Article 2 (1) of the Cable Television Transmission Law defines "cable television transmission" (*yūsen terebijon hōsō*) as

"transmission by cable (meaning transmission of electric communication signals by cable intended for direct reception by the public) other than transmission by cable of radio broadcasts provided under Article 2 of the Law to Regulate the Operation of Cable Transmission Services of Radio Broadcasts (Law No. 135, 1951)."

The above definition makes it clear that cable television transmission subject to the regulation of the Law is limited to such transmission for direct reception by the public and that the regulation does not cover cable transmission of radio broadcasts. Thus, activities regulated by the Law include: (1) retransmission in the area covered by original television broadcasts; (2) transmission for reception in areas not covered by original television broadcasts; and (3) distribution of original programs.

In this connection, statutory definitions of other key words must be explained.

The word "*hōsō*" (broadcasting) is defined by Article 2 (i) of the Broadcasting Law (Law No. 132, 1950) as "transmission by radio communication intended for direct reception by the public." The Radio Waves Law (Law No. 131, 1950) Article 5 (4) provides that

"radio stations which transmit radio communication intended for direct reception by the public (hereinafter referred to as 'broadcasting' (*hōsō*)) shall not be given radio station licenses if they fall under one of the following subparagraphs. . . .

The Copyright Law (Law No. 48, 1970) Article 2 (1)(viii) defines "broadcasting" (*hōsō*) as "to transmit by radio communication intended for direct reception by the public."

The Copyright Law also defines "transmission by cable" (*yūsen hōsō*) as

"to transmit by cable-telecommunication intended for direct reception by the public, other than transmission by a cable-telecommunication installation one part of which is located in the same premises where the other part is located or, if the premises are occupied by two or more persons, both parts of which are located within the area therein occupied by one person."

Since the Cable Television Transmission Law was enacted after the enactment of the Copyright Law, it follows the latter's definition of "transmission by cable."

Article 31 of the Cable Television Transmission Law specifically excludes the following types of cable television transmission from its regulation:

- (i) Cable television transmission to be made for temporary purposes;
- (ii) Cable television transmission to be made in the same premises, except when it is to be made in a place where members of the general public pass through or gather for personal enjoyment;
- (iii) Cable television transmission to be made in land vehicles, ships or airplanes; and
- (iv) Other types of cable television transmission designated by an ordinance of the Ministry of Postal Administration.

III. *Establishment of Cable Television Facilities:*

Chapter 2, "Facilities", of the Cable Television Transmission Law

provides the procedure and standards for the establishment of cable television facilities. Article 2 (2) defines "cable television transmission facility" (*yūsen terebijon hōsō shisetsu*) as "a cable-telecommunication facility to be used for cable television transmission (including reception antennas for retransmission and other equipment necessary for receiving broadcasts)." Article 2 (3) defines "owner of a cable television transmission facility" (*yūsen terebijon hōsō shisetsusha*) as "a person who has obtained a permit under Article 3 (1) for the establishment of a cable television transmission facility."

In order to establish a cable television transmission facility and operate a cable television service by such facility, one must obtain a permit from the Minister of Postal Administration for the establishment of a facility (Art. 3 (1)), unless exempted by a ministerial ordinance. Facilities which have fewer than 300 subscribers are exempt from the above requirement by a ministerial ordinance.

A person who desires to obtain a permit to establish a cable television facility from the Minister must file with the Minister a petition stating the plan for the facility including the area, frequencies to be used, the outline of the facility and other matters required by a ministerial ordinance (Art. 3 (2)).

The Minister issues a permit when the petition meets the following requirements (Art. 4 (1)):

- (i) The plan to establish a cable television facility under petition is reasonable and feasible;
- (ii) The facility under petition meets the technical standards established by a ministerial ordinance;
- (iii) The petitioner has sufficient accounting and technical capability to establish a cable television facility and to operate it adequately; and,
- (iv) The establishment of a cable television facility by the petitioner is necessary and suitable in view of the natural, social and cultural conditions of the area in which it is to be established.

The Minister, before deciding on the merits of the petition, must consult with the prefectural government concerned for its opinion (Art. 4 (2)).

The Minister *may* refuse to issue a permit in one of the following situations (Art. 5):

- (i) When the petitioner is not a Japanese national;
- (ii) When the petitioner is the government or a representative of a foreign country;
- (iii) When the petitioner is a foreign juristic person or association;

- (iv) When the petitioner is a juristic person or association whose managing officer is a person falling under (i), (ii) or (iii) above, or more than one-fifth of whose voting rights are held by a person falling under (i), (ii) or (iii) above;
- (v) When the petitioner's previous permit was cancelled in accordance with Article 25 (1) and not more than two years have passed since such cancellation;
- (vi) When the petitioner violated the Cable Television Transmission Law, the Law to Regulate the Operation of Cable Transmission Service of Radio Broadcasts or the Cable Telecommunication Law (Law No. 96, 1953) and was sentenced to a fine or a heavier penalty, and there have not elapsed more than two years since the sentence was fully executed or the petitioner was relieved of its execution; and,
- (vii) When the petitioner is a juristic person or association whose officers include a person falling under (v) or (vi) above.

It should be noted that the Radio Waves Law (Law No. 131, 1950) provides for similar reasons of disqualification for a radio station license (Art. 5).

The petitioner, when he obtains a permit from the Minister, is required to establish the facility under petition within the period fixed by the Minister for the area he designates (Art. 6 (1)). The petitioner may obtain an extension of this period when he shows a good reason (Art. 6 (2)). The petitioner, when he has established the facility in accordance with his permit, must promptly report to the Minister of its establishment (Art. 6 (3)).

After the establishment of a cable television facility, its owner is not allowed to change the facility plan, frequencies or the facility without prior permission from the Minister (Art. 7 (1)).

The owner of a cable television facility, when he is requested by a person who wants to operate a cable television service and to use his facility, must grant the request except in a situation provided by a ministerial ordinance (Art. 9).

The owner of a cable television facility must prepare a standard contract which sets forth the terms and conditions including fees for the use of his facility in accordance with the standards established by a ministerial ordinance (Art. 10).

IV. *Operation of Cable Television Transmission Service*

Article 2 (4) defines "operator of a cable television transmission service" (*yūsen terebijon hōsō jigyōsha*) as "a person who engages in a cable

television transmission service.”

A person who wants to become an operator of a cable television transmission service must file a notification with the Minister of Postal Administration stating the area of operation, inclusion or noninclusion of retransmission service and other matters required by a ministerial ordinance (Art. 12). These other matters include: the number of prospective subscribers, plans for establishing programs, consents obtained for retransmission, operation hours, and the date of commencement of the operation.

Operators who own cable television facilities are required to retransmit all the programs telecast by broadcasting organizations in the same locality, without making any changes, for reception by the residents in areas designated by the Minister as districts having considerable reception difficulties (Art. 13 (1)).

In all other cases, operators must obtain consent from broadcasting organizations in order to retransmit programs telecast by these organizations (Art. 13 (2)). Such consent is not necessary for retransmission to be made for reception by the residents in areas having considerable reception difficulties mentioned above.

In case of a dispute between an operator and a broadcasting organization as to the consent for cable television retransmission, the parties may request the Minister for mediation in order to resolve the dispute (Art. 13 (3) and (4)).

For retransmission of television programs in accordance with Article 13 (1), an operator who owns a cable television facility is required to prepare a standard contract, stipulating fees for retransmission and other terms and conditions, and obtain approval from the Ministry (Art. 14 (1)).

The Minister, when he finds that the petition for approval of a standard contract filed by the operator meets the following requirements, must give approval to the operator (Art. 14 (2)):

- (i) The fees stipulated therein are reasonable in view of the cost estimated when the service is efficiently operated;
- (ii) When the operator conducts both retransmission of television broadcasts and other cable transmission, the standard contract covers only retransmission service;
- (iii) Matters relating to the respective liabilities of the operator and the recipients are clearly stipulated; and
- (iv) No one is unreasonably discriminated against.

An operator who conducts cable television transmission other than retransmission under Article 13 (1) and wants to collect fees for such

service from the recipients is required to notify the Minister with a standard contract stipulating the fee schedule (Art. 15).

For self-originated programs of cable television operators, the relevant provisions of the Broadcasting Law (Law No. 132, 1959) are applicable (Art. 17). These provisions are as follows:

Article 3 of the Broadcasting Law provides that broadcasting programs shall not be interfered with or regulated by any person unless authorized by law.

Under Article 4 of the Broadcasting Law, a broadcasting organization, when it receives a complaint from a person who has allegedly suffered injury from its broadcasting of untrue matters within two weeks from such broadcasting, must promptly investigate the complaint. If the broadcasting organization discovers that the complaint has merit, it must broadcast an announcement of correction or withdrawal within two days from the discovery.

Under Article 44 (3) of the Broadcasting Law, the Japan Broadcasting Corporation must observe the following standards in the preparation of programs for domestic broadcasting:

- (i) The program shall not harm public security or good morals;
- (ii) The program shall be politically fair;
- (iii) The program shall not contain a report that distorts the fact concerned; and,
- (iv) In the handling of an issue which is the subject of conflicting opinions, the program shall try to clarify the issue from different angles as much as possible.

Under Article 44-2 (1) of the Broadcasting Law, the Japan Broadcasting Corporation is required to establish standards for the preparation of programs for domestic broadcasting and observe such standards. Article 44-2 (2) requires the Corporation to publish the standards.

Article 52 of the Broadcasting Law requires the Corporation to broadcast the political speeches of candidates when public elections are held.

In order to make self-originated programs proper and reasonable, each operator is required to establish a program council (Art. 17 (3)).

V. The Copyright Aspects of Cable Television.

The Copyright Law (Law No. 48, 1970) contains a special chapter on neighboring rights, i.e., the rights of performers, producers of phonograms and broadcasting organizations (Arts. 89 to 104).⁴

⁴ See, DOI, THE INTELLECTUAL PROPERTY LAW OF JAPAN, Chap. 7 "The Copyright Law" (1980).

Article 2 (1)(ix) defines "broadcasting organization" (*hōsō jigyōsha*) as "a person who broadcasts as a business." This definition does not include persons who engage in cable transmission or conduct radio telecommunication between specific persons. The Copyright Law was drafted in accordance with the recommendation of the Copyright Council which stated that broadcasting organizations to be protected under the proposed law "should be persons who transmit sounds alone or images and sounds together by wireless means for public reception."⁵ Thus, it is beyond the scope of the Copyright Law to protect operators of cable television. However, the Copyright Law contains a number of provisions which relate to the operation of cable television. These provisions are outlined as follows:

First, the right to transmit a given work by cable is a part of the author's copyright. Article 23 (1) provides that "the author shall exclusively have the right to broadcast (*hōsō*) or transmit by cable (*yūsen hōsō*) of his work." And, Article 23 (2) provides that "The author shall exclusively have the right to communicate publicly by means of a receiving apparatus his work broadcasted or *transmitted by cable*." Under Article 23, the owner of copyright in a musical work may control broadcasting or transmission by cable of his music by phonograph records.

Secondly, some of the fair use provisions in Subsection 5, "Limitations of Copyright" (Arts. 30 to 50) of Section 3, "Contents of Rights", Chapter II, "Rights of Authors", relate to cable television. Article 38 (1) provides that "A published work may be publicly performed, recited, shown (in case of a motion picture) or *transmitted by cable* for a nonprofit purpose and without charging the listeners or viewers any fees", except where a remuneration is paid to the person who makes such public presentation. Article 48 (1)(iii) requires an indication of source when there is such a practice. Article 32 (2) provides that "A work broadcast or *transmitted by cable* may be publicly communicated by means of a receiving apparatus for a nonprofit purpose and without charging the listeners or viewers any fees." Article 39 (1) permits reproduction in a newspaper or magazine or "broadcasting or *transmission by cable*" of an article on a political, economic or social issue of a nonacademic nature published in another newspaper or magazine, unless such use is expressly prohibited. Article 48 (1)(ii) requires an indication of source for such use. Under Article 39 (2), an article thus broadcast or *transmitted by cable* may be publicly communicated by means of a receiving apparatus. Article 40 (2) permits publication in a newspaper or magazine or "broadcasting or *transmission by cable*" of a speech or statement made publicly at an agency of the State or a municipal body. Article 48 (1)(ii) requires an

⁵ Monbushō (Ministry of Education), *Chosakukenseido shingikai tōshin setsumeisho* (Explanation of the recommendations of the Council of Copyright System) 99 (1966).

indication of source for such use. Under Article 40 (3), a speech or statement thus broadcast or *transmitted by cable* may be publicly communicated by means of a receiving apparatus.

Third, one of the compulsory license provisions in Subsection 8, "Use of Works by Arbitration", (Arts. 67 to 70) of Section 3, "Contents of Rights", Chapter II, "Rights of Authors" relates to cable television. Subsection 8 provides for compulsory licenses to be granted by arbitration (*saitei*) of the Director General of the Cultural Affairs Agency in certain situations, including a situation where a broadcasting organization wanting to broadcast a published work is unable to reach an agreement with the copyright owner for a license under Article 68 (1). Under Article 68 (2), a work thus broadcast may be *transmitted by cable* or publicly communicated by means of a receiving apparatus, provided that a reasonable compensation is paid to the copyright owner unless it is exempted under Article 38.

Fourth, Article 92 (1) provides that "performers shall exclusively have the right to broadcast or *transmit by cable* their performances." The exclusive right of performers under Article 92 (1) does not extend to the following acts (Art. 92 (2)):

- (i) *Transmission by cable* of performances to be broadcast; and,
- (ii) Broadcasting or *transmission by cable* of: (a) performances incorporated in sound or visual recordings with the authorization of the owner of the recording right provided in Article 91 (1); or, (b) performances incorporated in sound or visual recordings other than cinematographic works provided in Article 91 (2).

Fifth, Article 95 (1) requires payment of secondary use fees to the performers concerned

"when broadcasting organizations and persons who engage in *cable transmission* as a business principally for the purpose of supplying music (hereinafter in this Article and in Article 97 (1) referred to as 'broadcasting organizations, etc.')

have broadcast or *transmitted by cable* commercial phonograms that incorporate performances with the authorization of the proprietor of the right provided in Article 91 (1) (except rebroadcast or *transmission by cable* of such broadcast)."

Article 97 (1) likewise requires payment of secondary use fees to the producers of phonograms concerned "when broadcasting organizations, etc., have broadcast or *transmitted by cable* commercial phonograms (ex-

cept rebroadcast or *transmission by cable* of such broadcast)".

Conclusion

Japan is a densely populated island country. It is little smaller than the State of California, but its population is roughly half of the population of the entire United States. Japan has highly developed radio and television networks throughout the country and cable television plays only a supplemental role. The author hopes that cable television will be more aggressively used for entertainment, educational and other purposes.

When the Cable Television Transmission Law came into force in 1973, the Committee to Study Coaxial Cable Information Systems (CCIS) published its report of the study on the role of CCIS as communication media in the future. As pointed out in this report, the general public in Japan is greatly interested in the use of CCIS including cable television for diversified purposes and there has been much effort in the research and development in this area of technology. It is expected that more sophisticated regulations will be needed and more complex copyright problems will emerge in the near future.

347. BEFORE AND AFTER THE CABLE DECISIONS OF THE SUPREME COURT OF THE NETHERLANDS

By PROF. HERMAN COHEN JEHORAM

1. *Cable TV decisions state nothing new*

On October 30, 1981 the Dutch Supreme Court, in two decisions¹ with practically identical wording, gave an affirmative answer to the question whether an owner/operator of cable TV who receives network signals from the air and subsequently retransmits them by cable to his subscribers communicates these network programs to the public in the sense of the copyright law, irrespective of whether the cable subscribers could technically also have received these programs themselves with individual antennas. The Supreme Court thereby quashed the two earlier decisions of the Amsterdam Court of Appeal.² The Foundation for the Exploitation of the Central Antenna Installation Amstelveen was therefore required to ask those holding film copyrights for permission to retransmit by cable the Dutch, German and Belgian television programs in which these films are included. According to the Supreme Court, the retransmission by cable must "in principle be placed on equal footing with an original broadcast." It was expressly noted, however, that "not at issue" in the given case was the situation

"in which an owner of a building or complex of buildings receives broadcasts with an antenna for the radios and television sets in that building or building complex which belong to himself or to others who occupy the building as tenants or in some other capacity."

A great deal of discussion preceded these decisions, and much has already followed in their wake as well. Yet these cable TV decisions

¹ Supreme Court 30 Oct. 1981, RvdW, 141. Columbia Pictures and 7 other large foreign film producers against the Stichting tot Exploitatie Centrale Antenne-Inrichting Amstelveen, together with the impressive (in terms of content and scope) conclusion of the Advocate General Franx published in the extra cable TV issue (also available separately) of *Auteursrecht*: *Auteursrecht* 1981/5, p. 100 ff. Then there is also the nearly identical (but for a few factual points) decision of the Supreme Court 30 Oct. 1981, case 11 740, Federation of Movie Theater Operators against the same cable TV owner/operator Amstelveen. *Ars Aequi* (1982), p. 89 ff. note Cohen Jehoram.

² Amsterdam High Court, 19 July 1978, *Auteursrecht* 1979/1, p. 10 ff and Court of Appeal, Amsterdam, 12 June 1980, *Auteursrecht* 1980/4, p. 77 ff.

stated absolutely nothing new (except for explicitly leaving out of consideration the case of a common antenna on a building). The real quarrel over the question of whether a secondary communication by cable to the public of a primary (broadcast) communication to the public is subject to the prohibition right of copyright was, after all, already settled in 1938. At that time the Supreme Court decided that the café owner who turns on the radio in his place of business makes, with respect to the (music) works thus brought to the hearing of his café public, a secondary communication to the public, subject to copyright.³ As was to be expected, the Supreme Court also maintained this viewpoint in its Cable Radio Decision of 1958 in which the case was almost identical to that of the recent cable TV decisions: the PTT (Post, Telegraph, Telephone), which at that time with its cable network system retransmitted the Dutch (and also some foreign) radio programs by means of cable to its cable network subscribers, made in this way a secondary communication to the public of the works broadcast in the primary instance by the Dutch (and other) stations; the PTT had therefore to request permission for this activity from those who held the copyrights to the retransmitted works.⁴

Why, then, all the excitement in the literature and parliament since 1968 preceding the cable TV decisions of 1981 and now following them in the press, parliament and media circles? It can all be blamed on a misunderstanding created—not in a disinterested way—during the parliamentary discussion (1964-1972) of a revision, which in its main points proved a failure, of the Copyright Law of 1912, when this old law had to be adapted to the text of the Berne Convention as it had been revised in 1948.⁵

With united interdepartmental effort two constructions were made one after the other with the intention of undoing the Cable Radio Decision for the benefit of the government agency PTT, which, although in the process of liquidating its cable radio network, was making plans for a national central antenna system (CAS) for the retransmission of not only radio but also TV programs. This initiative would later, by political means, be taken out of the hands of the PTT by the municipalities which themselves set about laying municipal cable systems with

³ Supreme Court 6 May 1938, NJ 1938, 635, note Meijers.

⁴ Supreme Court 27 June 1958, NJ 1958, 405 and AA 1959, p. 217 ff. (= *Ars Aequi* Collection of decisions on Intellectual Property, p. 6 ff), note Hirsch Ballin.

⁵ With these failures I have in mind the regulation of retransmitting via cable TV in art. 12 and the regulation of reprography in art. 16b and 17; see my recent article "Vallen en opstaan met reprorecht", *Auteursrecht* 1981/3, p. 59 ff.

the help of privately owned cable companies.⁶ In the years 1964-1972, however, the PTT still pinned all its hopes on the CAS that would be owned and operated by Casema, a corporation set up by the PTT together with four large network organizations. For the sake of greater profits, however, this Casema corporation had best not be subject to the copyright obligations which followed from the Cable Radio Decision.

2. *The "organism"*

The first construction made with this goal in mind was the addition of a new last paragraph onto article 12 of the Copyright Law, said to be an adaptation of article 11 bis paragraph 1, 2° Berne Convention, drawn up in 1948. This convention stipulation gives the author the exclusive right of authorizing "any communication to the public by wire or by rebroadcasting of the broadcast of the work, when this communication is made by an organization other than the original one." This had reference to what is known as secondary (cable) communication to the public of a work broadcast in the primary instance by radio or television. This issue was, at the time of the parliamentary debate familiar to the legislators because of developments related to Cable Radio and CAS which then seemed near at hand. In this connection the convention stipulation gives an interpretation of the contract between the author and the original broadcast organization which transmits the work in the primary instance, in the Netherlands networks such as VARA (a socialist broadcasting organization), or KRO (a Catholic broadcasting organization), etc. The permission which the original broadcasting organization obtained from the author to broadcast a specific work also includes the right to further communicate this work—secondarily—to the public, with all the technical means which this broadcasting organization itself has at its disposal, that is, relay transmitters and possibly even a cable system which it has available.⁷ With respect to *third parties*, who would want to make a secondary communication to the public, however, the prohibition right of the author is in fact reaffirmed in the new stipulation of the Berne Convention. In Dutch law this is now included—for technical reasons in negative form—in article 12, last paragraph of the Copyright Law of 1912:

⁶ Important private TV companies still in existence are Radiante B.V. which owns and operates (among others) the Amstelveen cable system which is the subject of the recent Supreme Court cases, and Deltakabel B.V. (merged with V&D and Elsevier) which operates the notorious Sluis cable system. Cf. Jelgersma-Titulaer, *Kabeltelevisie: verleden, heden en toekomst*, Helmond (1981), p. 51-52.

⁷ Cohen Jehoram. *De Auteurswet gewijzigd*, NJB 1973, p. 525 ff.

“Simultaneous communication to the public, by wire or otherwise, of a work communicated to the public by way of radio or television broadcast, shall not be deemed to be separate communication to the public if it is carried out by the organism that made the radio or television broadcast.”

The Explanatory Note adds that the word “organism” (“organisme” in the French original) was chosen in order to make it clear that at issue here is a *complex of bodies* which in the Netherlands are involved in bringing about a broadcast. In this way the government quietly deviated from the Berne Convention, to which it claimed to be adapting the law. Article 12, last paragraph had nothing whatsoever to do with the broadcast organization meant in the Berne Convention, that is, that organization which, by means of a contract with the author, has obtained the right to broadcast. Article 12, last paragraph operated with a “complex of bodies” for example VARA (socialist broadcast organization)—NOS (umbrella organization of all networks)—NOZEMA (transmitter company)—PTT (that maintains the telecommunications); in the case of a different broadcast the complex consists of VPRO (a liberal network)—NOS—NOZEMA—PTT or EO (evangelical organization)—NOS—NOZEMA—PTT, etc. If, then, these ever-changing “complexes” make primary broadcasts, they can simultaneously make a secondary transmission of these respective broadcasts via cable. This extremely “complex” deviation from the text of the Berne Convention led me to express my distrust already in 1968, when article 12, last paragraph was still being debated in the Second Chamber of Parliament. I asked⁸ whether the government perhaps intended by this means to do away with the decisions of the Supreme Court, in particular with the Cable Radio Decision which never had been accepted by the PTT.

This question was in part responsible for two public hearings of the permanent Commission for Justice of the Second Chamber of Parliament, whose subsequent examination of the government included questions on the “organism” in the proposed article 12 last paragraph Copyright Law 1912.

In the first hearing the NOS did indeed make the revealing statement for which I had been waiting⁹:

“Nor did the NOS see why the subscribers to cable radio, in as much as the issue is one of receiving *domestic* programs simulta-

⁸ Via a report of the Commission for Copyright of the Boekman Foundation. NJB 1968, p. 800 ff.

⁹ Bijl. Hand. II 1968-1969, 7877, 7889 (R446), 8, p. 3.

neously with the broadcast of those programs, must be considered 'a different public' from the public served by the broadcasting organizations, the NOS and the PTT, together forming the 'organism'. The distribution of the domestic programs via the cable radio system, simultaneous with the broadcast of those programs, by the PTT as part of the organism, does not, in the view of the NOS, constitute a separate communication to the public."

A little later Casema, subsidiary of the PTT, was to express itself even more clearly.¹⁰

"As far as the programs of the *Dutch broadcasting networks* are concerned, Casema is of the opinion that retransmission via CAS cannot in essence be considered a 'new communication to the public'. It goes almost without saying that BUMA (Collecting Society for Performing Rights), as long as it can base its arguments on the decision, still in force, of the Supreme Court in the matter of cable radio, does not share this viewpoint."

The intention of the interdepartmental consultation, to in fact dispose of the Cable Radio Decision by means of article 12, last paragraph, had now come out in the open.

Startled by what he had heard, the Minister of Justice informed the Second Chamber in the Further Note of Reply¹¹ that this was not what was intended with the term "organism"¹²: "It is of importance that the separate parts (of the complex 'organism') may not be equated with the complex as such if they independently undertake something outside of their task in the complex 'organism'." Minister Van Agt was even more clear during the full parliamentary debate in the Second Chamber¹³: "If the PTT acts independently, it no longer falls under the concept of the complex 'organism'."

With this the first interdepartmental construction had indeed been quickly and thoroughly undermined. Article 12, last paragraph in this form had also lost its entire (originally hidden) meaning. It could just as well have been discarded. If the government had shown good sports-

¹⁰ In a report of 9 Nov. 1971, Bijl. Hand. II 1971-1972. 11 602, p. 12.

¹¹ Bijl. Hand. II 1970-1971, 7877, 7889 (R446), 11. p. 3.

¹² When Minister of Justice Van Agt was confronted once again with the Casema quotation during the full parliamentary debate of the revised law in the Second Chamber, he said lightly, "It is not a question of Casema's view on the matter but of what the legislature thinks of the matter." Hand. II 1971-1972. p. 3437.

¹³ Hand. II 1971-1972. p. 3437.

manship and good sense, it would have then followed the text of the Berne Convention and replaced "organism" ("organisme") with "broadcasting organization" ("zendorganisatie"). Even into the full debate in the Second Chamber, however, Minister van Agt continued to adhere stubbornly to the text which had become meaningless.

3. *The individual reception theory*

A half year after the report of the Boekman Foundation had launched its attack on the "organism" of the proposed article 12, last paragraph, the government came up with a new emergency construction in the Note of Reply¹⁴ of February 1969, a construction which was worked out in greater detail and provided with "technical underpinning" in the Further Note of Reply which subsequently—as already mentioned—dealt the final blow to the first construction, that of the "organism." The new construction was aimed, just as much as the old one, at undoing the Cable Radio Decision, even though the government at the same time contended that the opposite was true.¹⁵ The ministers who signed the parliamentary document, undoubtedly again advised in interdepartmental consultation by the PTT, told a complicated technical story about central antennas and about forms of program retransmission for which these antennas could be used, all neatly classified A, B and C.¹⁶ These systems could retransmit programs which the public could also receive themselves with a normal individual antenna, thus the Dutch programs and in border areas the German and Belgian programs, for example. These systems could also add something extra, however, and retransmit programs which were locally not capable of direct reception from the air, such as the German and Belgian programs in the Hague.

In the matter of secondary cable distribution of programs, the government now considered communication to the public present—and with it the need for copyright consent—exclusively in the case of programs which the local public would not be able themselves to receive with the aid of individual antennas. In this way the retransmission by cable of Dutch programs would be free of copyright constraints throughout the Netherlands. Furthermore, the individual reception criterion of

¹⁴ Bijl. Hand. II 1968-1969, 7877, 7889 (R446), 6, p. 3.

¹⁵ Cf. Cohen Jehoram, *Vrijdom van auteursrecht voor draadomroep, CAS en straks Casema?* NJB 1971, p. 737 ff. and the ensuing discussion *Belinfante/Cohen Jehoram* NJB 1971, p. 854-859.

¹⁶ Cf. also the legal adviser of the PTT at that time, M. B. van Meerten, a little later in NJB 1971, p. 1093 ff. In greater detail on this matter, Cohen Jehoram, *Vrijdom van Auteursrecht voor kabel-TV? Het einde van een interdepartementaal sprookje*, *Auteursrecht* 1981/5, p. 99.

the government entailed that for retransmission by cable of a Belgian program in Maastricht (a city in the extreme South of the Netherlands) for example, no copyright consent or payment would be necessary, whereas it would be required for the cable distribution of the same program in Amsterdam. In this way, then, legal uniformity within Dutch territory would be broken. If technology progresses and the borders of reception possibility of Belgian programs by individual antennas shift to The Hague, for example, then evidently the borders of copyright requirements shift as well. In short, the nationally fragmented copyright situation changes according to the incidental state of antenna technology. Consequently, in 1973 I called the criterion of the government "as original as it is unusable".¹⁷ The Supreme Court now speaks of "practical objections."

In addition to this, various points are in conflict with the Cable Radio Decision, ostensibly held in such esteem in the government documents—the decision in which the PTT (the Government) was declared to be in the wrong when it retransmitted primarily Dutch programs, that is programs capable of individual reception everywhere in the Netherlands, without copyright consent. Finally, various points are diametrically opposed¹⁸ to article 11 bis, paragraph 1, 2° Berne Convention, the very text which the government was trying to come to terms with in its whole revision of the Copyright Law.

Fortunately, however, this whole "individual reception doctrine" was not laid down in any legal stipulations to fill the void left when article 12, last paragraph with its complex "organism" fell by the wayside. No, the government introduced its new doctrine by interpreting the existing law, namely the time-honored article 1 Copyright Law and the general term "communication to the public." With its legal interpretation of an unamended statutory text, the government therefore moved outside its legislative task and for this reason was not able to make any authentic statements which would be binding for the courts. The Supreme Court made use of this situation by means of the following consideration with respect to the view of the government:

"Now where a) this view is not in harmony with the interpretation to be ascribed to article 11 bis paragraph 1 sub 2° of the Berne Convention and b) it was the intention of the Government to incorporate in the Copyright Law of 1912 a regulation which is in harmony with that stipulation and c) the view of the Government as described does not come to expression in the law, no

¹⁷ NJB 1973, p. 532.

¹⁸ See also the passages relevant to the formulation of this convention article in the "Documents", as cited by Cohen Jehoram, NJB 1971, p. 856 ff.

significance can be attached to that view—which could lead to the situation that those who can appeal directly to the Berne Convention would enjoy a more comprehensive protection than those who must rely on the Copyright Law of 1912 (Dutch citizens)—for the interpretation of the relevant stipulations of that law.”

After almost thirteen years this put an end to the second interdepartmental attempt to do away with the Cable Radio Decision.

4. *13 years of stagnation in Dutch media policy*

Meanwhile, during those thirteen years many castles in the air had been built with the help of that unstable second construction. By May 1981, 438 cable authorizations had been granted.¹⁹ Owners and operators of cable TV were told the good news that they could retransmit domestic programs—and while they were at it anyway, foreign programs as well—to the Dutch public at a ridiculously low price because they were free of copyright constraints. This has certainly contributed to the fact that the Netherlands—after Belgium—has become the most densely cabled country in the world: more than 60% of all Dutch households have a cable connection and it is estimated that this will increase to 85% by 1985.

No wonder that now, after the sobering pronouncements of the Supreme Court, anxious voices are being raised in the press about expected price increases for cable subscriptions; in this connection an old demagogic story about double payment²⁰ is also being revived. And then no one has even begun to think about the amounts which might be due for the massive infringement of the Copyright Law over all those years.

The words “misleading” and “misled” also appear in commentaries in the press. But who really misled whom?²¹ In any case, the PTT always

¹⁹ Media Info ‘Special’, De Kabel, 1981, p. 8.

²⁰ Shown to be fallacious by Adv.-Gen. Warner in his conclusion for the Coditel-Ciné Vog Films Decision of the European Court of Justice of 18 March 1980, already quoted in my note to this decision in AA 1981, p. 77 ff. Compare also my article: “Copyright and Cable-retransmission of broadcasts, a problem of double payment of royalties?” first published as note under the Supreme Court decision in *Ars Aequi*, 1982, p. 89, ff.

²¹ In this connection there is still a lot to be exposed about the methods which the municipalities have used in order to force their residents into the arms of the municipal cable systems. They did not stop short of void—because in conflict with the freedom of information—prohibitions of individual roof antennas in city ordinances and in deeds of sales of houses. Cf. *Antenneverbod Leerdam*. Afd. Rechtspr. Raad van State, 10 Oct. 1978, note Crijns, in AA '79, p. 477 ff. and especially also *Antenneverbod Ridderkerk*, Voorzitter Afd. Rechtspr. Raad van State 31 May 1978, note Verkade, *Auteursrecht* 1979/1, p. 13 ff.

knew the truth very precisely and sometimes even stated it. From a PTT report which appeared in 1974 on the matter of the distribution of network programs via the air and via cable, I quote:²²

"We must note in this connection (that is, in connection with the individual reception theory of the government), however, that among jurists there is certainly as yet no prevailing communis opinio about the correctness of this view. At issue here is basically a more detailed interpretation of the copyright concept of 'communication to the public'; and since the law itself is silent on this point, only the courts would, in the final analysis, be able to make a decisive pronouncement on the matter."

Which is indeed what happened on October 30, 1981.

The thirteen-year reception theory also degraded the owner/operator of cable TV all that time to a mere thing, a service-hatch for programs of others. The two Supreme Court decisions had made him (the cable operator) a person, however. In exchange for being placed in the wrong in the matter of copyright, Pinnochio has been given life by the Supreme Court, and on this point he has no regrets. Since October 30 he has already presented himself as a new pressure group in the debate about local networks, which started via cable ten years ago in the Limburg municipality of Melick/Herkenbosch, "not very inconspicuously backed by Philips."²³

The interdepartmental fairy-tale thus also contributed to the long stagnation of Dutch media policy as it lies frozen in the Dutch Broadcasting Law which went into effect in 1969, the very year that the individual reception theory was born. This law provides the presently so besieged Dutch broadcasting system with the legal lifebuoy of an exorbitant pseudo-copyright on program data. The four million Dutch subscribers to the joint various network radio-TV-guides, tenaciously held by the networks with the aid of this radio-TV-guide monopoly,²⁴ are

²² P. 66 of this report by a PTT committee whose secretary later became secretary of the Co-operative Planning Committee for Cable Television, "a forum for the PTT and the various sectors involved in setting up and operating cable systems," *Kabeltelevisie* 1977, p. 255. According to *Kabeltelevisie* 1976 the following (among others) take part in this Planning Committee: The Association of Antenna Installers (VICAS), the Dutch Association of Manufacturers and Importers of Components for Antenna Installations (VEFICA), the Dutch Association of Businesses for the Operation of Central Antenna Installations (VOCAI), the Association of Dutch Municipalities (VNG) and the PTT.

²³ Jelgersma-Titulaer, *op. cit.*, p. 58.

²⁴ Cf. the radio-tv-guide monopoly decision of the European Human Rights

then—an ingenious Dutch arithmetic—by way of legal fiction considered to be members of the network organizations which issue these radio-TV-guides. These organizations get their broadcasting license from the government and an amount of broadcasting time according to the number of their “members”—subscribers to their respective radio-TV-guides. The Dutch Broadcasting Law is rather a Broadcasting-guide-law and as such one of the more absurd laws of the land. The law is truly in need of fundamental revision.²⁵ The abrupt end of the likewise absurd individual reception construction in copyright law may play a role in bringing this about.

5. *Copyright measures*

In 1978 the Minister of Justice set up a Commission on the Collection, Administration and Distribution of Copyright Royalties²⁶ (CIBRA) which was assigned the task of giving advice on a number of matters such as reprography and cable TV. In an interim note²⁷ of 1979 this CIBRA reported:

“Whether, and if so under what circumstances, the retransmission of network programs via cable TV is subject to copyright law, is as yet not certain because this question of material copyright has been laid before the courts. As long as the highest court has not ruled on this matter, the commission still considers it appropriate to proceed from the working hypothesis that cable TV falls under copyright law. In this matter the law provides for the possibility of imposing what is known as a statutory (compulsory) license (article 17A of the Copyright Law). The Commission is of the opinion that it can assume—if and to the extent that the above-mentioned question is answered affirmatively—that it stands to reason that use will be made of this possibility. In the first place because, in the judgement of the Commission, a workable cable TV policy can only be created in this way; for maintaining the prohibition right would mean that each individual author would

Commission of 6 July 1976, NJ 1978, 237 and AA 1979 p. 145 ff. (= *Ars Aequi* collection of Decisions on Intellectual Property p. 34 ff.) with note Cohen Jehoram.

²⁵ Cf. Cohen Jehoram, The unique Dutch broadcasting system on the eve of the revolution in teletechnics and the freedom of information, Dec. 1981—issue of the *Journal of Media Law and Practice*, and *Overheid en omroep, Auteursrecht* 1980/3, p. 47 ff.

²⁶ For members and assignment see *Auteursrecht* 1978/4, p. 60.

²⁷ *Auteursrecht* 1979/4, p. 83 ff. and in English: Document MM-PJ(80)7 of the Council of Europe.

retain a right of prohibition with respect to one or more parts of a program, and a cable TV operator cannot in practice work under these conditions. The Commission has therefore argued to replace the prohibition right of the author with respect to the secondary transmission of his work via cable TV by a right to reimbursement."

In the hearing following this interim note not all the interested groups were equally happy with the idea of statutory (compulsory) licenses. BUMA/STEMRA in particular gave preference to contractual arrangements.²⁸

It is perhaps also worth noting that questions have been raised on this matter by two liberal members of Parliament: their questions were occasioned by the cable TV decision of the Supreme Court and were asked on the same day that the decisions were announced. These members of Parliament seem to represent a differentiated position. I should like to cite the middle part of the question here, adding italics in three places:²⁹

"Does the Minister share the opinion that the interest of authors in having part in the exploitation of their works by means of cable retransmission, justified as it is in itself, would be sufficiently served by only a right to financial compensation for such exploitation, besides, of course, respect for the *droit moral* of the authors?

Is the Minister prepared to advance with all haste a general decree as described in article 17a of the Copyright Law of 1912 which, in the public interest, imposes a compulsory license on authors with respect to the cable retransmission of their works which are *lawfully* [i.e., not pirate stations] broadcast by some broadcasting network *for as long as and to the extent that the parties have not yet themselves, by mutual arrangement, put aside the prohibition right by means of copyright royalties collecting societies and collective contracts?*"

Here some sort of compulsory license is evidently being thought of which would remain binding only until collective contracts are drawn up.

²⁸ Cf. Veltman Fruin, *Reacties op de CIBRA-nota*, *Auteursrecht* 1980/2, p. 37 ff.

²⁹ The parliamentary question is printed in its totality in *Auteursrecht* 1981/5, p. 117.

I want to close by quoting the last part of the question raised in Parliament:

“Is the Minister now prepared to submit with all haste a bill for a definitive regulation of the whole matter which has already been under discussion in the literature for more than ten years?”

Conclusion

The cable TV decisions of the Dutch Supreme Court of October 30, 1981, while creating quite a stir, have in fact stated nothing new, since it had already been decided in 1938 that secondary communication to the public of a primary radio broadcast of works is subject to the prohibition right of copyright. Moreover the Dutch Supreme Court reiterated this decision in its Cable Radio Decision of 1958 which dealt with a case identical to that of the decisions of October 30, 1981. The whole commotion before and after these last decisions arose only as a result of two successive attempts by the government to undo this Cable Radio decision. The first attempt, via the introduction of the word “organism” in article 12, last paragraph of the Copyright Law of 1912, was undermined in the years 1968-1969. The second attempt, namely the launching of the “individual reception theory,” was undertaken immediately thereafter and only came to an end with the decisions of October 30. The time has come to breathe life back into Dutch media and copyright policies which have been stagnating for the last thirteen years.

348. REPORT ON ASPECTS OF COPYRIGHT LAW WITH REGARD TO CABLE TELEVISION IN THE NORDIC COUNTRIES

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Conventional and Legislative Background

All the Nordic countries—Denmark, Finland, Iceland, Norway and Sweden—are parties both to the Berne Convention for the Protection of Literary and Artistic Works and to the Universal Copyright Convention. As of the 1st of January 1981 two countries, Denmark and Sweden, had acceded to the 1971 Paris texts of at least the material provisions of these conventions. Finland and Norway still remained with the 1948 Bruxelles text, Iceland with the 1928 Rome text. Denmark, Norway and Sweden have acceded to the 1961 Rome International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations. These countries, as well as Finland, have acceded to the 1971 Geneva Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of their Phonograms. None of the Nordic countries has acceded to the 1974 Bruxelles Convention Relating to the Distribution of Programme-Carrying Signals Transmitted by Satellite. Denmark, Norway and Sweden are parties to the 1960 European Agreement on the Protection of Television Broadcasts with its Protocol of 1965.

The statutory basis for authors' rights in the Nordic countries is contained in Copyright Acts, separate from other legislation. Rights concerning photographs are contained in statutes which are separate from the Copyright Acts, except in Iceland, where these rights are regulated within its Copyright Act of 1972. With exception for a few later amendments, all other Nordic Copyright Acts became operative in 1960 or 1961. A close cooperation between the legislative bodies of the four countries has produced a great similarity in design and wording between the rules contained in their Acts on authors' rights and on photographs. The Copyright Acts of all the five countries also contain rules on neighbouring rights, accorded *inter alia* to performers of literary or artistic works, producers of phonograms and broadcasting organizations. The Nordic Acts contain no special provisions on cable distribution. Thus the general rules on public performance etc. apply, as will be further explained.

The following presentation will in general be based upon Swedish law, with indications of dissimilarities in the laws of other Nordic countries, when such indications are considered to be of particular importance

to the subject matter at hand. As the use of cable techniques often is connected with production of copies of various kinds, some remarks will touch upon the right of reproduction of works etc., even if this may seem to extend the presentation beyond its principal scope.

Authors' Rights Today, as Related to Cable Television

Authors' rights are born with the creation of a literary or artistic work. Nordic law does not contain any registration requirements for copyright protection. An author's economic rights consist, with some exceptions, in an exclusive right to control his work by "*producing copies thereof and by making it available to the public*, be it in the original or changed form, in translation or adaptation, in other literary or artistic form, or by other technical means." In principle a work is made available to the public when it is subject to *public performance* as well as when it is placed on sale, leased, loaned or otherwise *distributed to the public* or publicly exhibited. The Norwegian Act does not use the expression "public performance," but states that a work is made available to the public, if it is performed "outside the private domain." There are special provisions (Sec. 2 subs. 3) in the Danish, Finnish and Swedish Acts to the effect that a performance of a work at a place of business and for a comparatively large closed group of people shall be considered a public performance. The Icelandic Act stipulates that a performance which reaches more than ten persons is a public performance. No such number may be indicated, even to serve as guidance, with regard to the other countries. As a general standard, supported by the "*travaux préparatoires*" to the Acts of these countries, however, we may say that any performance which does not take place only in a purely closed circle will be considered to be public.

Ordinary radio and TV broadcasts of a work are public performances within the meaning of the Acts. The notion "radio and TV broadcast" also comprises communication by cable (cable-diffusion or cable-rediffusion) although the Acts do not contain any special provisions on distribution of works by cable. The notion "public" is given the same meaning in relation to radio and TV broadcasts, as performances of works, as it has in other respects. Thus, in principle, the authors' exclusive rights come to bear upon any act of diffusion or rediffusion by cable of a protected work. The Swedish Supreme Court has in a judgment of March 27, 1980¹ affirmed a judgment of the Svea Court of Appeal

¹ Swedish Performing Rights Society (STIM) v. Hotel Mornington AB and Hotel Wellington AB; see *IIC* Vol. 11 Nr. 5/1980 pp. 687-692; presented in French in *RIDA* 106, Oct. 1980, p. 149-154.

whereby a transmission of musical works from the rediffusion systems of the two defendant hotels to radio receivers in the hotel rooms was found to constitute a performance, subject—as being public—to the authors' right under the Copyright Act (Sec. 2 subs. 3). It may be of interest here to recall the reasons upon which the Court based its finding that the performance was public:

“In considering whether the performance shall be held to be public in the sense intended by the said provisions, this Court sets out from the fact that the hotel rooms were, as is customary, freely available to the public on payment of hire, and that no connection existed between the [hotel] companies, as the parties responsible for the performance, and the hotel guests, other than that implied by the contract of hire. It may be further assumed that in principle there existed no other connection between the guests in the hotel rooms than there exists, for example, between diners seated at separate tables in a restaurant dining room.

In the opinion of this Court, the above-mentioned circumstances speak strongly in favour of regarding the performance as having been public in the sense of the Copyright Act. The fact that the hotel guests were individually free to decide whether and to what extent they wished to avail themselves of the performance, and that they could enjoy the performance in the privacy of their rooms, does not affect this conclusion. In reaching the conclusion, one should set out from the fact that the works, through the performance, were made available in the hotel rooms, without regard to the extent to which they were actually listened to.

Other circumstances also tend to indicate that the performance falls within the right of disposal reserved to authors under the provision of Sec. 2 of the Copyright Act. Thus, it is clear that the performance took place in the course of the commercial business run by the companies and that the use of the works by the companies took place on a scale which makes the authors' right to remuneration a matter of practical importance to the latter.”

In the same judgment it was held that providing TV sets to the guests of one of the hotels—“as provided for the explicit purpose of making the works available to the public” and being an act of negligible practical difference from that of transmission from a rediffusion system—required the permission of the authors. The ruling is well in line with what was mentioned by the Swedish Legislative Committee which proposed the Swedish Act:

"It is of no importance whether the work is transmitted directly to a public present at the performance or the display or if the transmission is effected by the means of special technical appliances such as the showing of a film, broadcasting, televising or rendering of the work by slides, gramophone or loud-speakers."

In the absence of any statutory or case material support to the contrary and with the manifest Nordic interest in joint development of copyright law taken into account, there is fair reason to believe that if another similar case were now presented in another Nordic country, it would lead to the same conclusion as the one reached by the Swedish Supreme Court. With regard to cable TV, it may be inferred from what has already been mentioned that *any act of diffusion or rediffusion* so as to make protected works *available to the public*, even in a very wide sense, will affect the authors' rights.

To these rights also belongs the authors' "droit moral." The provisions of the Nordic Acts here vary slightly in details but generally all provide the same protection to the authors. When copies of a work are produced or *when it is made available to the public* the name of the author shall be stated to the extent and in the manner required by proper usage. His work may not be changed in a manner which is prejudicial to his literary or artistic reputation, or to his individuality. Nor may the work be made available to the public in such form or context as to prejudice the author in the manner stated.

Although the authors' economic rights may be transferred to others entirely or partially, an author may with binding effect only waive his "droit moral," as it has here been described, with regard to clearly specified uses of the work. This restriction has, in discussions concerning closed circuit cable TV, been invoked by authors against mixing a work with advertising or annexing it to such elements within the emitted program.

Transfer of the right to public performance of a work does not—unless otherwise agreed upon—confer to the transferee any exclusive right and will be valid only for three years. Transfer of a right to produce a film of a literary or artistic work, other than a musical work (or to use such a work in a film) will—according to a non-mandatory rule, which, however, is only rarely set aside in practice—include the right to make the work available by means of the film to the public in motion picture theatres, on television (in Norway cinematograph films are excepted) and otherwise. Norwegian law here also has a special provision concerning films intended for use in TV.

The Nordic Copyright Acts contain a certain number of exceptions to the authors' exclusive rights. These exceptions vary in their details

between the countries to some extent, but they are, generally, rather uniform (taking into account only those with a possible connection to cable TV). They provide a certain freedom to produce copies for private use, to make quotations, to make recordings of radio broadcasts for educational purposes, to perform a work publicly at divine services and in connection with education (this does not apply to dramatic or cinematographic works, e.g. to videograms), to use a work which forms part of a news event in an informative presentation of the event on film, in a radio or TV broadcast or in direct transmission and to include a work of art in a film or a TV program, provided such reproduction is of minor importance in relation to the other contents of the film or program. Details may here be set aside. Of particular importance for broadcasting organizations are the provisions contained in sec. 20 (Norway), sec. 22 (Denmark, Finland and Sweden) and in sec. 23 (Iceland) concerning ephemeral recordings (which apply to any broadcasting or TV enterprise) together with what has been called an "extended collective license" for broadcasting and television purposes (which only applies to such broadcasting and television organizations which have been accepted as such by the King/Government).

The legal effect of the Nordic rules on extended collective licenses is that if a broadcasting and television organization has an agreement with an organization representing a substantial number of national authors in the field, under which it may broadcast literary and musical works (in Denmark and Finland: all kinds of works), then it may also broadcast such published works of authors who are not represented by the organization. Such authors shall be entitled to compensation for the broadcast, to be decided by Court if an agreement cannot be reached. The rules do not apply to dramatic works, nor to works for which the author has prohibited broadcast or—according to Finnish, Norwegian and Swedish law—in other cases where there is particular reason to assume that the author will oppose the broadcast.

Authors' rights generally expire fifty years after the year in which the (last) author to a work died, or, in case the author(s) is unknown, fifty years after the year in which the work was disseminated.

Neighbouring Rights

Performing artists' performances of literary or artistic works may not without their consent be recorded on any instrument (phonogram, film etc.) by which they can be reproduced and they may not without such consent be broadcast over radio or television or made available to the public by direct communication, e.g. by cable from one locality to another. A recording of such a performance may not be reproduced

without the performer's consent until 25 years have passed since the year of the recording. It is under Swedish law not subject to doubt that the performer's right also covers retransmissions of his performance. Thus a simultaneous retransmission by cable of a broadcast performance will be covered by the performer's right. Although there is no positive support for a differing standpoint as concerns the law of the other Nordic countries, it has been argued in Danish doctrine that retransmission by cable would not constitute an infringement of the performer's right.

Also producers of phonograms (sound recordings) are protected against reproduction of their phonograms without their consent during a 25-year period from the year of production of their phonogram.

In addition to the rights mentioned, all countries except Norway give to both performers and producers of phonograms a right to compensation, to be paid to them jointly, for any use of a sound recording in a radio or TV broadcast within the recording's protection period. As against the radio or TV organization the performer's right shall be claimed through the producer. This right to compensation does not apply to sound films (or videograms). The right does not affect any retransmissions, at least not in Denmark, Finland and Sweden. In Denmark there is a right to compensation also when a phonogram is used for profit in other public performances than broadcasts and TV. In Norway a special statute provides for a fee, regulated by public law, to be paid to a special fund for any broadcast of music on radio or TV. The fund is used mainly to render support to Norwegian performing artists and their surviving dependents.

The Copyright Acts of all the Nordic countries also contain rules to protect the broadcasts of radio and TV organisations. Although the legislative technique used in Norway here differs from that of the other countries, the essence of all rules is that a broadcast may not be rebroadcast or recorded on instruments by which it can be reproduced without the consent of the radio or TV organization. Neither may a broadcast which has been recorded on such an instrument be rerecorded without such consent until 25 years have elapsed from the year in which the broadcast took place, nor may a TV broadcast without such consent be made available to the public in a motion picture theatre or a similar place (Finland, Norway, Sweden) or whenever the performance is made for profit (Denmark, Iceland). Danish law prohibits the taking of a photograph of the broadcast.

Exceptions to the rights of performers, producers of phonograms and radio and TV organizations correspond to those laid down in exceptions from the authors' exclusive rights.

The Protection of Photographic Pictures

A person who produces a photographic picture—meaning the physical person who “takes” the picture, the photographer—will under all Nordic statutes on such pictures have an exclusive right both to make any kind of copies thereof and to exhibit the picture publicly, e.g. via a TV broadcast transmitted or retransmitted by cable. Also magnetic or electronic impulses on a tape or similar recording device producing a picture are covered by the rules, as analogous processes to photography. When copies are made or when the picture is publicly exhibited the photographer has a right to have his name stated in the manner required by proper usage and the picture may not be changed or publicly exhibited in such a manner that it prejudices the producer’s reputation as a photographer. Limitations, very much like those given to the authors’ rights, are given to the exclusive rights of the photographers, e.g. as concerns copying for private use, ephemeral recordings and TV broadcasts about news events. National TV organizations may show once disseminated pictures in return for compensation—but under this provision not any cinematographic films—unless the photographers have prohibited their showing.

The duration of rights to photographic pictures varies widely among the Nordic countries, to some extent according to the character of the picture. The detailed rules must here be left out for reasons of space.

Rules on liability for infringement of the various rights as presented here above are included in the specific national Acts. They concern *inter alia* provisions on penalties, damages, seizure and the like. The Finnish and Swedish Acts give exclusive competence to handle cases concerning radio and TV broadcasts to specific municipal courts in the capital cities in the first instance.

Development Perspectives

The existing legal situation as it has been described here is, no doubt, well in conformity with the requirements of the international conventions and agreements inasmuch as they concern cable TV. Thus the criteria put forward in art. 11 bis (1) (ii), which make any communication to the public by wire or by rebroadcasting of the broadcast of a work fall under the author’s exclusive right when this communication is made by an organization other than the original one, clearly find their equivalent in the Nordic legislation. Any new act of making the work available to a public will “trigger off” a claim for respect of an exclusive right. There are no compulsory licenses, only the rather restricted “extended collec-

tive license" described. Moral rights are well guarded.

Of course, all this does not mean that in Nordic practice cable TV would not cause any legal problems with regard to copyright, even if the Nordic approach does in fact seem to the author of this report to serve as a rather ideal example for a basis upon which an international solution might be elaborated. If a generally applicable technique for solving the legal cable TV problem is to be found, such a technique must be developed upon the foundation of respect for the text of the Berne Convention.

The initial use of a work etc. for cable distribution without prior broadcast does not cause any specific practical problems, as such distribution will easily be arranged for on the basis of agreements resulting from normal contacts between the right-holders and the cable-distributors.

As we have seen, not every transmission of a broadcast program or retransmission thereof will touch upon authors' rights etc., as only in some cases will the act fall in the public sphere. Thus it is to be believed—and even right-holders representatives do not seem to think otherwise—that cable distribution via ordinary communal aerials, owned by a private apartment-renters' association for the use of the flats in the apartment house or by the owners of houses in a block of a suburb will not be considered to constitute a public performance but to fall in the private sphere.

The same consideration would apply whether the program originates in an ordinary TV reception, old-time long-distance transmission or satellite transmission.

The public debate within the Nordic countries has centered upon the effects of a possible Nordic cooperation in a distribution satellite project called "Nordsat." A series of reports published by a joint group of Nordic Under-Secretaries of State has treated various legal problems raised by the satellite issues, among those the copyright and neighbouring rights problems relating to cable distribution in other Nordic countries of satellite broadcasts emanating from another Nordic country.² The reports stress the need to determine which rights will be the authors' and performing artists', in case of simultaneous retransmission by cable of radio and TV broadcasts. The reports refrain from suggesting any solutions along the line of thought which takes into account a "direct reception zone," a notion which clearly has no support in the now applicable laws. They mention, however, as a possible approach, a rule of presumption for the satellite situation, meaning that an agreement to

² Nordisk Utredningsserie, NU A 1977:7 p. 203 et seq. and 9 p. 20 et seq.; NU 1979:4 p. 120 et seq.

broadcast via a direct broadcast satellite to Nordic countries will in principle be considered to cover also the right to retransmit the broadcast by wire or cable within the area, independent of the mode of reception. The presumption would apply only to unchanged, simultaneous distribution to private lodgings within the geographic area covered by the agreement to broadcast. As such a rule would not guarantee total Nordic coverage (while agreements might be restricted to the country of the original broadcast), there are hints in the reports about a compulsory license system or an extended collective license system nationally, with a contractual presumption added as possible means, but no proposal to that effect has been put forward in the reports.

A possible approach, to be considered during the continuous work of committees in all Nordic countries to revise the Copyright Acts, could be to balance the notion of "public" in relation to the notion of "reception," the latter covering acts outside the scope of copyright law. This may, however, be looked upon only as a play with words, if for no other reason at least just while "reception" has no established meaning within copyright terminology. It would have to be given such a meaning by legislation specifically aimed to cover cable distribution situations.

The factual problem related to unchanged, simultaneous transmission by another organization than the one responsible for the original broadcast is whether such other organization shall pay for the right to distribute the broadcast to holders of copyright and neighbouring rights. If such an obligation exists, as it must be considered to do in many essential respects (especially for authors, photographers and broadcasting organisations, but in some countries also for performing artists) under the existing statutory provisions of the Nordic countries, then suitable means must be found to solve the problem of how right-holders are to be reached for negotiations of agreements and for payment. Such means may be developed along the lines elaborated by CISAC, the EBU and the FIAPF on modalities of their cooperation concerning cable distribution of TV programs, a scheme based upon model contractual licensing.

A common argument against authors' etc. rights against cable distributors, concerning simultaneous transmissions, has been that the receiving persons have paid fees in order to be allowed to receive the original broadcasts and that the authors would have exhausted their rights by getting their share of this money as a result of agreements with the broadcasting organization. This argument may in the first place be considered to be a bad one if what the viewer/listener pays for is the right to possess a receiving set, by which he may just as well receive the program of a videocassette in his own possession, but lawfully so only if he has paid his administrative fee for the receiver. It may be added

that Swedish case law has established the rule that a TV-set owner, who for reasons of bad reception conditions does not receive any programs at all, is still due to pay his fees for his apparatus (more expensive for colour than for black-and-white receivers). Secondly: it seems quite reasonable to believe that a TV-set owner, having paid his fee, does not want to pay more for the broadcasting organizations' efforts to furnish programs to him than any other possible receiving person will have to pay. He may justly consider that a national, widely applied fee shall cover nation-wide reception and that otherwise the fee should be raised in order to secure such an effect. But it is unjust against those by whose creational and performing efforts the programs have come into existence that—upon the mere fact of not taking the economic responsibility for adequate nation-wide reception but instead leaving this partly to other organizations—the cable-transmitting ones—a state should not only save its viewers'/listeners' money by not claiming higher fees (or tax money) but also make it cheap and attractive for various enterprises to earn their good money by offering cable distribution. If such distribution concerns non-national programs, legislation offering copyright-free simultaneous cable distribution, will, as well as such distribution under a compulsory license scheme, give to cable distributors, plainly as a gift, an advantage in their *competition* with national and foreign broadcasters. There is, however, no reason why viewers/listeners should not be required to pay adequately for this extra service, which indeed is extra also in any "direct reception zone." Thus the principle to establish and/or to uphold is the simple Berne Convention one. Whoever by a restricted act (communication to the public) makes a work etc. available to another person as one of the public shall acquire permission and pay what is reasonable under existing market-competition circumstances for his use of the protected material which he provides his customers, as there is no reason why they should not pay him for their "extras."

PART II

LEGISLATIVE AND ADMINISTRATIVE DEVELOPMENTS

1. United States of America and Territories

349. U.S. CONGRESS. HOUSE.

H.R. 4727. A bill to amend the Communications Act of 1934 to establish penalties for violations of section 605 of such Act. Introduced by Mr. Waxman on October 7, 1981; and referred to the Committee on Energy and Commerce (97th Cong., 1st Sess.).

This bill would amend section 605 of the Communications Act, the provision that outlaws the interception of radio signals. This legislation would prescribe civil and criminal penalties of as much as \$50,000 and two years imprisonment for violation of section 605, which now specifies no penalties. Although aimed at radio communications, the bill is intended to discourage unauthorized reception to pay television (STV) and multipoint distribution service (MDS).

350. KANSAS.

Duplication of copyrighted music for educational purpose is not fair use. Kansas Attorney General Opinion No. 81-202 (Aug. 25, 1981).

In response to a request from the Kansas State Department of Education asking for a ruling on whether music educators may duplicate copyrighted musical scores for use of judges at a state festival, the Kansas State Attorney General has ruled that such copying is not protected under the "fair use" doctrine within the meaning of 17 U.S.C. Sec. 107, even though it is for a nonprofit, educational purpose, because, "1) It does not constitute duplication for the purpose of criticizing or commenting on the copyrighted works themselves; 2) even if regarded as being for the purpose of comment or criticism, duplication of an entire score exceeds the permissible amount which may fairly be reproduced as legitimately necessary for critical review; and 3) such duplication is intended primarily as a substitute for purchasing the original works."

PART IV

JUDICIAL DEVELOPMENTS IN LITERARY AND
ARTISTIC PROPERTY

A. DECISIONS OF U.S. COURTS

1. Federal Court Decisions

351. STERN ELECTRONICS, INC. v. KAUFMAN, 523 F. Supp. 635 (E.D.N.Y. May 22, 1981) [Nickerson, D. J.]. Appeal docketed, no. 81-7411 (2d Cir.).

Blum, Kaplan, Friedman, Silberman and Beran, New York, N.Y. Steven B. Pokatilow, of counsel, and Pigott, Gerstman and Ellis, Ltd., Chicago, Ill., George Gerstman, of counsel, for plaintiff; Schulte, Roth and Zabel, New York, N.Y., Robert M. Abrahams and Aegis J. Frumento, of counsel, and Adler, Pollack and Sheehan, Inc., Providence, R.I., Richard W. MacAdams, of counsel, for defendants.

Action for copyright and trademark infringement brought by manufacturer of coin operated video game. On motion for preliminary injunction, *held*, the play mode of a coin operated video game may be protected by copyright as an audiovisual work separately from the computer program that produces it.

Plaintiff Stern Electronics, Inc. is the exclusive sub-licensee for distribution of a coin operated video game called "Scramble" in North and South America. Scramble was developed by Konami Industry Company, Ltd. in January 1980 and was first sold in Japan on January 8, 1981. Stern began selling Scramble in the United States on March 17, 1981.

Scramble is a space war video game. Its audiovisual display depicts a spaceship navigating a mountainous airspace, destroying "enemy" fuel depots, evading ground fire and engaging in aerial dogfights. A predetermined sequence is displayed before a player deposits money in the game to operate it; this sequence is known as the attract mode. When a player does deposit money, he can control the actions of the spaceship by means of controls on the

game's console; the sequence of images that appears when the game is played is known as the play mode. The sounds and images of both modes are produced by a computer program stored in the machine's circuitry.

A certificate of copyright registration for the audiovisual work "Scramble" was issued to Konami on April 14, 1981.

In December 1980, defendant Omni Video Games, Inc. affixed "Scramble" name plates to video games previously sold under a variety of other names. In April 1981, Omni began to sell a video game similar to Stern's Scramble under the name "Scramble 2".

In granting plaintiff Stern's motion for a preliminary injunction, the District Court held that Stern had demonstrated it would suffer irreparable harm if sales of infringing video games were not enjoined. The development of a new video game requires substantial investment over eight to twelve months, the commercial life span of a successful video game is six months, and easily produced counterfeit games reduce the profitability of a video game during its short selling period.

With regard to the issue of probable success on the merits, the District Court held that Scramble was a copyrightable audiovisual work and defendants' Scramble 2 was an infringing copy.

The defendants argued that the Scramble audiovisual display was not copyrightable as an original audiovisual work because it was produced by a computer program, and that no action could be brought for infringement of the computer program's copyright because it had not been registered. The court rejected this argument, relying on the definition of "audiovisual work" in §101 of the Copyright Act, namely,

"works that consist of a series of related images which are intrinsically intended to be shown by the use of a machine or devices such as projectors, viewers or electronic equipment together with accompanying sound, if any, regardless of the nature of the material objects, such as films or tapes, in which the works are embodied."

The Scramble audiovisual display is described by that definition. The court found the audiovisual display no less original because it may be reproduced by the computer program in the game's circuitry. The court emphasized that the display and the program differ in form and function: Different programs can produce identical displays, and similar programs can produce different displays.

The District Court also found that defendants had copied Scramble. Defendant Omni admitted it had access to Scramble. The court inferred copying from the similarity between the sequence of images in the play modes of Scramble and Scramble 2. The attract modes of the two games

were slightly different. However, the court stated that it would have found that plaintiff's copyright in Scramble had been infringed even if the attract modes of the two games had been entirely different because the play mode is the "heart" of a video game.

The court also granted plaintiff's motion for a preliminary injunction prohibiting defendants from using "Scramble 2" as a trademark for its video games, holding that the original use of "Scramble" by defendant Omni was not *bona fide*, but was done in anticipation of the sale of Konami's Scramble in the United States.

PART V

BIBLIOGRAPHY

A. ARTICLES FROM LAW REVIEWS AND COPYRIGHT PERIODICALS

1. United States

352. BARKAN, JUDITH. *Universal v. Sony: Is home use in fact fair use?* *Comm/Ent. L.J.*, vol. 3, no. 1 (Fall 1980), pp. 53-81.

An historical overview of the *Universal v. Sony* case in which the California federal district court ruled that videotaping of copyrighted works for noncommercial use is "fair use." She suggests that the court's fair use holding was "surplusage and that the problem of noncommercial home copying would be better resolved through amendment of the Copyright Act of 1976 than through judicial decision."

353. JONES, BOB. *Morseburg v. Balyon*—The high court grants royalty a reprieve: Constitutional challenges to the California Resale Royalties Act. *Comm/Ent. L.J.*, vol. 3, no. 1 (Fall 1980), pp. 1-24.

The author discusses the constitutional issues addressed by the Ninth Circuit Court of Appeals and the subsequent constitutional arguments made by the appellant in his petition for certiorari: 1) copyright preemption under the Copyright Act of 1909; 2) retroactive application of the Resale Royalties Act; and 3) the due process issues arising from the retroactive application of the Resale Royalties Act. He concludes that it would not be found preempted.

354. PAUL, JOAN. Functional works of art: copyright, design patent, or both? *Comm/Ent. L.J.*, vol. 3, no. 1 (Fall 1980), pp. 83-116.

This note discusses the requirements, limitations, scope, advantages and disadvantages of copyright protection versus patent protection for functional works of art. The author concludes that

copyright protection under the new Act for works of applied art is preferable to design patent protection. "However, in the situation where there is a likelihood of independent creation or where artistic features are merged with functional features, the artist should seek design protection as well."

355. PHILLIPS, PATRICK. A haystack in a hurricane: divergent case law on the right of publicity and the copyright act of 1976. *Journal of the Patent Office Society*, vol. 63, no. 6 (June 1981), pp. 296-319.

This article discusses the history of the right of publicity and relevant case law as it pertains to the Copyright Act of 1976. The article concludes that some of the problems have already been addressed by the distinguishing of the right of publicity, as a property right, from the right of privacy. As a property right, protection exists if the right is exploited by the performer during his lifetime. "The right of publicity protects the owner's right to his performance in allowing damages to compensate for the wrongful appropriation by another."

356. Report of the copyright royalty tribunal on "use of certain copyrighted works in connection with noncommercial broadcasting" as required by 34 CFR 304.14. *Comm/Ent. L.J.*, vol. 3, no. 1 (Fall 1980), pp. 41-51.

This report was issued by the Copyright Royalty Tribunal (CRT) pursuant to 17 U.S.C. 118 which in addition to establishing a copyright compulsory license for certain uses of published non-dramatic musical works and published pictorial, graphic and sculptural works by noncommercial broadcasting, charged the CRT with the establishment of requirements by which copyright owners may receive notice of the use of their works, and under which records of such use shall be kept by public broadcasting entities. After review of its experience with Section 118, the CRT in its Report concluded that "the compulsory license is not necessary for the efficient operation of public broadcasting and thus constitutes an inappropriate interference with the traditional functioning of the copyright system and the artistic and economic freedom of those creators whose works are subject to its provisions."

357. SMITH, ERIC H. and LIGHTSTONE, JAMES F. The new copyright law, public broadcasting and the public interest: A response to "public broadcasting and the compulsory license." *Comm/Ent. L.J.*,

vol. 3, no. 1 (Fall 1980), pp. 33-40.

The authors comment on Section 118 of the Copyright Revision Act of 1976 (the compulsory license provision) and argue that the section cannot be adequately considered in a discussion confined to performing rights in music. Section 118 supplements existing licensing mechanisms in the broadcast area, balancing the needs of copyright owners and public broadcaster users. These comments are directed toward an article critical of Section 118 [see 3 *Comm/Ent. L.J.* 25].

358. TIMMEL, JOHN J. Public broadcasting and the compulsory license. *Comm/Ent. L.J.*, vol. 3, no. 1 (Fall 1980), pp. 25-31.

Mr. Timmel examines the compulsory license required by section 118 of the Copyright Act of 1976 with emphasis on its effect on composers and music publishers. He concludes that the special nature of noncommercial programming and the limited financial resources of public broadcasters do not present problems serious enough to warrant the imposition of the license.

2. Foreign

1. In German

359. DITTRICH, ROBERT. Die oesterreichische Urheberrechtsgesetz-novelle 1980 (Austria's law of 1980 amending the Copyright Act). *GRUR International* (January 1981) pp. 8-24.

In this well-documented article, Dr. Robert Dittrich, a high official of the Austrian Department of Justice and professor at the Universities of Vienna and Salzburg, presents a history of and commentary on the important law of July 22, 1980 amending the Copyright Act of 1936. He reproduces and analyzes the complicated new provisions of Articles 42, 17 and 59a concerning the home use of audio-visual material as well as the cable re-transmission of radio broadcasts and television performances. To summarize the new paragraphs 5-7 of Article 42: If it is to be expected that a work, which is diffused by broadcast or fixed by picture- or sound-carrying equipment commercially manufactured, will be copied for home use by fixation on picture- or sound-carrying equipment and if such equipment destined for copying use is commercially traded in this country, the author has a right to be

compensated adequately unless the equipment is not used in this country nor applied to copying for home use. In fixing the amount of the compensation, the duration of the re-transmission or transcribing has to be taken particularly into account. The compensation must be paid by the person who first introduces the equipment into domestic commerce. Claims for compensation can be made only by performing rights societies. Whoever has purchased such equipment at a price including an adequate compensation, but then utilizes it for non-home use copying, can under certain circumstances claim from the performing rights society a refund of the compensation.

Cable retransmission is covered in Art. 59a which provides that foreign broadcasts of works may be used for simultaneous, complete and unchanged re-transmission by cable but are subject to an adequate compensation for which the law gives some guidelines. Such claims can also be pursued only by performing rights societies.

In conclusion, the author comments on certain basic provisions of the Federal Act of June 15, 1978 relating to the private international law of Austria.

360. KUR, ANNETTE. Bestrebungen zur gesetzlichen Regelung der Reprographie fuer den Schulgebrauch in den nordischen Laendern (Endeavors toward the legislative regulation of reprography for school use in the nordic countries). *GRUR International* (July 1981) pp. 441-448.

Laws regulating photocopying in schools have come into effect in Sweden and Norway on January 1, 1980 and January 1, 1981, respectively. Statistics gathered in the four Nordic countries showed the great number of copies made in schools for educational purposes. In Sweden, the photocopies are estimated for 1977 at 271 million, in Denmark for the school year 1972/73 at 110 million, in Norway for the academic year 1976/77 at 133 million and in Finland for 1978 at 180 million. On the other hand, the laws in these countries restrict the free copying of educational material. In Sweden, Denmark and Finland, agreements between the government and organizations of authors and publishers have established rules for compensation. However, they cover only the members of these organizations. The so-called "avtalslicens" (contract license) has been sanctioned by the aforementioned Swedish and Norwegian laws and declared binding also for outsiders under certain conditions. The other Nordic countries are expected to adopt similar legislative measures.

361. ULMER, EUGEN. Die Entscheidungen zur Kabeluebertragung von Rundfunksendungen im Lichte urheberrechtlicher Grundsätze (The court decisions on the cable re-transmission of radio broadcasts in the light of copyright law principles). *GRUR International* (June 1981) pp. 372-378.

In Austria, in the Federal Republic of Germany and in Switzerland, the high courts have rendered decisions on the question of whether the cable re-transmission of broadcasts requires the consent of the author of the work. The Austrian Supreme Court, in decisions of June 25, 1974 and November 12, 1979, held that the consent of the author is necessary. However, the two decisions have been ameliorated by the amending law of 1980. On the other hand, the Supreme Court of the Federal Republic of Germany has rejected a similar claim of the GEMA against the Federal Postadministration (Bundespost). The court, it is true, did not squarely decide the basic question but held that the simultaneous re-transmission of programs by a central antenna and cable designed exclusively for an audience living within the territory of the original broadcasting station in the shadow of skyscrapers does not violate the rights of the broadcaster. On the contrary, the Federal Court of Switzerland, in two decisions dated January 20, 1981, has found for the plaintiff on the basis of Art. 11 *bis*, Par. 1, No. 2 of the Revised Berne Convention and pursuant to Art. 12, Par. 1, No. 6 of the Federal Copyright Law. Prof. Ulmer, critically analyzing all these decisions, examines at the same time the role of the so-called "exhaustion doctrine" in copyright law as well as the differences in the publication character between performance and broadcast.

B. ARTICLES PERTAINING TO COPYRIGHT FROM MAGAZINES

1. United States

362. A&M sues EMI over L. American royalty payments. *Variety*, vol. 304, no. 10 (Oct. 7, 1981), p. 187.

A&M Records has brought a \$3 million suit against EMI Ltd. for royalties owed on A&M product sold in Latin America. The complaint charges that the defendant, who was plaintiff's Latin American distributor for approximately six years, failed to file timely quarterly statements and to pay 7% interest on overdue

royalties. It also alleges that EMI "used inaccurate foreign exchange and royalty base rates" in computing payments and was negligent about paying plaintiff its proper share of financial and performance fees.

363. Berry says c'right act passe for today's needs. *Billboard*, vol. 93, no. 42 (Oct. 24, 1981), p. 74.

The U.K.'s Performing Rights Society won a decision in its copyright infringement suit against Roderick Ramlel, a hairdresser who had been playing music from a radio in his salon. Ruling that the airplay was a public performance, the High Court enjoined defendant from further playing of unlicensed copyrighted music and ordered him to pay court costs.

364. Cal Vista wins injunction against alleged pirates. *Daily Variety*, vol. 193, no. 21 (Oct. 6, 1981), p. 6.

Cal Vista International, an adult film producer and distributor, has been granted a preliminary injunction in its copyright infringement suit against two video retailers. The retailers, Western Video and Slams Video World, were enjoined from further copying of plaintiff's films.

365. Cassette sales drop in Austria. *Billboard*, vol. 93, no. 39 (Oct. 3, 1981), p. 60.

For the second consecutive year, the sale of prerecorded cassettes in Austria dropped by 15%. Home taping has contributed to this decline. 10.5 million blank cassettes were sold in 1980 and it is estimated that 80% of those were used to record music. This, together with the country's piracy problem which is also predominantly in the music cassette field, has led the mechanical rights society Austro-Mechana to propose a blank tape levy.

366. CHASE, SCOTT. Music from the skies promised by firm serving cable users. *Washington Post* (Oct. 19, 1981), p. WB-14.

This is a discussion of Digital Music Company, a company recently formed by William von Meister to provide programmed music to cable TV subscribers. Via the Westar IV satellite, Digital Music's Home Music Center will transmit digitally encoded music to member cable TV stations for relay to home subscribers. Observers say that the success of this new \$20 million venture will depend on von Meister's ability to resolve several problems his

service poses for the recorded music industry in the area of copyright violations, market diversion, and increased competition.

367. CHIN, BRIAN. Publishers may sue to collect new rate. *Record World*, vol. 18, no. 1783 (Oct. 3, 1981), pp. 3, 14.

The 4-cent mechanical rate set by the Copyright Royalty Tribunal last December was the main topic of discussion at the September 24 meeting of the New York chapter of the Music Publishers' Forum. The talks focused on whether record companies will pay the new rate as of June 1 when it went into effect or wait until a final determination is made in their court challenge. There was also speculation regarding other possible record company reaction, such as reducing the number of tracks on a standard album or placing a ceiling on the publishing royalty costs the company will cover.

368. China moves on piracy. *Billboard*, vol. 93, no. 40 (Oct. 10, 1981), p. 83.

The People's Republic of China is, reportedly, making significant progress in its anti-piracy efforts. An official of one of the provinces says that the government has formed a special copyright division to deal with piracy-related problems and has issued a directive prohibiting pirating and the sale of illegal foreign recordings.

369. Congress expected to approve industry agreement on cable, but Turner vows to fight on. *Variety*, vol. 304, no. 13 (Oct. 28, 1981), pp. 37, 59.

Though sports leagues were not party to the negotiations in which broadcasters, cable systems and program suppliers drafted a syndicated exclusivity agreement, they seem optimistic that they will be included before it is approved by Congress. Ted Turner, another party not represented in the negotiations, says he will challenge the agreement on antitrust grounds because it "will have a negative competitive impact on (his) operation, and is not in the best interests of the public." Other superstation owners, however, say that the "agreement is going to be good for independent stations."

370. 800-plus titles taken in Brussels pic-piracy raids. *Daily Variety*, vol. 193, no. 16 (Sept. 29, 1981), pp. 1, 9.

In a series of surprise raids on eight video shops and the home of a local exhibitor in Brussels, police confiscated what were purported to be pirated videocassettes of more than 800 separate titles of American and French films. The raids, which netted what is believed to be the largest quantity of individual titles to date, were the culmination of a complaint that the Motion Picture Assn. of America filed in September of 1980.

371. 11th hour deal on copyright. *Broadcasting*, vol. 101, no. 17 (Oct. 26, 1981), p. 23.

The broadcasting, cable TV and motion picture production industries have tentatively reached an agreement on amendments to the copyright laws as they pertain to compulsory licensing for the retransmission of broadcast signals embodying a performance or display of a work. The agreement would reinstate syndicated exclusivity rules for the retransmission of such signals by independent cable systems with 5,000 subscribers or more. Systems of 5,000 subscribers or fewer that are owned by multiple system operators with no more than 50,000 subscribers would be exempt. Compulsory licensing for all imported signals would be retained with no increase in the royalty rate cable systems pay for use of broadcast signals.

372. FARRELL, DAVID. Canada cops crack alleged pirate ring with 13 raids. *Billboard*, vol. 93, no. 43 (Oct. 31, 1981), pp. 3, 6.

In raids on thirteen locations, Canadian authorities confiscated what was estimated to be \$1 million worth of counterfeit record and tapes as well as manufacturing equipment and paraphernalia. Documents seized during the raids indicated that the operations had been in existence since 1979 and had international ties. The investigation was the result of information reported to police by the Canadian Recording Industry Assn.

373. FARRELL, DAVID. Gov't attacked over copyright protection: at INTERGU meet. *Billboard*, vol. 93, no. 40 (Oct. 10, 1981), p. 87.

INTERGU, the international copyright society, recently held its eighth congress in Toronto, Canada. The main topic of discussion at the meeting was "copyright protection in the hi-tech age." Another subject that received considerable attention was Canada's Copyright Act.

374. FBI keeps pressure on tape pirates in 3-state crackdown. *Daily Variety*, vol. 193, no. 23 (Oct. 8, 1981), p. 2.

Herbert Buntan was sentenced to thirty days in jail following his conviction on charges of selling and distributing pirate tapes. Buntan's conviction was the result of a state police raid on a flea market in Kentucky. Other recent antipiracy developments include FBI raids in Oregon and Virginia which netted more than 8000 illegal 8-track and cassette tapes.

375. FEDER, BARNABY J. Private videotaping of copyrighted TV ruled infringement. *The New York Times*, vol. CXXXI, no. 45,107 (Oct. 20, 1981), pp. 1, D6.

The Ninth Circuit Court of Appeals has ruled that videotaping of copyrighted television programs, even if done at home for private use, is an infringement of the rights of those who own the programs. The District Court had ruled earlier that videotaping of copyrighted television programs was not an infringement of copyrights if videotaping were done for home use. The Court of Appeals sent the case back to Judge Ferguson and ordered him to "fashion" some sort of relief for plaintiffs.

376. Federal judge zaps decoder sale. *Variety*, vol. 304, no. 9 (Sept. 30, 1981), p. 72.

A federal court in Pennsylvania has enjoined Allan Leason of Mars Communications from making, advertising, and selling "devices capable of intercepting and decoding" scrambled pay TV programs. The Order, which was handed down in a suit filed by Pennsylvania Pay TV, stated that Leason had violated FCC regulations prohibiting the sale of decoders and requiring that they meet FCC specifications.

377. French government to seek better c'right protection for its films in the U.S. *Daily Variety*, vol. 193, no. 38 (Oct. 28, 1981), p. 2.

Adolphe Viezzi, the president of Unifrance Film, has compiled a file on "scores of French films whose copyrights were technically not renewed when original U.S. distribution deals lapsed." A copy of this data has already been submitted to the Minister of Culture.

378. GRANT, DANIEL. Protecting artists against copies. *The Baltimore Sun* (Oct. 19, 1981), p. B-3.

A discussion of copyright and public domain. Mention is made in this article of unauthorized use of T-shirts having a Pablo Picasso signature, murals by a Bron artist in the 1980 movie "Mon Oncle d'Amerique", and Robert Indiana's painting configuration of the word "Love." A work falling into the public domain is exemplified by the Chicago Art Institute's exhibiting a maquette of Picasso's sculpture "Woman" which resulted in the sale of cheap reproductions of the work by third parties. Ownership of a work versus ownership of copyright is discussed with emphasis given to tax deductions for each type of ownership.

379. GUILD, HAZEL. Criminal underworld jumps on West German piracy bandwagon. *Variety*, vol. 304, no. 10 (Oct. 7, 1981), pp. 107, 152.

Video piracy is a growing problem in West Germany and Manfred Goeller of the Film Distributors Association fears organized crime is involved. Goeller, whose organization works closely with authorities to eliminate illegal cassette duplication, says that in some cases pirated copies of films appear prior to, or simultaneously with, their release in German theaters. As a result, millions of dollars are being lost by U.S. and German distributors as well as local exhibitors.

380. HARWOOD, JIM. Betamax' bottom line: like porno, courts can't define 'fair use,' but know it on sight. *Daily Variety*, vol. 193, no. 33 (Oct. 22, 1981), pp. 1, 15.

This article discusses fair use in the context of the district court's ruling in the *Betamax* case and the Supreme Court's affirmance of the decision in the *Williams & Wilkins* suit against two public health agencies. In doing so, it asks and explores the question: "If it is legal to tape radio broadcasts off the air at home and legal to photocopy magazine articles at the office or nearby drugstore, then why should it be illegal to make your own personal copy of a television broadcast?"

381. HBO in \$10,000 piracy judgment. *The Hollywood Reporter*, vol. CCLXVIII, no. 37 (Sept. 29, 1981), p. 4.

A \$10,000 contempt of court judgment has been levied against Advanced Consumer Technology for willfully violating a U.S. District Court order restraining it from "promoting, advertising, selling, distributing or in any other way making available

equipment capable of receiving the pay television program service of Home Box Office." The order was issued in a suit filed by HBO against Advanced Consumer and others for distributing microwave antennas allegedly used to pirate plaintiff's pay TV service.

382. HENNESSEY, MIKE. Davies' "Piracy of Phonograms"; new book is exhaustive survey on piracy in EEC. *Billboard*, vol. 93, no. 39 (Oct. 3, 1981), p. 59.

An informative new book entitled "Piracy of Phonograms" by Gillian Davies surveys and gives a general appraisal of piracy in the EEC. It provides a comparative analysis of the problem in the Common Market countries, making numerous observations and proposing measures to combat what is termed "a major international illicit industry." It also looks at national laws that can be used as antipiracy tools within the EEC and examines home taping, pointing up the differences in the national laws relating to private copying and quantifying the problem in the Common Market countries.

383. HENNESSEY, MIKE. IFPI, BIEM debate mechanicals. *Billboard*, vol. 93, no. 40 (Oct. 10, 1981), pp. 1, 98.

Representatives of the International Federation of Producers of Phonograms and Videograms (IFPI) and the European mechanical rights organization BIEM recently met in London to negotiate a new mechanical royalty agreement. The two groups have been trying to reach a rate agreement for a couple of years and apparently their efforts have been stalemated by the fact that IFPI wants to retain the current 8% royalty rate and BIEM is pushing to increase it to 10%. Complicating the issue "is the general abandonment in Europe of recommended retail pricing, the traditional peg upon which royalties were based."

384. HOLLAND, BILL. CRT is addressing jukebox royalty issue. *Record World*, vol. 18, no. 1784 (Oct. 10, 1981), pp. 4, 41.

Hearings have begun for the distribution of the 1979 jukebox royalties. The Copyright Royalty Tribunal will be making determinations on the method and percentage of distribution of the royalty collections, which total \$1.1 million, and on the proposed deletion of the jukebox location listings requirement from their regulations.

385. HOLLAND, BILL. Stiffer pirate bill gains in Congress. *Billboard*, vol. 93, no. 42 (Oct. 24, 1981), pp. 1, 78.

Having survived markup in the House Subcommittee on Courts, Civil Liberties and the Administration of Justice, H.R. 3530, the bill to increase penalties for piracy and counterfeiting, now goes to the full committee. The measure provides maximum penalties of \$250,000 and five years imprisonment for large-scale offenders and treats the crimes of small-scale copyright infringers as misdemeanors. Observers say that the prospects of H.R. 6063, the Performance Rights Bill, making it through markup sessions are less favorable than they are for the counterfeiting penalties proposal.

386. HOLLAND, BILL. U.S. appeals court denies RIAA's request for copyright rehearing. *Record World*, vol. 18, no. 1785 (Oct. 17, 1981), pp. 3, 109.

The U.S. Court of Appeals has refused to rehear the Recording Industry Association of America's suit challenging the Copyright Royalty Tribunal's decision to increase the mechanical royalty rate to four cents per song. It is predicted that the Association will now seek Supreme Court review of the case.

387. HOROWITZ, IS. Blank tape levy eyed in Hungary. *Billboard*, vol. 93, no. 42 (Oct. 24, 1981), pp. 4, 71.

Jeno Bors of Hungariton, the Hungarian recording authority, recently visited the U.S. He reported that though Hungary has experienced sharp increases in record and tape sales, the government is considering a blank tape levy to compensate those injured by home taping. The proposal, which calls for a 20% tax, is currently being commented on by interested government agencies.

388. HOROWITZ, IS. Publisher vid pact play: keep rental options open. *Billboard*, vol. 93, no. 39 (Oct. 3, 1981), p. 3.

Videocassette rentals are causing publishers to include caveats in their license agreements with video music users stipulating the license does not apply to rental materials. The reason for this move is threefold—(1) the absence of a formula for rental units; (2) fear that rentals could “tend to erode established guidelines for mechanical license”; and (3) concern over the impact the own-

ership aspect of videocassette rentals might have on the "traditional principle of payment for each unit marketed to the public."

389. HOROWITZ, IS. U.S. pirates find rosy Canada climate. *Billboard*, vol. 93, no. 42 (Oct. 24, 1981), pp. 1, 78.

Canada's record and tape piracy problem has almost doubled within the last two or three years due in part to the migration of illegal duplicators "fleeing a tougher penalty and enforcement climate in the U.S." The maximum penalty for infringement under the Canadian Copyright Act is \$200, with no prison term. Another factor that has added to Canada's popularity among record and tape pirates is its depressed dollar which makes for a "favorable rate of exchange for those illegal operators seeking to infiltrate the export trade."

390. JONES, PETER. Agreement closer on mechanicals base in U.K. *Billboard*, vol. 93, no. 42 (Oct. 24, 1981), p. 71.

Reports from London indicate that the Mechanical Rights Society has reached a tentative agreement with the British Phonographic Industry on a basis for computing mechanical copyright royalties. For years, mechanicals were based on recommended retail prices, a practice which most record companies no longer follow. The tentative plan provides that companies which have abolished recommended retail prices compile "cataloged selling prices, using dealer price plus mark-up." Where such lists have been retained, they should continue to be used to figure copyright royalties.

391. JONES, PETER. IFPI seeks antipiracy \$ firm artists. *Billboard*, vol. 93, no. 40 (Oct. 10, 1981), pp. 3, 86.

The International Federation of Producers of Phonograms and Videograms (IFPI) is gearing up a fund-raising campaign to encourage record companies as well as artists, songwriters and music publishers to contribute to the organization's antipiracy funds. In this regard, IFPI is gathering information for new literature that will be distributed to national IFPI groups and professional music publisher and songwriter organizations around the world. The pamphlets will include information on the extent of the piracy problem, IFPI's achievements against pirates and the business losses caused by pirate activity.

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392. KAHN, HENRY. Score SACEM on royalties, disco fees. *Billboard*, vol. 93, no. 42 (Oct. 24, 1981), p. 68.

France's Ministry of Cultural Affairs is investigating complaints that the licensing rates charged by SACEM, the French performing rights society, are "extortionate." The inquiry stems from news stories indicating that certain discos in France pay SACEM music use fees of \$300 per month while such fees in the U.K. and the U.S. are \$80 and \$30, respectively. Another matter being looked into by the Ministry of Cultural Affairs is complaints that the society has not paid royalties to its Corsican and Montpellier members for the past ten years.

393. Kuwait seeks stiffer homevideo penalties. *Variety*, vol. 304, no. 10 (Oct. 7, 1981), p. 150.

The Kuwaiti government is considering a proposal to amend Kuwait's Press and Publications Law. The amendments would prohibit the unlicensed display, sale, and rental of video product and would impose a penalty of up to six months in jail and a fine of as much as \$1500 for failure to obtain a license.

394. Ladd calls for taking legislative not judicial road for copyright. *Broadcasting*, vol. 101, no. 14 (Oct. 5, 1981), p. 31.

In his speech before the International Copyright Society of Toronto, David Ladd, U.S. Register of Copyrights, told the group that legislative, not judicial, remedies are needed to prevent copyright holders from being ripped off by the so-called "new technologies." Of particular interest to copyright holders, he said, is the issue of home videotaping. However, he warned against reliance on "technological" solutions. For example, he said, although "spoilers," devices installed by manufacturers to prevent home taping, may "discourage home taping in the short term, it appears likely that the only result from building a better mousetrap . . . will be the education of smarter mice."

395. LEO, CHRISTIE. Threaten EMI chief in piracy crackdown. *Billboard*, vol. 93, no. 39 (Oct. 3, 1981), p. 58.

John Forrest of EMI Singapore says that his life was threatened on September 9 following the seizure of more than 10,000 apparently pirated cassettes in raids on a store and warehouse in Singapore. Forrest is a member of the Singapore Phonogram

Assn. board and he says the threat is the result of his involvement in efforts to halt music piracy and to amend the copyright law.

396. LICHTMAN, IRV. Appeals decision viewed as impetus for tape levy. *Billboard*, vol. 93, no. 43 (Oct. 31, 1981), p. 15.

Elizabeth Granville of BMI believes that the Court of Appeals decision in the *Betamax* case is a "great impetus to Congressional focus on a tax or royalty on audio blank tape and/or hardware to benefit copyright owners." A committee of the Association of the Bar of New York which Granville chairs has been working on model legislation in this regard for some time, but a recurring issue in legislation of this kind is how to ensure that the intended recipients, in this case copyright owners, actually get the funds being derived from such tax or royalty.

397. LUBASCH, ARNOLD H. U.S. court rules for Marx Brothers' heirs on 'Day in Hollywood.' *The New York Times*, vol. CXXXI, no. 45,093 (Oct. 6, 1981), p. C7.

Judge William Conner of the Federal District Court in Manhattan has ruled that the Broadway show "A Day in Hollywood/A Night in the Ukraine" was an "unauthorized appropriation" of characters created by the Marx Brothers. The judge concluded that "the right of publicity, as defined by other courts, represents the right of an individual to control the commercial value of his name and likeness and to prevent their unauthorized exploitation by others." The plaintiffs had contended that the show appropriated "their rights of publicity in the names and likenesses of Groucho, Harpo, and Chico Marx."

398. MCMASTERS, THERESA. Legislation urged to protect rights from home video. *The Hollywood Reporter*, vol. CCLXVIII, no. 35 (Sept. 25, 1981), pp. 1, 37.

In a speech before the International Copyright Society in Toronto, Register of Copyrights David Ladd recommended that the problem of home taping be resolved via legislation. Denouncing as "piecemeal" and temporary such measures as case-by-case adjudication and "spoiler devices," the Register indicated his preference for "global compensation systems that could provide revenue for all rights holders from both home audio and video recording." He said that such systems would probably rely on a hardware and/or software license fee.

399. McMASTERS, THERESA. Stiff counterfeiting, piracy laws okayed by House panel. *The Hollywood Reporter*, vol. CCLXVIII, no. 49 (Oct. 16, 1981), pp. 1, 99.

There are several copyright measures currently pending in Congress. Among them are two proposals to change the cable compulsory license by either "eliminating it outright or modifying how it is to be applied." Two other measures that are awaiting further congressional action are the performance rights and the counterfeiting and piracy bills.

400. Michigan radio station loses ASCAP c'right suit. *Daily Variety*, vol. 193, no. 21 (Oct. 6, 1981), p. 13.

\$16,000 in damages and court costs have been levied against WGTU-TV in Traverse City, Michigan for copyright infringement. The suit, which was filed by ASCAP, alleged that the defendant had broadcast some thirteen copyrighted compositions without authorization.

401. Muscular Danish video assn. strong-arming retailers with contracts, antipiracy moves. *Variety*, vol. 304, no. 10 (Oct. 7, 1981), pp. 83, 96.

Film companies, record firms, and video distributors in Denmark have formed the Society of Danish Videogram Distributors whose aim is to eliminate piracy in the video trade. One of the organization's first official acts was to draft a standard contract for retailers which is designed to help wipe out the sale of illegal videocassettes. The Society has also established an antipiracy fund and is lobbying for copyright legislation that would prohibit the unauthorized public performance of videocassettes.

402. Music pubberies discuss homevideo options in coast. *Variety*, vol. 304, no. 10 (Oct. 7, 1981), p. 193.

Discussions at a recent Association of Independent Music Publishers meeting focused on the issue of whether publishers should take a wait-and-see attitude with respect to home video licensing. Harry Garfield, a proponent of immediate licensing, argued that withholding home video rights would mean loss of sale and royalty revenue. Jay Lowy contended, however, that it would be best for the music publishing industry to proceed with caution for now because of the still-emerging economics of home video.

403. Need new global update on c'right, talent trafficking. *Variety*, vol. 304, no. 11 (Oct. 14, 1981), pp. 4, 340.

The International Federation of Actors which recently met in Copenhagen resolved to seek country-by-country copyright legislation providing for reciprocal multinational protection against "global piracy fallout from new satellite borne telecommunications" technology. The Federation, which is comprised of 42 member nations, also decided to push for a world copyright convention that deals with the telecommunication issue.

404. Par wins final judgment in 'Trek' copyright case. *Daily Variety*, vol. 193, no. 25 (Oct. 12, 1981), p. 7.

A federal district court in New York granted Paramount Pictures a summary judgment in its copyright infringement suit against All-Star Video Corp. The court found that the defendants had "engaged in copyright infringement and unfair competition activities from their sale of unauthorized videotape cassettes" of segments from plaintiff's "Star Trek" series.

405. Parallel imports bruise Norway; video subtitles to stem tide? Limit imports? *Variety*, vol. 304, no. 10 (Oct. 7, 1981), p. 85.

Norway's videocassette market is thriving in spite of parallel imports from America and Britain. Nevertheless, local distributors complain that they "buy local rights to foreign product only to find that shipped-in English versions have creamed the market." The government is considering, therefore, a measure that would restrict the number of companies allowed to import "pre-programmed" videocassettes.

406. Pay bootleg damages in London. *Billboard*, vol. 93, no. 43 (Oct. 31, 1981), p. 101.

David and Anne Bentley have agreed to pay the British Phonographic Industry \$2,000 damages and to abide by permanent injunctions prohibiting them from illegally manufacturing records and tapes. The Bentleys were implicated in the BPI's "Operation Moonbeam" antipiracy investigation and raids.

407. POLLACK, ANDREW. Video recorder sales go on. *The New York Times*, vol. CXXXI, no. 45,108 (Oct. 21, 1981), p. D5.

As a result of the Ninth Circuit Court of Appeals decision

holding that videotaping of television programs off-the-air even if for private home use is an infringement of copyrights, retailers of video cassette recorders expect little immediate impact on sales. However, retailers hoped that there would be an upward surge in sales since many consumers might buy videotape machines now in case they are outlawed later.

408. RADCLIFFE, JOE. 'Unauthorized' disco disks resurfacing. *Billboard*, vol. 93, no. 41 (Oct. 17, 1981), pp. 3, 63.

The renewed popularity of dance music is causing a resurgence of allegedly unauthorized recordings that are available over the counter at retail record shops in New York City. The recordings, which first gained their popularity during the disco craze of 1979, consist of a medley of various tunes that are mixed via the use of what is known as "segues, interphasing and looping." Reportedly, the FBI is already investigating the reappearance of the disks.

409. Recording Studio Assn. supports blank tape levy. *Billboard*, vol. 93, no. 40 (Oct. 10, 1981), p. 85.

The Association of Professional Recording Studios has announced that it will support the British Phonographic Industry's efforts for a blank tape levy in the United Kingdom because home taping is financially hurting the record business. APRS indicated, however, that it believes that fewer people would copy records if the recording industry would offer better quality prerecorded tapes at lower cost.

410. Renewed push for tape software levy. *Billboard*, vol. 93, no. 40 (Oct. 10, 1981), p. 90.

Increased blank tape sales have prompted West Germany's music industry to push for extension of the country's current levy on recording hardware to include software. Tape companies strongly oppose a tape tax because they say it would increase tape prices "by as much as 80% while leaving imported product very much cheaper." The tape manufacturers also say that despite claims of damage to the music industry, last year's prerecorded cassette sales were up 19% over the previous year's figures.

411. Response from Capitol Hill: amend copyright act. *Consumer Electronics Daily*, vol. V, no. 1/issue 16 (Oct. 23, 1981).

Soon after the court of appeals ruling in the *Betamax* suit, two bills were introduced in Congress that would legalize home taping. If the copyright law is amended to exempt the practice of off-air taping of copyrighted material for home use, the article points out that the *Betamax* case could become moot, depending on whether the case goes to the Supreme Court and, if so, whether the amendment is passed before or after the Supreme Court makes its ruling.

412. ROBINSON, RUTH. Fed court rules Marx brothers' rights violated. *The Hollywood Reporter*, vol. CCLXVIII, no. 43 (Oct. 7, 1981), pp. 1, 17.

The U.S. District Court in New York recently granted a summary judgment in Groucho Marx Prods.' suit against Day and Night Prods. The court ruled that defendant's Broadway play entitled "A Day in Hollywood/A Night in the Ukraine" violated Groucho and Harpo Marx' right of publicity. In so ruling, the court declared that the right is inheritable.

413. Ruling gives carriers signal edge over b'cast re teletext. *Variety*, vol. 304, no. 13 (Oct. 28, 1981), pp. 39, 61.

This is a discussion of *WGN Broadcasting v. United Video Inc.*, a suit in which a federal district court recently refused to grant plaintiffs an injunction prohibiting defendant from removing the teletext portion of WGN's transmissions, replacing it with a service of its own. Plaintiff contended that UVI's stripping of the teletext signal violated its status as a passive carrier and in doing so invalidated its exemption from copyright liability. The ruling is expected to be appealed.

414. SAMPSON, JIM. German artist aid in tape levy fight? *Billboard*, vol. 93, no. 39 (Oct. 3, 1981), pp. 1, 61.

West Germany's Justice Ministry recently held a hearing to consider a proposed copyright law amendment that not only provided for a higher royalty on recording equipment to compensate rights holders for home taping but for the rate to be fixed in the law. Ministry officials emerged from the hearing, however, indicating that the proposal will go forward to the politicians without the fixed rate provision.

415. Scribes press pols to shield copyright over the airwaves. *Variety*, vol. 304, no. 10 (Oct. 7, 1981), pp. 4, 41.

President Frank Pierson, Writers Guild of America, West recently told Senator Charles Mathias that the Guild is pushing for stronger copyright protection for over-the-air broadcast of its members' works. Pierson warned that if something is not done to strengthen protection for distribution of writers' works by traditional TV, they will seek other "more selective and protected mediums." He hastened to add that a consequence of switching to such alternative channels is that "the public at large will be the losers because in the long run it is going to cost them more."

416. SHENON, PHILIP. Copyright v. 'reprography' revolution. *New York Times* (Oct. 25, 1981), p. E7.

The appellate ruling in the *Betamax* case is seen by many copyright experts as a legal milestone "that may end the trend toward the erosion of the rights of copyright owners." The widening gap between the new technology and the copyright law makes it more and more difficult for copyright owners to maintain control over their creative endeavors. The 1976 Copyright Act and subsequent measures intended to bridge the gap help to only a limited degree. Many industry leaders indicate that it will take dramatic action like the decision against Sony to solve the problem.

417. Syndie exclusivity is back on track as industry meets. *Variety*, vol. 304, no. 13 (Oct. 28, 1981), pp. 37, 59.

The Motion Picture Assn. of America and the National Cable Television Assn. have worked out a syndicated exclusivity agreement which they will submit to the Congress for approval. The agreement calls for retention of compulsory licensing for cable, continuation of the rate structure set out in the 1976 Copyright Act and unrestricted carriage of non-local signals. It also provides that the copyright law be amended to rescind the Copyright Royalty Tribunal's authority to adjust CATV royalty rates to reflect the Federal Communications Commission's deletion of its syndicated exclusivity rules and to authorize the Tribunal to make cost-of-living adjustments every three years. It prepares to exempt from copyright liability those cable systems that carry no distant signals and contains must-carry provisions requiring cable systems with more than 36 channels to carry local signals at no charge. Stations with fewer than 36 channels would be required to carry only certain signals. Congressman Robert Kastenmeier plans to conduct hearings on the agreements as soon as possible.

418. TERRY, KEN. Sony ruling emboldens diskers who look to courts for solution of home audio taping problem. *Variety*, vol. 304, no. 13 (Oct. 28, 1981), pp. 2, 75.

The recording industry has been eyeing the *Betamax* ruling with respect to its possible application to home taping of audio recordings. Though the decision did not specifically address the sound recording issue, some feel that there were some elements in the opinion that could "help record companies and music publishers in the context of a test case." In fact, Recording Industry Association of America counsel Ernest Meyer indicated that if a test case were brought now, he believes that a court could be persuaded of the illegality of home taping for private, non-commercial use.

419. Thumbnail legal analysis of Sony case. *Consumer Electronics Daily*, vol. V, no. 10/issue 16 (Oct. 23, 1981).

In discussing the legal ramifications of the Ninth Circuit decision in the *Betamax* case, this article briefly explores the question of whether VCR manufacturers, retailers and owners, especially those in California, should continue to make, sell and use video-recorders for home taping. It also points out the options that are open to Sony now that the court of appeals has ruled in favor of MCA/Disney.

420. Valenti continues crusade vs. compulsory license to cable. *The Hollywood Reporter*, vol. CCLXIX, no. 2 (Oct. 21, 1981), p. 14.

Speaking at a Federal Bar Association luncheon symposium, Motion Picture Association of America's Jack Valenti warned that program suppliers will begin to produce and distribute programs exclusively for cable if congressional action is not taken to "correct the abuses of the compulsory license granted to the basic cable TV industry." He indicated that the impact of such a move on consumers will be that those who cannot afford cable will be deprived of quality programming.

421. VCR wars: industry mobilizes. *HFD-Retailing Home Furnishings* (Oct. 26, 1981), pp. 1, 39, 40.

Sony is expected to appeal the Ninth Circuit's ruling in the *Betamax* suit and, if it does, the Electronic Industry Assn. has indicated that it will request permission to file an amicus brief on Sony's behalf. This article talks about the decision, the video in-

dustry's reaction to the decision and the issue of enforceability of a ban on home recording should the circuit be upheld if and when the decision is appealed. Some attention is also focused on the question of relief for MCA/Disney, the plaintiffs in the case, and on possible alternatives to banning the sale of VCRs.

422. Video retailers report sales flurry in wake of court action. *Consumer Electronics Daily*, vol. V, no. 10/issue 16 (Oct. 23, 1981).

A spot check survey of video retailers throughout the country indicates that VCR sales have increased as a result of the *Betamax* decision. When asked about fears concerning the ruling's implications for the future, one retailer said that "with companies like Sony providing 20 percent of world production, with RCA supplying 31 percent of the American market and with 41 percent of Matsushita's gross revenues coming from video sales . . ." it is unlikely that the government will ban the sale of VCRs.

423. VOLCIC, MITJA. Blank tape not a factor in Yugoslav music mart. *Billboard*, vol. 93, no. 39 (Oct. 3, 1981), p. 59.

Home taping has not as yet become a problem for Yugoslavia because there are few blank cassettes available and those that are available often cost more than the prerecorded. As a result, the "guestimated" ratio for blank versus prerecorded cassette sales is one million to seven million.

424. WALTER, TIM. Rights groups team on cable \$\$ share: ASCAP, BMI, SESAC. *Billboard*, vol. 93, no. 39 (Oct. 3, 1981), p. 74.

ASCAP, BMI, and SESAC have jointly asked the Copyright Royalty Tribunal for 9% of the 1979 cable television royalties. The request is based on what witnesses for the performing rights societies said is "value of pricing in the marketplace." The societies' cooperative effort extends only "through Phase I of the cable distribution, which determines the royalty split between sports, public and commercial TV and radio, Canadian claims and music."

425. Warner vid plan criticized in U.K. *Billboard*, vol. 93, no. 40 (Oct. 10, 1981), pp. 1, 86.

Music wholesalers and retailers in Britain are not welcoming Warner Home Video's rental program with open arms. They say the plan undermines the video sale market and will force many

dealers out of business. Their main objection to the Warner program rests not with rentals but with the fact that the plan excludes video sales. They say they would have preferred a "mix of both rental and sale."

426. Warner vid policy keyed to copyright. *Variety*, vol. 304, no. 13 (Oct. 28, 1981), p. 42.

This article contends that Warner Home Video's rental-only policy was prompted by a desire to regain product control, something which the company discovered it no longer has after the first sale of a cassette takes place because copyright protection in that particular cassette is then lost, leaving the dealer free to establish his own "unauthorized rental" program from which he may keep all revenues.

427. WILLIE, BEN V. Catatorial: copyright vs. communications law: Congress is confused. *CATJ* (May 1981), p. 4-5, 64.

Will this Congress settle the cable issue? Ben Willie, president of the Community Antenna Television Association, predicts that it will address the issue one last time. He says that initially it arose when broadcasters pushed to restrain the cable industry via the communications law after failing to convince the courts that the act of retransmitting was the same as performing. Now, he says, the motion picture and television companies are leading efforts to restrain cable, but instead of using "communications policy rules," they are seeking to amend the copyright law.

428. Wilson, D'Lugoff lose appeal over 'Bugle Boy' melody. *Variety*, vol. 304, no. 2 (Aug. 12, 1981), pp. 63, 69.

Though a lower court's finding of copyright infringement in an action arising out of the unauthorized use of the melody from "Boogie Woogie Bugle Boy" in a revue was recently affirmed by the U.S. Court of Appeals in New York, the damages awarded MCA Music, the song's copyright owner, were reduced to almost one-fourth of their original sum. The appellate court also overturned an award of almost \$22,626 for the sale of printed programs containing lyrics to the infringing song and slashed the award of attorneys' fees by one-half.

429. WIPO software questionnaire. *Copyright Management*, vol. IV, no. 8 (Aug. 1981), p. 8.

The World Intellectual Property Organization (WIPO) submitted a computer software questionnaire to the United States government. To what extent computer software is protected by existing treaties and what additional provisions are needed to ensure sufficient international protection of computer software and to regulate related matters are among the questions asked.

430. 'Wounded knee' TV rights fight ends. *Variety*, vol. 304, no. 8 (Sept. 23, 1981), p. 46.

A federal district court in California has ruled that Evergreen Foundation Films "owns and enjoys quiet title to all television rights in and to the literary work" *Bury My Heart At Wounded Knee*. James Davis of San Francisco had challenged Evergreen's rights, claiming he had TV-film rights to the book.

431. Writer files plagiarism suit over WB-TV's 'Dukes.' *Daily Variety*, vol. 193, no. 30 (Oct. 19, 1981), p. 6.

Writer Frank Robinette filed a \$10 million plagiarism suit against the producers of "The Dukes of Hazzard." Plaintiff charges that the defendants, which include Warner Communications Inc. and Warner Bros. TV, used his script entitled "Grizzly Gunther" as the basis for their "Dukes" series.

2. Foreign

1. Australia

432. ZINK, JACK. Miami STV outfit sez hotels, condos pirate microwave. *Variety*, vol. 305, no. 12 (Jan. 20, 1982), p. 91.

In two separate actions, the Private Channel Club is seeking damages for alleged pirating of its over-the-air pay TV signal in the Miami area. One suit is directed at a group of hotel, condominium and homeowners for "use of illegal microwave receiving equipment and the other against 19 sellers of that equipment." While legal actions are pending, the Private Channel Club says it will accept back payments for services plus an agreement to subscribe from those individuals that are willing to settle.

433. Australian legal action over reprography. *The Bookseller*, no. 3954 (Oct. 3, 1981), pp. 1225.

An injunction demanding the withdrawal of a memorandum on the new Copyright Amendment Act was brought by the Australian Society of Authors and the Australian Book Publishers Association. The plaintiffs stated that this memorandum "misrepresents the Act by advising teachers how to obviate the multiple copy provisions of the Act."

434. Letter from Australia—A few more Holy Wars. *The Bookseller*, no. 3955 (Oct. 10, 1981), pp. 1316-1317.

A view of the problems of photocopying and the new 2½% sales tax on books in Australia. Booksellers have tried to make legal their transactions with suppliers from the U.S. by urging the federal government to change the Copyright Act to allow the sale in Australia of any English language edition in the open market. The author mentions that book prices in Australia are significantly higher than in other parts of the world due to internal freight costs and Australia's wage structure.

2. Federal Republic of Germany

435. STM on piracy, editors. *The Bookseller*, no. 3956 (Oct. 17, 1981), pp. 1380-1381.

A report on STM, a group of scientific, technical and medical publishers who held their annual meeting in Frankfurt, Germany. Topics discussed included piracy and copyright and the problems of the British Lending Division. Also mentioned was the possibility of establishing a means of providing "copies of journal articles on demand which would serve the user as well as existing 'free' photocopying but would at the same time compensate publishers for loss of sales and use of copyright."

3. Great Britain

436. Britain to host the first World Book Congress. *The Bookseller*, no. 3962 (Nov. 28, 1981), pp. 1850-1851.

An article discussing book development during the 1960's and UNESCO's involvement with it, particularly book needs, development and copyright problems in third world countries. The accomplishments of the International Book Year are noted as well

as the signing of the Berne and UCC agreement on copyright and the Florence Agreement "protecting international trading in books from tariff barriers."

437. BROPHY, BRIGID. PLR: Draft of the draft scheme. *The Bookseller*, no. 3945 (Aug. 1, 1981), pp. 391-393.

An assessment of the proposals for the Public Lending Right "Scheme" in Great Britain that was issued by the Minister for the Arts, Paul Channon, on July 24, 1981. Included is an analysis of the German public lending rights system, a look at Britain's photocopying fee and the continuing problems between copyright protection and photocopying. The problem of heirs, assignees and their percentage of PLR earnings is also mentioned as part of the new draft scheme.

438. Edward Arnold takes copyright action in Singapore. *The Bookseller*, no. 3949 (Aug. 29, 1981), p. 718.

This is an announcement of a writ served on a Singapore publisher and a bookseller on charges of piracy and copyright infringement. The plaintiffs, five British publishers, charge that nine pirated copies of Browne's *Introduction of Symptoms and Signs of Surgical Disease*, published by Edward Arnold, were displayed for sale in Singapore.

439. Letter from Australia. Battling on all fronts. *The Bookseller*, no. 3952 (Sept. 19, 1981), p. 1049.

A view of the new Copyright Amendment Act of 1980 and Australia's Public Lending Right. The new act makes it obligatory "for educational institutions to keep full records of all multiple copying, to maintain these in alphabetical order for 3 years, and to allow access to them by copyright owners." The Act, however, has not established a scale of fees, leaving that up to the courts.

440. Letters to the editor. American action on piracy. *The Bookseller*, no. 3941 (July 4, 1981), p. 36.

A letter from the chairman of the International Division of the Association of American Publishers stating the active role AAP has taken against piracy. He mentions the AAP's role in fighting piracy in Singapore, Taiwan, the Dominican Republic, Peru and Pakistan and the Association's new "piracy watch" established in Geneva.

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441. Letters to the editor. Public lending right. *The Bookseller*, no. 3952 (Sept. 19, 1981), p. 48.

This letter to the editor is in regard to children's books being made eligible for PLR. Particular questions discussed include the 48-page issue and the PLR rights of illustrators of children's books.

442. PA copyright action. *The Bookseller*, no. 3952 (Sept. 19, 1981), p. 1028.

An announcement of an action by the Publishers Association against the Village Press Ltd. who sold imported editions of books which infringed on the copyright held by British publishers. Twenty editions were involved in the suit.

443. PA wins undertaking from Susan Reynolds Books on infringing editions. *The Bookseller*, no. 3947 (Aug. 15, 1981), p. 498.

A report on a case brought by the Publishers Association which sought an injunction against Susan Reynolds Books on July 30, 1981. The case involved the importation of American editions of books of which "British editions are published in the United Kingdom by members of the Association."

444. Piracy workshop. *The Bookseller*, no. 3962 (Nov. 28, 1981), p. 1841.

An announcement of a workshop on book piracy that was held in London on January 8, 1982. Topics included the actions publishers can take when their titles are pirated and the problems of overseas publications and piracy.

445. RUSSELL, A.K. Letters to the editor. Infringing editions. *The Bookseller*, no. 3948 (Aug. 22, 1981), p. 652.

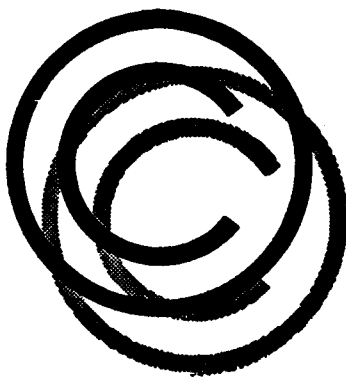
A letter to the editor concerning British copyright licensing, restraint of trade and subsidiary licensing of U.S. books and the revenue problems encountered when American publishers do not pass on the market restrictions of the original copyright licenses.

446. U.S. Copyright Office recommends phasing out of manufacturing clause. *The Bookseller*, no. 3947 (Aug. 15, 1981), p. 498.

This article is devoted to a report by David Ladd, the Register of Copyrights, who recommends that the manufacturing clause be allowed to expire "as ordered by Congress five years ago." The

manufacturing clause generally states that all "literary works written in English by American citizens be printed in the U.S. or Canada if they are to enjoy complete copyright protection." The Copyright Office stated that the "Australian experience which entailed severe losses to printers because of competition from Asian companies had little meaning to the U.S. clause because of the differences between the two countries' industries."

JOURNAL
OF THE
COPYRIGHT SOCIETY
OF THE U.S.A.



Published at
NEW YORK UNIVERSITY LAW CENTER

VOL. 29, No. 4

APRIL, 1982

JOURNAL OF THE COPYRIGHT SOCIETY OF THE U.S.A.
(formerly BULLETIN OF THE COPYRIGHT SOCIETY OF THE U.S.A.)

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Published at New York University Law Center, 40 Washington
Sq. South, New York, N.Y. 10012. Printed and distributed by
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ISSN 0010-8642

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THE JOURNAL of The Copyright Society of the U.S.A. (formerly the BULLETIN OF THE COPYRIGHT SOCIETY OF THE U.S.A.) is published 6 times a year by The Society at the Law Center of New York University, 40 Washington Square South, New York, New York 10012; Stanley Rothenberg, *President*; Richard Dannay and Alan J. Hartnick, *Vice Presidents*; Theodora Zavin, *Treasurer*; Jerold L. Couture, *Secretary*; Henry R. Kaufman, *Assistant Treasurer*; Raymond D. Weisbond, *Assistant Secretary*.

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SUBSCRIPTIONS: *Non-Profit Institutional Libraries* \$50.

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CITE: 29 J. COPR. SOC'Y, page no., Item . . . (1982).



TERUO DOI

PART I

ARTICLES

447. THE SCOPE OF COPYRIGHT PROTECTION AGAINST UN-AUTHORIZED COPYING—JAPAN'S EXPERIENCE AND PROBLEMS—*The Nineteenth Annual Jean Geiringer Memorial Lecture**

By TERUO DOI**

Good evening, ladies and gentlemen. First of all, I should like to express my sincere gratitude to the Copyright Society of the U.S.A. for giving me this valuable opportunity to discuss with the distinguished members of the Society and their guests the subject of our common interest, i.e., the scope of copyright protection against unauthorized copying. It is indeed a great honor for me to have been added to the list of eminent Jean Geiringer Memorial Lecturers.

After I sent a letter of acceptance of the invitation to deliver a lecture at this meeting, Professor Latman kindly provided me with copies of past lectures published in the BULLETIN OF THE COPYRIGHT SOCIETY of the U.S.A. (now JOURNAL OF THE COPYRIGHT SOCIETY OF THE U.S.A.). These past lectures reminded me that I should maintain the quality standards established by the past speakers and also that I should not repeat the subjects they spoke on. So, I have decided to discuss recent developments in Japan. I think discussion of Japan's experience and problems is more appropriate for me since I have been much involved in recent years, and I hope it will be useful to the members of the audience since Japan is one of the biggest overseas markets for American literary and artistic works.

I have brought here some of the exhibits involved in the cases that

*This lecture was delivered in the Auditorium of New York University School of Law on December 14, 1981.

**Teruo Doi is a professor of law at Waseda University, Tokyo, Japan, teaching private international law and industrial property law. He is a member of the Copyright Council of the Japanese government and is the president of the Copyright Law Society of Japan. His works include THE INTELLECTUAL PROPERTY LAW OF JAPAN (Sijthoff & Noordhoff International Publishers 1980) and KOKUSAIKEIYAKU HANDOBUKU (Handbook of international contracts) (published in Tokyo by Dobunkan Publishers, Inc., in 1971 and in Taiwan by Guang hong wen Publishers in 1972).

I am going to discuss. Like the late Professor Walter J. Derenberg who used to show exhibits to his students, I am going to show them to you one by one except some sheet music, which Mr. Jim Henrick in this audience has kindly agreed to play on the piano for us. [Editors' note: The "Exhibits" are appended at the end of this article.]

I. The Copyright Law of Japan and Japan's Copyright Relationship with the United States

Before entering into the discussion of various forms of unauthorized copying, I should briefly explain to you the basics of the Japanese copyright law and how American authors are protected under it.

The Copyright Law currently in force in Japan was enacted in 1970.¹ This is one of the most advanced copyright statutes in the world, because it contains provisions based on the Berne Convention for the Protection of Literary and Artistic Works as well as the International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations signed at Rome in 1961.

The first modern copyright statute in Japan is the copyright law of 1899 which was enacted in order for Japan to join in the Berne Union in the same year. Japan joined in the Paris Union at the same time. The Publishing Ordinance of 1869 and its subsequent amendments were enacted for the purpose of regulating publishing activities. Under the Copyright Law of 1899, works of aliens were protected if they were first published in Japan unless otherwise provided by a treaty.

As to Japan's relationship with the United States, a bilateral treaty for the protection of copyright was signed between the two countries in 1905. Article 1 of this treaty provided an obligation for each country to extend national treatment to the nationals of the other contracting party, and Article 2 provided for free translation of the works of the nationals of the other contracting party. This treaty lost its force during World War II. In 1952, the Peace Treaty with Japan was signed and its Article 12 (6) extended the force of the bilateral copyright treaty for four more years. However, since Japan signed and ratified the Universal Copyright Convention in 1952, the bilateral treaty became defunct.

Japan is a member of the Berne Union and, therefore, its Copyright Law protects authors' copyright (economic right) as well as moral rights (*droit moral*). Article 17 (2) provides that the enjoyment of moral right and copyright requires no formality. The lack of formalities is sometimes called "automatic protection," but protection is not really automatic. A copyright proprietor must go to the courts in order to seek remedies against an infringer. In many cases, as will be explained later, the author

¹ See, DOI, *THE INTELLECTUAL PROPERTY LAW OF JAPAN* 201-257 (1980).

does not know, until he gets a final judgment from the court, whether or not he really has a valid copyright in his work or his copyright extends to the defendant's allegedly infringing act.

The Japanese word "*chosakuken*", which means copyright, is never used as a verb as in the phrase "to be copyrighted." It is always used as a noun. Copyright consists of a bundle of rights and the list of individual rights beginning with the reproduction right in the Copyright Law is not exhaustive. Copyright endures for the life of the author and fifty years after his death. There are some exceptions to this rule. Copyright is divisible in time or space, and can be freely assigned or licensed. However, the author's moral right is exclusively personal to him and inalienable and, after the author's death, his moral interest is protected only to a limited extent.

Another characteristic of the Japanese Copyright Law is that it has a separate chapter for the protection of performers, manufacturers of phonograph records and broadcasting organizations. As you know, the rights of these persons who use authors' literary and artistic works are called "neighboring rights." The neighboring rights provisions of the Japanese Copyright Law faithfully follow the Rome Convention but Japan has not yet joined in the Convention.

II. The Requirements of Substantial Similarity and the Defendant's Access, and the Limit of Fair Use

There are two Supreme Court decisions which touch upon the basic principles of copyright protection. As you know, the Supreme Court of Japan must take up all the cases appealed to it. It has no option to screen these cases in order to determine whether or not a writ of certiorari should be issued. In the first case, the Supreme Court dismissed the appeal by the copyright owner who failed to prove that the defendant, in the composition of his allegedly infringing popular song, had access to the plaintiff's song. In the second case, the Supreme Court denied the defendant's plea of non-infringement by fair use when the defendant took a large portion of the plaintiff's photograph in the creation of a photomontage which was intended to parody the plaintiff's photograph.

As in the United States, the plaintiff in a copyright infringement suit before the Japanese court must establish both substantial similarity of the defendant's work and that the defendant had access to the plaintiff's work. The lack of proof of either fact is sometimes fatal to the plaintiff. A good example is found in *International Music Publishers, Inc. v. Dōmei Suzuki*² decided by the Supreme Court of Japan in 1978.

In this case, the plaintiff, International Music Publishers (I.M.P.),

² 32 Minshū 1145 (Sup. Ct., Sept. 7, 1978).

a Japanese music publisher, obtained an exclusive license to publish in Japan a number of musical works of American composers from Music Publishers Holding Corporation (M.P.H.C.) of the United States under a so-called "catalogue contract." The catalogue included Harry Warren's song "The Boulevard of Broken Dreams". (Exhibit 1) The plaintiff brought an action for damages in the Tokyo District Court alleging that it was the copyright owner by assignment of Harry Warren's above song in Japan and that the defendant Dōmei Suzuki's "One Rainy Night in Tokyo" (Exhibit 2) infringed upon the plaintiff's copyright. Harry Warren's song was used as the theme music for a British film entitled "Moulin Rouge" produced in 1933. The Tokyo District dismissed the action after finding non-infringement,³ and the Tokyo High Court upheld this decision.⁴ The Supreme Court dismissed the plaintiff's appeal on the ground that the defendant was not liable for copyright infringement if he had no opportunity for access to the plaintiff's work. The court held as follows:

According to the old Copyright Law (Law No. 39, 1899), an author has an exclusive right to reproduce his work and, when a third party reproduces the work without the permission of the copyright owner, he shall be liable for copyright infringement. Here, reproduction of a work should be construed to mean an act of reproducing an existing work in such a way as to enable one to recognize the contents and form of such work. When a work identical with an existing work is created, it is not a reproduction of such existing work if it is not reproduced on the basis of the latter and it does not raise an issue of copyright infringement. When a person creates a work that is identical with an existing work, he is not liable for copyright infringement if he has no opportunity for access to the existing work and has no knowledge of its existence and contents, regardless of whether he is negligent in not knowing.

This decision shows that, at least in the field of popular songs, substantial similarity of the defendant's work to the plaintiff's work is not enough for the court to find infringement and that the plaintiff must prove the defendant's access to the plaintiff's work.

The second case raises a novel issue of the extent of fair use in the

³ 9 Kakyū minshū 257, CHOSAKUKEN HANREISHŪ 363 (Tokyo Dist. Ct., May 13, 1968).

⁴ 6 Mutaizaisan reishū 340, CHOSAKUKEN HANREISHŪ 396 (Tokyo High Ct., December 24, 1974).

creation of a photomontage or parody work. In *Yoshikazu Shirakawa v. Masayoshi Amano*,⁵ the Supreme Court reversed the much debated decision of the Tokyo High Court,⁶ holding that the defendant's unauthorized reproduction and alteration of a large portion of the plaintiff's photograph in the creation of the defendant's photomontage was not a proper quotation in one's work of the work of another that was permissible under the Copyright Law as fair use. The defendant was liable for infringing the plaintiff's moral right, i.e., right to the integrity of his work.

The plaintiff Shirakawa, a well-known professional photographer, took a picture of several skiers sliding down a snow-covered hill-slope with their tracks behind in Sankt Christ of Tirol, Austria, in 1966. The plaintiff included this photograph in a collection of his works in a book entitled "SKI 1967 No. 4". After this book was published, the plaintiff granted a license to the American International Underwriters (A.I.U.) to reproduce it on an advertising calendar for 1968. The defendant, a graphic artist by the pen name of "Mad Amano", reproduced a large portion of the plaintiff's photograph from the A.I.U. calendar and made a photomontage, publishing it in his photograph book entitled "SOS" in January 1970. In the same year, the defendant also published it in the June 4 issue of a weekly magazine, SHUKAN GENDAI, as one of a series of his works entitled "Mad Amano's Strange World". It bore a title "*Kiseki*" (a locus). In making the photomontage published in "SOS", the defendant first took a black and white picture of the plaintiff's photograph printed on the A.I.U. calendar and then he took two-thirds of it and combined it with a picture of an automobile snow tire reproduced from an advertisement of Bridgestone Corporation, a tire manufacturer. For the same photomontage in SHUKAN GENDAI, the defendant took five-sixths of the plaintiff's photograph.

The Tokyo District Court found infringement and granted damages to the plaintiff.⁷ The Tokyo High Court reversed this decision holding that the plaintiff's photograph was used as a material in the defendant's photomontage and that such a use of a work of another constituted "quoting a portion of the work in one's work" under Article 30(1)(ii) of the old Copyright Law. The Supreme Court quashed this decision and remanded the case to the lower court. The Supreme Court decision satisfied professional photographers who vigorously criticized the High Court decision.

⁵ HANREI JIHŌ (No. 967) 45 (Sup. Ct., Mar. 28, 1980).

⁶ HANREI JIHŌ (No. 815) 20, CHOSAKUKEN HANREISHŪ 263 (Tokyo High Ct., May 19, 1976).

⁷ 4 Mutaizaisha reishū 619, CHOSAKUKEN HANREISHŪ 249 (Tokyo Dist. Ct., Nov. 20, 1972).

III. The Use of Copying and Recording Machines and the Extent of Fair Use

Probably the most serious problem of unauthorized copying is how to cope with the ever-increasing use of copying and recording machines. So far, we have not found any definite solutions to the problem.

In 1974, the Cultural Affairs Agency of the Japanese government established in the Copyright Council a subcommittee on reprographic reproduction to study the impact of the development and use of copying machines on copyright. In September 1976, the subcommittee, after a series of discussions and hearings, submitted a report to the Council.⁸ The report noted that frequent use of copying machines by individuals, business enterprises, research institutions, libraries, schools and other educational institutions created a serious problem of copyright infringement which exceeded the permissible scope of fair use under Articles 30, 31 and 35 of the Copyright Law, but complaints for criminal prosecution or civil actions for infringement were rarely brought. The report did not propose immediate solutions but indicated that a system of compulsory licensing for specified fees or a system of blanket licensing through an organization of copyright owners might be useful.

The Copyright Law Article 30 states the general fair use principle that "a work of authorship which is the subject matter of copyright may be reproduced by the user for the purpose of using it personally or in his home or within a similarly limited circle." Article 31 sets forth that public libraries can freely reproduce, and Article 35 permits reproduction for classroom teaching at schools and other educational institutions. The report of the subcommittee thoroughly discussed the extent of fair use under these provisions. It is a significant contribution to the public that the report clarified the meaning of these fair use provisions, because the courts are rarely asked to determine the extent of fair use.

In 1977, the Cultural Affairs Agency established in the Copyright Council another subcommittee to study the problems of sound and visual recordings. The subcommittee concluded its deliberations and submitted a report to the Council in June 1981.⁹ The study of the subcommittee was directed mainly to the problems of sound and visual recordings in private homes. But, here again, the subcommittee was unable to find any immediately effective solutions.

⁸ Bunkachō (Cultural Affairs Agency), *Chosakuken shingikai Dai 4 shōiinkai (fukusha fukusei kankei) hōkokusho* (Copyright Council, Subcommittee No. 4 (reprographic reproduction) report) (Sept. 1976), reproduced in CHOSAKUKEN KENKYŪ (No. 8) 94-122 (1976).

⁹ Bunkachō (Cultural Affairs Agency), *Chosakuken shingikai Dai 5 shōiinkai (rokuon rokuga kankei) hōkokusho* (Copyright Council, Subcommittee No. 5 (sound and visual recordings) report) (June 1981).

The subcommittee conducted a survey on the use of sound and visual recording machines, studied the relevant provisions of the statutes of various countries and international conventions, and examined the extent of fair use under Article 30 of the Copyright Law. In view of the seriousness of the effect of sound and visual recordings in private homes upon copyright and neighboring rights, the subcommittee made some suggestions. These suggestions included the imposition of surcharges upon recording machines and tapes when they were manufactured and sold, and the imposition of special taxes on recording machines and other equipment in order to provide a fund to help develop arts and other cultural activities.

The problem of copying machines is particularly acute in the phonograph record industry. The sale of phonograph records is severely damaged when music-loving youngsters use tape recorders to copy phonograph records. The rent-a-record business is now flourishing: According to a survey conducted by the Japan Phonograph Record Association, there are 749 rent-a-record shops throughout the country as of 30 September 1981.

Thirteen phonograph record manufacturers filed a suit on 30 October 1981 in the Tokyo District Court against Reikōdō, Inc. and three other rent-a-record shops in order to enjoin the defendants from renting phonograph records to their customers who were allegedly copying these records by cassette-tape recorders for their personal use. This story was carried in the December 7, 1981 issue of *Newsweek* in an article entitled "Japan's Rent-a-Record Flap".

In this action against rent-a-record shops, the plaintiffs' claim is based on their neighboring rights under the Copyright Law. The plaintiffs are alleging that phonograph record manufacturers have the right to reproduce their phonograph records under Article 96 of the Copyright Law and unauthorized copying infringes upon this reproduction right. They claim that unauthorized copying includes not only one's own act of copying but also renting of phonograph records to another, thereby giving the latter the opportunity to copy such phonograph records.

The court is asked to decide whether or not copying of phonograph records onto magnetic tapes by the customers of rent-a-record shops falls under the fair use provision of the Copyright Law and, if not, whether or not rent-a-record shops are liable as contributory infringers.

IV. Character Merchandising: Its Copyright Basis and Conflict with Trademark Protection

Fictional characters are widely used in Japan for books, toys, greet-

ing cards, underwear, shoes and various other goods. The manufacturers of these goods want to use not only the ornamental value of fictional characters but also the goodwill attached to them.

The legal basis for character merchandising must be found in the Copyright Law.¹⁰ Fictional characters in comic strips are regarded as works of art under Article 10. The exclusive right of the copyright owner in fictional characters includes the right of reproduction under Article 21 as well as the right to transform or adapt works of authorship under Article 27.

The practice of licensing merchandising rights much precedes the court's recognition of its legal basis. The first leading case is *Machiko Hasegawa v. Tachikawa Bus Co.*¹¹ In this case, the court properly found that the defendant who reproduced the plaintiff's comic characters on the bodies of sightseeing coaches it operated infringed upon the plaintiff's copyright. The court calculated damages on the basis of the plaintiff's lost profit, which was three percent of the revenue from the operation of the defendant's sightseeing coaches. It noted that the three-percent rate was the rate widely used in merchandising rights licensing. Although the defendant used the plaintiff's comic characters as a service mark to identify the defendant's business, the court did not distinguish such use from ordinary uses on goods for sale.

When a fictional character originally drawn on a piece of paper is used for three-dimensional goods like toys, such use may not be regarded as reproduction. In such a case, Article 27 mentioned above should be invoked. In *Fuji Television Co. v. Sapporo Dolls Co.*,¹² the plaintiff was the owner of copyright by assignment in the drawing of a *taiyaki* cake in a human form created by an artist. This drawing was widely shown on the plaintiff's television broadcast. The defendant manufactured and sold dolls based on this drawing. The court found that the defendant's dolls were transformations of the plaintiff's drawing under Article 27 and, therefore, infringed upon the plaintiff's copyright in the drawing.

The Copyright Law provides for civil remedies as well as penal sanctions against copyright infringement. The first reported case in the character merchandising field which applied the penal provisions of the Copyright Law is *State v. Gen Kondō*.¹³ The defendant manufactured and sold children's T-shirts on which the comic character of "Candy" was

¹⁰ See, Doi, *Character Merchandising in Japan: Protection of Fictional Characters and Well-Known Personalities as the Basis for Merchandising Activities*, in ANNUAL OF INDUSTRIAL PROPERTY LAW 1978, at 283-306.

¹¹ HANREI JIHŌ (No. 815) 27, CHOSAKUKEN HANREISHŪ 721 (Tokyo Dist. Ct., May 26, 1976).

¹² CHOSAKUKEN HANREISHŪ 713 (Tokyo Dist. Ct., Mar. 30, 1977).

¹³ HANREI TAIMUZU (No. 396) 64 (Osaka Dist. Ct., Aug. 14, 1979).

reproduced from an animation film, "Candy-Candy", the copyright in which was owned jointly by the producer, Toei Animation Co., and the artist who created it. (Exhibits 3, 4 and 5) The Toei Animation filed a complaint with the district prosecutors' office and the defendant was prosecuted and tried before the Osaka District Court. The court sentenced the defendant to two years of penal servitude with hard labor, which was suspended for three years. The court recognized, for the first time, the status of the producer of an animation film to be the author of a derivative work, as distinguished from the author of the original comic strip.

Character licensors sometimes require their licensees to attach seals of approval to goods manufactured under the license. It is not unusual for licensors to find infringing goods bearing counterfeit seals. (Exhibits 6 and 7) Such counterfeit seals can be suppressed on the ground of trademark infringement or unfair competition.

Since the Trademark Law of Japan does not require actual use of a trademark for its registration but rather trademark registration is granted to the first applicant, the copyright owner of a fictional character and his licensees may encounter an embarrassing situation if a third party obtained a trademark registration for the character and sues the licensees for trademark infringement. Therefore, the copyright owner should make every effort to prevent such unauthorized trademark registration.

The Trademark Law in Article 4 lists the circumstances under which trademarks are unregistrable, even though they meet the requirement of distinctiveness under Article 3. The public interest, private interests, or the interests of the consuming public may be invoked. Unfortunately Article 4 does not provide for a trademark which infringes upon the copyright of another when it is used.

In *In re Walt Disney Productions*,¹⁴ the Patent Office dismissed the petition filed by Walt Disney to invalidate the registration of a trademark consisting of a combination of the words "Micky Mouse" ('e' is lacking) and a drawing of a black mouse. The petitioner asserted that:

An unauthorized use of a trademark of a work of another which is entitled to copyright protection under Japanese law not only constitutes a copyright infringement or tort but also an act which is subject to criminal punishment. If the trademark registration were to be held valid, the antisocial criminal conduct and tortious act of the registrant would fully enjoy an exclusive right, and thereby violate public order and good morals.

¹⁴ Shinketsu kōhō (No. 226) 23 (Pat. Off., Apr. 25, 1960).

The Petitioner relied on Article 2 (1)(iv) of the old Trademark Law, similar to Article 4 (1)(vii) of the present Trademark Law, which deemed unregistrable a trademark contrary to public order or good morals. The Patent Office dismissed the petition on the ground that

“even though the use of the registered trademark conflicts with the copyright owned by the petitioner, there is no likelihood that it will disturb public order or good morals to the extent that necessitates invalidation of its registration, although its use may be restricted.”

The Patent Office should have interpreted the public order provision more broadly so as to prevent the registration of trademarks that misappropriated fictional characters.

Mickey Mouse is not the only victim of the trademark registration system. Osaka Sankei Co. registered a trademark which consisted of an English word, “Popeye”, and Popeye’s standing figure in a sailor’s outfit for clothing, handkerchiefs, buttons and pins. In *Osaka Sankei Co. v. Ox Co.*,¹⁵ the registrant brought a trademark infringement action against the manufacturer of children’s undershirts which bore, under a license from the copyright owner, the word “Popeye” and Popeye’s character in a sailor’s uniform as well as a copyright notice “© King Features Syndicate”. The defendant asserted non-infringement on two grounds: First, the defendant contended that its use of Popeye’s comic figure together with its name on the undershirts was simply an ornamental use and not use as a trademark, and that the defendant’s own trademark was indicated on a tag attached to the neck portion of each shirt. Second, the defendant asserted that its shirts were made of cloth manufactured under a license granted by the copyright owner and hence the defendant’s act was an exercise of copyright which superseded the plaintiff’s trademark right and did not constitute an infringement of the plaintiff’s registered trademark under Article 29 of the Trademark Law. The court dismissed the action on the first ground, and did not rule on the second defense. It was a great disappointment to copyright defenders.

V. Copyright Protection of Computer Programs of Video Games

Copying of ROMs (Read Only Memory) installed in computer programmed video games is so easy that counterfeit games are really threatening the video game industry. Suppression of blind copying of ROMs

¹⁵ TOKKYO NEWS Mar. 16, 1976 (Osaka Dist. Ct., Feb. 24, 1976).

has now become a matter of great concern to the entire software industry. On 5 October 1981, the Second International Conference of Video Game Manufacturers was held in Tokyo to discuss the measures to be taken against counterfeit video games. The conference was attended by major video game manufacturers of the world. A delegate from the United States reported on recent court decisions in his country. It was agreed by most of the attendees that copyright protection was the most direct and effective means of coping with the problem.

Since several cases have been pending before the Japanese courts, it will not take too much time for us to see decisions on the availability of copyright protection for computer programs stored in ROMs. So far, there is only one reported case, in which the court granted a temporary injunction on the basis of unfair competition.

In *Namco, Inc. v. Nishi Nihon Sales Co.*,¹⁶ the claimant, Namco, developed a computer-programmed video game called "GALAXIAN". The claimant granted licenses to manufacture and sell the GALAXIAN game to thirteen domestic and foreign companies. The claimant, two months after the release of the GALAXIAN game, discovered counterfeit game sets in the market, manufactured by the respondent. The respondent's counterfeit game was called "GALAXY X". It had an appearance quite similar to the claimant's GALAXIAN and contained exactly the same game program. The GALAXIAN game indicated on its picture tube the manufacturer's name "namco" and an identification slogan "WE ARE THE GALAXIANS", while the GALAXY X game indicated on its picture tube the manufacturer's name "NNS" and a slogan "WE ARE THE GALAXY X". Everything appearing on the picture tubes of the two games was identical except the manufacturer's name and the slogan. Both games produced exactly the same electronic music when they were played. (Exhibit 8) The court granted a temporary injunction on the basis of unfair competition.

All the counterfeit games involved in the pending cases bear copied ROMs on their printed circuit boards. Under the Copyright Law of Japan, the following approaches can be taken in order to find copyright liability of counterfeit video games.

The first approach is directed to the fundamental question of whether or not a video game is a work of authorship under the Copyright Law and the ROM embodying its program is its copy. Article 2(1) defined "works of authorship" as "productions in which thoughts or emotions are expressed in a creative way and which fall in the literary, scientific, artistic or musical domain." Article 10 (1) lists various types of works of authorship as examples. Under these provisions, it is clear that a com-

¹⁶ KÖGYÖSHOYUKENHÖ KENKYŪ Vol. 27, No. 3, 17 (1981).

puter program fixed in a tangible form is a work of authorship. The Copyright Law of Japan does not require fixation, but a technical idea must be fixed in a tangible form in order to be regarded as a work of authorship. The word *fukusei* (reproduction) is defined by Article 2 (1)(xv) as "to reproduce (*saisei*) in a tangible form by means of printing, photography, copying (*fukusha*), sound recording, visual recording or other method." Under this broad definition of "reproduction," one can easily conclude that, when a computer program is embodied in a ROM, such ROM is a reproduction of the program and that copying of a ROM into another piece of ROM is another reproduction. Thus, manufacture of a counterfeit video game must be regarded as an infringement of the copyright owner's exclusive right of reproduction. This approach can be taken against unauthorized copying of any kind of computer programs and its application is not limited to video games.

The second approach is to regard video games as cinematographic works. When a video game is played, it produces a series of moving images on the picture tube, which come out of a prefixed program. While playing the game, the player simply selects one of the limited number of images prefixed for his selection. The player does not create these moving images. Article 2 (3) defines "cinematographic works" as "works expressed by a process producing visual or audiovisual effects analogous to those of cinematography and fixed in a tangible form." The drafter of the Copyright Law adopted this broad definition in order to include any new works which could be assimilated to motion pictures.

The third approach is to protect the small amount of electronic music which can be heard when a video game is played. It is the programmer who composes this music, writing it down on a piece of paper using ordinary music notes. (Exhibits 8 and 9) The music is finally stored in a ROM. The ROM is not a sound recording because the music has never been performed before the ROM is made. It is like a piano roll or a steel disc of a music box. The ROM which embodies the music should be regarded as a reproduction of the music rather than a sound recording. Unauthorized copying of such ROM into another ROM is an infringement of the reproduction right. In addition, when a counterfeit video game is played, the music is publicly performed and, thus, the performing right is infringed. Under Article 22, the copyright owner of a musical work has an exclusive right "to perform his work for the purpose of making it heard directly by the public."

In addition to direct copying of ROMs discussed above, the video game industry faces other problems.

When a video game made for professional use has become very popular, the manufacturer may find that its home or personal use version is made and sold by a third party. Such a version may still be

regarded as a reproduction of the original game. But it may also be regarded as a derivative work or a transformation or adaptation of the original game recognized under Article 27. This provision has been mentioned in connection with character merchandising. In addition, the manufacturer of the original game may claim that the author's moral right, i.e., the right to the integrity of his work, is infringed. Article 20 (1) provides for such right.

Furthermore, when a video game has become very popular and it is expected to be in use for a much longer period, proprietors of game parlors may want to make the game more attractive and challenging by attaching a tiny printed circuit board called a "speed-up kit" to the original printed circuit board. (Exhibit 10) Such speed-up kit may also be regarded as a derivative work to which the manufacturer's transformation right extends. Since the speed-up kit distorts the original program, the manufacturer may claim that his moral right is infringed.

How far the manufacturer of a video game can go with the derivative work theory remains to be seen, because what matters here is the protection of a technical idea rather than its form of expression.

VI. *Unauthorized Copying Beyond Copyright Control*

Among various types of unauthorized copying to which copyright control does not extend, I would like to mention some interesting examples.

First, I would like to discuss misappropriation of the name and likeness of a well-known personality for one's commercial gain. This problem is an extension of character merchandising, but the legal basis for protection cannot be found within the copyright law. In *Mark Lester v. Tokyo Daiichi Film Co.*,¹⁷ the defendant took a still picture from a film entitled "Eyewitness" and used it for a combined television advertisement of the film and the sponsor's candy. Mark Lester was then a well-known British child film actor. The still picture showed Mark Lester's face and the upper half of his body. The court held that the plaintiff actor had an economic interest in his name and portrait independent of a moral interest and, therefore, the plaintiff was entitled to damages for his lost earnings as well as for his mental sufferings. In this case, the court had to rely on the general tort provisions of the Civil Code. This case is an important contribution to the development of the Japanese intellectual property law because the court recognized the right of publicity for the first time although it did not use this term. You can see in the reasoning of the court an influence of American common law. Previously, in *Arita*

¹⁷ HANREI JIHŌ (No. 817) 23 (Tokyo Dist. Ct., June 29, 1976).

v. Yukio Mishima,¹⁸ the same court recognized the right of privacy and added this English term to the Japanese legal glossary. In the recent case of *Steve McQueen v. Tōhōtōwa Co.*,¹⁹ Steve McQueen sued the defendants who made a television commercial film to advertise a film entitled "Le Man" and the products of the sponsor simultaneously. This time, the court found that such a joint advertising scheme was within the permissible scope of the film distribution contract and dismissed the plaintiff's action.

The second topic is the protection of typefaces. In *Yagi v. Kashiwa Shobō Publishing Co.*,²⁰ the plaintiff, a typeface designer, sued the defendant who published two typeface design books, respectively entitled "NEW ALPHABET" and "DECORATIVE ALPHABET". In these books, the plaintiff's typefaces were reproduced from a catalogue. The court dismissed the plaintiff's claim for copyright infringement on the ground that the plaintiff's typefaces were not works of art within the meaning of the Copyright Law.

The third topic is unauthorized copying of perfume fragrances. In *Parfums Christian Dior v. June & Co.*,²¹ eleven well-known French cosmetic companies sued the defendant, a Japanese company, who was engaged in the sale of different types of perfumes under the name "SWEET LOVER". The defendant's advertising literature contained the following statement:

"(1) We, June & Co., have created varieties of fragrances which have fragrance tones similar to seventeen kinds of well-known perfumes loved and used by American and European women; (2) Our products have the same fragrance tones as those of world famous perfumes and are sold at prices at which they can be easily purchased".

The defendant's price list consisted of the following comparative table:

SWEET LOVER	World famous perfume that has the same type of fragrance tone
No. 120	Miss Dior
No. 121	Chanel No. 5

¹⁸ 15 Kakyū minshū 2317 (Tokyo Dist. Ct., Sept. 28, 1964).

¹⁹ MERCHANDISING RIGHTS REPORT, Jan. 1981, 19 (Tokyo Dist. Ct., Nov. 10, 1980).

²⁰ TOKKYO TO KIGYŌ Apr. 1979, 54 (Tokyo Dist. Ct., Mar. 9, 1979).

²¹ TOKKYO TO KIGYŌ Mar. 1980, 68 (Tokyo Dist. Ct., Jan. 28, 1980): *affirmed*, TOKKYO TO KIGYŌ Apr. 1981, 52 (Tokyo High Ct., Feb. 25, 1981).

No. 122	Rive Gauche
No. 123	Arpege
No. 124	Caleche
No. 125	Mitsouko
No. 126	Fidji
No. 127	Joy
No. 131	L'Interdit
No. 132	L'Air-du-Temps
No. 134	Chanel No. 19
No. 136	Madame Rochas

The plaintiffs claimed that the defendant was liable for unfair competition but the court dismissed the action on the ground that the defendant's advertising material was not a misleading indication of the quality of goods. The plaintiffs should perhaps have argued their case in a different way.

Lastly, a brief mention should be made as to unauthorized use of a well-known symbol mark or trademark for consumer goods. In *National Football League Properties, Inc. v. Marutake Shōji Co.*,²² the plaintiff was engaged in a business of licensing the symbol marks of the member teams of the National Football League to the manufacturers of consumer goods. The plaintiff successfully enjoined the defendant who reproduced these marks on the plastic covers of its portable wardrobes, on the ground of unfair competition. The court found an element of passing-off in the defendant's conduct. This case leads us to consider under what theory the owner of a well-known symbol mark or trademark can control unauthorized use of his mark on consumer goods for an ornamental purpose if he is not engaged in the licensing business like NFLP in the above case. It seems that copyright protection is available when a misappropriated mark is so elaborately designed that it can be regarded as a work of art.

Conclusion

To American writers, composers, publishers, phonograph record manufacturers, performers, etc., copyright protection in Japan is as important as protection in the United States. I am sure, after my lecture, you have realized that Japan is one of the few countries of the world in which copyright is vigorously enforced and its courts produce decisions one after another to enrich the resources of our comparative study.

²² TOKKYO TO KIGYŌ Oct. 1980, 52 (Osaka Dist. Ct., July 15, 1980).

English Version
by
GEOFFREY SELDEN
& MENDE BROWN

ワン・レニー・ナイト・イン・トーキョー
ONE RAINY NIGHT IN TOKYO

Japanese Words & Music
by
DOMET SUZUKI

Moderato

1 Cm 2 G7 3 Cm 4 5 Cm

One Rain-y Night in To-kyo One lone-ly
1. ワン レニー ナイト イン トーキョー ぬれた
2. ワン レニー ナイト イン トーキョー あめ

6 Cm 7 G7 8 9 Fm 10

hey no place to go One love-ly girl Rain drops in
は どう に は かわし た ひ と み
あ る な が ら

11 G7 12 13 G7 14 15 Cm

hair Two peo-ple meet They make a pair
か な ぜ か せ つ な く て
に こ こ ろ は と き め く

編曲/前田 喜男

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International Copyright Secured

All Rights Reserved

Made in Japan

16 Cm 17 C7 18 19 Fm 20

It nev - er fails to hap - pen here ———
 な ん に し い ら な い
 こ の し あ わ せ こ そ

21 A7 22 Adim 23 G7 24 25 Cm

It needs no spe - cial time of year ——— And when he
 ふ た り だ け の よ る ——— か わ す
 ふ た り だ け の も の ——— あ い の

26 Cm 27 Fm 28 29 A7 30

says I love you ——— There's little el - se you can
 ひ し と る み が ——— さ か や く ア イ ラブ
 ュ ——— ュ ——— ち か う ア イ ラブ

31 G7 32 D#9 33 Cm 34 G7 35 Cm

do ——— One Rain - y Night in To - kyo
 ュ ——— ワン レイ ニー ナイト イント ——— キョ
 ュ ——— ワン レイ ニー ナイト イント ——— キョ

Exhibit 1B

36 Cm 37 38 G7 39 Cm REPEAT 40

— — — — — oh yes — — — — —
 — — — — — オー イエス — — — — —
 — — — — — オー — — — — —

D9 Cm
 — — — — — END
 yes — — — — —
 イエス — — — — —

ワン・レイニー・ナイト・イン・トーキョー

(A)

1. One Rainy Night In Tokyo
 雨れた 舗道には
 ゆれる灯が 何故か切なくて
 なんにもいらない 二人だけの夜
 かかす達が 遠く アイ・ラブ・ユー
 One Rainy Night In Tokyo
 m m m Oh, Yes.

2. One Rainy Night In Tokyo
 雨に 濡れながら
 かかした瞳に 心はときめく
 このしあわせこそ 二人だけのもの
 愛のしるしを ちかう アイ・ラブ・ユー
 One Rainy Night In Tokyo
 m m m Oh, Yes.

(B)

1. 小雨ふる夜は 何故か淋しくて
 しんみりあなたと お話したいの
 なんにも云わずに 雨れたあの夜
 つれない方と 恨んでますのよ
 One Rainy Night In Tokyo
 やるせない 雨よ

2. 小窓うつ窗は 雨の騒ぎか
 しみじみあなたを 思い出してるの
 あなたがいるなら なんにもいらない
 せめてもう一度 云わせて アイ・ラブ・ユー
 One Rainy Night In Tokyo
 やるせない 雨よ

The Boulevard Of Broken Dreams

Gigolo and Gigolette

夢破れし並木路

Lyric by
AL DUBIN
芦屋 玲 (詞)Music by
HARRY WARREN

Moderato (molto espressivo)



Voice

p a tempo

Night - ly lights are shin - ing bright - ly Feet are trip - ping light - ly while the mos - ic
あ し ど り も か る く う た と う た う め の み

p a tempo

Piano accompaniment for the first vocal line, featuring a steady eighth-note bass line and chords in the right hand.

p

plays. Mad - ness in the guise of glad - ness O - ver - com - ing
し な し め と え し ひ

Piano accompaniment for the second vocal line, continuing the eighth-note bass line and chordal accompaniment.

p

sad - ness in a mil - lion ways. Oh! Gay Pa-ree look what you've done to me.
を し の A て あ る く B も い ご の な み き あ り

Piano accompaniment for the third vocal line, concluding the piece with a final chord.

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1 Refrain *a tempo* 2 Dm *p-mp* Gms 3 Dm

I walk a-long the street of sor-row The Bou-la-ward of Brok-en
 ぶれしあいの みちの ぼろろの ぼろろ

4 Gms 5 A7 6

Dreams Where Gig-o-lo and Gig-o-lette, can take a kiss with-out re-gret
 か あ の り と お な じ き ゐ ろ の り か け

7 8 Dm 9 Dms

So they for-get their brok-en dreams You laugh to-night and cry to-
 か な し い お も い で え が お も わ す れ

10 Dm Gms 11 Dm 12 Gms

mor-row, When you be-hold your stat-tered schemes
 り て な み だ な が し つ つ

13 A7 14 15

And Gig-o-lo and Gig-o-lette wake up to find their eyes are wet With tears that tell of Brok-en
 - さ か も - う こ こ う い ま お か わ ら ず - お も か け だ し

16 Dm 17 Dr 18 Cms 19 D7 Cms D7
dreams. Here is where you'll al-ways find me - Al-ways walk-ing up and
の た だ ひ と う あ り ま す な る き の みち

20 Gm 21 Cr 22 Bims 23 Cr Bims Cr 24 F
down - But I left my soul be-hind me - In an old Ca-the-dral town,
よ く サ イ ル の こ れ さ ぐ ん こ こ へ し む る

25 A7 26 Dm Gms 27 Dm 28 Gms
— The joy that you find here you bor-row — You can-not keep it long it seems.
た の し き ゆ の さ り て ~ よ か た び か え ら ず

29 A7 30 31
— But Gig-o-lo and Gig-o-lette still sing a song — and dance a-long — The Bou-le-vard of Brok-en
— た と う た — う し ら べ — し な く も ぶ く — か な し き な ら ぬ

32 R.Dm a tempo Bb7 A7 1st Dm A7 R
Dreams. I walk a-long the street of Dreams.
あ め ば け し ゃ い の みち

357 000

発行所：株式会社インターナショナル・ミュージック・パブリッシング 東京都中央区銀座西1-2（高通道路ビル）TEL. (03) 5651-7
配給元：日本楽譜販売株式会社 東京都中央区銀座西1-2（高通道路ビル）TEL. (03) 5650-5050

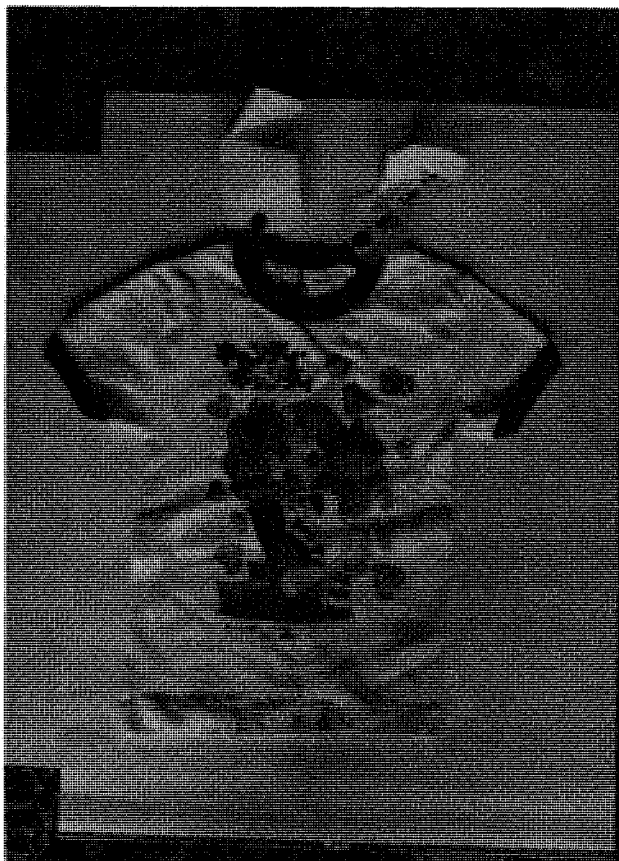


Exhibit 3
INFRINGING GOODS



Exhibit 4
ORIGINAL COMIC CHARACTER



Exhibit 5
ANIMATION FILM

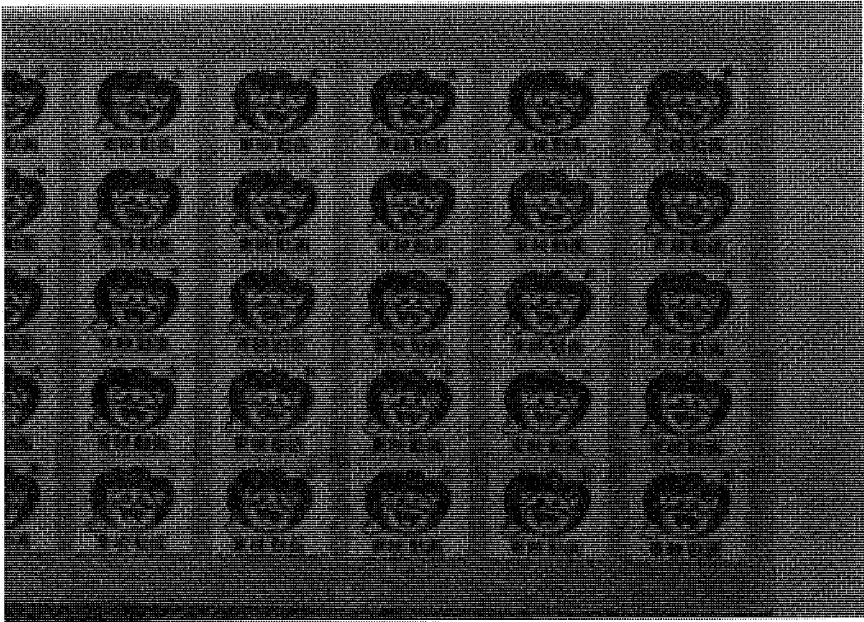


Exhibit 6
SEALS FOR LICENSED GOODS

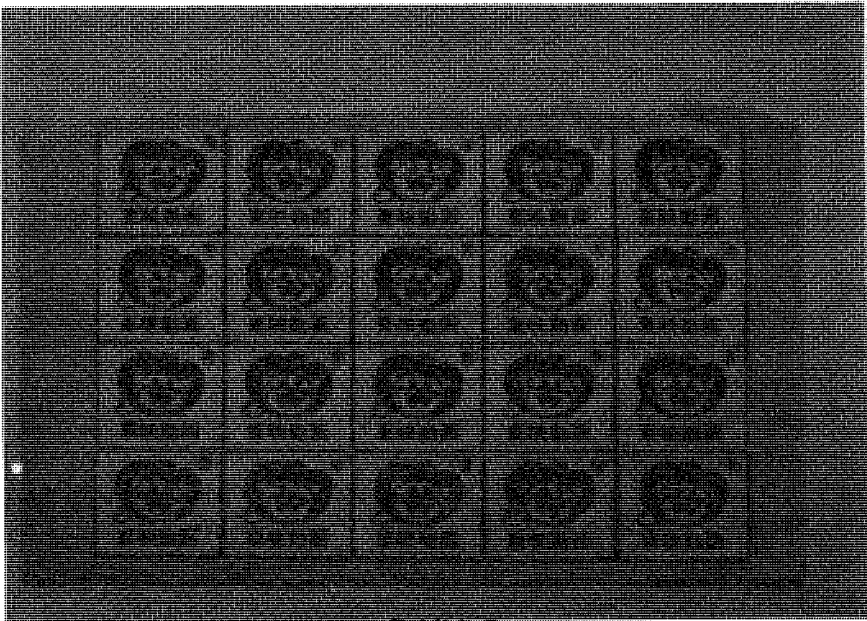


Exhibit 7
COUNTERFEIT SEALS

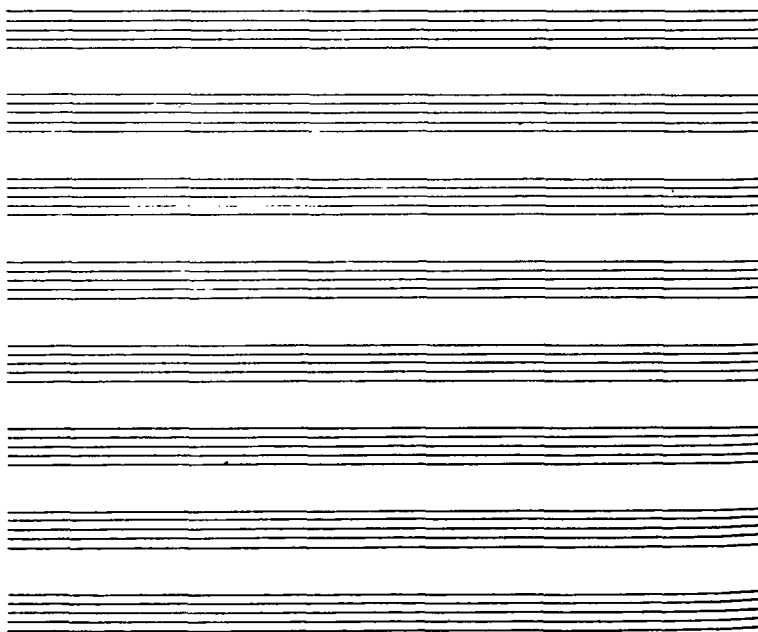


Exhibit 8
GALAXIAN music



Exhibit 9
PACMAN music

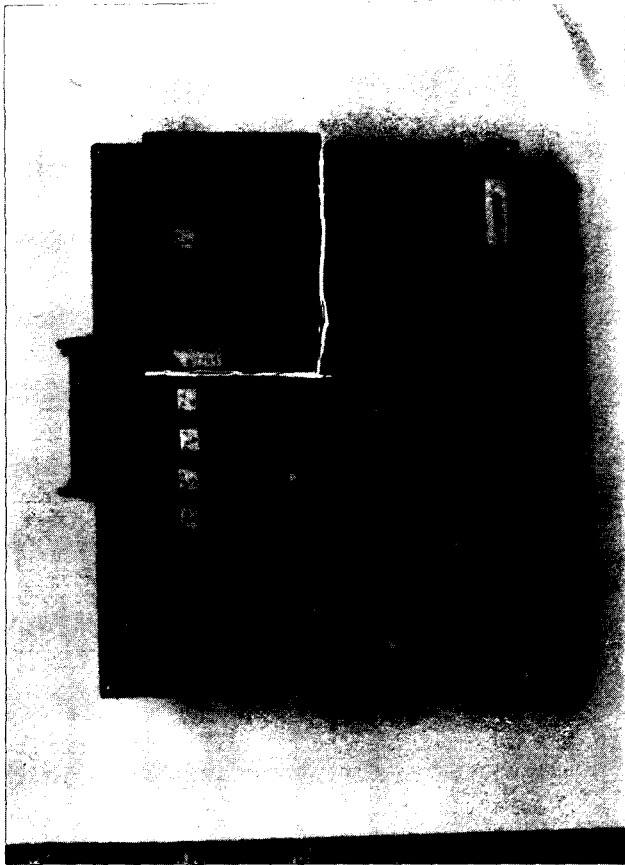


Exhibit 10
Printed Circuit Board of Counterfeit
PACMAN with a Speed-up Kit
(in upper left corner).

448. OLD COPYRIGHTS, OLD COPYRIGHT LAWYERS AND THE NEW COPYRIGHT ACT

By STANLEY ROTHENBERG*

This luncheon was advertised to attract old copyright lawyers. It is evident from this turnout that in dealing with old copyrights under the new Copyright Act you young copyright lawyers feel that you have quickly become old copyright lawyers.

Old copyrights for our purpose refer to works in existence and protected by statutory copyright or common law copyright before January 1, 1978, the generally effective date of the Copyright Act of October 19, 1976.¹ The current copyright law was enacted more than five years ago and has been in general effect for almost three years. Nevertheless, there are publishers' and film distributors' agreements, to cite two examples, dealing with the publication or distribution of *new* literary works and motion pictures which still require the author or film producer to grant to the publisher or distributor the particular rights for the full term of copyright *and all renewals* thereof² and do not provide for execution and delivery of an instrument of transfer for recordation in the Copyright Office.³ Might you not wonder whether some other desirable change in practice has been ignored, whether favorable to the publisher, film distributor or author?

It is that tendency to continue to do business as before, in the face of needed changes in the way we practice, that can cause problems for

*This paper is adapted from a talk delivered to the Copyright Luncheon Circle on November 13, 1981 at Sardi's Restaurant, New York City. Mr. Rothenberg is a partner of the New York City law firm of Moses & Singer, President of the Copyright Society of the U.S.A. and Adjunct Professor at Seton Hall University School of Law.

¹ Public Law 94-553; Title 17 U.S.C.

² The renewal copyright device does not apply to new copyrights. *See, for example*, 17 U.S.C. §302(a) (1976): "DURATION: IN GENERAL.—Copyright in a work created on or after January 1, 1978, subsists from its creation and, except as provided by the following subsections, endures for a term consisting of the life of the author and fifty years after the author's death."

³ In respect of recordation in the Copyright Office of "Any transfer of copyright ownership or other document pertaining to a copyright . . .", *see* 17 U.S.C. §205 (1976). The particular subsections deal with and bear the following headings: (a) Conditions for Recordation; (b) Certificate of Recordation; (c) Recordation as Constructive Notice; (d) Recordation as Prerequisite to Infringement Suit; (3) Priority Between Conflicting Transfers; (f) Priority Between Conflicting Transfer of Ownership and Nonexclusive Licence.

copyright owners and those dealing in copyright rights. I shall touch on some of them here. I am sure you will have encountered others.

Provided the works involved are not works made for hire, a transfer or license of copyright, or of a right under a copyright, executed by the author *on or after January 1, 1978*, otherwise than by the author's last will and testament, is subject to termination under certain specified conditions beginning 35 years from the date of execution of the grant; or, if the grant covers the right of publication of the work, it is subject to termination at the end of 35 years from the date of publication or forty years from the date of execution of the grant, whichever is earlier.⁴ It is submitted that many copyright users are not aware that the foregoing provision, set forth in great detail in §203 of the Copyright Act, is applicable to old copyrights as well as new ones, although in respect of new copyrights the provision was intended to replace the archaic system of renewal copyright.⁵ But 35 years into the future is not a terribly pressing matter for old copyright lawyers.

On the other hand, in respect of a pre-1978 statutory copyright, to which copyrights the archaic renewal system continues to apply, §304(c) of the new Act provides (as to a work also not made for hire) for termination of a transfer or license of a copyright or of a right under copyright, executed before January 1, 1978 by any of the old Act's statutory renewal beneficiaries, otherwise than by a will. Such copyright transfer is subject to termination under certain specified conditions beginning at the end of 56 years from the date copyright was originally secured, or beginning on January 1, 1978, whichever is later. It is submitted that many authors and their successors believe, erroneously, that a grant of rights in respect of a renewal copyright or renewal expectancy executed on or after January 1, 1978, may be terminated pursuant to said provision. It simply is not so. If an author or other statutory beneficiary dealing *today* with an old copyright still in its original term—still in its first 28 years of protection—transfers rights in regard to a prospective renewal copyright and survives into the renewal term, the transfer will endure for the full 47 years of the renewal term and not be subject to termination pursuant to §304(c); provided, however, that if it were the author himself who executed the transfer then there would still be a right of termination under §203 but using as a measure the

⁴ 17 U.S.C. §203 (1976).

⁵ House Report No. 94-1476 (Comm. of the Judiciary), 94th Cong. 2d Sess. (1976), p. 124: "The provisions of section 203 are based on the premise that the reversionary provisions of the present section on copyright renewal (17 U.S.C. sec. 24) should be eliminated, and that the proposed law should substitute for them a provision safeguarding authors against unremunerative transfers."

35/40 years from date of execution or publication, mentioned previously.

As noted, new statutory copyrights under the new Act are not subject to the renewal copyright provision but old statutory copyrights in their first term on January 1, 1978, must continue to follow the old requirement of applying for a renewal (or second) term of copyright within one year prior to the expiration of the original term of copyright, in default of which the copyright shall terminate at the expiration of the original term.⁶ If, however, the old statutory copyright is already into the renewal term, the new Act extends the duration of the entire copyright to a term of 75 years from the date copyright was originally secured.⁷ In other words, the 28-year renewal term of the Act of 1909 has been extended by up to nineteen years to a total of 47 years. I say extended by up to nineteen years because beginning September 19, 1962, renewal term copyrights ready to expire were being extended by Congress from year-to-year on an ad hoc basis in expectation of imminent enactment of the new Copyright Act with a much longer term of copyright.⁸ Thus the need for the new Act to provide that copyrights in their renewal term will endure for 75 years from the date originally secured rather than simply stating that the renewal term shall be extended by nineteen years since some renewal copyrights had already been extended by more than fifteen years! No application need be filed for the extension. It is automatic. Thus, in light of all the hoopla surrounding the new single term of copyright for new statutory copyrights, and the automatic extension of the renewal term of old statutory copyrights, as distinguished from renewal and extension of the original term, it is submitted that many parties entitled to apply for a renewal copyright will fail to do so in the erroneous belief that it is automatic and that a timely renewal application is not necessary.

To repeat, if you are dealing with grants that are subject to termination you must exercise care that you are studying the section which applies to your grants—§203 for grants executed by the author on or after January 1, 1978, and §304(c) in respect of grants executed before 1978 by the author or any other of the renewal copyright statutory beneficiaries. Note, also, the statutory beneficiaries for the termination of transfer covering the extended renewal term are not the same in all instances as the statutory beneficiaries for that very same renewal or

⁶ 17 U.S.C. §304(a) (1976). In determining the renewal year, one must take account of §305, which provides a December 31 expiration date for all terms of copyright.

⁷ 17 U.S.C. §304(b) (1976).

⁸ Public Laws 87-668 (Sept. 19, 1962), 89-142 (Aug. 28, 1965), 90-141 (Nov. 16, 1967), 90-416 (July 23, 1968), 91-147 (Dec. 26, 1969), 91-555 (Dec. 17, 1970), (Nov. 24, 1971), 92-566 (Oct. 25, 1972), 93-573 (Dec. 31, 1974).

second term of copyright. For example, the sister of a deceased bachelor-author without children may have been entitled to the *renewal term* by way of the author's last will and testament or as next of kin; if she had transferred the renewal copyright prior to January 1, 1978, she would be entitled to exercise the right of termination of transfer under subdivision "(1)" of §304(c). On the other hand, if said author survived into the renewal term, and the transfer thereof had been made by him prior to January 1, 1978, under subdivisions (1) and (2) of §304(c) only the bachelor-author's nonexistent widow, widower, surviving children or grandchildren, and not his sister, would be entitled to exercise the right of termination of transfer in respect of the extended renewal term.

As noted earlier, works made for hire are excluded from both provisions, §203 and §304(c), dealing with termination of transfers of rights. This is in keeping with the old renewal provision, §24 of the Act of 1909, and the 1976 re-enactment of said section as §304(a) in respect of copyrights in their first term of copyright on January 1, 1978. In both the old §24 and the new §304(a), works made for hire are not subject to renewal by the actual author, but are renewable by the proprietor of such copyright, which has been held to mean the proprietor at the time of renewal and not the initial proprietor.⁹ It would seem to follow that a grant of rights, constituting less than the entire copyright, which grant was stated to be for the duration of the copyright, or which was not limited in duration, would not terminate upon the renewal by the then proprietor of a work made for hire. Former Register of Copyrights Barbara Ringer seemed to favor this position in her study on renewal copyright written in connection with the general revision of the copyright law.¹⁰

That question pales alongside the tumult caused by the new Act's new definition in §101 of "works made for hire." The actual author of old copyrights and his representatives would, in many instances, benefit handsomely from application of the new definition to applications for renewal of old copyrights under the new law. If you were to apply the

⁹ Shapiro, *Bernstein & Co. v. Bryan*, 27 F. Supp. 11, 13 (S.D.N.Y. 1939) and 36 F. Supp. 544 (S.D. N.Y. 1939), *aff'd*, 123 F.2d 697 (2d Cir. 1941).

¹⁰ RINGER, *RENEWAL OF COPYRIGHT* (Study No. 31, 1960) at 126: "With respect to the five types of works that a proprietor can renew in his own right—works made for hire, composite works, etc.—does the proprietor take a 'new estate' free and clear of any pre-existing contractual obligations, including his own? Or is a renewal simply a continuation or extension of term in these cases? This basic question has never been litigated, and seems to have been overlooked by the commentators.

"What, then, is a renewal copyright? In cases where a proprietor is entitled to claim, it is probably no more than a continuation or extension of term."

new statutory definition of a work made for hire, which is considerably more restrictive than the definition under the decisional law of the Act of 1909, fewer proprietors of old copyrights would be entitled to apply for the renewals.

Nevertheless, the "work made for hire" tumult to which I refer arises even more so in connection with new copyrighted works being specially ordered or commissioned under the new Act as distinguished from works created by an employee within the scope of his or her employment. The statute does not purport to change the law applicable to works made for hire by employees, neither as to the kinds of works covered nor as to what constitutes an employee for such purpose.¹¹ But as to specially ordered or commissioned works, where clearly an employment relationship cannot be made out, the statutory provision, §101, is limited to specified works. If the particular work you specially order or commission does not fall within the specified works, then the work cannot qualify for consideration as a work made for hire, irrespective of any express agreement in a written instrument signed by both parties that the work is to be considered a work made for hire, which written instrument is also a requirement of §101.¹² On the other hand, what if the specially ordered or commissioned work is intended for use as a contribution to a collective work, or as part of a motion picture, or as a translation, or as a supplementary work, or one of the other enumerated works and uses which qualify for treatment as a specially ordered or commissioned work made for hire, but the parties have not expressly agreed in a written instrument signed by them that the work shall be considered a work made for hire?

The question is not answerable by a simple shrug of the shoulders of an old copyright lawyer and the statement, "so the author can terminate the transfer in 35 years." What is there to terminate? What has been transferred by the author? The commissioning party erroneously believing he acquired everything as in "the good old days" may have nothing in writing, at least nothing in writing signed by the author transferring a copyright ownership. Yet §204(a) of the new Act appears to state, quite explicitly, that

¹¹ House Report No. 94-1476 (Comm. on the Judiciary), 94th Cong. 2d Sess. (1976), p. 121.

¹² "The basic problem is how to draw a statutory line between those works written on special order or commission that should be considered as 'works made for hire,' and those that should not. The definition now provided by the bill represents a compromise which, in effect, spells out those specific categories of commissioned works that can be considered 'works made for hire' under certain circumstances." *Id.*

"A transfer of copyright ownership, other than by operation of law, is not valid unless an instrument of conveyance, or a note or memorandum of the transfer, is in writing and signed by the owner of the rights conveyed or such owner's duly authorized agent."

In other words, the author may argue that all that the commissioning party obtained in the absence of a written instrument of transfer, or note or memorandum thereof, signed by the author, is a nonexclusive right. *Quaere* the effect of credible witnesses to the transaction, or custom and usage in the particular field of creativity. If the work in question is a contribution to a collective work, such as an article for a periodical or encyclopedia, §201(c) of the new Act narrows down further the area of dispute by providing,

"In the absence of an express transfer of copyright or of any rights under it, the owner of copyright in the collective work is presumed to have acquired only the privilege of reproducing and distributing the contribution as part of that particular collective work, any revision of that collective work, and any later collective work in the same series."

Another statutory definitional change that must be applied carefully appears in respect to "Publication." Under §101 of the new Act the term includes, "The offering to distribute copies or phonorecords to a group of persons for purposes of further distribution, public performance, or public display." Thus a motion picture distributor who licenses his films to various motion picture theaters and television stations for the purpose of public performance may be deemed to have published his films by reason of the new definition. Under the old law such leasing solely for public performance was not, in my opinion, a publication.¹³ Professor Nimmer argues to the contrary.¹⁴ Judge Bramwell in *Paramount v. Rubinstein*,¹⁵ declined to follow Nimmer, holding that the licensing to television stations was not a publication under the old copyright law and thus did not terminate common law copyrights in the particular films, which, incidentally, did not bear a copyright notice. The District Court agreed with plaintiff that the new Act converted those common law

¹³ See ROTHENBERG, COPYRIGHT AND PUBLIC PERFORMANCE OF MUSIC 14-16 (1954).

¹⁴ "The 1909 Act was not explicit on this issue. It may nevertheless be concluded that the rule articulated under the current Act represents a codification of the rule with respect to pre-1978 publications." 1 NIMMER §4.11[B] (1981).

¹⁵ Civ. 81-0925 (E.D. N.Y. June 29, 1981).

copyrights into statutory copyrights so that subsequent unauthorized reproduction and distribution of videocassette copies of the films constituted copyright infringement under the new Act, notwithstanding that the plaintiff's pre-1978 distribution might have constituted a publication under the new Act.

I submit that old "works for hire" will receive comparable judicial treatment notwithstanding the new definition of "works made hire."

Thus, today, we may not look solely to the new copyright law when dealing with old copyrights. Yet, at the same time, we may not look solely to the old copyright law even when dealing with old copyrights. Hopefully, careful study, and a bit of luck, will guide us in choosing correctly from both the old and the new.

In conclusion, enactment of the new Copyright Law is bound to result in errors or legal accidents, for the reason stated by Professor Ray Gambino, M.D., in writing about medical errors, "A time of change is a dangerous time because habits are hard to break."

Fortunately you and I are dealing with copyrights and not patients.

449. THE DEVELOPMENT OF SPECIAL PROVISIONS IN INTERNATIONAL COPYRIGHT LAW FOR THE BENEFIT OF DEVELOPING COUNTRIES*

By NORA MAIJA TOCUPS**

I. INTRODUCTION

Copyright laws protect an author's moral and pecuniary interests in his work, but they also serve community interests by promoting the creation and dissemination of materials that contribute to mankind's accumulated knowledge. Developing countries, because of their urgent need for educational materials and their lack of financial resources, are unable to fully recognize the pecuniary rights of copyright proprietors. This article traces the struggle for adoption of a system of preferences for developing countries in multilateral copyright relations. The inclusion of special provisions benefiting developing countries in multilateral copyright agreements contributes greatly to the furtherance of the dialogue between nations of the developed world and nations of the developing world.

II. DEFINITION OF COPYRIGHT

Copyright is protection offered by statute to authors of original works including literary, dramatic, musical, artistic, and other intellectual works whereby the author is invested, for a limited period, with the exclusive privilege of reproducing the copyrighted work, of preparing derivative works, of performing the copyrighted work publicly, and of displaying the work.¹ Copyright laws are deemed necessary to protect the material and moral interests of authors "so that intellectual creation may continue to be a source of knowledge and progress."² This right of authors has been recognized in the United Nations and has been incorporated as part of the Universal Declaration of Human Rights: "[E]veryone has the right to the protection of the moral and material interests re-

*This article won first prize in the 1981 Nathan Burkan Memorial Competition on Copyright Law at the University of Georgia School of Law.

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¹ BLACK'S LAW DICTIONARY 406 (rev. 4th ed. 1968); United States Copyright Office, COPYRIGHT BASICS 3 (Circular R1 1980).

² Said, *The Role of the Copyright in the Promotion of Development*, 11.

³ Universal Declaration of Human Rights, art. 27. para. 3.

sulting from any scientific, literary or artistic production of which he is the author."³

III. COPYRIGHT PROTECTION

The author's exclusive copyright is protected by national legislation against unauthorized use. However, the national laws are of little use to an author whose work has been pirated across international boundaries since a nation's copyright laws have no extraterritorial application.⁴ In order to offer protection from piracy abroad, agreements between and among countries have been negotiated.

There are three ways in which copyright protection originating in one country is recognized in another: international treaties among countries; bilateral agreements; and reciprocity.⁵ The first method by which nations recognized and protected foreigners' rights was according to the principle of reciprocity.⁶ The Industrial Revolution and the expanding technology in communications created the need for reciprocal protection of works between countries.⁷ Through reciprocity, the existing law of a country accepts and protects a copyright originating abroad, but does not protect those works originally published in countries which do not offer reciprocal protection.⁸ Reciprocity still serves as one means of obtaining copyright protection in a foreign country.

Bilateral agreements regarding mutual protection of copyright were often negotiated as appendices to trade agreements between countries.⁹ Although still significant today, bilateral copyright agreements were of more importance to international relations before the United States became a party to the Universal Copyright Convention in 1954.¹⁰

International copyright agreements are treaties among nations whereby a signatory nation agrees to offer minimum level copyright protection as specified by the treaty to foreign copyright owners in its territory.¹¹ Since the domestic law of the signatory nation is the actual

³ 3 M. NIMMER, NIMMER ON COPYRIGHT §17.02 (1980).

⁵ M. BOGUSLAVSKY, COPYRIGHT IN INTERNATIONAL RELATIONS 20 (1979).

⁶ *Id.*

⁷ B. Ringer, *The Role of the United States in International Copyright—Past, Present and Future*, 56 GEO. L. J. 1050, 1051 (1968).

⁸ BOGUSLAVSKY, *supra* note 5, at 21.

⁹ *Id.* at 22.

¹⁰ *Id.* "On August 31, 1954 President Eisenhower signed Public Law 743, [17 U.S.C. §9(c) (1964)] which conformed the indigenous copyright law to the Convention, and on November 5, 1954, he signed the instrument of ratification of the U.C.C. itself." Ringer, *supra* note 7, at 1063.

¹¹ H. Sacks, *Crisis in International Copyright: The Protocol Regarding Developing Countries*, 1979 J. BUS. L. 26, 27 (1969).

substance of the foreign authors' rights in that country, the domestic law must conform to the protection afforded by the treaty.¹² Multilateral copyright agreements encourage increased worldwide commerce in intellectual works.

The Berne Convention for the Protection of Literary and Artistic Works [Berne Convention], signed September 9, 1886, was the first multilateral agreement pledged to the protection of authors' rights.¹³ The early success of the Berne Convention was made possible by the common principles regarding copyright protection shared by the original members.¹⁴ The Berne Convention replaced the rule of reciprocity with the principle of national treatment (nondiscrimination), relying on the comparative level of uniformity in copyright laws provided by each member to its own nationals.¹⁵ Originally, the Berne Convention provided that rights enjoyed under it "shall be subject to the accomplishment of the conditions and formalities prescribed by law in the country of origin of the work, and must not exceed in the other countries, the term of protection granted in said country of origin."¹⁶ In subsequent revisions of the Berne Convention, the minimum level of copyright protection has been substantially expanded.¹⁷ In particular, the Convention now requires that "[t]he enjoyment and exercise of these rights shall not be subject to any formalities."¹⁸ The Berne Convention simplified the transfer of intellectual property, and assured a minimum level of copyright protection in Berne Union member states, thereby providing greater

¹² *Id.* "Art. 5 subs. (1) of the Berne Stockholm Text provides: 'Authors shall enjoy, in respect of their works for which they are protected under this Convention, in countries of the Union other than the country of origin, the rights which their respective laws do now or may hereafter grant to their nationals, as well as the rights specially granted by this Convention.'" *Id.* at 27. n.9.

¹³ Ringer, *supra* note 7 at 1052.

¹⁴ Lazar, *Developing Countries and Authors' Rights in International Copyright*, in 19 COPYRIGHT LAW SYMPOSIUM 1, 8 (1971).

¹⁵ *Id.* at 9.

¹⁶ Berne Convention for the Protection of Literary and Artistic Works, September 9, 1886, art. II.

¹⁷ The original Berne Convention came into force on Dec. 5, 1887. It was amended and supplemented in Paris in 1896 by an additional act and an 'Interpretation Declaration' put into operation Dec. 9, 1897. A revision took place in Berlin in 1908 and came into force in 1910. On March 20, 1914, an 'Additional Protocol to the revised Berne Convention of 1908' was signed in Berne, and took effect a year later. The Berlin text was revised in Rome, and the Rome text was signed in 1928 and came into force in 1931. The next revision took place in Brussels, where it was signed in 1948, taking effect in 1951.

Ringer, *supra* note 7, at 1053 n.18.

¹⁸ Article V(2) Paris Revision (1971).

economic returns to copyright proprietors.¹⁹ The present composition of the Berne Union includes 116 members.²⁰

Although a major exporter of copyrighted works, the United States never became a party to the Berne Convention.²¹ This caused great indignation abroad as American copyright owners were taking full advantage of the Berne Convention through an attractive loophole known as the "backdoor to Berne."²² Simultaneous publication of an American work in the United States and in a Berne Convention member country resulted in copyright protection throughout the Berne Union without any corresponding obligation on the United States to protect Berne works.²³ However, the Berne Union countries refused to lower copyright protection sufficiently to attract United States membership, and any attempts by the United States to join proved futile. Instead, the necessary accommodation arrived at between the United States and the Berne Union was the establishment of a new "common denominator"²⁴ convention, the Universal Copyright Convention [U.C.C.].

The U.C.C. offers a minimum level of international copyright protection by accommodating those countries which have not acceded to the Berne Convention, either because their legislation does not conform to Berne standards, or because fundamental differences exist between their systems of protection and that of the Berne Union.²⁵ The U.C.C. was sponsored by Unesco, signed at Geneva on September 6, 1952, and entered into force on September 16, 1955.²⁶ The U.C.C. "has vastly simplified the international copyright relations of the United States with other countries and of other countries with the United States, and it has brought some newly independent or developing countries into the international copyright community on terms that they found acceptable."²⁷ In addition the specific provision on translation rights in that Conven-

¹⁹ Lazar, *supra* note 14, at 9.

²⁰ World Intellectual Property Organization, *The World Intellectual Property Organization in 1980*, COPYRIGHT, Feb. 1981, at 31.

²¹ Ringer, *supra* note 7, at 1059. An opinion was expressed by a motion picture attorney that the United States never joined the Berne Convention "primarily because it contains concepts which are foreign to our concepts of copyright, such as copyright without formalities, protection of moral rights, retroactivity and also because of the requirement of our manufacturing clause." Dubin, *The Universal Copyright Convention*, 42 CALIF. L. REV. 89, 98 (1954).

²² Ringer, *supra* note 7, at 1059.

²³ *Id.*

²⁴ *Id.* at 1061.

²⁵ *Id.*

²⁶ De Sanctis, *The International Copyright Conventions*, 14 COPYRIGHT 254, 256 (1978).

²⁷ Ringer, *supra* note 7, at 1064.

tion, Article V, which gave a compulsory, non-exclusive license if a work had not been translated for seven years, actually benefited the developing countries. The present membership of the U.C.C. stands at 71 countries.²⁸

The Universal Copyright Convention was drafted so as to complement the Berne Union. In this regard Article XVII (1) was included in the U.C.C.²⁹ The Appendix Declaration relating to Article XVII explains at (b) that relationships between the Berne Convention countries acceding to the Universal Convention are to be governed solely by the provisions of the Berne Convention.³⁰ The Berne Union existed harmoniously with the U.C.C. for some time after the U.C.C. came into effect.³¹

“However, the emergence of newly independent countries seeking to import foreign educational materials on favorable terms began to impair this accord in the late 1950’s and the problem reached crisis proportions by 1967.”³²

What developed was a “polite, but fierce competition”³³ between the Berne Convention and the Universal Copyright Convention for the participation of these new nations.

IV. COPYRIGHT PROBLEMS OF DEVELOPING COUNTRIES

A. Background

Although the competition for developing country membership between the U.C.C. and the Berne Convention was stiff, most of the developing countries courted had been covered by the Berne Convention while they were colonies.³⁴ Since “the Berne Convention was created by the colonial powers during the heyday of colonialism,”³⁵ countries were

²⁸ United States Copyright Office, International Copyright Relations of the United States 2-7 (Circular R38a 1980).

²⁹ U.C.C. art. XVII(1) states: “This Convention shall not in any way affect the provisions of the Berne Convention for the Protection of Literary and Artistic Works or membership in the Union created by that Convention.”

³⁰ U.C.C. Appendix Declaration relating to art. XVII(b).

³¹ Ringer, *supra* note 7, at 1064.

³² *Id.* at 1064.

³³ Lazar, *supra* note 14, at 13.

³⁴ *Id.*

³⁵ *Id.* at 6.

³⁶ Article XIX of the Berne Convention, 1886, states:

Countries acceding to the present Convention shall also have the right to accede thereto at any time for their colonies or foreign possession . . . by a general Declaration comprising in the accession all their Colonies or

allowed to accede to the Berne Union for their colonies.³⁶ The former colonies, those which fall into the category of developing nations today, had minimal input in the drafting of the Berne Convention or of its Rome or Brussels Revisions.³⁷ As colonies they were not responsible for their foreign relations. Thus, provisions regarding the special copyright needs of underdeveloped areas of the world are missing from early multilateral copyright agreements.

Upon independence, many developing countries affirmed the obligations of Berne membership in response to pressure from their former colonial rulers. Inexperienced in the matters of copyright, and economically and culturally dependent upon these copyright exporting countries, the newly independent nations did not realize that their interests might be adverse to those of their former rulers. The eleven sub-Saharan nations plus Morocco, Tunisia and Lebanon joined the Berne Convention as the result of pressure exerted by France and Belgium.³⁸ Others adhered to the Berne Union before the U.C.C. became available: Pakistan, The Philippines, Thailand, and Turkey.³⁹ Countries which had been covered during their colonial status by the Berne Convention, but which have not expressly adhered to the Berne Convention in their own right, have uncertain status as Berne Union members.⁴⁰

Nevertheless, the discovery was eventually made by many developing countries that they did not share with developed countries a belief in the common principles of copyright law that had made the Berne Union an early success. Declarations affirming their obligations under

possessions, or by specially naming those comprised therein, or by simply indicating those which are excluded.

The Convention had also been applied, by virtue of the provisions concerning dependent territories, to the territories of the States listed hereafter before their accession to independence as from the following dates: December 5, 1887 (Australia, Bahamas, Benin, Cameroon, Canada, Central African Empire, Chad, Congo, Fiji, Gabon, India, Ireland, Ivory Coast, Madagascar, Mali, Malta, Mauritania, New Zealand, Niger, Pakistan, Senegal, South Africa, Upper Volta); April 1, 1913 (Surinam); March 21, 1924 (Israel); August 1, 1924 (Lebanon); October 1, 1931 (Cyprus, Sri Lanka); December 20, 1948 (Zaire); May 22, 1952 (Togo).

World Intellectual Property Organization, *Berne Union: Members of the Berne Union as on January 1, 1978*, 14 COPYRIGHT 20, 22 n. 1 (1978).

³⁷ Lazar, *supra* note 14, at 15.

³⁸ *Id.* at 14.

³⁹ *Id.*

⁴⁰ *Id.* "There is much disagreement whether, under international law, state succession applies to normative treaty obligations previously extended to the territory of newly independent countries." Lazar, *supra* note 14, at 19 (citing D. O'Connell, *Independence and Succession to Treaties*, 38 BRIT. Y.B. INT'L LAW 84 (1962)).

the Berne Convention were made prematurely by many developing countries. These newly independent nations "had become members of Berne before distilling a *domestic* copyright law which reflected the balance of private interest with community needs in their special situations."⁴¹ The developing countries found that they had a great need for copyrighted materials, but that they lacked the financial resources to recognize the rights of authors as they had agreed to do under the Berne Convention.

Simply withdrawing from the Berne Convention in favor of the Universal Copyright Convention and its lower standards was not possible for many developing countries. The Berne "Safeguard Clause" effectively nullified this option. "Article XVII of the U.C.C. and its Appendix Declaration prohibit countries that are now Berne members from denouncing Berne and relying on the U.C.C. for copyright protection in their relations with other Berne members."⁴² A country resigning from the Berne Union has no multilateral copyright protection available in Berne member countries. This total lack of protection was not acceptable to many developing countries which sought to protect their folklore and cultural traditions through copyright.

The confrontation between the developed world and the developing world caused a "crisis in international copyright law."⁴³ A clash between the two worlds regarding the sanctity of copyright began to develop.

The "vested right," or "author's exclusive right" theory of copyright protection held by the world's copyright exporting countries is not generally accepted by developing countries. The developing countries support the view that the best copyright laws are those which serve the community rather than the individual interest;⁴⁴ that copyright protection should facilitate access by as many people as possible so as to promote the development of education, science and culture.⁴⁵ Nowhere is the need for informational access greater than in the developing world.

Great differences separate the peoples of developing countries from those of the developed world. The developed world includes a quarter of the world's population and four-fifths of its income, while the developing nations (including China) have three-quarters of the world's population and only one-fifth of its income.⁴⁶ In the developed North, the average life span is more than seventy years as compared to a life

⁴¹ Lazar, *supra* note 14, at 29.

⁴² Ringer, *supra* note 7, at 1068.

⁴³ Sacks, *supra* note 11, at 26.

⁴⁴ Lazar, *supra* note 14, at 2.

⁴⁵ Said, *supra* note 2, at 50.

⁴⁶ W. Brandt, *North-South: A Programme for Survival*, Report of the Independent Commission on International Development Issues 32 (1980).

span of fifty years in the developing South.⁴⁷ While one-fifth or more of all the people of the South suffer from hunger and malnutrition, people in the North rarely go hungry.⁴⁸ An average person in the North will be educated to at least the secondary school level, but fifty percent of all the people in the South will have no chance to become literate.⁴⁹ These differences result from the disparate strengths of economic development in the North vis-a-vis the South. Ninety percent of the world's manufacturing industry, for example, is in the North,⁵⁰ and most patents and new technology are the property of the North.⁵¹

The economic strength of the North has given it great influence over the institutions, rules and regulations of the international economic order.⁵² This influence has caused great resentment among the developing countries of the South which have been drawn together by their colonial experience,⁵³ by their status as suppliers of commodities,⁵⁴ and by their dependence upon the North for capital and technology.⁵⁵ As a result, a conflict between North and South has grown. This North/South conflict has been defined as a

“steady political confrontation between a technically and economically developed wealthy ‘minority’ of the Western industrial world and an underdeveloped or unsuccessfully developed majority of the Third World.”⁵⁶

B. Necessity of copyright law changes favoring developing countries

The South has presented solidarity in global negotiations and is pressuring for changes in the structure of the world economy.⁵⁷ Early among the changes sought by developing countries was a revision of copyright obligations. Urgent educational needs and extremely limited economic resources have prevented developing countries from according full copyright protection to materials imported from foreign coun-

⁴⁷ *Id.*

⁴⁸ *Id.*

⁴⁹ *Id.*

⁵⁰ *Id.*

⁵¹ *Id.*

⁵² *Id.*

⁵³ *Id.*

⁵⁴ *Id.*

⁵⁵ *Id.*

⁵⁶ Mangalo, *Patent Protection and Technology Transfer in the North-South Conflict*, 9 INT'L REV. INDUS. PROP. AND COPYRIGHT L. 100, 101 (1978).

⁵⁷ Brandt, *supra* note 46, at 32.

tries.⁵⁸ The developing countries argue that because education is the key to achievement in other fields, it must be given priority in development programs.⁵⁹ "[T]he improvement of the living conditions of the underprivileged peoples depend[s] largely on the advancement of education and culture, in turn conditioned by the dissemination of works of the mind. . . ."⁶⁰

For schools, universities and many training programs, books and study aids are essential, but there is a serious lack of books in developing countries. Although 28 percent of the world's population lives in Asia and 9.4 percent lives in Africa, of the books published annually in the world, "only 2.5 percent go to Asia, and 0.15 percent to African countries."⁶¹ The nations of the South lack the financial means and the foreign currency necessary for purchasing literature abroad. In addition, developing nations lack the printing staff and publishing facilities necessary for providing printed materials.⁶² To overcome this lack of books, the developing countries must import great numbers of books and/or they must enlarge their own issue of printed materials. Both alternatives are burdened by the problems encountered when dealing with a copyrighted work.

Generally, the presence of a copyright may increase the cost of books as royalties must be paid to the copyright owner. "[T]he economic aspects of copyright protection are at the heart of the problem facing developing countries."⁶³ The copyrights of necessary books are generally controlled by publishers in developed countries who produce editions geared to the needs and purchasing power of their home market. Cheap editions are available only in inadequate numbers since the world market for textbooks is small. Moreover, developing countries need too few copies to justify production of a special edition, or of a local edition, especially in the local language.

The promotion of a local publishing industry is advocated by many developing countries. However, the growth of local publishing has been hindered by the large numbers of books imported into developing coun-

⁵⁸ Ringer, *supra* note 7, at 1064.

⁵⁹ The Report of the Independent Commission on International Development Issues reported that there has been comparatively consistent progress in the field of education with spending on schools and teachers going up faster than the growth of population. Brandt, *supra* note 46, at 57.

⁶⁰ Said, *supra* note 2, at 50.

⁶¹ BOGUSLAVSKY, *supra* note 5, at 37.

⁶² *Id.* at 38.

⁶³ International Copyright Information Centre (Unesco House), *News and Information*, 6 UNESCO COPYRIGHT BULL. 12 (1973).

tries.⁶⁴ Permission to reproduce copyrighted materials locally would greatly aid these new industries. For example, "India is outstanding in having a large publishing industry, particularly of textbooks and works on art and religion, but it has little in the way of general literature."⁶⁵ Denial of permission to publish has left the developing countries feeling "cheated in their hope to develop their own publishing and by this to get to the source of world culture because of being unable to get copyright on specific books."⁶⁶

V. REVISION OF INTERNATIONAL COPYRIGHT LAWS

A. *The Initial Struggle*

The struggle for revision of international copyright conventions which would reflect the needs of developing countries began in the 1960's. The African Study Meeting on Copyright held at Brazzaville in August 1963⁶⁷ provided the forum for discussion of special needs of African nations in copyright. The Preamble to the recommendations adopted by the Conference expressed the following opinion:

"International copyright conventions are designed, in their present form, to meet the needs of countries which are exporters of intellectual works. These conventions, if they are to be generally and universally applied, require review and reexamination in the light of specific needs of the African continent."⁶⁸

The conference recommended that African experts propose a draft model law for the protection of copyright in Africa, that the Berne Convention be revised so as to reduce the term of protection, that bilateral copyright agreements be allowed and that special provisions be drafted permitting the free use of protected works for education purposes.⁶⁹

In December of 1963, the governing bodies of the Berne Union and the Universal Copyright Convention met in joint session at New Delhi and adopted a resolution asking their secretariats to study possibilities of certain revisions to the international conventions.⁷⁰ In 1964,

⁶⁴ BOGUSLAVSKY, *supra* note 5, at 39.

⁶⁵ R. WHALE, *PROTOCOL REGARDING THE DEVELOPING COUNTRIES* 8 (1968).

⁶⁶ BOGUSLAVSKY, *supra* note 5, at 40.

⁶⁷ Convened by Unesco and the United International Bureaux for the Protection of Intellectual Property.

⁶⁸ WHALE, *supra* note 65, at 10.

⁶⁹ Sacks, *supra* note 11, at 28.

⁷⁰ Ringer, *supra* note 7, at 1066.

a study group composed of Swedish experts⁷¹ and officials of BIRPI, the Berne Union secretariat, recommended that a new article easing copyright standards for developing countries be added to the Berne Convention at its revision conference to be held in Stockholm, Sweden in 1967.⁷² This new article on developing countries was part of the "polite, but fierce competition" for developing country membership between the Berne Union and the U.C.C. The study group pointed out that developing countries might reject the Berne Union copyright regulations as too stringent, and switch their membership to the U.C.C. or withdraw completely from multilateral treaty agreements. In either case, the result would be a step backwards for international copyright protection. Therefore, exceptional measures to retain and to attract developing country membership was deemed necessary. It was hoped that the higher standards of the Berne Union would induce developing countries to eventually raise their own copyright standards. But there was also the fear that, "unless these concessions were made, Berne would become a moribund old gentlemen's club."⁷³

The new article benefiting developing nations was submitted along with other provisions to a Committee of Governmental Experts that met in Geneva in July, 1965. The reaction to these proposals was described as follows:

At the outset a great deal of lip service was paid to the needs of developing countries. Despite expressions of alarm at the trend they observed, the prevailing attitudes among the representatives of the developed Berne members seems to be apathetic resignation and futility. They exhibited a notable lack of leadership and of affirmative programs, in contrast to developing countries' representatives, who, under the leadership of the Indian delegation, proposed a detailed program for which they fought effectively and tenaciously.⁷⁴

The Programme of the Stockholm Conference, at which revision of the Berne Convention in favor of the developing countries was to be sought, was published almost a year before the Conference was to take place,

⁷¹ "Article 24(2) of the Berne Convention provides that the program of a revision conference is to be prepared by the administration of the country where the conference is to meet, with the aid of BIRPI." Ringer, *supra* note 7, at 1066, n.91.

⁷² *Id.* at 1066.

⁷³ *Id.*

⁷⁴ *Id.*

but there was little comment on the Programme's recommendations.⁷⁵ Meanwhile, an East Asian Seminar on Copyright convened by BIRPI and held in New Delhi, India in January 1967,⁷⁶ discussed the same types of problems faced by developing countries as were raised by the African States at their Brazzaville meeting. The East Asian Seminar also gave developing countries a chance to organize and to strengthen their position vis-a-vis the developed world in preparation for the Stockholm Conference.

B. The Stockholm Conference

The 1967 Stockholm Conference on Intellectual Property adopted a compromise "Protocol Regarding Developing Countries"⁷⁷ which, if it had been implemented, would have gone far to serve the needs of developing countries. It never received the required number of ratifications or accessions. The Protocol was an attempt to establish, within the Berne framework, a lower level of copyright protection in developing countries which were unable to offer full Berne protection to foreign authors.⁷⁸ The Protocol was understood by the developing countries to be "a necessary and legitimate means of meeting their immense and urgent need for education materials, as well as the *quid pro quo* for their continued membership in the Berne Copyright Union."⁷⁹ Rather than solving any problems, the Stockholm Protocol created "a crisis in international copyright law."⁸⁰

The developed world had various objections to the Protocol. "[T]he most important principle uniting opponents of the Protocol was the notion that vested 'rights of authors' would be eroded, either qualitatively by the imposition of compulsory licenses or quantitatively by the subjection of royalty payments to local currency regulation."⁸¹ Article 1(e) of the Protocol, which would have permitted any use of copyrighted materials if the use were intended "exclusively for teaching, study, and research," was opposed on the ground that there was the "lack of any

⁷⁵ *Id.* at 1067.

⁷⁶ See Report of the East Asian Seminar on Copyright, COPYRIGHT, March 1967.

⁷⁷ *Reproduced in* COPYRIGHT, August 1967, pp. 165-178.

⁷⁸ The Stockholm Protocol would have permitted developing countries to avail themselves of certain reservations regarding the term of copyright, broadcasting privileges, translation rights, reproduction for educational and cultural purposes, and use for teaching, study and research. Ringer, *supra* note 7, at 1071-73.

⁷⁹ Lazar, *supra* note 14, at 1-2.

⁸⁰ Sacks, *supra* note 11, at 26.

⁸¹ Lazar, *supra* note 14, at 4.

real guarantee that authors would be paid anything.”⁸² Also opposed were the broad provisions of the Protocol allowing export of copies to other developing countries, the lack of definition as to what countries are developing countries, and “the lack of any provision for time limits or transitional period that would offer a developing country some inducement to improve protection over that provided by the Protocol.”⁸³ In light of these objections, no move was made by the developed world to ratify or to accede to the Protocol. Dismayed, developing countries began to reconsider their positions, threatening to denounce the Berne Union as well as the U.C.C. In fact, the Indian Registrar of Copyrights stated that if the Protocol were blocked, a country like India would “strike out on its own or, if possible, sponsor or join a separate Union with other countries similarly placed.”⁸⁴ The confrontation between the North and South, two groups with vastly differing outlooks on the function of copyright, threatened to topple the entire structure of international copyright law,⁸⁵ thereby reversing the trend toward a high level of copyright protection, and encouraging the flourishing pirate presses.⁸⁶

C. *The Paris Revision*

In response to the uncertainty created by the Stockholm Protocol in international copyright, the Intergovernmental Copyright Committee of the U.C.C. and the Permanent Committee of the Berne Union established a joint group to study the whole range of international copyright problems. The International Copyright Joint Study Group met in Washington, D.C. from September 29 to October 3, 1969. Realizing that the Stockholm Protocol was unlikely to be ratified, the joint study group suggested certain relaxations of the main text of the Berne Convention, and the eventual combination of the two multilateral conventions. The recommendations were considered in various meetings leading up to the Paris Diplomatic Conferences.⁸⁷

The Paris Diplomatic Conferences were two separate conferences held one after another effecting revision of the 1952 Universal Copyright Convention and of the Berne Convention. Both revision texts were accepted and signed on July 24, 1971. The Paris Acts effected an acceptable compromise of the interests of the developed and the developing world.⁸⁸

⁸² Ringer, *supra* note 7, at 1076.

⁸³ *Id.*

⁸⁴ *Id.* at 1075.

⁸⁵ *Id.* at 1078.

⁸⁶ Sacks, *supra* note 11, at 134.

⁸⁷ Commonwealth Secretariat, Copyright in the Developing Countries 8 (1974).

⁸⁸ De Sanctis, *supra* note 26, at 258.

The provisions regarding developing countries were made part of an Appendix to the Berne Convention, and incorporated in clauses contained in new articles to the U.C.C. This was done in order to preserve the autonomy of each Convention.⁸⁹ Temporary (for renewable ten-year periods) systems of compulsory licensing are made available to developing countries which are members of either the U.C.C. or of the Berne Convention. A country qualifies as a developing country only if it is "regarded as a developing country in conformity with the established practice of the General Assembly of the United Nations."⁹⁰ The procedures are outlined by which either the state or a private publisher in a developing country may obtain a compulsory license to produce a book locally.

"The subject matter of the licenses available to developing countries is works relating to teaching, scholarship, research, or information in general, such licenses being susceptible of extension in certain specific cases, and under special conditions to works of fiction."⁹¹

Compulsory licensing will only occur in three cases: when the copyright owner has not made available a translation or reprint of the requested material at a price reasonably related to that normally charged in the developing country for comparable works; when the copyright owner refuses a request for a voluntary license; and when the applicant, after due diligence, has been unable to find the copyright owner. All compulsory licenses carry an obligation for the payment of "just compensation that is consistent with standards of royalties normally operating on licenses freely negotiated between persons in the two countries concerned."⁹²

The Berne "Safeguard Clause,"⁹³ which denied U.C.C. protection in Berne member countries to any country withdrawing from the Berne Convention in favor of the U.C.C., was revised by the Paris Acts to better serve the needs of the developing countries. By this revision, developing countries are exempted from the Berne "Safeguard Clause" if, at the time of withdrawal from the Berne Union, proper notification is given

⁸⁹ *Id.* at 259.

⁹⁰ Universal Copyright Convention as Revised at Paris, 1971, Appendix Declaration relating to Article XVII, (b).

⁹¹ De Sanctis, *supra* note 26, at 259.

⁹² Universal Copyright Convention as Revised at Paris, 1971, Article Vter 5 (a).

⁹³ Universal Copyright Convention as Revised at Paris, 1971, Appendix Declaration relating to Article XVII(b).

⁹⁴ *Id.*

that a country regards itself as a developing country.⁹⁴ Thus, a developing country, which had prematurely affirmed Berne membership as a result of its colonial past, may join the U.C.C., thereby maintaining multilateral copyright relations.

By parallel and concurrent revisions of the Universal and Berne Conventions making limited compulsory licensing systems available for the benefit of developing countries, the Paris Diplomatic Conferences averted the "crisis in international copyright" and strengthened, rather than "toppled," the entire structure of international copyright law.

VI. INTERNATIONAL COPYRIGHT AND DEVELOPING COUNTRIES TODAY

Since the Paris Acts of 1971 there have been no major revisions of either the Universal Copyright Convention or of the Berne Union.

"During this fairly long period of calm, which followed a somewhat frenzied period of achievement in the international copyright field, the collaboration between Unesco and WIPO has continued to be close within the organs and working groups of each international Organization. . . ."⁹⁵

There was organized following 1971 the International Copyright Information Centre located at Unesco in Paris. The sole function of this Centre was to help publishers in developing countries to locate the holders of copyright in works published in developed countries with a view to facilitating direct negotiations of reprint or translation rights. Although the Centre was not frequently used, it at least furnished a framework.

The most recent activity undertaken jointly by Unesco and WIPO has been a clarification of the 1971 Paris Acts. In November, 1980 a Working Group was convened by the Secretariat of Unesco and the International Bureau of WIPO to formulate "Guidelines on the System of Translation and Reproduction Licenses for Developing Countries under the Copyright Conventions" (hereinafter Guidelines).⁹⁶ The Working Group, composed of twelve national representatives, had available draft guidelines to which they suggested modifications and altera-

⁹⁵ De Sanctis, *supra* note 26, at 261.

⁹⁶ Unesco/WIPO, Working Group on the Formulation of Guiding Principles Covering the Problems Posed by the Practical Implementation of the Licensing Procedures for Translation and Reproduction under the Copyright Conventions, UNESCO/WIPO/WG.II/CWA/4.

tions. These Guidelines were intended to facilitate the implementation of the 1971 Paris Acts; they also report the most recent developments in this area. What follows is a summary of the Guidelines.

The Guidelines exclude from the permissible scope of compulsory licensing requests by industrial research institutes and private undertakings if they conduct research for commercial purposes. Only works which are necessary to teaching, scholarship or research in a developing country are available for compulsory licensing.⁹⁷ Copies of works which could serve recreational as well as educational purposes are to be regulated to ensure that the copies produced under a compulsory license are put to the approved use.⁹⁸

The most frequent requests for translation or reproduction licenses are made by qualifying nationals who, as publishers, wish to market copies of works in their original language or in translation, or by broadcast organizations which seek to use audiovisual materials for instructional activities.⁹⁹ In order to obtain compulsory licenses, these applicants must offer proof that efforts have been made to reach and to obtain the copyright owner's authorization.¹⁰⁰ Applicants must also inform the appropriate regional or national copyright information center of the request for compulsory licensing.¹⁰¹ A license is obtainable if, among other considerations, the search for the copyright owner is in vain, or if the owner has refused his consent.¹⁰² When the owner of the copyright cannot be found, the applicant must notify the publisher whose name appears on the work, as well as the national or regional information center in which the publisher has his principal place of business.¹⁰³ These requirements are contained in the system for licensing to assure that the copyright proprietors have proper notice that their works are sought to be reproduced or to be translated in a developing country. To further protect authors' rights, the Guidelines reiterate the requirement that the grant of a compulsory license carries with it the obligation to justly compensate the copyright owner, and that steps be taken to ensure proper payment.¹⁰⁴ Accurate reproduction and/or translation of the copyrighted work are required so as to preserve the moral rights of authors.¹⁰⁵

⁹⁷ *Id.* at 4.

⁹⁸ *Id.*

⁹⁹ *Id.* at 3.

¹⁰⁰ *Id.* at 9.

¹⁰¹ *Id.*

¹⁰² *Id.*

¹⁰³ *Id.*

¹⁰⁴ *Id.* at 3.

¹⁰⁵ *Id.*

Translation licenses for qualified works may be obtained by a developing country upon the expiration of three years [or any longer period if the developing country's legislation so states] from first publication of the work where no translation has been published by the copyright proprietor or with his authorization.¹⁰⁶ However, where the translation sought is into a language not of general use in developed countries, the translation license may be obtained upon the expiration of one year from first publication of the work.¹⁰⁷ The Guidelines define "that only English, Spanish and French languages would be considered in this context to be in general use in one or more developed countries."¹⁰⁸ In addition, a compulsory translation license cannot be granted before the expiration of an additional six months where a license may be obtained on expiry of the three year period, and of nine months in cases where it may be obtained on expiry of a one year period. "This additional period . . . was introduced to enable the author or the assignee of the translation right to himself publish a translation of the work."¹⁰⁹

In regard to reproduction licenses, which are limited to use in connection with systematic instructional activities, a compulsory reproduction license may be obtained five years from first publication of a given work if the work is not available in a developing country for a price comparable with the usual price in that country for similar works.¹¹⁰ The waiting period of five years is reduced to three years in the case of works dealing with the natural and physical sciences because the rapid progress of science and technology makes these works quickly obsolescent.¹¹¹ Similarly, because obsolescence is less rapid in the field of works of the imagination, such as novels, poetic, dramatic and musical works, the minimum waiting period is extended to seven years before reproduction licenses will be granted for works of this category.¹¹² The competent authority of the developing country concerned must classify the work for which a compulsory reproduction license has been requested, so as to determine the proper waiting period before a reproduction license may be granted.¹¹³

Since the 1971 Paris Acts make available no form or necessary content of applications for licenses, the Guidelines give an indication of

¹⁰⁶ *Id.* at 6.

¹⁰⁷ *Id.*

¹⁰⁸ *Id.*

¹⁰⁹ *Id.* at 9.

¹¹⁰ *Id.* at 8.

¹¹¹ *Id.*

¹¹² *Id.*

¹¹³ *Id.*

particulars which may be needed by the competent authorities.¹¹⁴

The Guidelines stress that licenses are non-transferable.¹¹⁵ However, the licenses are not exclusive in that any national eligible under the law of his country may request a license to translate or to reproduce a work for which a license has already been granted.¹¹⁶ Compulsory licenses are valid only for publication within the territory of the Contracting State in which the license obtains, and any export of copies of the translated or reproduced work is strictly forbidden.¹¹⁷

The Guidelines are "intended for publishers, users, and governmental authorities in developing countries, and also for copyright owners in developed countries, to facilitate the implementation" of the Paris

¹¹⁴ This part of the guidelines, therefore, aims only at giving merely an indication of the particulars which may be needed by the competent authorities and which may be grouped together, as an example, in the following way:

- (i) particulars of the original work
 - name of the author or authors
 - title of the work
 - name of the publisher or producer
 - date of the first publication
 - edition to be used. . . ; volume
 - international standard book number (ISBN)
 - selling price in the developing country concerned
 - passages to be used: the whole work or extracts . . . page references
- (ii) particulars of the use
 - name of the publisher or producer requesting authorization to use
 - address
 - type of exploitation envisaged:
 - translation. . . ; language, name, address affiliation of the translator
 - reproduction
 - paper reproduction
 - recording
 - adaptation
 - type of adaptation: dramatic, cinematographic, television
 - envisaged date of publication or production
 - envisaged selling price
 - type of edition: bound, paper-back, club
 - numbers to be printed
 - territorial scope of the requested authorization.

Unesco/WIPO, *supra* note 96, at 11.

¹¹⁵ *Id.*

¹¹⁶ *Id.*

¹¹⁷ Universal Copyright Convention as Revised at Paris, 1971, art. Vter.4(a) and (b), Vquater.1(f) and 2(a); Articles IV(5)(a) and V of the Appendix to the Berne Convention; Unesco/WIPO *supra* note 96 at 12.

Acts.¹¹⁸ Further guidelines and clarifications of the Paris Acts will be among the activities undertaken by the Joint International Unesco-WIPO Service for Facilitating the Access by Developing Countries to Works Protected by Copyright. This Joint Service was established for the purposes of mobilizing all resources available¹¹⁹ and harmonizing the work of Unesco and of WIPO. Greater access to copyrighted works by developing countries is the goal the Joint Service will pursue as it begins its work in January 1981.

VII. CONCLUSION

"Everyone has the right freely to participate in the cultural life of the community, to enjoy the arts and to share in scientific advancement and its benefits." This right of mankind to have access to the fruits of knowledge was recognized in the Universal Declaration of Human Rights adopted by the General Assembly of the United Nations on December 10, 1948, in Article 27(1). If the premise is accepted that "free participation" is only possible through free access, literal implementation of the above language arguably legitimizes the unauthorized use of copyrighted works. The preamble to the Constitution of Unesco further supports this argument:

"the wide diffusion of culture, and the education of humanity for justice and liberty and peace are indispensable to the dignity of man and constitute a sacred duty which all the nations must fulfill in a spirit of mutual assistance and concern."

In order to diffuse culture and to educate humanity, access must be permitted to the world's cache of copyrighted materials. The developing countries could gain access to these materials via unauthorized use, or piracy. By offering no copyright protection, developing countries would gain only short-term advantages: reproduction of materials without delay, and without payment of a royalty to the copyright proprietor.

As an alternative, the recognition of copyright offers long term benefits and is the most effective way of ensuring the creation of works and their dissemination.

"The copyright Conventions provide the framework for a broad international community of literature and the arts. By withdrawing from the Conventions a country cuts itself off from this com-

¹¹⁸ World Intellectual Property Organization, *supra* note 20, at 47.

¹¹⁹ Unesco/WIPO, *supra* note 96, at 15.

munity and in effect admits that it has nothing to offer to the world from its own publishing, film making and similar industries."¹²⁰

Lack of copyright protection adversely affects local publishing interests. Foreign as well as local authors look elsewhere for publication of their works. In addition, local library wealth suffers as publishers only reluctantly distribute books to countries in which their books would have no protection against piracy.¹²¹

The recognition of copyright furthers the principles set forth in the Universal Declaration and in the preamble of Unesco's Constitution because it is "the most effective way of ensuring the creation of works and their dissemination."¹²² Royalties paid for the use of copyrighted works support professional writers by allowing them to allocate greater energies to their creative task. Greater dissemination of copyrighted works occurs because authors will more readily release their material, assured that their pecuniary and moral rights will be protected by a nation's copyright laws.

Nevertheless, there must exist a balance on the international level between the interests of the author and the interests of the community. This balance will be of different proportions in the developed world as opposed to the developing world, where educational materials are desperately necessary to economic and social progress. The special provisions of the 1971 Paris Acts benefiting developing nations are the first attempts in the field of copyright to implement procedures which offer preferences to developing countries. These preferences are necessary to the establishment of a new international economic order because education is the key to achievement in other fields.

¹²⁰ Commonwealth Secretariat, *supra* note 87, at 14.

¹²¹ *Id.* at 15.

¹²² International Copyright Information Centre (Unesco House), International Book Year and Unesco's Role in the Field of Copyright, 6 UNESCO COPY-RIGHT BULL. 25 (1973).

PART II

LEGISLATIVE AND ADMINISTRATIVE DEVELOPMENTS

1. United States of America and Territories

450. U.S. CONGRESS. HOUSE.

H.R. 4783. A bill to amend title 17 of the United States Code to exempt the home recording of copyrighted works on home video recorders from copyright infringement. Introduced by Mr. Duncan on October 20, 1981; and referred to the Committee on the Judiciary. (97th Cong., 1st Sess.).

This bill would amend chapter 1 of title 17, United States Code by adding a new section "Sec. 119. Limitation on exclusive rights: Home use". This provision would make home video recording not an infringement of copyright if: "(1) the recording is made without any purpose of direct or indirect commercial advantage; and (2) the recording is to be utilized exclusively in a private home." [This bill is similar to H.R. 4794 *infra*].

451. U.S. CONGRESS. HOUSE.

H.R. 4794. A bill to amend the copyright law to provide that the uses of home video recorders are not infringements on the exclusive rights of copyright owners. Introduced by Mr. Parris on October 20, 1981; and referred to the Committee on the Judiciary. (97th Cong., 1st Sess.).

This bill would amend section 107 of title 17, United States Code by adding a new subsection "(b) notwithstanding the provisions of section 106, the fair use of a copyrighted work includes the recording and use of copyrighted works in a private home by an individual on a home video recorder if the recordings are not used for direct or indirect commercial advantage." [This bill is similar to H.R. 4783 *supra*].

452. U.S. CONGRESS. HOUSE.

H.R. 4808. A bill to amend title 17 of the United States Code to exempt the private noncommercial recording of copyrighted works on video recorders from copyright infringement. Intro-

duced by Mr. Parris on October 21, 1981; and referred to the Committee on the Judiciary. (97th Cong., 1st Sess.).

452a. U.S. CONGRESS. SENATE.

S. 1758.

A bill to amend title 17 of the United States Code to exempt the private noncommercial recording of copyrighted works on video recorders from copyright infringement. Introduced by Mr. DeConcini on October 21, 1981; and referred to the Committee on the Judiciary. (97th Cong., 1st Sess.).

H.R. 4808 and S. 1758 are identical. These bills would amend title 17 of the United States code by adding a new section "119. *Limitation on exclusive rights: Exemption for certain video recordings.*" This section would make video recording of copyrighted works exempt from copyright infringement provided that "1) the recording is made for a private use; and 2) the recording is not used in a commercial nature."

453. U.S. CONGRESS. HOUSE.

H.R. 4984. A bill to amend title 17 of the United States Code to exempt nonprofit veterans' organizations and nonprofit fraternal organizations from the requirement that certain performance royalties be paid to copyright holders. Introduced by Mr. Quillen on November 16, 1981; and referred to the Committee on the Judiciary (97th Cong., 1st Sess.). (This bill is similar to H.R. 2007, H.R. 2108, H.R. 3392; H.R. 3408 and S. 603 introduced in the 97th Congress.)

This bill would amend section 110 of title 17 of the United States Code by exempting nonprofit veterans' or fraternal organizations from certain performance royalties during the performance of a musical work in the course of their activities.

454. U.S. CONGRESS. SENATE.

S. 1880. A bill to amend the manufacturing clause of the copyright law. Introduced on November 20, 1981 by Mr. Thurman; and referred to the Committee on the Judiciary. (97th Cong., 1st Sess.).

This bill would amend section 601(a) of chapter 6 of title 17 of the United States Code by striking out "Prior to July, 1982, and except" and inserting in lieu thereof "Except", thereby retaining the manufacturing clause scheduled to expire on July 1, 1982.

455. U.S. COPYRIGHT OFFICE.

Policy regarding public use of in-process files. Notice of policy decision. *Federal Register*, vol. 46, no. 198 (Oct. 14, 1981), pp. 50625-50626.

The Copyright Office publishes a policy decision regarding the public use of in-process files. These files are those which the Office maintains for its own internal use in connection with the processing of applications and registration of documents. They are not part of the records subject to public inspection under Section 705 of the Copyright Act. The decision details policy with respect to access and denial of access to information.

456. U.S. COPYRIGHT OFFICE.

37 CFR 202. Registration of claims to renewal of copyright. Proposed rule. *Federal Register*, vol. 46, no. 193 (Oct. 6, 1981), pp. 49145-49149.

The Copyright Office is considering the adoption of new practices and procedures with respect to renewal registration for works originally copyrighted between January 1, 1950 and December 31, 1977. A revised interim regulation governing such registrations was issued January 5, 1978 to allow persons to apply for and secure renewal registration under the new Copyright Act. The comments received concerning the interim regulation led the Office to propose several changes. The changes pertain to timely application for renewal registration, posthumous works, duplicate applications, telephone applications and renewal claimants. Persons wishing to comment on the proposed amendments may do so in writing on or before November 6, 1981.

457. U.S. COPYRIGHT ROYALTY TRIBUNAL.

Cable television royalty fee adjustment proceeding; request of the Motion Picture Association of America for ruling on effective date of liability for adjusted royalty fees. *Federal Register*, vol. 46, no. 206 (Oct. 26, 1981), p. 52159.

The Copyright Royalty Tribunal commenced a proceeding to determine whether the adjustment of certain cable television rates is warranted and shortly thereafter the Motion Picture Association of America (MPAA) requested a ruling on the effective date of liability for any adjusted royalty fees. The Tribunal, therefore, seeks comments on the MPAA's request and asks that such comments be submitted no later than November 5, 1981.

458. U.S. COPYRIGHT ROYALTY TRIBUNAL.

Commencement of cable television copyright royalty proceeding. *Federal Register*, vol. 46, no. 203 (Oct. 21, 1981), p. 51631.

The Copyright Royalty Tribunal is commencing a proceeding to consider possible adjustment of certain television royalty rates to reflect the abolition of the Federal Communications Commission's distant signal and exclusivity rules. Persons interested in participating in this proceeding should notify the Tribunal of their intention not later than November 25, 1981 and should submit jurisdictional and procedural motions by January 11, 1982. The deadlines for submitting pre-hearing position statements and reply comments are March 1 and March 15, 1981, respectively. Parties have until March 31, 1982 to submit economic or other studies and surveys.

459. U.S. COPYRIGHT ROYALTY TRIBUNAL.

Possible declaration of controversy concerning distribution of 1980 jukebox royalty fees. *Federal Register*, vol. 46, no. 203 (Oct. 21, 1981), p. 51631.

Pursuant to 17 U.S.C. 116 (c)(3), the Copyright Royalty Tribunal is soliciting comments on the issue of whether a controversy exists regarding the distribution of the 1980 jukebox royalty fees. Comments must be submitted not later than January 29, 1982.

460. U.S. COPYRIGHT ROYALTY TRIBUNAL.

37 CFR 307. Royalty payable under compulsory license for making and distributing phonorecords (mechanical royalty); proposed rule for interim adjustment. Proposed rule. *Federal Register*, vol. 46, no. 216 (Nov. 9, 1981), pp. 55276-77.

Pursuant to the Copyright Royalty Tribunal's decision to commence an interim adjustment proceeding, the Recording Industry Association of America, Inc., CBS, Inc., National Music Publishers Association, Inc., American Guild of Authors and Composers, and the Nashville Songwriters Association International, Inc. submitted a Joint Proposal for Automatic Interim Adjustments of Mechanical Royalty Rate. The rule set out in the proposal provides that the 4-cent mechanical royalty rate automatically be increased effective January 1, 1983 to 4.25 cents, or .8 cent per minute of playing time; effective July 1, 1984 to 4.5 cents, or .85 cents per minute of playing time; and effective January 1, 1986, 5 cents, or .95 cent per minute of playing time. In that it deems the pro-

posed increases to be reasonable in light of data in the record of the 1980 mechanical royalty proceedings concerning recent record price trends, the Tribunal approves in principle the Joint Proposal and solicits comments on its adoption as an alternative to the existing regulations providing for interim adjustments of the mechanical royalty.

PART IV

**JUDICIAL DEVELOPMENTS IN LITERARY AND
ARTISTIC PROPERTY****A. DECISIONS OF U.S. COURTS****1. Federal Court Decisions**

461. **FACTORS ETC., INC. v. PRO ARTS, INC.**, 652 F.2d 278 (2d Cir. June 29, 1981) [Newman, C. J.].

Michael C. Silberberg, New York, N.Y., Donald F. Scheider and Golenbock and Barell, New York, N.Y., and Arthur Fields and Ervin, Cohen and Jessup, Beverly Hills, Cal., on the brief, for plaintiffs-appellees; William J. Davis, New York, N.Y., Charlotte A. W. Pfahl, Alice B. Newman and Schulman, Berlin and Davis, P.C., New York, N.Y., on the brief, for defendants-appellants.

Appeal from judgment for plaintiff in a diversity of citizenship action for infringement of the right of publicity in Elvis Presley's likeness brought by the assignee and licensee of Presley. Judgment reversed. *Held*, the Sixth Circuit's holding that under Tennessee law a celebrity's right of publicity does not survive his death is a conclusive statement of Tennessee law in the absence of contrary state statute or decisional law.

During his lifetime, Elvis Presley formed plaintiff-appellee Boxcar Enterprises, Inc., and assigned to it exclusive ownership of his name and likeness for commercial exploitation. After Presley's death, Boxcar conveyed to plaintiff Factors Etc., Inc., an exclusive license for the exploitation of Presley's name and likeness. Soon thereafter, plaintiffs began two parallel lawsuits against different defendants who had made use of Presley's likeness without permission: The instant action, to obtain relief for defendants' distribution of an Elvis Presley poster, and a second action concerning the distribution of Presley statuettes.

The second suit was brought in the Western District of Tennessee to prohibit the distribution of Presley statuettes which were

being sold to finance the erection of a statue of Presley in Memphis. Plaintiffs were granted both a preliminary and a permanent injunction by the District Court. Defendants appealed the final judgment to the Sixth Circuit Court of Appeals. Since jurisdiction was founded on diversity, the Sixth Circuit found itself in the quandary of having to apply Tennessee law with no Tennessee statute or case law to guide it. Therefore, the Sixth Circuit formed its own rule on the basis of practical, policy and moral considerations. The court held that a celebrity's right of publicity, *i.e.*, the exclusive right to make commercial use of one's name and likeness, does not survive the celebrity's death, and reversed the District Court.

In the instant action, the plaintiffs were awarded a preliminary injunction prohibiting the defendants from distributing Elvis Presley posters. This order was affirmed by the Second Circuit Court of Appeals. On remand, the plaintiffs moved for summary judgment. Defendants argued that the Sixth Circuit decision precluded the District Court from awarding plaintiffs judgment. Defendants contended that plaintiffs were collaterally estopped from asserting that they held exclusive rights in the commercial use of Elvis Presley's name and likeness by the Sixth Circuit's decision. The District Court granted plaintiffs' motion, implicitly rejecting defendants' argument.

On appeal, the Court of Appeals held that under the conflict of laws rules of New York, Tennessee law would determine whether Elvis Presley's right of publicity survived his death. The Second Circuit agreed with the Sixth Circuit that Tennessee statutory and decisional law failed to address the issue. The majority concerned itself with the issue of whether deference should be accorded the Sixth Circuit's decision. The court specifically stated that its resolution of *this* issue had no relation to how it would resolve the substantive issue of law in dispute without reference to the Sixth Circuit's decision. (It suggested a good possibility of a contrary view of the merits.)

The Second Circuit held that the Sixth Circuit's decision should be treated as controlling, and, therefore, plaintiffs did not have the exclusive right to make commercial use of Elvis Presley's name and likeness. The interests the court sought to serve in treating the Sixth Circuit's decision as authoritative were uniformity and predictability in the law. The court believed that treating as authoritative federal courts of appeals decisions regarding the law of states within their respective circuits (in the absence of state authority) would reduce uncertainty in the law.

Attorneys could rely on such decisions when advising their clients, and relevant state legislatures would have a single rule to review when contemplating enactment of state statutes. Therefore, it would be more appropriate for all federal courts to view the Sixth Circuit's decisions regarding Tennessee law as authoritative than for each circuit to have its own view of Tennessee law. The court emphasized that its rule of deference to other circuit courts of appeals was limited to cases in which the federal court had not overlooked state law or clear signals from the state's highest court.

Judge Mansfield dissented. First, he questioned whether a federal court of appeals had any special competence to determine matters of state law since such courts, as opposed to district courts, infrequently render decisions based on the law of any particular state. Second, even if the Sixth Circuit had special expertise with respect to Tennessee law, its possession of such expertise provides no basis for treating its right of publicity decision as authoritative; here the Sixth Circuit did not interpret Tennessee law but formulated a rule of law without reference to Tennessee law.

Turning to the substantive issue of law presented in the instant case, Judge Mansfield said he would have held that Elvis Presley's right of publicity survived his death for the reasons set forth in the Second Circuit's affirmance of the preliminary injunction in the instant case.

462. **WARNER BROTHERS, INC. v. AMERICAN BROADCASTING COMPANIES, INC.**, 654 F.2d 204 (2d Cir. July 17, 1981) [Meskill, C. J.].

Melville B. Nimmer, Beverly Hills, Cal., Kaplan, Livingston, Goodwin, Berkowitz and Selvin, of counsel, for plaintiff-appellant Warner Brothers, Inc.; Weiss Dawid Fross Zelnick and Lehrman, New York, N.Y., of counsel, for plaintiffs-appellants D C Comics, Inc. and Film Export A.G., Phillip R. Forlenza, New York, N.Y., Hawkins, Delafield and Wood, of counsel, for defendant-appellee American Broadcasting Companies, Inc.; Townley and Updike, New York, N.Y., of counsel, for third-party defendant-appellee Stephen J. Cannell Productions.

Appeal from an order denying a motion for preliminary injunction in a copyright infringement and unfair competition action brought by the owners of the copyrights in the character "Superman" and the works portraying him. Order of the District Court affirmed. *Held*, defendants' portrayal of a character with superpowers did not infringe plaintiffs' copyrights because plain-

tiffs' and defendants' works contained similar ideas but not similar expressions of those ideas.

Plaintiffs own the copyrights and other rights in the fictional character "Superman" and works portraying him; they have derived substantial income from their exploitation of the Superman character in domestic and international markets. Superman was created forty years ago and has evolved since that time.

The Court of Appeals opinion sets forth the current version of the Superman story, as contained in *Superman, The Movie*, as follows: Superman was born on the fictional planet Krypton and was sent to the earth during his infancy, just before Krypton's destruction. Superman was found by the Kents, a midwestern American couple, and raised by them as their son, Clark. Because of his alien origin, Clark possessed super powers such as extraordinary strength, invulnerability, the ability to fly and X-ray vision. Clark grew up into a well-built, handsome, dark-haired man. When Clark reached maturity he was drawn by a mysterious force to the Arctic where an image of his Kryptonian father, Jar-El, informed Clark of his true identity and instructed him to use his super powers to combat evil. Superman emerged from his encounter with Jar-El's image wearing, for the first time, his Superman costume—a blue leotard with red boots, briefs and cape and a red and gold "S" on the leotard's chest and the cape. Clark obtained employment as a reporter on the *Daily Planet* and became infatuated with another reporter, Lois Lane. As Clark Kent, Superman acts the part of a shy and bumbling man. As Superman, he uses his superpowers with courage and skill to combat assorted villains. Superman's feats attract wide attention and acclaim, as well as the admiration of Ms. Lane. However, Clark keeps his identity as Superman a secret from everyone, including Ms. Lane.

In January 1981, defendant American Broadcasting Companies, Inc. ("ABC") began to broadcast promotional announcements for the premiere of the television show "The Greatest American Hero" ("Hero"). Hero concerns Ralph Hinkley, a young high school teacher trying to cope with a recent divorce, a resulting dispute over custody of his son, and strains in his relationship with his girlfriend. Physically, Hinkley is of medium height, has a slight build and has curly, blond hair. In the premiere of Hero, Hinkley's van breaks down in the desert and he meets Bill Maxwell, a government agent. Suddenly, Hinkley and Maxwell are approached by a spaceship. The image of Maxwell's deceased partner emerges and hands Hinkley a caped costume—a red leotard with a tunic top and black cape—which endows Hinkley

with superpowers. The costume comes with written operating instructions, but Hinkley promptly loses them. Hinkley is told to use his powers to save the world. Despite his initial reluctance, Hinkley allows himself to be convinced by Maxwell to use his powers to combat a villain who plans to destroy part of California. Although Hinkley uses his super powers successfully, he does so without aplomb: He flies erratically and crashes rather than lands; he cowers in the face of physical danger, although the suit renders him invulnerable.

The District Court denied plaintiffs' motion for a preliminary injunction prohibiting the broadcast of the premiere episode of Hero, ruling that the parties' works were not substantially similar and, if they were, Hero would be protected by the doctrine of fair use as a parody.

On appeal, the Court of Appeals considered the principal issue in the case to be whether plaintiffs' and defendants' works were substantially similar in expression.

The plaintiffs argued that the District Court erred in finding no substantial similarity between plaintiffs' and defendants' works because of its concern with the differences between the works, rather than their similarities. Plaintiff presented an extensive list of similarities between the Superman and Hero stories, including the following: Both wear tights as costumes; both have miraculous strength; both have fantastic hearing and sight; both battle villains; both lead a double life; both heroes' powers emanate from another planet. The Court of Appeals dismissed these similarities as irrelevant since, in the court's view, they concern "ideas" which are not sufficiently particularized to constitute "expressions" in the copyright sense. In so finding, the court expressly distinguished *Detective Comics, Inc. v. Bruns Publications, Inc.*, 191 F.2d 594 (2d Cir. 1951) in which defendant's "Wonderman" comic book character was held to infringe the copyrights in plaintiff's "Superman" works. Moreover, the court continued, the specific expressions of the ideas common to both works differed. For instance, Superman flies gracefully, Hinkley flies clumsily; Superman's powers are derived from his extra-terrestrial origins, Hinkley's from the costume given to him by aliens; Superman discloses his identity as Clark Kent to no one, Hinkley's double identity is known to his partner Maxwell and to Hinkley's girlfriend. The Court of Appeals noted that "Hero is a 'mirror image' of the Superman character."

The court agreed with the plaintiff that an infringer cannot excuse his infringement by pointing to what he did not steal, but,

where an infringer is not accused of taking a discrete segment of a work, differences between works *sub judice* render a finding of infringement less likely.

Having upheld the District Court's finding of no substantial similarity, the Court of Appeals found it unnecessary to review the alternate holding that if Hero were substantially similar to Superman, it is a parody and a fair use. However, the Court of Appeals questioned whether the defense protects an entire work which is substantially similar to, and in competition with, plaintiff's work.

The Court of Appeals also upheld the District Court's denial of plaintiff's motion for a preliminary injunction on unfair competition grounds.

463. STEVENS LINEN ASSOCIATES, INC. v. MASTERCRAFT CORPORATION, 656 F.2d 11 (2d Cir. July 22, 1981) [Lumbard, C. J.].

Blum, Kaplan, Friedman, Silberman and Beran, New York, N.Y., James K. Silberman and Michael I. Wolfson, of counsel, for plaintiff-appellant; Brumbaugh, Graves, Donahue and Raymond, New York, N.Y., George W. Whitney and Russell H. Falconer, of counsel, for defendant-appellee.

Appeal by plaintiff in a copyright infringement action from a District Court order granting plaintiff a permanent injunction against defendant's further sales of infringing fabrics as well as an award of attorneys' fees, but denying plaintiff compensatory damages. *Held*, action remanded for an award of compensatory damages equal to the profits the plaintiff would have earned if it had sold yardage of its infringed fabric. Such lost profits are to be measured by the greater of: (1) The yardage of defendant's infringing fabric sold to firms that had also purchased plaintiff's infringed fabric, and; (2) the difference between the yardage of plaintiff's infringed fabric and the average yardage of plaintiff's other fabrics sold during the period of defendant's infringement. Plaintiff was also held to be entitled to the revenue earned by defendant by selling its infringing fabric in violation of the District Court's preliminary injunction.

Plaintiff Stevens Linen Associates, Inc. manufactures a fabric with the copyrighted design "Chestertown." Defendant Mastercraft Corporation created two fabrics similar to Chestertown called "Rio Grande" and "Grand Canyon." Stevens brought a copyright infringement action, alleging that Rio Grande and Grand

Canyon infringed Stevens' copyright in Chestertown. After a non-jury trial, the District Court found that defendant's fabrics did infringe plaintiff's. Stevens was granted a permanent injunction against further infringement and was awarded its attorney's fees. Stevens was not awarded Mastercraft's profits on its infringing sales because the court found Mastercraft had earned no profits. The District Court refused to award Stevens compensatory damages. The court held that although one could assume Mastercraft's infringement had affected Stevens' sales, the amount of the lost sales was too speculative to support an award of compensatory damages. The court deemed itself without power to grant statutory damages since plaintiff had not so elected.

On appeal, Stevens challenged the denial of compensatory damages. At trial, Stevens had introduced evidence to support an award of damages under four theories for Mastercraft's infringement prior to the issuance of a preliminary injunction, as well as evidence to support an award of damages for infringements occurring after the issuance of the preliminary injunction. First, Stevens presented evidence of all of Mastercraft's infringing sales, claiming it would have made equivalent sales if there had been no infringement. Second, Stevens presented evidence that some infringing sales were made to firms that had also purchased Chestertown, claiming it would have made those sales to its prior customers. Third, Stevens presented evidence of its original sales projections for Chestertown, claiming that it should be awarded the difference between the profits it would have earned on its projected sales and those earned on its actual sales of Chestertown. Fourth, Stevens presented evidence of its average sales of fabrics other than Chestertown during the period of infringement, claiming it should be awarded the profits it would have earned had Chestertown's sales during that period been equal to the average sales of its other fabrics, less the profits it actually earned on Chestertown sales. Finally, Stevens introduced into evidence invoices for sales of Mastercraft's infringing fabrics dated subsequent to the entry of the preliminary injunction prohibiting such sales. Stevens argued that whatever damages it should be awarded because of Mastercraft's infringing sales prior to the entry of the preliminary injunction, it should be awarded additional damages for those infringing sales made afterwards.

Defendants argued at trial that since Chestertown was sold at a higher price than defendant's infringing fabrics, one could not assume that Stevens would have made equivalent sales in the absence of infringement. Mastercraft also claimed that the dates

on the invoices in question were dates of billing, not dates of shipping.

The Court of Appeals held that the lower court erred in its refusal to award compensatory damages. The higher court was not concerned that such an award would require some speculation because any determination of lost sales caused by the sale of an infringing product requires a degree of speculation. The court then examined Stevens' damage theories.

The Court of Appeals rejected two of plaintiff's theories. First, the court rejected Stevens' contention that it would have made sales of Chestertown equal to Mastercraft's sale of infringing fabrics, since Chestertown sold at a higher price. Second, the court rejected Stevens' original Chestertown sales projections as a method for determining Stevens' damages because the basis for those projections was not introduced into evidence.

On the other hand, the Court of Appeals found merit in Stevens' remaining damage theories, and held that Stevens should be awarded damages under the theory that yielded the higher amount. The first theory would base Stevens' damages on Mastercraft's sales to firms which had also purchased Chestertown. The court acknowledged that Stevens might not have made every one of those sales, but found it reasonable to conclude that those customers had a demand for Chestertown and shifted their purchasing to Mastercraft's cheaper products. Therefore, Mastercraft would bear the burden of proving which sales would not have been made by Stevens if there had been no infringement. The second theory would have based Stevens' damages on its sales of fabrics other than Chestertown. The court found this approach acceptable because it was used in a prior case, concerning infringement of a record album.

The Court of Appeals also held that in addition to the damages awarded under one of the two theories described above for Mastercraft's infringing sales occurring prior to the District Court's issuance of a preliminary injunction, damages should also be awarded for any sales made in violation of the preliminary injunction. The amount of these damages should be the revenue received by Mastercraft from these sales.

The action was remanded to the District Court for a determination of damages in conformity with the Court of Appeals' opinion.

464. MCA, INC. v. WILSON, 211 USPQ 577 (2d Cir. July 30, 1981) [Van Graafeiland, C. J.].

Abeles, Clark and Osterberg, New York, N.Y., Robert C. Osterberg, of counsel, for plaintiff-appellee MCA, Inc.; Saxe, Bacon and Balan, P. C., New York, N.Y., Roy M. Cohn, Michael Rosen and Lawrence Abramson, of counsel, for defendant-appellant. Earl Wilson, Jr.; Max R. Millman, Philadelphia, Pa., David N. Stein, New York, N.Y., on the brief, for defendant-appellant Art D'Lugoff.

Appeal from judgment for plaintiff in action of infringement of a musical copyright. Judgment affirmed. *Held*, defendants' song did not constitute a fair use of plaintiff's because it was not a parody of plaintiff's song.

Plaintiff owns the copyright in the song "Boogie Woogie Bugle Boy," a song about a soldier-bugler. "Bugle Boy" was first published in 1941 and achieved its greatest popularity during World War II. Defendants were involved in the writing and production of "Let My People Come", an erotic nude show. One of the songs in the show was "Cunnilingus Champion of Company C." In this action, plaintiff alleges that "Company C" infringed the copyright in "Bugle Boy." The District Court found that defendants' song did infringe plaintiff's copyright, and defendants were not protected by the doctrine of fair use.

Without any discussion, the Court of Appeals held that it would not disturb the District Court's finding that the music in defendants' song was substantially similar to the music in plaintiff's song because the finding was not clearly erroneous.

The Court of Appeals also reviewed the District Court's fair use finding under the clearly erroneous standard because the issue was treated as one of fact. However, the Court of Appeals discussed *this* issue at some length. The court reviewed the four factors to be considered in determining whether the defense of fair use applies: The nature of the copyrighted work, the purpose and character of the allegedly infringing use, the extent of the copying, and the effect of the infringing work on the potential market for, or value of, the copyrighted work. The court's discussion centered on two factors: The effect of defendants' work on the market for plaintiff's work and the nature of defendants' work.

The Court of Appeals held that defendants' song and plaintiff's song were competing works because both were exploited in the same media: Records, printed copies and stage performances.

The discussion of the nature of defendants' work concerned whether or not it was protected under the doctrine of fair use as a parody. The song's author testified that "Company C" was writ-

ten as a burlesque of the music of the 1940's, not as a parody of "Bugle Boy", but that when "Company C" was performed, it was *then* intended to be a parody of "Bugle Boy." Defendants argued that they were trying to portray the practice of cunnilingus as joyous and were entitled to use plaintiff's music because the public would immediately identify it as joyous. Defendants relied on prior Second Circuit decisions which held that a work may be a fair use even though it may parody something other than plaintiff's work. The court found these precedents to be distinguishable because the defendants' work had not competed with plaintiff's work. The court agreed with defendants that a parody need not be directed *solely* at a copyrighted work; but the court stated that the copyrighted work must be part of the object of the parody if the fair use doctrine is to apply. Otherwise, there would be no need to copy any part of the copyrighted work.

The Court of Appeals concluded that "Company C" was not a fair use of "Bugle Boy". The District Court held that "Company C" was neither a parody of "Bugle Boy" nor a burlesque of the music of the 1940's. The Court of Appeals

"was not prepared to hold that a commercial composer can plagiarize a competitor's copyrighted song, substitute dirty lyrics of its own, perform it for commercial gain, and then escape liability by calling the end result a parody or satire on the mores of society."

"Such a holding," the court continued, "would be an open-ended invitation to musical plagiarism."

The Court of Appeals modified the District Court's award of profits, statutory damages and attorneys' fees to plaintiff. The Court of Appeals held that the salary of the owner of the theater in which "Let My People Come" was performed did not constitute profits from the infringement of "Bugle Boy", that the entire "run" of "Let My People Come" constituted one infringement for statutory damages purposes, that plaintiff was not entitled to any award of damages for the publication of the lyrics of "Company C" in the show's program, and that the award of attorneys' fees was excessive.

Judge Mansfield, dissenting, would have held that defendants were protected by the doctrine of fair use. In his opinion, "Company C" was a parody protected by the doctrine because it was a satire of contemporary sexual mores and used only so much of "Bugle Boy" as was necessary to "conjure it up" in the minds of

the audience. Furthermore, Judge Mansfield would have held that the two works did not compete with one another, although they were exploited in the same media, because they satisfied different tastes.

465. NATIONAL SUBSCRIPTION TELEVISION v. S & H TV, 644 F.2d 820 (9th Cir. May 7, 1981) [Trask, C. J.].

O'Melveny and Myers, Los Angeles, Cal., Patrick Lynch of counsel, Wewer and Malin, P. C., Washington, D.C., William Wewer, of counsel, on the brief, for plaintiffs-appellants; Kenneth J. Golden, Westminster, Cal., for defendants-appellees.

Appeal from dismissal of action brought by subscription television service against distributors of unauthorized decoding devices for violation of section 605 of the Federal Communications Act. Judgment reversed. *Held*, subscription television transmissions are not broadcasts "for the use of the general public" and are therefore protected by section 605.

Plaintiffs-appellants own and operate a subscription television service in the Los Angeles area. Plaintiffs' programs are transmitted in a scrambled form to every television set in its transmission area. Subscribers to the service lease a decoder from the plaintiffs to un-scramble the signal. Defendants-appellees manufacture and distribute decoding devices without plaintiffs' authorization. Defendants' patrons use the decoders to unscramble plaintiffs' transmissions without paying plaintiffs' subscription fees. Plaintiffs brought the instant action for injunctive and monetary relief under section 605 of the Federal Communications Act, which prohibits the unauthorized interception of radio and television transmissions. The District Court dismissed plaintiffs' section 605 claim for failure to state a claim upon which relief may be granted. The District Court found that plaintiffs' transmissions fell within the proviso to section 605, which excludes from the protection of the section any transmission which is "broadcast or transmitted by amateurs or others for the use of the general public, or which relates to ships in distress." Plaintiffs appealed.

On appeal, defendants argued that plaintiffs' transmissions were "broadcasts" under section 153(o) of the Federal Communications Act because they were of interest to the general public and plaintiffs' signal delivery system was capable of reaching a mass audience. Plaintiffs responded that their transmission of a scrambled signal precluded a finding that it engaged in broad-

casting. The Court of Appeals determined that it was unnecessary to determine whether plaintiffs' transmissions were "broadcasts" under section 153(o) since such a broadcast is not necessarily subject to the proviso to section 605.

According to the court, not all "broadcasts" come within the proviso to section 605 because the proviso applies only to broadcasts "for the use of the general public." The defendants had argued that the phrase "for the use of the general public" in the proviso modified the term "transmitted" rather than "broadcast" since substitution of the statutory definition of broadcast ("radio communications intended to be received by the public") for the word in the proviso renders the phrase "for the use of the general public" redundant. The court disagreed. Although it found the insertion of the statutory definition to result in inelegant language, it did not find it to result in redundancy because a transmission which is "intended to be received by the public" may be distinguished from one "for the use of the general public." The Court of Appeals held that a subscription television transmission is a broadcast, since it is intended to reach the largest possible audience but is not for the use of persons who are not subscribers. Therefore, such broadcasts are protected by the general provisions of section 605. The court stated that such protection promoted Federal Communications Commission policies favoring the development of alternative media such as subscription television and prohibiting the sale of obsolescent decoders.

Defendants also argued that even if plaintiffs' transmissions were protected by section 605, defendants had not violated the statute since they did not intercept, aid in the interception of, divulge, publish or aid in the divulging or publication of plaintiffs' transmissions. The Court of Appeals rejected defendants' assertion out of hand, holding that defendants' sale of decoders clearly aided third parties to intercept plaintiffs' transmissions.

B. DECISIONS OF FOREIGN COURTS

1. Czechoslovakia

466. Supreme Court of the Czech Socialist Republic, December 30, 1980 (Index #3 Cz 84/79). *GRUR International* (May 1981) p. 333 with note by Dr. Karel Knap.

The Society for the Protection of Authors' Rights (Autoren-schutzverband—OSA) in Prague had sued the Interhotel in Karlsbad for copyright compensation on the ground that the defendant had made possible the rendering of musical works by the installation of radio and television receivers in guest rooms. The high court, affirming two lower court decisions, held that the utilization of the work here goes beyond the internal need of the hotel and therefore calls for compensation of the author (Sec. 13, Par. 1, first sentence, Copyright Law) regardless of whether it constitutes a public performance. The latter question, however, plays a role with respect to the amount of the compensation. Moreover, there was a performance in this case because the utilization of the work exceeds the limits of the private needs of the user (Sec. 15, Par. 1a Copyright Law).

2. Federal Republic of Germany

467. Court of Appeals Frankfurt/Main, May 8, 1980 (Index #6 U 99/79). *GRUR International* (March 1981) p. 184.

This decision, which has not been appealed to the Supreme Court, involves interesting applications of the 1965 law with regard to the enforcement of copyrights and neighboring rights. The court first held that "Bild-Kunst", a society for the utilization of authors' rights, is authorized to defend the *droit de suite* of foreign artists in the plastic arts, the pertinent rights having been assigned to it by the foreign societies SPADEM (Société de la Propriété Artistique et des Dessins et Modeles), ADAGP (Association pour la diffusion des Arts orographiques et plastiques) and COSMOPRESS. The Court of Appeals also decided that the rules regarding *prima facie* proof for authorization to defend the rights of all artists are in any event applicable to "Bild-Kunst" when the right to information under Art. 26, Par. 5 of the Copyright Law is alleged.

3. Poland

468. Supreme Court, October 29, 1979 (Index #IV CR 353/79). *GRUR International* (May 1981), 332.

Held: The creation of a cinematographic work does not require a fixation in scripts or photographs. Because in general the

creative activity of various persons contributes to the production of a film, the authors' rights in the motion picture belong to all these persons. The fixation of the script does not have to be accomplished by its author; it is sufficient that another person executes it in accordance with the author's instructions

4. Sweden

469. Supreme Court, March 27, 1980—Föreningen Svenska Tonsättares Internationella Musikbyrå (STIM) upa gegen Hotell Mornington AB und Hotell Wellington AB, Stockholm. *GRUR International* (January 1981), p. 43.

Held: The fact that a hotel renders possible the reception of music in guest rooms through loudspeakers connected with a central apparatus as well as through television receivers without such a connection violates the rights of the composer.

5. Switzerland

470. SUISA, SCHWEIZERISCHE GESELLSCHAFT FUER URHEBERRECHTE AN MUSIK-AUFFEHRUNGEN UND -SENDUNGEN v. KABELFERNSEHANLAGE REDIFFUSION AG, Federal Court, Jan. 20, 1981 (Index #C 357/79). *GRUR International* (June 1981) p. 404.

The high court of Switzerland held: (1) In light of the history of the Brussels version of Art. 11bis, Par. 1, No. 2 of the Revised Berne Convention, the foreign court decisions relative to this provision and the international endeavors toward its interpretation, the retransmission of a broadcast is within the exclusive rights of the author, if it reaches a new public, thereby enlarging the receiving territory of the original broadcast. Art. 12, Par. 1, No. 6 of the Swiss Copyright Law must be interpreted the same way. (2) The re-transmission of broadcasts of the Swiss radio and television corporation through a cable television station accordingly constitutes a public communication. Art. 12, Par. 1, No. 6 of the Copyright Law requires therefore the permission of SUISA defending the rights of the authors.

PART V

BIBLIOGRAPHY

A. ARTICLES FROM LAW REVIEWS AND COPYRIGHT PERIODICALS

1. United States

471. ADAMS, BEN C. Inheritability of the right of publicity upon the death of the famous. *Vanderbilt Law Review*, vol. 33, no. 5 (Oct. 1980), pp. 1251-1264.

An investigation of the exploitation of famous names and likenesses and the money involved in such transactions. A history of the right of publicity is provided along with an analysis of several cases including *Haelen Laboratories Inc. v. Topps Chewing Gum, Inc.*; *Uhlaender v. Hendrickson*; *Cepeda v. Swift and Co.*; *Zacchini v. Scripps-Howard Broadcasting Co.*; and *Price v. Hal Roach Studios, Inc.* The author discusses decisions for and against the inheritability of the right of publicity and states that the right of publicity is much more analogous to a property interest than to the right of privacy.

472. BERG, MADELAINE. Moral rights and the compulsory license for phonorecords. *Brooklyn Law Review*, vol. XLVI, no. 1 (Fall 1979), pp. 67-95.

The author states that there is a lack of adequate safeguards in the compulsory license provisions since the U.S. law does not recognize "a doctrine comparable to the civil law concept of moral rights."

473. BESEN, STANLEY M. and ROBERT W. CRANDALL. The deregulation of cable television. *Law and Contemporary Problems*, vol. 44, no. 1 (Winter 1981), pp. 79-124.

A look at the cable television industry, its regulatory history

and its relationship with the copyright laws. Also investigated is the impact of cable growth on television broadcasters and the problems of ownership and local franchising.

474. COHEN, JERRY. Design proprietor walks tightrope. *Copyright Management*, vol. IV, no. 9 (Sept. 1981), p. 5.

This is a brief discussion of *Vermont Castings Inc. v. Evans Products Co.*, an unfair competition suit involving a wood stove design. Claiming that the action was barred by trademark and copyright laws, defendant moved for summary judgment, but the court denied the motion. In so ruling, the court indicated that it "was convinced that the overall stove design was one which was only in part 'incidentally functional' and therefore was protectable under Vermont's state law of unfair competition."

475. COHEN, JERRY. Taxation effects (and non-effects) of the economic recovery act of 1981 on the copyright community. *Copyright Management*, vol. IV, no. 9 (Sept. 1981), pp. 1-4.

This article explains the Economic Recovery Act of 1981 (ERTA) as it affects the copyright community and many of its concerns. For instance, the "ERTA provides that gifts of art made after December 31, 1981 to charitable institutions will qualify for a charitable deduction even though the gift of the art work is not accompanied by a gift of underlying copyright." This provision and those which will have an effect on such community concerns as research and development tax credit, expensing low price capital items and depreciation and investment credit improvements are discussed.

476. DAVID, ANSHEL. Obscenity: in the matter or in the mind? *Brooklyn Law Review*, vol. XLVI (Summer 1981) pp. 695-715.

An analysis of a court case, *U.S. v. Various Article of Obscene Merchandise*, 600 F.2d 394 (2d Cir. 1979), dealing with sexually explicit materials. The author notes the *Miller v. California* case and gives the three elements necessary for material to be obscene along with historical development of the "Miller" guidelines. The author states that the concept of obscenity "as a form of socially undesirable behavior rather than a category of expression has been a recurring theme in the obscenity opinions of several Supreme Court Justices."

477. The descendability of the right of publicity—*Memphis Development Foundation v. Factors, Etc., Inc.* *Georgia Law Review*, vol. 14, no. 4 (Summer 1980), pp. 831-842.

A discussion of the ownership and descendability of the right of publicity of the deceased Elvis Presley. The author also discusses the cases of *Maritote v. Desilu Production, Inc.* and *Price v. Hal Roach Studios, Inc.*

478. FINE, FRANK L. Record piracy and modern problems of innocent infringement: a comparative analysis of U.S. and British copyright law. *Santa Clara Law Review*, vol. 21, no. 2 (Spring 1981), pp. 357-394.

The question of the "innocent infringer" is addressed in this article along with a history of record piracy in the U.S. and the relief available to copyright owners. Direct and indirect infringement is examined and a treatment of innocent infringers under federal law provided. The author then studies the "innocent infringer" under British law and its system of case-by-case adjudication. The author concludes with the statement that "Congressional reevaluation of the treatment accorded all innocent indirect infringers under the U.S. 1976 Act is very necessary."

479. GILBERT, LEE ANN. Antitrust—blanket licensing as employed in the television industry does not constitute price-fixing, a *per se* violation of the Sherman Act. *Santa Clara Law Review*, vol. 20, no. 4 (Fall 1980), pp. 1019-1025.

A short article investigating a copyright-related case—*Broadcast Music, Inc. v. Columbia Broadcasting System, Inc.*, 441 U.S. 1 (1979). The author discusses "blanket licensing" and reports that the issuance of blanket licensing by BMI and ASCAP was not, according to the court, "restraint of trade, misuses of copyright, or illegal price-fixing."

480. GOETTSCH, RAYMOND H. The right of publicity: premature burial for California property rights in the wake of *Lugosi*. *Pacific Law Journal*, vol. 12, no. 4 (July 1981), pp. 987-101.

A look at the first article written about the right of privacy in the *Harvard Law Review* of 1890 and the classifications given to the right of privacy. A historical background to the right of privacy begins with the case of *Melvin v. Reid* and moves to *Lugosi*

v. Universal Pictures. The author analyzes the survivability and descendability of a right of publicity and attempts to determine what constitutes a proper subject of the right itself.

481. KNAUSS, CHARLES I., JR. Convergence of the copyright law and the Sherman Act. *Mississippi Law Journal*, vol. 51, no. 1 (Mar. 1980), pp. 79-107.

A look at the Sherman Antitrust Act, its history and the Copyright Act. The author discusses price fixing, division of territories, tying arrangements and how and where the Sherman Act and the copyright law converge. Retail price maintenance of copyright articles, price fixing and copyrights are analyzed. The use of the Sherman Act violation claims as a defense to copyright infringement is also discussed.

482. LADD, DAVID, DOROTHY M. SCHRADER, DAVID E. LEIBOWITZ, and HARRIET L. OLER. Copyright, cable, the compulsory license: A second chance. *Communications and the Law*, vol. 3, no. 3 (Summer 1981), pp. 3-76.

This article discusses section 111 of the copyright statute and addresses some of the complex questions regarding cable retransmissions relative to national telecommunications and copyright policy. The article calls for the elimination of the section 111 compulsory license for secondary transmissions by cable systems following a three- to five-year transition period during which the present section 111 of the Copyright Act would remain in effect. The Copyright Office believes that the compulsory license deprives authors and copyright owners of the power to control the use of their creations.

483. License abuse as copyright infringement. *Copyright Management*, vol. IV, no. 10 (Oct. 1981), p. 5.

This is a brief discussion of *Kanakos v. MX Trading Corporation*, a copyright infringement suit in which the defendant was accused of breaching a license authorizing the use of a commissioned photograph in posters. The complaint alleged that in addition to the authorized use, plaintiff's photo was used in a magazine advertisement.

484. SAMUELS, JOYCE. Copyright and constitutional claims. Testing truth-in-testing laws. *Columbia Law Review*, vol. 81, no. 1 (Jan.

1981), pp. 179-198.

The author divides his discussion into an analysis of the right of privacy and other rights of an individual such as the right of publicity and the right to be free from defamation. The *Zacchini v. Scripps-Howard Broadcasting Co.* case is analyzed and along with it is presented a discussion of unauthorized biographies and fictitious accounts depicting celebrities. The author concludes by reviewing the uses of a celebrity's name or likeness in advertising and the rights of publicity regarding heirs and beneficiaries.

485. SHIPLEY, DAVID E. Publicity never dies: it just fades away and federal preemption. *Cornell Law Review*, vol. 66, no. 4 (April 1981), pp. 673-738.

The nature and scope of the right of publicity is analyzed in this law review article as well as why the right of publicity should be protected. The author draws a parallel between the right of publicity and copyright, pointing out their differences. For instance, under the right of publicity, tangibility is not a prerequisite to protection, whereas in copyright, the author's expression of his idea *must* be in a tangible form. The author then shows the similarity between the right of publicity and the "doctrine of misappropriation." He concludes with the history of the right of publicity before 1978, the Copyright Act of 1976, and publicity rights which overlap the Federal Copyright Law.

B. ARTICLES PERTAINING TO COPYRIGHT FROM MAGAZINES

1. United States

486. AFI President Guido Rignano: assertive industry protects rights, markets future. *Billboard*, vol. 93, no. 46 (Nov. 21, 1981), pp. I-6, I-11.

Italy has new antipiracy laws under which anyone "found guilty of selling, storing or distributing pirated material" can be sentenced up to three years and fined as much as six million lire. The measures are expected to significantly decrease the piracy problem in Italy, but Guido Rignano, president of the country's IFPI branch organization, says they do not address home taping,

which is a massive problem. Therefore, his organization and the copyright society are in the midst of talks to seek government approval of a "royalty" on the price of blank tape.

487. ANTONI, VOLKER E. H. Law and the arts. *Artworkers News*, vol. 11, no. 3 (Nov. 1981), pp. 8-9.

This article applauds the 1976 Copyright Act for extending greater protection to works of creators, especially freelance illustrators, textile designers, other graphic artists and photographers and, in doing so, making it possible for them to have greater economic security. On the other hand, the article criticizes the law's work-for-hire provisions as it relates to freelance art. It analyzes the relationship, concluding that the proviso "has developed into a loophole for abusive practices" which freelance graphic artists should strive to counter via negotiating techniques and legislative lobbying.

488. ARCOMANO, NICHOLAS. Law and the performing artist. *Dance-magazine* (November 1981), p. 90.

A portion of a discussion with Arlene Sholer, executive director of Volunteer Lawyers for the Arts, about the particular legal problems of dancers. She states that most choreographers do not realize they can or should copyright their work. She also mentions that well-known choreographers like Martha Graham and Jerome Robbins are concerned with their work surviving them and with the impact of television on dance. In both these areas, Volunteer Lawyers for the Arts can be of assistance, according to Ms. Sholer.

489. BAKER, GLENN A. Aussie publishers, labels firm 6% mechanical rate. *Billboard*, vol. 93, no. 45 (Nov. 14, 1981), p. 3.

The Australian Record Industry Association and the Australian Musical Copyright Owner's Society have consummated a six-year mechanical royalty agreement. The contract, which was negotiated last year after the government announced its intention to abolish the statutory rate, is retroactive to October 1 and provides for a rate of 6% for the first three years with an automatic rate increase to 6¼% for the remainder of the agreement.

490. Betamax backlash. *Broadcasting*, vol. 101, no. 19 (Nov. 9, 1981), pp. 56, 57.

David Ladd, Register of copyrights, in an address to the National Council of Patent Law Associations, said that the *Betamax* decision from the Ninth Circuit Court of Appeals can be called a "landmark in American law—either for the precedent it establishes or the legislation it prompts." He said that the case is more complicated "than the popular press has reported." A number of bills have been introduced which would reverse the court's decision, but the Register is not in favor of any since the passage of such a law, he said, would run counter to the principles of the Copyright Act of 1976. He suggested that the laws adopted by the Federal Republic of Germany and Austria to deal with the home taping issue could serve as a model for U.S. legislation. These laws levy a fee on video hardware or blank tapes and the proceeds are distributed to copyright owners.

491. BMI sues Ind. club over c'right breach. *Billboard*, vol. 93, no. 46 (Nov. 21, 1981), p. 83.

On behalf of its writers and publishers, BMI is suing Patrico Inc., the operator of the Disco Den in Indianapolis, for copyright infringement. The complaint lists at least eleven songs which the defendant allegedly performed without authorization. Plaintiff seeks statutory damages, attorney's fees and court costs.

492. British gov't urges new look at taping license. *Billboard*, vol. 93, no. 45 (Nov. 14, 1981), pp. 3, 6.

Growing concern over the home taping problem prompted British officials to recently suggest that the British Phonographic Industry reconsider a voluntary licensing scheme. The BPI's John Deacon was not receptive to the idea, however, and said past experience has shown that such a scheme is not viable and tends to encourage abuse of the copyright law.

493. Businessman arrested on pirate-tape charge. *Daily Variety*, vol. 193, no. 50 (Nov. 13, 1981), p. 6.

FBI agents confiscated approximately 1500 allegedly illegal 8-track and cassette tapes in a raid on the Riviera Beach (Florida) Swap Shop. Jacob Kolbin, who is currently on probation for selling and distributing pirated tapes, was arrested in the seizure and charged with criminal copyright infringement.

494. Cable liable for c'right Holland high court rules. *Variety*, vol. 304, no. 13 (Nov. 4, 1981), p. 50.

Overturning a lower court decision exempting cable operators from copyright payments, the high court of Holland ruled that cable systems are in effect publishers, not merely common carriers, and are thus liable for author royalties.

495. 'Condorman' suit filed against Disney. *Daily Variety*, vol. 193, no. 49 (Nov. 12, 1981), p. 4.

Writer Linda Lane has filed a copyright infringement suit against Walt Disney, charging that its "Condorman" is substantially the same as her "Laser Lady" heroine-type cartoon character. The suit, which also makes unfair competition and unjust enrichment claims, seeks approximately \$16 million in damages.

496. Copyright guide to video software issued in Britain. *Variety*, vol. 304, no. 13 (Nov. 4, 1981), p. 41.

In connection with the goals the British Videogram Assn. (BVA) has set to protect video software in the United Kingdom, it issued a guide which cites legislation prohibiting piracy, unauthorized public performances, broadcasting and transmitting by cable. Videocassettes are protected as if they were film, but the BVA says it intends to lobby the government for copyright legislation specifically protecting videocassettes and cassette rentals. A blanket licensing scheme for pubs, clubs and stores is another of the aims of the Association.

497. DANIELL, TINA. Judge imposes \$40,000 fine for videotape pirate. *The Hollywood Reporter*, vol. CCLXIX, no. 25 (Nov. 24, 1981), pp. 1, 17.

Admitted film pirate Lonnie Fisher was recently sentenced to six years probation and fined \$40,000 by a federal district court. Fisher, who was one of eight people charged as the result of a two-year undercover FBI investigation, pleaded guilty to one mail fraud count and four counts of criminal copyright infringement. He was also ordered to forfeit approximately \$80,000 worth of video equipment seized from his house.

498. Dutch cable pirates scramble TV news. *Variety*, vol. 305, no. 4 (Nov. 25, 1981), pp. 2, 111.

Cable TV pirates in Amsterdam have formed an organization called the Cable Liberation Front (CLF) which jammed the prime nightly newscast on Dutch television. During the jamming, the

CLF broadcast a message indicating that it would fight a recent court ruling aimed at prohibiting pirates from illegally broadcasting via the country's cable system after hours when authorized programming goes off the air.

499. Dutch court nixes pirated cable pics, but it's not easy. *Variety*, vol. 304, no. 13 (Nov. 4, 1981), p. 50.

The Amsterdam Court of Appeals upheld a lower court decision ordering Kabel Televisie Amsterdam (KTA) to "take steps to keep all pirate-beamed movies off the air." The KTA says it will comply with the ruling by increasing its technical policing staff to prevent the pirates from electronically "patching" into the network late at night when the licensed broadcasting organizations are off the air.

500. FARRELL, DAVID. Conspiracy rap in Canada raid. *Billboard*, vol. 93, no. 44 (Nov. 7, 1981), pp. 3, 10.

Criminal charges have been lodged against those arrested by Canadian police in raids on two pressing plants and a local jacket manufacturer in connection with alleged illegal record and tape activities. Brian Robertson of the Canadian Recording Industry Assn. explained that charges were brought under the Criminal Code because it carries a penalty of up to ten years in jail while the penalty for copyright infringement is only "\$20 per count, along with stock and reproduction implements being impounded and destroyed."

501. Filipino police act on industry gripes. *Variety*, vol. 305, no. 3 (Nov. 18, 1981), p. 39.

Police raided film distribution centers throughout the Philippines confiscating hundreds of allegedly illegal videocassettes of foreign films. If the seized tapes prove to be unauthorized, they violate the country's Copyright Law as well as its censorship requirement that all motion pictures be previewed and approved by the interim board of censors.

502. FUJITA, SHIG. Japan record companies sue disk renters. *Billboard*, vol. 93, no. 45 (Nov. 14, 1981), pp. 4, 98A.

Thirteen Japanese record companies filed a copyright infringement suit against four local record rental chains. Acknowledging the legality of home taping in Japan, plaintiffs maintain

that defendants' rental businesses encourage "limitless production of duplicates," an activity that is not permitted by the copyright law. The suit seeks to enjoin the defendants.

503. Govt. should collect U.K. performance \$ says MP. *Billboard*, vol. 93, no. 47 (Nov. 28, 1981), p. 36.

Labor MP Les Huckfield has proposed what could be termed performance royalty reform in the U.K. The proposal calls for the government to administer the collection of performing rights royalties and exempts from payment such establishments as clubs and hairdressers. Huckfield also wants changes in the "existing system of compulsory payments to the Performing Right Society."

504. GRECO, STEPHEN. Volunteer Lawyers for the Arts. *Dancemagazine* (Nov. 1981), p. 90.

A review of a symposium given last April at New York Law School on "Law and the Performing Artist." In this meeting choreographers were reminded that under the new copyright law "choreography is protected against unauthorized performances as well as the copying of dances on videotape, in notations or in films."

505. A guide to the ethics of recasting sculpture. *Artworkers News*, vol. 11, no. 3 (Nov. 1981), pp. 19-20.

A reprint of the College of Art Associations statement on standards for sculptural reproductions, particularly the areas of "enlargement," "unauthorized translation into a new material" and "authorized posthumous but new castings from plaster, waxes and terra cottas." This article warns that the most "flagrant abuse . . . is that of casting bronzes not from the artist's approved master plaster or waxes but from bronzes either made by the sculptor in his lifetime or by his estate."

506. GUILD, HAZEL. 2d German TV vows to fight video pirates. *Variety*, vol. 304, no. 13 (Nov. 4, 1981), p. 50.

The Second German TV Net says it will begin antipiracy efforts against the illegal copying of copyrighted television material. The action is being prompted by the increasing number of pirated cassettes of feature films, variety shows, sports events, etc. being offered for sale and/or rental in local cassette shops. The Net's member stations are also expected to join the fight.

507. HALL, DOUGLAS E. ASCAP, BMI face indie TV stations in N.Y. court. *Billboard*, vol. 93, no. 46 (Nov. 21, 1981), p. 3.

Reportedly, the class action suit filed by Buffalo Broadcasting (WIVB-TV) against ASCAP/BMI has been set for trial. At issue in the suit is "whether TV stations should be exempt from music licenses, whether the licensing agencies have conspired in antitrust and monopolistic practices, and whether synchronization and performance rights paid to the licensing agencies should continue to be paid separately." Plaintiff maintains that the societies should collect fees from TV program producers and not TV stations as in the case of film producers and movie theaters.

508. HARRIS, PAUL. Tribunal okays mechanical pact submitted by labels, pubberies. *Variety*, vol. 304, no. 13 (Nov. 4, 1981), pp. 2, 94.

The Copyright Royalty Tribunal "approved in principle" the agreement worked out and proposed by music publishers, songwriters and record companies for future mechanical royalty increases. The proposed scheme, which would replace the formula formerly used by the Tribunal to determine annual increases, calls for a fee of 4.25 cents beginning January 1, 1982, 4.5 cents a year later and 5 cents on January 1, 1986. The plan is based on the Tribunal's 4-cent mechanical royalty rate increase currently being contested by the Recording Industry Assn. of America.

509. HARWOOD, JIM. U drops other shoe in fight against vidtape recorders. *Daily Variety*, vol. 193, no. 46 (Nov. 9, 1981), pp. 1, 11.

Universal is suing all VCR manufacturers and distributors in the U.S. As in the suit against Sony, plaintiff seeks a ruling that defendants are responsible for violating its copyrights. Emphasizing that it has no intention of bringing suit against individual home users, the studio maintains that it is manufacturers and distributors who are the culprits. They realize huge profits from the sale of videorecorders that are used to make copies of copyrighted motion pictures costing hundreds of millions of dollars. "Yet the owners of these motion pictures receive no compensation for the mass copying" which the machines make possible.

510. HOLLAND, BILL. Interims on mechanicals are proposed. *Billboard*, vol. 93, no. 44 (Nov. 7, 1981), pp. 1, 10.

Music publishers and songwriters negotiated an agreement for interim mechanical royalty adjustments which they jointly sub-

mitted to the Copyright Royalty Tribunal for approval and adoption. In accordance with the Tribunal's July 1, 1981 4-cent royalty increase, the agreement proposes regulations that would establish interim increases beginning "with a 4.25 cent per song rate for every phonorecord made or distributed after Jan. 1, 1983 (or .8 cent per minute of playing time or fraction thereof, whichever is larger); 4.5 cents or .85 cents per minute on or after July 1, 1984, and five cents or .95 cents per minute on or after Jan. 1, 1986."

511. HOLLAND, BILL. Performance rights bill is snagged in Congress. *Billboard*, vol. 93, no. 45 (Nov. 14, 1981), p. 46.

The markup session on H.R. 6063, the Performance Rights Bill, has been postponed indefinitely, a move which makes proponents of the measure pessimistic about its future in this session of Congress. Some say the postponement is partly due to questions arising out of announcement of the Home Music Store, a new service, "that wishes to sell programmed recorded music to cable TV subscribers that would provide 'digitally encoded' music superior to most regular albums and tapes." However, opponents of H.R. 6063 say markup was put off because the bill does not have the votes.

512. Home videotaping bill is argued in Congress. *The New York Times*, vol. CXXXI, no. 45,149 (Dec. 1, 1981), pp. D11.

Senator Dennis DeConcini of Arizona has urged members of the Senate Judiciary Committee to support his bill which would make video recording off the air not a violation of the copyright law. The Ninth Circuit recently ruled that videotaping off the air is a violation of the copyright law even if done for private home use. Mr. DeConcini said that, in his view, when a television signal enters a private home "all copyright obligations cease unless the signal is captured for commercial use." The committee also heard from television program producers who oppose the bill. They argued that excluding private duplication of their material from the copyright laws might result in less production of television programs. Sid Sheinberg, president and chief operating officer of MCA, Inc., said the DeConcini bill "strips from authors and creators the rights to their property without just compensation."

513. HOROWITZ, IS. ASCAP seeking double interim fees from ABC. *Billboard*, vol. 93, no. 47 (Nov. 28, 1981), pp. 3, 82.

ASCAP wants the interim fees paid by ABC increased to an "annualized rate of \$8 million from Sept. 11 through the end of this year, and \$8.5 million for 1982." Its wishes were made known in a petition filed with the U.S. District Court. Because the network and the society were unable to negotiate a new blanket license agreement following final resolution of the *CBS v. ASCAP/BMI* antitrust suit, a provision of the society's consent decree with the government went into force throwing the matter into court for determination of a "reasonable" rate. ASCAP wants the increase pending that determination because it claims that ABC's revenues have increased by 93% during the past five years and that it has "won popular parity with CBS," which for 1981 and 1982 has already agreed to pay the same amounts being sought from ABC.

514. HOROWITZ, Is. ASCAP'ers get \$7 million retro payment. *Billboard*, vol. 93, no. 46 (Nov. 21, 1981), pp. 1, 15.

ASCAP is in the process of mailing to its members retroactive payments resulting from settlement of the CBS-TV antitrust suit. Society president Hal David says that distribution of the \$7,475,870.37 received from the network is being made in the same proportion as "a breakdown of pertinent payment segments from 1977 to June of this year." BMI, also named in the suit, will deposit the \$5.5 million it was paid by CBS in a general income fund instead of making a special distribution.

515. Innocent plea: 'Modsound figure. *Billboard*, vol. 93, no. 46 (Nov. 21, 1981), p. 53.

In another of several court actions resulting from the FBI's "Operation Modsound" undercover counterfeit and pirate recordings investigation, Martin Gross, president of Larchwood Music Company in Newburgh, New York pleaded not guilty to 22 counts of copyright infringement. The charges involved songs by the Beatles, the Rolling Stones and Led Zeppelin.

516. Jury clears Fries Vidpic of copyright infringement. *Daily Variety*, vol. 193, no. 47 (Nov. 10, 1981), p. 6.

Reportedly, a federal court jury has found that ABC-TV's "The Trial of Lee Harvey Oswald" telefilm did not infringe an earlier film of the same title. The earlier picture was owned by Falcon International and Capital Films Corp. of Dallas. The ABC film was produced by Charles Fries Prod.

517. LANE, SARA. Musexpo debates home vidtape ruling. *Billboard*, vol. 93, no. 45 (Nov. 14, 1981), p. 114.

The *Betamax* ruling was one of the main topics of discussion at the recent Musexpo/Videxpo seminars, with many of the attorneys present predicting that the decision will have very little effect on consumers. Participants interested in the music aspect of home recording indicated that they would like to see the same rule applied to recordings because home taping has been hurting the recording industry as well as the motion picture and television industries. Lawrence Goldberg, one of the lawyer-panelists at the "Video and Cable: Legal/International Licensing" seminar, said he feels the decision will be reversed by the Supreme Court. However, other attorneys on the panel, some of whom specialize in entertainment law, disagreed with Goldberg.

518. LEO, CHRISTIE. Major Singapore drive against pirates slated. *Billboard*, vol. 93, no. 47 (Nov. 28, 1981), pp. 1, 66.

The International Federation of Producers of Phonograms and Videograms together with the Singapore Phonogram and Videogram Assn. are forming antipiracy units throughout Singapore. The target of this joint effort is manufacturers and retailers who deal in pirate music and video products. Each of the antipiracy units is to be staffed by former Customs officials and policemen who are responsible for carrying out the surveillance of suspected and/or illicit operators. Any information regarding illegal activity that is discovered during the investigations is to be turned over to authorities who can then issue search and seizure orders.

519. LICHTMAN, IRV. ASCAP to court for changes: 'competitive disadvantage' cited in advances issue. *Billboard*, vol. 93, no. 46 (Nov. 21, 1981), pp. 3, 58.

ASCAP is proposing several changes in the way it deals with its members. Some of the proposed amendments require court approval; they include practices with respect to resignations of members who have received royalty advances, definition of the term "jingle" and increases for background bridge or cue music. A change not requiring judicial approval is one concerning special supportive financial credits for religious music programming.

520. MCA expands action to stop videotaping of copyrighted shows.

Wall Street Journal (Nov. 10, 1981), p. 18.

MCA has filed a new copyright infringement suit against all known makers and distributors of videotape recorders in the U.S. market. An MCA attorney said the action, which names about forty defendants, seeks to "recover the same damages and relief that will be worked out in the Sony case."

521. MCMASTERS, THERESA. STV piracy bill comes under criticism from Congressman. *The Hollywood Reporter*, vol. CCLXIX, no. 21 (Nov. 18, 1981), p. 3.

At a House Telecommunications subcommittee hearing, Representative Charlie Rose strongly criticized the bill introduced by Representative Henry Waxman that would impose stiff criminal and civil penalties for pirating of subscription TV and satellite signals. Rose contended that consumers who have earth stations should be able to "pick up anything they want without charge." Another opponent of the measure, Richard Brown of the Society for Pirate and Commercial Earth Stations, said it would have an adverse effect on the future of communications and, as presently drafted, is "anticonsumer, anticompetitive and antitechnology." Those testifying in support of the bill included Carl Bradshaw of Oak Industries and Robert Cahill of the Subscription TV Assn.

522. Microwave pirate loses out to HBO; court blocks sale. *Variety*, vol. 305, no. 2 (Nov. 11, 1981), pp. 46, 60.

A federal district court in New York has permanently enjoined the sale of microwave antenna down converter devices used to interrupt Home Box Office signals. The defendants in the action were Movie Antenna Inc., Advanced Consumer Technology and Richard Kalin. HBO, which is pursuing a similar action against nine Brooklyn retailers, indicated that it was "heartened by the decision because it is a good precedent in its battle against use of earth stations."

523. MIDAS, SOPHIA. Senate hearing scheduled on home videotaping ruling. *Record World*, vol. 18, no. 1788 (Nov. 7, 1981), pp. 3, 20.

The Senate Judiciary Committee has scheduled hearings on two bills that would exempt home videotaping from copyright liability. Eric Hultman, general counsel for the Committee, was quoted as saying that the main purpose of the hearings will be "to give Sony the opportunity to express their concern with the

Ninth Circuit Court of Appeals' ruling." Hultman also indicated that "it's highly unlikely that Congress will quickly pass a bill to clear up the Betamax situation" because of the complexity of the new technologies issue as a whole, especially as it regards earth stations and cable.

524. Motown suing over Ross cover. *Billboard*, vol. 93, no. 46 (Nov. 21, 1981), p. 102.

A \$50,000 copyright infringement suit has been brought by Motown Record Corp. against Arik Abdalion, d/b/a Abdalion Printing and Box Co. Plaintiff claims that defendant "aided and abetted the sale and distribution of infringing copies of" Diana Ross' "The Boss" album cover. The complaint asks that defendant be enjoined from "further printing and manufacturing of the covers" and that materials for the infringing covers be impounded.

525. MPAA on Betamax: (1) on homes c'right (2) tax VCR imports. *Variety*, vol. 305, no. 4 (Nov. 25, 1981), p. 33.

Motion Picture Assn. of America president Jack Valenti recently announced that he is seeking the proposal of a bill which would (1) exempt from copyright liability all home viewers; and (2) establish copyright royalty fees for Japanese-made VCRs and blank cassettes. He made the announcement in a speech before the Buckeye Chapter of American Women in Radio and Television in Columbus, Ohio.

526. NFL Films trumpets its copyright win. *Variety*, vol. 305, no. 3 (Nov. 18, 1981), p. 39.

Reportedly, NFL Films video has won a judgment in its copyright suit against a Salt Lake City company. The complaint alleged that Sports World Cinema distributed two of plaintiff's productions after its license to do so expired. Defendant argued that the films were in the public domain but plaintiff established that it owned "the copyright to components within the two uncopyrighted releases."

527. Personalities. *The Washington Post*, vol. 104, no. 362 (Dec. 2, 1981), p. B2.

Barbra Streisand has filed suit in U.S. District Court in New

York against All Star Video Corp. of Levittown, New York, Electric Video Inc. of Hicksville, New York, and others claiming that the defendants illegally conspired to sell video recordings of her performances without her permission, thus infringing her copy-rights. She is seeking an injunction requiring destruction of all unauthorized material, plus \$11 million in damages.

528. ROBERTSHAW, NICK. Artists pitch anti-home tape drive in U.K. *Billboard*, vol. 93, no. 44 (Nov. 7, 1981), pp. 1, 72, 74.

The British music industry launched a publicity campaign to educate the public about the home taping problem and to lobby the government for copyright reform and a blank tape levy. The drive is jointly sponsored by the Musicians Union, the British Phonographic Industry, the Mechanical Right Society and the Mechanical Copyright Protection Society. At a press conference in London, industry leaders indicated that their primary concern is to get a copyright reform bill passed during this Parliament and they suggested that "EEC steps towards harmonization of copyright within the Community might well force the U.K. government to introduce a bill some time next year."

529. ROBERTSON, BRIAN. Maple leaf: a pirate cover? *Billboard*, vol. 93, no. 45 (Nov. 14, 1981), p. 20.

In this article, Brian Robertson, the president of the Canadian Recording Industry Association, talks about the inadequacy of his country's antiquated Copyright Act. He says that in 1980, retail record sales dropped by 10% and there was a decline in the number of major record companies in Canada. Robertson attributes this to the growing piracy and home taping problems which he feels are being fueled by the "ridiculously low penalties that threaten copyright violators with a maximum fine of \$10 per infringing copy."

530. ROSEN, GERRY. An artist's moral rights don't end with the sale. *Artworkers News*, vol. 11, no. 3 (Nov. 1981), pp. 14-17.

The issue of moral rights and the work of two sculptors, Naguchi and David Smith. Their works were destroyed after their sculptures were commissioned and erected. Under New York law, *unless* the "owner of the art signs a document . . . not to destroy the art the art can be destroyed or altered in order for it to be removed from its premises". Under California law, the destroyer

would be liable. The author goes on to discuss the history and the basis of moral rights in Europe, the 1977 California Moral Rights Law, and two famous cases, "Crimì (destruction of a mural) and Varga (denial of credit of author)," in which the court ruled against the artist. Historical art cases abroad are also presented, including those involving the works of Whistler, Rouault, Bonnard, Picasso and De Chirico.

531. ROSEN, GERRY. Sculptors and moral rights. *Artworkers News*, vol. 11, no. 3 (Nov. 1981), pp. 17-18.

This article analyzes the attitude of owners, public officials and society in general toward public artworks. It cites several instances where sculptors or other artists sought adjudication, on the basis of moral rights, of claims arising out of abuse or destruction of their works only to find themselves at the mercy of judges who were totally unequipped to make aesthetic judgments on the merits of art. It indicates that legislation is needed in the area of moral rights and suggests that "using California as a model would be pragmatic."

532. SACEM finds Paris pirates. *Billboard*, vol. 93, no. 47 (Nov. 28, 1981), p. 66.

An investigation by SACEM has led to the discovery of a major pirate operation in Bordeaux, France and the arrest of eight people, one of whom is reportedly a disc jockey. The illegal operatives are said to have been manufacturing pirate copies of current cassette albums as well as illicit cassettes copied from the latest signals.

533. SAMPSON, JIM. Top German pirate raid. *Billboard*, vol. 93, no. 45 (Nov. 14, 1981), pp. 1, 10.

West German authorities raided 58 locations in the area of North Rhine-Westphalia, seizing thousands of allegedly illegal cassettes, master tapes, video recorders and business papers. The raids were the result of complaints of copyright violations filed by GEMA and the Film Distributors Association. Subsequent to this antipiracy endeavor, the two national television networks pledged their involvement in the fight. This announcement was viewed as significant especially in light of reports that 80% of the country's pirates get product via off-air taping.

534. Seven majors file first federal court videocassette c'right suit. *Daily Variety*, vol. 193, no. 46 (Nov. 9, 1981), pp. 1, 5.

A copyright infringement suit has been brought against "the Godfather's" (sic) eatery in Maine for the "unauthorized showing of 21 theatrical features on prerecorded videocassettes." The action, which was filed by Paramount and six other major motion picture companies, seeks an accounting of profits, statutory damages, court costs and attorney's fees. A Motion Picture Assn. of America official announced that this is the first of many such actions that will be filed against bars, restaurants, motels, etc. that refuse to heed the MPAA's "cease and desist" warning notices.

535. Sheinberg seeks 'fair' homevid royalties. *Daily Variety*, vol. 193, no. 54 (Nov. 19, 1981), p. 8.

In an interview on ABC-TV's "Nightline" program, Sid Sheinberg indicated that MCA-Universal, the plaintiffs in the *Betamax* suit, are ready to negotiate a homevideo royalty settlement with Sony and he noted that the Copyright Royalty Tribunal's procedures could be used to solve some of the problems that would be involved in distributing such funds. However, Bill Baker of Sony and Jack Wayman of Electronics Industries Association, who were also interviewed, both expressed the hope that Congress would resolve the VCR issue by amending the copyright law.

536. SOBEL, LIONEL. Legal briefs. *The Hollywood Reporter*, vol. CCLXIX, no. 18 (Nov. 13, 1981), p. 16.

The *Betamax* decision may result in a legislative compromise calling for the imposition of a royalty on the sale of video recorders and blank tapes to compensate copyright owners. Establishing and administering the collection process for the royalty would be fairly easy; but determining who should collect the royalties and how they should be distributed is much more complex. This article explores these questions, concluding that the only agency with any experience in such distributions is the Copyright Royalty Tribunal.

537. SOBEL, LIONEL. Legal briefs. *The Hollywood Reporter*, vol. CCLXIX, no. 23 (Nov. 20, 1981), p. 16.

In this discussion of the exclusive right of celebrities to use and/or license the use of their names and likenesses, attention is

focused on a legal strategy being employed against bootleggers and other illegal transient-type merchants who manufacture and sell unauthorized T-shirts, posters, etc. in violation of this right. The plan calls for advance filing of suits naming "John Doe" defendants and seeking temporary restraining orders in anticipation of the celebrities' rights being violated. Some courts that have granted such orders, which usually prohibit the fictitiously named bootleggers from selling the unlicensed merchandise at concert sites before, during or after a scheduled concert, also authorized local authorities to seize and impound any items "offered for sale in violation of the restraining order."

538. Sony asks court for rehearing. *Billboard*, vol. 93, no. 46 (Nov. 21, 1981), p. 15.

The Court of Appeals for the Ninth Circuit has been asked to rehear its decision in the *Betamax* case. The petition, which was filed by the Sony Corp., seeks withdrawal of the opinion and its replacement with the finding that "video programming broadcast for the general public and recorded for home use does not constitute copyright infringement; and that the manufacture and/or sale of video recorders does not contribute to copyright infringement." Sony maintains that the ruling "has impugned the legality of the daily conduct of millions of American consumers who own and use videotape recorders for private purposes in their homes," and if left to stand, will kill the VCR market and industry, putting thousands of Americans out of work.

539. Timing issue stalks cable c'right treaty. *Variety*, vol. 305, no. 3 (Nov. 18, 1981), pp. 43, 68.

The agreement negotiated by the National Cable Television Assn., the Motion Picture Assn. of America and the National Assn. of Broadcasters has yet to be approved by Congress. The delay is being caused by an impasse over such issues as "the length of a transition period before the copyright scheme would be enacted" and technical details of must-carry rules.

540. Universal files 'Hindenburg' suit against publisher. *Daily Variety*, vol. 193, no. 45 (Nov. 6, 1981), pp. 1, 15.

Universal Pictures filed suit against Dodd, Mead & Co. for reimbursement of legal expenses resulting from a copyright infringement suit brought against the studio in regard to its film

"The Hindenburg" based on a book published by the defendant. Acting under a clause in its film contract with the publisher, Universal sought indemnification for legal expenses it incurred as a result of the suit, but defendant refused, repudiating its obligation to pay any such fees.

541. Va. college, 3 pubberies settle photocopying suit. *Variety*, vol. 304, no. 13 (Nov. 4, 1981), pp. 65, 74.

Oxford University Press, Theodore Presser Co. and Novello & Co. Ltd. reached a settlement with Longwood College (Virginia) regarding the school's infringement of five copyrighted Christmas songs. Under the agreement, Longwood acknowledges innocently infringing, agrees to pay the publishers damages and attorneys' fees and promises to refrain from unauthorized photocopying of copyrighted works in the future. Virginia's Attorney General is issuing an advisory bulletin on photocopying to state schools as a result of the settlement.

542. Wisc. court upholds tape piracy judgment. *Record World*, vol. 18, no. 1788 (Nov. 7, 1981), p. 22.

The Wisconsin Court of Appeals upheld the \$6,740,728 judgment against David Heilman and E-C Tape Service Inc. for tape piracy. In upholding the judgment, the appellate court affirmed determinations made by the Circuit Court of Milwaukee County that "plaintiffs were not barred by a prior adjudication in California between A&M Records and Heilman"; that "non-use of the recordings did not constitute abandonment of the rights in them" and was not an appropriate defense to unfair competition and misappropriation claims; and that "anti-trust allegations would not have precluded the record companies' action."

543. Writer charges Jacksons with infringement. *Billboard*, vol. 93, no. 44 (Nov. 7, 1981), p. 62.

Erle C. Bonner has filed a copyright infringement suit against Philadelphia International Records and others alleging that "The Things I Do For You" recorded by the Jacksons infringes a song he wrote entitled "People Living in Society." The complaint claims that plaintiff's tune was submitted to Leon Huff who after rejecting it for publication turned the song over to Joseph Jackson, father of the Jacksons. Bonner is seeking \$2 million in punitive damages and an accounting of the song's profits.

NEWS BRIEF: Israel Adopts Moral Rights Law

544. Following the International Conference to Combat Copyright Piracy, organised in March 1980 by the World Intellectual Property Organisation (WIPO), the Israeli Knesset (Parliament) adopted on May 28th 1981 an amendment to the Israeli Copyright Law.* The new law provides for up to six months' imprisonment for copyright infringement.

The second amendment included in this Law relates to the material right of the author, who very often has difficulty in establishing the actual measure of damages resulting from the infringement of his copyright. The new law empowers the court in such cases to award damages without proof of injury, up to maximum amounts set out in the Law.

Another aspect of the new Israeli law relates to the author's moral right. The author of a work has two kinds of rights, the first—material, his right to benefit economically from the fruits of his work, and the second—intellectual, the right to have his authorship acknowledged and to insist that the reproduction of his work be faithful to the original, without modification or distortion.

The Israeli law of copyright, as the laws of many common law countries, dealt with the material right only, while the author's intellectual-moral rights had not received the same attention.

International recognition of the author's intellectual right—referred to as "the moral right" (*droit moral*) is a phenomenon of the last century only, and international law gave it recognition in the Berne Convention (Rome Revision, 1928) for the Protection of Literary and Artistic Works, to which Israel became a party. Article 6(1) of the Convention, as revised in the Brussels Revision of 1948, established the right of the author to claim the ownership of his work and to object to any distortion or change which would be prejudicial to his honour or reputation. The present Law amends the Israeli law to conform to the above article.

Contrary to the relatively recent recognition by the international community of the intellectual rights of the author, the Sages of Jewish law were already conscious of this right in very early times. The right of the author to have the authorship of his work acknowledged was first recognised in the duty to "acknowledge one's sources" and by saying "Who indicates the source of his saying brings redemption to the World." Under Jewish law the

*Copyright ordinance (Amendment no. 4) law, 5741-1981.

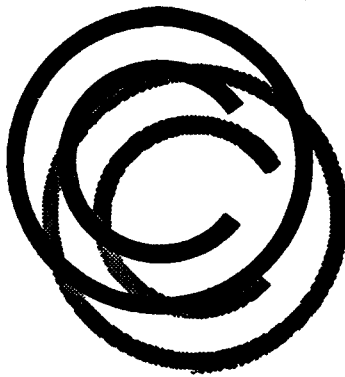
one who did not acknowledge his sources was placed in the same category as a thief: one who falsely claims ownership is worse than a thief of material goods. According to this principle, the general value of wisdom was recognised, for "one who dons the garb of another" makes "the wise man no better than the fool."

The new Israeli Law on Moral Right reads as follows:

- "(1) An author has the right to have his name applied to his work, in the accepted manner and extent.
- (2) An author has the right to object to any distortion, mutilation, or other modification of his work, or other derogatory action in relation to such work, which is liable to be prejudicial to his honour or reputation.
- (3) The violation of a right under this section creates a civil cause of action, and the provision of the Civil Wrongs Ordinance (New Version) apply hitherto.
- (4) A right of an author under this section will not be dependent on the author's economic right in his work, and it shall be available to the author even after such right has been transferred to another, wholly or in part.
- (5) In an action under this section, the author shall be entitled to damages determined by the court in all the circumstances of the case, even if no pecuniary damages have been proved; this provision shall not derogate from any other authority of the Court under Chapter V of the Civil Wrongs Ordinance (New Version)."

MAYER GABAY
Director General,
Ministry of Justice
Jerusalem

JOURNAL
OF THE
COPYRIGHT SOCIETY
OF THE U.S.A.



Published at
NEW YORK UNIVERSITY LAW CENTER

VOL. 29, No. 5

JUNE, 1982

JOURNAL OF THE COPYRIGHT SOCIETY OF THE U.S.A.
(formerly BULLETIN OF THE COPYRIGHT SOCIETY OF THE U.S.A.)

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Published at New York University Law Center, 40 Washington
Sq. South, New York, N.Y. 10012. Printed and distributed by
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ISSN 0010-8642

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THE JOURNAL of The Copyright Society of the U.S.A. (formerly the BULLETIN OF THE COPYRIGHT SOCIETY OF THE U.S.A.) is published 6 times a year by The Society at the Law Center of New York University, 40 Washington Square South, New York, New York 10012; Stanley Rothenberg, *President*; Richard Dannay and Alan J. Hartnick, *Vice Presidents*; Theodora Zavin, *Treasurer*; Jerold L. Couture, *Secretary*; Henry R. Kaufman, *Assistant Treasurer*; Raymond D. Weisbond, *Assistant Secretary*.

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CITE: 29 J. COPR. SOC'Y, page no., Item . . . (1982).

PART I

ARTICLES

545. ANNUAL REVIEW OF COPYRIGHT CASES: *The Nuts and Bolts are Finally Being Construed**

By PROFESSOR ALAN LATMAN**

Everybody remembers last year's volleyball game,¹ but who remembers last year's annual review of copyright cases?² For example, do you remember my torturing myself with the question: should I begin with cases that are interesting or cases that are important and my resolution of the question by beginning with cases that were *neither* interesting nor important? Well, today someone might accuse me of following the same approach and extending it through my *entire* talk, because I have decided to focus on cases that construe provisions first appearing in the 1976 Act³ and peculiarly involving that statute. To a significant degree, these are the provisions affecting ownership and formalities—the provisions which were basically resolved during the first half of the revision program, around 1967, and were newly discovered “the morning after”, in other words, on October 20, 1976, the day after President Ford signed the revision bill. Other cases deal with a constantly plaguing problem, whether the 1976 Act applies at all. And a few of the cases we will discuss deal with novel infringement questions.

Of course, I am being mostly sarcastic because the nuts and bolts are what we in this group worry about. Indeed, a couple of cases were

*This article is based on a presentation at the Sixth Annual Meeting of the Copyright Society of the U.S.A., held at Cape May, New Jersey, May 9, 1982.

**Executive Director of The Copyright Society of the U.S.A.; Professor of Law and Director of the Walter J. Derenberg Program for Copyright and Trademark at New York University; Cowan, Liebowitz & Latman, P.C., New York City.

¹ While the text refers to the “volleyball game”, it might be argued that there were really two games, one on each night. See *I.F. Koenigsberg, Volleyballs and Performing Rights* 12 (1981). On the other hand, the game may be thought of as continuous. See *Smith and Baumgarten, International Non-commercial Volleyball Games*, 31 J. Copr. Socy. 1, 23 (1982).

² Citation necessarily omitted because, like the materials cited in n. 1, *supra*, it doesn't exist.

³ Pub. L. 94-553, 94th Cong., 90 Stat. 2541, Title 17, USC. All references to sections will be to sections of this Act, unless otherwise indicated.

practically conjured up by us at the Concord Hotel at our First Annual Meeting in 1977⁴ when we examined the recently passed statute. We looked ahead with trepidation to its imminent general effective date of January 1, 1978⁵ and pondered such questions as "Which act determines whether a pre-existing work is a 'work made for hire'?"⁶ "What is it that you have to record in order to sue?"⁷, and "What is a 'reasonable effort' to add notice to copies from which it has been omitted?"⁸ The cases that are beginning to answer these questions are generally not appellate decisions—at least not yet—or even cases in the "copyright" district courts of New York and California. But, needless to say, they are worth knowing about.

Following my proposed approach means that we will leave for other times and places, discussions of dramatic, colorful and/or newsworthy fair use cases such as the *Betamax* case⁹ and the "I Love Sodom" case¹⁰ and the "Cunnilingus Champion of Company C" case,¹¹ because it may be argued that in these cases, fair use was decided under both the 1976 Act¹² and the prior law. (Happily, we *will* at least discuss the "World Guide to Nude Sunbathing" case.¹³) Of course, *Betamax* has already been discussed, among many other places, at several of our lunchtime/dinnertime seminars during the course of the year.¹⁴

⁴ The workshops held at our Annual Meetings (as well as at our lunchtime/dinnertime seminars) have proven invaluable, but by their nature are not available in published form. At the First Annual Meeting, however, the Seventh Brace Lecture was delivered by Irwin Karp and that has been published in our journal. See, Karp, *From Roth to Rohauer: Twenty Years of Amicus Briefs*, 25 BULL. COPR. SOC'Y 1 (1977). The Eighth Brace Lecture, delivered at our Second Annual Meeting, addressed itself to some of the statutory questions referred to in the text. See, Henn, *Cassandra Considers Copyright*, 25 BULL. COPR. SOC'Y 453 (1978).

⁵ Transitional and Supplementary sec. 102, 90 Stat. 2598, provides in part: "This Act becomes effective on January 1, 1978, except as otherwise expressly provided by this Act. . . ."

⁶ A two-pronged definition of "works made for hire" is found in §101 of the Act.

⁷ See §205(d).

⁸ See §405(a) (2).

⁹ *Universal City Studios, Inc. v. Sony Corporation of America*, 659 F.2d 963 (9th Cir. 1981), *petition for cert. filed*, March 11, 1982, 572 PTCJ D1.

¹⁰ *Elsmere Music, Inc. v. NBC, Inc.*, 623 F.2d 252 (2d Cir. 1980).

¹¹ *MCA Inc. v. Wilson*, 211 USPQ 577 (2d Cir. 1981).

¹² See §107.

¹³ *Stonehill Communications Inc. v. Martuge*, 512 F. Supp. 349 (S.D.N.Y. 1981). See text at note 59, *infra*.

¹⁴ The moderators and topics for the 1981-82 series of Copyright Society seminars were as follows:

E. Gabriel Perle-Periodicals and Books

My proposed coverage would also exclude discussions of the First Amendment, as well as cases involving "fact works" so perceptively handled by Bob Gorman at this year's Brace Lecture and by an Authors League panel expertly chaired by Irwin Karp. You will be able to read both in a forthcoming issue of the *Journal*. We will also belittle aspects of video game cases¹⁵ and preemption¹⁶ that do not focus particularly in the 1976 Act.

What will we cover?

Let us begin, as we usually do, with the question whether the 1976 Act applies to events that straddle January 1, 1978. For example, suppose a work is created before that date but is copied after that date. As to validity, one must start with the transitional and supplementary provision that says: "This Act does not provide copyright protection for any work that goes into the public domain before January 1, 1978."¹⁷ This is the provision which a number of us have been warning about for some time. One of its results is that the pre-1978 publication and notice provisions will be with us for a very, very long time. In other words, to determine whether a particular work has gone into the public domain before January 1, 1978 one has to consider the law at the time of publication.¹⁸

This provision was applied to at least two cases. One involved a photograph of Mick Jagger used by Peter Max for a collage-type painting. Since the photograph was published in various forms without a

Andrew J. Gerber-Records and Tapes

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Burton H. Hanft-Litigation

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Bernard Sorkin-New Technology (Cable & Satellites)

Adria Kaplan-Music Publishing

William Nix-Motion Pictures

Daniel Ebenstein-Trademark Interface

¹⁵ See, e.g., *Atari Inc. v. Amusement World Inc.*, Civ No. 4-81-803, D. Md. Nov. 21, 1981, *appeal filed*, Jan. 11, 1982; *Atari v. Williams*, No. CV-F-81-410 (E.D.Cal. Dec. 29, 1981), *appeal filed*; *Midway Mfg. Co. v. Drikschneider*, No. 81-0-243 (D. Neb. July 15, 1981); *Atari Inc. v. North American Phillips Consumer Electronics Corp.*, 81-C-6434 (7th Cir. March 2, 1982); *In The Matter of Certain Coin Operated Audio Visual Games*, No. 337-TA-105 (USITC Feb. 2, 1982).

¹⁶ See, e.g., *Technicon Medical Information Systems Corp. v. Green Bay Packaging Inc.*, 211 USPQ 343 (E.D.N.Y. 1980).

¹⁷ Transitional and Supplementary, Sec. 103, 90 Stat. 2599.

¹⁸ The Second Circuit very recently made this point. See *Roy Export Co. v. CBS*, slip op. 1541, 1542 n. 2 (March 4, 1982).

copyright notice prior to January 1, 1978, the court in a 1981 case threw the work into the public domain.¹⁹

The second case involved a student drawing of a skunk which won a contest and a \$25 bond. In a somewhat bewildering opinion, the court analyzed the sequence of events and found that the 1976 Act was applicable, but that even under the new Act "a work which is generally published without notice of copyright affixed to it enters the public domain. Prior case law on the subject remains applicable except where it is inconsistent with the new Act."²⁰ This is clearly wrong because of the curative provisions of §405. The court referred to these curative provisions, but still threw the drawing of the skunk into the public domain.

In another situation involving events which straddle January 1, 1978, notice was not omitted, but it was alleged to be defective. The alleged defect was the use of the wrong name in a publication notice on a phonorecord distributed both before and after January 1, 1978. It was a peculiar case,²¹ because the plaintiff, Fantastic Fakes, was suing its licensee, Pickwick International, for infringement and based the allegation of infringement on the fact that phonorecords had been distributed with a notice in the wrong name. In order to determine whether the notice was adequate, the court correctly read the transitional provisions as requiring application of the 1909 law to pre-1978 distributions of records and the 1976 law to post-1978 distributions. (Interestingly enough, there is a transitional provision²² which permits application of either statute to *post-1978 distributions* of works first published *before* 1978. But as to the pre-1978 distribution, only the 1909 Act could be applied and this is what most of the fighting was about.)

The applicable 1976 Act provision, §406, makes it clear that use of a wrong name does *not* amount to a defect invalidating copyright; thus, as to the post-1978 distributions, there was no problem. In dicta, however, the court made a rather disturbing comment about the situation where there is a serious defect or omission. You will recall that §405, the curative provision, excuses omissions of notice by a licensee in violation of an express written condition that notice be affixed.²³ The court found in this provision a "logical inference" that only an *express written* condition would suffice to excuse the omission. In other words, if an *implied* con-

¹⁹ Goldsmith v. Max, CCH Copy. L. Rep. ¶25,248 (S.D.N.Y. 1981).

²⁰ Emarine v. Group Ten Place, Inc., CCH Copy. L. Rep. ¶25,297 (D. Neb. 1981).

²¹ Fantastic Fakes, Inc. v. Pickwick International, Inc., 661 F.2d 479 (5th Cir. 1981).

²² Transitional and Supplementary Sec. 107, 90 Stat. 2600.

²³ §405(a) (3).

dition of the licensee's authority to distribute was that a notice be affixed—or even an express *oral* condition to that effect—the court said this might not be enough to excuse the copyright owner from the consequences of the licensee's omission. I think the court failed in this analysis to consider §402, the basic provision requiring notice on phonorecords. That section imposes a notice requirement only on phonorecords distributed “by authority of the copyright owner.” Such authority could be withheld by an implied written condition or an express oral condition, just as it could by an express written condition. In such a case, the owner should not be charged with the consequences of omission.

Incidentally, as to the 1909 Act distributions in the *Fantastic Fakes* case, the court read various cases, such as the *Goodis* case²⁴ as reflecting the interest of the courts in avoiding forfeitures for using wrong names in notices. Accordingly, the court held that a pre-1978 distribution with the licensee's name in the notice did not forfeit copyright.

If validity of pre-1978 copyrights is to be determined in the first instance by pre-1978 law, what about ownership questions as to such works? Suppose an architect creates plans for a client in 1977 and then uses them again for another client in 1978. The question arises as to who owns rights in the plans in the first instance—the architect or the first client? In one case,²⁵ the client said that *he* did, arguing that under the common law or pre-1976 copyright law, he was an employer for hire of the architect.²⁶ The client knew that the work would *not* be a work made for hire under the 1976 Act²⁷ and so he resisted its applicability. The court held that the new Act *was* applicable, on the theory that pre-1978 rights under the common law are preserved only as to causes of action accruing before January 1, 1978. This was based on a rather strict reading of §301(b) which preserves state remedies with respect to “any cause of action arising from undertakings commenced before January 1, 1978.” The court treated pre-1978 rights as rights under state common law.

I suggest that the court may have confused the accrual of causes of action, that is, commission of acts by a defendant prior to January 1,

²⁴ *Goodis v. United Artists Television Inc.*, 425 F.2d 397 (2d Cir. 1970).

²⁵ *Meltzer v. Zoller*, CCH Copy. L. Rep. ¶125,312 (D. N.J.1981).

²⁶ Several pre-1976 Act cases such as *Picture Music Inc. v. Bourne*, 457 F.2d 1213 (2d Cir.), *cert. denied*, 409 U.S. 997 (1972), are read as holding that a work created by an independent contractor at the instance and expense of someone else may be considered a work made for hire.

²⁷ Architectural plans do not fit into the enumerated categories in subdivision 2 of the §101 definition of works made for hire. Nor was there an express agreement that the work be so considered as required by that subdivision.

1978, with the rights in works created prior to January 1, 1978. Moreover, some people might criticize this case on the ground that it changes the rules in the middle of the game; that is, it ignores the law applicable at the time the parties dealt with each other. On the other hand, its result would find support in one of the best articles on the subject.²⁸

Contrary to the skunk court, most courts realize that the 1976 Act has different notice provisions from the 1909 Act and they have begun to grapple with the mechanics of these provisions. In particular, a few cases have now construed §405 which, as you recall, has three possible routes to excusing or curing omissions. First, omission is excused if notice is omitted from a relatively small number of copies.²⁹ A second route is registering within five years after publication without notice and making a reasonable effort to add notice to copies distributed in the U.S. after discovery of the omission.³⁰ The third, which we have noted, covers certain omissions by licensees.³¹ We now have cases beginning to interpret the second provision.

Some of us have been telling clients "yes, notice may be omitted intentionally." We have done so on the basis of House and Senate reports which expressly state this proposition.³² But we also have done so with some nervousness. As a result of my nervousness, I "Kaminsteinized"³³ §405 and learned that there had originally been two provisions covering omission, one dealing with intentional and the other unintentional omissions. In the 1967 House report,³⁴ Congress declared that it despaired of making this kind of distinction and thereupon produced the current §405.

Now at least one court seems to have confirmed the fact that notice can be intentionally omitted.³⁵ The court finds the language of the statute unambiguous. Some people such as Professor Nimmer had argued that to "discover" an omission of notice must mean that the omission was

²⁸ Beckett, *The Copyright Act of 1976: When is it Effective?* 24 BULL. COPR. SOC'Y 393, 396-99 (1977).

²⁹ §405(a) (1).

³⁰ §405 (a) (2).

³¹ §405 (a) (3). See text at note 23, *supra*.

³² H.R. Rep. No. 94-1476, 94th Cong., 2d Sess. 147 (1976), S. Rep. No. 94-473, 94th Cong., 1st Sess. 129 (1975).

³³ The Kaminstein Legislative History Project is a section-by-section compendium and analysis of the legislative history of the 1976 Act planned as a multi-volume project, the first volume of which has now been published. See THE KAMINSTEIN LEGISLATIVE HISTORY PROJECT, Vol. 1 (Fred B. Rothman & Co. 1981).

³⁴ H. Rep. No. 83, 90th Cong., 1st Sess. 114 (1967).

³⁵ O'Neill Developments, Inc. v. Galen Kilburn, Inc., CCH Copy. L. Rep. ¶25,348 (N.D. Ga. 1981).

inadvertent.³⁶ Not so, said the court. Someone may intentionally leave off a notice and later discover facts making copyright an issue. It would only be after *that* discovery that a reasonable effort must be taken to add notice.

We also now have a case that actually examines what that "reasonable effort" must be.³⁷ The case involved the owner of copyright in a vase which was to be sent to florists for sale on Mother's Day. While the vases were still in the copyright owner's warehouse, it was apprised by counsel of its obligation to affix copyright notices on the vases. The vases were completely loaded in containers and cartons and it would have been impractical, in the plaintiff's view, to open the containers and put the labels on. So instead, the plaintiff sent to its customers, along with the vases ordered, an equal number of gummed copyright labels with the request to affix them. As might be expected, most, if not all, of the florists ignored the request and sold the vases to the public without a notice. A magistrate concluded that this did not constitute a "reasonable effort" by the copyright owner for the purposes of a preliminary injunction motion. The court accepted this recommendation and denied a preliminary injunction to plaintiff against the copying of the vases. Defendant made a motion for summary judgment before another judge who denied the motion, finding that a factual showing was required in order to determine whether a "reasonable effort" was in fact made.

One case that has been coming up on various procedural motions is *National Conference of Bar Examiners v. Multi-state Legal Studies, Inc.* This case involves the so-called "secure test" regulation³⁸ by which the Register permits temporary submission of something like a bar exam to the Copyright Office for examination and the Office then returns the test to the applicant with the Office maintaining a truncated record of the deposit. This regulation was attacked by the defendant as being unconstitutional, against public policy and inconsistent with the provision in the statute which requires long-time retention by the Copyright Office of unpublished works.³⁹ The District Court denied a motion to dismiss, stating:

"Congress intended the copyright act to afford protection to creative but confidential material such as the secure tests involved in this case, the beneficial purposes of which would be somewhat

³⁶ See 2 NIMMER ON COPYRIGHT ¶7.13[B] [3] (1978).

³⁷ *Florists' Transworld Delivery Assn. v. Reliable Glassware & Pottery Co.*, CCH Copy. L. Rep. ¶25,301 (N.D. Ill. 1981).

³⁸ 37 CFR §202.20 (c) (vi).

³⁹ §704(d).

defeated by publication of each annual version."⁴⁰

This case may have been commented on last year, but I mention it for two reasons. First, an appeal has been filed and argued and we await a decision of the Seventh Circuit. Second, those of you who were at the mid-winter meeting in Washington may recall a question put to Dorothy Schrader, General Counsel of the Copyright Office, as to whether the Office is considering expanding its provision permitting truncated deposits, and Dorothy indicated that this situation is complicated by the pendency of the bar exam case. So apparently owners of trade secrets and other confidential material which were brought under the 1976 Act will have to wait a little longer to see whether they will be able to receive the treatment obtained by the secure test people.

Let us turn to questions of ownership, particularly in the context of litigation. You may have come across a case a few years ago called *Burns v. Rockwood Distributing Co.*,⁴¹ which dismissed an action by a licensee of copyrighted artwork for failure to allege registration of the copyright claim and compliance with §205(d), which requires grantees to record grants on which they are suing. This recordation provision came up in at least three cases in 1981. They all involved recordation of an assignment after the infringement suit was commenced and in all three, such late recordation was permitted. All three also take a liberal stand on a number of procedural and even substantive points—one of them so liberal that it is undoubtedly wrong in several respects. I refer to the case of *Rushin v. Sunrise Management, Inc.*⁴², a District of Colorado case which is said to be a case for infringement of "the exclusive right to public performance of the sound recording of the song 'Here Comes the Sun'." (I thought there was no performance right in sound recordings.⁴³) The court also seemed to think that an innocent infringer misled by absence of notice post-1978 had *no* liability, instead of limited liability. The court found factual issues as to whether the defendant *was* misled and so refused to dismiss the case on summary judgment.

In the second case,⁴⁴ a piece of paper called a "Notice of Assignment" was recorded, but it contained no showing that the assignee was to take pre-existing causes of action along with the copyright. The assignee then sued someone who allegedly infringed before this "Notice of Assignment" was filed. A second document was prepared which did assign pre-

⁴⁰ CCH Copy. L. Rep. ¶125,201 at p. 16, 137 (N.D. 111. 1980).

⁴¹ 481 F. Supp. 841 (N.D. 111. 1979).

⁴² 506 F. Supp. 1284 (D. Colo. 1981).

⁴³ See §§106 (4) and 114.

⁴⁴ Co-Opportunities Inc. v. NBC, 510 F. Supp. 43 (N.D. Cal. 1981).

existing causes of action, but this document was prepared after the statute of limitations had run. (Incidentally, the court did not seem to be troubled by the fact that causes of action were being assigned separately from the assignment of copyright). The court upheld the complaint on two grounds. First, it held that the "Notice of Assignment" was sufficient on the ground that the document satisfying §205(d) did not have to be the "instrument of transfer" referred to in that provision. A "note or memorandum of the transfer" would suffice and the so-called "Notice of Assignment" fit this description. Second, the court held that the later assignment should be held to relate back to the commencement of the action since the defendant was not surprised thereby. So on two grounds, the statute of limitations bar was avoided.

The third case went even further.⁴⁵ It held that an oral assignment later ratified and confirmed by a note or memorandum was sufficient for copyright registration with the assignee as the claimant and, again, that recordation after suit was acceptable.

The performing rights societies have been quite busy this year and have made some law not only on issues peculiar to questions of performing rights, but also on broader questions. In the former category are a string of cases interpreting §110(5) of the Act, the so-called *Aiken*⁴⁶ provision permitting use of a radio in a store or business establishment. The provision had a tortuous history through the House, Senate and Conference Reports⁴⁷; in any event it is unavailable if the transmission is "further transmitted to the public" [emphasis added]. In a shoe store in California⁴⁸ and in the Gap clothing stores in New York City⁴⁹, BMI and ASCAP respectively argued with success that the transmission amplified and sent over speakers in large stores was "further" transmitting the music "to the public," thus disqualifying the establishment from the exemption and thereby requiring a performing rights license.

In the course of its policing of rights, BMI ran into an interesting situation. It introduced its usual testimony by someone who heard a song being played by a live band at what used to be called a "gin mill". The defendant did not directly controvert the testimony that the song was played but did testify that he hired live bands only certain days of the week, not including the day that the BMI spotter claimed to have heard

⁴⁵ *Dan-Dee Imports Inc. v. Well-Made Toy Mfg. Corp.*, 524 F. Supp. 615 (E.D.N.Y. 1981).

⁴⁶ See *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151 (1975).

⁴⁷ See A. LATMAN & R. GORMAN, *COPYRIGHT FOR THE EIGHTIES*, 444-446 (Michie/Bobbs-Merrill 1981).

⁴⁸ *BMI v. United Shoe Corp.*, CCH Copy. L. Rep. ¶125,241 (C.D. Cal.)

⁴⁹ *Sailor Music Corp. v. The Gap Stores*, 516 F. Supp. 923 (S.D.N.Y. 1981), *aff'd*, CCH Copy. L. Rep. ¶125,340 (2d Cir. 1981).

the song. The judge found that the evidence was evenly balanced and so he found for the defendant, but he did so with a warning that the defendant should get himself a license.⁵⁰

Interesting exploration into the question of personal liability was achieved in *Rodgers v. Queens Inc.*⁵¹ where a lawyer maintaining a full time practice was a vice president and substantial stockholder of a broadcast station. He was held personally liable for infringement resulting from the station's defaults under its ASCAP license. The lawyer was at least overseeing the business, though perhaps not running it, and was involved in dealings with ASCAP. But his liability is probably an extension of the *Gershwin Publishing Corp. v. CAMI*⁵² vicarious infringement cases. Justification for including this case as a 1976 Act case is the application of the statutory damage provision. The court held the individual was a willful infringer and considered the damage provision to contain a "punitive" element in it. The statutory damage figure picked by the judge for each performance was \$750. This can be compared to another "gin mill" case where \$500 per song was imposed⁵³ and still another gin mill case⁵⁴ where a finding of innocent infringement reduced the amount to \$150 per song. Incidentally, in a pair of textile design cases involving the issue of statutory damage amounts, Judge Duffy awarded a \$40,000 judgment against an individual⁵⁵ and Judge Lasker, finding the same individual willful, first declined to award the maximum of \$50,000 in the absence specific proof, and very recently did award the \$50,000.⁵⁶

The District of Columbia Circuit has now come down with opinions generally affirming determinations by the Copyright Royal Tribunal. In one⁵⁷ involving a Tribunal determination under §115, the court upheld the four-cents rate for phonorecords effective July 1, 1981, but held that the Tribunal exceeded its jurisdiction in providing for an annual determination of an appropriate adjustment based on record prices. The opinion is worth reading. It sets forth the history and background of the Tribunal and notes that normal standards of judicial review, rather

⁵⁰ *BMI v. Durflinger*, CCH Copy. L. Rep. ¶25,334 (D. Iowa 1980).

⁵¹ *CCH Copy. L. Rep.* ¶25,343 (N.D. Ohio 1981).

⁵² 443 F.2d 1159 (2d Cir. 1970).

⁵³ *Geo. Simon Inc. v. Spatz*, 492 F. Supp. 836 (W.D. Wis. 1980).

⁵⁴ *BMI v. Coco's Development Corp.*, 212 USPQ 714 (N.D.N.Y. 1981). The statutory damage provision is found in §504(c).

⁵⁵ *Lauratex Textile Corp. v. Allton Knitting Mills, Inc.*, 519 F. Supp. 730 (S.D.N.Y. 1981).

⁵⁶ *Lauratex Textile Corp. v. Allton Knitting Mills, Inc.*, 519 F. Supp. 900 (S.D.N.Y. 1981) and *CCH Copy. L. Rep.* ¶25,360 (S.D.N.Y. 1982).

⁵⁷ *Record Industry Association of America v. Copyright Royalty Tribunal*, 662 F.2d 1 (D.C. Cir. 1981).

than anything more intrusive, should apply to reviews of Tribunal action. The court described what the Tribunal was doing as "informal rule-making" and considered deference to the Tribunal appropriate because of the estimating required by its task; the almost legislative discretion given to the Tribunal; and its mandate to reconcile different objectives. The court held that the explanation given by the Tribunal for its action satisfied the statutory standard. Finally the court held that the rate under §115 should be "reasonable" and not higher than reasonable in order to permit bargaining room.

The second action by the D.C. Circuit was a decision handed down only a few weeks ago in which the first distribution of cable royalties was, with a minor exception, upheld.⁵⁸

We finally get to the "World Guide to Nude Beaches and Recreation" case⁵⁹ involving the manufacturing clause. Let me quote from the opinion:

"More than half of the book consists of photographs depicting the life style at nude recreation areas in the U.S. and throughout the world; the remainder is text, mostly descriptions of nude recreation areas, and facilities, and how to get to them. Written by an American author but printed in Italy, it was determined by an officer of the U.S. Customs Service to violate §601 (a) and thus be ineligible for copyright protection under the Copyright Act."

The issue was whether this was a work "consisting preponderantly of non-dramatic literary material that is in the English language." Judge Weinfeld held that it was not, declining to assess the relevant importance of the literary and pictorial portions. The court preferred an objective test, and held that "preponderantly" means "more than half of its surface area exclusive of margins."

Morris Schnapper, who was responsible for some searching exploration of the government publication provision in the 1909 Act⁶⁰, has also produced for us some law on the "work of the U.S. government" provision in §105. In *Schnapper v. Foley*⁶¹, the D.C. Circuit held that the commissioning of a television film series on the Supreme Court by the Administrative Office of the courts was not a work of the U.S. govern-

⁵⁸ National Assn. of Broadcasters v. Copyright Royalty Tribunal. See reference in CCH Copy. L. Rep. number 46, p. 1-2 (Apr. 21, 1982).

⁵⁹ Stonehill Communications Inc. v. Martuge, 512 F. Supp. 349 (S.D.N.Y. 1981).

⁶⁰ See Public Affairs Associates, Inc. v. Rickover, 284 F.2d 252 (D.C. Cir. 1960), judgment vacated, 369 U.S. 111 (1962), on remand, 268 F. Supp. 444 (D. D.C. 1967).

⁶¹ 212 USPQ 235 (D.C. Cir. 1981), cert. denied, 2/22/82, 568 PTCJ A-13.

ment which would be ineligible for copyright. This was so despite a provision requiring the public television station which produced the series to secure copyright and assign it to the government. The case has a lot of interesting material in it, including a slightly different analysis of the relationship between the First Amendment and copyright, as well as a section indicating that injunctive relief against a government official for copyright infringement is now available.⁶²

Now all I have to cover are cases involving copyrightability, computers, video games, satellite transmissions and preemption and then I can sit down.

Cases on copyrightability included several with a 1976 Act cast. For example, a case holding a toy airplane to be not protectible as a sculptural work focused on the 1976 Act definition of a useful article.⁶³ And at least one computer case tackles §102, the subject matter section, and the old §117, which provided that rights with respect to the use of a work in conjunction with a computer were what they had been on December 31, 1977. The court in *Tandy Corp. v. Personal Micro Computers, Inc.*⁶⁴ construed this section as freezing the law as to *infringement* by computer and as having nothing to do with questions of copyrightability.⁶⁵ (As you know, this stop-gap §117 has now been removed by the Computer Software Copyright Act of 1980.)⁶⁶ Applying §102 to a computer program embodied in a "read only memory" or ROM chip, the court found copyrightability.

Video game cases have examined many aspects of copyright law, most recently the idea/expression dichotomy in a very recent Seventh Circuit case finding infringement.⁶⁷ Other questions have involved originality, notice, deposit, etc. The only aspect arguably peculiar to the 1976 Act is the issue of "fixation."⁶⁸ (Of course, it is equally arguable that fixation was also a requirement of the 1909 Act and indeed any Act because of the constitutional requirement of a "writing".)⁶⁹ In *Stern Electronics v. Kaufman*,⁷⁰ the plaintiff sued for infringement of copyright in

⁶² Cf. *Williams & Wilkins Co. v. U.S.*, 487 F.2d 1345 (Ct. Cl. 1973), *aff'd by an equally divided Court*, 420 U.S. 376 (1975).

⁶³ *Gay Toys Inc. v. Buddy L. Corp.*, 522 F. Supp. 622 (E.D. Mich. 1981).

⁶⁴ 524 F. Supp. 171 (N.D. Cal. 1981).

⁶⁵ Cf. *Data Cash Systems, Inc. v. JS & A Group Inc.*, 480 F. Supp. 1063 (N.D. Ill. 1979), *aff'd on other grounds*, 628 F.2d 1038 (7th Cir. 1980).

⁶⁶ Pub. L. 96-517, §10.

⁶⁷ *Atari, Inc. v. North American Phillips Consumer Electronics Corp.*, 81-C-6434 (7th Cir., Mar. 2, 1982)

⁶⁸ Section 102 provides for copyright in "original works of authorship fixed in any tangible medium of expression . . ."

⁶⁹ Article 1, §8, clause 8

⁷⁰ CCH Copy. L. Rep. ¶25,354 (2d Cir. 1982).

the audio-visual display of the game "Scramble" which was actuated by a computer program embodied in a ROM. Plaintiff had registered a claim to copyright in the audio-visual work, but not in the computer program. The Second Circuit held that two separate works were involved; that either could be infringed; and that the copyright in the audio-visual work was in fact infringed. The court considered the audio-visual work to be "fixed" in the ROM.⁷¹

Fixation is indirectly involved in *New Boston Television, Inc. v. ESPN*,⁷² in which a television station and several sports teams sued a cable programmer and some cable systems for transmitting taped highlights of some games. Presumably, statutory copyright was available under the new provision dealing with fixation, whereby a work being fixed simultaneously with its transmission will be considered covered by the statute.⁷² The court granted a preliminary injunction, rejecting a fair use defense. In another case involving cable, the question arose whether a satellite carrier transmitting copyrighted material to cable systems was infringing the rights of the copyright owner to perform publicly. The court in *Eastern Microwave, Inc. v. Doubleday Sports, Inc.*⁷³ held that such transmission was a public performance and, moreover, that the carrier's ability to select the recipients of its transmission disqualified it from the so-called "passive carrier" exemption in §111 of the statute.

In holding that transmission to cable systems was a public performance, the court in *Eastern Microwave* disagreed with an earlier decision involving other fascinating issues called *WGN Continental Broadcast Co. v. United Video Inc.*⁷⁴ The main issue in the case involved a satellite carrier's picking up a cable company's signal and using the so-called vertical blanking interval in the transmission for insertion of a Dow Jones teletext service. The court held that the carrier was entitled to the common carrier exemption and that the vertical blanking interval was not part of a copyrighted program which could be the subject of an infringement suit.

The preemption battle goes on. In particular, the relationship between trade secrets and §301 continues to be explored. Contrary to the

⁷¹ CCH Copy. L. Rep. ¶25,293 (D. Mass. 1981).

⁷² The §101 definition of "fixed" provides:

"A work is 'fixed' in a tangible medium of expression when its embodiment in a copy or phonorecord, by or under the authority of the author, is sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration. A work consisting of sounds, images, or both, that are being transmitted, is 'fixed' for purposes of this title if a fixation of the work is being made simultaneously with its transmission."

⁷³ 573 PTCJ, A-1 (N.D. N.Y. Mar. 12, 1982)

⁷⁴ 520 F. Supp. 403 (N.D. Ill. 1981).

result in the case of *Avco v. Precision*,⁷⁵ which is on appeal before the Fifth Circuit, the court in *Warrington Associates, Inc. v. Real Time Engineering Systems, Inc.*⁷⁶ denied a summary judgment motion on a trade secret claim. Among other things, the court held that the protection of ideas by trade secrets made trade secrets rights "not equivalent to copyright" under §301(b) (3). And finally, in the motion picture field, we have an interesting decision⁷⁷ holding that a film licensing act passed in Pennsylvania is unconstitutional, not only violating the First Amendment but also pre-empted by the Copyright Act. The court had to distinguish a more narrow Ohio statute, limited to so-called "blind bidding", which had been held constitutional and not preempted by an Ohio federal district court. The Ohio case is on appeal.

⁷⁵ CCH Copy. L. Rep. ¶125,207 (M.D. Ala. 1981).

⁷⁶ 522 F. Supp. 367 (N.D. Ill. 1981).

⁷⁷ *Associated Film Distribution v. Thornburgh*, 520 F. Supp. 971 (E.D. Pa. 1981).

⁷⁸ *Allied Artists Picture Corp. v. Rhodes*, 496 F. Supp. 408 (S. D. Ohio 1980).

546. DISCRETIONARY POWER TO IMPOUND AND DESTROY INFRINGING ARTICLES: AN HISTORICAL PERSPECTIVE*

By MARC ALEXANDER

Two of copyright law's harshest remedies provide for impoundment and destruction of infringing materials in civil actions. In a typical impoundment order under the 1909 Copyright Act, a federal judge commanded defendants to

"deliver up to this Court for impounding during the pendency of this action all copies in their possession, custody, or control of . . . ["Mickey Mouse Meets the Air Pirates" and "Air Pirates" Funnies] and all plates, molds, prints or other matter for making copies of said publications" ¹

The order was a prelude to destruction of the offending items.²

The current impoundment and destruction provisions, sections 503(a) and (b) of the 1976 Act,³ have origins in sections 101(c) and (d)

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*A longer version of this article, entitled "The Proper Limits of Impoundment and Destruction Under the Copyright Act," was awarded first prize at U.C.L.A. School of Law in the 1981 Nathan Burkan Memorial Competition sponsored by ASCAP. The author, who is a member of the California Bar, would like to thank Professor Nimmer for his inspiration and guidance in the U.C.L.A. copyright seminar.

¹ Walt Disney Productions v. Air Pirates, 345 F. Supp. 108, 116 (N.D. Cal. 1972), *aff'd*, 581 F.2d 751 (9th Cir. 1978).

² Jewelers' Circular Pub. Co. v. Keystone Pub. Co., 274 Fed.932, 936 (S.D.N.Y. 1921) (L. Hand, J.) ("I take it as patent that the 'impounding' is only to assure the eventual destruction of the infringing articles").

³ The Copyright Act of 1976 provides:

Remedies for Infringement: Impounding and Disposition of Infringing Articles

(a) At any time while an action under this title is pending, the court may order the impounding, on such terms as it may deem reasonable, of all copies or phonorecords claimed to have been made or used in violation of the copyright owner's exclusive rights, and of all plates, molds, matrices, masters, tapes, film negatives, or other articles by means of which such copies or phonorecords may be reproduced.

(b) As part of a final judgment or decree, the court may order the destruction or other reasonable disposition of all copies or phonorecords found to have been made or used in violation of the copyright owner's exclusive rights, and of all plates, molds, matrices, masters, tapes, film

of the 1909 Act⁴ and in pre-1909 statutes.⁵ The history of these provisions, traced in Part I of this article, reveals an ever increasing growth in courts' discretionary power to seize and destroy material that infringes or contributes to infringement.⁶ The courts' discretion, however, is not absolute; Part II delineates the statutory⁷ and constitutional⁸ bounds of that power.

Furthermore, it will be suggested in Part III that equitable⁹ as well as free speech considerations¹⁰ require courts to exercise discretion in deciding whether to impound and destroy derivative works. A "derivative" work is one based on a preexisting work—sometimes called an underlying work—that is recast, transformed, or adapted by the derivative form.¹¹ However original and costly to produce, a derivative work

negatives, or other articles by means of which such copies or phonorecords may be reproduced.

17 U.S.C. § 503 (1976 Ed. Supp. II).

⁴ The Copyright Act of 1909 provided:

If any person shall infringe the copyright in any work protected under the copyright laws of the United States such person shall be liable: . . .

(c) Impounding During Action—To deliver up on oath, to be impounded during the pendency of the action, upon such terms and conditions as the court may prescribe, all articles alleged to infringe a copyright;

(d) Destruction of Infringing Copies and Plates—To deliver up on oath for destruction all the infringing copies or devices, as well as all plates, molds, matrices, or other means for making such infringing copies as the court may order.

17 U.S.C. § 101(c) & (d) (1976).

⁵ Revised Statute 4965, *as amended* by the Act of March 2, 1895, 28 Stat. 965 (penalties and forfeitures for infringement of maps, charts, musical compositions, and works of art); Revised Statute 4964, *as amended* by the Act of March 3, 1891, 26 Stat. 1106 (action for damages and recovery of books printed or imported, etc., without permission); Act of Feb. 3, 1831, § 6 (action, penalties, forfeiture for infringement of copyrighted books); Act of May 31, 1790, 1 Stat. 124 (destruction by copyright owner of forfeited copies of books).

⁶ See notes 18-73 & accompanying text *infra*.

⁷ See notes 91-102 & accompanying text *infra*.

⁸ See notes 103-124 & accompanying text *infra*.

⁹ See notes 130-140 & accompanying text *infra*.

¹⁰ See notes 141-146 & accompanying text *infra*.

¹¹ 17 U.S.C. § 101 (1976 Ed. Supp. II) defines derivative work as follows:

A "derivative work" is a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgement, condensation, or any other form in which a work may be recast, transformed, or adapted. A work consisting of editorial revisions, annotations, elaborations, or other modifications which, as a whole, rep-

that infringes an underlying work is potentially subject to impoundment and destruction under current law.¹² A better approach would impose the entire panoply of copyright remedies on record, tape, and motion picture pirates who reproduce a work *in toto*,¹³ but would recognize the need for equitable discretion when applying impoundment and destruction remedies in the case of innocent infringers¹⁴ who, by transforming the original work, create derivative works.

At the outset, two copyright remedies should be distinguished from civil impoundment and destruction. First, in contrast to civil actions where the court's action is discretionary, the Copyright Act of 1976 makes impoundment and destruction mandatory for criminal offenses.¹⁵ Second, apart from the summary remedy of impoundment, the 1976 Act provides for temporary and final injunctions in civil copyright actions.¹⁶ The injunctive and criminal remedies involve particular problems beyond the scope of this article.¹⁷

resent an original work of authorship, is a "derivative work".

¹² For example, "Mickey Mouse Meets the Air Pirates" and "Air Pirates" Funnies were derivative works impounded in the *Air Pirates* case, note 1 *supra*. Arguably, destruction of such works damages free speech interests and works unfair hardship on the infringing author. See notes 103-140 *infra*.

¹³ By "pirate" I mean one who willfully infringes, for purposes of commercial advantage, the copyright of another. This definition makes pirates subject to the copyright remedies for criminal offenses in 17 U.S.C. § 506 (1976 Ed. Supp. II).

¹⁴ In the context of copyright, innocent infringement can mean: (1) the infringer unconsciously plagiarizes, or (2) the infringer's work is based on a work provided by a third party and the infringer is ignorant that the third party's work infringes, or (3) the infringer intentionally copies, but believes he has a valid defense, e.g., fair use. See M. NIMMER, NIMMER ON COPYRIGHT, § 13.08 (1978) [hereinafter cited as NIMMER ON COPYRIGHT].

¹⁵ 17 U.S.C. § 506 (1976 Ed. Supp. II) (criminal offenses); 17 U.S.C. § 509 (1976 Ed. Supp. II) (seizure and forfeiture). Whereas the civil remedies for infringement provide that the court "may order" impounding and "may order" destruction, 17 U.S.C. § 503, the criminal remedies provide that the court "shall . . . order . . . forfeiture and destruction," 17 U.S.C. § 506.

¹⁶ 17 U.S.C. § 503 (1976 Ed. Supp. II). For discussion of preliminary injunctions in copyright law, see NIMMER ON COPYRIGHT, *supra* note 14, at § 14.06 [A] and Comment, *Pretrial Remedies in Infringement Actions: The Copyright Holders Impound of Flesh?* 17 SANTA CLARA L. REV. 885, 887-891.

¹⁷ The availability of injunctive relief raises issues about notice and hearing requirements and standards for granting temporary, pre-trial, and permanent injunctions. The impoundment and destruction provisions do not require notice or a showing of irreparable injury to the same extent as is customarily required for threshold injunctive relief. See text accompanying note 118 *infra*. Criminal liability raises the issue of defining willful infringement. Under current law, it is not clear whether willful infringement means intent to copy or intent to infringe. NIMMER ON COPYRIGHT, *supra* note 14, at § 15.01 n. 13.

I. HISTORY OF THE IMPOUNDMENT AND DESTRUCTION PROVISIONS

A. Pre-1909 Statutes

Impoundment and destruction provisions in the 1909 Act were inspired by pre-existing statutes 4964 and 4965, and by copyright owners' desire for greater protection than those statutes offered. Section 4964 enacted that persons who infringed a recorded and deposited book's copyright would forfeit every infringing copy to the copyright owner and pay such damages as could be recovered in a civil action.¹⁸ Section 4965 applied similar forfeiture and damage provisions against infringers of maps, charts, dramatic or musical compositions, or fine art works.¹⁹ In contrast to later statutes, sections 4964 and 4965 were restrained by their specificity.²⁰ These early statutes' narrow and ineffectual application is best understood by examining judicial interpretation of 4965, the statute more frequently used in infringement actions.

The term "forfeiture" in section 4965 referred to forfeiture of the infringing copy as well as to a monetary penalty forfeited by the infringer for copies in his possession. Unlike the 1976 Act, section 4965 clearly limited physical forfeiture to copies belonging to the infringer; innocent third parties were not reached by the statute.²¹ Moreover, the monetary penalty applied only to copies in the infringer's possession, not to all copies traceable to the infringer.²² This monetary penalty, a curious *qui tam*²³ provision that split the award between the copyright proprietor and the United States, gave the statute a criminal cast and caused it to be construed narrowly against plaintiffs.²⁴ In addition, the wrongdoer who sold materials or exposed them to sale had to have guilty knowledge of piracy, but other infringers did not.²⁵

¹⁸ Revised Statute 4964, as amended by the Act of March 3, 1891, 26 Stat. 1106.

¹⁹ Revised Statute 4965, as amended by the Act of March 2, 1895, 28 Stat. 965.

²⁰ These early statutes list all infringing acts and articles, and do not resort to general terms such as "infringing copies or devices," or "means for making such infringing copies."

²¹ See note 67 & accompanying text *infra*.

²² *Bolles v. Outing Co.*, 175 U.S. 262, 266, 267 (1899).

²³ A *qui tam* statute is one in which the plaintiff sues for himself *as well* as for the state. BLACK'S LAW DICTIONARY 1414 (1968).

²⁴ *Bolles v. Outing Co.*, 175 U.S. 262, 264, 265 (1899) ("This is clearly a penal statute in that it fixes a single and arbitrary measure of recompense to the plaintiff, irrespective of the damages actually sustained by him, or of the profits realized by the defendant; and in the further provision that one half of the amount recovered shall be to the use of the United States. . . . The statute, then, being penal, must be construed with such strictness as to carefully safeguard the rights of the defendant . . .").

²⁵ *Millett v. Snowden*, 1 WEST L. J. 240, cited in E. DRONE, A TREATISE ON THE

Furthermore, the statute only permitted forfeiture of copies, not the forfeiture of the instrumentalities of copying. *Morrison v. Pettibone*,²⁶ an action under section 4965 to recover certain sheets and plates alleged to infringe the plaintiff's copyright in photographs, illustrates the strict judicial interpretation of "copy." Reference in the statute to copies "either in whole or in part" was intended "to prevent evasion by colorable deviation."²⁷ Nevertheless, *Morrison* held that lithographic sheets "presenting merely the initial color and exterior lines of the intended lithograph" were not copies within the statute's meaning, and therefore were not forfeitable.²⁸

From the copyright owner's standpoint, the statute's most serious infirmity probably derived not from its specificity, but from its uncertain theoretical underpinnings and corresponding failure to specify a form of action. Unlike later statutes, which refer to destruction of the infringing items, section 4965 required *forfeiture* of the infringing copy to the copyright owner. At first glance, section 4965 appears to require an action to replevy the infringing article. However, there was a theoretical difficulty with replevin; replevin is intended to give an owner a right to his original tangible property, whereas the copyright owner's rights are in intangible property.²⁹ Because the infringing article "confuses" tangible and intangible property rights, an action for replevin by the true owner of the copyright would allow him to recover ink, paper, and labor that were not his originally.³⁰

LAW OF PROPERTY IN INTELLECTUAL PRODUCTIONS IN GREAT BRITAIN AND THE UNITED STATES 492 (1879).

²⁶ 87 Fed. 330 (N.D. Ill. 1897) (Seaman, J.).

²⁷ *Id.* at 332.

²⁸ *Id.*

²⁹ Justice Holmes gave a classic definition of copyright as intangible property:

The notion of property starts, I suppose, from confirmed possession of a tangible object and consists in the right to exclude others from interference with the more or less free doing with it as one wills. But in copyright property has reached a more abstract expression. The right to exclude is not directed to an object in possession or owned, but is now in vacuo, so to speak. It restrains the spontaneity of men where, but for it, there would be nothing of any kind to hinder their doing as they saw fit. It is a prohibition of conduct remote from the persons or tangibles of the party having the right. It may be infringed a thousand miles away from the owner and without his ever becoming aware of the wrong.

White-Smith Music Pub. Co. v. Apollo Co., 209 U.S. 1, 19 (1908) (Holmes, conc.).

³⁰ An early English case explained why the copyright owner of a pirated work had no common law right to delivery of the copies of the illegal work:

There would be great difficulty in applying to this subject the principles of the common law, which in certain cases give to the owner of an original material the right of seizing it, in whatever shape it may be found, if he can prove it to be his own; or which relate to what is termed

Despite the doctrinal difficulty with replevin, *Morrison* reached the conclusion that Congress intended,

“that through the act of piracy the title to the imitation vests in the proprietor of the copyright, in that sense only being forfeited; and, so regarded, replevin would lie to obtain possession.”³¹

Other judges threw section 4965 replevin actions out of court,³² or ex-

confusion of goods, by which, if one man voluntarily mixes his property with that of another, so that the two become inseparable, the entirety is held to belong to him whose property has been invaded. It may be true, that, if one writes or prints upon the paper of another, the writing or printing becomes his to whom the paper belongs, but it does not necessarily follow that the converse of that proposition would be true,—that one who writes or prints upon his own paper the composition of another, has thereby so mixed his property with the property of the author whose work he has copied, that he has lost his original title to the material which he has so employed. There might indeed have been some countenance for such a principle before the judgment of the house of lords, in the case of *Donaldson v. Beckett*, had confined the exclusive right of authors within the limits prescribed by the statute, and thereby negated the existence of that absolute common law right in their works which had been previously supposed to exist, and which the decision of the court of king's bench, in the case of *Millar v. Taylor*, had tended to affirm. I think, therefore, the case for the Plaintiff on this point must be placed on another ground, and that his right to a decree of this court for the delivery up of the copies, if that right exists, must be found within the provisions of the statutes, and not upon any common law right independent of them.

Colburn v. Simms, 2 Hare 543, 554 (1843).

³¹ 87 Fed. 330, 332 (N.D. Ill. 1897).

³² For several reasons a plaintiff was denied a writ of replevin in Pennsylvania to vindicate his federal statutory rights:

The plaintiff who seeks to . . . vindicate the rights that are given to him under section 4965 finds that he cannot even lawfully issue the writ, for he has neither right of property nor right of possession. If he proceeds, however, and directs the writ to issue notwithstanding the law and the practice, he cannot take possession of the goods, for the defendant may give bond . . . and retain the property until final judgment, with the power of disposal during that period. Even if this further difficulty be surmounted by the defendant's failure to give the bond, the plaintiff is no better off, for he cannot obtain title to the goods, which have never yet belonged to him, nor the right to possess them, until he obtains a judgment of forfeiture; and no such judgment has ever been known in this form of action. His right to the penalty is so intimately involved with his right to forfeit that no penalty can be recovered if no forfeiture can be entered, to say nothing of the fact that judgment for a penalty is as much unknown in the action as a judgment of forfeiture.

Gustin v. Record Pub. Co., 127 Fed. 603, 605, 606 (E.D. Pa. 1904). *Accord*, Rinehart v. Smith, 121 Fed. 148 (E.D. Pa. 1903).

plained that an action brought under section 4965 was not one for replevin.³³ The Supreme Court dodged the issue, deciding it only after the passage of the 1909 Act virtually mooted it.³⁴ "Congress would do well, I think," a federal district judge exhorted in 1904, "to settle the perplexities that have beset this subject for many years, and to provide a uniform and appropriate remedy expressly adapted to the enforcement of the unusual rights that are given by the section now under consideration."³⁵

B. Legislative History of the Impoundment and Destruction Provisions in the 1909 Act

Complaining that section 4965 failed to specify a form of action³⁶ and that it divided monetary awards between the government and the copyright owner,³⁷ representatives of interest groups favoring a stronger copyright law successfully lobbied for the impoundment and destruction provisions in the 1909 Act. Unfortunately, the House Report, which makes only one clear statement about the purpose of subsections 101(c) and (d), does not reveal the details of legislative intent:

"Subsections (c) [impoundment] and (d) [destruction] constitute new legislation, but it is believed that some legislation of this kind is necessary in dealing with infringers."³⁸

These subsections were shorter, more general, and more sweeping than their predecessor statutes. Providing for impoundment during an action, subsection (c) permitted delivery of "all articles alleged to infringe

³³ *Hegeman v. Springer*, 110 Fed. 374, 375 (2d Cir. 1901) (demand and refusal are not conditions for maintaining an action under section 4965, because the statutory action is not one for replevin).

³⁴ In 1907, the Court hesitantly proffered that section 4965 "seems to contemplate an action in the nature of replevin." *Bolles v. Outing Co.*, 175 U.S. 262, 266 (1899). In *American Tobacco v. Werckmeister*, 207 U.S. 284 (1907), the defendant objected that an ordinary action for replevin would not lie in New York because the plaintiff did not have the right of property or possession. *Id.* at 300. The Court avoided the issue because the defendant raised it too late. *Id.* at 301. In 1911, by which time few actions remained to be brought under section 4965, the Court clearly accepted "a writ in the nature of replevin in an action such as is authorized by § 4965" *Hills & Co. v. Hoover*, 220 U.S. 329, 337 (1911).

³⁵ *Gustin v. Record Pub. Co.*, 127 Fed. 603, 606 (E.D. Pa. 1904).

³⁶ 2 LEGISLATIVE HISTORY OF THE 1909 COPYRIGHT ACT D244 (1976) [hereinafter cited as LEGISLATIVE HISTORY].

³⁷ 2 LEGISLATIVE HISTORY, *supra* note 36, at D245 (the provision was "smuggled into that law. . . . There is no reason for it."). The American Copyright League opposed the *qui tam* provision. 1 LEGISLATIVE HISTORY C8.

³⁸ 6 LEGISLATIVE HISTORY, *supra* note 36, at S16.

a copyright."³⁹ Subsection (d) called for destruction of "all the infringing copies" or "devices," as well as "other means for making such copies."⁴⁰

The breadth of these provisions marked a victory for musical composers and publishers over the producers of piano rolls.⁴¹ During the legislative discussions in 1905, 1906, and 1907, *White-Smith Music Publishing Co. v. Apollo Co.*, the case that eventually held that a piano roll was not a copy,⁴² was still in the lower courts.⁴³ Representatives of piano music roll manufactureres, who must have been aware that a contrary holding in *White-Smith* would have subjected their clients to wider liability, feared that sections 101(c) and (d) would lead to the destruction of piano music rolls, as well as to plants and machinery.⁴⁴ Almost cer-

³⁹ See note 4 *supra*.

⁴⁰ *Id.*

⁴¹ The situation was complicated by a division of interests between small piano roll companies and the largest, Aeolian. Representatives of the smaller companies claimed that Aeolian would use the new Copyright Act to secure an "absolute monopoly" and that composers like Victor Herbert had been tied to Aeolian by contracts. 5 LEGISLATIVE HISTORY, *supra* note 36, at K352, 353. It was charged that Aeolian had raised a "corruption fund of \$75,000" to pass the copyright bill. *Id.* at K352, 355. Nathan Burkan, counsel for the Music Publishers' Association of the United States, admitted that Aeolian had spent \$40,000 to \$50,000 in fees. *Id.* at K355.

⁴² *White-Smith Music Co. v. Apollo Co.*, 209 U.S. 1 (1908).

⁴³ *White-Smith Music Co. v. Apollo Co.*, 139 Fed. 427 (S.D.N.Y. 1905), *aff'd* 147 Fed. 226 (2d Cir. 1906).

⁴⁴ Several representatives of piano roll manufacturers attacked the provisions:

It may be proper, as in the old act, to direct the infringer to deliver up the copies of the plates from which they are made, but it is absolutely revolutionary to direct that the machinery be delivered up, because that machinery may be useful for perfectly legitimate purposes, and yet it must be delivered up for destruction.

4 LEGISLATIVE HISTORY, *supra* note 36, at H124 (statement of Mr. O'Connell on behalf of ten independent manufacturers of automatic piano players).

It is not deemed conceivable that your committee will seriously entertain such obviously oppressive legislation.

Id. at H200 (statement of Mr. Burton, representing Melville Clark Piano Co.).

Whoever drafted this provision was either malicious or ignorant. (This statement is made with careful deliberation and we wish to repeat it: He was either malicious or ignorant) . . . Under this provision . . . a single accidental, inadvertent infringement will subject that entire plant to destruction, though the copyright owner may not be damaged by 50 cents.

Id.

My client, the Automusic Perforating Company, has a plant that cost \$50,000. That mechanism is adapted to perforating rolls, and if they should use that mechanism in perforating 500 rolls with perfect right, and then inadvertently use that mechanism in perforating one roll that was held to infringe, under this bill their whole plant would be cleared

tainly, the seemingly broad language of section 101, permitting impoundment of infringing *articles* and destruction of infringing *devices*, was aimed directly at piano roll producers.⁴⁵

Relying on legislative discussions of the Copyright Act, one court has concluded that opponents and proponents of the law “foresaw the spectre of the destruction of equipment, machines, and entire plants.”⁴⁶ One commentator agrees that the impoundment provisions authorize seizing equipment capable of having non-infringing purposes, but hopes that courts will exercise a reasonable degree of discretion.⁴⁷ Indeed, sections 101(c) and (d) demand that the court exercise discretion: impoundment occurs “upon such terms and conditions as the court may prescribe,” and offending items are delivered for destruction “as the court may order.”⁴⁸ The latter qualification, which did not appear in an earlier draft of the destruction provision, was added to temper the provision.⁴⁹ Unfortunately, hopes that courts will exercise reasonable discretion merely beg the question, what is reasonable discretion?

Without actually providing discretionary guidelines, even those who favored the new provisions gave examples of the limits of these provisions. One speaker believed that the destruction of reusable printing tools such as lithographic stones would be “barbarous” and that the clause in reference to destruction “certainly was not intended to accomplish that.”⁵⁰ Asked whether the destruction provision necessarily included a printing press, another speaker replied, “Not at all . . . If the court were given that power it would decide and order just what should be destroyed and what not.”⁵¹ Finally, the Committee on Copyright and

out of their place and would be destroyed.

Id. at H177-78 (statement of Mr. Walker). A suggestion that the bill for impounding infringing items include the words “having no other use” was not adopted. *Id.* at J37.

⁴⁵ In support of this conclusion, the phrase “articles or devices” is also found in § 1(e) of the 1909 Act, providing a compulsory license for the use of music: “The payment of the royalty provided for by this section shall free the articles or devices for which such royalty has been paid”

⁴⁶ *Duchess Music Corp. v. Stern*, 458 F.2d 1305, 1309 (9th Cir. 1972). Most telling was the statement of the Chairman of the Senate and House Committee on Patents. “In the printing business, for example, say in the printing of posters, there may be one article or part of one process that is an infringement, and it was decided the only way to stop the repetition was to deliver up the whole of the paraphernalia.” 5 LEGISLATIVE HISTORY, *supra* note 36, at K169-70.

⁴⁷ 39 BROOKLYN L. REV. 740 (1973).

⁴⁸ See notes 3 & 4 *supra*.

⁴⁹ 5 LEGISLATIVE HISTORY, *supra* note 36, at K166, J.79.

⁵⁰ *Id.* at J146.

⁵¹ *Id.* at J180.

Trademark of the Bar of the City of New York accepted the destruction provision on the understanding, "This would not include the plant or machinery calculated to be used for other purposes . . . but only such parts thereof as were used for the condemned reproductions."⁵² These comments and the statutory text evince an understanding that courts had limited power to destroy items capable of non-infringing uses, and that small infringements need not lead to vast destruction. Although the drafters failed to articulate a First Amendment limitation or a principle of proportionality, it seems clear that they did not intend to give the courts *carte blanche*.

C. *Supreme Court Rules of Procedure in Copyright Impoundment*

In addition to failing to specify items that could be seized, Congress did not decide upon a form of action.⁵³ Instead, it passed this problem to the Supreme Court, which devised rules to govern the impoundment of infringing articles.⁵⁴

The Supreme Court Rules provide for a proceeding similar to replevin. Upon institution of an action, the plaintiff files an affidavit in support of seizure with the court, and files a bond.⁵⁵ After approving the bond, the court clerk directs the marshal to seize and hold the infringing items or other means for making them.⁵⁶ Within three days after the articles are seized, the defendant may except to the amount of the plaintiff's bond or his sureties.⁵⁷ If the defendant does not make exception, he may apply for the return of his articles.⁵⁸ The defendant also has an opportunity to post bond and get back his articles, at the court's discretion.⁵⁹ But unlike a replevin proceeding, in which the plaintiff recovers his property, the impoundment procedure set forth in the rules was followed by destruction of the property. In contrast to pre-1909 law, the policy of destruction appears to recognize that the copyright owner's intangible rights do not include a right to the infringer's tangible property.⁶⁰

The Supreme Court rules have set procedural traps for the unwary.⁶¹ Moreover, like summary remedies in some replevin and gar-

⁵² 6 LEGISLATIVE HISTORY, *supra* note 36, at J408.

⁵³ 4 LEGISLATIVE HISTORY, *supra* note 36, at J179.

⁵⁴ 214 U.S. 533, *as amended by* 307 U.S. 652 (1939).

⁵⁵ *Id.*, Rule 3.

⁵⁶ *Id.*, Rule 4.

⁵⁷ *Id.*, Rule 7.

⁵⁸ *Id.*, Rule 9.

⁵⁹ *Id.*, Rule 10.

⁶⁰ See notes 29-31 & accompanying text *supra*.

⁶¹ *Universal Film Mfg. Co. v. Copperman*, 206 Fed. 69, 70 (S.D.N.Y. 1913) (where defendant moves for and obtains execution of a new and larger bond

nishment statutes, which have sometimes crossed the thin line of due process,⁶² the impoundment provisions permit seizure of property without prior notice and hearing. Finally, because the property seized is a medium of expression, the defendants' First Amendment rights may be violated by prior restraint of speech,⁶³ especially where infringing material is seized along with non-infringing material.⁶⁴ These objections notwithstanding, the rules' constitutionality was upheld as early as 1913 in *Universal Film Corporation v. Copperman*, which found that Congress intended a summary remedy and that the Supreme Court thought it sufficient to protect the parties with bonds and a subsequent hearing.⁶⁵ Certainly the constitutionality of the rules deserves further scrutiny in the courts.⁶⁶

D. Section 503 of the 1976 Copyright Act

The historical expansion of the impoundment and destruction provisions is continued by the 1976 Copyright Act. The new act, without any legislative discussion, quietly dropped as a condition precedent to impoundment and destruction the provision that, "If any person shall infringe . . . such person shall be liable. . . ." (emphasis added).⁶⁷ Consequently, in contrast to the old provisions, the new ones might be interpreted to permit impoundment and destruction of items in the possession of an innocent third party. Conditional language in the new

by complainant, he is not entitled to a vacation of the writ of seizure and return of the article); *Jondora Music Pub. Co. v. Melody Recordings, Inc.*, 362 F. Supp. 494, 499 (D.N.J. 1973) (defendants' objections to plaintiff's bond must be made within three days, or they are not timely made).

⁶² *Snidach v. Family Finance Corp.*, 395 U.S. 337 (1967) (wage garnishment); *Fuentes v. Shevin*, 407 U.S. 67 (1972) (prejudgment replevin); *North Georgia Finishing Inc. v. Di-Chem*, 419 U.S. 601 (1975) (prejudgment garnishment); *Mitchell v. W.T. Grant*, 416 U.S. 600 (1974) (upheld sequestration statute permitting prejudgment garnishment).

⁶³ *But see Jondora Music Pub. Co. v. Melody Records, Inc.*, 362 F. Supp. 494, 499 (D.N.J. 1973) ("Since defendants concede they copy the work of others I perceive no first amendment issue.").

⁶⁴ *Marcus v. A Search Warrant of Property*, 367 U.S. 717, 731-33 (1961) (state procedure permitting seizure of allegedly obscene materials lacked adequate safeguards to protect non-obscene materials).

⁶⁵ 206 Fed. 69, 70 (S.D.N.Y. 1913).

⁶⁶ See notes 103-26 & accompanying text *infra*.

⁶⁷ That phrase introduced the subsections of section 101 under the 1909 Act. Learned Hand relied on the phrase to limit the application of the statute, *Jewelers' Circular Pub. Co. v. Keystone Pub. Co.*, 274 Fed. 933, 936 (S.D.N.Y. 1921) ("[I]f I am right no marshal should seize any copies which had been sold to infringers; it must be remembered that use does not make one an infringer . . .").

provisions confers on the court power that is even more clearly discretionary than the power conferred by the old Act.⁶⁸ The new provisions permit impoundment or destruction of articles "made or used" in violation of the owner's exclusive rights; the inclusion of the word "used" was intended to cover situations where items, for example movies, infringed rights other than the owner's reproduction right.⁶⁹ In addition, the court's discretionary power is increased by permitting it to order destruction or other reasonable disposition of infringing articles.⁷⁰

Once again, the legislative history addressed, without resolving, the issue of whether means used to produce infringing items which were also capable of non-infringing uses could be impounded and destroyed. One copyright attorney told the Copyright Office:

We all know that in a copyright action an impounding provision is a rather drastic remedy, but if you are going to make it drastic I think it really ought to be drastic. . . . I think that if somebody is asking for an impounding, the thing which is to be impounded should not necessarily be confined to a record or copy. It might be a pressing plant.⁷¹

In contrast to this expansive view of discretionary power, Bella Linden, representing book publishers, narrowed the meaning of the phrase permitting impoundment of "all plates, molds, matrices, masters, tapes, film negatives, or other articles by means of which . . . copies or phonorecords may be reproduced":

I thought that the phrase ". . . of all plates, molds, matrices, . . ." (which words are taken from the old act) are [sic] being supple-

⁶⁸ Section 503(a) of the current Act, giving the court discretion to impound, includes the phrase "on such terms as it may deem reasonable" in referring to the discretion of the court in impoundment cases. The qualifying phrase was adopted over the objections of the motion picture industry. COPYRIGHT LAW REVISION COMMISSION, PART SIX: SUPPLEMENTARY REPORT OF THE REGISTER OF COPYRIGHTS ON THE GENERAL REVISION OF THE U.S. COPYRIGHT LAW 133-34 (1965) [hereinafter cited as COPYRIGHT LAW REVISION, PART SIX].

⁶⁹ COPYRIGHT LAW REVISION, PART FOUR: FURTHER DISCUSSIONS AND COMMENTS ON PRELIMINARY DRAFT FOR REVISED U.S. COPYRIGHT LAW 125 (1964) [hereinafter cited as COPYRIGHT LAW REVISION, PART FOUR]; COPYRIGHT LAW REVISION, PART FIVE: REVISION BILL WITH DISCUSSIONS AND COMMENTS 199 (1964).

⁷⁰ COPYRIGHT LAW REVISION, PART FOUR, *supra* note 69, at 120-21; COPYRIGHT LAW REVISION, PART SIX, *supra* note 68, at 134.

⁷¹ COPYRIGHT LAW REVISION, PART FOUR, *supra* note 69 at 129.

mented by the phrase "or other articles" instead of the word "means" in a continuing concept of *ejusdem generis*, but limited to the actual material which embodies the infringing work, and not extending to the pressing plant, or the microfilm hardware equipment which produced or can produce the infringing microfilm. Was there an intention to limit "or other articles," or is this broad concept to be seriously intended? . . . We must remember that in 1909 the language "of plates, molds, and matrices" was almost all inclusive language, whereas now the techniques and media of capturing and transmitting information don't fit within the frame of reference that these words suggest.⁷²

In response, the Register of Copyrights attempted to assure Linden that, "you could depend on the courts not to do something ridiculous if you give them discretion."⁷³ Thus, the question of the limits of judicial discretion, asked almost sixty years before, went unanswered for the second time. Given the lacunae in the legislative history, and the persistent efforts of legislators to shift responsibility to the judiciary for defining the substance and procedure of impoundment and destruction, it is hardly surprising that courts have had increasing difficulty finding limits to their discretion in the legislative history or even in the constitution.

II. IMPOUNDMENT AND DESTRUCTION IN ACTION

A. Applications of the Impoundment and Destruction Provisions Under the 1909 and 1976 Acts

Under the 1909 and 1976 Copyright Acts, the impoundment and destruction provisions have been used against infringers of movies,⁷⁴ musical compositions,⁷⁵ directories,⁷⁶ catalogues,⁷⁷ graphic reproduc-

⁷² *Id.* at 132, 133. See also A. WEIL, AMERICAN COPYRIGHT LAW 483 (1917) ("The 'means' for making infringing copies, to which reference is had in this section, would appear to mean such apparatus as is peculiarly adapted to reproduce the infringing matter and not to include apparatus capable of innocent use.").

⁷³ COPYRIGHT LAW REVISION, PART FOUR, *supra* note 69 at 132.

⁷⁴ *Crown Feature Film Co. v. Bettis Amusement Co.*, 206 Fed. 362 (N.D. Ohio 1913); *Universal Film Mfg. Co. v. Copperman*, 206 Fed. 69 (S.D.N.Y. 1913).

⁷⁵ *Duchess Music Corp. v. Stern*, 458 F.2d 1305 (9th Cir. 1972); *United States v. Brown*, 400 F. Supp. 65 (S.D. Miss. 1975); *Jondora Music Pub. Co.*, 362 F. Supp. 494 (D.N.J. 1973); *Dorchester Music Corp. v. National Broadcasting Co.*, 171 F. Supp. 580 (S.D. Cal. 1959); *Foreign & Domestic Music Corp. v. Wyngate*, 66 F. Supp. 82 (S.D.N.Y. 1946). An unauthorized phonograph recording, though not a "copy," is an infringing article subject to impoundment and destruction. *Miller v. Goody*, 125 F. Supp. 348 (S.D.N.Y. 1954).

⁷⁶ *National Research Bur., Inc. v. Kucker*, 481 F. Supp. 612 (S.D.N.Y. 1979);

tions,⁷⁸ advertisements,⁷⁹ wallpaper,⁸⁰ comic book characters,⁸¹ dolls,⁸² and coupon books.⁸³ In the vast majority of these cases, the provisions were applied to infringers who obviously sought commercial advantage, who had clear access, and who made substantially identical copies of the original. In one case, the court actually found that differences between the plaintiff's and defendants' dolls appeared to be "the result of a calculated but thin attempt to disguise deliberate copying . . ."⁸⁴ In another case, an infringer who copied directories had once worked as the plaintiff's general manager.⁸⁵ In yet another case, the court ordered destruction of catalogues, in part because it believed the defendant acted willfully.⁸⁶ Almost certainly such infringers could also fall within the purview of the criminal provisions.⁸⁷ Indeed, the civil provisions retain some of the criminal flavor once present in the *qui tam* provisions of pre-1909 law,⁸⁸ because today the United States, in its capacity as *parens patriae*, has standing to enforce the civil provisions.⁸⁹

In addition, impoundment has been used to seize "other means" for making infringing copies or phonorecords. In *Duchess Music Corp. v. Stern*, the marshal seized and impounded 25,000 complete tape recordings and master recordings, blank tapes and cartridges, printed labels, machinery used to transfer the sounds onto blank tapes, packaging and promotional materials, and other equipment and machines used in the

Sub-Contractors Register v. McGovern's C & B Manual, 69 F. Supp. 507 (S.D.N.Y. 1946); Sammos v. Larkin, 38 F. Supp. 649 (D. Mass. 1940); Southern Bell Tel. & Tel. Co. v. Donnelly, 35 F. Supp. 425 (S.D. Fla. 1940); North & Judd Mfg. Co. v. Krisher's Mfg. Co., 11 F. Supp. 739 (D. Conn. 1935); Jeweler's Circular Pub. Co. v. Keystone Pub. Co., 274 Fed. 932 (S.D.N.Y. 1921).

⁷⁷ Traditional Living, Inc., v. Energy Log Homes, 464 F. Supp. 1024 (N.D. Ala. 1978); Amplex Mfg. Co. v. A.B.C. Plastic Fabricators, Inc., 184 F. Supp. 285 (E.D. Penn. 1960); Perkins Marine Lamp & Hardware Co. v. Goodwin Stanley Co., 86 F. Supp. 630 (E.D.N.Y. 1949).

⁷⁸ Rudolf Lesch Fine Arts v. Metal, 51 F. Supp. 69 (S.D.N.Y. 1943).

⁷⁹ Local Trademarks, Inc. v. Grantham, 166 F. Supp. 494 (D. Neb. 1957).

⁸⁰ Andre Matenciot, Inc. v. David & Dash, Inc., 422 F. Supp. 1199 (S.D.N.Y. 1976).

⁸¹ Walt Disney Productions v. Air Pirates, 581 F.2d 751 (9th Cir. 1978).

⁸² Fisher-Price Toys v. My-Toy, Co., Inc., 385 F. Supp. 218 (S.D.N.Y. 1974).

⁸³ Advisers, Inc. v. Wiesen-Hart, Inc., 161 F. Supp. 831 (S.D. Ohio 1958).

⁸⁴ Fisher Products v. My-Toy, Inc., 385 F. Supp. 218, 221 (S.D.N.Y. 1974).

⁸⁵ Sub-Contractors Register, Inc. v. McGovern's C & B Manual, 69 F. Supp. 507, 508 (S.D.N.Y. 1946).

⁸⁶ Amplex Mfg. Co. v. A.B.C. Plastic Fabricators, Inc., 184 F. Supp. 285, 288 (E.D. Penn. 1960).

⁸⁷ 17 U.S.C. 506 (1976 Ed. Supp. II).

⁸⁸ See notes 23-24 & accompanying text, *supra*.

⁸⁹ United States v. Brown, 400 F. Supp. 656, 659 (S.D. Miss. 1975).

manufacturing process.⁹⁰ While exercising discretionary power, courts have considered the statutory and constitutional limits of that power.

B. Statutory Limits and the Rule of Eiusdem Generis

In *Duchess*, the district court used the rule of *eiusdem generis* to interpret the phrase "or other means of making such infringing copies" in section 101(c), the impoundment provision of the 1909 Act.⁹¹ The court held that the phrase applied

"only to the same general class as are those items specifically enumerated in the phrase immediately preceding, and each of the preceding enumerated items—plates, molds, matrices—is of such a particular character as to embody . . . an identifiable impression of the copyrighted work."⁹²

The only rationale that the court could find to support this conclusion was that destruction was one of the purposes of impounding, and the court could see no reason to destroy "any property usable for other, non-infringing purposes."⁹³ However, the court failed to probe further and consider the policies that might support destruction, such as deterrence of others' acts of piracy, prevention of the infringer's further piracy, and punishment of the infringer. If these policies, which Congress failed to articulate,⁹⁴ underlie destruction, then they might justify impounding a record pirate's equipment.

In an opinion equally devoid of policy analysis, the Court of Appeals in the *Duchess* case declined to apply the rule of *eiusdem generis*, holding that, "Machines, blank cassettes and cartridges, blank and printed labels, and other devices are 'other means' for making infringing copies . . ." ⁹⁵ The court found support for its opinion in the legislative history of the 1909 Act.⁹⁶

⁹⁰ 458 F.2d 1305, 1307 (9th Cir. 1972). See also *United States v. Brown*, 400 F. Supp. 656, 657 (S.D. Miss. 1975) (seizure of tape recorder).

⁹¹ 391 F. Supp. 127, 133 (D. Ariz. 1971).

⁹² *Id.* at 133.

⁹³ *Id.* at 133, *relying on* *Jewelers' Circular Pub. Co. v. Keystone Pub. Co.*, 274 Fed. 932 (S.D.N.Y. 1921).

⁹⁴ See notes 71-73 & accompanying text, *supra*.

⁹⁵ *Duchess Music Corp. v. Stern*, 458 F.2d 1305, 1308 (9th Cir. 1972). Observing that Supreme Court Rules 2 and 3 also refer to "infringing copies, records, plates, molds, matrices, etc., or other means for making the copies alleged to infringe the copyright," the court concluded: "If *eiusdem generis* is applicable here, it is applicable to construe the word 'etc.' not the words 'other infringing means for making such infringing copies'." *Id.*

⁹⁶ *Id.* at 1309.

Rather than ask in vacuo whether articles capable of non-infringing use can be impounded, courts should examine relevant policy considerations that would affect the exercise of their discretion in a particular case.⁹⁷ Unfortunately, as already noted,⁹⁸ the legislative history of the 1909 and 1976 Copyright Acts hardly addresses policy; without a reading qualified by policy considerations, the statute would seem to permit impoundment and destruction of machines leased to an infringer who mistakenly reproduces a small amount of copyrighted material.⁹⁹ First, courts should ask whether a broad interpretation is necessary to enforce the copyright law in a given case.¹⁰⁰ Would it deter other infringers, lead to the production of evidence necessary to prosecute, and punish a culpable offender? Second, the court should consider the gravity of the offense; otherwise, the severity of punishment might not fit the crime.¹⁰¹ Third, the relation of the instrumentality to the offense should be considered:¹⁰² would impoundment and destruction of particular instrumentalities significantly decrease the likelihood of further copying by the infringer? Finally, as the next section suggests, the likelihood that the article is or will be used for non-infringing purposes should be considered: will confiscation substantially encroach on an interest in free expression?

C. Constitutional Limits

The seizure of equipment that is a medium of communication and capable of lawful uses is open to serious First Amendment challenge. In *Porno, Inc. v. Municipal Court*, the court explained, in holding unlawful the seizure of movie projectors used to show obscene films,

⁹⁷ Compare the following analysis of relevant policy considerations that might go into deciding whether private papers should be seized:

It is proposed that any judgment as to whether private papers should be permissible objects of a search should be judged by a balancing of four factors: (1) the extent of the intrusion into the suspect's privacy, (2) the gravity of the offense, (3) the extent to which the papers are utilized in the criminal act, and (4) the extent to which the general enforcement of the particular law depends upon the seizure of private papers.

Comment, *The Search and Seizure of Private Papers: Fourth and Fifth Amendment Considerations*, 6 LOYOLA L.A. L. REV. 274, 300 (1973).

⁹⁸ See notes 71-73, 94 & accompanying text *supra*.

⁹⁹ Such an expansive reading of the statute could be devastating for photocopying businesses which often lease machines and fail to properly police their use.

¹⁰⁰ See note 97 *supra*.

¹⁰¹ For the principle of proportionality, see Gilbert, *The Mikado*.

¹⁰² See note 97 *supra*.

"The nature of the property taken aggravates the situation, for the seizure also prevents the lawful use of the projectors, as a 'means of expression protected by the First Amendment . . .'"¹⁰³

One might well ask whether the outcome should be different if the articles seized are used to infringe a copyright instead of to show an obscene film. In contrast to the facts of the *Porno* case, a statute authorizes the seizure and destruction of the means of copyright infringement, and the courts show great deference to Congress' will.¹⁰⁴ Moreover, the legislative history of the Copyright Acts reveals the belief that remedies less drastic than impoundment and destruction might not stop infringers.¹⁰⁵ Finally, the copyright laws are themselves an outgrowth of a constitutional grant.¹⁰⁶ Courts, however, should recognize that Congress has given them discretionary power; they should weigh the consequences that impounding and destroying an infringer's equipment would have on his freedom of expression against the need to enforce strictly the copyright laws. It is possible that the seizure of equipment capable of non-infringing uses would intolerably abridge the infringer's freedom to communicate, if the equipment were actually put to infringing and non-infringing uses, or if there were a substantial likelihood that the equipment would be put to future non-infringing uses.

The presence of a constitutional interest may not suffice to prevent the seizure of an article. It is now established that "mere evidence"¹⁰⁷ of a crime may be seized, and this principle has been extended to include even a person's papers, Fifth Amendment objections notwithstanding.¹⁰⁸ However, nowhere in the impoundment or destruction provisions, or in legislative discussions of those provisions, is there any hint that those

¹⁰³ 33 Cal. App. 3d 122, 126, 108 Cal. Rptr. 797, 800 (1973). See also *United States v. Wild*, 422 F.2d 34, 38 (2d Cir. 1969) (dictum) (where defendants were convicted of conspiracy to use the mails to deliver obscene matter, the court approved of the retaining of slides and brochures as contraband, but disapproved of the seizure of photographic equipment).

¹⁰⁴ *Mazer v. Stein*, 347 U.S. 201, 208 (1954) (review of the development of copyright coverage to make clear the purpose of Congress); *Fred Fisher Music Co. v. M. Witmark & Sons*, 318 U.S. 643, 647 (1943) (review of historical background of copyright legislation "to discover whether Congress meant more than it said").

¹⁰⁵ 2 LEGISLATIVE HISTORY, *supra* note 36 at D242-43; 3 LEGISLATIVE HISTORY, at E226-27; COPYRIGHT LAW REVISION, PART FOUR, *supra* note 69 at 123-24 (letter of Ed Sargoy).

¹⁰⁶ U.S. CONST. art. I, § 8 (copyright and patent clause).

¹⁰⁷ *Warden v. Hayden*, 387 U.S. 294 (1967).

¹⁰⁸ *United States v. Fisher*, 425 U.S. 391 (1976) (production of papers prepared by accountants).

provisions were designed to produce evidence, nor do the cases indicate that impounded articles are important as evidence.

It is also true that the existence of a constitutional interest has not prevented the forfeiture of articles outside the area of copyright.¹⁰⁹ Thus, although the right to travel and freedom of association¹¹⁰ would seem to be involved in the use of an automobile, an automobile can be forfeited to the government if it is used to distribute illicit drugs, as long as there is a "nexus" between the automobile and the crime.¹¹¹ In the area of copyright, however, a distinction should be drawn between seizure and forfeiture, which are mandatory in a criminal offense, and seizure and destruction, which are discretionary in a civil case.¹¹² Once again, reserving the question whether the criminal copyright statute is constitutional, it is certainly within the power of a court in a civil case to place First Amendment considerations in the balance.

Apart from the seizure of neutral equipment, the seizure and destruction of infringing copies also presents serious constitutional issues. In *Jondora Music Publishing Co. v. Melody Recordings, Inc.*, the court perceived no First Amendment issue because defendants "conceded" they copied the works of others.¹¹³ Even if one perceives no First Amendment value in preserving pirated works¹¹⁴ (as compared to preserving the equipment used to infringe), one should recognize certain limitations to this view. First, defendants might not "concede" that their work, which has been seized *ex parte*, infringes. In that situation, it cannot help to define a copyright infringement as unprotected speech:

¹⁰⁹ *Forfeiture of Property Used in Connection with Criminal Acts*, 25 WAYNE L. REV. 83 (1978); *Bane of American Forfeiture Law—Banished at Last?* 62 CORNELL L. REV. 768 (1977); Clark, *Civil and Criminal Penalties and Forfeitures in a Framework for Constitutional Analysis*, 6 MINN. L. REV. 379 (1976); Finkelstein, *The Goring Ox: Some Historical Perspectives on Deodands, Forfeitures, Wrongful Death and the Western Notion of Sovereignty*, 46 TEMP. L.Q. 169 (1973).

¹¹⁰ *Shapiro v. Thompson*, 394 U.S. 618, 642-43 (1969) (right to travel is a "virtually unconditional personal right . . ."); *Aptheker v. Secretary of State*, 378 U.S. 500, 507-08, 514 (1964) (congressional denial of passports to Communist party members too broadly restricts right of travel and infringes Fifth Amendment); *Kent v. Dulles*, 357 U.S. 11, 125-26 (1958) ("The right to travel may be as close to the heart of the individual as the choice of what he eats, or wears, or reads.").

¹¹¹ *Forfeiture of a Vehicle: Search for a Nexus*, 4 NOVA L.J. 271 (1980). For striking examples of drug dealers' forfeitures, see L.A. Times, Feb. 9, 1981, at 1 col. 3.

¹¹² See note 15 *supra*.

¹¹³ 362 F. Supp. 494, 499 (D.N.J. 1973).

¹¹⁴ Nimmer, *Does Copyright Abridge the First Amendment Guarantee of Free Speech and Press?*, 17 U.C.L.A. L. REV. 1180, 1192, 1203-04 (1970).

"A particular communication cannot authoritatively be called protected or unprotected at a point when, by definition, no court has yet determined the constitutional question."¹¹⁵

Second, even if the copyright infringement is defined as unprotected speech, there is the danger that an overbroad seizure will grab infringing and non-infringing speech. This could happen in two ways. First, infringing copies might be seized along with non-infringing works.¹¹⁶ Second, infringing speech and protected speech could be mixed together in a derivative work that is impounded. The second problem, which is novel, will be developed later.¹¹⁷

The Supreme Court rules, which permit the seizure of infringing items and means of infringement without prior notice and an opportunity to be heard, present an obvious due process issue. Indeed, an Advisory Committee on Rules to the Supreme Court declared that it had

"serious doubts as to the desirability of retaining Copyright Rules 3-13 for they appear to be out of keeping with the general attitude of the Federal Rules of Civil Procedure toward remedies anticipating decision on the merits, and objectionable for their failure to require notice or a showing of irreparable injury to the same extent as is customarily required for threshold injunctive relief."¹¹⁸

Aware of these due process objections, the court in *Jondora* nevertheless held that there was no inherent disregard of due process. The judge in *Jondora* found that the wage garnishment and replevin cases were not on point, and that the Supreme Court rules, providing relief from seizure, complied with the constitutional mandate.¹¹⁹

It is not immediately apparent, however, that due process standards for seizing reproduction equipment or material alleged to infringe a

¹¹⁵ L. TRIBE, AMERICAN CONSTITUTIONAL LAW 729 (1978).

¹¹⁶ *Marcus v. A Search Warrant of Property*, 367 U.S. 717, 729-30 (search and seizure procedures lacked safeguards for nonobscene material required by due process); *A Quantity of Books v. Kansas*, 378 U.S. 205, 208 (1964) (same).

¹¹⁷ See notes 125-148 & accompanying text *infra*.

¹¹⁸ Note of the Advisory Committee on Rules to the Supreme Court, *quoted in Jondora Music Pub. Co. v. Melody Records*, 362 F. Supp. 494, 499 (D.N.J. 1973). *Jondora* gave no significance to the note because, "there has been no change in the Rules, notwithstanding the Copyright Act changes." *Id.*

¹¹⁹ *Id.* at 499.

copyright should be lower than standards for seizing wages or used refrigerators. In both cases, property is involved, but in the copyright case, the property is also a means of expression. This raises issues of "First Amendment due process," which the *Jondora* case, finding no First Amendment issue, was ill-prepared to consider.¹²⁰ In striking down an ex parte TRO issued without notice to restrain a white supremacist organization from holding meetings for ten days, Justice Fortas wrote:

"[T] here is no place within the area of basic freedoms guaranteed by the First Amendment for such orders where no showing is made that it is impossible to serve or notify the opposing parties and to give them an opportunity to participate."¹²¹

In arriving at this conclusion, Justice Fortas stressed that the case involved "a rally and 'political' speech in which the elements of timeliness may be important."¹²² Such considerations may be altogether lacking in a copyright infringement case. Although impoundment acts as a prior restraint of speech that can only be classified as unprotected by judicial review, and such a prior restraint, according to the famous *Near* doctrine, is only supposed to obtain in "exceptional" cases,¹²³ it is plausible that Congress thought copyright cases to be exceptional, requiring strict enforcement methods to protect authors. The Supreme Court has yet to decide whether copyright impoundment without prior notice and hearing is a constitutional exception to prior restraint.¹²⁴

¹²⁰ Professor Tribe explains:

The phrase is from Monaghan, "First Amendment 'Due Process,'" 83 HARV. L. REV. 518 (1970), where it is used to summarize two basic principles the author distills from the case law: that a judicial body, following an adversary hearing, must decide on the protected character of the speech; and that the judicial determination must precede or immediately follow any governmental action which restricts speech.

L. TRIBE, *supra* note 115, at 732 n.1.

¹²¹ *Carroll v. President and Commissioners of Princess Anne*, 393 U.S. 175, 180 (1968).

¹²² *Id.* at 182.

¹²³ 283 U.S. 697, 716 (1931).

¹²⁴ Lower court cases will be of little help. *Universal Mfg. Co. v. Copperman*, 206 Fed. 69 (S.D.N.Y. 1913), holding that the impoundment remedy does not violate due process, antedates the *Near* doctrine of prior restraints. *Jondora Music Pub. Co. v. Melody Records, Inc.*, 362 F. Supp. 494 (D.N.J. 1973), failing to find a free speech interest at all, cannot draw necessary connections between free speech and due process.

III. THE EXERCISE OF DISCRETION IN THE IMPOUNDMENT AND DESTRUCTION OF DERIVATIVE WORKS

Under the 1909 Act, it was possible to impound derivative infringing works for destruction.¹²⁵ The new Copyright Act also makes it possible to impound and destroy an infringing derivative work,¹²⁶ even if the derivative work is original and the product of much enterprise.¹²⁷ As a result, the copyright owner, in return for his promise to refrain from invoking his impoundment remedy, may be able to extort from the infringer damages that exceed actual harm to the owner.¹²⁸ Where the parties cannot strike a bargain, the infringer, as well as the public, may still have a free speech interest in preserving derivative infringing works from destruction. The potentially unfair advantage that the remedies give to the original author, as well as the possible harm to the free speech interest, may be mitigated by judicial discretion in the exercise of the remedies.

A. Interest of a Copyright Owner and an Infringer in a Derivative Work

The 1976 Copyright Act gives the copyright owner the exclusive right to prepare derivative works based upon his copyrighted work.¹²⁹ Section 103(a) explains that copyright

“protection for a work employing preexisting material in which copyright subsists *does not extend to any part of the work in which such material has been used unlawfully*”¹³⁰ (emphasis added).

The general effect of this provision

“would be to deny copyright to derivative works, in which the preexisting work tends to pervade the entire work, but not to

¹²⁵ *Walt Disney Productions v. Air Pirates*, 581 F.2d 751 (9th Cir. 1978); *Amplex Mfg. Co. v. A.B.C. Plastic Fabricators, Inc.*, 184 F. Supp. 285 (E.D. Pa. 1960) (small part of one catalogue infringed another catalogue); *Foreign & Domestic Music Corp. v. Wyngate*, 66 F. Supp. 82 (S.D.N.Y. 1946) (movie's sound track infringed musical composition).

¹²⁶ See notes 130-136 & accompanying text *infra*.

¹²⁷ Judge Friendly has recognized that the author of a derivative work, for example, one who makes a movie out of a book, “will often have made contributions literary, musical and economic as great as or greater than the original author.” *Rohauer v. Killiam Shows, Inc.*, 551 F.2d 484, 493 (2d Cir. 1977).

¹²⁸ See notes 137-140 & accompanying text *infra*.

¹²⁹ 17 U.S.C. § 106(2) (1976 Ed. Supp. II).

¹³⁰ 17 U.S.C. § 103(a) (1976 Ed. Supp. II).

collective works, where the infringement arises from the copying of the selection and arrangement of a number of pre-existing works, and not per se from the reproduction of any particular work."¹³¹

The proper consequence of these provisions is that a derivative work that differs only slightly from the underlying work will, like a copy, infringe and be deprived of any independent copyright.¹³² However, there are at least three situations in which an author can add much originality to pre-existing material, yet the pre-existing work will still run through every part of the infringing derivative work: (1) When a work is transformed into another medium, as when a play is made into a movie;¹³³ (2) when a burlesque or parody is made of a pre-existing work;¹³⁴ (3) when a character is taken from another work.¹³⁵ In these circumstances, the maker of the infringing derivative work has no independent copyright; as an infringement, his work is subject to the remedies of the Copyright Act, which include impoundment and destruction.¹³⁶

B. *The Problem of Extortion*

The availability of impoundment and destruction remedies enables a plaintiff to extort a very favorable settlement from an infringer, whenever the cost of the remedies to the infringer exceeds the value of relief to the plaintiff.¹³⁷ The problem is illustrated by *Amplex Mfg. Co. v. A.B.C.*

¹³¹ NIMMER ON COPYRIGHT, *supra* note 14, at § 3.06.

¹³² Cf. *Nichols v. Universal Pictures Corp.*, 455 F.2d 119, 121 (2d Cir. 1930) (L. Hand, J.) ("It is of course essential to any protection of literary property, whether at common law or under statute, that the right cannot be limited literally to the text, else a plagiarist would escape with immaterial variations.").

¹³³ *Rohauer v. Killiam Shows, Inc.*, 551 F.2d 484 (2d Cir. 1977) (movie not infringing book); *Sheldon v. Metro-Goldwyn Pictures Corp.*, 81 F.2d 49 (2d Cir. 1936) (movie infringing play).

¹³⁴ *Walt Disney Productions v. Air Pirates*, 581 F.2d 751 (9th Cir. 1978) (parody of Mickey Mouse); *Benny v. Loew's Inc.*, 239 F.2d 532 (9th Cir. 1956) ("Auto Light" parody of "Gas Light").

¹³⁵ *Walt Disney Productions v. Air Pirates*, 581 F.2d 751 (9th Cir. 1978) (Mickey Mouse); *Television Productions, Inc. v. McDonald's Corp.*, 562 F.2d 1157 (9th Cir. 1977) (Pufnstuf characters); *Warner Bros. Pictures v. Columbia Broadcasting System*, 216 F.2d 945 (9th Cir. 1954) (Sam Spade).

¹³⁶ 17 U.S.C. § 502 (1976 Ed. Supp. II) (injunctions); 17 U.S.C. § 503 (1976 Ed. Supp. II) (impounding and destruction); 17 U.S.C. § 504 (1976 Ed. Supp. II) (damages and profits); 17 U.S.C. § 505 (1976 Ed. Supp. II) (cost and attorney's fees); 17 U.S.C. § 506 (1976 Ed. Supp. II) (criminal offenses).

¹³⁷ D. DOBBS, *HANDBOOK ON THE LAW OF REMEDIES* § 6.3 (1973).

Plastic Fabricators, Inc.,¹³⁸ a case in which the infringer produced a catalogue, a small proportion of which directly infringed plaintiff's work. Although much of the infringing work was original and monetary damages to the plaintiff were slight, the court nevertheless ordered delivery up for destruction of 4,875 copies of the infringing work.¹³⁹ If the defendant's cost of production vastly exceeds the plaintiff's damages, the plaintiff may be able to license his work to the defendant for an amount considerably greater than the fair market value of the license.¹⁴⁰

C. *The First Amendment Problem with Impounding and Destroying Derivative Works*

Copyright protects only the author's expression, not his ideas.¹⁴¹ Professor Nimmer has argued that the idea-expression dichotomy can be used to protect the interests underlying copyright without encroaching on the interests underlying free speech.¹⁴² By guarding the author's expression against infringement, copyright secures his economic interests and thereby carries out the constitutional imperative to "promote the progress of science and the useful arts." By denying the author a monopoly in his ideas, copyright preserves the democratic dialogue or "market place of ideas," and preserves the safety valve and self-expression functions of free speech;¹⁴³ it is unlikely that a speaker will pirate another's expression to fulfill his psychic need for a safety valve or for free expression.

Intended to resolve the tension between copyright and the First Amendment, the idea-expression test faces a formidable obstacle when the test is applied to a derivative work throughout which the underlying

¹³⁸ 184 F.2d 285 (D. Pa. 1960).

¹³⁹ *Id.* at 287, 289.

¹⁴⁰ In reference to the *Amplex* case, Professor Dobbs' analysis is as follows:

Suppose, for example, the defendant produced the catalogs at the cost of \$1 each, and would have to replace them at the same cost if they were destroyed. This would cost him almost \$5,000 to obey the injunction. The plaintiff in such a case is in very good position to suggest that he will license the copyrighted material for, say, \$3,000, and the defendant is quite vulnerable to such a suggestion. If he accepts, he can pay the plaintiff \$3,000 for the privilege of using the existing catalogs and this will save him \$5,000. . . . It is simple extortion made possible by judicial decree.

D. DOBBS, *supra* note 136, at § 6.3.

¹⁴¹ *Sid & Marty Krofft Television Productions, Inc. v. Mc Donald's Corp.*, 562 F.2d 1157, 1163 (9th Cir. 1977).

¹⁴² Nimmer, *supra* note 114, at 1193-96.

¹⁴³ This is Justice Brandeis's famous summary of the three major reasons that justify free speech. *Whitney v. California*, 274 U.S. 357, 375-76 (1927).

work runs. The author of a derivative work might borrow heavily from another's expression precisely in order to express a new idea: this process can occur in parody or burlesque, when an author borrows a character, or when an author transforms a work into an entirely different medium. Authors of such derivative works could well be using speech as a form of self-expression, as a safety valve, or to contribute to the democratic dialogue, yet their work risks infringing as soon as it skirts the idea-expression line, unless a fair use defense pertains.¹⁴⁴ Although in such circumstances copyright still protects the economic interests of the original author,¹⁴⁵ it may not sufficiently elevate the importance of free speech interest. Where the underlying work runs throughout the derivative work, courts have struggled to find a verbal recipe for the idea-expression dichotomy.¹⁴⁶ Courts that persist in finding infringement in these situations could do more to protect the free speech interests of the derivative work's author and of his audience by exercising discretion in applying impoundment and infringement remedies,¹⁴⁷ while preserving

¹⁴⁴ 17 U.S.C. § 107 (1976 Ed. Supp. II) (limitations on exclusive rights; fair use).

¹⁴⁵ However, it should be noted that the economic interests of an original author would seem to be threatened more by the making of exact reproductions than by the making of infringing derivative works. Derivative works may not threaten the market position of the original work. Although they might harm the market for the original author's own derivative work, his loss, if he has not actually produced a derivative work, is highly speculative.

¹⁴⁶ *Roth Greeting Cards v. United Card Co.*, 429 F.2d 1106, 1110 (9th Cir. 1970) ("total concept and feel" test); *Berlin v. E.C. Publications, Inc.*, 324 F.2d 541 (2d Cir. 1964) ("recall or conjure up" test); *Benny v. Loew's Inc.*, 239 F.2d 532 (9th Cir. 1956) (near verbatim copying test); *Nichols v. Universal Pictures Corp.*, 45 F.2d 112, 121 (2d Cir. 1930) ("abstractions" test). See generally *Berman & Boxer, Copyright Infringement of Audiovisual Works and Characters*, 52 SO. CAL. L. REV. 315 (1979).

¹⁴⁷ The textual support for the exercise of discretion is to be found in the statutory language that the court "may order" impoundment, destruction, or other reasonable disposition of infringing articles. See note 15 *supra*.

As to the standard for impoundment, Professor Nimmer writes:

[E]ven under the 1909 Act a writ of seizure or other request for impounding was denied in the absence of "extraordinary circumstances" requiring it. The current Act provides no explicit statutory standard to be applied in the exercise of the court's discretion upon a request for impounding. It is arguable that the same "likelihood of success" standard adopted in the preliminary injunction cases is equally applicable for impounding purposes.

NIMMER ON COPYRIGHT, *supra* note 14, at § 14.07 (footnotes omitted).

It is also arguable that the same standard adopted in permanent injunction cases should be applicable for destruction purposes. As to the permanent injunction standard, Nimmer remarks, "where great public injury would be worked by an injunction, the courts might follow cases in other

conventional remedies necessary to secure the economic interests of the underlying work's author.¹⁴⁸

CONCLUSION

Congress has passed to the courts much of the responsibility for fleshing out the substance and procedure of copyright impoundment and destruction. Since the turn of the century, Congress has continued to give more power and more discretion to the courts. The legislative history shows that this grant of discretionary power was not intended to be absolute. However, the legislative history, while revealing concern that courts might impound printing presses and other means of expression capable of innocent use, never clearly established the limits of the courts' discretion.

To be reasonable, this discretion must weigh constitutional and equitable considerations in the balance. In order to protect the copyright interests of a copyright owner without unduly impinging on the free speech interests of the infringer, courts must tread carefully when they

areas of property law, and award damages or a continuing royalty instead of an injunction in such special circumstances." *Id.* at § 14.06 [B] (footnote omitted).

A longer version of this article suggested that tort doctrines of accession and confusion could be helpful in determining a reasonable disposition for property that a copyright infringer converts to his use. According to the doctrine of accession, an owner acquires property that belonged to a converter and that the converter added to and confused with the original property. However, the right of an owner to obtain the property that a converter commingles with the owner's original property is limited when the converter is innocent and the property has been so transformed that it cannot be restored to its original state. *See* 1 AM. JUR.2d *Accession and Confusion*, §1, §2, §9, §12, §29 (1962). Thus, the work of an innocent infringer, *see* note 14 *supra*, whose original contribution is commingled with pre-existing material, might be spared from destruction.

¹⁴⁸ Traditional remedies include actual damages and profits or statutory damages. 17 U.S.C. §404 (1976 Ed. Supp. II). A radical solution would be to create a compulsory license, requiring that an author grant a license and receive a royalty for the derivative use of his work. It is doubtful, however, that a statutorily fixed royalty could fully compensate for the financial harm that the original author might suffer in varying circumstances. Moreover, it should be recognized that an author's derivative rights may help him to prevent others from making deforming changes in his work. *Cf.* *Granz v. Harris*, 198 F.2d 585 (2d Cir. 1952) (deletion of music in prints made from master discs); *Gilliam v. American Broadcasting Co., Inc.*, 538 F.2d 14 (2d Cir. 1976) ("mutilation" of Monty Python script). To this extent, the derivative rights in American law fulfill the function of the author's "moral rights" in European law. NIMMER ON COPYRIGHT, *supra* note 14, 8.21 [A] [B].

impound for destruction equipment that is capable of non-infringing uses. Courts should consider whether such a broad application of the statute is necessary to enforce the copyright law in a given case, whether such a remedy fits the gravity of the offense, whether the remedy will significantly decrease the likelihood of further copying by the infringer, and whether it is likely that the equipment will actually be used for non-infringing purposes. Courts must also consider whether the Supreme Court rules that govern impoundment procedure s that govern impoundment procedure tice and hearing.

A problem deserving special consideration arises when derivative works infringe. If every part of an infringing work is mixed with an underlying work, then it would appear that the derivative work, deprived of all copyright protection, is potentially subject to impoundment and destruction under the Copyright Act of 1976. At present, a court exercising its discretionary power is not required by statute to impound and destroy such a derivative work. Where such a derivative work incorporates substantial artistic or economic contributions, it may be unfair, wasteful, and an infringement of First Amendment interests to impound and destroy the derivative work.

PART II

LEGISLATIVE AND ADMINISTRATIVE DEVELOPMENTS

1. United States of America and Territories

547. U.S. CONGRESS. HOUSE.

H.R. 5250. A bill to amend the copyright law to exempt private, nonprofit recording of copyrighted works on video recorders from copyright infringement. Introduced by Mr. Foley on Dec. 16, 1981; and referred to the Committee on the Judiciary. (97th Cong., 1st Sess.).

This bill would amend chapter 1 of title 17 of the United States Code by adding a new section 119, "Limitation on exclusive rights: Private use". "Notwithstanding the provisions of section 106, it is not an infringement of copyright for an individual to record copyrighted works on a video recorder if the recording is made without any purpose of direct or indirect commercial advantage and is to be utilized in a private home." [Similar to H.R. 4783, H.R. 4794, H.R. 4808, and S. 1758].

548. U.S. CONGRESS. SENATE.

S. 2044. A bill to amend the copyright law regarding work for hire. Introduced by Mr. Cochran on Feb. 2, 1982; and referred to the Committee on the Judiciary. (97th Cong., 2d Sess.).

The definition of a "work made for hire" in section 101 of the United States Code would be amended to exclude from its coverage a work composed as (1) a contribution to a collective work, which encompasses magazine articles and anthologized short stories, (2) a part of a motion picture or other audiovisual work, and (3) an instructional text.

549. U.S. COPYRIGHT ROYALTY TRIBUNAL.

1979 cable royalty distribution proceeding. *Federal Register*, vol. 46, no. 231 (Dec. 2, 1981), pp. 58545-46.

Having declared a controversy in the matter of the 1979 cable royalty distributions, the Copyright Royalty Tribunal, in accordance with the 1979 proceeding and a joint filing by most of the

parties, resolved to conduct a two-phase distribution proceeding—Phase I to determine the allocation of the cable royalties to specific groups of claimants and Phase II, the allocation of such royalties to individual claimants within each group. Phase I is now completed and the Tribunal makes the following determinations with respect to allocations to the various claimant groups: (1) program syndicators—70%; (2) Joint Sports Claimants—15%; (3) Public Broadcasting Service (for all purposes)—5.25% (4) U.S. Television Broadcasters—4.50%; (5) Music Performing Rights Societies—4.25%; (6) Canadian Claimants (except commercial radio)—.75%; and (7) National Public Radio—.25%. Hearings on Phase II of this proceeding will commence on January 19, 1982; parties wishing to present evidence are directed to notify the Tribunal of such intention by December 16, 1981 and to submit their written filings not later than January 7, 1982. The Tribunal also asks to be notified no later than December 16, 1981 of any voluntary distribution agreements reached among claimants within a particular group.

550. U.S. COPYRIGHT ROYALTY TRIBUNAL.

1979 jukebox royalty distribution. Notice of final determination. *Federal Register*, vol. 46, no. 229 (Nov. 30, 1981), pp. 58139-42.

The Copyright Royalty Tribunal has concluded that the record in the 1979 jukebox royalty distribution proceeding is inconclusive and the evidence contained therein insufficient to make a distribution. Therefore, the parties are requested to submit proposals for a joint survey, the methods and procedures for which they will be expected to agree on beforehand and to jointly supervise.

551. U.S. COPYRIGHT ROYALTY TRIBUNAL.

37 CFR 307. Adjustment of royalty payable under compulsory license for making and distributing phonorecords. Final rule. *Federal Register*, vol. 46, no. 246 (Dec. 23, 1981), pp. 62267-68.

The Copyright Royalty Tribunal announces its decision to adopt the three-step mechanical royalty rate adjustment rule published in its November 9, 1981 notice of proposed rulemaking. Effective January 31, 1982, the Tribunal's regulations are amended to replace the existing rule providing for interim adjustments of the mechanical royalty with the newly adopted rule setting out the following automatic incremental increases: (a) on January 1,

1983, the royalty rate payable on each work embodied in phonorecords made and distributed increases to 4.25 cents or .8 cent per minute of playing time or fraction thereof, whichever is larger; (b) on July 1, 1984, the rate increases to 4.5 cents or .85 per minute of playing time or fraction thereof; and (c) on January 1, 1986, 5 cents or .95.

552. U.S. COPYRIGHT OFFICE.

37 CFR 201. Methods of affixation and positions of the copyright notice. Final regulation. *Federal Register*, vol. 46, no. 230 (Dec. 1, 1981), pp. 58307-14.

Effective December 1, 1981, the Copyright Office adopted a new regulation to implement section 401(c) of the Copyright Act. The new section provides examples of methods of affixation and positions for the guidance of persons seeking to affix the notice to various types of works in such a manner and location as to give reasonable notice of the claim to copyright. Comments submitted in response to the regulation as proposed in December 1977 urged the Office to make several changes. Some of these recommendations, including ones concerning works published as an issue of a periodical or serial, contribution to collective works, title page and manner of affixation and position, have been incorporated in the final regulation.

553. U.S. COPYRIGHT OFFICE.

37 CFR 202. Acquisition and deposit of unpublished television transmission programs; proposed rulemaking and notice of public hearing. Proposed rules; notice of public hearing. *Federal Register*, vol. 47, no. 24 (Feb. 4, 1982), pp. 5259-62.

The Copyright Office will hold a public hearing on March 24, 1982 to consider the adoption of a new regulation to implement sections 407(e) and 408(b) of the Copyright Act. The former section authorizes the Library of Congress to obtain copies of fixed, unpublished transmission programs, either by making off-the-air copies or by demanding that the owner of the U.S. transmission rights furnish a copy via permanent transfer, loan or sale. The latter section of the Act provides that copies obtained by the Library of Congress under section 407(e) "otherwise than by deposit" may be used to satisfy the registration deposit requirement. The proposed new section 202.22 provides a mechanism for making off-the-air copies and demanding copies of unpublished transmission programs. It also establishes requirements under which

copies so acquired may be used for registration purposes. Those wishing to testify at the hearing should submit a written request by March 17, 1982.

554. U.S. COPYRIGHT OFFICE.

37 CFR 202. Registration of claims to renewal of copyright. Final rule. *Federal Register*, vol. 46, no. 232 (Dec. 3, 1981), pp. 58671-73.

The Copyright Office adopts a final rule with respect to renewal registration practices and procedures under 17 U.S.C. 304(a). The new rule, which is adopted as proposed on October 6, 1981, prescribes conditions for the registration of claims to renewal copyright in works for which first-term copyright subsisted in January 1, 1978.

555. NEW YORK.

A. 9477. Bill introduced by Assemblyman Gottfried on January 19, 1982 entitled the "Artist's Authorship Rights Act".

The bill would prohibit any person, other than the artist, from publicly displaying a work of fine art "in an altered, defaced, mutilated or modified form." The bill also grants artists the right to claim authorship, or disclaim authorship of a work of fine art. The rights granted by the law would exist during the life of the artist plus fifty years. The bill was referred to the Committee on Tourism, Arts and Sports Development.

PART IV

JUDICIAL DEVELOPMENTS IN LITERARY AND ARTISTIC PROPERTY**A. DECISIONS OF U.S. COURTS****1. Federal Court Decisions**

556. **ABKCO MUSIC, INC. v. HARRISONGS MUSIC, LTD.**, 508 F. Supp. 798 (S.D. N.Y. Feb. 23, 1981) [Owen, D.J.].

Pryor, Cashman, Sherman and Flynn, New York, N.Y., Gideon Cashman, James A. Janowitz and Donald S. Zakarin, of counsel, for plaintiff and additional parties with respect to counterclaims; Santora, Shenkman and Kushell, New York, N.Y., Joseph J. Santora, of counsel, for all defendants except Hansen Publications, Inc.; Barovick, Konecky, Braun, Schwartz and Kay, New York, N.Y., Richard Z. Lehv and David S. Rosenthal, of counsel, for defendant Hansen Publications, Inc.; Cleary, Gottlieb, Steen and Hamilton, New York, N.Y., Albert S. Pergam, of counsel, for defendants Apple Corps Limited and Apple Records, Inc..

Determination of damages in copyright infringement action. *Held*, present plaintiff, which was former manager of the principal defendants and who purchased the former plaintiff's cause of action during the pendency of the action, may not recover an amount in excess of the amount it paid for the cause of action.

In prior proceedings, the District Court found that defendant George Harrison had copied the music of the copyrighted song "He's So Fine" when he wrote "My Sweet Lord." Prior to the commencement of hearings to determine the amount the former plaintiff, Bright Tunes Music Corp., should recover, Bright Tunes sold its copyright in "He's So Fine" and its rights in the action to ABKCO, Inc. ABKCO had been the business manager of the principal defendants, including George Harrison, before and during the action and was discharged prior to its purchase of Bright Tunes' rights. ABKCO had, in the first instance, analyzed the merits of Bright Tunes' claim and engaged defense counsel. After being discharged as the business manager of George Harrison and companies affiliated with him, ABKCO offered to buy Bright Tunes' interests for an amount in excess of the settlement terms

which had been offered by defendants.

In determining the profits earned from defendants' infringement of "He's So Fine", the court first determined the earnings of "My Sweet Lord" from mechanical royalties, performance royalties, sales of sheet music and the profits of the Harrison-owned Apple Records, Inc. from record sales. With respect to mechanical royalties and the profits of Apple Records, Inc., the court held that the earnings attributable to "My Sweet Lord" included both the earnings directly attributable to that song plus part of the earnings attributable to the less popular song on the "flip side" of the "My Sweet Lord" single record and the album "All Things Must Pass." The court determined the songs' relative popularity on the basis of Broadcast Music, Inc. (BMI) radio monitoring statistics. However, the court did not include any earnings attributable to the songs other than "My Sweet Lord" that were included in the album "The Best of George Harrison" because all of those songs were "hits." From the sum of these amounts and the other sources of income described above, the court deducted ABKCO and Harry Fox Agency commissions. The court refused to deduct other expenses because defendant failed to prove they were attributable to "My Sweet Lord". The District Court reduced the resulting figure by 25% to account for the income from "My Sweet Lord" which could be attributable to its original lyrics and George Harrison's personal popularity. The final figure was \$1,599,987.00.

The Court, however, refused to award plaintiffs this sum. The Court held that ABKCO's conduct violated its fiduciary duty to George Harrison and substantially contributed to Bright Tunes' failure to settle the action. Bright Tunes could reasonably be dubious of a settlement offer it otherwise considered to be good, when faced with a higher offer from ABKCO, a firm with intimate knowledge of the merits of defendants' litigation position. In addition, in the course of ABKCO's negotiations with Bright Tunes, ABKCO furnished Bright Tunes with financial information it acquired as George Harrison's manager. The District Court concluded that ABKCO should not be permitted to benefit from its acquisition of Bright Tunes' interest in "He's So Fine" and the instant suit. However the court did not conclude that ABKCO should forfeit the cost of its acquisition. Thus, the court held that ABKCO should hold its acquisitions from Bright Tunes in trust for George Harrison, and should transfer them to George Harrison upon his payment of the amount paid to Bright Tunes, \$587,000.00. ABKCO was awarded judgment in that amount.

557. **PARAMOUNT PICTURES CORP. v. RUBINOWITZ**, F. Supp. (E.D.N.Y. June 29, 1981) [Bramwell, D.J.].

Motion for summary judgment by defendants in action for copyright and trademark infringement arising from the unauthorized sale of videotape cassettes of episodes of the syndicated television program "Star Trek". *Held*, a limited rather than a general publication under the common law results from distribution of copies of television films to individual television stations under the condition that they be used only for broadcast to non-paying audiences, that no copying be allowed, that they remain in the possession of the television station, and that they be returned.

Plaintiff Paramount Pictures Corporation claimed that it acquired statutory copyrights in the films of the "Star Trek" television series on January 1, 1978, when its common law copyrights were converted into statutory copyrights by operation of the Copyright Act of 1976. Defendants, who were alleged to have sold "Star Trek" video cassettes without Paramount's authorization, alleged in their motion for summary judgment that Paramount had placed the films in the public domain before 1978 by its syndication distribution practices. "Star Trek" was last televised on network television in 1968. Thereafter, Paramount distributed copies of the films, without notice of copyright, to individual television stations under a booking license or a library license agreement. Under the former, a television station received copies of "Star Trek" episodes one by one and returned each one within 48 hours of its broadcast. Under the latter, a television station received copies of all 79 episodes and returned them at the end of the license period. Both agreements required licensees to use the films only for broadcast to non-paying audiences and retain physical possession of the films, and prohibited them from allowing copies to be made of the films. The District Court held that the films were not in the public domain and denied the motion.

Under the Copyright Act of 1976, an offer to distribute copies of a film for public broadcast is an act of publication. The District Court held that since "Star Trek" was syndicated prior to January 1, 1978, the effective date of the 1976 Act, the issue of publication should be determined under prior law. Prior to 1978, the author of a work, or an assignee, held a common law copyright in a work until it was the subject of a general publication. If the work was published with a notice of copyright, it acquired a statutory copyright; if it was published without a notice of copyright, it entered the public domain. A general publication was distribution of cop-

ies to the public at large without restriction on the distributees' use of the copies. A limited publication did not affect a common-law copyright. A limited publication was distribution of copies of a work to a limited class of persons for limited purposes. The District Court held that Paramount's syndication of "Star Trek" was a limited publication and did not affect Paramount's common-law copyrights because the films were distributed only to television stations which agreed to Paramount's licensing restrictions.

558. SCHNAPPER v. FOLEY, 667 F.2d 102 (D.C. Cir. Oct. 1, 1981) [McLowan, Senior Circuit Judge].

Eric Schnapper, Seymour S. Guthman and George R. Douglas, Jr., on the brief, for plaintiffs-appellants; Thomas J. Byrnes, and Charles F. C. Ruff and Alice Daniel, on the brief, for defendants-appellees Foley and Ringer; Theodore D. Frank, and Monica K. Baghadi, Elizabeth L. Shriver and Eric H. Smith, on the brief, for defendants-appellees Public Broadcasting Service *et al*; Rodney F. Page also appeared for defendants-appellees Public Broadcasting Service *et al*; Murray Drabkin on the brief for defendant-appellee Metropolitan Public Broadcasting, Inc.

Appeal from judgment for defendants in action for injunctive and declaratory relief to invalidate the copyright in a film series commissioned by the United States government. Judgment affirmed. *Held*, a film commissioned by the United States government may be copyrighted even though the copyright is later assigned to the government.

The Administrative Office of the United States Courts commissioned a public broadcasting station to produce a series of five films about the Supreme Court entitled "Equal Justice Under Law." A certificate of copyright registration was issued to the producer upon its application. In seeking to invalidate the copyright, plaintiff argued, *inter alia*, that the 1909 and 1976 copyright acts prohibited a work produced with government funds from being protected by copyright. The District Court granted defendants' motion to dismiss the action, holding that neither law barred "Equal Protection of Law" from being protected by copyright.

The Court of Appeals affirmed the District Court's decision. Although the appellate court did not agree with every ruling made by the District Court, it did agree with the lower court's interpretation of the copyright laws.

Since "Equal Justice Under Law" was copyrighted under the 1909 Act and plaintiffs sought injunctive relief under the 1976 Act, the Court of Appeals examined the series' copyright ability under the 1909 and 1976 Acts. The court began by discussing the relevant section of the 1976 Act, section 105. Section 105 provides that a work of the United States government, i.e., a work prepared by an employee of the United States as part of his or her official duties, may not be protected by copyright. The House Report on the 1976 Act, H.R. Rep. No. 94-1476, allows a work created by a government contractor to be protected by copyright unless the contracting agency determined that copyright should be waived. One situation in which the agency might well do so is where the work was commissioned merely as an alternative to having government employees produce it. Relying on the House Report, the court held that "Equal Justice Under Law" was properly copyrighted, particularly since it was not commissioned merely as an alternative to government production. Since government employees were not "detailed" to the producer to assist in the films' production, there was no subterfuge.

The Court of Appeals held that its interpretation of section 105 of the 1976 Act was applicable to the section's predecessor in the 1909 Act, section 8. The court based its interpretation of section 8 on the legislative history of section 105 (which was intended to reproduce section 8,) the cases under § 8, and the consistent Copyright Office practice of issuing copyright registration certificates for federally commissioned works.

559. UNIVERSAL CITY STUDIOS, INC. v. AMERICAN INVSCO MANAGEMENT, INC. (N.D. Ill. May 26, 1981) [Decker, D.J.].

Motion by defendants for summary judgment in action for copyright infringement and other torts. *Held*: (1) A lessor who knows of its lessee's acts of copyright infringement and who could have prevented the infringement but did not is liable as a contributory infringer. (2) A lessor who could have prevented its lessee's acts of copyright infringement and did not, and who is paid a portion of its lessee's gross receipts as rent is liable as a contributory infringer.

Plaintiff owns the copyright in the film "Coalminer's Daughter." On March 7, 1980, the film was released in Chicago. On March 11, 1980, the film was shown without authorization in the Pavillion Lounge, a restaurant and bar which serves as a club for

the residents of the Pavillion Apartments, a Chicago housing complex. The owners of the Pavillion Lounge lease the premises from the owners of the complex, Pavillion Limited Partnership (Pavillion). The complex is managed by American Invsco Management, Inc. (American). Neither Pavillion nor American have any role in the day-to-day operation of the Lounge, but, under the terms of the lease, both have the authority to prevent unlawful activity on the premises. The lease also provides that the owners of the Lounge are to pay as rent the higher of a flat amount and 10% of their gross receipts. On the motion of Pavillion and American for summary judgment, the District Court granted defendants' motion insofar as plaintiff alleged Pavillion and American were direct copyright infringers but denied the motion insofar as plaintiff alleged American and Pavillion were contributory infringers, vicarious infringers, and party to a conspiracy to infringe.

One is liable as a contributory infringer if one knows of an act of infringement and induces, causes, or materially contributes to the infringement. Plaintiffs argued that Pavillion and American must have known the screening of "Coalminer's Daughter" constituted copyright infringement because of the recent Chicago release of the film, and that their authority to prevent unlawful activity at the lounge satisfied the contribution element of the definition of contributory infringement. Pavillion and American argued that despite the release date of the film, they knew nothing of the infringement, and that they could not be held liable as contributory infringers because of their failure to prevent the screening. The court held that the issue of Pavillion's and American's knowledge of the infringement raised an issue of fact sufficient to preclude summary judgment in their favor. Furthermore, the court rejected the distinction drawn by Pavillion and American between nonfeasance and malfeasance. The court quoted a section of the Restatement of Torts (Second) which states that one is liable for the tortious act of another committed on one's premises if one knows or has reason to know of the tortious act and permits its occurrence.

One is liable as a vicarious infringer if one has the power to prevent an act of infringement and fails to do so, and derives economic benefit from the infringement. Plaintiff claimed that Pavillion and American had the power to prevent the infringement of "Coalminer's Daughter" by virtue of the lease. Plaintiff claimed that Pavillion and American derived economic benefit from the infringement in two ways. First, since the Lounge's owners paid as rent the higher of a flat fee or 10% of their gross

receipts, any increase in Lounge business because of the screening of "Coalminer's Daughter" would benefit Pavillion and American. The court accepted this argument with respect to Pavillion without reservation. The court held that with respect to American, the arguments' validity would depend on the economic relationship between Pavillion and American. However, the fact that American was retained to manage the Pavillion Apartments at a profit was a sufficient basis to deny summary judgment in favor of either defendant on the issue of vicarious infringement. The court also found merit in plaintiff's argument that since the Lounge served as a club for the entire complex, any activity that served to make the lounge more attractive, such as the screening of "Coalminer's Daughter," benefited Pavillion by attracting tenants. Again, the court held that the viability of this argument with respect to American depended on the nature of its relationship with Pavillion.

Finally, the court held that there was sufficient evidence that Pavillion and American knew and consciously acquiesced in the infringement to preclude awarding them summary judgment on plaintiff's claim that they were liable as participants in a conspiracy to commit infringement.

560. CO-OPPORTUNITIES, INC. v. NATIONAL BROADCASTING CO., 510 F. Supp. 43 (N.D. Cal. Feb. 17, 1981) [Patel, D.J.].

Boone and Knudson, San Francisco, Cal., and Halley, Carnell and Lynch, San Francisco, Cal., Roger C. Peters, of counsel, for plaintiff; Morrison and Foerster, San Francisco, Cal., for defendant.

Action for copyright infringement and antitrust violations. *Held*, the transfer of plaintiff's assignor's cause of action to plaintiff relates back to the commencement of the action because defendant had actual notice of the claim on or before the transfer. Similarly, plaintiff's recordation of the transfer of the copyright upon which the action is based relates back to the commencement of the action.

In early 1976, Broadcasting Marketing Company (BMC), plaintiff's predecessor in interest, and defendant National Broadcasting Company (NBC) entered into an agreement wherein BMC provided NBC radio affiliates with co-operative advertising services. In August 1976, one of BMC's principal employees left BMC and became an independent contractor for NBC. In June 1977, BMC transferred all of its assets, including the copyrights involved

in the instant action, to plaintiff Co-opportunities, Inc. (COI). BMC did not execute an express transfer of existing causes of action to COI until after the instant action was begun. Furthermore, although BMC recorded a "Notice of Assignment of Copyright" prior to the commencement of the action, it did not record the assignment instrument itself until after the action was begun.

Defendant moved for summary judgment on plaintiff's copyright infringement claim on the grounds that plaintiff lacked standing to bring the action, and that plaintiff failed to satisfy the recordation requirements of the Copyright Act. The District Court denied the motion.

Defendant's challenge to plaintiff's standing was based on BMC's failure to make an express assignment of existing causes of action prior to the commencement of the suit. Plaintiff could not begin its action after such an assignment was made because by then the statute of limitations had expired.

The District Court agreed with defendant that the general assignment of BMC's assets did not effect a transfer of BMC's cause of action against NBC. The Court held that the transfer executed by BMC after the instant action was begun related back to the commencement of the suit because there was no possibility of double recovery, and defendant had notice of the plaintiff's claim before the action was begun.

Defendant also argued that plaintiff had not complied with § 205(d) of the Copyright Act and was therefore barred from bringing suit. Section 205(d) provides that the transferee of a copyright may not institute an action for its infringement until the instrument of transfer has been recorded with the Copyright Office. Defendant argued that the recordation of the Notice of Assignment of Copyright did not comply with § 205(d) because it was not the instrument of transfer. Plaintiff argued that its original recordation was in compliance with § 205(d) because § 205(a) provides that a transfer of copyright is valid if an instrument of transfer or *memorandum of transfer* is signed by the transferor. The Copyright office regulation implementing § 205(d), 37 CFR § 201.4(c), also considered a memorandum of transfer to satisfy that statutory section. The court did not resolve this issue. The court held that whether or not the earlier recordation satisfied § 205(d), the recordation of the instrument of transfer during the lawsuit related back to the beginning of the suit. The court based its decision on cases which held that the registration of a copyright made during an infringement action relates back to its

commencement, thereby permitting the plaintiff to maintain the suit.

B. DECISIONS OF FOREIGN COURTS

1. Australia

561. RCA CORPORATION ET AL. v. JOHN FAIRFAX AND SONS LTD. AND OTHERS, 34 ALR 345, Supreme Court of New South Wales, Equity Division in the Exercise of Federal Jurisdiction (1981) [Kearney J.] *EIPR*, vol. 3, issue 10, Oct. 1981, pp. D-211-212.

This case involves an article in an Australian newspaper suggesting readers make off-air tape recordings of record albums. Action was brought by a number of record companies. The action failed on the ground that "before the defendant's article could be characterized as an authorization of copyright it had to be shown that there was some infringing act which was consequent thereon."

2. European Economic Community

562. EEC Treaty, Arts. 59, 60, 177 "Television Advertising", case no. 52/79, March 18, 1980, Court of Justice of the European Communities. *IIC*, vol. 12, no. 3 (1981), pp. 388-392.

Criminal proceedings were brought against three persons for infringement of a prohibition of the "transmission of television broadcast" in the nature of commercial advertising and also implicating two Belgian companies. The accused were acquitted and three associations appealed to the Court of Justice of the European Communities. The Court stated that Articles 59 and 60 of the EEC Treaty "do not preclude national rules prohibiting the transmission of advertisement by television."

3. Federal Republic of Germany

563. WEIDMANNSCHE VERLAGSBUCHHANDLUNG, ZURICH v. MONUMENTA GERMANIE HISTORICA, MUNICH. Federal Supreme Court (Dec. 7, 1979). *IIC*, vol. 12, no. 3 (1981), pp. 416-422.

The court was asked to decide if a defendant is entitled to

reprint the introduction notes and index of a collection of texts from the Middle Ages, in this case a work called "Monumenta Germanie Historica". The court ruled that "if a work in the public domain is reprinted from a series which is continuing to be published and expanded, the title of the work, but not of the series, can be used for the reprint. The reference to the fact that the work originally appeared in another collection under a particular volume number in the series is permitted."

4. France

564. SDRM v. BEATRICE GIVAUDAN, District Court of Paris, 17th Correctional Chamber (April 24, 1980). *IIC*, vol. 12, no. 3 (1981), pp. 413-416.

The case involves musical compositions on phonograph records of American manufacture that were illegally reproduced by Madame Givaudan during the period from 1970 to 1972. No fee had been paid for the distribution of these works in French territory. The defendant alleged that the problem was not a copyright problem but "rather a simple purchase of physical objects." The defendant was found to have violated the reproduction and distribution rights of the author under France's Literary and Artistic Property Law.

PART V

BIBLIOGRAPHY

A. ARTICLES FROM LAW REVIEWS AND COPYRIGHT PERIODICALS

1. United States

565. BARA, JOHN. Comment: All's fair in love and private video recording—the copyright infringement issues in the Sony case. *Catholic University Law Review*, vol. 30, no. 4 (Summer 1981), pp. 621-651.

A look at the Sony case—*Universal City Studios, Inc. v. Sony Corp of America* and an analysis of fair use and private video recording and private taping of public broadcasts. Mr. Bara states in his conclusion that home video recording has “the potential to increase film producers’ revenues since the playback audience represents an additional element to television rating together with the audience for live broadcasts.” He believes that private video recording does not damage the constitutional basis of the Copyright Act and is non-infringing fair use.

566. Cable TV deregulation v. reregulation. *Copyright Management*, vol. V, no. 1 (Jan. 1982), p. 2.

This article focuses on the cable industry and the effect it has had on the “delicate structure of media copyright licensing arrangements.” After reviewing the various administrative and legislative measures taken to first regulate and then deregulate the industry, the article concludes that despite warnings to the contrary “there is little likelihood of a change in” the current deregulation trend.

567. COHEN, JERRY. Trade identity, the trade dress fashion mixes copyright patent and trademark elements. *Copyright Management*, vol. IV, no. 12 (Dec. 1981), pp. 6-8.

In discussing trade identity law and the controversial Fifth Circuit decision in *Chevron v. VPG*, this article says that while the ruling in that case seems to evoke copyright as well as some patent reasoning "the end result is a mixed metaphor and wrong decision . . . that will not stand the test of time." The *Chevron* case involved defendant's use of red-yellow-and-white striped lawn care products packaging that was similar to packaging used by plaintiff's Ortho Division for thirty years. Holding for defendant, the district court denied Chevron an injunction but the appellate court reversed, finding that Ortho was wrongfully required to demonstrate that the features of its packaging had acquired a secondary meaning to the public.

568. Copyright law conference—PLI. *Copyright Management*, vol. V, no. 1 (Jan. 1982), p. 3.

On February 25 and 26, 1982, the Practising Law Institute of New York is holding its annual seminar on "Current Developments in Copyright Law." The topics being discussed include 'Subject Matter of Copyright,' 'Fair Use,' and 'Motion Pictures—A/V.' Some discussion of "the Betamax decision, evolving practices in rental of video cassette, protection of programs and preemption issues and copyright office procedures" is also planned.

569. Copyright notices—defect cures. *Copyright Management*, vol. V, no. 1 (Jan. 1982), p. 1.

This article discusses the ruling in *O'Neil Developments Inc. v. Galen Kilburn*, a copyright infringement suit involving the unauthorized sale of plaintiff's brochure. The court held that plaintiff company had an enforceable right even though the brochure in question had been published without a notice of copyright and measures to satisfy the curative requirements of section 405 of the Copyright Act had not been taken until after copying had begun.

570. Copyright registration of computer programs. *Copyright Management*, vol. IV, no. 12 (Dec. 1981), p. 5.

This is a brief discussion of the Copyright Office's policy regarding registration of computer programs submitted in non-source code format. In such cases, the Office will make registration under the "rule of doubt" upon receipt of the applicant's written assurance that the work as deposited contains copyright-

able authorship. Unlike the rule as applied in 1964 when programs were first registered, "rule of doubt" here speaks to the examiner's inability to read the code to determine original authorship instead of copyrightable subject matter.

571. DENICOLA, ROBERT C. Copyright in collections of facts: a theory for the protection of non-fiction literary works. *Columbia Law Review*, vol. 81, no. 3 (April 1981), pp. 516-544.

The author states that the copyright law has failed to note the distinctive nature of nonfiction literary works. The author sets forth the premise that a particular collection of facts appearing in a work is itself a work of authorship. He gives examples of "facts per se" and compilations of facts and distinguishes between these works and non-fiction narratives.

572. FERRIS, CHARLES D. Direct broadcast satellites: a piece of the video public. *Communications Law Journal*, vol. 33, no. 2 (Spring 1981), pp. 169-185.

A discussion of direct broadcast satellite services and how well they serve the public. The author divides his report into the following topics: cable television, expanded over-the-air service, multipoint distribution service, video recording, direct broadcast satellites and strategies for DBS regulation.

573. HART, WILLIAM M. The conscientious fair user's guide to the Copyright Act of 1976. *University of Pittsburgh Law Review*, vol. 42, no. 2, pp. 317-375.

This is an in-depth discussion of protected matter in the video recordation industry and a look at fixation in a tangible form; ownership of copyright; videotape as a protectible class of copyrightable matter; and application of the fair use provision to problems posed by video recordation technology (including the *Sony* case).

574. LATMAN, ALAN. Copyright Law. *Annual Survey of American Law—New York University School of Law*, issue 3 (1980), pp. 433-458.

A discussion of changes in copyright through the Copyright Act of 1976, administrative developments under the new law, and recent decisions. Mr. Latman divides his study into topics such as governing state and preemption, fair use, performing rights so-

cieties, formalities and renewal, and copyrightability. A few of the cases discussed are *Mitchell v. Penton Industrial Publishing Co.*, *Universal City Studios Inc. v. Sony Corp. of America*, *Benny v. Loew's Inc.*, *Sid and Marty Krofft Television Productions Inc. v. McDonald Corp.*, *Mills Music, Inc. v. Arizona* and *Classic Film Museum Inc. v. Warner Bros. Inc.*

575. NEVINS, FRANCIS M., JR. The doctrine of copyright ambush: limitations on the free use of public domain derivative works. *St. Louis University Law Journal*, vol. 25, no. 1 (1981), pp. 58-87.

The principal areas of discussion in this article include public domain; the conflicting views on the nature of a derivative work; situations in which statutory copyright protects both derivative and source work; and situations in which the derivative work is in the public domain. The case of *Filmvideo Releasing Corp. v. Hasting* is also analyzed in depth.

576. RADIN, MITCHELL E. The significance of intent to copy in a civil action for copyright infringement. *Temple Law Quarterly*, vol. 54, no. 1 (1981), pp. 1-35.

A look at the new Copyright Act, available evidence of defendant's intent to copy and plaintiff's case for copyright infringement, along with judicial considerations and defenses used in court. An analysis of fair use, independent creation and proving liability in court is also included. Cases analyzed in this article include *Broadway Music Corp. v. F.R. Publishing Corp.*; *N.Y. Tribune v. Otis and Co.*; *Ideal Toy Corp. v. Kenner Products*; *Twentieth Century-Fox Film Corp. v. Arco Industries Ltd.*; *Para-Tone Inc. v. Pantore, Inc.*; *Gorden v. Weir*; *Alibi Inc. v. Standard Brands Paint Co.*; *Harold Lloyd Corp. v. Witover*; and *Dollcraft Industries Ltd. v. Well-Made Toy Mfg. Co.*

577. SIMON, JULES T. The collapse of consensus: effects of deregulation of cable television. *Columbia Law Review*, vol. 81, no. 3 (April 1981), pp. 612-639.

A history of cable regulation is provided along with a report about Congress and the consensus agreement on deregulation and the effects of deregulation on the television industry. The author believes the deregulation of cable television will benefit the public by providing "new and varied sources of programming."

578. TRAYLOR, MARTHA M. Choreography, pantomime and copyright. Revision Act of 1976. *New England Law Review*, vol. 16, no. 2 (1980-81), pp. 227-257.

An investigation of the Copyright Revision Act of 1976, its impact on dance and the special problem of choreography and pantomime. The author provides a background on the meaning and history of choreography and pantomime including explanations of recordation and notation systems. The major emphasis of the author concerns applying the Copyright Act to choreography and pantomime through a look at sections 103(b), 115, as well as 106 and 107. In conclusion, the author suggests that copyright protection for choreography and pantomime should begin "at the moment it is set within the meaning of the dance world." Secondly, works should be recorded by means of film tape or written notation to help prevent infringement.

579. TRESANSKY, JOHN O. Copyright in government employee authored works. *Catholic University Law Review*, vol. 30, no. 4 (Summer 1981), pp. 605-621.

The author presents the problem of the "precise scope" of a publication of the U.S. government, and cites the four possible meanings of a "U.S. publication" as noted in the Report of the Register of Copyrights of 1961-1965. A history of related copyright cases is provided, including *Sherrill v. Grieves*; *Sawyer v. Crowell Publishing Co.*; *Public Affairs Associate, Inc. v. Rickover*; and *Scherr v. Universal Match Corp.*

580. VICKERS, CAROLE. The applicability of the droit de suite in the United States. *Boston College International and Comparative Law Review*, vol. III, no. 2 (Summer 1980), pp. 433-467.

An essay on the inadequacies of the law surrounding art and artists in the United States. The French law of 1920 is detailed along with examples of its success. Ms. Vickers proceeds to analyze German and Italian droit de suite law before venturing into the U.S.' California Resale Royalties Act. She points out where and how the California law is broader in scope than the French law (the California Law applies to sales at auctions and by art dealers). Section IV of this essay focuses on efforts to internationalize the droit de suite while Section V and VI deal with both the desirability of droit de suite and its problems.

581. WINNER, ELLEN P. Cutting the Gordian knott: compulsory licensing under the cable portion of the copyright act, antitrust, and unpredictability. *Communications and the Law*, vol. 3, no. 4 (Fall 1981), pp. 41-62.

This article was entered in the 1981 Nathan Burkan Memorial Competition. It discusses some of the "ominous implications" of the compulsory license provisions of the Copyright Act of 1976 and recommends that the provisions be dropped from the Act. In addition, the author concludes that the cable television market is too complex for Congress to attempt to regulate. The royalty rates as legislated may have the opposite effect from that which was intended, and the quality and quantity of programming is likely to go down.

2. Foreign

1. In English

582. CATTERNS, DAVID. Copyright and China. *Australian Copyright Council*, Bulletin no. 37 (August 7, 1981), p. 15.

An overview of China's publishing contracts, the terms of which are set by the National Publishing Administration of the Peoples Republic. The report includes a discussion on the payment to authors and explains that such payments are determined by the number of characters (words) in a book and also the number of copies sold. The basic payment rate is 3-10 Yuan (1 Yuan = 66 cents) per thousand words. Illustrators are paid per illustration. The subject of an authors' moral and economic rights in China is also addressed. The author states that there is a need to educate the people of China concerning the necessity of a copyright law.

583. DIETZ, BERNARD C. The protection of designs under the U.S. Copyright Law. *EIPR*, vol. 6 (1981), pp. 166-169.

This article contains a discussion of industrial designs and the U.S. Copyright Law and its protection of designs. *Mazer v. Stein* is analyzed along with *Esquire Inc. v. Ringer*, *Ted Arnold Ltd. v. Silvercraft Co.* and *Barry Kieselstein-Cord v. Accessories by Pearl, Inc.* The author then analyzes the Copyright Revision Bill and tells why Title II was dropped from legislation by the drafting

committee of the U.S. House of representatives. The author concludes with a look at design patent protection and copyright and the courts' stand on commercial designs and traditional art.

584. DWORKIN, GERALD. The moral right and English copyright law. *IIC*, vol. 12, no. 4 (1981), pp. 476-493.

The author explains "moral rights" and gives a background of English copyright law. There is a lengthy analysis of the "right of paternity," "the right to claim authorship," and "the right to integrity." There are sections devoted to a discussion of parodies and burlesque as well as a look at the Whitford Committee's proposals on copyright.

585. LLEWELYN, DAVID. Book review. *IIC*, vol. 12, no. 4 (1981), pp. 593-594.

In this review of Gavin McFarlane's, *COPYRIGHT: THE DEVELOPMENT AND EXERCISE OF THE PERFORMING RIGHT*, David Llewelyn mentions MacFarlane's discussion of England's Performing Rights Society which won an action for infringement against a hotel which had played works through a loudspeaker (*PRS v. Hammonds Bradford Brewery Ltd.* 1934). The author then enters into a study of the history of copyright from the Statute of Anne in 1793 to the beginning of the Performing Rights Society in Britain which was formed in 1914. Llewelyn recommends this book as a good background study of the historical development of copyright.

586. News—WIPO—Copyright training course. *EIPR*, vol. 3, issue 10 (Oct. 1981), pp. D-211-212.

A report on a training course on copyright that was held in London from September 14 to October 1981. Particular reference was given to the role of publisher and publishing contracts. Lectures were geared to trainees from developing countries.

587. PHILLIPS, JEREMY. Legal outrage and established guile. *EIPR*, vol. 3, issue 10 (Oct. 1981), pp. 295-299.

A look at two eighteenth-century cases which decided that "copyright existed under common law but was extinguished under Queen Anne's Act in respect of published books and when their term of statutory copyright had expired." These cases are *Millar v Taylor* and *Donaldson v. Beckett*. The author provides the legal background to the litigation and an in-depth historical back-

ground of each case and its participants along with the consequences of litigation.

588. REIMER, DIETRICH. Copyright laws and the free movement of goods. *IIC*, vol. 12, no. 4 (1981), pp. 493-511.

A look at a report delivered in Helsinki by the Association Litteraire et Artistique Internationale (ALAI) in a meeting held from May 26 to May 28, 1980. The report is titled "The Copy, Author's Rights with Reference to the Published Copy." The points discussed include the right of distribution, the distribution of copies in interstate trade within the European Community, trade in copies produced on the basis of compulsory licenses and trade of illegally produced copies.

2. In English, French and Spanish

589. KEREVER, ANDRE. French copyright and the state. *Revue Internationale du Droit d'Auteur*, no 110 (Oct. 1981), pp. 3-135.

A lengthy analysis of a 1957 French law which "defines the mutual civil obligations linking the author, his rightful claimants and users of works." The author investigates the communication of protected works to users in public service, the problems of reprography, including works reproduced in the form of printed texts and communication of audiovisual documents incorporating protected works. A section-by-section analysis of this law is also provided along with a proposed solution for works created by public establishments of an industrial or commercial character.

590. SALCZER-SANCHEZ, MICHELE. Copyright and the requirements of teaching. *Revue Internationale du Droit d'Auteur*, no. 110 (Oct. 1981), pp. 136-189.

An investigation of the protection of works intended for teaching and the conditions governing this protection and the difference between France and other European countries regarding the use of works for teaching, moral rights of the author, reproduction and videograms. Other countries whose copyright law and teaching requirements are analyzed include Sweden and the German Federal Republic.

591. SCHULZE, ERICH. Comments on the officials' draft for an amending bill to the German Copyright Law. *GEMA*, no. 21 (1981), pp. 9-20.

An overview of the Law on Copyright and Neighboring Rights of September 1965 and the new amendment of 1980 which concerns itself with such issues as public rendition of a published work and the extension of the copyright period for photographs. Professor Schulze analyzes in what areas the officials' draft law is deficient and the problem areas of blank cassettes.

B. ARTICLES PERTAINING TO COPYRIGHT FROM MAGAZINES

1. United States

592. About face on cable copyright. *Broadcasting*, vol. 101, no. 23 (Dec. 7, 1981), pp. 32, 33.

The National Cable Television Association (NCTA) has approved new provisions of a bill drafted by Congressman Kastemeier on cable copyright which represents a drastic change to an agreement already approved. The NCTA board of directors voted 25-1 in favor of the new bill which would delay imposition of new syndicated exclusivity laws for six months following their enactment for systems within the top fifty markets. For systems 51-100, the new law would apply one year after enactment, and the remaining markets two years later. In addition, the new provision would "grandfather" contracts between copyright owners and substations signed before enactment of the new law "for the life of the contract."

593. Alleged piracy of Arabic tapes leads to 3 arrests. *Billboard*, vol. 93, no. 49 (Dec. 12, 1981), p. 12.

Two Arabic import stores in Chicago were raided by police and some 1200 master tapes of Arabic music and tape duplicating equipment were seized. Salem Saba, George Zukarian and Wahi Karafit were arrested in the raids and charged with unlawful tape duplication. Police alleged the trio were running a duplicate-while-you-wait service where customers were charged \$3.98 for tapes normally costing twice that sum.

594. Appeals court rules against Gap store in c'right case. *Daily Variety*, vol. 194, no. 6 (Dec. 14, 1981), pp. 3, 18.

The Second Circuit Court of Appeals has upheld the lower court decision finding The Gap clothing store chain guilty of copyright infringement for its unauthorized in-store playing over loudspeakers of music transmitted via radio broadcasts. The court held that the infringement exemption provisions of the 1976 Copyright Act were not "intended to exempt businesses as physically large as The Gap stores from infringement liability." It also distinguished the instant case from one filed by 20th Century Music against the owner of a small fast-food operation.

595. Austrian tape levy falls short of goal. *Billboard*, vol. 94, no. 5 (Feb. 6, 1982), pp. 1, 68.

Pursuant to a provision of Austria's blank tape levy law, the country's tape tax will soon increase to 1.50 schillings per hour of playing time because the old 0.8 schillings rate did not generate as much income as originally expected. The new rate is applicable to Austrian importers that have contracts with Austro-Mechana, the local mechanical rights organization. Other importers will pay 2.25 schillings.

596. At MIDEM conference: lawyers debate vidgram rights. *Billboard*, vol. 94, no. 5 (Feb. 6, 1982), pp. 70, 71.

Uncertainty about the market for video software in the U.S. is hampering contract negotiations between video producers and rights owners. Rights owners are seeking high royalties and short-term deals, but distributors are unwilling to make big investments because the market is small. The size of the American video market is attributed to the fact that most software is viewed only once or twice and is expensive to buy as well as to produce.

597. ATV wins temporary injunction. *Billboard*, vol. 94, no. 1 (Jan. 9, 1982), p. 37.

A court in Toronto, Canada has temporarily enjoined a local radio station and one of its disk jockeys "from broadcasting a parody of the Beatles song, 'Revolution.'" The injunction was issued in a suit filed by ATV Music Publishing of Canada. Counsel for plaintiff indicated that the suit is in line with his client's long-standing policy "that all Beatles repertoire is sacrosanct and that

any tampering with original music and lyrics is subject to possible legal action."

598. Betamax case: a rush to judgment. *Variety*, vol. 305, no. 6 (Dec. 9, 1981), pp. 29, 31.

Subsequent to the appellate decision in the *Betamax* case, Register of Copyrights David Ladd delivered a speech urging Congress to wait before deciding on a solution to off-air taping. He said the additional time would allow emotions to calm, permitting legislators to draft a measure that equitably reflects a balance between the needs of the public and the rights of copyright owners. In a letter published in a recent issue of the *Washington Post*, Congressman Peter H. Kostmayer strongly criticized Ladd's position, characterizing it as one of "footdragging."

599. Betamax rehearing denied. *The Washington Post*, vol. 105, no. 40 (Jan. 14, 1982), p. A20.

The Ninth Circuit Court of Appeals has denied a rehearing of its decision which ruled that off-air videotaping is a violation of the copyright law even if done for private home use. The court had also ruled that the makers and distributors of home video recorders could be held liable for damages if the machines are used to tape off-air broadcast programs, and had remanded the suit back to the district court for consideration of damages. [*Universal City Studios, Inc. v. Sony Corp. of America*, 659 F.2d 963 (1981)].

600. Blanket license upheld in Del. copyright case. *Billboard*, vol. 93, no. 51 (Dec. 26, 1981), p. 22.

A U.S. District Court in Delaware ruled against the Triple Nickel Saloon, a Pennsylvania country music club, in its challenge of BMI's music licensing practices. BMI brought suit against the club for its unlicensed performance of BMI music. The Triple Nickel countered, charging antitrust violations and copyright misuse. The club's owner, Robert Moor, Jr., maintained that it was unfair for him to pay a blanket license fee allowing him access to all compositions in BMI's catalogue because the Triple Nickel primarily played country music. He proposed that BMI offer a "mini" blanket license for country music. The court rejected Moor's arguments and found the club guilty of copyright infringement.

601. Blanket music license case moving toward resolution. *Broadcasting*, vol. 101, no. 24 (Dec. 14, 1981), p. 66.

The suit brought by the All Industry TV Stations Music License Committee against ASCAP and BMI has begun in the U.S. District Court, Southern District of New York. The suit charges that the blanket music licenses used by most stations are monopolistic and anticompetitive. The stations are trying to ban the blanket music license, under which they pay a percentage of their revenues regardless of the amount of music they use, and to replace it with a system of "clearance of the source." Under source clearance, producers of non-network programs would obtain the necessary music licenses at the time of production. Plaintiffs contend that under this system stations would have to pay ASCAP and BMI only a fraction of what they now pay under the current system.

602. Bootleggers sentenced. *Variety*, vol. 305, no. 13 (Jan. 27, 1982), p. 81.

Robert Heis and Gene Gaffner each have been sentenced to two years' supervised probation and fined \$1,500 for distributing bootleg Elvis Presley recordings. The pair were arrested during raids on the Cook Convention Center in Memphis in August of 1980. Aca Anderson, another Presley bootlegger, will be sentenced later.

603. BPI awarded \$75,000 in music piracy case. *Billboard*, vol. 94, no. 6 (Feb. 13, 1982), p. 9.

The High Court in London awarded the British Phonographic Industry (BPI) \$75,000 in damages in its copyright infringement suit against Donald and Jacqueline Kane and Philip Manning. Defendants, who had been illegally duplicating prerecorded cassettes in a cellar under the Kane's home, agreed not to further infringe the copyrights of any BPI members.

604. Brit. Assn. prefers scrambler control to blank tape tax. *Variety*, vol. 305, no. 6 (Dec. 9, 1981), p. 29.

At a recent meeting, members of the British Videogram Association decided not to support efforts for a blank tape levy. Association General Manager Norman Abbott said that because BVA members are hesitant about centralized licensing they feel that a technological, e.g.—spoiler device, rather than a penal so-

lution to the home taping problem is more appropriate at this time. He indicated, however, that the BVA will conduct a feasibility study on the creation of a centralized royalty collecting body.

605. 'Bustin' Loose' plagiarism suit filed. *Daily Variety*, vol. 194, no. 7 (Dec. 15, 1981), p. 4.

In a plagiarism suit naming Richard Pryor and Universal Studios, writer Anthony Overman has charged that the movie "Bustin' Loose" is based on a script he wrote and submitted to Universal entitled "Easy Money." Overman is seeking some \$5,150,000 in damages.

606. Cable counts. *Cable Vision* (Jan. 11, 1982), p. 24.

A report issued by Warburg Paribas Becker on the cable industry predicts that basic cable penetration will reach 31 percent of television households in 1982, compared to 27 percent last year. The report concludes that the outlook for the cable industry is uncertain, although the industry will continue to grow rapidly, growth in profits will lag behind growth in assets and revenues for the next few years until the major market franchises are built, the bulk of system upgrades are completed and the financing needs of the industry diminished.

607. Cable TV royalties assailed. *The New York Times*, vol. CXXXI, no. 45,162, p. D11.

The National Telecommunications and Information Administration (NTIA) has issued a report which recommends ending the government's control of cable royalties in favor of the private sector. Federal officials indicated that if Congress agrees to the recommendations, cable systems would have to pay millions of dollars more in copyright fees each year than they do now. The study says that the major flaw in the current system "is the presence of the Federal Government in what essentially should be a privately negotiated contractual agreement." Government interference has unfairly shielded the cable television industry from copyright costs at the expense of copyright holders, the study said.

608. Cal. record seller guilty in piracy case. *Record World*, vol. 18, no. 1802 (Feb. 20, 1982), p. 18.

Leslie Szarvas, owner of the DISContinued Records shop in Burbank, California, was convicted on five counts of unauthorized

reproduction of sound and one count of petty theft. The conviction was the result of an investigation prompted by the Record Industry Assn. of America and a subsequent police raid on the record store where an enormous album collection was found. Allegedly, Szarvas duplicated cassettes, eight-track tapes and individual songs from this collection, charging customers fees of \$15, \$20 and \$6-8, respectively. The piracy offense arose out of his failure to pay royalties for this duplication service.

609. Calif. mulling sales-and-use tax on rentals. *Billboard*, vol. 94, no. 6 (Feb. 13, 1982), pp. 3, 40.

A bill has been introduced in the California legislature that would impose a sales-and-use tax on the rental of prerecorded videotapes. The proposal, Assembly Bill 2348, would amend the state's Revenue and Taxation Code to include a 6 1/2% tax on the lease of "television, films and tapes." Reportedly, the tax would be levied against "theater owners as well as retailers where a lease or rental of product is involved."

610. Carson sues maker of t-shirts, items. *Daily Variety*, vol. 194, no. 46 (Feb. 10, 1982), p. 19.

Johnny Carson is the plaintiff in an action against Alvin Kolis for his alleged unauthorized use of the comedian's name and likeness, invasion of privacy and unfair competition. The complaint seeks \$1 million in punitive damages. It states that Carson "fears people will be deceived and misled" into thinking that the t-shirts and other products defendant intends to manufacture have been endorsed by plaintiff.

611. CBS Records to pay new royalty rate. *Daily Variety*, vol. 194, no. 42 (Feb. 4, 1982), p. 6.

CBS Records has agreed to pay the new four-cent mechanical royalty rate beginning the third quarter of 1981. Since the company had already paid royalties for that period at the old rate because of disagreement over the July 1, 1981 effective date of the new rate, it will be expected to pay any additional royalties owing due to the difference in rates.

612. CLARK, TED. Form European copyright co-op. *Variety*, vol. 305, no. 8 (Dec. 23, 1981), pp. 1, 67.

Reportedly, Agicoa, the newly formed international cable

royalty collection society, is the first such organization designed to operate across international frontiers. The primary function of the association is to negotiate, collect and distribute to rights holders from member and non-member countries royalties on "cable retransmission of telecast programs off the air." Attending the mid-December formation of Agicoa in Geneva were representatives from the United States, Great Britain, Belgium, France and Italy.

613. Copyright amendment survives first test. *Broadcasting*, vol. 101, no. 25 (Dec. 21, 1981), pp. 27, 28, 29.

The House Subcommittee on Courts, Civil Liberties and the Administration of Justice has passed H.R. 3560, a bill that includes new provisions on mandated carriage of local broadcast signals by cable systems. The bill would codify the FCC's present must-carry rules as in effect on November 1, 1981. It would "not require carriage of any other broadcasting station or other video or audio service" and would exempt from strict application of the rules systems with 36 activated channels or fewer.

614. Copyright panel adopts mechanical rate plan. *Billboard*, vol. 93, no. 51 (Dec. 26, 1981), p. 7.

On December 15, the Copyright Royalty Tribunal formally adopted the interim mechanical rate adjustment proposal worked out and jointly submitted by representatives of the recording industry and publishing and songwriter organizations. Based on the recently adopted four-cent mechanical royalty rate, the interim scheme calls for a 4.25 cent per song rate for records made or distributed after January 1, 1983 or 0.8 cents per minute of playing time or fraction thereof, whichever is larger; 4.5 cents or 0.85 cents per minute after July 1, 1984; and 5 cents or 0.95 cents per minute after January 1, 1986.

615. Counterfeiter is guilty in landmark piracy case. *Billboard*, vol. 93, no. 50 (Dec. 19, 1981), p. 72.

Benedict Healy, the owner of PCA Records in Canada, pleaded guilty to fraud charges in connection with his unauthorized manufacture and distribution of an album by the Everly Brothers. A fine of \$3,000 and a six-months' jail sentence was levied against Healy. The more than 50,000 album jackets, masters, lacquers, etc. that were confiscated from his office were ordered

destroyed by the court. The Canadian Recording Industry Assn., which was instrumental in the investigation of the case, said this was a landmark decision in that it is the "first fraud conviction . . . obtained for counterfeiting legitimate product. . . ."

616. Court blocks D.C. antenna pirating. *Daily Variety*, vol. 194, no. 20 (Jan. 5, 1982), p. 4.

Marquee Television Network won a preliminary injunction against Aida TV Sales and Service. The order enjoins unauthorized interception of Marquee's Home Box Office pay-TV signal and prohibits Aida from selling microwave antennas which make such unauthorized interceptions possible. The order also instructs Aida to retain lists, invoices and other documents regarding identification and location of its customers.

617. Court okays game rights. *Billboard*, vol. 94, no. 4 (Jan. 30, 1982), p. 82.

Upholding the district court's ruling in *Stern Electronics v. Omni Video Game*, the appellate court has cleared the way for the lower court to proceed with the trial to determine if plaintiff's copyrighted video game has been infringed. The questions on appeal dealt with whether video game designers are entitled to copyright protection and whether the district court acted properly in issuing a preliminary injunction against defendant.

618. CRT splits cable's 1979 royalty pie. *Broadcasting*, vol. 101, no. 23 (Dec. 7, 1981), p. 61.

After four months of hearings, the Copyright Royalty Tribunal has devised a formula to distribute the 1979 cable royalties. Of the \$20.7 million in royalties, TV broadcasters both U.S. and Canadian are scheduled to give 5.25%, MPAA 70%, sports claimants 15%, NPR .25%, music performing rights societies 4.25%, public broadcasting service 5.25%. Commercial radio was excluded. The NAB said it would await the outcome of the appeal pending on the 1978 distribution proceedings before deciding whether to appeal the 1979 proceedings.

619. Delay prolonged on new copyright legislation in U.K. *Variety*, vol. 305, no. 7 (Dec. 16, 1981), pp. 2, 57.

The British government's delay in formulating new copyright legislation has drawn strong criticism from the British Copyright

Council (BCC). In a letter to Undersecretary of State for Trade Reginald Eyre, BCC chairman Denis de Freitas listed the Council's objection to certain proposals and ideologies contained in the government's Green Paper on copyright reform. The letter strongly denounced the Paper's failure to impose a time limit within which to draft new legislation, its implication that copyright proposals "must be drafted with current economic conditions in mind, ensuring that they do not unduly fuel inflation" and its "proposition that 'necessary law reform should be rejected because foreign copyright owners might benefit from it.' "

620. Dutch cable in a real jam. *Variety*, vol. 305, no. 9 (Dec. 30, 1981), p. 29.

In retaliation for raids made on two pirate stations, pirates jammed cable broadcasts in The Hague on four consecutive nights. The raids had been carried out by postal authorities who apparently were "outraged" that local municipal officials had agreed to let the pirates transmit programming via a legitimate cable system for three hours a day on an experimental basis.

621. Dutch pirate stations get free ride on cable-TV system. *Daily Variety* (Jan. 15, 1982), pp. 64, 72.

This article discusses the Netherlands' cable piracy problem as well as the government's efforts and a court decision relative thereto. With respect to governmental action, policing efforts have been intensified and the "coupling of all cable-TV systems for the transmission of national and international TV programs" recommended. In regard to the court decision, cable operators were ordered to "lock" their systems against unauthorized pirate transmissions of copyrighted motion pictures.

622. Elvis bootlegger indicted in N.Y. *Record World*, vol. 18, no. 1801 (Feb. 13, 1982).

John Greco of Staten Island, N.Y. has been indicted on six counts of criminal copyright infringement and six counts of mail fraud in connection with his distribution of allegedly illegal Elvis Presley records. The charges are the result of FBI raids at an Elvis convention in Memphis during the summer of 1980 and the subsequent seizure of thousands of bootleg recordings from Greco's home and place of business.

623. FBI raids in Penn. net tapes, equipment valued at \$3,600,000.

Variety, vol. 305, no. 13 (Jan. 27, 1982), p. 79.

FBI agents raided the home of Joseph Arcuri in Frackville, Pennsylvania, seizing approximately \$53,000 worth of pirate tapes and manufacturing equipment. Six other Pennsylvania locations that were linked to Arcuri's operation were also raided. The agents reported that an estimated \$3,600,000 worth of tapes and equipment were seized from the locations.

624. FCC must-carry rules to face re-examination. *Daily Variety*, vol. 194, no. 36 (Jan. 27, 1982), pp. 1, 19.

FCC Chairman Mark Fowler told a recent gathering of the Association of Independent Television Stations that his agency "stands ready to re-examine its own policies in light of changing circumstances from exclusivity requirements . . . to must-carry rules." He spoke against compulsory copyright licensing and the proposed cable copyright compromise but urged establishment of full copyright liability and a free marketplace.

625. FCC plans for decoder annoy STV org. *Daily Variety*, vol. 194, no. 33 (Jan. 22, 1982), pp. 1, 67.

The Federal Communications Commission has proposed removal of a number of its STV regulations. The Subscription Television Association (STVA), which basically favors the proposal, argued for retention of the current leasing requirements on decoder equipment and against the inclusion of ascertainment requirements in the rules. The STVA's comments in the rulemaking proceeding also argued for deletion of "conventional programming rule, complement of four, and language concerning technical standards." The National Association of Broadcasters also submitted comments, but they urged removal of all of the STV rules.

626. FRANK, ALLAN DODDS. Payment due: infringing on copyright has become as common as sin—or as easy as hitting the record button on your Betamax. *Forbes* (Feb. 15, 1982), pp. 124, 126.

This article focuses on the issue of unauthorized copying. It indicates that new technology has made it possible for such copying to become increasingly commonplace. Since technology cannot be stopped and the courts are hesitant about getting "into intellectual property cases," the writer concludes that the only means for resolving the controversy rests with the Congress via

its amendment of the copyright laws to impose some form of tax.

627. Fraud c'right suit filed versus Int'l Picture Show. *Daily Variety*, vol. 194, no. 22 (Jan. 7, 1982), p. 13.

The Falling In Love Again Partnership filed a \$100,000 copyright infringement suit against International Picture Show Company. The complaint charges that defendant "failed to account properly and remit funds from non-theatrical distribution of the film "Falling In Love Again." It also alleges that defendant illegally used funds from the sale of TV rights to the film as collateral for a loan.

628. FUJITA, SHIG. JASRAC seeks fee hike. Japanese mechanicals to increase fourfold? *Billboard*, vol. 94, no. 4 (Jan. 30, 1982), pp. 1, 80.

The Japanese Society of Rights of Authors, Composers and Publishers (JASRAC) is seeking substantial mechanical royalty increases. The organization wants a basic videogram charge of 8,000 yen (\$3.54) for music content of five minutes or less; "16,000 yen (\$7.08) for between five and ten minutes; and \$7.08 for every ten minutes thereafter." The base charge increases 50% for commercial use and decreases 50% for non-commercial use. On audio recordings, JASRAC is seeking to increase the fee from 5.8% to 23.2% of list price. The Japanese Video Assn., the Japan Phonograph Record Assn. and the Japanese Film Producers Assn. say they will oppose the increases.

629. GELMAN, MORRIE. CBS attendees asked to aid off-air taping. *Daily Variety*, vol. 194, no. 23 (Jan. 8, 1982), pp. 1, 59.

Those attending the recently held Winter Consumer Electronics Show in Las Vegas were asked to support lobbying efforts for "legislative affirmation of private videotaping off the air." The request was made by a coalition of video software and hardware manufacturers and dealers and retailers of video-related consumer electronic products who favor two bills that would legalize off-air taping for private use. The coalition let it be known, however, that it opposes moves to legislatively impose a tax on video-cassettes or blank tape.

630. GOLD, RICHARD. CBS Disks challenges royalties: Record company questions July 1 retroactive payment established by the CRT. *Daily Variety*, vol. 194, no. 13 (Dec. 23, 1981), pp. 1, 14.

CBS Records is contemplating a challenge of the July 1 retroactive payment date set by the Copyright Royalty Tribunal for commencement of the new four-cent mechanical royalty rate. According to Recording Industry Assn. of America and CBS legal spokesmen, the 1976 Copyright Act provides that "compulsory mechanical rate increases do not take effect until all judicial proceedings concerning rate hikes have been completed." It is on this interpretation of the law that the challenge will be based.

631. GOLD, RICHARD. Screen Gems-EMI to pursue CBS over 4 cent fee starting date. *Variety*, vol. 305, no. 10 (Jan. 6, 1982), p. 61.

CBS Records' royalty payments to publishers for the period ending September 30 were at the old rate of 2 3/4 cents per song. The Copyright Royalty Tribunal increased the mechanical royalty rate to four cents effective July 1. Based on its interpretation of the 1976 Copyright Act, CBS challenges the legitimacy of the retroactive payment date. It believes the increase does "not take effect until all judicial proceedings concerning rate hikes have been completed." Therefore, Screen Gems-EMI, one of the music publishers to whom CBS pays royalties, is examining its legal options in that it intends to insist on July 1 as the effective date.

632. GOLDSMITH, TOM. MPAA gives support to fees for blank videotape. *Daily Variety*, vol. 194, no. 19 (Jan. 4, 1981), p. 4.

The Motion Picture Association of America has indicated that it will support a homevideo bill expected to be introduced by Senator Charles Mathias calling for "a compulsory license with copyright fees collected through a surcharge on blank videotapes." The Mathias measure reportedly will be introduced as an amendment to a proposal by Senator Dennis DeConcini that would "exempt noncommercial homevideo taping from copyright laws."

633. GRAHAM, JEFFERSON. NCTA accepts compromise over exclusivity provisos. *The Hollywood Reporter*, vol. CCLXIX, no. 31 (Dec. 3, 1981), p. 29.

By a 24-1 margin, the board of directors of the National Cable Television Assn. (NCTA) accepted the joint compromise exclusivity proposal negotiated by the NCTA, the National Association of Broadcasters and the Motion Picture Assn. of America. The

proposal, if approved by Congress, amends the Copyright Act to provide that the blackout rule would apply to the top fifty markets six months after enactment of the compromise, to the next fifty markets a year later and to all remaining markets two years thereafter. Existing syndication agreements would be "immune" to these provisions.

634. HARRIS, PAUL. B'casters and suppliers lose cable-television appear in Supreme Court. *Daily Variety*, vol. 194, no. 25 (Jan. 12, 1982), pp. 1, 52.

The Supreme Court refused to review the Court of Appeals decision upholding the Federal Communications Commission's authority to delete its signal carriage and syndicated exclusivity rules. Broadcasters and program suppliers were not surprised by the ruling and, in fact, had already begun efforts to congressionally overturn the decision via retransmission consent or compromise syndicated exclusivity legislation. National Cable Television Assn. president Tom Wheeler praised the decision and what he now perceives as "the significant compromise made by NCTA in the pending copyright legislation."

635. HARRIS, PAUL. CATV compromise gets okay: approves bill reinstating syndicated exclusivity; congressional fight possible. *Daily Variety*, vol. 194, no. 9 (Dec. 17, 1981), pp. 1, 21.

The National Association of Broadcasters (NAB) and the Motion Picture Association of America (MPAA) have expressed uncertainty about supporting the bill recently approved by a House Judiciary subcommittee that would reinstate syndicated exclusivity protection and establish certain other cable TV rules. The NAB, MPAA and the National Cable Television Association originally drew up the compromise agreement on which the measure is based but are dissatisfied with last-minute changes made by Representative Robert Kastenmeier before the bill was reported out of committee. Meanwhile Congressman Harold Sawyer is seeking support for his bill, which would amend the copyright law to phase out the compulsory license and "let the marketplace determine payments for distant signals."

636. HARRIS, PAUL. Washington tinkers while video lingers: the politics of communications. *Variety*, vol. 305, no. 11 (Jan. 13, 1982), pp. 143, 182.

This article discusses the predicament in which Congress is finding itself in trying to satisfy both sides of the electronic communications issue. It points out that factions for and against communication regulation "address the concerns of entrenched and powerful interests that are anxious to bestow favors to their friends." To support this claim it refers to recent copyright actions by certain members of Congress and insinuates that FCC Chairman Fowler seems to be following in the footsteps of his predecessor, Charles Ferris who was pro-cable and went on to be a consultant for the cable industry after leaving the Commission.

637. HARWOOD, JIM. Ruling gives celebs rights in interviews. *Daily Variety*, vol. 194, no. 33 (Jan. 22, 1982), pp. 6, 65.

In Cher's suit against Penthouse International and others for their unauthorized use and publication of an interview the singer had with *Us Magazine*, Federal judge Manuel Real awarded plaintiff \$665,000. The judge ruled that "a celebrity or other public figure has the right to control the publicity and establish conditions for the use of his or her name and likeness when he or she chooses voluntarily to give an 'exclusive interview' to a particular publication" He also ruled that a "celebrity has the right to delineate the conditions and controls over such usage by the publication. Any subsequent usage by the publication, or by a third party who has knowledge of the existence of any such delineation and without the consent of the celebrity is a wrongful appropriation of the commercial value of the celebrity's identity and right of publicity."

638. HARWOOD, JIM. Tougher literary theft rules: judge's decision voiding jury verdict in 'Shampoo' case is upheld on appeal. *Daily Variety*, vol. 193, no. 64 (Dec. 4, 1981), pp. 1, 40.

Now that the California Appellate Court has upheld a lower court judge's decision setting aside the jury award of \$185,000 to Bernice Mann in her suit against Columbia Pictures and others, plaintiffs in similar suits may find it very difficult to prove that their creative ideas have been stolen. Mann, alleging that the defendants produced a motion picture that was based on a story outline she had submitted in 1971, claimed she had an implied contract with Columbia. A critical point in the trial judge's decision to set aside the jury's verdict and the appeals court's affirmance of that ruling was plaintiff's failure to establish that defendant had accepted Mann's work, one of six elements that the court

insisted had to be present for the jury to find "an implied in fact contract."

639. HENNESSEY, MIKE. IFPI, BIEM royalty talks are resuming. *Billboard*, vol. 93, no. 48 (Dec. 5, 1981), pp. 5, 66, 67.

IFPI and BIEM, the European mechanical rights organization, are about to resume mechanical royalty negotiations. Their soon-to-expire mechanicals contract provides for a royalty based on the retail price of records or prerecorded tapes. This basis is no longer valid because most European countries have abolished retail price maintenance and the two organizations are having trouble agreeing on a new method for calculating the royalty. IFPI wants a royalty based on the actual price realized by the record company while BIEM prefers one calculated on the producer's highest published price to the dealers.

640. HENNESSEY, MIKE. IFPI, BIEM still at odds over royalty. *Billboard*, vol. 94, no. 1 (Jan. 9, 1982), pp. 1, 36.

The European mechanical royalty contract between IFPI and BIEM expired December 31, 1981 with the two factions in a stalemate in their new contract negotiations. The reasons given for the stalled talks are disagreement concerning the basis for calculating royalties and an unsettled question regarding possible infringement of the EEC's antitrust legislation by certain provisions of the standard contract as amended in 1980. IFPI member groups must now "negotiate mechanical royalty agreements with their national mechanical rights organizations."

641. HENNESSEY, MIKE. U.K. rights society chief urges copyright 'harmony'. *Billboard*, vol. 93, no. 49 (Dec. 12, 1981), pp. 3, 51.

Michael Freegard of the British Performing Right Society made "a plea for 'harmonization upwards' of the copyright laws of the European Economic Community." To achieve this end, he suggested reform of national copyright laws, including those of the U.K. Freegard made these comments in an address he delivered at a meeting of the European Parliament's committee on youth, culture, education, information and sports in Brussels on November 24.

642. HENNESSEY, MIKE and PETER JONES. British group upset with c'right report. *Billboard*, vol. 93, no. 50 (Dec. 19, 1981), pp. 71, 72.

The British Copyright Council (BCC) has gone on record as disassociating itself from many of the propositions proffered in the U.K. government's Green Paper on copyright reform. Through its chairman, the BCC submitted a six-page document to the Department of Trade decrying the government's negative attitude regarding the urgent need for copyright revision. The submission also criticized the government's recommendation for further public debate on the copyright issue and its failure to establish time constraints for such debates and consultative process.

643. HENNESSEY, MIKE and JONES, PETER. IFPI global report: pirates nab 25% of mart; Singapore their top port. *Billboard*, vol. 94, no. 5 (Feb. 6, 1982), pp. 1, 68.

During the IFPI antipiracy seminar at MIDEM, statistics were presented showing that pirate product accounts for 25% of the world's record and tape sales. The statistics also show that Singapore exports approximately 150 million records and tapes a year and that the majority of these are illegal. International and national antipiracy efforts overall were successful except in such areas as Southeast and West Asia, the Gulf states, the Mediterranean, Africa and Latin America.

644. HOLLAND, BILL. RIAA clarifies view on taping: notes home audio recording not exempt under law. *Billboard*, vol. 94, no. 1 (Jan. 9, 1982), pp. 5, 9.

Stan Gortikov, president of the Recording Industry Assn. of America (RIAA), sent a letter to members of the Senate Judiciary Committee regarding pending copyright legislation that would legalize home videotape recording. The letter points out that home audio recording is not exempted by the copyright law as many legislators and proponents of videotaping exemption measures believe. Gortikov then explains that the recording industry's decision not to take the litigation route to solve the home taping issue, as did the movie industry, is premised on the belief that consumers should not be held liable for copyright infringement with respect to private taping for personal use and that a better solution to the problem is to be found in the Congress, not the courts.

645. HOOS, WILLEM. All-out push: Dutch open assault against cable pirates. *Daily Variety*, vol. 194, no. 42 (Feb. 4, 1982), p. 14.

The Dutch government is launching an all-out effort against cable pirates. In this connection, legislation is being drafted that will obligate cable operators throughout Holland to prevent the after-hours use of their systems by pirates. Additionally, the city prosecutor in Amsterdam is bringing suit against companies that advertise via pirate transmissions. Finally, The Hague is discontinuing the test initiated in the latter part of 1981 whereby pirates were authorized to use the local cable system to transmit programs for three hours a night.

646. Hopalong case heard in court. *Daily Variety*, vol. 194, no. 31 (Jan. 20, 1982).

The damage portion of the William Boyd Estate's copyright suit against TV National Releasing Corp. and Film Video Releasing Corp. is now being heard by the District Court. The complaint charged that defendant had violated plaintiff's copyrights by televising the U.S. Hopalong Cassidy films for which defendant only had foreign TV rights. In the first phase of the trial, the court found for plaintiff, and on appeal, the finding was upheld.

647. HOROWITZ, IS. MIDEM call for artists to join piracy struggle. *Billboard*, vol. 94, no. 3 (Jan. 23, 1982), pp. 1, 72.

IFPI President Nesuhi Ertegun indicated that this year's MIDEM and a renewed campaign for IFPI antipiracy war-chest funds would be launched simultaneously. Ertegun, who was to chair "the Battle Against Piracy—Progress and Prospects" seminar at the Cannes meeting, seeks to urge artists to contribute between \$3,000 and \$5,000. Earlier attempts for donations "based on a percentage of record royalties" were unsuccessful because "managers objected to income disclosure."

648. HOROWITZ, IS. Rights groups set 'secret' royalty split. *Billboard*, vol. 94, no. 3 (Jan. 23, 1982), pp. 1, 12.

ASCAP, BMI and SESAC have reached a voluntary interim agreement regarding compulsory jukebox and cable license fees currently under the control of the Copyright Royalty Tribunal (CRT). The terms of the agreement were not released but, reportedly, they cover 1981 cable royalties and jukebox royalties through 1982. The confidentiality of the agreement has been maintained to prevent "precedential pressure on CRT deliberations over subsequent income splits."

649. House committee skeds CATV bill for markup sesh. *Daily Variety*, vol. 194, no. 43 (Feb. 5, 1982), p. 6.

A markup date on the cable-TV compromise bill that would reimpose syndicated exclusivity has been scheduled by the House Judiciary Committee. Though the bill is based on an agreement worked out by the National Association of Broadcasters, program suppliers and the CATV industry, the NAB no longer fully supports the measure because of objections to must-carry provisions. Additionally, three members of the subcommittee who sponsored the bill say they intend to fight it when it reaches full committee.

650. IANELLO, JOSEPH. Precedent-setting judgment in t-shirt bootlegging case. *Record World*, vol. 18, no. 1974 (Dec. 19, 1981), pp. 6, 46.

Following up its earlier order finding for plaintiffs in a suit for the unauthorized manufacture and distribution of T-shirts licensed by Winterland Productions and other concert merchandisers, a federal district court in Illinois assessed treble damages against defendants, awarding plaintiffs more than a million dollars in damages, court costs and attorneys' fees. The court found that defendants Arnold and Allan Goldzweig and Creative Screen Design, Ltd. willfully, deliberately and intentionally manufactured, distributed and sold infringing T-shirts. Eric Wurst who represented plaintiffs in the action said that the decision is a precedent-setting one in that it, for the first time in a T-shirt case, determined how to award damages.

651. ITC issues cease and desist orders against 18 alleged Pac-Man infringers. *Cash Box*, vol. XLIII, no. 39 (Feb. 20, 1982), pp. 36, 29.

Midway Mfg. Co., the owner of the U.S. rights in the Pac-Man video game, was granted interlocutory orders against eighteen companies that had been selling the game. The orders, which were issued by the International Trade Commission, instructed the companies to cease and desist the importation and/or sale of copies of the game or its printed circuit boards and semiconductor chips. Attorneys for Midway are warning that anyone found assembling, selling or operating infringing copies of the game may be subject to copyright liability.

652. Jacksons file suit over concert video. *Record World*, vol. 18, no. 1800 (Feb. 6, 1982), p. 22.

The Jacksons singing group is suing International Home Entertainment and others for invasion of right of publicity, unauthorized use of its members' names and likenesses and unfair competition. The action stems from defendants' allegedly unauthorized videotaping of a 1979 U.K. concert appearance. Plaintiff seeks injunctive relief as well as compensatory and punitive damages.

653. JONES, PETER. IFPI moving on disk rental issue. *Billboard*, vol. 94, no. 6 (Feb. 13, 1982), pp. 1, 60.

Increasing concern over unauthorized record rental plans has prompted the IFPI to advise its members to lobby their respective governments for legislative controls. One of the first of such lobbying efforts will be directed at Japan where rental schemes are most prevalent. In the meantime, however, the IFPI is recommending that contracts be drafted that specifically prohibit retailers from offering rentals.

654. KAHAN, STUART and JOAN TEDESCHI. Protecting your copyright. *The Goose Creek Gazette*, vol. IV, no. 1 (Fall 1981), p. 10.

Discussion on copyright protection for photographers was presented at the Freelance Photographers' Market Conference in Rockport, Maine. Attorney Stuart Kahan from ASMP reminded photographers that when one of their unprotected images is printed in an uncopyrighted publication, they may lose the rights to that image.

655. KELLER, J.R. KEITH. Curbs, straight competish drop Dane vid-pirates share to 25%. *Variety*, vol. 305, no. 11 (Jan. 13, 1982), pp. 242-248.

Pirated video production accounted for only 25% of the Danish homevideo market in 1981, a significant drop from its position of dominance a year ago. The decline is attributed to an increase of legitimate video merchandise and the Danish Videogram Distributors' Assn.'s antipiracy efforts. The Justice Department has been urged to maintain stricter law enforcement in copyright infringement and illegal video sales, but what is needed now is stronger laws.

656. Kenny Rogers files suit over poster. *Daily Variety*, vol. 194, no. 23 (Jan. 8, 1982), p. 59.

Misappropriation of right of publicity and false designation of origin are alleged in a suit filed by Kenny Rogers Productions against Able Art Co. Defendant is accused of manufacturing posters featuring an artist's rendering of Rogers in four action poses. Plaintiff seeks injunction relief and approximately \$100,000 in damages.

657. KOZAK, ROMAN. Court battle looms over 'Shake It Up' hit single. *Billboard*, vol. 94, no. 1 (Jan. 9, 1982), p. 9.

Mark Resnick and Rafael Vigil filed against Rick Ocasek and others charging that the Cars rock group infringed their copyrighted song titled "Shake It Up". Plaintiffs claim they sent a tape of their tune to the group's recording company in April 1981 and that several months thereafter the Cars released their "Shake It Up" single. The complaint seeks \$500,000 in damages and asks that all monies earned from the song be placed in escrow pending the outcome of the suit.

658. KUPFERMAN, THEODORE R. Will U.S. be burned by Berne Convention? *Variety*, vol. 305, no. 11 (Jan. 13, 1982), p. 20.

Judge Theodore R. Kupferman, the Editor-in-Chief of *Communications and the Law*, sees efforts to pass laws that would afford the U.S. "the opportunity to adhere to the Berne Copyright Union" as a push to get the country to join. A subcommittee of the American Bar Association's Patent Trademark and Copyright Committee recently issued a report favoring adherence, and Mr. Kupferman says his conclusion is reinforced by the fact that the study did not include dissenting views but "instead set up opposition straw men in order to demolish them." He then goes on to examine the pros and cons of the adherence issue.

659. Labels, Fox Agency in royalty accord. *Record World*, vol. 18, no. 1801 (Feb. 13, 1982), pp. 3, 27.

CBS records announced that it and several other record companies will pay the new four-cent mechanical royalty rate beginning with the accounting for the fourth quarter of 1981. Since the new rate actually went into effect the beginning of the third quarter of 1981, the Harry Fox Agency says it will review payments covering the third quarter to determine those cases in which the four-cent rate is applicable and, where necessary, "collect the additional royalties from CBS Records."

660. LITSKY, FRANK. Review is refused by Supreme Court in cable TV case. *The New York Times*, vol. CXXXI, no. 45,191 (Jan. 12, 1982), pp. B11, B14.

The Supreme Court has refused to review an FCC ruling that has allowed cable television systems to broadcast several professional football games to a given city each Sunday. The N.F.L. had petitioned the Supreme Court after the FCC abolished its rule which limited the number of distant signals that local cable systems could pick up. The N.F.L. had argued that the market might be oversaturated and games could become mere studio entertainment with fans staying home instead of filling the stadiums.

661. LOYND, RAY. Senator urges education on c'right infringement to H'wd. *The Hollywood Reporter*, vol. CCLXX, no. 13 (Jan. 20, 1982), p. 33.

In a Motion Picture Assn. of America luncheon meeting, Congressman Max Baucus told industry executives to educate the Senate on "the economics of the industry" and the constitutional issue of copyright infringement. Baucus, who supports a bill that would compensate copyright owners for the noncommercial use of their works, said that the Senate did not "have time to focus on the economics" on its own and indicated that the popularity of home taping overshadowed the constitutional and public-policy issue of rewarding the use of creative work.

662. Manufacturing clause duel: witnesses spar over job loss. *Publishers Weekly*, vol. 220, no. 25 (Dec. 18, 1981), pp. 22, 26.

On December 3, 1981, the House Subcommittee on Courts, Civil Liberties and the Administration of Justice held hearings on legislation designed to extend the Manufacturing Clause in the Copyright Act of 1976 which is scheduled to expire on July 1, 1982. The Copyright Office had recommended in its report to Congress in July 1981 that the Manufacturing Clause, which requires books to be printed in the United States to have copyright protection, be allowed to expire as scheduled. However, Howard Samuel, president of the Industrial Union Department of the AFL-CIO, told the committee that the Labor Department had conducted a study on the effect of the expiration of the clause and found that, "in the printing and publishing industry alone (it) would cause a loss of 78,000 to 172,000 job opportunities. This represents 6.2% to 13.9% of the 1979 total industry employment."

Anthony P. Harrison, Assistant Register of Copyrights, testified that he thought "the Labor Department estimate of loss of job opportunities [was] overstated." He said that the highest percentage of job loss would be 10% to 19%, or 5000 to 9000 jobs, which includes "job opportunities" as well as future jobs made available.

663. MCCULLAUGH, JIM. Videotaping case set for high court? *Billboard*, vol. 94, no. 3 (Jan. 23, 1982), pp. 1, 14.

The Ninth Circuit Court of Appeals has refused to rehear its decision in the *Betamax* suit. A spokesman for Sony stated that the corporation has begun to prepare its Supreme Court appeal. A director for the Electronic Industries Assn., a company which filed petitions for rehearing in the circuit court on Sony's behalf, announced that his company will also support Sony in its appeal to the Supreme Court.

664. MIDEEM seminar spotlights rights questions. *Billboard*, vol. 94, no. 5 (Feb. 6, 1982), p. 68.

Discussions at one of the MIDEEM seminars focused on the protection of intellectual property rights in the face of accelerating technological innovation. Members of the recording industry were reminded that, though much of their income comes from record sales, there are other areas of their music investment that should be exploited as well. These areas include "broadcasting rights, public performance, rentals, home taping, television and video programs, cable television, and satellite broadcasting."

665. MORRIS, EDWARD. Pirates invading gospel: illegal product thrives in smaller markets. *Billboard*, vol. 93, no. 48 (Dec. 5, 1981), pp. 1, 44.

Gospel labels and artists complain that piracy is becoming a mounting problem for them, especially in rural areas and small towns. These complaints have led to FBI investigations in several states and in one case, a Virginia woman was accused of infringing the copyright in "more than 2,026 8-track recordings and more than 259 cassette-type recordings" within a three-month period.

666. Music trade orgs gather in N.Y. to discuss home taping issue. *Variety*, vol. 305, no. 12 (Jan. 20, 1982), pp. 113, 115.

The Recording Industry Assn. of America and the National

Music Publishers' Assn. organized a meeting of music industry leaders in New York to discuss strategy for a lobbying effort against the "right-to-tape" bills recently introduced in Congress. Nothing was resolved at the meeting, but at an earlier meeting in California, a Warner Communications, Inc. Record Group executive indicated that he feels (1) that the motion picture and the music industry should present a united front on the home taping issue and (2) that though a blank tape levy is "a decent form of relief," it is a "de facto license to tape."

667. NTIA report says drop compulsory licensing scheme. *Broadcasting*, vol. 101, no. 25 (Dec. 21, 1981), pp. 44, 48.

The National Telecommunications and Information Administration (NTIA) has issued a report which calls for elimination of the compulsory license scheme now in effect and which would allow the marketplace to govern the price cable systems pay for programming. The NTIA report concludes that "a flexible and efficient private bargaining agreement among industry segments is a workable alternative to the present government administered system." Under the present law, the government collects and distributes fees as well as regulates the price "for the creative output of private entrepreneurs."

668. OWEN, ED. Spaniard gets prison term for copyright infringement. *Billboard*, vol. 94, no. 6 (Feb. 13, 1982), p. 60.

Juan V. Garcia was fined \$2,000 and sentenced to four months in jail as the result of a copyright infringement suit brought by the Spanish Phonographic Association. The suit charged that Garcia deliberately intended to profit from the fame and popularity of recording artist Julio Iglesias by failing to indicate on "The Hits of Julio Iglesias" cassette cover that the songs contained therein were actually performed by a studio group. In ruling against Garcia, the Madrid provincial court stated that such deception constituted copyright infringement.

669. Piracy, rental plan coordination targets of software dealer assn. *Variety*, vol. 305, no. 8 (Dec. 23, 1981), pp. 1, 67.

Noel Gimbel, president of Sound Video, recently announced the formation of the Software Dealers Association, a group whose members primarily will be retailers and software distributors. The aim of the new organization will be to combat piracy and "unsnarl

studio cassette rental plans now being introduced." In connection with its piracy efforts, plans have already been made to set up a toll-free telephone number for information regarding suspected pirates.

670. Pirate gets 90 days. *Variety*, vol. 305, no. 13 (Jan. 27, 1982), p. 26.

Peter Arcabascio was sentenced to ninety days in jail and fined \$25,000 after entering a guilty plea to four of thirty-three counts of copyright infringement. Arcabascio, the operator of a Chicago video company called Hollywood Video, was also given five years' probation.

671. Pirates get Dutch ok for cable access. *Daily Variety*, vol. 194, no. 15 (Dec. 28, 1981), p. 2.

Under an arrangement reportedly in conflict with Dutch broadcasting law, four cable pirates were granted access to the cable system in the Hague for three hours a day for a two-week trial period. Access was contingent on the pirates' agreeing only to "transmit programming which involves no copyright violations or for which royalties have been paid."

672. PRS pressing for license fee hikes. *Billboard*, vol. 94, no. 5 (Feb. 6, 1982), p. 71.

Britain's Performing Right Society (PRS) is seeking changes in two areas of concern to its members—music licensing and copyright reform. With respect to licensing, the PRS wants to increase the fees paid to its members by independent television and radio stations and possibly the fee paid by the BBC. Cinemas, rock music concerts and discotheques will also be asked to increase their license payments. In the area of copyright reform, the Society is working toward "urgent revision" to ensure that the law is not outdistanced by new technology.

673. Publishers claim infringement. *Billboard*, vol. 94, no. 5 (Feb. 6, 1982), p. 39.

Warner Bros. Music and three other publishers have brought suit against Harold Warner for publishing and selling a book entitled "Variety Pack of Speed Music" which allegedly contains four of their copyrighted songs. Plaintiffs seek \$50,000 in damages and an order enjoining defendant from further publishing and selling the book.

674. ROTHENBERG, STANLEY. 1981 film and TV adjudications focus on revised copyright. *Variety*, vol. 305, no. 11 (Jan. 13, 1982), pp. 10, 84.

Important court decisions issued in 1982 include *Universal City Studios, Inc. v. Sony Corp. of America*, the *Betamax* suit; *Paramount Pictures Corp. v. Rubinowitz*, a case involving the TV series "Star Trek" and *Classic Film Museum Inc. v. Warner Bros. Inc.*, which concerned the "Life With Father" stage play and its film derivative. Discussion of the latter two cases leads the writer to conclude that the courts in their rulings in these suits and the Congress by its passing of legislation "extending the duration of copyrights and reducing the significance of formalities" tended to "lean toward the side of the creator."

675. SCHULMAN, LEIF. Sweden considers blank tape levy. *Billboard*, vol. 93, no. 50 (Dec. 19, 1981), pp. 1, 11.

Sweden is considering a blank tape levy. Several proposals are being reviewed, but the proposal most likely to be adopted is one that would impose a "levy equivalent to 50 cents on a C60 blank cassette and . . . \$7 on a standard 180-minute videocassette." Copyright owners would receive about 10% of the proceeds from such a levy, and the remainder of the receipts would go to the government.

676. SCHULMAN, LEIF. Swedish body sues retailer over rentals. *Billboard*, vol. 94, no. 6 (Feb. 13, 1982), pp. 1, 60.

Growing concern over unauthorized record rental plans prompted the GLF, Sweden's record industry organization, to file a copyright infringement suit against a local retailer that had been offering an album-rental service. The suit, which seeks \$200,000 in compensation, is seen as a test case in that Norway is the only Scandinavian country that actually has a copyright provision "requiring a writer's permission before disks containing copyrighted music may be rented."

677. SOBEL, LIONEL. Legal briefs. *The Hollywood Reporter*, vol. CCLXIX, no. 32 (Dec. 4, 1981), p. 16.

This is a discussion of Bernice Mann's plagiarism suit against Warren Beatty and others. Mann, a 68-year-old retired manicurist, claimed that defendants' movie "Shampoo" was based on ideas contained in her outline entitled "Women Plus". At trial, the jury

returned a \$185,000 verdict in Mann's favor but the presiding judge later set aside the verdict entering a judgment for the defendants and the California Court of Appeal affirmed.

678. SOBEL, LIONEL. Legal briefs. *The Hollywood Reporter*, vol. CCLXIX, no. 37 (Dec. 11, 1981), p. 15.

A U.S. District Court recently ruled that the motion picture "Coming Home" was not copied from a book written by Sonya Jason entitled "Concomitant Soldier-Woman and War." In finding for defendants, who included Jane Fonda, United Artists and NBC, the court held that plaintiff failed to sufficiently establish both access and copying. It went on to say that to prove copyright infringement, "it must be shown that there is a substantial similarity, both of ideas and their expression, between the copyrighted work and the allegedly infringing work." Jason has appealed the decision.

679. Streisand files suit for \$11 mil. *The Hollywood Reporter*, vol. CCLXIX, no. 31 (Dec. 3, 1981), p. 14.

Barbra Streisand's \$1 million copyright and trademark infringement suit against All Star Video Corp of Levittown and others alleges that defendants illegally conspired to sell an unauthorized video recording of her in performance. The suit also claims that the star's demands that the defendants' discontinue their illicit activities subsequent to the filing of the suit were of no avail.

680. Tape pirate is convicted. *Billboard*, vol. 93, no. 50 (Dec. 19, 1981), p. 82.

Karriem-el-Amin Shabazz, a man indicted on twelve counts of criminal copyright infringement as the result of a raid conducted on his residence in Orlando, Florida, was recently convicted on ten of those counts. The raid, which was carried out by FBI agents and others, netted approximately \$5 million worth of tape duplicating equipment, pirate cassettes and eight-track recordings, labels, components and other manufacturing paraphernalia.

681. Tape pirate Shabazz walks plank to prison. *Daily Variety*, vol. 194, no. 31 (Jan. 20, 1982), p. 23.

A tape pirate will have to spend a year in jail as a result of

his conviction on ten of twelve counts of criminal copyright infringement. Karriem-el-Amin Shabazz was sentenced to two consecutive six-month prison terms and three years' probation.

682. Three convicted for Presley bootlegs. *Record World*, vol. 18, no. 1973 (Dec. 12, 1981), p. 10.

Robert Heis, Gene Haffner and Aca Anderson were all recently convicted in connection with their distribution of bootleg Elvis Presley recordings. The convictions are the result of a two-year FBI investigation which led to the arrest of the distributors in a raid on an Elvis Convention held at the Cook Convention Center in Memphis in 1980.

683. TURNER, TED. 'Disaster' of syndicated exclusivity. *Variety*, vol. 305, no. 11 (Jan. 13, 1982), p. 168.

New cable copyright legislation reinstating syndicated exclusivity protection is to be considered by the House Committee on the Judiciary this session of Congress. Turner Broadcasting System (TBS) strongly opposes such legislation but says that if there is to be a measure it must include provisions providing that (1) "existing contracts between copyright owners and superstations prior to the effective date of the legislation will be unaffected"; (2) "reasonable transition provisions will be incorporated"; and (3) "copyright infringement penalties . . . be brought first before the FCC . . ." and apply to "repeated and willful violators," not inadvertent violations. TBS also wants the inclusion of language assuring that there will be "no more than codification of existing FCC" rules with respect to cable carriage of sports programming.

684. U.K. court okays suits on bootlegs. *Billboard*, vol. 94, no. 10 (Mar. 13, 1982), p. 59.

In a suit involving Elvis Presley bootlegs, Britain's High Court ruled that a record company could bring suit under the Performers' Protection Act. Geoffrey Pollard, the accused bootlegger, argued that RCA Corp.'s suit against him "disclosed no reasonable cause of action" in that the Performers' Protection Act applies solely to performers and not to record companies. The Court rejected Pollard's argument but granted him leave to appeal.

685. U.K. mobsters pile up pounds by pirating films. *Daily Variety*, vol. 195, no. 7 (Mar. 16, 1982), p. 26.

Due to homevideo, film piracy is a growing organized crime in the U.K. Reportedly, pirate video is available within days of a theatrical release. Measures being considered to combat the problem include a blank cassette levy and a system of licensing and monitoring dealers.

686. U.K. mulls video copyright question. *Billboard*, vol. 94, no. 9 (Mar. 6, 1982), p. 72.

Britain's House of Lords gave a second reading to a copyright amendment bill that would make it a criminal "offense to possess copyright-infringing videocassettes in the course of trade." Government reaction to the measure has been one of reservation in that its Green Paper on copyright is still the subject of consultation. Some concern was expressed, however, whether the bill, containing only one of several possible remedies against video piracy, could meet the broad aims of its proponents.

687. Valenti backs 'fee' solution on copyright. *Variety*, vol. 306, no. 6 (Mar. 10, 1982), pp. 35-36.

Motion Picture Association of America president Jack Valenti endorsed the recently introduced Senate videotaping bill. He told a panel at the ITA seminar that the measure is identical to the Mathias proposal "except that the new bill has a separate section providing for the Copyright Royalty Tribunal to look into audio use of copyrighted works to determine fees for audio copying machines and blank tapes."

688. Valenti urges royalty fee for home taping. *Broadcasting*, vol. 102, no. 8 (Feb. 22, 1982), p. 58.

In a speech to motion picture exhibitors in Las Vegas, Jack Valenti, president of MPAA, called for a copyright royalty fee to be paid by manufacturers of videocassette recorders and blank tapes. He said that there would be 36 to 40 million videocassette recorders in U.S. homes by 1990, a collection large enough to collapse the after-market potential of any film shown on conventional TV, cable TV or PBS.

689. VALENTI, JACK. Copyright creators want a fair shake from U.S. Congress. *Variety*, vol. 305, no. 11 (Jan. 13, 1982), pp. 1, 46.

In this article, Jack Valenti criticizes what he calls Congress' negligent attitude towards creative property. He then charges that

Congress expressed this attitude in its treatment of cable and off-air taping issues. He hopes that legislators can be persuaded to amend pending legislation to insure that owners of creative property are compensated when that property is used by anyone.

690. VCR/copyright enters congressional arena. *Broadcasting*, vol. 101, no. 23 (Dec. 7, 1981), pp. 40, 42.

The Senate Judiciary Committee has held hearings on S. 1758 introduced by Mr. DeConcini. The bill would amend the copyright law by adding a new section 119 which would exempt video recordings of copyrighted material from infringement, providing the recording is made for private use and is not used in a commercial way. One of the major issues discussed during the hearings was whether consumers should have to pay a royalty when purchasing VCR's and/or blank tapes to compensate program producers for the reproduction of their property even if the recording is for personal use. The bill was introduced in response to the Ninth Circuit Court of Appeals decision which held that off-air taping of copyrighted programs is a violation of copyright even if done for private home use.

691. Video game creators covered by copyright, appeals court rules. *Wall Street Journal* (Jan. 21, 1982). p. 3.

A three-judge panel has upheld a district court ruling that video display designers are entitled to the same copyright protection as authors and music composers. Stern Electronics sued Omni Video Games, Inc., et al., for copyright infringement, alleging that Omni copied its game called "Scramble." The case was returned to the district court to determine whether Omni's design is actually a copy of one by Stern. [See *Stern Electronics, Inc. v. Kaufman*, 523 F. Supp. 635 (E.D.N.Y. 1981)].

692. WCI sticker leads feds to suspect counterfeit dealer. *Variety*, vol. 306, no. 9 (Mar. 31, 1982), p. 93.

Warner Communications Inc.'s anti-counterfeiting sticker has led to the discovery of 130,000 allegedly counterfeit cassettes and resulted in a suit against Hot Cakes Music Inc. The detection of irregularities in the stickers affixed to cassettes handled by Hot Cakes aroused enough suspicion for the FBI to conduct an investigation. Subsequently, Hot Cakes was raided and, reportedly, some 8,000 allegedly counterfeit cassettes were seized. Plaintiffs

in the suit against Hot Cakes include Capital and CBS Records.

693. Whodunit author claims plagiarism on 'Murder' play. *Variety*, vol. 306, no. 7 (Mar. 17, 1982), p. 160.

Novelist Anna Mary Wells filed suit against Edwin S. Lowe Productions, producer of the Play "A Talent for Murder." Plaintiff, who in 1942 wrote a novel with the same title as defendant's play, claims that the "play borrowed an important plot device from her book." She also alleges that the play's poor reception on Broadway damaged potential sales for her book, which was reissued last year in paperback.

694. 'Zhivago', 'GWTW' among pirate videocassettes seized in Australia, *Variety*, vol. 306, no. 1 (Feb. 3, 1982), p. 37.

Pursuant to Motion Picture Industry Assn. of Australia complaints, federal police confiscated in excess of a thousand pirate home videocassettes from a location near Sydney, Australia. The videocassettes were being leased to members of a club who for a \$30 membership fee and a small rental fee could lease legally available and pirate product. Four people questioned concerning the illegal operation are expected to be charged with breach of the copyright law.

2. Foreign

1. Great Britain

695. HORDER, MERVYN. Sweet music. *The Bookseller*, no. 3963 (Dec. 5, 1981).

A review of the Performing Right Yearbook 1981 which includes a paper on copyright by George Koumantos, Professor of Law at Athens University. Professor Koumantos analyzes such problems as cable television and satellite broadcasting, the legal difference between a "Single hand-made copy and copy on a machine belonging to a third party" and the fees charged to publishers for storing any work in a computer or databank. Also included is a study by Robert Abrahams on the worldwide piracy of sound recordings.

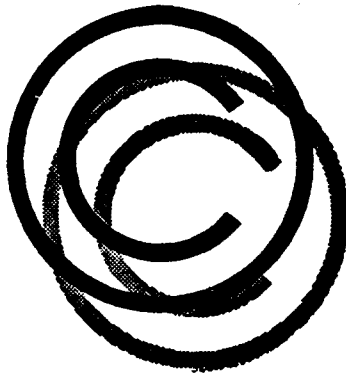
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696. PA indemnity for photocopying survey. *The Bookseller*, no. 3969 (Jan. 16, 1982), p. 170.

A look at photocopying that is taking place in British universities and how much of it falls within the category of fair use. A survey was sent out by the Publisher's Association. To conduct the survey, the P.A. provided an indemnity to any photocopying that was revealed by the survey. The article states that the P.A.'s indemnity does not cover music publishers.

697. PA reports a breakthrough in Singapore piracy action. *The Bookseller*, no. 3972 (Feb. 6, 1982), p. 473.

A Singapore bookseller, Ng Sui Nam, has been served three writs regarding alleged piracy of books published by British firms. Injunctive relief, damages and costs were sought by those members of the Publishers Association who brought suit. Although interlocutory relief was granted, the British publishers are still anxious for a trial for damages, costs and injunctions.

JOURNAL
OF THE
COPYRIGHT SOCIETY
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Published at
NEW YORK UNIVERSITY LAW CENTER

VOL. 29, No. 6

AUGUST, 1982

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(formerly BULLETIN OF THE COPYRIGHT SOCIETY OF THE U.S.A.)

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ISSN 0010-8642

JOURNAL
OF THE
COPYRIGHT SOCIETY
OF THE U.S.A.

VOLUME 29
OCTOBER 1981-AUGUST 1982

Published at
NEW YORK UNIVERSITY LAW CENTER

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THE JOURNAL of The Copyright Society of the U.S.A. is published 6 times a year by The Society at the Law Center of New York University, 40 Washington Square South, New York, New York 10012; Alan J. Hartnick, *President*; Richard Dannay, *Vice President*; Theodora Zavin, *Treasurer*; Raymond D. Weisbond, *Secretary*; Andrew J. Gerber, *Assistant Treasurer*; E. Judith Hirschman Berger, *Assistant Secretary*.

All communications concerning the contents of THE JOURNAL should be addressed to the Chairman of the Editorial Board at the Law Center of New York University, 40 Washington Sq. So., New York, N.Y. 10012.

Business correspondence regarding subscriptions, bills, etc., should be addressed to the distributor, Fred B. Rothman & Co., 10368 West Centennial Road, Littleton, Co. 80123.

CITE: 29 BULL. COPR. SOC'Y., page no., Item . . . (1982).

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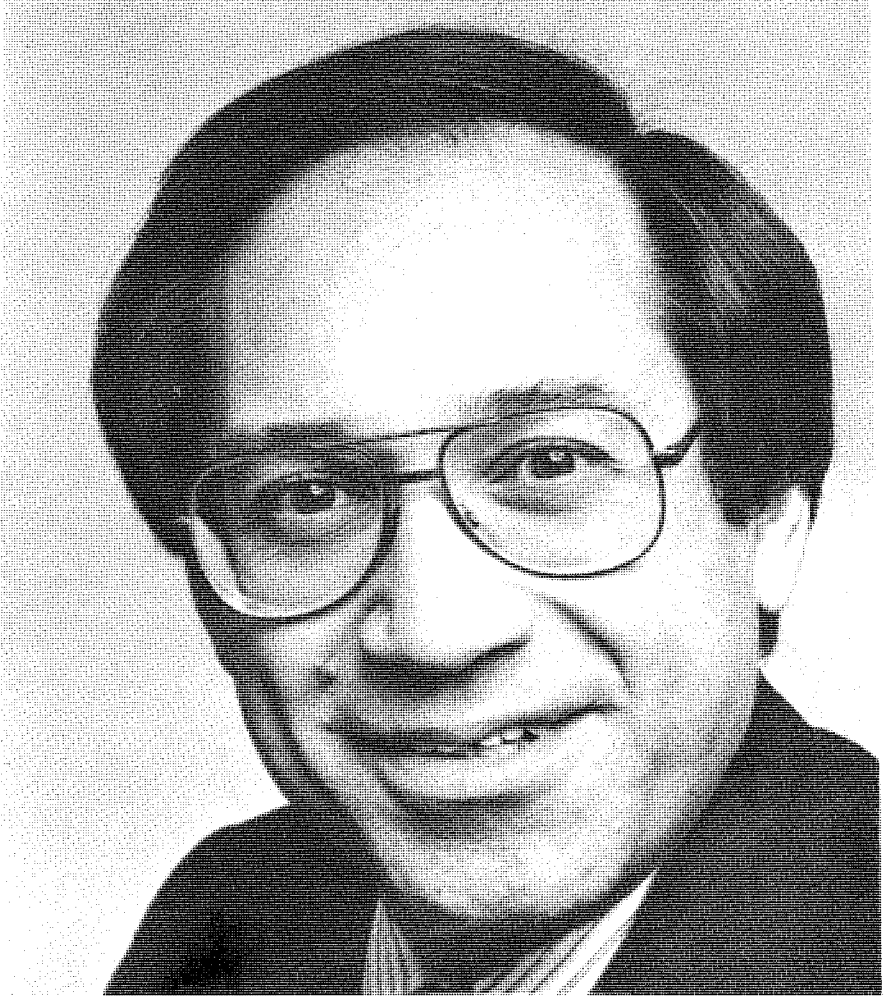
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PROFESSOR ROBERT A. GORMAN

Editors' Note

Recent developments in the area of "fact works" prompted the inclusion of this subject in one of the Authors League Symposia and inspired this year's Donald C. Brace Memorial Lecture. An article also analyzing the issue of fact works joins the symposium and lecture in this issue of the JOURNAL OF THE COPYRIGHT SOCIETY OF THE U.S.A. to present a comprehensive treatment of the subject.

PART I

ARTICLES

695. Fact or Fancy? The Implications for Copyright—*The Twelfth Annual Donald C. Brace Memorial Lecture**

By ROBERT A. GORMAN**

I.

Our copyright law,¹ as does the Copyright Clause of the Constitution,² reflects a tension of two policies: To promote the progress of science and the useful arts in the long run, we permit the author for a limited time (not so limited any more)³ to stop others from copying or embellishing upon his work. We permit, indeed encourage, later authors and artists to build upon the copyrighted works of their predecessors, while holding out the threat that if they use too many such "bricks" in their building they may be branded infringers.

Since the avowed purpose for granting the exclusive right is to disseminate and add to knowledge in the public domain, Congress and the courts have devised doctrines to limit during the copyright term the author's control over the use of his work by others. Some of those doctrines deal with copyrightability. For example, copyright is said to protect only the author's expression, or word sequence, and not the underlying ideas, facts, or systems. The major case announcing this principle is *Baker v. Selden*,⁴ decided by the Supreme Court in 1879, and the key section of the Copyright Act is section 102(b) which declares that copyright shall

*This article is based on the Brace Lecture delivered by Professor Gorman on March 29, 1982 at New York University Law Center in New York City. The author wishes to thank Peter W. Laberee and William B. Lazarus of the University of Pennsylvania Law School class of 1982 for their research assistance in the preparation of this article.

**Mr. Gorman is a Professor of Law at the University of Pennsylvania Law School.

¹ 17 U.S.C. §§ 101 et seq., 90 Stat. 2541 et seq., Pub. L. 94-553 (1976).

² Article I, Section 8.

³ The duration of copyright protection for most works created after January 1, 1978 is the period of the author's life plus fifty additional years. Section 302(a).

⁴ 101 U.S. 99 (1879).

not extend "to any idea, procedure, process, system, method of operation, concept, principle, or discovery," regardless of the form of expression. Other doctrines confining the scope of the copyright monopoly deal with infringement. For example, independent creation of a work strikingly similar to one already in copyright is not an infringement, and even copying is allowable provided there is no "substantial" taking such that the ordinary observer will be struck by the similarities. This principle permits later authors to have recourse to the same public domain sources as did earlier authors, and even to copy from earlier copyrighted works provided it is only in limited degree. A third set of pertinent doctrines justifies even substantial borrowing under appropriate circumstances; for example, it is allowable if deemed to be a "fair use," as defined in section 107 of the Copyright Act, or if the First Amendment to the Federal Constitution so dictates.

All of these doctrines mitigate the rigors of what might otherwise be an overreaching monopolistic control by the copyright owner, thus promoting society's interest in enriching the public domain.⁵ Although there is a natural temptation to think of the three stages of copyright analysis—copyrightability, infringement, and defenses of privilege—as water-tight compartments, they are not; there is a common substratum of social policy under all three of these issues, and each of the mitigating doctrines just recounted is expanded or contracted depending upon a court's weighing of the competing policies of protectionism and dissemination.

The tension between author control and public dissemination is particularly keenly felt in a category of artistic and literary works which might be called "fact works," works which compile and communicate factual information about our society and the world about us, past and present. Examples are maps, directories and works of history and biography. These may be contrasted with what might be called works of imagination or fancy, such as music, sculpture and dance. Our law, as reflected in the terms of our copyright statutes and the language of our courts, emphasizes the greater need to disseminate the contents of fact works in contrast to the contents of works of artistic or literary fancy. Although one surely finds the idea-expression dichotomy, the "substantial similarity" standard, and the fair use doctrine employed in connection with works of artistic or literary creativity, they appear to loom larger as flexible devices generally utilized to sustain the borrowing of

⁵ There are many other doctrines and provisions of the Copyright Act which have a similar function, such as the so-called compulsory license and the multifarious statutory exemptions from copyright liability set forth in sections 108 through 118 of the Act.

copyrighted material in fact works. When Professor Chafee quoted the phrase "A dwarf standing on the shoulders of a giant can see farther than the giant himself," in his classic article on the fundamental issues of copyright,⁶ he was drawing no distinction between works of fact and works of fancy, but this aphorism has surely been given more of a place of honor in the developing law concerning copyright of fact works. The reasons for this warrant brief summary.

1. There is more of a public interest in access to facts about ourselves, the world about us, and our history and future. (While this may be true, it is a reason which actually "cuts both ways," for dissemination of fact works must not be so freely permitted as to destroy the incentive to research, compile and write such works, so important to the progress of society.)
2. More than with works of fancy, in many fact works the literary or artistic expression is dictated by and inseparable from the underlying information; maps and directories are the best examples. Courts are torn between on the one hand protecting the expression and as an incident curbing dissemination of the facts, or on the other hand disseminating the facts and as an incident permitting copying of expression. The tension here is thus keener than in works of fancy, where congruence of fact and form is not as pervasive.
3. Precisely because many fact works do not permit of varieties of expression by later authors, similarity in appearance between their works and those of their predecessors is sometimes written off as a product of coincidence and not copying, or as allowable copying in view of the expressive limits of the genre.
4. A fourth reason why the dissemination impulse is greater in fact works than in works of fancy is because the policies of the First Amendment and of fair use are explicitly designed with a view toward commentary concerning political, social and historical phenomena.
5. Finally, in many fact works, the author's principal contribution comes from expense, time and effort—sometimes picturesquely described in the cases as "sweat of the brow"—rather than the kind of literary or artistic expression normally the concern of copyright. Courts may therefore believe that copyright is an inapt vehicle for rationalizing the monopoly for fact works.

Having thus generalized about differences between fact works and

⁶ *Reflections on the Law of Copyright*, 45 COLUM. L. REV. 503 and 719 (1945).

works of fancy, one must caution that even within the field of fact works, there are gradations as to the relative proportion of fact and fancy. One may move from sparsely embellished maps and directories to elegantly written biography. The extent to which one must permit expressive language to be copied, in order to assure dissemination of the underlying facts, will thus vary from case to case and genre to genre. But the basic distinction between fact works and works of fancy is, I believe, valid and of significance for copyright analysis.

Because the tension between protectionism and dissemination is most keenly felt in the area of fact works, and because the analytical vehicles for working out this tension (copyrightability, infringement, fair use, and the like) tend to blend, judicial opinions in this area are often inconsistent and confusingly analyzed. I found this to be true some twenty years ago when I first explored the subject,⁷ and it remains true today. Nonetheless, a reexamination of copyright in fact works seems warranted, in view of the pertinent developments of the past two decades.

The most significant development has been the passage of the 1976 Copyright Act, with particularly pertinent sections relating to the non-copyrightability of ideas and discoveries (section 102(b)), the copyrightability of compilations (section 103), and fair use (section 107). Another significant development has been the intrusion into copyright analysis of First Amendment theory,⁸ and a third has been the rapid development of preemption theory concerning state-law protection for works not accorded copyright protection, an issue now comprehensively (but elusively) treated in section 301 of the Copyright Act.⁹ Finally, reexamination of the fact-fancy dichotomy is all but compelled by a very considerable body of case law that has emerged in the past two decades relating to fact works, particularly works of history and biography, and other cases which analyze the copyright problems posed by the congruence of expression and utility.

⁷ Gorman, *Copyright Protection for the Collection and Representation of Facts*, 76 HARV. L. REV. 1569 (1963). A very thoughtful and more recent treatment of the subject is Denicola, *Copyright in Collections of Facts: A Theory for the Protection of Nonfiction Literary Works*, 81 COLUM. L. REV. 516 (1981).

⁸ Although there was a hint of this issue in the concurring opinion in *Rosemont Enterprises, Inc. v. Random House, Inc.*, 366 F.2d 303 (2d Cir. 1966), *cert. denied*, 385 U.S. 1009 (1967), it first fully bloomed in two scholarly articles produced soon after; see Goldstein, *Copyright and the First Amendment*, 70 COLUM. L. REV. 983 (1970), Nimmer, *Does Copyright Abridge the First Amendment Guarantees of Free Speech and Press?*, 17 U.C.L.A. L. REV. 1180 (1970).

⁹ The Supreme Court had taken its first modern-day steps on the preemption issue, without statutory guidance, in two major decisions in 1964—*Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, and *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234.

II.

A useful case study with which to begin an exploration of fact works focuses upon copyright protection for maps. The map is the quintessential fact work. Its purpose is to depict geographic fact with utmost accuracy and conformity to nature. If ever there were a literary or art form in which fancy is generally to be discouraged, and in which expression is dictated by fact, it is the map. If "authorship" for purposes of securing copyright means origination from one's own mind, that is, the avoidance of copying something already in existence (whether copyrighted or in the public domain), then authorship in maps must of necessity be close to non-existent. Typically, it is limited to the selection of the geographic data to depict (which cities, rivers, and highways), and minor matters of color, symbol and typeface. Authorship can also be found in the compiling and editing of earlier maps.

In spite of the limited opportunities for authorship in the preparation of maps, it must be noted that maps were one of only three classes of copyrightable subject matter in the first Copyright Act,¹⁰ enacted in 1790 by many of the same men who wrote the Constitution and who must have known what an "author" was understood to mean in the constitutional clause which empowered Congress to grant a monopoly to "authors" in order to promote the progress of science and the useful arts. Given the historical context, a likely congressional objective in the first Copyright Act was to reward the labors of those who were heroic enough to chart the unexplored territory of this largely unknown and untamed segment of the continent. But such first-hand exploration and discovery could not likely have been regarded as a prerequisite to copyright protection, since the first Congress also extended copyright protection to charts and to books, and it must have been understood that charts typically borrow and recapitulate information available from other sources, and that books often recount prosaic themes in a prosaic manner (or are indeed compilations or anthologies of works already in the public domain). From the beginning, then, Congress was at least as concerned about extending copyright protection to fact works as to works of fancy.

But a tension manifested itself in the case law (and still does) between seeking to promote the preparation of maps by providing a monopoly incentive, and seeking to promote the preparation of maps by newcomers on the scene who, working from prior copyrighted maps, advance the public interest by refining them, correcting them, and making them more intelligible and usable. Through the years, the tendency has been to endorse and implement the latter policy, by upholding map copyright

¹⁰ Act of May 31, 1790, ch. 15, § 1, 1 Stat. 124.

only reluctantly or by upholding it but at the same time permitting a significant measure of "borrowing" which, had it been done from a work of fancy, would almost surely have been condemned as an unjustified substantial taking. Most litigated cases charging map infringement involve the near-literal copying of copyrighted maps; on such facts, a finding of infringement is routine and justified, because of the displacement of the plaintiff from the market and the limited utility of the defendant's activities. But all too often, the judicial decisions appear to endorse a pro-dissemination policy.

Perhaps the most wrongheaded way to implement this policy was that used by the Third Circuit in *Amsterdam v. Triangle Publications, Inc.*,¹¹ decided in 1951. There, the court denied copyright to (and thus permitted copying of) a map of Delaware County, Pennsylvania, that had been compiled by collating maps of various township and municipal authorities as well as federal government maps. Considerable time and effort had been spent on collation, which resulted in a map containing information found on no other one alone. The asserted reason for denying copyright was that the plaintiff had failed to undertake independent investigation or to secure original information "by the sweat of his own brow."¹² The court disparaged the activity undertaken by the plaintiff: "Almost anybody could combine the information from several maps onto one map, but not everybody can go out and get that information originally and then transcribe it into a map."¹³

The court's failure to sustain copyright for this kind of meticulous collation is inconsistent with the rather lenient requirements in cases of compilation copyright, most of which involve works of fancy such as cheerfully drawn circus posters or greeting cards, but many of which involve fact works such as charts and directories.¹⁴ Indeed, the usefulness of map compilations make them an even more appealing case for the grant of copyright as an incentive. Moreover, the court's disparagement of the seemingly modest creativity reflected in the plaintiff's cartographic compilation ignores the fact that this class of artistic work by its nature imposes limits upon creative options for expression. In any event, to the extent the *Amsterdam* court feared that too-ready copyright for map compilations would prevent others from going to the same public-domain map sources and making their own independent compilations, that

¹¹ 189 F.2d 104.

¹² *Id.* at 106.

¹³ *Id.*

¹⁴ *E.g.*, *Roth Greeting Cards v. United Card Co.*, 429 F.2d 1106 (9th Cir. 1970); *Jewelers' Circular Pub. Co. v. Keystone Pub. Co.*, 274 F.2d 932 (S.D.N.Y. 1921), *aff'd*, 281 Fed. 83 (2d Cir.), *cert. denied*, 259 U.S. 581 (1922) (directory of jewelers and their trademarks).

fear was of course unwarranted; even the generally obscure or silent 1909 Copyright Act expressly provided that the incorporation of public domain works in a new copyrighted compilation would not revive their copyright,¹⁵ and this principle is emphatically re-stated in section 103(b) of the 1976 Copyright Act.¹⁶

The *Amsterdam* case, roundly criticized in the scholarly literature,¹⁷ remains noteworthy for its utilization of a device courts are sometimes inclined to use out of a concern for the fund of knowledge properly in the public domain. Indeed, it was not until nearly thirty years after it was decided that a court of appeals squarely rejected the *Amsterdam* "sweat of the brow" standard as the proper one to apply in determining copyrightability of maps. In 1978, in *United States v. Hamilton*,¹⁸ the Court of Appeals for the Ninth Circuit expressly took issue with the *Amsterdam* decision of the Third Circuit. Interestingly, the *Hamilton* case involved a criminal prosecution for willful infringement, a context in which a court might well be inclined to shade the balance between protectionism and dissemination in the latter direction. Although the application of the requirement of independent geographic investigation would have resulted in a very close case on the issue of copyrightability, the court decided that the compilation of earlier maps (ones in the public domain

¹⁵ Formerly 17 U.S.C. § 7.

¹⁶ That section provides:

The copyright in a compilation or derivative work extends only to the material contributed by the author of such work, as distinguished from the preexisting material employed in the work, and does not imply any exclusive right in the preexisting material. The copyright in such work is independent of, and does not affect or enlarge the scope, duration, ownership, or subsistence of, any copyright protection in the preexisting material.

¹⁷ See I M. NIMMER, COPYRIGHT § 2.08[A][3] (1982); Gorman, *op. cit. supra* note 7, at 1571-76; Whicher, *Originality, Cartography, and Copyright*, 38 N.Y.U. L. REV. 280 (1963).

¹⁸ 583 F.2d 448. This court earlier had an opportunity to part company with *Amsterdam*, in *County of Ventura v. Blackburn*, 362 F.2d 515 (9th Cir. 1966), in which the plaintiff's map had been a product of considerable time and effort "to compile, collate, assemble, draft and prepare the information depicted" principally through his use of government maps, county and assessor's records, and aerial photographs. The court carefully ducked the *Amsterdam* issue by pointing out that the plaintiff's copyright properly rested on a "strong inference . . . that some of the material in the map was obtained by Blackburn's observations on the terrain, which resulted in his correction in the map of errors appearing in some of the maps which were in the public domain." Surely the field observations should have been rewarded through copyright, as a means of fostering verification and revision of earlier maps. But the question remained, until *Hamilton*, whether that was necessary to secure copyright.

and the mapmaker's own earlier copyrighted maps) could warrant copyright if tested by the minimal standards of originality which ordinarily obtain in compilation-copyright cases.

The court found that there were no reasons to depart from those standards in cases involving map copyright, and—relying upon a case involving a work of fancy, the combination in a greeting card of a simple drawing with a trite saying—it stated that all that is necessary to secure copyright is a combination or arrangement that involves more than a trivial selection of elements. The court explicitly rejected the *Amsterdam* decision and its “sweat of the brow” requirement, observing that

“attention to rewarding the cartographer’s art requires us to recognize that the elements of authorship embodied in a map consisting not only of the depiction of a previously undiscovered landmark or the correction or improvement of scale or placement, but also in selection, design, and synthesis.”¹⁹

It was mindful of the impact that a more strict copyrightability standard would have upon useful cartographic efforts inuring to the public interest: “Not protecting the product of creative compilation or synthesis would discourage progress in the field of cartography. . . .”²⁰ The court’s reasoning is sound, and its decision has the added value of discouraging courts from drawing personalized and unguided boundary lines between creative and prosaic levels of intellectual production.²¹

The approach of the *Hamilton* court simply shifts the battle between protectionism and dissemination to other stages of copyright analysis, specifically infringement and fair use. The cases in this area are not many, but some conclusions can be drawn from theory and from judicial opinions. Not surprisingly, the decided cases suggest that even when copyright is sustained in a map, the statutory protection will be rather “thin,” effective perhaps only against wholesale unadorned appropriation. It seems quite clear, for example, that our law should permit others to record in literary or chart form the information contained on a co-

¹⁹ 583 F.2d at 452.

²⁰ *Id.* at 451.

²¹ It is also more consistent with the many lower-court cases of map copyright through the years, in which sufficient originality to warrant copyright has been found in such efforts (usually in one or another combination) as placing map outlines on a grid, selecting the place names to be included, choosing legible typeface, employing selective street numbers, and revising and updating earlier maps. *See, e.g.,* *Newton v. Voris*, 364 F. Supp. 563 (D. Ore. 1973); *C. S. Hammond & Co. v. International College Globe, Inc.*, 210 F. Supp. 206 (S.D.N.Y. 1962).

pyrighted map, even if the copyright owner was the first to depict those geographic features or was indeed the first to discover and even name those features. Should any legislative authority be necessary to buttress this rather obvious proposition, one can find it in section 102(b) of the Copyright Act, which provides that copyright protection does not extend to any "discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work."²² But how does a court decide what is infringement and what is an allowable use when the defendant borrows more than the discovered geographic facts but less than the whole map configuration?

As a matter of general theory, the problem is not significantly different from determining whether the author of the motion picture "The Cohens and The Kellys" copied merely the general theme of the successful play "Abie's Irish Rose" or rather went too far and copied as well the plot details and sequence of incidents.²³ In map cases, however, the tendency would appear to be—and rightly so, for the reasons set forth at the outset of this article—to permit a somewhat greater degree of borrowing from the copyrighted work than would be the case with a literary or musical creation. In addition to the general social utility served by encouraging those who would improve upon the accuracy and intelligibility of already existing maps (even ones still in copyright), the map is a fact work which permits of extremely few variations in expressive form, such that a judicial inclination to "free up" the underlying facts will almost inevitably be accompanied by a permission substantially to reproduce the artistic configuration.²⁴

²² When map information is converted into a chart or a directory, or when chart or directory information is converted into prose sentences, it might be thought better for the plaintiff to claim that the defendant is preparing an unauthorized "derivative work" under section 106(2) rather than an unauthorized "reproduction" of the copyrighted work in "copies"; a "copy" is generally understood to involve a substantially literal duplication, while a derivative work contemplates some kind of recasting, transformation, or adaptation. See section 101 of the Act. But none of the cases appears to make much of this distinction, and in any event the plaintiff's use of the broader infringement formula ought not permit him to escape the clear mandate of section 102(b), quoted in the text. The determination as to where the copyright monopoly ends—whether the defendant's act is treated as a reproduction or as the preparation of a derivative work—must of necessity be a judicial "judgment call," inviting consideration of the kinds of policy considerations set forth in this article.

²³ The allusion is, of course, to the famous decision of Judge Learned Hand in *Nichols v. Universal Pictures Corp.*, 45 F.2d 119 (2d Cir. 1930).

²⁴ This analysis represents an application of and a generalization from the First Circuit decision in *Morrissey v. Procter & Gamble Co.*, 379 F.2d 675 (1st Cir. 1967). There, the court denied copyright protection to the plaintiff's

It is therefore not surprising to find (although the cases on the issue are few) decisions manifesting a concern for the public domain not so much through the *Amsterdam* approach of non-copyrightability but through findings of non-infringement (because of insubstantial copying or no copying at all) or fair use. Two recent cases show the lengths to which courts may go in order to effect a dissemination of the contents of copyrighted maps. In *Moore v. Lighthouse Pub. Co.*,²⁵ a 1977 decision in a Georgia federal district court, the plaintiff had copyrighted an attractive and stylized map of Savannah, Georgia for a tourist magazine; important local buildings, forts, resorts and the like were depicted in simple line drawings, suburban highways were compressed in scale, and small human figures were depicted engaging in local touristic activities. The defendant published in a local magazine a strikingly similar map, reproducing among other things at least five geographic inaccuracies incorporated in the plaintiff's map. The court began its decision by examining the pertinent cases on the measure of authorship necessary for map copyright, and asserted: "One emerges from this jungle of generality, contradiction and uncertainty with the impression that the only thing certain in this area of law is the lack of it."²⁶

Nonetheless, the court forged ahead and found that the defendant should prevail. It announced alternative theories. It found that the plaintiff's map was not copyrightable because streets, squares and landmarks are public-domain facts which cannot be exclusively appropriated (as if the plaintiff was attempting to do that!), that the same is true of symbolic drawings of buildings and points of interest, and that certain stylistic devices such as the compression of suburban highways are not protectible by copyright. The court also concluded that there was inadequate proof of copying, emphasizing that the artist employed by the defendant was capable in his own right and that there were some differences between the two maps. An inspection of the maps in the published court report

contest rules, because of the fact that the uncopyrightable substance of the rules could only be expressed in a limited number of prose forms; copyright was denied lest the plaintiff be permitted to monopolize the contest itself by copyrighting all of the variant prose forms of expression. Because there are surely a very limited number of ways in which map information can be pictorially represented (at least under conventional approaches to intelligibility in mapmaking), we should here too be reluctant to permit copyright to reach too far. But rather than find non-copyrightability for these reasons, as was done in *Morrissey*, the preferred approach would be to grant copyright but to import policies about social benefit, unprotectability of discoveries and facts, and the like, at a later stage when determining whether the defendant has made an infringing copy or derivative work.

²⁵ 429 F. Supp. 1304 (S.D. Ga. 1977).

²⁶ *Id.* at 1309.

compels the conclusion that the court's conclusions were quite wrong, but the case does provide a useful illustration of the strong judicial impulse to elevate dissemination over protectionism. It is noteworthy that this was done even in a case in which the fanciful artistic elements of the plaintiff's map were at least as compelling to the eye as the strictly cartographic.

The dissemination impulse was also manifested in a recent case involving fair use to justify wholesale multiple reproduction of a copyrighted map. In *Key Maps, Inc. v. Pruitt*,²⁷ the court held that it was a fair use for a fire marshal to reproduce some one hundred copies of the plaintiff's copyrighted map for the purpose of drawing the boundaries of fire zones, and to distribute these copies to local fire departments, law enforcement bodies and civil defense agencies. Invoking the fair use criteria then recently articulated in the new Copyright Act, the court placed great weight on the legitimate purpose and public interest of coordinating fire prevention activities, the non-commercial and non-competitive use made by the defendant fire marshal (characterizing his distribution as only for "internal purposes"), the insubstantial number of unauthorized copies, and the fact that ultimately the fire marshal found the maps to be too small for his purpose and discarded them. The court also found an implied license from the plaintiff mapmaker, which had initially agreed to make copies of the map for the fire marshal but had delayed unduly in doing so. Given the defendant's full-scale literal copying, and the rather significant number of copies made without the plaintiff's consent, the court's finding of fair use is subject to considerable question.

I would not urge a client to rely too heavily upon either of these two cases, but they do demonstrate the leniency of courts when confronted with a copyrighted work in which useful facts are congruent with pictorial or literary expression; to promote dissemination of information requires some copying of expression. The copyright is a thin one, but it ought not—as it was in these cases and in the older *Amsterdam* approach—be treated as nonexistent. The mapmaker working from earlier copyrighted maps would be advised to make some sort of useful contribution of his own. While actual verification in the field is no doubt not necessary, there should be some effort at verification or revision, or at least at modifications or improvements in intelligibility of visual presentation. Even though this affords only thin protection to the earlier mapmaker, it at least holds some promise of protection against grosser forms of reproduction, and thus advances the public interest by providing an incentive to cartography.

²⁷ 470 F. Supp. 33 (S. D. Tex. 1978).

III.

The directory is another form of fact-compilation which raises problems akin to maps. Directories, however, can vary much more in format, from the terse exhaustive entries in the white pages of the telephone directory to the selective and elaborated entries in a compilation of brief essays about the most prominent socialite families in a particular city or the most promising corporations in the country. Different kinds of directories can reflect differing degrees of arduous and expensive research, differing degrees of selectivity within the subject matter, and differing degrees of original artistic or literary expression.

The more terse and exhaustive the directory—i.e., the less there is judgment, subjectivity and fancy in selection and verbal description—the more the directory compares to a map. In such instances, copyright is somewhat uncomfortably used to protect the underlying effort, time and expense (“sweat of the brow”) rather than the fanciful expression that it typically protects. But copyrightability for such directories is quite appropriate. The inherent limitations upon the manner of expression, dictated by the subject matter and the intended use, should no more warrant denial of copyright to the telephone directory than they do for maps. Indeed, the first Copyright Act of 1790 extended copyright protection not only to maps but also to charts, demonstrating the congressional intention to reward the compilation and communication of factual data through simple literary expression.²⁸ Because the underlying facts in the terse and exhaustive directory are in the public domain²⁹ and because the expressive variations are so limited, the copyright should properly be a “thin” one (as with maps), lest the monopoly unduly hinder the dissemination of information in the public interest. Even modest departures from the form of such a streamlined copyrighted compilation, or new contributions and revisions, should presumably warrant a finding of non-infringement.

The more “fanciful” the directory or compilation becomes, the more

²⁸ Act of May 31, 1709, ch. 15, § 1, 1 Stat. 124. Although the Founding Fathers might have been more anxious, as with maps, to generate original and independent research as the basis for the preparation of charts, nothing in the statute suggests that such research is a requisite for copyright protection, as distinguished from the compilation or revision of earlier public domain works.

²⁹ The analytical reason is that copyright protection extends only to “original works of authorship” (section 102(a) of the Copyright Act), and directory compilers are not the “authors” of the facts they compile and report. The statutory reason is that section 102(b) of the Act expressly declares that copyright shall not extend to any “discovery, regardless of the form in which it is described.”

appropriate that copyright protection ought to be more comfortably extended. When, for example, a directory contains significant quantities of original prose or pictorial artistry, such that there is less "congruence" between the underlying facts and their expression, a more expansive monopoly will be consistent with the public interest, for at least two related reasons. First, protecting the author's literary or artistic expression against substantial reproduction will not normally constitute an obstacle to the dissemination of the underlying information. Second, the "incentive" purpose of copyright can be satisfied, through the protection of the compiler's expression against substantial copying, without also having to extend the copyright monopoly so as to embrace the underlying facts as well.

Similar reasons justify according relatively hospitable consideration to directory-copyright claims when the compiler's "fancy" is manifested in the selectivity of inclusion and exclusion, as in the case of a social directory or a list of the fifty most livable cities in America. Ought copyright protect not merely the sequence in which the names are listed or the language that is used to describe the notable persons or cities, but also the very selection? Is the selection akin to unprotectible facts, or ideas, or discoveries, especially when the compiler bases his selection upon elaborate analysis of complex factual data and holds out his list as "factually authenticated"? Courts would probably be inclined to extend copyright to the selection itself, apart from its sequencing and literary delineation; this in fact was done nearly a century ago in a case involving a social register.³⁰ Such protection will generally be consistent with the public interest. Permitting a monopoly against copying (even in modestly embellished form) one's list of the fifty most livable cities in America

³⁰ *List Pub. Co. v. Keller*, 30 Fed. 772 (C.C.S.D.N.Y. 1887). Given the infrequency with which the issue appears to have arisen in the reported cases, the question of copyright for selection is less one of practical significance than of philosophical delectation. (There is no harm in engaging in the latter, particularly in a footnote.) Presumably, if I publish a book of unedited piano pieces of the great nineteenth century classical and romantic composers, and I select forty pieces and sequence them in order of difficulty, I can surely secure copyright protection for the sequencing, which represents my subjective judgment (*i.e.*, authorship) regarding increasing complexity of execution. I suggest too that the very selection of the pieces, apart from their sequencing, constitutes sufficient authorship for purposes of copyright protection, reflecting an overall judgment regarding the technique-building and pleasant-listening qualities of the pieces chosen. Thus, if another compiler takes the forty pieces and re-sequences them, say in chronological order, I should be able to secure copyright relief. This problem is usefully explored in Denicola, *Copyright in Collections of Facts: A Theory for the Protection of Non-fiction Literary Works*, 81 COLUM. L. REV. 516, 530 (1981).

will, because of the very subjectivity involved in its compilation, not likely deprive the public of quite as significant information as when the compilation is mechanical, streamlined, and exhaustive.

So much for a general theoretical overview of directories and their protection through copyright. The decided cases do not fit altogether comfortably within this overview, particularly to the extent it urges that the copyright should be "thin" for the mechanical, streamlined, and exhaustive compilation—although perhaps too much is generally made of a small number of older cases.

In *Leon v. Pacific Tel. & Tel. Co.*,³¹ a 1937 decision of the Court of Appeals for the Ninth Circuit, a copyrighted alphabetical telephone directory was held to be infringed by a directory which reshuffled the sequence of data so as to list the entries by sequential telephone numbers. The copyrighted white pages manifested no fancy, judgment, or selectivity in choosing the names and numbers to list or in sequencing them; it is thus questionable whether there is any copyrightable authorship whatever, but if there is, then the expression is so dictated by the underlying facts and by the obvious intended use of the book (precisely as with maps) that if copyright is afforded it should protect only against near-photostatic reproduction and not against "fact shuffling." But *Leon* appears to extend copyright protection to facts themselves, thus ignoring the fact-expression dichotomy, the since-developed principle that expression must sometimes be dedicated to the public domain when it is congruent with fact or with idea, and also the public-domain philosophy of section 102(b) of the Copyright Act.

Similar flaws are found in the famous horseracing-chart case, *Triangle Publications, Inc. v. New England Newspaper Pub. Co.*,³² decided in the Massachusetts Federal District Court in 1942. There, the court held that the plaintiff's copyrighted chart of data on prior performances of horses racing that day was infringed by the defendant's chart which borrowed the information, even that part of the defendant's chart which contained terse sentences using the factual data which the plaintiff had unearthed and had represented in symbolic form in its chart. Whether the court found the defendant's sentences to be copies, or derivative works in the nature of translations, the result is surely wrong, for the court in effect extended copyright to discrete items of horseracing information. The court was avowedly moved by the expense and expertness of the plaintiff's information-gathering enterprise ("sweat of the brow" again) and the harmful competitive impact of defendant's activities, factors which also played a significant role in the *Leon* telephone-

³¹ 91 F.2d 484.

³² 46 F. Supp. 198.

directory case. But both courts framed their rationale for recovery in terms not of unfair competition but of copyright.

Cases like *Leon* and the *New England* racing case are too often credited with having more influence in the law than in fact they do have. Neither decision, obviously, can dilute the clear and explicit ban in section 102(b) upon copyright protection for "discoveries," which should embrace information discovered in the course of preparing compilations. Moreover, although the more recent cases are no doubt too few from which to draw inferences about changing trends, one can point to decisions which manifest a bit more of an impulse toward dissemination in the case of the streamlined compilation.

Indeed, the very same Triangle Publications, victorious in Massachusetts in 1942, fared rather less well in a similar, better reasoned and much more recent case, against one Sports-Eye, Inc., in the Eastern District of Pennsylvania.³³ In this 1976 case, the plaintiff was still seeking to protect its published and copyrighted data on each of ten previous races run by each horse about to race that day at a particular racetrack. The defendant, without doing any independent research of its own, referred to the factual data in the plaintiff's charts, compared the data on all of the horses running that day in a particular race, and devised a chart of its own in which it listed the name of the particular horse (or horses) which had in earlier races performed the best in each of thirty-two categories of significance to race-track habitués. The plaintiff argued that the defendants were merely making an unauthorized derivative work in the form of a translation. The court, however, stated that the true gist of the complaint, although framed in copyright, was that the defendant without comparable expense was able to use and republish the data from the plaintiff's chart. It held that copyright does not protect data (even about horseracing!), that the defendant's chart bore little similarity to that of the plaintiff (in its visual appearance and in the comparative data imparted), and that the defendant's chart could not be condemned as an unauthorized "translation."

Another recent and significant case dealing with the "reshuffling" of directory data, and holding no infringement, is *New York Times Co. v. Roxbury Data Interface*,³⁴ decided by the District Court of New Jersey in 1977. There, it was held that one was free without authorization to prepare an index for purposes of getting a newspaper reader into the plaintiff's copyrighted index to the daily New York Times. The court suggested in dictum that the discrete bits of information in the New York Times Index linking a particular person or event with an issue-

³³ Triangle Pub. Inc. v. Sports-Eye, Inc., 415 F. Supp. 682 (E.D. Pa. 1976).

³⁴ 434 F. Supp. 217 (D.N.J. 1977).

and-page number in the daily Times were copyrightable; but such a conclusion would represent an improper effort to accord copyright protection to a public domain fact, and it was in any event an *arguendo* assumption, for the court concluded that the defendant's index did not copy those precise correlations. A more protectionist court could have concluded that the index to the Times Index was a translation or other kind of derivative work, and that the right to create that new index was within the plaintiff's copyright monopoly. But the court did not do so, influenced in part by the fact that the Times had declined to prepare such an index in the past and appeared not likely to do so in the future.

Both the *Sports-Eye* and the *Roxbury Data* cases show that courts may be willing to permit relatively mechanical embellishments on copyrighted compilations, when they believe that the embellishment and its dissemination will contribute to the public interest and will not totally strip the compiler of copyright protection. This would not, of course, justify an unauthorized wholesale and literal copying, which will not further the public interest beyond what the plaintiff has already done, and which will seriously destroy incentives to the production of compilations.³⁵

In spite of the suggestion advanced here that the copyright on a terse and exhaustive compilation should be a "thin" one, at least three factors (two of them of very recent origin) make any confident assertion somewhat foolhardy. All four of the cases just discussed dramatically reflect the tension between affording some incentive for fact-gathering, compilation and publication, and assuring that facts remain in the public domain. As to works of fancy, this tension is ordinarily resolved by such devices as the fact-expression dichotomy. But such devices often seem unpalatable to a court when the plaintiff has invested much time, effort

³⁵ A recent example of just such a case is *Schroeder v. William Morrow & Co.*, 566 F.2d 3 (7th Cir. 1977). There, the plaintiff had prepared a directory of distributors of gardening supplies; in addition to name and address, the directory provided a short narrative description regarding each supplier. The defendant copied in full the names and addresses in the plaintiff's directory, and incorporated them into its own much larger and more diversified directory, of which it comprised only some one percent. The court held the plaintiff's directory to be a copyrightable compilation, such that "the selection, the ordering and arrangement" of the names and addresses were protectible as much as were the prose descriptions. The court, along the way, uttered the usual condemnations about appropriating another's labor and skill without commensurate expenditure of time and effort. The fair use defense was rejected, largely because the defendant was heard to admit that the material copied from the plaintiff constituted the most important part of its book. Another recent case involving comprehensive copying from a copyrighted directory, this one relating to shopping centers, is *National Research Bureau, Inc. v. Kucker*, 481 F. Supp. 612 (S.D.N.Y. 1979).

and money in its enterprise, and when the "congruence" between fact and expression suggests that the only way to permit the defendant to disseminate the facts is to permit it also to copy the plaintiff's expression. Judicial sympathy for the plaintiff and its efforts, and the concern about incentive that underlies the Copyright Act, have through the years resulted in a protectionist thread in the cases involving compilations—even more than in the cases involving maps, where one finds a comparable congruence of fact and expression, and a comparable public interest in access to information embodied in the copyrighted work.

The advent of computer technology may furnish another justification for a vigorous protection of copyrighted fact compilations. With such compilations readily convertible into computer data bases, and with this information so readily subject to instantaneous transformations of many kinds, to urge that unauthorized embellishment, revision and transformation should be permitted might too readily undermine the value of the copyright. This is especially true when the "reshuffling" or translation takes a form which the copyright owner itself, through the same computer technology, would likely wish to generate and market.

Another force that might lead to a greater measure of protectionism through copyright for fact-based compilations is to be found in the doctrine of federal preemption of state anti-dissemination tort law. Before the Supreme Court announced a broad theory of preemption based on the federal patent and copyright statutes, in the *Sears* and *Compco* decisions³⁶ of 1964, a court could give effect to its impulse to protect the sweat of the plaintiff's brow if not by copyright then by state unfair competition law, typically on a "misappropriation" theory.³⁷ But today, if a court holds that compiled data are in the public domain, and that copyright law does not bar the defendant's embellishment of expression, it would affront the federal copyright policy—as articulated in *Sears* and *Compco* and since 1978 in section 301 of the Copyright Act—were state laws to forbid the defendant's conduct.³⁸ The unavailability of this state-law "safety valve" may induce some federal courts to import their protectionist impulse back into their copyright analysis.

A recent decision which provides a useful postscript to this discussion of copyright in directories is *Wainwright Securities, Inc. v. Wall Street Tran-*

³⁶ See *supra* note 9.

³⁷ The most significant "misappropriation" case is no doubt *International News Service v. Associated Press*, 248 U.S. 215 (1918), in which the Supreme Court—applying federal common law tort rules since displaced by virtue of *Erie R.R. v. Tompkins*, 304 U.S. 64 (1938)—held it unlawful for one news subscription service to copy and disseminate the uncopied news releases of its competitor.

³⁸ Recent developments in the law of preemption are discussed in Part VI, *infra*.

script Corp.,³⁹ decided in 1977 by the Court of Appeals for the Second Circuit. The plaintiff there had published analytical reports on corporations, including their growth prospects, profit expectations, and corporate strengths and weaknesses; most took several months to prepare and many ran as long as forty pages. The defendant's weekly paper, the Wall Street Transcript, based its column "Wall Street Roundup" on the plaintiff's reports; it prepared very detailed abstracts, and advertised the fact that these would provide concise and readable substitutes for the plaintiff's lengthy institutional research reports.

The defendant's arguments ran the gamut: It was copying merely uncopyrightable facts and ideas, its copying was a fair use, and its dissemination of the "financial news" embodied in the plaintiff's reports was protected by the First Amendment to the Federal Constitution. The court rejected each contention. The defendant had copied expression (not sheltered by its frequent paraphrasing) and not merely facts or ideas. The First Amendment has no independent role to play in copyright analysis, because its underlying policies are already incorporated in the ameliorating protections of the fair use doctrine. There was no fair use, because that doctrine helps the court distinguish between

"a true scholar and a chiseler who infringes a work for personal profit. . . . This was not legitimate coverage of a news event; instead it was, and there is no other way to describe it, chiseling for personal profit."⁴⁰

(This emotive and conclusory language hardly advances the argument; it is important to recall that what to one person is a chiseler is to another person a benevolent dwarf standing on the shoulders of a giant!)⁴¹

The court did elaborate upon its conclusion that the fair use defense was not applicable by noting that the defendant newspaper undertook no independent research; it generated no independent analysis; it did not report on the reactions to the particular financial reports within the industry or among investors. This is dictum only, but it strongly suggests that even substantial paraphrasing—particularly because the reports

³⁹ 558 F.2d 91.

⁴⁰ *Id.* at 94-97.

⁴¹ The general question of the extent to which copyright law permits the unauthorized abridgment of literary works has been clouded in controversy for some time; it is unlikely, at least because of the paucity of litigated cases, to be resolved any time soon. Compare *G. Ricordi & Co. v. Mason*, 201 Fed. 182, 184 (S.D.N.Y. 1911, 1912), *aff'd*, 210 Fed. 277 (2d Cir. 1913) (synopsis of opera libretto), with *Macmillan Co. v. King*, 223 Fed. 862 (D. Mass. 1914) (study materials for use with plaintiff's economics text).

were laden with factual statistics—might have been tolerated had the defendant, even without independently verifying the information, critically assessed the plaintiff's report or reiterated the assessments of others.

At the heart of the *Wainwright* case is the simple fact that the defendant unabashedly copied phrase after phrase for paragraph after paragraph—and advertised that its purpose was to save the reader the burden of reading the plaintiff's more elaborate original report. The court could have resolved the dispute more intelligibly by finding that there had been a substantial taking of clearly copyrightable expression; instead, it chose to pour all of its wisdom into the vessel of fair use.⁴² Another somewhat discomfiting feature of the court's opinion was its unnecessarily broad language which emphasized, in finding infringement, that the defendant had recapitulated "the author's analysis or interpretation of events, the way he . . . marshals facts, . . . and the emphasis he gives to particular developments,"⁴³ as well as his predictions about future corporate directions. The court condemned the defendant for appropriating "the most creative and original aspects of the reports, the financial analyses and predictions, which represent a substantial investment of time, money and labor."⁴⁴ The suggestion that analysis, prediction and belief can be monopolized, especially because rooted in an expensive enterprise, is bad law. It is inconsistent with other clear statements since made by the same court,⁴⁵ and it appears to fly in the face of the ban in section 102(b) upon the copyrightability of ideas, concepts, and principles. The court should have simply explained that the defendant's copying and paraphrasing was too literal and too extensive; and that indeed is the way subsequent decisions have interpreted *Wainwright*.⁴⁶

⁴² Much the same was done in *New York Times Co. v. Roxbury Data Interface*, *supra* note 34, which is based almost entirely on fair use analysis, with the court making an attempt to follow closely the criteria set forth in the soon-to-become-effective section 107 of the Copyright Act. What is somewhat startling is that the far more obvious and appropriate basis for the decision is that, assuming the *New York Times* could assert copyright in the correlation between the proper names in its index and the page numbers in its daily issues, *that* correlation was not copied by the defendant, which did no more than correlate the proper names with pages in the *Times index*. The fair use analysis, while thoughtful and very well presented, seems to have been completely beside the point. The defendant had simply copied nothing that the *New York Times* could protect through copyright.

⁴³ 558 F.2d at 95-96.

⁴⁴ *Id.* at 96.

⁴⁵ See *Hoehling v. Universal City Studios, Inc.*, 618 F.2d 972 (2d Cir.), *cert. denied*, 449 U.S. 841 (1980) and the discussion below at note 98.

⁴⁶ *Ibid*; *Suid v. Newsweek Magazine*, 503 F. Supp. 146 (D.D.C. 1980).

IV.

Legal and business forms have many pertinent characteristics in common with maps and directories, and the copyright issues raised by such forms are similar to those already discussed. As with directories, printed forms may contain variant mixes of prose expression. Some forms may be essentially bland and designed to record information; examples are patient charts in hospitals, or test-score sheets. Other forms may be designed to convey information, some doing so with streamlined directness and others with varying degrees of literary grace. Yet other forms, used by lawyers and business advisors, are textually elaborate and are designed to create or modify legal rights and duties. The literary or pictorial expression employed in all of these forms will normally be dictated by the underlying facts, ideas or systems being recorded, explained, or implemented. It is therefore not surprising that the copyright protection afforded such printed forms is generally thin or indeed non-existent. When expression is dictated by utility, it will generally be freely subject to copying, in order to disseminate the underlying system. Section 102(b) speaks unequivocally, barring copyright protection for "any idea, procedure, process, system, method of operation, concept, principle, or discovery."

It ought not be surprising that this result is explained in the judicial decisions through different analytical devices: no copyright, no infringement, or fair use. The prime example of the analytical confusion is *Baker v. Selden*,⁴⁷ the 1879 Supreme Court case which is the principal signpost in our jurisprudence regarding copyright protection for printed forms. There, the plaintiff claimed infringement of accounting forms which he had designed (with columns and headings) and which were included in his book explaining a new accounting system. The system not being protected by patent, the Court held that the forms could be freely copied for purposes of use. Repeated readings of the Court's opinion offer no clear answer to the question whether it found the blank accounting forms to be uncopyrightable, or whether it found them copyrightable but not infringed when copied for use by accountants. The distinction is not academic, because it will determine whether the author of the forms may ever recover for copyright infringement, particularly against a printer producing photostatic copies (or the nineteenth century equivalent) of those forms.

The better approach, as with maps and directories, would be to grant copyright for forms in the generality of cases, so as to provide an incentive for their creation and to permit a finding of infringement for

⁴⁷ 101 U.S. 99.

some of the more "piratical" takings. But the impulse to permit dissemination is very strong here indeed, perhaps even more so than with maps and compilations; for in the case of printed forms, copyright analysis often intersects with patent policy (as it did in *Baker v. Selden*), which dictates dissemination of the process or system underlying the forms unless there is compliance with the much more rigorous criteria for securing a patent. This is especially true when the pictorial or literary appearance of a printed form is substantially dictated by a machine with which it interacts.⁴⁸

Building upon the distinction between idea and expression, so useful in resolving many cases involving copyright protection for fact works, courts have over time adopted the principle that printed forms designed to record information cannot be copyrighted but those which convey information can be.⁴⁹ This distinction has been reflected for many years in Regulation 202.1(c) of the Copyright Office,⁵⁰ which provides that copyright applications "cannot be entertained" for

"blank forms, such as time cards, graph paper, account books, diaries, bank checks, score cards, address books, report forms, order forms, and the like, which are designed for recording information and do not themselves convey information."

Unfortunately, the distinction has proved to be elusive, and it has often been used as a device for manipulation of conclusions, rather than as a rational guide thereto.⁵¹ The phrase "blank form" is itself a contradiction in terms, but if it refers to a form which is designed for the recording of information, the cases suggest that most such forms do more than that and do in fact convey information. Often, the columns and headings and lines are interlaced with prose sentences of some detail; and even when the prose is spare or nonexistent, the mere configuration of columns, headings and lines may convey information, such

⁴⁸ *E.g.*, *Taylor Instrument Cos. v. Fawley-Brost Co.*, 139 F.2d 98 (7th Cir. 1943).

⁴⁹ It has also been suggested that copyright is inappropriate for blank forms either because they reflect inadequate authorship or because they ought not be considered "writings" within the Copyright Clause of the Federal Constitution.

⁵⁰ 37 C.F.R. § 202.1(c).

⁵¹ The same elusiveness, and the same need for judicial creativity (and value judgments), can be found in the standard for protecting works of art embodied in objects in utility. The court must distinguish between those shape features which are determined by function and those which are determined by aesthetic or decorative concerns. *See, e.g.*, *Esquire, Inc. v. Ringer*, 591 F.2d 796 (D.C. Cir. 1978), *cert. denied*, 440 U.S. 908 (1979).

as that a baseball field is diamond-shaped or that a patient's blood-pressure is a useful indicator of the state of his or her health.

Little wonder that the courts applying this elusive distinction reach different results, frequently inconsistent, which reflect their own unspoken values. A court concerned about providing incentives to authorship, especially when it perceives that the plaintiff has invested a considerable measure of time and effort in preparing its printed form which the defendant is "unfairly" appropriating, will manage to find wondrous elegance of style in the most fragmentary snippets of prose or protectible "expression" even in a blank form. For example, in *Norton Printing Co. v. Augustana Hospital*,⁵² the court explicitly questioned the soundness of the traditional view that blank forms cannot be copyrighted, but held in any event that the forms under consideration did not just record information but conveyed it; the medical information forms designed for purposes of hospital patient care conveyed, by its physical arrangement and its terms, information about what patient data are significant to the doctor.⁵³ And in *Harcourt, Brace & World, Inc. v. Graphic Controls Corp.*,⁵⁴ the court found copyrightable an answer form for a standard multiple-choice examination, designed so as to be graded by an optical scanning machine. The printed answer form had lines for the date and the student's name, age, and the like; had some instructions about the marking of answers and had number and letter symbols indicating the placement of answers for each question. The court stated that there was no clear distinction between the explanatory and the purely useful aspects of the form, and concluded that "[t]he answer sheets here contain a mix of inherent meaning, of information conveyed, and the utility for the recording of responses."⁵⁵ The court summarized its findings by saying that

"while limited in scope, the area for originality exists. The creation of an answer sheet requires skill, expertise and experience to-

⁵² 155 U.S.P.Q. 133 (N.D. Ill. 1967).

⁵³ For good measure, the court also held that a cause of action had been stated for misappropriation under state law, because the defendant had induced the plaintiff to design these forms and had then taken them to a third person for printing. It is unclear whether this tort would survive the preemptive mandate of section 301 of the Copyright Act; see Part VI, *infra*.

⁵⁴ 329 F. Supp. 517 (S.D.N.Y. 1971).

⁵⁵ *Id.* at 524. The court also found that the forms conveyed information to the extent "they inform a reader that they are designed to be the page upon which one records responses to an examination in a certain way; explanations and examples appear in the design of some answer sheets." Moreover, "the symbols designating questions or response spaces are by themselves an expression which may be protected." *Id.* at 523.

gether with the personal judgment and analysis of the designer or author.⁵⁶

One hears echoes of the language used in the map and directory cases, and one witnesses the court straining to find elements of originality acceptable under copyright analysis for works of fancy but rather ill-suited to fact works. *Harcourt Brace* and other cases like it induced the Copyright Office to precipitate a proceeding to review Regulation 202.1(c) and its registration practices concerning blank forms. The Office heard from a number of persons, most of them designers of business forms, data-processing forms, standardized tests, bank forms, hospital forms, charts for musical instruments, and the like. Most of them advocated liberalization of the Office's policy regarding copyrightability. In September 1980, the Copyright Office decided to make no change, and published notice of termination of its inquiry.⁵⁷

Despite the occasional elusiveness of application, the distinction between forms which record information and forms which communicate it in prose is rather well accepted and generally sound. In a recent case, for example, *Harland v. Clarke Checks*,⁵⁸ copyright was denied to a printed form called a Memory Check Stub. Large ledgers for check-writing by businesses being difficult to carry around, the plaintiff designed such a checkbook with two stubs, one to be retained in the ledger and the other—placed with perforations between the permanent stub and the check itself—to be carried away along with the blank check; this latter Memory Check Stub was to be used to record the pertinent information when the check was later written, so that it could be taken back to the office and the information retranscribed onto the permanent stub. The court held that the memory stub, which looked like any other check stub and merely mirrored the information on the check itself, was uncopyrightable, since it was designed simply to record this information. In effect, the grant of copyright was being sought for the concept of the removable stub, and to grant such a monopoly, stated the court, would hamper the use of this check device in the business world.⁵⁹

⁵⁶ *Id.* at 523.

⁵⁷ 45 C.F.R. 63,297 (1980). The accompanying statement and analysis provide a useful summary of the developments in the area.

⁵⁸ 207 U.S.P.Q. 664 (N.D. Ga. 1980).

⁵⁹ Interestingly, the plaintiff in support of its case had cited the *Harcourt Brace* and *Norton Printing* cases involving charts for the recording of test-answer and patient-care information, respectively. The *Harland* court distinguished the latter because of the "extensive amount of information contained" on the medical forms, and it flatly repudiated the decision in *Harcourt Brace*, finding it to conflict with the teachings of *Baker v. Selden*.

Because of the wise disinclination of our copyright law to invite courts to exercise too much discretion in assessing the quantum of authorship reflected in any particular work—even including fact works—it is probably to be preferred that in close cases concerning copyrightability of printed forms, the courts should find copyrightability and then bring to bear at the infringement stage the various considerations which normally point toward thin copyright protection.

This message was not, however, been heeded in at least one area related to printed forms, and that is the legal form, perhaps the class of form most heavily laden with prose expression. On occasion, resourceful individuals have borrowed language from legal formbooks and compiled forms designed to effect a particular lawyer's transaction, such as a loan or the creation of a security interest. Because of the fear that granting copyright to the form would permit the form-writer to monopolize the mechanics of the underlying legal transaction—contrary to the long-time policy now crystallized in the ban in section 102(b) upon copyright in any procedure, system or method of operation—courts have been reluctant through the years to sustain a claim of copyright. In a well-reasoned decision, *Continental Cas. Co. v. Beardsley*,⁶⁰ it was concluded that prose forms, because narrative and descriptive, ought properly to be accorded copyright, but that a narrow standard of infringement was appropriate in order to make the underlying transaction readily available for use.

More recently, three federal courts of appeals have adopted a different and more questionable rationale. Echoing the "sweat of the brow" analysis of the *Amsterdam* map case, these courts required that there be independent legal research and creativity of draftsmanship as a condition of copyright, and held that the compilation and rearrangement of phrases from existing legal forms, with minor emendations, fails to rise to the required level of authorship and originality. Perhaps the leading case is *Donald v. Zack Meyer's T.V. Sales & Service*,⁶¹ decided in 1971 by the Court of Appeals for the Fifth Circuit. The court observed that⁶²

"The plaintiff did no original legal research which resulted in a significant addition to the standard conditional sales contract or chattel mortgage forms; he merely made trivial word changes by combining various forms and servilely imitating the already stereotyped language found therein. In fact it may be fairly assumed that such variations in language as did occur in plaintiff's "Agree-

⁶⁰ 253 F.2d 702 (2d Cir.), *cert. denied*, 358 U.S. 816 (1958).

⁶¹ 426 F.2d 1027, *cert. denied*, 400 U.S. 997 (1971).

⁶² *Id.* at 1030.

ment" were deliberately insignificant, for he plainly wanted a valid conditional sales contract or chattel mortgage, and validity was an attribute which the earlier forms had been proved through use to have."

The court cited *Amsterdam* approvingly and quoted it at length.

Zack Meyer is just as wrong as was *Amsterdam*. Compilation is an acceptable form of authorship under the copyright law. The fact that few changes were made in the language of prior forms in the course of compiling is attributable—as the court itself pointed out—not to the dullness of the plaintiff's imagination but to the inherent limitations of the genre; the use of fanciful variations will create the risk of inefficacious business transactions. Less creativity in compilation can be expected with fact works than with works of fancy, and the requirements in the latter genre are strikingly thin, as observed above.⁶³ The wrongheadedness of the *Zack Meyer* decision is further demonstrated by the court's observation that the plaintiff's form was riddled with paraphrasing of earlier forms, and that "in copyright law paraphrasing is equivalent to outright copying."⁶⁴ The two cases cited in support demonstrate only that a *defendant's* paraphrasing is akin to copying when the issue is infringement, an obvious conclusion in view of the ban in the Copyright Act upon the preparation of derivative works⁶⁵ as well as upon literal copying. The cited cases do not, therefore, stand for the proposition that paraphrasing by a *plaintiff* constitutes insufficient authorship to warrant copyright, and our entire law relating to copyright for compilations and for derivative works (defined to include translations, abridgments, and condensations) points to quite the opposite conclusion.

Nonetheless, *Zack Meyer* has been endorsed in the Sixth Circuit,⁶⁶ even though the plaintiff's form was designed so as to apply not to sales transactions, as had been done in the past, but to service transactions; and by the Eighth Circuit,⁶⁷ in which the court took the unusual step of granting summary judgment for the defendant, concluding that the factual question of sufficient authorship in the plaintiff's legal forms was not even a close one.

The explanation for this outburst of judicial energy in scrutinizing prose and compilation for sufficient originality, most uncommon in co-

⁶³ See *supra* note 14.

⁶⁴ 426 F.2d at 1030.

⁶⁵ 17 U.S.C. § 106(2) (1976).

⁶⁶ *M.M. Business Forms Corp. v. Uarco, Inc.*, 347 F. Supp. 419 (S.D. Ohio 1972), *aff'd*, 472 F.2d 1137 (6th Cir. 1973).

⁶⁷ *Donald v. Uarco Business Forms*, 478 F.2d 764 (8th Cir. 1973).

pyright cases (even those involving fact works), is not difficult to unearth. Although one hardly hears a quibble with the admonition of Justice Holmes⁶⁸ to refrain from intruding judicial judgment on matters of originality in cases involving art works and other works of fancy, it will not be easy to stop judges from thinking that they are fully qualified as critics to assess the level of authorship in chattel mortgage forms! This occasional exhibition of judicial hubris can perhaps be understood, but it does not make for any better development within the law of copyright. Perhaps the decision of the Court of Appeals for the Ninth Circuit in *United States v. Hamilton*,⁶⁹ in which *Amsterdam* was rejected as a persuasive precedent in the area of map compilation, will point the way toward more sensible and consistent treatment of copyrightability questions in the area of printed legal forms.⁷⁰ In both cases, thoughtful and resourceful compilation of prior materials is useful to society, and copyright should be available as an incentive. But by the same token, the language in copyrighted forms must be rather freely subject to copying, both in order to keep the underlying transaction in the public domain and to facilitate in turn recurrent revision and improvement.

V.

Most of the major fact-work cases in the past twenty years have involved works of history and biography, with such colorful dramatis personae as Howard Hughes, Ezra Pound, Julius and Ethel Rosenberg, Alex Haley and his forebears, Bugsy Siegel, John Wayne, and the Hindenburg dirigible. The cases are many which state that there is a greater

⁶⁸ *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239 (1903).

⁶⁹ See text accompanying note 18.

⁷⁰ Since the decisions of the three courts of appeals were rendered, a federal district court in a different circuit came to a different conclusion on the matter of copyrightability of forms for a promissory note, disclosure statement and security agreement. In *Professional Systems & Supplies Inc. v. Databank Supplies & Equipment Co.*, 202 U.S.P.Q. 693 (W.D. Okla. 1979), the court without mentioning *Baker v. Selden* found the plaintiff's forms to constitute a "distinguishable variation" from the earlier forms used by the plaintiff for inspiration, and referred as well to the plaintiff's "labor, skill and judgment" expended on his forms, the fact that the forms could be used by banks more universally to cover more types of loans than could earlier forms, and the fact that the plaintiff's forms contained consistent and easily-understood terms which would eliminate confusion among bankers and customers. As further demonstration of its admiration for the plaintiff's achievement, the court held that the defendant's copying constituted misappropriation under the state common law of unfair competition, never advertent to the possibility that its finding of copyright infringement would preempt the application of the state tort law.

public interest in the unpermitted dissemination of these kinds of works than of works of fancy,⁷¹ and the brooding omnipresence of the First Amendment seems to give this contention enhanced credibility. Although it generally goes unchallenged, several arguments might be made to the contrary.

First, the societal importance of generating historical and biographical research and writing warrants a stronger monopoly as an incentive, not a lesser one. Second, at least in comparison with other fact works where there is a close congruence between fact or idea and the author's expression (such as maps, directories, and printed forms), the variety of ways in which historical and biographical fact can be formulated makes it possible to satisfy the dissemination impulse by throwing the facts into the public domain while giving the expression as much protection as with works of fancy. Third, one might even plausibly argue that there should be yet greater protection of expression in works of fact than in works of fancy; the author of a fact work must cling to expression-protection as his only incentive to produce, because the underlying facts are in the public domain, while the author of a fanciful work can in any event rely upon copyright of the underlying fictional story line as incentive enough.

To help explore the range of copyright protection for works of history and biography, one might conjure up a fanciful case of a scholar of American history whose readings lead him to develop the hypothesis that President Lincoln was shot not by John Wilkes Booth but by an impecunious actor and former slaveowner named Jesse Jones. He concludes that Jones, motivated by a desire to preserve slavery and acquire a plantation once more, bound and gagged Booth, assumed his identity, murdered the President, and somehow after removing his own make-up saw to it that the police were led to Booth, whom they killed before asking any questions. Jones lived on for a while, unable to own slaves (and still unable to get an acting job), and a few years later, driven to insanity by guilt and remorse, he took his own life. Our historian sets forth his work in a 400-page book, and one day he finds that a forty-page version has appeared in Reader's Digest, without attribution. He also finds that his work has been converted into a one-hour television "docu-drama." He learns that the preparation of both the abridgment and the teleplay was supervised by his assumed closest friend, a graduate student of many years. Does our historian have any legal recourse against the student, or Reader's Digest, or the television producer and station?

Copyright law will afford our historian client rather little solace. (As

⁷¹ *E.g.*, *Rosemont Enterprises, Inc. v. Random House, Inc.*, 366 F.2d 303 (2d Cir. 1966) (fair-use privilege most frequently applied in works of science, law, medicine, history and biography).

will be explored further below,⁷² negative implications follow as well for the application of state law.) Let us examine each of his activities and contributions, keeping in mind the proscription in section 102(b) of copyright protection for any “idea, . . . concept, principle, or discovery, regardless of the form in which it is described [or] explained.”

1. The idea of researching and writing about Jones is surely unprotectible against copying. The idea may be brilliant, but the first person to regard an historical figure as research-worthy cannot bar others from writing about that person, any more than the first person to explore a county or river can prevent others from doing the same. The inhibition upon the “progress of science and useful arts” would be intolerable. Of pertinence here and later are the eloquent words of Justice Brandeis in *International News Service v. Associated Press*:

“the general rule of law is, that the noblest of human productions—knowledge, truths ascertained, conceptions, and ideas—become, after voluntary communication to others, free as the air to common use.”⁷³

In more recent times, a New York federal district court held that copyright did not afford relief against Reader's Digest for pursuing the idea, first suggested by the plaintiff in a submitted but unaccepted manuscript, of writing a poignant story about the Bat Mitzvah of a young girl with Down's Syndrome.⁷⁴

2. Nor will federal copyright law afford to our historian a monopoly over newly unearthed facts about Jones, Booth and Lincoln. Although facts have instinctively been deemed uncopyrightable, typically by virtue of a reference to the progress of science and the useful arts, one can adduce several more specific reasons: facts are not “authored” by human beings; section 102(b) bars copyright protection for “discoveries”; and no doubt one could also rely upon fair use⁷⁵ and First Amendment

⁷² See Part VI.

⁷³ 248 U.S. 215, 250 (1918) (dissenting opinion).

⁷⁴ *Werlin v. Reader's Digest Ass'n*, 528 F. Supp. 451 (S.D.N.Y. 1981). The court did conclude, however, that under the peculiar facts of that case, the use by Reader's Digest of this idea warranted a money award (in a very limited amount) on a state-law theory of unjust enrichment. The court held that the preemption provisions of the Copyright Act were no obstacle to such relief, a sympathetically appealing conclusion but most likely an unsound one. Compare *Hoehling v. Universal City Studios, Inc.*, 618 F.2d 972 (2d Cir. 1980).

⁷⁵ Section 107 declares a fair use of a copyrighted work not an infringement, and mentions such sheltered purposes as “criticism, comment, news reporting, teaching . . . , scholarship, or research.”

analysis. Although the research may have been prodigious and imaginative, and despite the protectionist impulse for such "sweat of the brow," a number of recent and thoroughly reasoned cases have clearly stated that research and its fruits are in the public domain. Perhaps most notable are the *Rosemont* case in the Second Circuit (involving a biography of Howard Hughes),⁷⁶ the *Hoehling* case in that same court (involving a book and a motion picture dealing with the Hindenburg disaster),⁷⁷ and *Miller v. Universal City Studios, Inc.*, a 1981 decision of the Fifth Circuit (involving a teleplay based upon a book about a kidnapped woman kept alive while buried.)⁷⁸

There have been suggestions in some cases and journal articles that, in order to provide adequate incentives, the substance of careful scholarly research should be marked off from unauthorized dissemination.⁷⁹ Perhaps the leading example is *Toksvig v. Bruce Publ. Co.*,⁸⁰ decided by the Court of Appeals for the Seventh Circuit in 1950. There the plaintiff had prepared and published a substantial biography of Hans Christian Andersen, and had unearthed and translated into English a number of letters written by the Danish story-teller in his native language. The court held that it was an infringement to copy significant portions of those translations. The court would have required the defendant to "go to the same sources and do her own independent research,"⁸¹ lest she be able to complete her work much more quickly by capitalizing upon the research efforts and expenses of the plaintiff. *Toksvig* was roundly criticized in each of the three more recent cases just cited, all of which stand for the proposition that social and intellectual progress are dependent upon the short-circuiting of the need for constant independent research into the same historical figures.⁸² This policy was variously implemented in those three cases by holding facts uncopyrightable, or by finding insubstantial copying, or by finding fair use.

In attempting to support the argument that the substantive fruits

⁷⁶ *Rosemont Enterprises, Inc. v. Random House, Inc.*, 366 F.2d 303 (2d Cir. 1966).

⁷⁷ *Hoehling v. Universal City Studios, Inc.*, 618 F.2d 972 (2d Cir. 1980).

⁷⁸ *Miller v. Universal City Studios, Inc.*, 650 F.2d 1365 (5th Cir. 1981).

⁷⁹ See Denicola, *Copyright in Collections of Facts: A Theory for the Protection of Non-fiction Literary Works*, 81 COLUM. L. REV. 516 (1981).

⁸⁰ 181 F.2d 664.

⁸¹ *Id.* at 666-67.

⁸² *E.g.*, the court in *Rosemont* stated that "It is just such wasted effort that the proscription against the copyright of ideas and facts, and to a lesser extent the privilege of fair use, are designed to prevent." 366 F.2d at 310. In *Miller*, *supra* note 78, the appeals court reversed the decision below simply on the ground that the district judge, in the context of an otherwise unobjectionable jury charge, had stated that research itself was copyrightable.

of original research should be copyrightable, some have pointed to language in the *Rosemont* case, where the Second Circuit court quoted from an earlier decision: "The second historian or second directory publisher cannot bodily appropriate the research of his predecessor."⁸³ There is simply no question, however, that the context makes clear that the court's emphasis was not on the word "research" but rather on the word "bodily," for in the passage immediately following, the court condemned "extensive verbatim copying or paraphrasing of material set down by another,"⁸⁴ i.e., the quantitatively substantial reiteration of another's literary expression as distinguished from the underlying research findings.⁸⁵

3. Our historian cannot prevail when Reader's Digest or the teleplay copies from him the quotations of other persons articulated in their conversations or letters. Although the word sequence may be protected by copyright—the former by state law,⁸⁶ unless reduced to writing with the consent of the speaker, and the latter by federal law⁸⁷—enforcement rests with the copyright owner, which our historian is not (barring a formal transfer of copyright to him). Nor will it do to argue that the quotations of others become "engrossed" into our client's historical writing so as to become part of a derivative work owned by him, since such incorporation does not affect the ownership or period of protection of those quotations. Such is the lesson of section 103(b) of the Copyright Act.⁸⁸

⁸³ 366 F.2d at 310, quoting from *Huie v. National Broadcasting Co.*, 184 F. Supp. 198 (S.D.N.Y. 1960).

⁸⁴ *Id.*

⁸⁵ The *Toksvig* decision, because of the unsoundness of its assertion that the fruits of research are copyrightable, ought best be understood to hold, as its language clearly states, that the defendant there had infringed by copying too much from too many of the Andersen letters in the plaintiff's copyrighted English translation.

⁸⁶ See *Estate of Hemingway v. Random House, Inc.*, 23 N.Y.2d 341, 296 N.Y.S.2d 771, 244 N.E.2d 250 (1969), which stated in dictum that the literary expression represented in oral conversation might under certain circumstances be protectible against copying.

⁸⁷ Section 301(a) of the Copyright Act provides for exclusive federal regulation in the nature of copyright once a work is "fixed in a tangible medium of expression." This reversed nearly two centuries of doctrine, whereby state "common law copyright" protected all written works prior to their "publication."

⁸⁸ That section provides, in pertinent part: "The copyright in a compilation or derivative work extends only to the material contributed by the author of such work, as distinguished from the preexisting material employed in the work, and does not imply any exclusive right in the preexisting material. The copyright in such work is independent of, and does not affect . . . [the] ownership . . . of, any copyright protection in the preexisting material."

It is also the lesson of *Suid v. Newsweek Magazine*,⁸⁹ decided by the District Court of the District of Columbia in 1980. There, the plaintiff had authored a book about motion pictures and in his materials on John Wayne he quoted from third-person interviews and from two letters never previously published but unearthed through his own research. Parts of those interviews and letters were in turn quoted by the defendant Newsweek in an obituary piece on the popular screen actor. The court found the unauthorized use of quotations from the interviews to have been sufficiently sparse as to be clearly protected under the fair use doctrine; and found that the letters could not be protected as copyrightable research under the *Toksvig* case, because that case was wrongly decided, and because research does not satisfy the "originality" standard, and also because section 102(b) excludes "discoveries" from copyright protection. Relying on section 103(b), the court also rejected the claim of the plaintiff author that his utilization of the oral and written prose of third parties in his book entitled him to sue for their infringement.⁹⁰

4. While our historian might reluctantly concede that he ought not be permitted to exact a royalty for the unauthorized dissemination of material that does not "belong" to him, he will surely be more possessive about the intellectual contributions that are truly original with him. Can he claim that he is the author (and copyright owner) of certain historical speculations that are not objectively demonstrable, such as Jones forcibly confining Booth, and Jones's psychological motivation? These insights and hypotheses are not manifested in earlier documents, and are thus not merely "original" in the sense normally contemplated by our copyright law (i.e., they have not been copied from the work of another) but are also "novel" within the much more rigorous requirement of the patent system that the work not have been thought of and put to use by anyone else before. These represent a different level of historical contribution from that of unearthing an object of significance, and bear much more the individual stamp of the historian's own wit and imagination.

⁸⁹ 503 F. Supp. 146 (D.D.C. 1980).

⁹⁰ The plaintiff in *Suid* also claimed that the pilfering of research by Newsweek in the Wayne obituary constituted unfair competition, but the court held that any such state protection was preempted, in view of the congressional purpose manifested in the copyright law to dedicate facts and research to the public as a means of encouraging contributions to man's recorded knowledge. Mr. Suid also sought relief for Newsweek's failure to acknowledge by explicit attribution that it had secured its information from his book. The court found no such tort recognized in American law, but hinted that if there were it would not likely be preempted because its elements would differ from those of a claim for copyright infringement.

Even so, these various inferences and hypotheses should not be copyrightable. The hypothesis about the confinement of John Wilkes Booth purports to be an inference about an actual historical event; whether rooted in circumstantial or direct historical evidence, it is essentially a "discovery" which section 102(b) declares to fall outside the protection of copyright. In *Eisenschiml v. Fawcett Publications, Inc.*,⁹¹ decided in 1957 by the Court of Appeals for the Seventh Circuit, the plaintiff, a Lincoln scholar who had exhaustively researched the assassination and had come up with newly discovered facts, also offered substantially original theories, such as the involvement of Secretary Stanton in the plot to take the President's life. He was denied relief against the defendant, which had incorporated these facts and theories in a lengthy summary in a popular magazine.

Indeed, even if the so-called factual incident (such as the confinement of Booth by Jones) proves to be totally incorrect, and no more than a product of our historian's fancy, there is no wrong in republishing it. The Second Circuit in its *Hoehling* decision⁹² held that the producer of a motion picture about the destruction of the Hindenburg dirigible was free to incorporate matters put forward as fact in the plaintiff's book, because these must be in the public domain whether correct or incorrect. It has even been held—on a theory akin to estoppel—that if a knowingly fictitious incident or sequence of incidents is planted in a book or magazine passing itself off as factual, the reiteration of that bit of fancy will not infringe.⁹³

It has also been held that more subjective psychological speculation (such as Jones's motivation to seek the death of President Lincoln) is uncopyrightable. The *Hoehling* case⁹⁴ is an example. The plaintiff hypothesized in his book that the Hindenburg disaster was not a product of natural forces but rather of sabotage by a crew-member anxious to confirm his girlfriend's disbelief in Nazi invincibility. The defendant's motion picture also developed the sabotage theme, but with somewhat different embellishments. Summary judgment for the defendant was granted and affirmed, despite the assumption that had to be made (in

⁹¹ 246 F.2d 598.

⁹² *Hoehling v. Universal City Studios, Inc.*, 618 F.2d 972 (2d Cir. 1980).

⁹³ In *Davies v. Bowes*, 209 Fed. 53 (S.D.N.Y. 1913), *aff'd*, 219 Fed. 178 (2d Cir. 1914), the defendant based a play upon a newspaper story which purported to relate actual happenings but which was actually pure fiction. Although the plaintiff claimed that he should be able to avail himself of the generally unexceptionable rule that detailed recapitulation of a fictitious plot is an infringement, the court held that the plaintiff had pretended to be a reporter, that the defendant had belief in that pretense when preparing his play, and that the plaintiff therefore could not deny it.

⁹⁴ *Supra* note 92.

the plaintiff's favor) that the sabotage hypotheses in both works were substantially similar. The court stated that Hoehling's hypothesis "is based entirely on the interpretation of historical facts" and can therefore "be freely used by subsequent authors,"⁹⁵ and concluded that

"To avoid a chilling effect on authors who contemplate tackling an historical issue or event, broad latitude must be granted to subsequent authors who make use of historical subject matter, including theories or plots."⁹⁶

It declared that "the protection afforded the copyright holder has never extended to history, be it documented fact or explanatory hypothesis."⁹⁷

The court's assessment of the demands of public policy is sound. To rest copyright liability for retelling a presumably factual story on whether the evidence was circumstantial or direct, or on whether there was a certainty or only an hypothesis, would too clearly chill the kind of dissemination that advances the public interest.⁹⁸ It is, for example, surely in the public interest to permit the recounting of such grandiose and original historical theories as that of Marx regarding the influence of economic forces upon political institutions and that of Turner regarding the influence of the frontier upon American social institutions—and that is true whether the theories are re-applied to the nations

⁹⁵ *Id.* at 978-79.

⁹⁶ *Id.* at 978.

⁹⁷ *Id.* at 974.

⁹⁸ A somewhat discordant note in the jurisprudence is sounded by *Wainwright Securities Inc. v. Wall Street Transcript Corp.*, 558 F.2d 91 (2d Cir. 1977), discussed *supra* at notes 39-46, involving unauthorized synopses of corporate-analysis reports. There, the court suggested that copyright could protect analyses, interpretations, predictions and opinions derived from facts, as well as the emphasis placed by the author on particular facts. The breadth of the court's language might be understood as a reaction to the fact that the expert analysis was what gave the plaintiff's work its value and the fact that the defendant was conspicuously advertising its synopses to the busy reader as a substitute for the plaintiff's lengthy and detailed reports. But the court's suggestion is nonetheless inconsistent with the same court's later decision in *Hoehling*, which held that the defendant moviemaker was free to make the focus of its film the plaintiff's hypothesis that the destruction of the Hindenburg was attributable not to an act of God but rather to the act of a saboteur in the crew. Courts since *Wainwright* have placed no weight on its broadest protectionist language, and have viewed it instead as a case finding infringement because of excessive usurpation of the linguistic expression in the plaintiff's reports. See *Hoehling v. Universal City Studios, Inc.*, 618 F.2d 972, 980 (2d Cir. 1980); *Suid v. Newsweek Magazine*, 503 F. Supp. 146, 148 (D.D.C. 1980).

discussed by Marx and Turner or to altogether different societies. In the words of Justice Brandeis, quoted earlier, these are ideas and conceptions which, although among the noblest of human productions, should be "free as the air to common use."

It might be argued that these hypotheses are so grand and all-encompassing as to be properly characterized as uncopyrightable "ideas," while the more detailed hypotheses about sabotage on the Hindenburg or the role of Jesse Jones in the Lincoln assassination should be regarded as specific copyrightable "expression." It would, however, be inadvisable to invite courts to draw such a distinction. It is difficult enough to draw with regard to works of fiction, and would be all but ineffable in the area of fact works. That alone, given the importance of condoning if not promoting fact-copying in the public interest (the First Amendment mandate wholly apart), suggests that later historians should not be put at risk about guessing wrong whether an historical speculation, purportedly anchored in facts, is an uncopyrightable idea or a copyrightable expression. When we thrust these historical hypotheses into the public domain, we do not strip the originator of copyright protection, for unlike maps and directories—where permitting free access to facts might warrant rather free tolerance for copying expression as well—the historian can still fall back on copyright to protect his literary expression.

5. Therefore, our historian can properly base an infringement claim against Reader's Digest or the teleplay producer and broadcaster on the too literal and substantial copying and paraphrasing of his language, if that is indeed the case. The decided cases on the issue of copyright protection for history and biography frequently declare that there should be greater freedom to copy expression from such works than from works of fancy. But it has already been pointed out at the beginning of this Part of the article that this rather intuitive assessment does not withstand critical scrutiny, and that—in view of the stylistic variations available for recounting most factual tales—literary expression in such works should be entitled to no less protection than literary expression in works of fancy (and arguably to even more protection). The *Hoehling* court, in its zeal to implement the dissemination of historical works, surely went further than it had to when it cautioned that "absent wholesale usurpation of another's expression, claims of copyright infringement where works of history are at issue are rarely successful,"⁹⁹ and when it suggested that summary judgment for the defendant might be granted so long as his work is not "virtually identical" in expression to that of the plaintiff.¹⁰⁰

⁹⁹ 618 F.2d at 974.

¹⁰⁰ *Id.* at 980.

Although that broad language goes too far in a worthy cause, there are indeed some instances where nearly bodily appropriation should be permitted for purposes of telling an accurate historical tale. The same Second Circuit lost sight of this in an earlier decision¹⁰¹ involving Louis Nizer's liberal quotation from the prison letters of Julius and Ethel Rosenberg in his book "The Implosion Conspiracy." The court reversed the determination of the trial court that these quotations constituted fair use as a matter of law, in spite of the serious scholarly enterprise of Mr. Nizer and the fact that the passages quoted from the Rosenberg letters constituted but one percent of the Nizer book. The appeals court indulged in its own form of historical speculation, by noting that Mr. Nizer had referred to those letters in his advertising in too sensationalizing a way (thus suggesting less than scholarly motivation) and that he may have interfered with future efforts to market the letters on the part of the Rosenberg sons (although they had made no such efforts for twenty years).

6. Can our historian protect through copyright his *selection* of comment-worthy episodes in Jones's life, and their *arrangement* in his book?

If, for example, he unearths one thousand pertinent bits of information about Jones but recounts only one hundred of those bits, can Reader's Digest freely reiterate those one hundred episodes in its own language?

In the discussion above of cases involving directories and other fact compilations, it was pointed out that the subjective judgment involved in selecting the top socialite families for a directory or a number of public-domain piano pieces for a student collection would most likely warrant protection against "re-shuffling"—and thus more clearly yet against sequential reiteration. One wonders, however, whether a court would be prepared to accord similar protection to the selection of salient facts in a work of history or biography. Although the issue is difficult, judicial reluctance would be appropriate.

Judge Learned Hand, in an unpublished 1919 opinion written while sitting as a trial judge,¹⁰² concluded that the selection of events from the past is history, and that "there cannot be any such thing as copyright in the order of presentation of facts, nor, indeed, in their selection." Moreover, permitting the reiteration of facts, and their re-casting into different expressive form serves a public purpose. To hold that a later writer cannot take the same one hundred events and write about them in his own completely different words would in effect require that writer

¹⁰¹ *Meeropol v. Nizer*, 560 F.2d 1061 (2d Cir. 1977), *cert. denied*, 434 U.S. 1013 (1978).

¹⁰² *Myers v. Mail & Express Co.*, 36 Copyr. Off. Bull. 478 (S.D.N.Y. 1919).

to undertake independent research and re-selection of commentworthy facts about Jones, an arduous business which the better reasoned cases already discussed¹⁰³ clearly hold not to be necessary in order to avoid infringement. Finally, permitting copying of the plaintiff's factual selection will not deprive him altogether of the monopoly-incentive, which he can still assert against those who too closely track his literary expression.¹⁰⁴

Can the *sequence* in which our historian unfolds his factual account be protectible by copyright? Here too, Judge Hand thought that one could not keep a chronology of events sheltered by the copyright monopoly, because it is nature and history which have done the sequencing such that the historian provides no "authorship." But one should not too quickly dismiss the possibility that an author might very artfully modify the sequence in which he sets forth his historical events, for dramatic or educational impact. To that extent, he does exercise the kind of fanciful, judgmental discretion manifested in the unfolding of a fictional narrative. If the sequence of recounting even actual events is sufficiently striking, one ought not reject the notion that it might be protected through copyright.

So much for the sad plight of our Civil War historian, at least so far as he seeks to protect his interest through copyright. The curious reader will have to unearth for himself or herself various other theories of liability suggested by the hypothetical—breach of fiduciary or contractual relationship with the graduate student, one or another branch of the state law of unfair competition, possible American analogues of the moral right (such as the right to have the research attributed to our client), and the like.

It is to be noted that in this entire analysis, the doctrine of fair use has hardly been mentioned. That may seem surprising, because by its terms section 107 of the Copyright Act invites the application of that doctrine particularly in connection with "news reporting, teaching, scholarship, or research," and sets forth among the criteria to be considered the purpose and character of the defendant's use (particularly if there is a nonprofit educational purpose) and the nature of the copyrighted work (which courts have repeatedly understood to make fact works particularly likely targets for fair use). Perhaps the reason the fair use defense is not often invoked by that name in connection with works of

¹⁰³ See cases cited *supra* at notes 76-78.

¹⁰⁴ As mentioned in note 98 *supra*, the Second Circuit decision in *Wainwright Securities*, which points toward possible copyright protection for the selection of and emphasis upon certain facts, has been read much more narrowly in later cases.

history and biography is that that doctrine is designed to cut back upon the reach of the copyright monopoly in order that there can be social progress through the expansion of the fund of human knowledge—and that is precisely the objective already achieved by courts through invocation of the dichotomy between facts and expression and through application of the provisions of section 102(b) barring copyright of ideas and discoveries. Once again, we observe a policy substratum which uniformly underlies findings of noncopyrightability, noninfringement, and fair use, such that the latter doctrine is typically superfluous in history and biography cases. One can cite several examples. In *Norman v. Columbia Broadcasting System*,¹⁰⁵ involving alleged infringement of writings about Ezra Pound, the court concluded that the plaintiff could not sustain copyright in facts, that the defendant had had recourse not to the plaintiff's work but rather to the same common public domain sources as the plaintiff, and that even if there were copying it was sheltered as fair use. In *Gardner v. Nizer*,¹⁰⁶ in which the defendant was once again defending his book "The Implosion Conspiracy" about Julius and Ethel Rosenberg, the court found that any copied facts were uncopyrightable, that there was insubstantial copying of expression, and that the limited amount of copying was fair use. The case involving the John Wayne materials appropriated for a Newsweek obituary¹⁰⁷ also was decided through an amalgam of noncopyrightability, insubstantial copying and fair use.

That was also true in *Rosemont Enterprises, Inc. v. Random House, Inc.*,¹⁰⁸ in which the court offered a particularly thoughtful analysis of the fair-use doctrine. Although the court of appeals observed that facts and research were uncopyrightable, and that the defendant had made (in its 304-page book about Howard Hughes) only two direct quotations and one paraphrase from the plaintiff's articles (purchased from Look Magazine) published twelve years before, it embarked upon a discussion of fair use. Perhaps this was because its conclusions about the quantity copied appear to have been different from those of the district court, which was far more troubled about the quantity taken.¹⁰⁹ Particularly noteworthy is the emphasis placed by the *Rosemont* court upon two factors not explicitly mentioned among the criteria for fair use (which are in

¹⁰⁵ 333 F. Supp. 788 (S.D.N.Y. 1971).

¹⁰⁶ 391 F. Supp. 940 (S.D.N.Y. 1975).

¹⁰⁷ *Suid v. Newsweek Magazine*, 503 F. Supp. 146 (D.D.C. 1980).

¹⁰⁸ 366 F.2d 303 (2d Cir. 1966).

¹⁰⁹ Indeed, it is likely that fair use will be invoked at length only in cases in which the court is concerned about the literal appropriation of expression in too great a degree. That has not been a characteristic of most of the pertinent decisions over the past twenty years.

any event stated to be illustrative only) in section 107 of the Copyright Act—whether the defendant's works "would serve the public interest in the free dissemination of information and whether their preparation requires some use of prior materials dealing with the same subject matter."¹¹⁰ The second-mentioned factor is essentially no more than a restatement, under the guise of fair use, of the principle that when "fact" and "expression" are inextricably interwoven, courts will be inclined to find either no copyright or a very "thin" one.

As rare as it will be that fair-use doctrine will play an independent role in cases involving copyright in historical and biographical works, it is likely to be rarer yet that courts will place independent emphasis upon the First Amendment to the Federal Constitution. An increasing number of courts have reached the conclusion that the policies underlying the First Amendment are adequately accommodated within the framework of the fact-expression dichotomy or of fair-use analysis,¹¹¹ both of which are designed to foster dissemination in the public interest. Professor Nimmer appears to resist such a development,¹¹² for he believes that there are situations in which copying will not be sheltered by fair use—because the quantity copied from the plaintiff and the potential impairment of his market are so great—but should nonetheless be permitted by virtue of the First Amendment; certain compelling and revealing news photographs, such as the Zapruder films of the Kennedy assassination, are given as examples. With respect, this appears to give too little credit to the flexibility inherent in the fair-use doctrine, which even under the listed criteria in Section 107 of the Copyright Act is especially attentive to news reporting and to the "nature of the copyrighted work" (which would encompass the extent to which that work embodies information of great public value). The supplementary criteria emphasized in the *Rosemont* case—whether the distribution of the defendant's work would serve the public interest in the dissemination of information, and whether its preparation requires use of the plaintiff's work—are very much those which Professor Nimmer would import into copyright analysis through the invocation of the First Amendment. But

¹¹⁰ 366 F.2d at 307.

¹¹¹ *Sid & Marty Krofft Television v. McDonald's Corp.*, 562 F.2d 1157, 1170 (9th Cir. 1977) ("the idea-expression dichotomy already serves to accommodate the competing interests of copyright and the first amendment"); *Quinto v. Legal Times of Washington*, 506 F. Supp. 554 (D.D.C. 1981) (any clash between First Amendment and copyright is adjusted through fair use and through the doctrine that newsworthy facts are not copyrightable).

See A. LATMAN & R. A. GORMAN, COPYRIGHT FOR THE EIGHTIES 473-75 (1981).

¹¹² *Does Copyright Abridge the First Amendment Guarantees of Free Speech and Press?*, 17 U.C.L.A. L. REV. 1180 (1970).

such importation is unnecessary, since these criteria already fit quite comfortably within the rubric of fair use as traditionally understood.

VI.

Because the federal copyright protection of many kinds of fact works against copying is either thin or nonexistent, it is not surprising to find that plaintiffs in many of the federal cases have joined claims for violations of any number of state laws. Typically, the state claim relied upon is for unfair competition, particularly that branch which affords relief for the competitive "misappropriation" of the fruits of another's labor, expense and time. A closely related state-law theory is that of unjust enrichment. One also finds claims for breach of contract, breach of a fiduciary or confidential relationship, theft of trade secrets,¹¹³ conversion, passing off, and interference with contractual relations. It is a natural judicial instinct to invoke one or more of these theories to protect

¹¹³ Trade secret protection has been sought in a number of cases involving printed forms allegedly embodying certain secret business schemes, *e.g.*, *Clark v. Bunker*, 453 F.2d 1006 (9th Cir. 1972); *McAlpine v. Aamco*, 461 F. Supp. 1232 (E.D. Mich. 1978); and it will no doubt find its way into future lawsuits over data bases and other forms of computer software, *e.g.*, *Warrington Assocs. v. Real-Time Engineering Systems, Inc.*, 522 F. Supp. 364 (N.D. Ill. 1981); *Technicon Medical Info. Systems v. Green Bay Packaging*, 211 U.S.P.Q. 343 (E.D. Wis. 1980).

One of the attractions of the trade-secret theory is that it can be used to protect even "ideas" and "systems" which have been disclosed to others upon an assurance of confidentiality. One of the weaknesses is that it will often be difficult to harmonize a trade-secret claim with a copyright claim, because a copyright action must always be preceded by registration of the plaintiff's work in the Copyright Office, and it is often accompanied by the plaintiff's distribution of his work with copyright notice; such registration and distribution will likely undermine the plaintiff's contention, necessary for recovery under state law, that he kept his idea or system a secret. The strong appeal of the trade-secret theory is manifested by the fact that courts have been prepared to sustain it in spite of these seeming acts of disclosure by the plaintiff. *See Clark v. Bunker*, 453 F.2d 1006 (9th Cir. 1972) (printed forms embodied techniques regarding pre-paid funeral services; their distribution on a small scale was consistent with state protection as a trade secret); *Warrington Assocs., Inc. v. Real-Time Engineering Systems, Inc.*, 522 F. Supp. 364 (N.D. Ill. 1981) (registration of unpublished work with Copyright Office does not as a matter of law constitute loss of confidentiality); *Technicon Medical Info. Systems v. Green Bay Packaging*, 211 U.S.P.Q. 343 (E.D. Wis. 1980) ("limited publication" with copyright notice does not as a matter of law result in the loss of trade-secret protection). *But see McAlpine v. Aamco*, 461 F. Supp. 1232 (E.D. Mich. 1978) (seeking copyright on business forms constitutes exposure to the public and bars state claim for misappropriation of trade secret).

a plaintiff's time-consuming efforts in generating ideas or in gathering facts, when it appears that the defendant has conducted itself in a less than scrupulous manner. But it is all too easy to forget that dwarf standing on the giant's shoulders, and the fact that what appears as piracy or "chiseling"¹¹⁴ to one judge may appear to another to be dissemination in the public interest.

If a federal court, applying copyright law, concludes that dissemination should prevail—*i.e.*, that the copied matter is uncopyrightable, or that the copying is insubstantial, or that there is fair use—to what extent may state law be invoked on any of the above theories to curtail or forbid that same dissemination? An answer to that question turns upon the extent to which state anti-copying laws are preempted by virtue of federal copyright.

The starting place for preemption analysis is the Supremacy Clause of the Federal Constitution. Article VI provides, in pertinent part:

"This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, any Thing in the Constitution or Laws of any State to the contrary notwithstanding."

In short, state anti-copying law must be subordinate to the Copyright Clause of the Constitution, and to the Copyright Act itself. For most of our nation's history, the constitutional grant to Congress to authorize a copyright monopoly for "writings" was viewed as compatible with state "common law copyright" covering writings until they were "published."¹¹⁵ Rather recently, in *Goldstein v. California*,¹¹⁶ the Supreme Court cut back more generally on the preemptive reach of the Copyright Clause of the Constitution, holding that that clause should not be understood to oust state laws in the nature of copyright or to make federal law exclusive in the area (at least when the subject matter in question is "of purely local importance and not worthy of national attention or protection").¹¹⁷ The Court stated, in effect, that state anti-copying law should be deemed

¹¹⁴ See text accompanying notes 40-41 *supra*.

¹¹⁵ See section 2 of the 1909 Copyright Act, Act of July 30, 1947 (61 Stat. 652), formerly 17 U.S.C. § 2.

¹¹⁶ 412 U.S. 546 (1973).

¹¹⁷ *Id.* at 558. The Court also held that the constitutional requirement that the copyright monopoly be "for limited Times" applies only to federal copyright and not to the states.

displaced only when Congress manifests such a purpose, through the provisions of the Copyright Act.

“At any time Congress determines that a particular category of ‘writing’ is worthy of national protection and the incidental expenses of federal administration, federal copyright protection may be authorized. Where the need for free and unrestricted distribution of a writing is thought to be required by the national interest, the Copyright Clause and the Commerce Clause would allow Congress to eschew all protection. In such cases, a conflict would develop if a State attempted to protect that which Congress intended to be free from restraint or to free that which Congress had protected. However, where Congress determines that neither federal protection nor freedom from restraint is required by the national interest, it is at liberty to stay its hand entirely. Since state protection would not then conflict with federal action, total relinquishment of the State’s power to grant copyright protection cannot be inferred.”¹¹⁸

Until the 1976 Copyright Act was passed, Congress did not purport to speak explicitly to the question of the validity of state anti-copying laws covering “published” works within the subject matter of copyright. The same was true for federal patent law. Beginning in 1964, the Supreme Court attempted, in the midst of congressional silence, to grope for an accommodation between federal and state law, initially in cases involving patentable subject matter. In the famous *Sears*¹¹⁹ and *Compco*¹²⁰ cases, the Court held that a state could not, on an unfair competition theory, forbid the copying of objects which lacked requisite novelty for purposes of federal patent protection. Although a state could require labeling of the copy so as to dispel consumer confusion in the marketplace, it could not outlaw the copying itself.

“To allow a State by use of its law of unfair competition to prevent the copying of an article which represents too slight an advance to be patented would be to permit the State to block off from the public something which federal law has said belongs to the public.”¹²¹

¹¹⁸ *Id.* at 559.

¹¹⁹ *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964).

¹²⁰ *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964).

¹²¹ 376 U.S. at 231-32.

There were clear implications for works which were ineligible for copyright—at least on account of lack of originality or authorship.

The Court was confronted squarely with a question of copyright preemption in *Goldstein v. California*,¹²² in which California had made it a crime to “pirate” recordings which had not yet been declared by Congress to be within the subject matter of federal copyright. The Court concluded that neither the copyright clause of the Federal Constitution nor the provisions of the Copyright Act manifested an intention to oust the states of the power to bar copying of such subject matter, which was of “local concern” and not within the coverage of the federal act. The Court distinguished cases arising within the sphere of the patent law, through which Congress “indicated not only which articles in this particular category Congress wished to protect, but which configurations it wished to remain free.”¹²³ As to recordings of musical performances, “Congress has drawn no balance; rather, it has left the area unattended, and no reason exists why the State should not be free to act.”¹²⁴ The Court noted that California was placing no restraint “on the use of an idea or concept,”¹²⁵ and concluded that its law could prevail, “since Congress has indicated neither that it wishes to protect, nor to free from protection”¹²⁶ the recorded performances which the defendant had “pirated.”

In later cases, such as *Kewanee Oil Co. v. Bicron Corp.*,¹²⁷ which involved the question whether state trade-secret protection was inconsistent with the federal patent laws, the Court undertook a carefully detailed explication of the federal policies underlying the patent statute and concluded that there was no intolerable clash with the finely elaborated policies underlying the law of trade secrets. Although the *Sears* and *Compco* decisions were reaffirmed, the *Kewanee* Court most assuredly manifested greater hospitality to state-law claims closely allied to claims of patent infringement, and its analytic method suggested that not many such state claims would be held to affront the mandates of federal patent law.

This evolution of preemption doctrine by the Supreme Court, through the conventional method of eliciting congressional intention in the fact of congressional silence, was seemingly rendered unnecessary when Congress spoke for itself in section 301 of the 1976 Copyright Act,

¹²² 412 U.S. 546 (1973).

¹²³ *Id.* at 569.

¹²⁴ *Id.* at 570.

¹²⁵ *Id.* at 571.

¹²⁶ *Id.* at 571.

¹²⁷ 416 U.S. 470 (1974).

which became effective on January 1, 1978. Congress in section 301(a) declared that from that date forward,

all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106 [the infringement section] in works of authorship that are fixed in a tangible medium of expression and come within the subject matter of copyright as specified by sections 102 and 103, whether published or unpublished, are governed exclusively by this title. Thereafter, no person is entitled to any such right or equivalent right in any such work under the common law or statutes of any State.

As if to give emphatic force to its preemptive decree, Congress in section 301(b) declared that state rights and remedies were *not* to be annulled or limited with respect to "subject matter that does not come within the subject matter of copyright as specified by sections 102 and 103" and with respect to "activities violating legal or equitable rights that are not equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106."

Although these two "escape hatches" from federal copyright preemption appear rather clear (and for the most part they are) in fact they can be quite elusive, and they have been misunderstood by a number of courts and scholars who fail to give full effect to the preemptive mandate of section 301. Because the examination in this article of fact-work protection sheds considerable light upon the first of these two preemption exceptions (i.e., works not within the subject matter of copyright), greater attention will be given to that exception. Less will be said about the second preemption exception (i.e., rights not equivalent to copyright); its reach is extremely difficult to define, large-scale attempts have been made to do so elsewhere, and the exception is no more pertinent for works of fact than for works of fancy.

As to the first basis for finding non-preemption, some have argued that because ideas, facts, concepts, systems and discoveries are not copyrightable, as provided in section 102(b), their copying can be made a state tort. There appears to be only one court which has held precisely that. In *Bromhall v. Rorvik*,¹²⁸ decided in 1979 by a federal district court, the defendant, author of a book on the cloning of humans, had earlier obtained an unpublished nine-page abstract of the plaintiff's doctoral thesis on research involving genetic transplantation in animals. The plaintiff objected to the misappropriation of his "cloning" ideas and

¹²⁸ 478 F. Supp. 361 (E.D. Pa. 1979).

experimental techniques, and sued on a state law theory of unjust enrichment. The court held that there was no cause of action for copyright infringement, principally because the plaintiff had failed to register his thesis with the Copyright Office before suit. The court also concluded that all that the defendant had copied was the idea of cloning a living creature; but rather than find this to be an additional reason for rejecting the copyright claim, or a reason for rejecting the plaintiff's claim for unjust enrichment, the court held that a valid claim had been stated on the latter theory. Because the cloning idea was excluded from the subject matter of copyright under section 102(b), the court held that a state could, consistent with section 301, protect it against copying.

This conclusion is clearly wrong—as a matter of common sense, as a matter of interpretation of section 301, and as a matter of interpretation of section 102(b) and its judicial forebears.¹²⁹ At the outset, one cannot resist comment upon the fact that the court's analysis appears to lead to the incomprehensible conclusion that although the defendant could copy the entire synopsis word-for-word and freely distribute it to the public (because of the failure to register, much like the failure to comply with the requirement to place notice upon a published work),¹³⁰ the defendant can be enjoined and required to pay damages for doing no more than using the underlying idea in a different context. But the court's decision is unsound for more significant reasons, which turn upon an appreciation of Congress' purposes in the Copyright Act.

¹²⁹ A comparable conclusion was reached, also improperly, in *Professional Systems & Supplies Inc. v. Databank Supplies & Equipment Co.*, 202 U.S.P.Q. 693 (W.D. Okla. 1979), in which the court found that the defendant had violated the plaintiff's copyright in certain printed legal forms; rather than find that this was a reason to displace the state-law claim for misappropriation, the court granted relief on that claim. The sounder view is represented by *Mitchell v. Penton/Industrial Pub. Co.*, 486 F. Supp. 22 (N.D. Ohio 1979), in which the plaintiff joined copyright and misappropriation claims regarding his book on records retention. The court held that if the copyright is valid and infringed, then the misappropriation count becomes redundant; but that if the copyright is invalid or is held not to be infringed, then the analysis in the *Sears* and *Compco* cases demands that copying be permitted, so that a misappropriation claim must be denied. Those Supreme Court decisions were also held to bar a claim for misappropriation of uncopyrightable factual recitations in the plaintiff's book.

¹³⁰ In *H. W. Wilson Co. v. National Library Service Co.*, 402 F. Supp. 456 (S.D.N.Y. 1975), the defendant had copied entries from the plaintiff's well-known *Reader's Guide to Periodical Literature* (which had been published without copyright notice through 1970), and created a 29-volume index. The court found that publication of the *Reader's Guide* without copyright notice put the work into the public domain, such that it would be improper to grant relief against copying on a misappropriation theory.

The plaintiff's synopsis is within the subject matter of copyright under section 102(a)—it is a "literary work."¹³¹ When Congress declares in section 102(b) that copyright in such a literary work does not "extend to any idea" described, explained or embodied therein, it is not declaring such an idea outside of the subject matter of copyright so much as it is affirmatively declaring—as clearly as it can, and for the clearest of reasons—that ideas are free to be copied, adapted and disseminated, and that no court is to construe the federal copyright monopoly as inhibiting that freedom. The implication for state law is equally clear: neither can the states. This is a compelling illustration of the kind of congressional declaration that the *Goldstein* Court had in mind when it said:

"Where the need for free and unrestricted distribution of a writing is thought to be required by the national interest, the Copyright Clause and the Commerce Clause would allow Congress to eschew all protection. In such cases, a conflict would develop if a State attempted to protect that which Congress intended to be free from restraint. . . ." ¹³²

But that is precisely what was done by the district court in *Bromhall*.

The same can be said concerning the facts, principles, discoveries, and systems embodied in maps, directories, printed forms, and works of history or biography. All of these tangible works are either literary or graphic, and thus within the subject matter of copyright under section 102(a), such that the preemptive mandate of section 301 applies. A state may therefore not make it a tort to exercise rights equivalent to those in section 106, such as reproducing those works in copies, preparing adaptations or translations, making the first sale of copies to the public, or displaying them publicly. Nor may a state forbid the dissemination of the principles, discoveries, and systems embodied therein.

All that has gone before in this article should demonstrate that section 102(b) is designed to assure that such underlying elements must be free for dissemination in order to assure the accumulation and evolution of human knowledge. Far from leaving facts, ideas and the like "unattended," to borrow a term from the *Goldstein* case, Congress has very much attended to them in section 102(b), and has declared them

¹³¹ *Compare* Triangle Pubs., Inc. v. Sports Eye, Inc., 415 F. Supp. 682 (E.D. Pa. 1976), holding that the plaintiff's compilation of horseracing data was a work within the subject matter of copyright, such that state misappropriation law was preempted concerning the copying of the data and their translation into a different form of presentation. (This decision pre-dated the effective date of the present Copyright Act.)

¹³² 412 U.S. at 559; see text accompanying note 118 *supra*.

to be free as the air. This declaration is squarely affronted by such a state anti-copying rule as that sustained in the *Bromhall* case.

Happily, *Bromhall* appears to be the only reported case since the enactment of the 1976 Copyright Act which reads sections 102(b) and 301 as tolerating state-law limitations upon the simple copying of facts, concepts, systems and the like. The overwhelming weight of the cases is to the contrary.

In a well-reasoned decision¹³³ supporting the grant of summary judgment to the defendant, "Roots" author Alex Haley, the court held that copyright protection was unavailable to the plaintiff for Haley's copying (on the assumption that he did so) facts, materials from the public domain or from the body of folk custom, clichés and metaphors, scènes à faire,¹³⁴ stock ideas and general themes. Accordingly, the court held that summary judgment should also be granted for Haley on the plaintiff's state-law claim for unfair competition. The *Hoehling* decision¹³⁵ also found in the copyright law a policy of keeping facts, themes, research, and historical hypotheses in the public domain, as something of an involuntary contribution to recorded knowledge, and concluded that vindication of this policy dictated summary judgment for the defendant on an unfair competition claim. Similarly, it has been held that because copyright does not prevent others from copying the idea of writing about a particular person or subject, a state may not do so through its law of unfair competition.¹³⁶ It has also been held that, when copying not simply of facts and concepts but also of literary or graphic expression is allowable in a copyright case by virtue of the fair-use doctrine, a state may not make such copying a tort.¹³⁷ Since the same concerns for free dissemination are at the core of both the fair use doctrine and the ban upon copyright protection for facts and ideas, the preemptive implications should also be the same.

Even if a state anti-copying law appears to fall before a preemption attack, in spite of the plaintiff's claim that the subject matter of the suit is not covered by the Copyright Act, it is still possible for the state cause of action to prevail if the plaintiff is enforcing rights "that are not equiv-

¹³³ *Alexander v. Haley*, 460 F. Supp. 40 (S.D.N.Y. 1978).

¹³⁴ These are "incidents, characters, or settings which are as a practical matter indispensable, or at least, standard, in the treatment of a given topic." *Id.* at 45.

¹³⁵ *Hoehling v. Universal City Studios, Inc.*, 618 F.2d 972 (2d Cir. 1980).

¹³⁶ *Werlin v. Reader's Digest Ass'n*, 528 F. Supp. 451 (S.D.N.Y. 1981).

¹³⁷ *Suid v. Newsweek Magazine*, 503 F. Supp. 146 (D.D.C. 1980) (short quotations from book about John Wayne); *Time Inc. v. Bernard Geis Assocs.*, 293 F. Supp. 130 (S.D.N.Y. 1978) (Zapruder motion pictures of the assassination of President Kennedy).

alent to any of the exclusive rights”¹³⁸ accorded by section 106 of the Act. Because infringement in most fact-work cases takes the form of the section 106(1) right “to reproduce the copyrighted work in copies,” the following example will illustrate how this second “escape hatch” in preemption theory can be utilized. If a defendant who copies the plaintiff’s map or directory does so in breach of an express promise he has made in a contract, then it is relatively easy to understand that a claim of contract violation under state law will not be preempted. The plaintiff’s right being vindicated is the protection of contractual expectations, a right which exists altogether separate and apart from the right vindicated under the copyright law for copying pure and simple regardless whether there is any “privity” between the parties. The contract action thus does not appear to be “equivalent” to an action to enforce the exclusive rights within the copyright monopoly.

But once one departs from this intuitively convincing illustration of a “non-equivalent” right, the definition becomes much more difficult to apply, and Congress has done little to clarify the situation. Congress did in fact attempt to itemize, in several bills leading to the present act, those state causes of action which were not deemed equivalent to copyright and which thus would not be preempted.¹³⁹ The bills which the Senate Committee reported out in 1975 and the House Committee reported out in 1976 expressly listed as examples of non-preempted claims

“rights of misappropriation not equivalent to any of such exclusive rights [under section 106], breaches of contract, breaches of trust, trespass, conversion, invasion of privacy, defamation, and deceptive trade practices such as passing off and false representation.”¹⁴⁰

But this list was deleted, after a totally opaque colloquy on the floor of the House, and the enacted law is silent on the matter of examples. Courts must therefore once again divine the congressional intent.

The short-lived enumeration just quoted remains a useful guide to that intent, however, for it does not appear that in striking out that enumeration Congress was repudiating it; in fact, the much more plausible inference is that those who paid attention found it redundant and superfluous.

Thus, a number of courts have declared that when the defendant’s

¹³⁸ 17 U.S.C. § 301(a), (b).

¹³⁹ The saga of section 301 is set forth in detail in A. LATMAN & R. A. GORMAN, COPYRIGHT FOR THE EIGHTIES 605-17 (1981).

¹⁴⁰ S.22, 94th Cong., 2d Sess. § 301 (1975); see H.R. Rep. No. 94-1476, 94th Cong., 2d Sess. (1976).

copying or adaptation of a copyrighted work is in breach of contract, or violates a fiduciary or confidential relationship, or involves the unauthorized disclosure of a trade secret, a state cause of action will lie.¹⁴¹ On the other hand, one finds two examples of preempted state claims in the recent case of *Harper & Row, Publishers, Inc. v. Nation Enterprises*,¹⁴² involving the unauthorized publication by the Nation magazine of excerpts from former President Ford's book "A Time to Heal"; those excerpts and others were soon to be published in Time magazine and Reader's Digest, and the book itself was to be published by Harper & Row. When Time cancelled its agreement with the copyright owner, the latter sued Nation not only for copyright infringement but also for conversion and for interference with contract rights.

The court held both these state-law claims preempted. The true gist of the conversion claim was not that the defendant had improperly secured physical possession of the Ford manuscript but rather that it had improperly made copies and distributed them, acts which are within the copyright monopoly under section 106. The contract rights allegedly impaired by Nation were those between the copyright owner and its publishers for the preparation and marketing of excerpts, also within the monopoly rights of section 106. The two state claims, congruent to copyright, were thus ousted by virtue of section 301.

It has also been held that misappropriation under state law is essentially the equivalent of copyright infringement under federal law, such that the former claim must be preempted when the defendant has copied, or based a derivative work, upon a work within the subject matter of federal copyright.¹⁴³ But there are decisions to the contrary,¹⁴⁴ and the very strong hold that misappropriation theory has upon our courts—and even upon Congress¹⁴⁵—makes it likely that for years to

¹⁴¹ *Werlin v. Reader's Digest Ass'n*, 528 F. Supp. 451 (S.D.N.Y. 1981) (breach of fiduciary relationship); *Warrington Assocs., Inc. v. Real-Time Engineering Systems, Inc.*, 522 F. Supp. 364 (N.D. Ill. 1981) (trade-secret claim based on breach of trust or confidentiality); *Synercom Technology, Inc. v. University Computing Co.*, 474 F. Supp. 37 (N.D. Tex. 1979) (trade secrets and confidential relationship).

¹⁴² 501 F. Supp. 848 (S.D.N.Y. 1980).

¹⁴³ *E.g.*, *Mitchell v. Penton/Industrial Pub. Co.*, 486 F. Supp. 22 (N.D. Ohio 1979); *Ortho-Vision, Inc. v. HBO*, 474 F. Supp. 672 (S.D.N.Y. 1979) (re-transmission of HBO cable programming).

¹⁴⁴ *E.g.*, *Professional Systems & Supplies Inc. v. Databank Supplies & Equipment Co.*, 202 U.S.P.Q. 693 (W.D. Okla. 1979).

¹⁴⁵ The bills and reports which antedated the enactment of the 1976 Act wavered on the question whether misappropriation was or was not equivalent to copyright infringement. Compare H.R. Rep. No. 83, 90th Cong., 1st Sess. 100 (1967) (misappropriation "is nothing more than copyright protection

come plaintiffs will hedge against loss of a copyright claim by adding a state-law claim for misappropriation; such a claim will no doubt prove to be especially popular in cases of unauthorized copying or adaptation of computer software.¹⁴⁶

In attempting to generalize from the relatively few cases decided under section 301 on the basis of the state claim being "non-equivalent" to copyright, some courts and scholars have concluded that whenever the state cause of action contains *any* element that is not requisite to a claim of copyright infringement, or gives rise to a remedy different from that available under the Copyright Act, the state claim survives.¹⁴⁷ Although this article is not the place to delve deeply into this aspect of preemption theory, one is impelled to observe that the suggested standard is surely too permissive. It would, for example, countenance the claim for interference with contract relations in the *Nation* case just described, for impairment of contract rights with third persons is not a necessary element in a case of copyright infringement. It would also countenance a claim for unjust enrichment under state law for mere copying,¹⁴⁸ because a valid claim of copyright infringement can exist when the defendant has reaped no profits. It would countenance a claim for misappropriation for mere copying, because it is not necessary in a copyright case to show that the plaintiff has invested considerable time, effort and expense in producing his copyrightable work or that the defendant has acted consciously and intentionally to reap a competitive advantage in the market (elements typically required for misappropriation relief). Each of the three state causes of action just mentioned should be preempted, but they would be sheltered if the "non-equivalence" analysis referred to above were to be endorsed. Because it is possible to frame almost *any* state tort so as to evince a protective policy different from copyright, the proffered analysis would too often interfere with the dissemination policies of the Copyright Act and particularly of section 301.

Some tentative steps might be taken here toward the formulation of a more constructive analysis for the implementation of section 301. State anti-copying claims might usefully be divided into three categories. The first category, embracing the three claims just discussed, is of the kind about which Congress might say the following:

under another name"), with H.R. Rep. No. 94-1476, 94th Cong., 2d Sess. 132 (1976) (misappropriation "is not necessarily synonymous with copyright infringement").

¹⁴⁶ Congressional reports made explicit reference to such a use of misappropriation theory. *See id.*

¹⁴⁷ *See* 1 M. NIMMER, COPYRIGHT § 1.01[B] (1982), and the cases cited there.

¹⁴⁸ *See* Werlin v. Reader's Digest Ass'n, 528 F. Supp. 451 (S.D.N.Y. 1981).

"These state causes of action do contain elements which are not necessary in order to state a claim for copyright infringement. But those elements—loss of a contract with a third party, unjust enrichment, willful competitive injury—*can* be considered in the copyright action, and fitting remedies can be fashioned for redress."

If that is so, then copyright and its attendant rights and remedies should be treated as "occupying the field," and this category of state claim should be preempted.

As to a second category of state claim, Congress might say the following:

"Here too, the state cause of action embraces elements which are not necessary in order to state a claim for copyright infringement. But here, these elements are of incidental concern or of no concern at all in determining appropriate remedies in the copyright action. Conversely, the fact that there has been copying is only incidental to the state claim, which is really designed to protect other and independent interests."

State causes of action for breach of contract, breach of a fiduciary or confidential relationship, trespass and conversion regarding tangible property, and privacy and defamation claims are of this kind. Because the Copyright Act focuses upon the economic injury resulting basically from copying itself, and is rather inattentive to the enforcement of promises, the protection of special relationships and physical property, and the personal hurt resulting from exposure or ridicule, preemption should not operate, and the state claims can survive.

The third category of state claim forces us to grapple with the fact that Congress' failure in the Copyright Act to embrace a particular interest within the statutory rights and remedies (as in the second category) may signal not hospitality toward state protection of that interest but rather congressional opposition. In this third category, there is once again an element in the state claim which is not of the kind which a federal court is invited to consider in a copyright action; but unlike the second category, the economic injury resulting from copying as such is not incidental to the state claim but is the essence of it. An example would be a state law barring phonorecord manufacturers from imitating the sounds on another's recording (as distinguished from "pirating" the actual sounds on that person's recording, which is a copyright infringement under sections 106(1) and 114(b)). There would be no recovery for such imitation in a copyright action. When a state treats that partic-

ular form of copying, exempted from the copyright owner's monopoly, as at the core of its cause of action, it is likely to be affronting Congress' infringement (and exemption) policies and should thus be preempted.¹⁴⁹ The analysis is very much akin to that, articulated earlier in this part of the article, which infers from Congress' exclusion from copyright protection of facts and ideas an intention to countenance free dissemination. Drawing the line between the second and third category of state cause of action requires very much the same sensitivity to policy concerns as is reflected in drawing the line between subject matter which Congress has left "unattended" and subject matter which Congress seeks to leave free from any restraints upon copying.

All that can be said with confidence about preemption analysis in copyright cases is that Congress has left plenty of room for it (and for lawyerly ingenuity) and that courts will likely struggle long and hard in an effort to bring consistency and rationality into the case law.¹⁵⁰ Judging from some allied areas of federal law,¹⁵¹ one cannot be too sanguine about the probability of success in that struggle.

¹⁴⁹ On the same theory, there should be preemption of a state cause of action for the private performance of a musical composition (because only public performances are within the exclusive rights of the copyright owner, 17 U.S.C. § 106(4)); or for public performances which fall within the explicit and detailed exemption provisions of the federal act, 17 U.S.C. §§ 110, 111, and those covered by a compulsory license under that act, 17 U.S.C. §§ 111, 116, 118.

¹⁵⁰ One notable example of this judicial effort is *Synercom Technology, Inc. v. University Computing Co.*, 474 F. Supp. 37 (N.D. Tex. 1979), in which the district court—much like the Supreme Court in *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470 (1974)—undertook in elaborate detail to analyze the competing policies underlying state law limiting the copying of an "input format" and federal policies which encourage invention and creativity as well as the disclosure and use of discoveries and writings. Although such an approach can result in an undue narrowing of the definition of federal concerns, as it may well have in *Kewanee* itself (in which state trade-secret law was held to be compatible with federal patent law), and can also lead to uncertainty in planning and in litigation outcome, its thoughtful application can lead to sound and suggestive results and can over time generate a pattern of decisions which can provide considerable predictability for planners and litigators.

¹⁵¹ See COX, BOK & GORMAN, *CASES AND MATERIALS ON LABOR LAW* 916-90 (9th ed. 1981); R. A. GORMAN, *BASIC TEXT ON LABOR LAW: UNIONIZATION AND COLLECTIVE BARGAINING* 766-86 (1976).

696. AUTHORS LEAGUE SYMPOSIUM ON COPYRIGHT: JANUARY 27, 1982—*Protection of Non-Fiction Works and Literary/Dramatic Characters*

Following is the text of a symposium presented by The Authors League at the Tishman Auditorium of the New York University School of Law on January 27, 1982. The panelists were: *Jon Baumgarten* (Paskus, Gordon & Hyman); *Richard Dannay* (Schwab, Goldberg, Price & Dannay); *Alan Latman* (Cowan, Liebowitz & Latman); and *Nancy F. Wechsler* (Linden & Deutsch). The moderator was *Irwin Karp*, Authors League counsel. KARP: Good evening and welcome to this Authors League symposium on copyright. This is the third and final session in the League's fall-winter program for 1981-2.

We are very fortunate to have a panel of distinguished copyright experts to discuss this evening's subjects. On my far left is Jon Baumgarten, formerly General Counsel to the Copyright Office. Next to him is Nancy Wechsler, a veteran practitioner in the field of copyright and publishing law. To my right is Richard Dannay, who has litigated several important copyright cases. Jon, Nancy and Richard all have lectured and written extensively on copyright and related problems that concern authors and publishers. Our fourth panelist is Professor Alan Latman, author of one of the most authoritative texts on copyright [HOWELL'S COPYRIGHT LAW REVISED], a frequent litigator of copyright cases, a member of the Authors Guild/League and our host.

On behalf of the Authors League, I thank Alan, Kate McKay and the New York University Law School for their kindness in allowing us the use of the Tishman Auditorium.

This symposium and the two prior sessions in the League's 1981-1982 season are dedicated to the memory of Edward E. Tanner, the well-known playwright and author who wrote under the name Patrick Dennis. The Authors League is very grateful to his widow, Louise Tanner, whose generous gift has helped to underwrite these programs.

I. PROTECTION OF NON-FICTION WORKS

The Dual Public Policy Interests

KARP: Authors have a symbiotic relationship under the Copyright Act. They seek to protect their own works and they often borrow from other

authors' works. Our discussion focuses on unauthorized borrowing of material from works of history, biography, reportage and other non-fiction books for use in similar books or in plays, novels, films, or television programs. The Copyright Act protects against infringement. This is the basic right which the Act grants. But the Act and the case law also protect the right of subsequent authors to use material from prior copyrighted works, in order to serve the fundamental constitutional purpose of encouraging contributions to recorded knowledge by granting "subsequent authors of history, biography and so forth" a relatively free hand to build upon the work of their predecessors. That quotation is from the Court of Appeals opinion in *Hoehling v. Universal Pictures*,¹ one of the recent crucial decisions on the appropriation of material from non-fiction works.

Thus we have two fundamental questions: Authors as researchers ask, to what extent may they borrow from prior copyrighted works? As owners of copyrighted works, authors ask: when are they entitled to protection against others who have borrowed too much from their works? In some instances the answers are easy—at the two extremes of the scale where there either is very little or wholesale appropriation. The difficult cases fall in the middle. More often than not the judgments are very difficult to make.

What is Copyright Infringement

We should sketch briefly what the Copyright Act provides about infringement. The Act protects "original" works of authorship. Originality, as the courts use the term, does not encompass novelty, ingenuity or aesthetic merit. What the Act means by originality is that the author who claims protection actually created, actually originated, the work. The Act grants exclusive rights to reproduce copies of a book or a play, to perform them and make other uses of them. An infringement usually involves the violation of more than one right. Our concern tonight is not unauthorized distribution of a book or unauthorized exhibition of a film. It deals with the appropriating of material by one author from another author's works. A copyright infringer is someone who violates any of those exclusive rights. But the Act does not define infringement any further. The tests, definitions of infringement, and scope of protection, are spelled out in the opinions of federal courts in copyright suits.

¹ *Hoehling v. Universal City Studios*, 618 F.2d 972 (2d Cir. 1980), *cert. denied* 449 U.S. 841 (1980).

Material that is not Protected

The statute does specify certain types of material that are not protected. Copyright protection under the statute does not extend to any idea, procedure, process, system, method of operation, concept, principle or discovery. The courts have frequently pointed out, and the House Judiciary Committee stressed, that copyright protects an author's "expression" and not his or her ideas, thoughts or theories. One of the great difficulties in infringement cases is separating what is expression from what are ideas and theories. Copyright does not protect facts, and this is a theme that will be sounded over and over again tonight. The Act also contains certain limitations and exceptions to copyright protection. The most important of these is the concept of fair use, which will be discussed later. With that introduction I turn to Nancy Wechsler who will discuss the underlying principles of infringement.

The Principles of Infringement

WECHSLER: The first thing that I want to point out, consistent with Irwin's introduction, is that you are always dealing in the way courts handle particular problems, with two policy considerations: (1) to encourage authors and give them the fruits of their labors and (2) to be sure that knowledge is not monopolized and is available for the benefit of the community. Those two strains run through a great deal of the case law in this field.

As has been stated, there are aspects of writings, even writings which are protected by copyright, which are not protected. A given work may include both protected and unprotected elements and the degree to which the elements of works are not protected will be discussed later.

What I want to try to do is very briefly touch on how the courts approach the matter of infringement of the protectable aspects of a particular work. Unfortunately, not many of the cases are so clear cut that you can pick out one case that stands for a completely protected situation, another for a completely unprotected one, although some tend in that direction. Obviously fictional works or plays that are completely original are likely to have a higher degree of protection, because they are likely to be more the product of the particular author than are works based on factual research, and are thus not as vulnerable to the ability of others to take parts of it on the ground it is factual.

Copying Must Be Proven

The basic premise in any infringement situation is that the particular

work has to have been copied by the infringer. Unless there is actual copying there is no basis for a claim, even if the second accused work is really very similar to the first work. There has to be proof of copying. There has to be either actual proof of copying or proof which is so strong that it seems obvious that there has been copying. There have been instances and will be in the future of situations where works which look very similar indeed were not the result of copying but were actually the result of two authors taking very similar ideas from common sources. A recent case, for instance, involved two stories both on the theme "My mother is the most beautiful woman in the world".² One story was about a little boy who is lost and tells the people who find him that they will find his mother when they find the most beautiful woman in the world. It turns out that his mother is really ugly but her beauty is in his mind. A story with a similar theme was published by the defendant in the case but the court found that the authors each had based their story on folk sources and the second writer had not copied from the first.

Proof of Access

Assuming that you believe copying occurred, how do you prove it? First, you have to establish in some way that the second writer had access to the work of the person who was complaining. Sometimes that can be proved out of the records of the person who created the allegedly infringing book. Sometimes it is conceded. More often than not you have to prove access circumstantially and usually that is done by making a comparison of the similarities in the two works. The greater the apparent detailed similarity the more likely a court is to find that there actually has been access to the plaintiff-author's work. There was, for instance, an author who wrote a screenplay, never sold or produced, based on the life of Clara Barton who founded the Red Cross³. To give her script more interest she invented a love story, purely fictional, although the rest of the work was apparently based upon fact. The alleged infringer went after the same subject, had the same idea and invented a different love story for the woman in question but later published a magazine story which had the identical love story invented by the first writer. There was no direct proof of access except that both authors had consulted the same literary agent. The court, however, did not rest on that ground but found that the similarities were so striking, down to details such as a fictitious letter written by one person, that access had been proven.

² *Reyher v. Children's Television Workshop*, 533 F.2d 87 (2d Cir. 1976), *cert. denied* 429 U.S. 980 (1976).

³ *De Acosta v. Brown*, 146 F.2d 408 (2d Cir. 1945), *cert. denied* 325 U.S. 862 (1944).

Of course, in some situations access is obvious. With a character like Superman, which has been the subject of recent litigation, you have a famous movie that was easily available to the defendant. But in many situations where the work of the complaining author is unpublished, the proof of access may be very difficult to establish.

The Defendant's Denial of Copying

KARP: Let me ask Jon a question. Are there situations where the judge simply says, "I believe the defendant. He said he didn't copy and that's the end of the case."

BAUMGARTEN: There's one, at least, I am very familiar with.⁴ It was a copyright case involving organic chemistry textbooks. It went through a lengthy trial with volumes and volumes of detailed exhibits alleging and rebutting similarities in chemical nomenclature and the like. Representing the defendant, we put the author, and then his wife, on the stand to testify as to how he did his work. The result was that one of the most sophisticated copyright judges—after all those exhibits and all those weeks of trial—said simply, "I believe in the author." He said, "he didn't copy and he was unshakeable on cross-examination." And that was really the end of the case. In his written opinion, the judge did discuss some of the legal questions that we will note later but essentially said, "I'm discussing this as a sort of afterthought." The court simply decided the case on the basis of the way the defendant author wrote his book. The court believed that the author did not copy and had no need to copy.

WECHSLER: It was interesting also because it was shown that the defendant had actually taught from the plaintiff's book, that both of them were distinguished texts in the field, and the court said, "There's no reason why this defendant would bother to copy. He was too erudite and too good in his field and I don't believe he did."

BAUMGARTEN: It was even worse than that. Our author admitted that he knew the plaintiff's book 90% by heart. He had taught it for 40 years (laughter).

WECHSLER: But it was also interesting that the defendant and his wife were on the stand for four weeks.

BAUMGARTEN: That's right. As one of my partners said, "This is an example of how a professional litigator handles a copyright case rather than how a copyright lawyer handles it."

The Idea-Expression Dichotomy

WECHSLER: It is a fundamental principle of copyright law that ideas are

⁴ *Morrison v. Solomons*, 494 F. Supp. 218 (S.D.N.Y. 1980).

not protected—it is the “expression” of ideas that is protected. It is also reiterated constantly that there is virtually no way of applying that concept except on a case by case basis. That really is the way it works. The courts have to distinguish in all kinds of situations between the idea and the way in which the competing authors in the particular case have expressed it.

A classic case, decided by the great copyright judge, Learned Hand, involved the play “Abie’s Irish Rose” and a motion picture called “The Cohens and the Kellys.”⁵ Each dramatization involved a very similar situation: Jewish and Catholic youngsters who fall in love, get married secretly and have children. The families fight and ultimately come to some kind of reconciliation. The court held that there was no infringement because, although the basic plot structures were quite similar, the development of the details, the action and the characters, and the tone, theme and feeling of the two works—the expression—were so different that one did not infringe the other. The court emphasized that there was no monopoly on ideas of this kind and pointed out that Romeo and Juliet involved a similar concept, and that no author could keep another author from developing concepts similar to these old well-established concepts, but could only prevent the copying of the expression: the development of the characters, the actual words used and so forth. Expression can take many forms. It can be development of plot or character. It can be actual descriptive writing. It can even be a sequence of the events such as that which was held to be infringed in a Harold Lloyd movie in which for 57 sequences a man mistakenly put on a magician’s coat.⁶ Then all sorts of slapstick things happened—rabbits and birds and whatever emerged from the coat. A very similar sequence appeared in the defendant’s motion picture and the court said that it was copied and lifted completely. Even though the words were not identical, that was not relevant; it was still an infringement.

KARP: Judge Learned Hand pointed out in the *Letty Lynton* case,⁷ that you don’t have to appropriate dialogue to be guilty of infringement, particularly when it comes to a dramatic work.

What is “Substantial” Copying?

KARP: What constitutes substantial copying? Copying must be substantial to constitute infringement.

⁵ *Nichols v. Universal Pictures*, 45 F.2d 119 (2d Cir. 1930), *cert. denied* 282 U.S. 902 (1930).

⁶ *Universal Pictures Co. v. Harold Lloyd Corporation*, 162 F.2d 354 (9th Cir. 1947).

⁷ *Sheldon v. MGM*, 81 F.2d 49 (2d Cir. 1936), *cert. denied* 298 U.S. 669 (1936).

WECHSLER: Well, I think that's another concept that is usually stated and doesn't really mean a great deal.

KARP: Nevertheless, it is a basic test. Every rule we discuss tonight is difficult to explain in the abstract. But is "substantial" a matter of percentage of the text, for example?

WECHSLER: I don't think so. You cannot take a good chunk of someone's text either verbatim—or by close paraphrase, concealing what you are doing, but still doing it. In the *Letty Lynton* case that Irwin mentioned,⁸ the court found that only about a fifth of the plaintiff's play had been taken but that was held substantial. Similarly in the *Harold Lloyd*⁹ movie that I mentioned, about 20% was taken and that was certainly considered substantial.

DANNAY: I would add that you have to think in terms of both quantity and quality. The quantity taken certainly is important; that is, whether it's a trivial amount or extensive. The quality aspect means that if you take the guts of the work, or the most distinguishing characteristic, that may be enough to find infringement although quantitatively it's very small.

Unconscious Infringement

KARP: There are a few cases in which courts have held that even unconscious plagiarism is actionable and can result in damages. Is that likely though, Alan, in the case of biography or history?

LATMAN: Unconscious plagiarism? It's possible in the sense that the author consulted a number of sources and might have mixed them up sufficiently so that the author doesn't know that he or she is reproducing something specifically from one work. It's more likely in the dramatic or musical context.

KARP: Music is the field where it actually happens.

LATMAN: You had one case recently involving George Harrison. His "My Sweet Lord" was held to have been subconsciously copied from another successful song called "He's So Fine."¹⁰

KARP: I think it's much less likely in the area of non-fiction because as we are going to see much more copying is actually permitted. It would take a heck of an unconscious mind to retain enough to constitute infringement.

⁸ *Id.*

⁹ See *supra* note 6 and accompanying text.

¹⁰ *Bright Tunes Music Corp. v. Harrison Music, Ltd.*, 420 F. Supp. 177 (S.D.N.Y. 1976).

Material not Protected by Copyright

KARP: Our next topic is material which is not protected by copyright. Richard?

DANNAY: In this area we are talking about material that is not protected by copyright. Even though the plaintiff has to show copying and substantial similarity in order to succeed, he really must do more than that. He has to show that those substantial similarities relate to protected material, to copyrightable material, rather than falling into any of the several categories of material which the law will not protect. I will run through the main categories and give you some examples from the cases to illustrate them.

Ideas and Interpretations

One area, which Nancy has touched on, is ideas. Ideas or themes or theories or interpretations of facts—all are unprotected categories. However, each of them has to be distinguished from its expression—its development in particular language as distinguished from just the bare facts, ideas or theories themselves.

The interpretation of facts is interesting. In the *Hoehling* case which Irwin mentioned,¹¹ the plaintiff's book offered the theory that the 1937 *Hindenberg* disaster was caused by a crew member's sabotage. Even assuming, as the court did, that the plaintiff originated that interpretation of the facts, the decision held that it was not protected by the copyright on the book and that anyone else could write about it as well. Nancy has mentioned other instances in which ideas were denied protection: the basic plot in the "Abie's Irish Rose" case¹² and the story involving the child looking for her mother.¹³

Another interesting case was the one brought against the author of "The Seven Percent Solution".¹⁴ The plaintiff's article was done in a somewhat tongue-in-cheek style, but it appeared in a medical journal and was entitled "A Study in Cocaine: Sherlock Holmes and Sigmund Freud." The plaintiff claimed that the defendant, the author of "The Seven Per-Cent Solution", had infringed his article. The court said "No, not really" because the only thing that was common to both works was the idea that Holmes was addicted to cocaine and that Watson, his good friend, tricked him into pursuing the arch-villain Moriarty to Vienna

¹¹ See *supra* note 1.

¹² See *supra* note 5 and accompanying text.

¹³ See *supra* note 2 and accompanying text.

¹⁴ *Musto v. Meyer*, 434 F. Supp. 32 (S.D.N.Y. 1977).

where Holmes could be cured by no less a figure than Sigmund Freud. That was the only similarity. The plaintiff's article really had to do with the uses of cocaine in the nineteenth century, whereas the defendant's work obviously was another Sherlockian adventure and an appeal to Holmes' fans.

Another example of an unprotectable idea concerned a television series called "Kaz".¹⁵ The theme was that an ex-convict, in order to rehabilitate himself, studied law in prison, got his degree and passed the bar while there. The plaintiff came along and said, "I did the same thing." The court said, "No, only an idea was used," that the plaintiff's work dwelled really on his *life* in prison where he studied law, whereas the defendant's work picked up where plaintiff's work ended and concentrated on Kaz's law practice after release from prison, out in the real world. Thus, only a bare idea was used as the background of the protagonist.

Facts

The next category worth discussing is facts themselves—really any kind of facts, but primarily historical facts, biographical facts and so forth. The courts say that even when the facts are ascertained through the plaintiff's hard effort and personal research, that won't be enough. Even if the facts are brought to light for the first time through that effort and research, that's not enough. Some examples of facts from the *Hoehling* case,¹⁶ involving the Hindenberg disaster, are: the saboteur's age and birthplace; crew members apparently had smuggled monkeys on board; the saboteur was a photographer, and so on. All of these discrete facts can be used by any other author subsequent to that. But again let me caution you, and we will come back to it over and over again, that you can take facts and so develop them, I suppose, with rather vivid language, that they become the protectable expression that's taken rather than the facts themselves.

KARP: Alan, let me ask you, teaching the subject as you do, is it a new theory that facts are not protected?

LATMAN: No, it's a very old one which was very solidly embedded in the law. One of the early cases that is still referred to involved a system of bookkeeping.¹⁷ A book that used the system was held not to infringe because the system was treated as an idea or a fact and it was held that

¹⁵ *Miller v. CBS*, 209 U.S.P.Q. 502 (C.D. Cal. 1980).

¹⁶ See *supra* note 1.

¹⁷ *Baker v. Selden*, 101 U.S. 99 (1880).

the copyright on the book explaining the system did not protect the system.

KARP: I ask because in these recent cases plaintiffs' attorneys stress a number of factual similarities, and I think there has been some misunderstanding about what the copyright cases really said all these years. Jon, isn't it your impression that there's a tendency by plaintiffs to overstress the similarity in facts in these cases?

BAUMGARTEN: I think that the Second Circuit *Hoehling* court felt that was the case and some of us feel that the Circuit was trying to dissuade some of the litigation that is brought in the fact area. But I think plaintiffs' attorneys feel that if they show enough similarity in facts this will, by its own weight, spill over into a similarity of expression which will be infringement.

Arrangement and Selection of Facts

KARP: Does copyright protect the arrangement or the selection of facts? Richard?

DANNAY: The *Hoehling* decision and others make the broad statement that copyright does not protect an author's particular arrangement of historical facts, or his or her selection of data from the huge fund of facts available on a given subject. I think that statement has been over-emphasized. It derives from one of the older copyright cases, a Learned Hand decision.¹⁸ There, the plaintiff claimed protection in a chronological arrangement of facts in a history, and—of course—that could not have the required "originality" since the chronology itself is really fact. But I think that where the arrangement is sufficiently different and original, and consists of something more than merely a chronology, then the author's selection and arrangement can be protected.

However, you do get some unusual situations. One is a case Nancy's office and mine were involved in a number of years ago—more than we prefer to remember—dealing with two college-level economics textbooks. Professor Paul Samuelson's economics textbook, which was not involved in the suit, was the leader in the field. The court said its methodology was open for use in any other textbook in the field. It had become so dominant and had so profoundly influenced the teaching of economics that it was no longer a case of everyone's copying from Paul Samuelson, but rather that the methodology had just permeated the field.¹⁹ Therefore that kind of an arrangement, which is not an historical arrangement but which may be analogous, would not be protected.

¹⁸ *Myers v. Mail & Express Co.*, 36 COPR. OFF. BULL. 478 (S.D.N.Y. 1919).

¹⁹ *McGraw Hill, Inc. v. Worth Publishers, Inc.* 355 F. Supp. 415 (S.D.N.Y. 1971).

KARP: One argument made in some textbook cases is that the audience expects the arrangement; that since the professors who select the text have, over the years, arranged their own notes to conform to Samuelson's presentation they won't buy a book that uses a different ordering because they would have to get together another set of notes.

BAUMGARTEN: Based, of course, on the assumption that teachers are lazy, and they know a good thing when they see it and why change it.

Fictitious Statements

KARP: What about fictitious statements, Richard?

DANNAY: Fictitious statements are examples of the courts' strong commitment to the principle that we should have unrestricted access to facts. If an author makes a fictitious statement or an erroneous statement, but *presents* it as factual, as the truth, the courts have ruled it must be treated as factual material, and that later authors have the right to use that material as if it really were factual. The plaintiff is estopped from asserting the statements were fictitious or erroneous.

This came up in a recent case that Jon is more familiar with, charging infringement by Ken Follett's "A Key to Rebecca"—a spy story that combined fact and fiction.²⁰ The decision turned on the principle that not only were certain matters in plaintiff's book held out to be factual, but that Follett and other authors reasonably relied on the representations that the material was factual. Jon may want to comment.

BAUMGARTEN: The plaintiff had presented his book as history for more than fifteen years. In fact, the frontispieces of his subsequent books all listed the work at issue as "non-fiction." But in the *Follett* suit, the plaintiff said the British Official Secrets Act barred him from giving the real facts about the espionage incidents and he had to fictionalize them. The court noted he had used photographs in the book showing him talking to the spy; he said he had used a tape recorder and interviewed the actual participants; he had called it an historical work; and it had been catalogued as one by the Library of Congress. The plaintiff argued he had given fair notices that his book was not a true account, and indicated it by using pseudonyms. The court thought pseudonyms probably indicated the book was true, and simply concluded the notices were not sufficient. It would not permit the plaintiff to suddenly disown the historical value of an account presented as history.

Scenes à Faire

KARP: A phrase that keeps popping up in recent infringement opinions

²⁰ *Mosley v. Follett*, 209 U.S.P.Q. 1109 (S.D.N.Y. 1980).

is "scene à faire." Richard will comment on it.

DANNAY: The term means an obligatory scene and it's a very useful concept. Essentially, it means that incidents, settings or other features that are indispensable to and necessarily follow from the treatment of a given topic, or at least are standard in the treatment of a topic, are not copyrightable. In a sense, they are not even original. Some good examples are found in the "Roots" case, the case against Alex Haley.

KARP: The first *Roots* case; the one he won.²¹

DANNAY: Right. Some of the examples given were attempted escapes, flights through the woods pursued by baying dogs, the sorrowful or happy singing of slaves, the atrocity of buying and selling human beings, and so forth. All of those scenes were considered to be standard or necessary features in the kind of story and the kind of treatment involved there. Another example is the TV series I mentioned, "Kaz," involving the person who studied law while in prison.²² A number of scenes followed automatically from that idea, such as studying through a correspondence school—obviously that would be the only way you could do it in prison; being a "jailhouse lawyer," helping fellow inmates with sentencing problems; and so forth. It's obvious when you think about it that all of those scenes follow necessarily from a given topic, but again you should be cautioned that an author could develop those scenes in such a way as to bring in a lot of new material or a lot of new expression. In that case you might have to make a distinction between stereotyped scenes that are unprotectable and more elaborate scenes that may be protected, at least in part.

LATMAN: Richard, don't you get the feeling sometimes, with that scene à faire approach, that it's sort of a hindsight thing—that when a court looks at two sets of incidents it says, "Oh, well, what could you have? You had to have something like that." I am thinking of a case that I know you are familiar with which deals with a prison camp during the War.²³ Once you have seen the first play, then of course, the action was "obligatory," but until the first one came along it may not have been so obvious.

DANNAY: I think that's true. In the case you are referring to it was alleged that the play "Stalag 17" and a proposal for a television series based on the play were infringed by the "Hogan's Heroes" television series. Certainly there was a large genre of POW-camp literature and films. The court didn't refer to the concept of *scenes à faire* in that case because that term hadn't yet come into vogue. But the substance of that concept was used, namely similarities that necessarily derived from use

²¹ *Alexander v. Haley*, 460 F. Supp. 40 (S.D.N.Y. 1978).

²² See *supra* note 15 and accompanying text.

²³ *Bevan v. CBS*, 329 F. Supp. 601 (S.D.N.Y. 1971).

of a POW camp as the same historical setting—the use of informers, for example, and various kinds of repression.

KARP: The authors didn't know they were dealing with scenes à faire.

DANNAY: I don't think the term had ever been used, but the authors had actually been incarcerated in a POW camp.

Material from "Common Sources"

KARP: Other categories of unprotectable material are materials traceable to common sources. There are the public domain sources, folk customs and then of course words, metaphors and limited modes of expression. Would you touch upon them, Richard?

DANNAY: It's long been said that copyright does not extend to individual short phrases or slogans or brief metaphors, sometimes called clichéd language. You can't remove from the language and protect under copyright certain phrases which obviously are the common property of everyone. A related principle involves certain phrases and certain expressions conveying an idea that can only be, or is usually, expressed in a limited number of stereotyped ways. One famous example was the case involving the rules of a contest.²⁴ You couldn't describe the contest in too many different ways and therefore much greater latitude was given to the defendant to borrow not just the idea but also the expression. I think in the *Hoehling* case that we have been talking about, the words "Heil Hitler" were given by the court as one example of a phrase that couldn't be appropriated exclusively by plaintiff, even though that phrase had been cited by plaintiff as one of the similarities. Obviously it was not only standard language but it was also a short phrase.

Fair Use

KARP: The doctrine that is frequently used not only as a defense but as a positive shield for a considerable use of other people's work without their permission, is "fair use" and Alan will discuss that.

LATMAN: Fair use is the doctrine that permits some reasonable use of someone else's work under circumstances that make it excusable and proper. It's what the lawyers call a rule of reason. You can think of it as an escape valve or a safety valve where, perhaps technically speaking and looking at it very coldly, enough has been taken to amount to an infringement under ordinary circumstances, but the circumstances are not ordinary. What kind of circumstances are we talking about? Take the traditional example of fair use: a critic's criticism of a work. One can

²⁴ *Morrissey v. Procter & Gamble Co.*, 262 F. Supp. 737 (D. Mass. 1967).

picture in the course of a criticism a large amount of the original matter being bodily taken; that is, quotations of some length in order to describe the author's style. That traditionally has been accepted as a proper use of material, as a "fair use."

An extension of that is the area which we touched on a few times today: the scholar who takes material that was already in existence and sets it out in some respectable length to discuss it, to criticize it and to advance learning. So in that scholarly context we find the possibility of fair use quite real. Another context might be called incidental use; where, for example, in writing a short story, the radio is on and words of a song are coming over the radio. The story might actually quote those words at some length in order to give the atmosphere. That kind of use has generally been treated as a non-infringing or a fair use.

KARP: Alan, music publishers like to say that you can't quote more than three lines without permission, more than three lines is not fair use. Does that really have a basis in law?

LATMAN: No, it doesn't. The only thing about the maxim is that the number always changes. You always have people asking "Isn't it true that 'X' lines or bars is excusable?" and the answer is that there is no rule of thumb, unfortunately. The same thing applies to literary material. I am sure you all have heard a different number that is permissible. No, there is no rule of thumb. The amount, when taken in conjunction with the other factors, has to be reasonable and if it is, it will be considered fair use.

The purpose of fair use is clear, although people debate what the actual origin of the doctrine is. The purpose, in my view, is to promote the progress of learning or science, which is the basic purpose of copyright, by encouraging people to create and in creating to build on the knowledge that came before, as long as they do so in what is considered a reasonable way.

I mentioned this was a judge-made rule, and it was in effect for about 125 years in this country. In the 1976 Copyright Act, however, it was codified. That is, it was spelled out in the statute that there is a privilege of fair use and the fair use of a copyrighted work is not an infringement of copyright. The statute gave some examples, which it said were not exhaustive, of the kinds of purposes for which a use might be fair.²⁵ These include some of the ones that I mentioned—criticism,

²⁵ Sec. 107 provides that "In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include—

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation to the

scholarship, etc. Other examples of the purposes are news reporting, teaching, commentary. . . .

Fair Use in Books and Plays

KARP: What about our problem, which is none of those? Can Louis Nizer, for example, quote from the letters of the Rosenbergs in his book, *The Implosion Conspiracy*; or can Random House and John Keats quote from a *Look* article about Howard Hughes? Does the fact that these are commercial works exclude them from the protection of fair use?

LATMAN: No, the fact that a book is commercial might be one factor. Putting it another way, if something were completely noncommercial, and particularly educational as well as non-commercial, that would weigh towards finding the use a "fair use." Even if you don't have those factors however, you can have a commercial use that may still be a fair use—provided that the other circumstances and criteria are proper. All of that actually is discussed in the legislative reports accompanying the 1976 Copyright Act.

KARP: We come now to the crux of our problem. How much protection is there for a non-fiction work: for a biography of Howard Hughes; a history of the Hindenburg disaster; a book on a recent notorious kidnapping?

"Rosemont" and Fair Use in Non-Fiction

To prevent Random House from publishing an unauthorized biography of Howard Hughes, one of his corporations purchased the copyrights in a series of *Look* magazine articles and then sued Random for infringement . . . because the biography used some material from the articles.²⁶ The maneuver itself was an "unfair" use of copyright that didn't sit well with the U.S. Court of Appeals, which rejected the claim of infringement on the ground that the borrowing of *Look* material was protected by "fair use." The amount taken, in verbatim quotation, paraphrasing and obliquely, was "insubstantial" and that could have been the sole basis for the decision. But the court stated, in emphatic language, the importance of allowing subsequent authors of history, biography and science to copy from the work of prior authors. Although that principle had long been established in the copyright law, the sweeping

copyrighted work as a whole; and

(4) the effect of the use upon the potential market for or value of the copyrighted work."

²⁶ *Rosemont Enterprises, Inc. v. Random House*, 366 F.2d 303 (2d Cir. 1966).

language gave the impression the court was somehow expanding the scope of the privilege.

The opinion also answered the question of whether an author's *research* is protected by copyright. That is: does the copyright in a book protect the time, labor and expense an author invests in doing research, conducting interviews and traveling to gather information . . . and the fruits of that effort. An earlier opinion by another Federal Court of Appeals had held that research was protected by copyright.²⁷ There, the plaintiff author, who could speak Danish, had interviewed people in Denmark and used translations of their conversations in her biography of Hans Christian Andersen. The defendant, who could not speak Danish, used some of this material in her book. The court, there, said this was not fair use; that while the defendant author could use the plaintiff's book as a guide to sources of information, the defendant had to go out and do her own research.

In the *Rosemont* case, the Second Circuit Court of Appeals said it couldn't "subscribe to the view that an author is *absolutely* precluded from saving time and effort by referring to and relying on prior published material." The court said "It is just such wasted effort that the proscription against the copyright of ideas and facts, and to a lesser extent the privilege of fair use, was designed to prevent." The court went on to say that the second historian or the second biographer can borrow, can rely on, the material in the first book but the second historian cannot "bodily appropriate the research" of his predecessor because fair use is based, as Alan said, on the concept of reasonableness. Extensive verbatim copying or paraphrasing of substantial amounts of material set down by the first author doesn't satisfy that standard.

This decision was very important, because in the Second Circuit and now in other Federal Circuit Courts, it has laid to rest the theory that research is protectable, and it has expanded the concept of how much can be copied. The *Rosemont* decision was followed by another Second Circuit opinion in *Hoehling v. Universal City Studios*,²⁸ which Jon will discuss.

Hoehling—History is not Copyrightable

BAUMGARTEN: The *Hoehling* opinion has a number of similarities to the *Rosemont* opinion. For our purposes, perhaps the principal one is that the court, as in *Rosemont*, probably could have decided the case fairly simply on conventional copyright principles, but instead went on to write

²⁷ *Toksvig v. Bruce Pub. Co.*, 181 F.2d 664 (7th Cir. 1950).

²⁸ See *supra* note 1.

upon a broader slate. Later, we will discuss the effect of that slate. In *Hoehling*, the author of a book on the Hindenburg disaster claimed infringement by a motion picture and another book about the event. The defendants' works certainly were similar in that they dealt with the terrible disaster in New Jersey and each postulated the cause of the disaster as sabotage. But from that point on they varied. They differed, for example, in their reasons for the act of sabotage: a love affair in one versus a hatred of technology in the other.

The court held there was no infringement for some rather conventional reasons. First, because the notion that the disaster was caused by sabotage was simply an historical interpretation—which is in the realm of “ideas” that cannot be protected. Second, because specific events that the plaintiff claimed were duplicated were nothing more than historical facts which, under cases prior to *Hoehling*, clearly were not copyrightable. And third, the court referred to the doctrine of scenes a faire, such as drinking episodes in a German beer hall. At that point, as I've indicated, many feel the opinion could have stopped. But the court didn't stop and the breadth of the subsequent language is something that Nancy will discuss.

Hoehling's Effect on Protection of Non-Fiction Works

WECHSLER: One thing that I think we should keep in mind in discussing the breadth of the language is that this was an opinion by three judges in the Second Circuit. It's conceivable that subsequent judges, even in the Second Circuit, will narrow it. But there is some very broad language. One of the things that is a little disturbing is that the Chief Judge starts the opinion with very broad language and gives a framework to the case as if he is quite deliberately setting out a philosophy he wants people to pay attention to. He says “The protection afforded the copyright holder has never extended to history, be it documented fact or explanatory hypothesis.” Well, that is a very, very broad statement which completely obscures the question of the extent to which the expression and arrangement are *part* of the interpretation of the facts. He went on to make a few other statements that have had some chilling effect on copyright, the copyright bar and authors, although he states it in terms of avoiding a chilling effect on authors contemplating books on historical subjects where he gives “a very broad latitude to subsequent authors who make use of historical subject matter.” He says that “the scope of copyright in historical accounts is narrow indeed, embracing no more than the author's original expression of particular facts and theories already in the public domain.” He states explicitly that “the order of presentation of facts and their selection is also not subject to copyright.” You put all

of that together and it is a little hard to see what a historian or a biographer can protect unless he has worked out some very special and unique organization which even this court might think was protectable.

KARP: What does he say is left by way of protection?

WECHSLER: He says that absolute literal copying is not permitted. Bodily appropriation of the expression of another is an infringement. Verbatim reproduction is infringement. Wholesale use of another's expression is infringement.

KARP: Let's now consider the *Miller* case. Then the panel will discuss what the impact of the three cases is. Alan, do you want to give us a summary of the *Miller* case?

Miller v. Universal—And the Protection of Non-Fiction Works

LATMAN: The *Miller* case came out of Florida where there was, you may recall, ten or fifteen years ago, a rather sensational kidnapping.²⁹ The daughter of a wealthy land developer was buried alive for four or five days and then was saved. She and a *Miami Herald* reporter wrote a book about it. Universal Pictures was interested in making a movie or a television movie about this incident and indeed tried to negotiate a deal for the movie rights to this book. There never was such a deal but a television movie was made by Universal about the incident. The *Miami Herald* writer, Mr. Miller, sued Universal. The jury was instructed by the judge that the *research* done by the *Miami Herald* writer was itself copyrightable, that *research* was copyrightable.

The court stressed that facts are not copyrightable, but did say that the research and work and sweat and toil in effect could be protected. The jury came out with a verdict for the plaintiff to the tune of \$200,000 and the judge was asked to set it aside. He refused to do so and he wrote an opinion which justified the position that research was copyrightable.

The case was appealed by Universal and, on July 23, 1981, the Fifth Circuit reversed the decision for the plaintiff, coming down foursquare in line with *Rosemont* and other cases that have been discussed, saying that research is not itself copyrightable and that it is necessary to so hold in order to make sure that the facts are not protected. In other words, the court said that if facts are not protectable, then the research to dig out those facts is not protectable.

The irony of the case is that the appellate court apparently thought there was enough copyrightable material taken to justify a decision for the plaintiff. But since this "research-is-copyrightable" instruction was such an essential part of the case, the court said that we think the jury

²⁹ *Miller v. Universal City Studios*, 650 F.2d 1365 (5th Cir. 1981).

may have been unduly influenced by this incorrect instruction and so we must reverse the case and throw out the verdict.

KARP: Well, there we are. We have decisions running back forty years or more saying that facts are not protectable, that ideas are not protectable, that theories are not protectable and allowing (in many cases) a considerable amount of copying. But what creates a mini-crisis in copyright in this area is the rather broad language of particularly the three federal opinions in which, as Nancy and Jon pointed out, the courts wrote with a very broad pen about the rules governing copyright infringement. Ironically, in each case the decision was probably correct and could have been reached with conventional verbiage rather than Judge Kaufmann's grandiose "history-is-not-copyrightable," a rather silly statement because no one ever claimed it was. Yet these are sweeping statements and I wondered what the panel thinks the result will be. Richard, do you think there really has been a change in copyright protection for non-fiction works?

The Effect of Rosemont/Hoehling/Miller

DANNAY: Leaving aside whether a close scholarship of all the cases would show any actual change in the rules, I think psychologically there has been a change. These are recent decisions. They are authoritative decisions. They are Federal Court of Appeals decisions. And therefore I think they have to carry a great deal of weight. Psychologically, it will be very difficult, in light of the language in these cases, for any plaintiff to succeed when the plaintiff's work is a work of history that recounts a great deal of factual material. I think the burden will be much greater. I should point out too, since we have also been talking about some older cases which could have been relied on as precedents, the case of *Gardner v. Nizer*,³⁰ where the statement was made that copying must be even *more* substantial to constitute infringement when historical works are involved. Now that was a district court case, decided before *Hoehling*. I forget the year, but that's analogous to what the Court of Appeals said, namely, that it's going to be very, very difficult to win when you are suing on a historical work.

KARP: Let's assume an author writes a book about a count in the fourteenth century. She describes the effects of the plague on the society and the culture of the fourteenth century and has done a tremendous amount of research. The book becomes a best seller. Then someone comes to you, Jon, and says "That's a great subject and I would like to write about it. I think I will just sit down with her book and do my best to vary the

³⁰ *Gardner v. Nizer*, 391 F. Supp. 940 (S.D.N.Y. 1975).

language and try to put it differently but I am not going to waste time going out and doing research, because the court in *Hoehling* says I have the right to build on the work of my predecessors and this seems like a nice simple way to do it." Would you advise that author to embark on that venture?

BAUMGARTEN: I think I would still counsel just as much independent research as is reasonable under the circumstances. One, because of traditional legal conservatism in advising clients; but two, because of something we discussed briefly earlier. There's a lot of language in these cases about "wholesale usurpation" of expression. But if you examine the earlier cases talking about "wholesale usurpation" you tend to conclude that, as Irwin said earlier, the courts first make up their minds as to what is proper, and then adopt a rationale for that conclusion. If a court is upset enough with what you did, if, for example, there are other research sources readily available and you didn't use them, it is possible it will find that your appropriation of a great many "facts" amount to a wholesale appropriation of "expression."

We *know* that this *can* happen because the rules in *Hoehling* and *Rosemont* have clearly not been followed in certain other situations involving directories and the like and, some hope, computer data bases. In the directory cases the courts have adopted a different rule. They appear to offer protection against the taking of even finite factual items. The reason is that the courts simply say it is unfair to permit duplication without independent research, the first author having spent so much time and effect compiling the directory. Apparently these directory cases are being treated as a unique category. But I think I would advise the client to take advantage of any independent resources available at least for purposes of corroboration.

WECHSLER: May I make a comment? I agree entirely with Jon that I would advise a client that way, but nevertheless I think Richard's point about the psychological effect of this should not be underestimated, if you are thinking in terms of markets for literary works, in motion picture or television. For instance, it seems to me, because of the old line of cases, there was always some question as to whether the author of a historical or biographical work could protect it against being used as the basis for a dramatization. I think now, however, the people who are prepared to use a biographical or historical work without trying to get rights from the author are going to be much bolder than they were before.

Wainwright Securities—More Protection for Non-Fiction

DANNAY: Irwin, could I just jump in here. At about the time these cases

had been decided there was still another case³¹ decided by the Federal Court of Appeals here, where the plaintiff's work was a series of financial reports, commenting in very great detail—after a great deal of effort and research and sophistication—on the financial condition of various companies. A financial newspaper came along and published what were really only digests or abstracts of those reports. The newspaper took a great deal of the language and was held to have *infringed* the plaintiff's works. I think the key reason was that the newspaper did nothing, really, other than to abstract the plaintiff's work. The court pointed out—this same court that we have been talking about—that the defendant's newspaper did not go out and do any independent research, did not go out and see whether they could add to or criticize any of the information in the plaintiff's reports. Instead, the defendant merely repeated almost the same language of the plaintiff's reports relying on the argument that it was financial news, therefore it's news, therefore we can republish it without infringing. So it isn't quite that simple, I guess. Cases can fall on either side.

KARP: Another reason for conservatism. Let's suppose that you don't have what Jon was concerned with, that is wholesale use of facts. Suppose it's not wholesale but let's suppose a respectable amount. You as the author and *we* as your counsel would have to be pretty confident that what we are talking about are facts and not expression. And as the panel said at the outset, the distinction between a fact and its expression very often is not easy to make. So you even have to worry about whether you are doing the borrowing that Judge Kaufman says you can—which is to take only the facts.

The Effect on Appropriation of Expression

BAUMGARTEN: Irwin, could I ask you one question? We tended to approach the *Hoehling* and *Miller* cases in terms of how much protection is left for the first author's research and facts. But isn't there another problem in the *Hoehling* opinion? We all assume that *Hoehling* leaves unchanged the traditional rule that if you take the first author's expression you are an infringer. But the test of infringement has never been one of "wholesale usurpation." It's always been one of "substantial taking" or at least not an insubstantial taking. Now the Second Circuit tells us that for a work of history the mark of infringement is a "wholesale usurpation". Is the Circuit telling us that historians have even less protection for their expression than a novelist or a playwright?

KARP: I think what they said, rather bumblingly, is what the court pre-

³¹ *Wainwright Securities v. Wall Street Transcript*, 558 F.2d 91 (2d Cir. 1977), *cert. denied* 434 U.S. 1014.

viously said in *Rosemont*: There's more protection under fair use for borrowing expression in historical and biographical works. I think both of these cases do say there is less protection.

Lack of Similarity in Concept and Feel

But I do think the outcome depends on how the courts see the total concept and feel of the two works. And I am impressed by the fact that in many of these cases, which I wish had never been brought, there wasn't that much similarity in concept and feel and the courts stressed that. I think one example, moving away from non-fiction, is the latest Superman case—*Warner Brothers v. ABC*³² where the court shifted away from earlier decisions protecting Superman and said there was no infringement because of its sense that the two works were not alike in concept or feel.

LATMAN: This was the case involving the new television series, "The Greatest American Hero." The court catalogs claimed similarities. It sounds pretty impressive. For example, both super heroes are shown performing feats of miraculous strength. Both wear tight acrobatic costumes. Both do battles with villains. Both fly with their arms extended in front of them and capes billowing behind. Both are impervious to bullets. Both have X-ray vision, etc. But, as to the conclusion of how similar they are, the court nevertheless says that they substantially differ from each other. The Superman character we know pretty well. The "Greatest American Hero" on the other hand, is a bumbling fellow who had these super-powers thrust upon him. He implements them in a rather bumbling way. At one point the court said that the Greatest American Hero character is the mirror image of Superman and the result of all that, according to the court, is that there is a lack of substantial similarity. All of those items that I reeled off (and I could have continued) are, I guess, in the words that we have been using, "ideas." The implementation of the ideas, according to the court, was different. The defendant had argued that, in any event, there was a parody involved and a parody is one of the classic examples of a possible candidate for fair use. The court said no, they didn't think parody was so much involved. They just thought that the two were different because all that was taken were ideas.

Precautions Against Infringement

KARP: Here is a list of hints that we have put together on the precautions

³² *Warner Brothers v. ABC*, 654 F.2d 204 (2d Cir. 1981).

a second author should take in doing research on a subject dealt with in a prior work. One, of course, is do as much independent research as possible. Don't research from just one book. I remain convinced that a work developed from a one-book research project is still going to be in serious trouble in an infringement suit. Use a variety of sources. Public domain sources, obviously, are preferable. They are not protected. Older works are fairer game than current competing works. Courts have stressed in some of the fair use cases that the plaintiff's work had been out of print for a long time. Don't paraphrase or quote when it can be avoided. I think it's important when you do use other people's material to give credit in footnotes or in an appendix and certainly do not appropriate expression.

Another problem is what happens when you want to get permission. If you seek permission as if you thought you required it, and then turn around and use the material and claim fair use—if you don't get permission—you may have more trouble then if you didn't request permission to begin with. When an attorney thinks an intended use is "fair" but the author wants to obtain permission, he may suggest that the request be couched in terms of "I think it's fair use, but as a matter of courtesy I would like your permission." At least, leave some sort of option open. Does anybody want to comment on these points?

LATMAN: I just wanted to add that over and above avoiding the verbatim or the wholesale copying, remember also that you can infringe by tracking, as we said earlier. I would just emphasize what Irwin said, that similarly you should try to stay away from a close tracking of the order and the sequence and arrangement of the materials.

II. PROTECTION OF CHARACTERS

KARP: We turn now to the unrelated but equally important subject of characters: important to authors who own them and those who want to use them. To what extent is a character protected by the copyright in the work? What is the scope of that protection? And what happens when the copyright expires? Does Sherlock Holmes go into the public domain when the first Arthur Conan Doyle story fell in or when the last one fell in? Or never? This is a question of considerable importance to the author who would now like to write a play or a novel using Sherlock Holmes. Let's start with Jon.

BAUMGARTEN: Copyright discussions of characters generally tend to center around so-called "literary characters," those expressed in words or word portraits rather than in visual form. The issue has assumed

great importance with the increasing commercial success and significance of sequels. Our courts have tended to struggle with two quite different rules. The first was developed in 1954 in the Ninth Circuit, in the so-called "Sam Spade" or "Maltese Falcon" case.³³ This was another example of our earlier discussion of cases where the court does not have to make broad statements, but does anyway. Here the court had already decided the case on the basis of contract, and yet for some reason felt that it should go on and talk about copyright. The court suggested that the only time copyright would protect the *character*, as a character and apart from the entire work, is where the character actually "constitutes the story being told." That is, where the character is the story, rather than merely a chessman or a vehicle in the telling of the story.

That test has been frequently criticized as being much too unrealistic to have any meaningful significance. It is probably not even the law in the Ninth Circuit today. It certainly is not the law in the Second Circuit and probably not in the First. These courts have adopted a different rule which is simply an application to characters of everything that we have discussed earlier today. That is the principle that if a character is sufficiently developed or sufficiently delineated to leave the realm of ideas and become expression, it is protected. This test was developed in a series of opinions by Learned Hand and it's worth quoting a portion of his opinion in the *Nichols* case. This was the "Abie's Irish Rose" case that was discussed earlier.³⁴ Judge Hand said:

"If *Twelfth Night* were copyrighted, it is quite possible that a second comer might so closely imitate Sir Toby Belch or Malvolio as to infringe, but it would not be enough that for one of his characters he cast a riotous knight who kept wassail to the discomfort of the household, or a vain and foppish steward who became amorous of his mistress. These would be no more than Shakespeare's 'ideas' in the play, as little capable of monopoly as Einstein's *Doctrine of Relativity*, or Darwin's *Origin of Species*. It follows that the less developed the characters the less they can be copyrighted; that is the penalty an author must bear for marking them too indistinctly."

KARP: We just had a decision involving "Hopalong Cassidy."

BAUMGARTEN: I was going to mention that because it involves the question of *when* a character is sufficiently developed to be protectable. We recently had two cases, one involving Hopalong Cassidy and one in-

³³ Warner Brothers v. CBS, 216 F.2d 945 (9th Cir. 1954).

³⁴ See *supra* note 5 and accompanying text.

volving Tarzan where—if you look solely at the opinions—you are not really quite sure why the courts felt the characters in issue to be sufficiently developed. In the *Hopalong Cassidy* case³⁵ all the court said was that the character was kind, gentle and sympathetic.

KARP: Well, that's good development.

BAUMGARTEN: In the Tarzan case³⁶ the court said: "Tarzan is the ape man. He is an individual close in tune with his jungle environment, able to communicate with animals yet able to express human emotions. He is athletic, innocent, youthful and gentle. . . ." and concludes by saying "Tarzan is Tarzan." If that is all that "sufficient delineation" means one would question it, but I think that many of us feel—and Richard was talking about this earlier—that you can't only look at the opinions because judges write opinions in conclusional terms. "Kind, gentle and sympathetic" is probably a shorthand statement for fairly substantial testimony showing more peculiar and particular individual character traits. But beyond those two cases we really don't have much idea as to what is sufficient delineation in the character area, except to say that in theory it should be the same as sufficient delineation in the area of plot sequence and development.

KARP: Let me interrupt for just a second. If any of you have written questions, will you pass them to the aisles and someone will collect them in the next couple of minutes. What happens if a character isn't sufficiently developed? I think you have actually answered this question with the Toby Belch example.

BAUMGARTEN: There have been suggestions that since an undeveloped character is not subject to copyright, perhaps it could be protected by state law. There is a preemption doctrine in the new Copyright Act which says that if something is a subject of copyright, state law cannot grant equivalent rights. So the argument can be made if a character is not sufficiently developed and therefore is not subject to copyright, state law can protect it. The answer is probably that this argument is not accurate. The House report suggests that if the reason something is not protected by copyright is because it doesn't meet a certain minimal level of authorship, a certain level of delineation and expression, the fact that it could have been subject to copyright if sufficiently developed doesn't mean that the states can protect it.

Perhaps another way of approaching the same result is to go back to the *Hoehling* case, the *Hindenburg* case, where the court talked again

³⁵ *Filmvideo Releasing Corp. v. Hastings*, 509 F. Supp. 60 (S.D.N.Y. 1981), *aff'd*, not yet reported (2d Cir. 1982).

³⁶ *Burroughs v. MGM*, 491 F. Supp. 1320 (S.D.N.Y. 1980), *aff'd*, 636 F.2d 1200 (1982). 519 F. Supp. 388 (S.D.N.Y. 1981), *aff'd*, not yet reported (2d Cir. 1982).

about preemption and said that the state courts couldn't protect facts any more than the federal courts could. The *Hoehling* court did not even speak to the preemption section of the Copyright Act. It simply said that Congress has deliberately chosen not to protect facts, for the policy reasons that we have discussed throughout this evening. Therefore you can't permit states to interfere with that policy. But contrast that with another case that we had recently, involving the cloning book.³⁷ Here the court suggested that states could protect ideas because they were not subject to copyright. But what about the *Hoehling* admonition that Congress didn't want to protect facts because it was in the public interest not to protect them. I think Congress didn't want to protect ideas for the same reason. The answer in the cloning case may be the way that the ideas were obtained. They were obtained from the plaintiff through fraud and misrepresentation, and I wonder if the *Hoehling* court would not have reached the same result if, instead of taking the facts from the plaintiff's published book, someone had pried open his study window one night, climbed in and obtained them by stealth. I am not sure that the Second Circuit would have given then the same answer it did in the *Hoehling* case.

Scope of Protection for Characters

KARP: Probably not. What about the scope of protection? Assuming the character is protected, as Superman and Tarzan are, by copyright, how far does that protection extend? We talked about it to some extent earlier. Richard, do you want to comment?

DANNAY: I agree with the general comment that characters are subject to [essentially] the same rules of copyright as literary and other works. As far as the scope or the extent of protection, I think that's also true. I think the same limitations would apply. In other words, the idea-expression rule applies. So does the rule allowing the copying of uncopyrightable elements of works. Substantial similarity is prohibited but copying short of that is not. Similarity alone, without substantial similarity, is not enough. The fair use doctrine applies. Fair use can come up in different contexts for characters. There's not just parody or satire but sometimes the use goes even further, resulting in tarnishment, or poking too much fun at the character to the point of disparagement. I think those elements can creep in, psychologically, to the decision so that some judges may resent the fact that the user, the copier, has just gone too far in denigrating the character.

There are other aspects too: I don't think you can always separate

³⁷ *Bromhall v. Rorvik*, 478 F. Supp. 361 (E.D. Pa. 1979).

the character from the plot or from the story in which the character appears. This becomes apparent when you look at some of the decisions. One of the earliest cases that did protect Superman was the case of *Detective Comics v. Bruns Publications*, going back to 1940, decided by the Second Circuit Court.³⁸ There the Superman character was protected against a character named Wonderman. Of course, there weren't any pictures reproduced in the court's opinion and so we don't know exactly what Wonderman looked like. But the court said that the only real difference between them was that Superman wears a blue uniform and Wonderman a red one. But then if you look at the actual results—the court's decree—the court said that we will enjoin the defendant from publishing any periodical or book or cartoon portraying any of the feats of strength or powers performed by Superman. In *National Comics v. Fawcett Publications*,³⁹ the same court interpreted that comment and narrowed it by saying that in the *Bruns* case, we limited the copyright to the specific exploits of Superman as each picture portrayed them. So that, in my mind, there is a great deal of uncertainty in the case law between protection of the character as such and protection of the character in relation to the events and the exploits that take place, whether in a cartoon or a story, and I don't think you can always distinguish between the two.

Of course the other great dividing line between characters lies between visual characters or cartoon characters, on the one hand, and literary characters, on the other hand. Just as the old adage goes, "that a picture is worth a thousand words," there's no question in the cases that have been decided that *visual* or graphic characters have received considerably more protection than literary characters, for the obvious reason that literary characters are more susceptible than visual characters to the defense that all that was taken is the idea.

The last thing that I will comment on: I don't think you can consider only copyright law in discussing characters. Characters consist of at least three key elements: First, there's the name, which may in many cases be the most important or valuable element of the character, and that's typically not protected by copyright at all because copyright doesn't protect individual names or words, as we've already seen. There's also the costume and physical appearance of the character. And, third, there is the persona, the personality and character traits, if you will. Each of those elements may receive a very different kind of protection, but in the preemption area, I think the courts could, if they saw fit, get around the copyright preemption doctrine by saying (and they have done this)

³⁸ *Detective Comics v. Bruns Publications*, 111 F.2d 432 (1940).

³⁹ *National Comics v. Fawcett Publications*, 191 F.2d 594 (2d Cir. 1951).

that what we really are protecting here are the name or other attributes of the character or the appearance of the character. This is being done on state or federal trademark principles or state or federal unfair competition principles, which would not necessarily be subject to the copyright preemption doctrine that Jon talked about before. In fact, there was one case in the last few years that was brought to protect the character "Plastic Man" against "Superstretch," a similar character.⁴⁰ The plaintiffs avoided making any copyright claim whatsoever. Instead, they brought it under a federal unfair competition statute (known to the lawyers here as Section 43(a) of the Lanham Act) and were successful in protecting certain aspects of the characters, such as names, physical appearance and costume. I am sure that was a very intentional decision not to get into the traps presented by the rules of copyright protection and to rely instead on federal and state unfair competition laws.

III. QUESTIONS FROM THE AUDIENCE

How Many Words is "Fair Use"

KARP: Thanks, Richard. Let's get to the questions. This one is addressed to Alan Latman: "If there is no rule of thumb, at what point must an author secure permission to quote scholarly material? We have been advising our authors they need permission when quoting over 300 words."

LATMAN: I don't think the practice of the questioner is subject to any great criticism. Obviously I cannot answer the question because of the premise. Indeed I stick to it; there is no rule of thumb and whether you seek permission would depend on the other circumstances as to whether it would be fair use, including the purpose for which you want to make the use, the possible competitive effect, and the like. That's one whole range of considerations in conjunction with the amount. And then, over and above that consideration, comes the tactical one that we have discussed before and that is—all of those factors might point *against* your needing permission but you might still want to get permission for business reasons, for ancillary reasons. I have to repeat if there is no rule of thumb, there is no rule of thumb.

KARP: We might be able to help to some extent. You had better not quote it in an advertisement because you would lose. You better not quote in a novel; if you use 300 words from a scholarly work in a novel I think you would be in more trouble. If you use 300 words from a very

⁴⁰ DC Comics, Inc. v. Filmation Associates, 486 F. Supp. 1273 (S.D.N.Y. 1980).

large scholarly work in another large scholarly work you are probably all right. But it's not the 300 words that count; it's all of the factors that Alan pointed out. In some instances the best answer is: you had better see a copyright lawyer because it is a question of feel and expert judgment. I don't mean that every time you use a few words from another work you have to do that, but where the circumstances are not that clear it would be helpful.

Why are Theories not Protected?

Another question? "Is not a theory an original sequence, ordering or arrangement of thought? Therefore, why is it not protected? Are there any exceptions? Was "The Naked Ape" which was a theory protected in any way?" Nancy? "Naked Ape" was a whole book. It was not a theory and the entire book was protected.

WECHSLER: It was a whole philosophy of anthropology. Right?

KARP: But the philosophy of it wasn't protected. It was the expression of it in the book. Theories are not protected. The courts have just said they are not.

WECHSLER: I understand that this questioner wants to know why they are not protected. I think the answer is because it would be much too limiting for the world of thought and culture if the first person who expressed an idea or theory could then prevent anyone else from discussing it or adopting it. It would be a very counter-productive state of affairs in the whole world of learning if that were the case.

LATMAN: Isn't "theory" by definition an "idea"? It may be a more elaborate idea, but I think it is still an idea.

Use of Lyrics as "Fair Use"

KARP: The next question. There are four lines from 'South Pacific', "Some enchanted evening you may be a stranger . . ." quoted at the end of a play as part of the final resolution. The character singing this version of the song is a lyricist singing it to her husband and composer. The characters are fictional. Is this fair use? For production purposes is permission necessary? Hammerstein is credited with the dialogue. No reference is made to Rodgers (laughter). But suppose it said Rodgers is credited and Hammerstein is not. Would that make any difference? Probably because of the lyrics, it's the lyrics, not the music actually.

LATMAN: I know the advice I would give and it's not just the conservatism that Jon talked about. When I talked about whether you would get permission, and there might be ancillary reasons, I had something like

this in mind. Proceeding to mount an entire production would, in my view, be a risky thing. Whereas to simply use material, as we are presenting material today, or in some newspaper article that is commenting on something else where you are not building a whole enterprise on it, one can be a little more bold in taking a chance that it would be held fair use. So that's why the bare legal question can't always give you the answer as to whether you should get permission.

KARP: There is also the other practical consideration that music publishers and composers are very zealous defending their rights and make litigation more likely than if you quoted four lines from a long poem by an obscure American author.

WECHSLER: Alan, would your answer be the same if it were a scene in a novel and no singing was involved?

LATMAN: No, because we do have some cases, three or four, that help us along those lines. I have to see the parts that Irwin didn't read and I am not going to sing them to you, although I threatened to Irwin that I would end up singing part of a case. It is a crucial part of the song and gets back to Richard's point about quality rather than quantity. It is a significant part of a copyrightable work, namely the song, and in answer to Nancy's question, it's being sung *with* the music, so I would think that this crosses the line and would probably be infringement. If it were in a novel, or, if it were more incidental and didn't have the music it would be closer to being fair use.

Q: Doesn't it also get into the possibility of the realm of grand use there?

KARP: Well, you could have a grand-use fair use, or a grand use infringement. It's still a question of proportion. But I think because, as Alan says, it's the same medium and it's for commercial purposes and it's building it right into the plot of the play, you would be in serious trouble if you did it without permission.

Cliches and Fair Use

Q: Next question, and there are some very good ones here, too. "If you don't know the source of a commonly used phrase such as 'it's always darkest before the dawn,' is this considered to be a cliché?" I don't know whether that's quite the definition of a cliché, but I guess the commonness of the phrase and the fact that it's been part of your vocabulary and everybody else's for a long period of time, indicates that it is in the public domain and since phrases are not copyrightable to begin with, I don't think there would be any problem in using it.

LATMAN: The answer is that if it's infringed often enough it becomes a cliché.

Protection of Research Notes

KARP: "Can research notes, as distinguished from published research, be better protected as trade secrets?" Very good. Nancy?

WECHSLER: I am not sure that I can answer that, Irwin. I had thought that trade secrets meant something which was secret by nature whereas here I think we are talking about something which is secret only in the sense that it has not yet been published—that it would be available presumably to any researcher who took the trouble to find it. I doubt if that would fall within the trade secret law, but I am not sure.

BAUMGARTEN: I think you could come up with a trade secret type theory to protect your confidential research notes, but I think the practical answer is that under the new law we don't have to make that selection—at least unless you think it's important enough to seek registration with the Copyright Office, at which point the effect of registration deposit on trade secrecy may come into play. But if you don't think registration is that important, copyright subsists in the secret material and you can really wait to make your election until it comes time to sue.

KARP: From a practical point of view, if you don't reveal the research it will be a secret. If you do reveal it, it cannot be a secret so you couldn't be protected under the trade secret doctrine.

LATMAN: I was just going to add that there is a case, I think, pending on appeal, in which the lower court held that a trade secret claim in some written materials that were copied was preempted by the Copyright Law. So in this hypothetical case, where the notes are in written form and the Copyright Law would apply to them, you would have to confront that theory.

KARP: Of course, if somebody stole the notes you would have a cause of action against them and you would probably end up collecting the damages you would have collected in an infringement action.

BAUMGARTEN: The case that Alan mentioned—different people read it in different ways. Some believe that the decision is not as dangerous as others believe since the court seemed to take pains to point out that the only thing complained of was copying. There was no allegation of breach of a confidential relationship, stealth, intrusion, or any of the other traditional elements of trade secret protection.

Protection of a Television Idea

KARP: "Suppose a writer has an original idea for a TV sit-com series. The presentation of the above includes a cast of characters, an outline for four or five episodes and one or two complete scripts for one-half hour segments. How can one protect this from a producer who might

reject the material from the first author and have another author do the writing?" Richard?

DANNAY: There again there are state law theories that are helpful.

KARP: What about a contract? If you make a contract with him before you show it to him?

DANNAY: If you make a contract with the producers before you show the work to them, that if they make any use of your work you are entitled to compensation, I think that would be enforced. The problem is that in the real world nobody is going to accept that. All the big networks, all the big movie companies are, in fact, going to make *you* sign a release or contract limiting their liability for just about everything if they do make a use, accidental or otherwise. So I don't think as a practical matter, when you are talking about the major producers, that a contract will work. I think that the only kind of a contract that will really work, perhaps, is an *implied* contract, where if you can somehow get the material considered under circumstances that suggest quite clearly that you are submitting it on a confidential basis, with the clear expectation that you would be compensated if it is used, and then if it is indeed used and if there's proof that they didn't independently create it or get it from another source, then perhaps you can state a valid claim for breach of an implied contract.

KARP: One of the biggest judgments ever obtained in New York was for the theft of a television idea just like this. What about infringement? This is all copyrighted now under the new law. How much protection is provided under the Copyright Act?

DANNAY: I think it's subject to the same rules we have been talking about. One of the problems here is that often there isn't that much development in the presentation of television ideas. Customarily the presentations tend to be ten or fifteen pages long—leaving aside any model scripts—and the development and elaboration are on a more simple or general level, thereby bringing into operation the idea-expression doctrine.

Q: Irwin, what about registration with the Writers Guild, for example?

KARP: Well, that doesn't protect anything, Garson. That just proves when you created it. That can't add to the protection either of the copyright law or some state law if that applies. It's a good idea to register because you create a record.

Protecting Names of Characters

Q: "Is the name of a character protected by copyright? Does that affect the 'Tarzan as Tarzan' conclusion?"

BAUMGARTEN: No.

KARP: "No" what? Which part of the question?

BAUMGARTEN: No, no. I just thought maybe we would give you just one direct answer and I gave you two. The name is not protected by copyright and it wouldn't affect the "Tarzan as Tarzan" conclusion.

LATMAN: As Richard said, the other theories, the theory of unfair competition or trademark, would protect the name of a well-known character.

KARP: Alan, suppose Sherlock Holmes goes into the public domain when the first story loses its copyright, its copyright expires? Now a distinguished playwright wants to write a Sherlock Holmes play. Clearly, I think, he is free to use the whole character but is he prohibited from calling the character Sherlock Holmes?

LATMAN: That is a much harder question and one that people are truly wondering about. The normal rule is that when something is in the public domain, you can use it and you can call it by its name. When you are using, let's say, the Sherlock Holmes character from the first novel, the name of that character was Sherlock Holmes and you are simply identifying that character quite accurately. But it is really (pardon the expression) a "law school-exam" question . . . and I see some of my students are still here. The question is whether the use of that name might not be likely to cause confusion with the original Sherlock Holmes stories and that people may think that this is created if not by Conan Doyle, then by somebody with the approval of the Conan Doyle estate. It's a very hard question to answer

Protection of a Plot

KARP: Question—"I stole a plot setup: Two roommates, one gets a visit from satanists who bump off other roommate. Survivor's romantic interest turns out to be another satanist. No dialogue copied. No developmental similarity other than that. The source was straight. My effect is part satire. Is this *scène-à-faire*, fair use or theft?"

DANNAY: All of the foregoing.

WECHSLER: I think so. Certainly theft. He said so, right?

KARP: But is it legal theft or illegal theft?

BAUMGARTEN: I don't think it's *scène à faire*, that's the easy one.

KARP: I think it's a plot and it's a question as to whether that's well enough developed to be protected and I'm not sure. I doubt it myself, but I don't want to give anybody advice on something that practical. If you want to steal it you had better go see your lawyer. (laughter). We can't risk telling you yes or no in that.

Question: "In a music review when quoting lines from a song performance reviewed, is it sufficient to credit the composer or is a copyright

notice necessary? If the copyright is held by a music company? Any precedents?" The question really is, if you are quoting from a song in a review must you give the copyright notice of the song?

WECHSLER: I don't think so.

BAUMGARTEN: I think it is customary to do so.

KARP: Customary to do so, safer to do so, that's for sure.

DANNAY: There was a possibly analogous case in the trademarks area, Irwin, I will mention just quickly, where a book was enjoined because it used the word "Scrabble" in the title but didn't indicate that it was a registered trademark. I don't know whether that same theory could be applied in the copyright area, however.

Control of the Copyright

KARP: The next question: "Does copyright remain with author in all cases of publication or must this be written into the contract?" Alan?

LATMAN: That's a good law school question. Under the current statute, unless the individual author is an employee for hire, the copyright remains with the author unless and until the author transfers it in writing.

Protection of Unregistered Works

KARP: "Is a work protected with equal force if it has not been officially copyrighted with proper forms and fee but has been copyrighted by the author under common law, if that is the right term?"

BAUMGARTEN: There is no longer a common law copyright. All works that are in some tangible form are subject to the federal copyright law. The question as to whether you register or not is separate. If you want to bring a lawsuit you will have to register your claim to copyright in order to get into court.

Q: I was going to say what about informal registration by mailing a copy of the work to himself . . .

BAUMGARTEN: That only shows the date of creation, really. Beyond that it doesn't help you much.

Protection of Documentary Films

KARP: "If I create a documentary film which assimilates facts and interviews about the party of interest, can this material be copied for a book or a feature film?" Well, let me throw out to my colleagues the Iowa State case in which ABC borrowed a few minutes from a documentary on wrestling. How did the court treat that?

BAUMGARTEN: As an infringement.

KARP: They allow very little verbatim copying from one film to another.
BAUMGARTEN: The court said that ABC could have used the facts of the wrestler's life but could not take portions of the film that Iowa State made.

KARP: But the material as such rather than the film itself is susceptible to copying just as with any other work.

DANNAY: I think it's worth noting in that case, too, that about 8% was taken, but that was considered to be, in effect, wholesale usurpation or bodily appropriation, as the term goes.

The Fair-Use Rule-of-Thumb Problem

KARP: "Though you said no rule of thumb on a number of words or percentage is possible, I am always asked for one. Can you set forth any kind of rule of thumb by which to advise those who must determine whether or not this is infringement?" There isn't. I think the answer is: the rule of thumb is there is no rule of thumb.

WECHSLER: No, but isn't it true, Irwin, that you should look at whether what you are doing could be said to be substantially affecting the value of what you are taking from, because if you think it might then you should certainly stop.

KARP: Yes, but I think what most people consider taking is not likely to substantially affect the value.

BAUMGARTEN: Wasn't it Joe McDonald who said that the real rule of thumb is the golden rule, "don't take from anybody any more than you would want them to take from you."

Registration—The Consequences

KARP: "Would you please discuss the following question. How well protected is an unregistered dramatic work, which I understand is technically copyrighted without registration?"

LATMAN: Well, it is protected. What has been discussed a few times is that some kind of voluntary registration would help make a record of the fact that it's protected. To enforce the rights in court and for other advantages you should register. But it is always protected. In other words, if you have it, somebody copies it, and you can prove those two facts, you register and sue.

KARP: But if you don't register within the statutory deadline you don't get certain remedies. You can't collect statutory damages, you can't collect attorney fees.

Q: "Have there been recent cases about infringement of ideas or expression in magazine articles?" I think the answer is that magazines

are no different than books. The same rules apply to both.

KARP: We must close this symposium. On behalf of the Authors League, I thank the panelists for a lively and informative discussion. I am very grateful to them for sharing their wisdom and expertise with the audience and with those who will read the transcript of this session.

697. SABOTAGING AND RECONSTRUCTING HISTORY: A COMMENT ON THE SCOPE OF COPYRIGHT PROTECTION IN WORKS OF HISTORY AFTER *HOEHLING V. UNIVERSAL CITY STUDIOS*

By JANE C. GINSBURG*

"Display your premisses, Lord Cardinal," said the Pope.

"They are simply historical facts, known to everyone."

"But the conclusions which may be drawn from historical facts, mainly depend upon the sequence or method of arrangement of said facts. Display yours, Lord Cardinal."

—F. Baron Corvo, *HADRIAN THE SEVENTH* (1904)**

The protection accorded the copyright holder has never extended to history, be it documented fact, or explanatory hypothesis. . . . The scope of copyright in historical accounts is narrow indeed, embracing no more than the author's original expression of particular facts and theories already in the public domain. . . . [T]here can be no copyright in the order of presentation of the facts, nor indeed, in their selection.

—*Hoehling v. University City Studios*, 618 F.2d 972, 974, 978 (2d Cir.), *cert. denied*, 449 U.S. 841 (1980)

In *Hoehling v. Universal City Studios*, the Second Circuit demoted historical writings¹ to the nether regions of copyrightable subject matter. The court's treatment of historical "expression" excised historical theories and fact-selections and arrangements, but failed to disclose what, if anything, more than the historian's particular writing style, qualified as "expression." The court coupled this drastic definitional surgery with a new standard of copyright infringement: a second author's work will be deemed an infringement only if it manifests a "wholesale usurpation" of the copyrightable remainder of the historian's work.²

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**Dover ed. 1969, p. 157.

¹ By "historical writings" and "works of history" this comment means the writings of historians, not old or ancient documents.

² 618 F.2d at 974, 980.

The *Hoehling* court's approach is fundamentally flawed for at least five reasons. First, the court distorted some of the precedent upon which it purported to rely. Second, the court ignored a good deal more precedent. Third, the court's novel augmentation of the "substantial similarity" test into a "wholesale usurpation"³ test is unwarranted and unnecessary to the court's goal of insuring broad reference to historical theories. Fourth, the *Hoehling* approach displaces the fair use test by, at the outset, eliminating from review many of the factors traditionally relevant to that test.⁴ This result was calculated: The court intended to provide an analytical model to facilitate granting summary judgment to defendants on claims alleging infringement of historical works, thus sparing district courts the factual inquiry at full trial which the fair use test requires.⁵ Finally, and most importantly, the court's view of historical "expression" is profoundly misguided.

This comment examines the *Hoehling* decision, and attempts a definition, in light of *Hoehling* and prior decisions, of historical "expression." A definition of historical expression is essential to analysis of an historian's infringement claim. Before the fact-finder determines whether a defendant's work is substantially similar to the historian's work, and if substantially similar, whether the fair use doctrine excuses the apparent infringement, the trial judge must first determine whether, as a matter of law, the portions the historian claims were infringed manifest copyrightable expression.⁶ If there is no or insufficient expression, the case

³ *Id.* at 974, 980; see also *id.* at 980 ("bodily appropriat[ion]"). Cf. *id.* at 977 ("Ordinarily, wrongful appropriation is shown by proving a 'substantial similarity' of copyrightable expression."—emphasis omitted). For a discussion of the formerly prevailing substantial similarity standard, see A. LATMAN, *THE COPYRIGHT LAW: HOWELL'S COPYRIGHT LAW REVISED AND THE 1976 COPYRIGHT ACT*, 165-66 (5th ed. 1979).

⁴ For example, the nature and purpose of defendant's appropriation; the substantiality of the taking (if it is less than "wholesale"); and the potential market effect on plaintiff's work. See 17 U.S.C. § 107 (1976).

⁵ 618 F.2d at 977.

Although the court expressed a belief that its ruling would "avoid a chilling effect on authors who contemplate tackling an historical issue or event," 618 F.2d at 978, *Hoehling* may produce the opposite result. See, *Authors League Symposium on Copyright: January 27, 1982—Protection of Non-Fiction Works and Literary/Dramatic Characters*, 29 J. COPR. SOC'Y. 611, 627 (1982) (suggesting *Hoehling* may discourage authors from undertaking historical works).

⁶ This two-tiered approach, which defers consideration of infringement until resolution of the legal issue of copyrightability, thus differs from the single, collapsed inquiry some commentators have advanced to analyze the protection accorded fact-based works. See A. LATMAN & R. GORMAN, *COPYRIGHT FOR THE EIGHTIES* 383-84 (1981). According to the latter view, an initial, and separate, determination of copyrightability is inappropriate. Rather, the ex-

closes at the summary judgment stage.

This comment argues that, as a matter of law, the components of historical works, that is, the historian's selection and arrangement of facts, narration, critical judgments, and theories, form an original work of authorship entitled to copyright protection. These elements all comprise the historian's "expression". For, much as a play comprises an accumulation of original plot and character detail based on an underlying—and unprotectible—rudimentary story line,⁷ an historical work comprehends a particular author's careful assembly of elaborated thoughts based on underlying facts.

This does not mean that every word in an historical work is subject to protection. For example, facts, divorced from the author's interpretation and peculiar manner of elaboration, are as free for reuse as is the play's undifferentiated plot. Similarly, pure chronological arrangement is too conventional to receive protection. But an historian's choice and exploitation of setting or elucidation of scenes is analogous to a playwright's development of dramatic structure. Thus, for example, to commence a history of World War I at the 1910 funeral of Edward VII, thereby capturing the old socio-political order, and highlighting the ominousness of German expansionism, demonstrates an evocation and an artistry warranting copyright protection.⁸

Nor does this comment contend that, for purposes of copyright analysis, there are no differences between history and fiction or other invented works. The difference commonly perceived to be dispositive, that the historian deals in facts and purports to render true accounts, may justify a broad fair use privilege in subsequent authors to borrow from historical works,⁹ but the distinction has little to do with the nature of the historian's expression.¹⁰ Historical facts are not so many spare

tent and fairness of defendant's taking would afford the sole guides. If defendant took too much, whether of nonfact-related expression, or of the work as a whole, defendant is an infringer. Similarly, if defendant added little or nothing of his own to what he took, defendant is an infringer, even if the material defendant took was essentially factual or fact-related.

⁷ See generally *Sheldon v. Metro-Goldwyn Pictures Corp.*, 81 F.2d 49 (2d Cir.), *cert. denied*, 298 U.S. 669 (1936); *Nichols v. Universal Pictures Corp.*, 45 F.2d 119 (2d Cir. 1930), *cert. denied*, 282 U.S. 902 (1931).

⁸ See B. TUCHMAN, *THE GUNS OF AUGUST* (1962).

⁹ See, e.g., *Rosemont Ent. Inc. v. Random House Inc.*, 366 F.2d 303 (2d Cir. 1966), *cert. denied*, 385 U.S. 1009 (1967).

¹⁰ Moreover, many historians would not place "truth" as the sole guide to their enterprise. See, e.g., B. Russell, *On History* (1904), *reprinted in*, B. RUSSELL, *PHILOSOPHICAL ESSAYS* 60, 61 (Touchstone ed. 1966) ("But if [facts] are, in so many ways superior to any deliberate history, what function remains to the historian? There is, to begin with, the business of selection. This would

parts marked for assembly into a predetermined package called historical truth.¹¹ An historian is no more a mechanic of the past than a portrait-painter is a jobber of actual noses, eyes and mouths.¹² "History has its foreground and its background, and it is principally in the management of its perspective that one artist differs from another."¹³ In history, as in other arts, the writer's particular perspective, as shown through his synthesis of the components of historical writing, is the hallmark of authorship, and the essence of expression.

I. The Hoehling Case

Plaintiff A. A. Hoehling, author of *Who Destroyed the Hindenburg?*, an historical account of the zeppelin disaster, appealed from a grant in favor of the author of an historical novel about the Hindenburg, and the producers of the movie *The Hindenburg*, of summary judgment on grounds of noncopyrightability.¹⁴ Mr. Hoehling alleged that the novel and the film took their portrayals of a sabotage-instigated disaster from

be admitted by all; for the materials are so vast, that it is impossible to present the whole of them. But it is not always realized that selection involves a standard of value among facts, and therefore implies that truth is not the sole aim in recording the past. For all facts are equally true; and selection among them is only possible by means of some other criterion than truth.").

By contrast, many writers of fiction would hold truth their primary aspiration. See, e.g., J. Conrad, *Author's Preface to Under Western Eyes* (1920), reprinted in JOSEPH CONRAD ON FICTION (W. Wright, ed.) at 202-03 (1964) ("In writing this novel I had no other object in view than to express imaginatively the general truth which underlies its action, together with my honest convictions as to the moral complexion of certain facts more or less known to the whole world. . . . [T]ruth alone is the justification of any fiction which makes the least claim to the quality of art or may hope to take its place in the culture of men and women of its time.").

¹¹ Cf. G. M. Trevelyan, *Clio, a Muse* (1913), reprinted in THE VARIETIES OF HISTORY 227, 232 (F. Stern, ed.) (Meridian ed. 1956), ("History is only in part a matter of 'fact.' Collect the 'facts' of the French Revolution! You must go down to Hell and up to Heaven to fetch them.").

¹² See T. B. Macaulay, *History* (1828), reprinted in THE VARIETIES OF HISTORY, *supra* note 11, at 72, 75 ("Some capricious and discontented artists have affected to consider portrait-painting as unworthy of a man of genius. Some critics have spoken in the same contemptuous manner of history. Johnson puts the case thus: The historian tells either what is false or what is true: in the former case he is no historian; in the latter case he has no opportunity for displaying his abilities: for truth is one; and all who tell the truth must tell it alike.").

¹³ *Id.* at 77.

¹⁴ The district court ruled that any copying and substantial similarity related only to noncopyrightable material. 618 F.2d at 977.

the book in which he propounded a sabotage theory, and that this appropriation constituted copyright infringement. According to Mr. Hoehling's book, a crew member set off the explosion by placing a homemade bomb in one of the zeppelin's gas cells. Desire to please his communist girlfriend allegedly motivated the crew member's action. The defendant novelist incorporated the sabotage theory, with credit to Mr. Hoehling, but claimed as the crew member's motive a distaste for new technology. The screenplay, which was based on the novel, also adopted the sabotage theory. On film, the crew member intends to destroy the airship in order to discredit the Nazi regime. He also has an anti-Nazi girlfriend. The crew member teams up with a Luftwaffe officer who had been dispatched to monitor the crew member, but who becomes convinced of the justice of his cause. At the last minute, the Luftwaffe officer has another change of heart, and attempts, unsuccessfully, to prevent the explosion. In addition to these diverse treatments of the sabotage theory, the general form and theme of the three works also differed. Mr. Hoehling's work was a somewhat journalistic account of the disaster and its investigation. The sabotage theory appeared in the book's concluding eleven pages. The novel was a parable about the conflict between nature and technology, and the film was a collection of plots and subplots in the "Grand Hotel" style.¹⁵

While these three works embraced in common the sabotage theory, and many facts concerning the Hindenburg's voyage and explosion, the similarities seem to have stopped there. The court could well have decided the case on the more conventional ground of lack of substantial similarity.¹⁶ Had Mr. Hoehling's book been a work of fiction, the result likely would have been the same, for the court might have held that once the authors accorded a common theme or basic story line different treatments, the first author could no more monopolize the sabotage idea than he could appropriate to his exclusive use a plot concerning squabbling in-laws of different ethnicity reconciled at the birth of a grandchild.¹⁷ Given the disparate developments the sabotage idea received, it should have been irrelevant whether Mr. Hoehling's work were fact or fiction.

On the other hand, since the issue of substantial similarity is factual, resolution of the case on this ground might well have required a trial.¹⁸

¹⁵ 618 F.2d at 975-76.

¹⁶ See *id.* at 980 ("In this case it is clear that all three authors relate the story of the Hindenburg differently.").

¹⁷ See *Nichols v. Universal Pictures*, *supra* note 7.

¹⁸ 618 F.2d at 978 (substantial similarity is a fact issue; trial judge's holding of noncopyrightability despite assumption of substantial similarity obviated factual inquiry). Trial is not required, however, where the case is so clear that

Instead, the court denominated the sabotage theory an unprotectible idea.¹⁹ Whether the second author took merely an idea or its protected expression, however, again demands a factual inquiry²⁰ which the district court did not undertake. Recognizing this impediment to affirmance of the district court's summary judgment ruling, the Second Circuit marshalled into service a fact/fiction distinction. It is appropriate to survey the division between idea and expression in works of fiction, the court stated. "But where, as here, the idea at issue is an interpretation of an historical event, our cases hold that such interpretations are not copy-rightable as a matter of law."²¹ Any similarities in the plots of historical works cannot suggest infringement "because of the 'public benefit in encouraging the development of historical and biographical works.'"²² Subsequent authors therefore must be granted "broad latitude" to reuse prior historians' plots and theories.²³ Moreover, the court declared, quoting an unreported Learned Hand decision, copyright protection cannot extend to the order of presentation and the selection of facts.²⁴

One should note that the court's policy statements have nothing to do with the nature of Mr. Hoehling's expression. Rather than examining the expression contained in Mr. Hoehling's interpretation, the court proclaimed the entire interpretation an idea, and therefore not copy-rightable. Moreover, although the court asserted the existence of case support for its equation of ideas and interpretations, it supplied no specific references. Instead, it summoned up from its oft-cited decision

a judge may appropriately conclude that no rational trier of fact could find the works substantially similar. *See, e.g.,* *Durham Indus. v. Tomy Corp.*, 630 F.2d 905, 917 (2d Cir. 1980) (upholding district court's ruling as a matter of law that no rational fact-finder court find the toys and games at issue substantially similar); *Fuld v. NBC*, 390 F. Supp. 866, 881 (S.D.N.Y. 1975) (awarding summary judgment to producers of a biographical movie which plaintiff claimed infringed his script because "every idea or bit of information common to both works received strikingly different treatment in the movie and the script."). *But see, Arnstein v. Porter*, 154 F.2d 464, 468-70 (2d Cir. 1946); *Werlin v. Reader's Digest, Inc.*, 528 F. Supp. 451, 459-60 (S.D.N.Y. 1981).

¹⁹ 618 F.2d at 978.

²⁰ *See, e.g.,* *Franklin Mint Corp. v. Nat. Wildlife Art Exch.*, 575 F.2d 62, 65 (3d Cir. 1978); *Sid & Marty Krofft Prods. v. Mac Donald's Corp.*, 562 F.2d 1157, 1165-66 (9th Cir. 1977); *Peter Pan Fabrics v. Martin Weiner Corp.*, 274 F.2d 487, 489 (2d Cir. 1960).

²¹ 618 F.2d at 978.

²² *Id.*, quoting *Rosemont*, *supra* note 9, 366 F.2d at 307.

²³ 618 F.2d at 978.

²⁴ *Id.*, quoting *Myers v. Mail & Express Co.*, 36 C.O. BULL. 478, 479 (S.D.N.Y. 1919) (unreported).

in *Rosemont Enterprises v. Random House*,²⁵ a different rationale for a different proposition.

In *Rosemont*, agents of Howard Hughes, seeking to suppress an unauthorized biography of him, acquired the copyrights in various articles about Howard Hughes which had appeared in *Look* magazine, and which the biographers had read and used in their work. Rosemont Enterprises then alleged copyright infringement of the *Look* articles. The district court granted a preliminary injunction on the grounds that the biographers relied excessively on the copyrighted materials, and that desire for commercial gain motivated their taking. The Second Circuit reversed and vacated the injunction. The Second Circuit did not, contrary to the implication in *Hoehling*, hold the *Look* accounts uncopyrightable in their presentation of the facts of Hughes' life.²⁶ Rather, the court carefully articulated a fair use rationale supporting the use made of the articles.²⁷ The "public benefit" the court perceived attached to the legitimate use of prior copyrighted materials in the preparation of a new work.²⁸ In addition, interpretations of the facts of Hughes' life were not at issue in *Rosemont*. Instead, the court was called upon to determine whether Hughes could employ the copyright laws as a sort of extramuscular privacy act to preclude access to the facts of his life.²⁹

The *Hoehling* court's reference to Judge Learned Hand's dictum in *Myers v. Mail & Express Co.* is similarly misleading.³⁰ The court omitted the sentence preceding Judge Hand's declaration of the noncopyrightability of fact selection and arrangement in historical works. Judge Hand first stated: "[S]ince the narration of history must proceed chronologically,—or at least, such is the convention,—the order in which the facts are reported must be the same in the case of a second supposed author."³¹ Thus, contrary to the impression *Hoehling* imparts, Judge Hand did not say that any and all selections and arrangements of historical facts were unprotectible. Rather, he indicated merely that conventional chronolog-

²⁵ See *supra*, note 9.

²⁶ In stating that "courts in passing upon particular claims of infringement must occasionally subordinate the copyright holder's interest in a maximum financial return to the public interest in the development of art, science and industry," 366 F.2d at 307, *quoting*, *Berlin v. E. C. Pubs.*, 329 F.2d 541, 544 (2d Cir. 1964), the *Rosemont* court indicated that the copyright holder in a biographical work has rights which may yield to a greater public interest, not that the copyright holder does not have rights at all.

²⁷ 366 F.2d at 306-10.

²⁸ *Id.* at 307.

²⁹ *Id.* at 309; see also *id.* at 311-13 (Lumbard, J., concurring).

³⁰ In fact, the plaintiff in *Myers* prevailed on the ground that the second work was a substantial paraphrase of the first.

³¹ 36 C.O. BULL. at 479.

ical organization was not subject to copyright.³²

The *Hoehling* court did, however, waver somewhat in its enthusiasm for the summary judgment device. It noted that a court factoring out all the uncopyrightable elements of plaintiff's historical work

"runs the risk of overlooking wholesale usurpation of a prior author's expression. . . . Thus, in granting or reviewing the grant of summary judgment for defendants, courts should assure themselves that the works before them are not virtually identical."³³

Presumably, if the works are virtually identical, defendant will not, or should not, prevail on a motion for summary judgment addressed to copyrightability. This is a confusing qualification. Although the court apparently intended to provide plaintiff-historians some small insurance against automatic grants of summary judgment for defendants, it afforded no guidance to determining what the term "virtually identical" comprehends. If "virtually identical" is a synonym for "wholesale appropriation of expression," the equation is not helpful, for the court failed to define what, if anything, beyond the author's language constitutes the historian's expression. Application of the "virtually identical" standard thus becomes something of a guessing-game.

The court cited its decision in *Wainwright Securities, Inc. v. Wall Street Transcript, Inc.*³⁴ as authority for the proscription of verbatim copying of nonfiction works.³⁵ In *Wainwright*, defendant condensed and paraphrased plaintiff's business analyses, and alleged a permissible use of the prior material on the ground that it had appropriated unprotectible facts. The district court rejected this claim, and the Second Circuit affirmed. While facts are uncopyrightable, the manner of the facts' expression, the author's analysis and interpretation, the author's arrangement of the material and marshalling of facts, the word choice, and the emphasis given particular events are all copyrightable, the Second Circuit

³² Similarly, *Oxford Book Co. v. College Entrance Book Co.*, 98 F.2d 688 (2d Cir. 1938), cited in *Hoehling* at 618 F.2d at 978, denied protection to conventional arrangements of facts in an American history primer.

Ironically, *Myers v. Mail & Express Co.* suggested a more appropriate ground for disposition of Mr. Hoehling's claim. Judge Hand also remarked, "the copyright covers not only the actual sequence of words used, but any equivalent expression which gives substantially the same impression to the mind as the author's words." 36 C.O. BULL. at 480. It may well be that the three works' expression of the sabotage theory did not give substantially the same impression to the readers' or the viewers' minds. See 618 F.2d at 980.

³³ 618 F.2d at 979-80.

³⁴ 558 F.2d 91 (2d Cir. 1977), cert. denied 434 U.S. 1013 (1978).

³⁵ 618 F.2d at 980.

held.³⁶ Thus, a second author may simply use a copyrighted work's general theme, or he may re-recount events, but he may not appropriate the "particular expression through similarities of treatment, details, scenes, events, and characterization."³⁷ Clearly, the Second Circuit in *Wainwright* went well beyond forbidding verbatim copying of nonfiction works. Indeed, its assessment of copyrightable expression in such works seems directly at odds with *Hoehling*.

Similarly misplaced is the *Hoehling* court's reliance on *Rosemont* as support for the statement "In works devoted to historical subjects, it is our view that a second author may make significant use of a prior work, so long as he does not bodily appropriate the expression of another."³⁸ In *Rosemont*, the Second Circuit said nothing about bodily appropriation of expression. Rather, at the page cited in *Hoehling*, the *Rosemont* court declared, "the second historian . . . cannot bodily appropriate the *research* of his predecessor."³⁹ On the same page, the Second Circuit in *Rosemont* also reaffirmed its prior position that a second author may not "adopt as his own the prior author's 'analysis, organization of material, phrasing and citations.'"⁴⁰

A district court seeking to determine the extent of "usurpation" of an historian's "expression" thus confronts a dilemma. Do the Second

³⁶ 558 F.2d at 95-96; *see also* *Encyclopedia Britannica v. Crooks*, No. 77-506C (W.D.N.Y. June 21, 1982) slip op. at 54 (distinguishing factual information from the manner of its expression, and adopting *Wainwright's* definition of expression); *Werlin v. Reader's Digest Inc.*, 528 F. Supp. 451, 461-62 (S.D.N.Y. 1981) ("The federal copyright laws do not protect either the event or the author's idea to write about the event; they afford protection only to the author's manner of expression, that is, the author's analysis or interpretation of events, the way he or she structures the material and marshals facts, the author's choice of words, and the emphasis the author gives to particular developments.").

³⁷ 558 F.2d at 96, *quoting* *Reyher v. Children's Television Workshop, Inc.*, 553 F.2d 87, 91 (2d Cir.), *cert. denied*, 429 U.S. 980 (1976). One should note that although *Wainwright* concerned nonfiction works, its definition of "particular expression" derived from a decision addressing the protection accorded works of fiction.

³⁸ 618 F.2d at 980, *citing*, *Rosemont*, *supra* note 9, 366 F.2d at 310.

³⁹ 366 F.2d at 310, *quoting* *Huie v. NBC*, 184 F. Supp. 189, 200 (S.D.N.Y. 1960) (emphasis added).

As examination of *Rosemont* reveals, there is no foundation in precedent for *Hoehling's* upward shift of the infringement standard from substantial similarity to bodily appropriation or wholesale usurpation. Moreover, if historical theories and fact arrangements are themselves unprotectible, there is no need for a more generous standard governing how much of the historian's remaining expression may be taken.

⁴⁰ 366 F.2d at 310, *quoting* *Orgel v. Clark, Boardman Co.*, 301 F.2d 119, 120 (2d Cir.), *cert. denied*, 371 U.S. 817 (1962).

Circuit's references in *Hoehling* to its apparently contrary decisions in *Wainwright* and *Rosemont* in effect reintegrate analysis, interpretation, and arrangement of historical facts into the definition of "expression," or does the *Hoehling* court's earlier, and unsupported, elimination of analysis and arrangement settle the boundaries of historical expression? If the latter is so, it would seem that the Second Circuit has now delineated fairly generous contours of "expression" for stock market reports and biographies, but much more miserly ones for historical works generally.

The *Hoehling* court's exhortation to district judges to "assure themselves that the works before them are not virtually identical" presents further incongruities. If the second author has produced a paraphrase so closely modelled after a prior work that its fact selection, organization and pattern of presentation all reappear in the second work, the two works are likely to seem virtually identical. Nonetheless, if the first author's words are not copied, and, instead, the blatant similarity results from wholesale usurpation of fact selection and arrangement—elements the Second Circuit initially denominated noncopyrightable—the first author should have no claim. "Virtually identical," under this reading of *Hoehling*, reduces to writing style. More likely, however, the *Hoehling* court did intend to allow plaintiff-historians to survive the summary judgment stage if the second author's emulation were sufficiently glaring. But if the court had that intention, then at least in some instances the appropriation of fact selections and arrangements must be remediable. Thus, this more likely reading indicates an irreconcilable conflict between the holding that fact selections and arrangements are unprotected, and the "virtually identical" caveat or afterthought. Perhaps the *Hoehling* court meant to imply that fact selections and arrangements are not copyrightable *unless* defendant's appropriation of these elements is immoderate. But if that is what the court had in mind, then, of course, fact selections and arrangements cannot be uncopyrightable *as a matter of law*.

The *Hoehling* decision, in sum, presents a broad declaration, conflicting with prior decisions cited in the opinion, that historical analysis, interpretation, and fact selection and arrangement are not subject to copyright protection. But its hedges and definitional avoidance leave district courts with an uncertain standard that resists practical application.⁴¹ In the wake of *Hoehling*'s failure to articulate the nature of historical "expression," review and elucidation of the elements of that expression seem particularly warranted.

⁴¹ For an attempt to apply the *Hoehling* approach to a hypothetical case, see *infra* note 72.

II. *The Elements of Historical Expression*

A. *Historical Facts and Historical Theories*

A claim to copyright in facts, as such, would immediately attract the following response: Facts are not copyrightable because they are not "original"; that is, they do not "originate with," or derive from the author's inspiration. Facts are truths, the explanation would continue, they merely exist. They may be uncovered, but they cannot be created.⁴² Some would extend the explanation to encompass theories as well as

⁴² See generally *Miller v. Universal City Studios, Inc.*, 650 F.2d 1365, 1368-69 (5th Cir. 1981); 1 M. NIMMER, COPYRIGHT § 2.11[A] (1981).

The Copyright Act, 17 U.S.C. § 102(a) provides that "copyright protection subsists . . . in original works of authorship. . . ." Although the copyright clause of the Constitution, U.S. Const. Art. I § 8, Cl. 8, does not mention originality, its reference to "Authors" has been understood to comprehend a requirement of originality. See *Burrow-Giles Lithographic Co. v. Sarony*, 111 U.S. 53, 57-58 (1884) ("An author . . . is 'he to whom anything owes its origin. . . .'").

This comment does not dispute that bare facts, divorced from the author's treatment, are not copyrightable.

A similar claim of nonoriginality is sometimes advanced to deny copyright protection to statements made by others to the author, and incorporated in an historical, biographical, or other fact-based work. See, e.g., *Suid v. Newsweek Mag.*, 503 F. Supp. 146 (D.D.C. 1980) (noncopyrightability of interview statements incorporated in plaintiff's biography of John Wayne suggested as a ground for a holding in defendant's favor; the court held that defendant's minimal appropriation of these quotations was a fair use); *Rokeach v. Avco Embassy Pictures, Inc.*, 197 USPQ 155 (S.D.N.Y. 1978) (quotations taken from interviews incorporated in plaintiff's psychological study; same). A sounder view prevailed in *Harris v. Miller*, 50 USPQ 306, 307-08 (S.D.N.Y. 1941), in which the court sustained an infringement claim against defendants who had built their play around statements made by Oscar Wilde to Frank Harris, which Harris incorporated in his biography of Wilde. The court rejected defendants' contention that they had merely taken noncopyrightable historical conversations. The conversations, the court held, were not merely a stenographic transcription, but a "reconstruction" denoting "authorship, literary quality and style, apart from any recital of facts." Thus, the enterprise of recasting, assembling, and arranging another's words constitutes original authorship sufficient to warrant copyright protection. The court further held that Harris' participation in his dialogue with Wilde, and the resulting solicitation of statements from Wilde, invested Wilde's words with some originality in Harris, for "certainly Harris' part in the conversations would be original and would have contributed to the creation of Wilde's part." This further statement thus recognizes that, in effect, Wilde would not have offered his specific remarks, but for Harris' prompting. Arguably, then, originality in interview statements is a matter of shared, or joint, authorship, suggesting presence of a protectible copyright interest in both participants.

facts. The argument runs this way: Theories, like facts, are not copy-rightable. Theories are simply restatements of fact. They propound factual assertions, or assimilate facts.⁴³ Theories express perceived truths. Since no one may monopolize the truth, even for limited times, theories must belong to the public domain.

This argument rests on what one may call the Platonic fact precept.⁴⁴ According to this precept, facts and theories "are." They may be suspended in the ether, or lurking in the cave, but they are "there"—true, unchangeable, and awaiting discovery by the perceptive or the blessed. Historians, then, may be more perfect human beings, and may even be the instruments of divine revelation, but they cannot be the authors of original writings, for every proposition they advance reflects an attempt to identify a preexisting truth in whose content they may claim no rights.⁴⁵

In fact, however, while historical works indeed endeavor to set forth and explain past issues and events, the most any historian can do is portray the past through his present understanding.⁴⁶ As the discipline of historiography instructs, an historical work may reveal more about the historian and his period than about the subject the historian described.⁴⁷ Each historian may view a subject differently, and may devise different explanations for the same occurrence. The explanation, however intended to reveal the truth, in fact reveals the author's perceptions and inclinations. If an historical "truth" in the Platonic sense exists, it can never be discovered, because the same diversity of understanding, approach, and predilection which makes every personality unique precludes a unity of historical interpretation.⁴⁸

⁴³ Nimmer, *supra* note 42, at § 2.11[A] n.7.1. (The *Hoehling* court, however, deemed theories uncopyrightable regardless of originality. See 618 F.2d at 979.)

⁴⁴ Although Plato does not advance this precept, it is generally consistent with the metaphysical theories expressed in Republic Bk. VIII. Cf. J. RAWLS, A THEORY OF JUSTICE, 246 n.20 (1971).

⁴⁵ Ironically, this precept resembles the long since abandoned, and equally Platonic notion that the law is not made, but discovered. See e.g., M. HORWITZ, THE TRANSFORMATION OF AMERICAN LAW: 1780-1860 at 7-8 (1977).

⁴⁶ Or prejudices. See, e.g., H. FOCILLON, THE YEAR 1000, 9-22 (1969 ed.) (thesis that Germans had nothing to do with the development of medieval civilization propounded by Frenchman in 1944).

⁴⁷ See, e.g., J. BURCKHARDT, ON HISTORY AND HISTORIANS, xi (Harper Torchbooks ed. 1965) ("History is the record of what one age finds worthy of note in another."); W. K. FERGUSON, THE RENAISSANCE IN HISTORICAL PERSPECTIVE (1948).

⁴⁸ Cf. Goldman, *Observations on Copyright and Ideas*, 44 N.Y.U. L. REV. 574, 575 (1969) ("The individuality of each author will move him uniquely in the way he sees and combines the elements of the common material, in his choice and

Once the central fallacy of the Platonic fact precept is apparent, it should be equally clear that historical theories may be "original." By their nature, they derive from and reflect the author's personality and inspiration. For the same reasons, an historical narration, even one which seems simply to recount a string of events, may also be "original". An historical account is not a directory listing of every known event in a given time.⁴⁹ Rather, it embodies the historian's selection, from a mass of data, of facts which the author deems salient, and arrangement of these facts in a manner which supports the vision of the past the author

progression of incidents and details to develop the main themes, in his imagery, his vocabulary, and in the whole spectrum of 'style'."); T. Carlyle, *Goethe* in CRITICAL AND MISCELLANEOUS ESSAYS 272 (London 1839) ("[I]n every man's writings the character of the writer must lie recorded.").

While these statements present the modern view of individuality, a more uniform and static view of the human personality and its impact on authorship once prevailed. Dr. Johnson, for example, propounded the theory that the essential and perpetual identity of human sentiment and passion dictated close similarities in authors' treatments of any given subject:

The allegation of resemblance between authors, is indisputably true; but the charge of plagiarism, which is raised upon it, is not to be allowed with equal readiness. A coincidence of sentiment may easily happen without any communication, since there are many occasions in which all reasonable men will nearly think alike. Writers of all ages have had the same sentiments, because they have in all ages had the same objects of speculation; the interests and passions, the virtues and vices of mankind have been diversified in different times, only by unessential and casual varieties; and we must, therefore, expect in the words of all those who attempt to describe them, such a likeness as we find in the pictures of the same person drawn in different periods of life.

S. Johnson, in *THE TRAVELLER*, No. 95 (Oct. 2, 1753), *quoted in* *Lewys v. O'Neill*, 49 F. Supp. 603, 606-07 (S.D.N.Y. 1931) (Woolsey, J.). Although these concepts of authorship and of human immutability had been abandoned by the early nineteenth century, *see, e.g.*, Macaulay, *supra* note 12; K. J. WEINTRAUB, *THE VALUE OF THE INDIVIDUAL: SELF AND CIRCUMSTANCE IN AUTOBIOGRAPHY*, 336-76 (1978), some twentieth-century courts' approach to historical expression may remain mired in notions similar to Dr. Johnson's. *See, e.g.*, *Carruthers v. RKO Radio Pictures Corp.*, 20 F. Supp. 906, 907 (S.D.N.Y. 1937) (Woolsey, J.) ("As courts have repeatedly said, ideas as such are not copyrightable. This is also true of the supposed facts of history which necessarily must be dealt with in a similar manner by all historians.").

⁴⁹ Some of the decisions, however, lead to the anomalous conclusion that the more a history book is like a directory, the more protection its exposition of facts may receive. *See, e.g.*, *Huie v. NBC*, 184 F. Supp. 198 (S.D.N.Y. 1960); *compare* *College Entrance Book Co. v. Amsco Book Co.*, 119 F.2d 874 (2d Cir. 1941) *with* *Oxford Book Co. v. College Entrance Book Co.*, 98 F.2d 688 (2d Cir. 1938); *see generally* Denicola, *Copyright in Collections of Facts: A Theory for the Protection of Nonfiction Literary Works*, 81 COLUM. L. REV. 516 (1981).

wishes to portray. The author's judgment of which facts are relevant, and the way in which he fits the facts together form a work which is not "history" in the Platonic sense, but which unfolds the particular author's *view* of history.⁵⁰ Therefore, historical theories and narrations satisfy the threshold copyright requirement of originality.

The Platonic fact precept presents another problem. As discussed above, different historians' factual presentations and conclusions will differ. Moreover, two historians reviewing the same event may devise completely contradictory interpretations of the event. At least one of these interpretations must be false. While society has an interest in absolute freedom of access to the truth, what interest has it in the false?⁵¹ One might respond that society has an interest in maximum access to both interpretations so that it may work from them toward the truth.

⁵⁰ See, e.g., H. J. MULLER, *THE USES OF THE PAST*, 43-44 (1952) (Mentor ed.) ("The most objective history conceivable is still a selection and an interpretation, necessarily governed by some special interests and based on some particular beliefs. . . . The important meanings of history are not simply there, waiting to be discovered.").

⁵¹ Indeed, consistent application of the Platonic fact precept should lead to the conclusion that mistaken historians have rights in their work which more accurate historians cannot claim. Suppose subsequent scholarship conclusively discredits one (or both) of the two conflicting interpretations. That interpretation has now been proved false. Its originality is thus confirmed. Since we know that interpretation is as original as any other work of fiction, and we no longer need worry that the author may be arrogating truth to himself, application of the Platonic fact precept should mean that copyright protection coextensive with that accorded wholly creative works now devolves upon the author of the false interpretation.

In fact, however, courts subscribing to the first part of the Platonic fact precept—that facts and theories, as "true", cannot be created, and thus cannot give rise to rights in the author—do not accept the corollary that copyright protection should extend to false facts and theories. Rather, the decisions assert that an author falsely representing a fact as true is estopped from claiming its invention. The public is entitled to make free use of fictitious propositions every bit as much as it may avail itself of truthful statements. See, e.g., *Oxford Book*, *supra* note 49; *Davies v. Bowes*, 209 Fed. 53 (S.D.N.Y. 1913), *aff'd*, 219 F. 178 (2d Cir. 1914); *Huie v. N.B.C.*, *supra* note 49; *Oliver v. St. Germain Foundation*, 41 F. Supp. 296 (S.D. Cal. 1941). *But see*, *Belcher v. Tarbox*, 486 F.2d 1087, 1088 (9th Cir. 1973) (allegedly fraudulent horse race handicapping publications held copyrightable; "There is nothing in the Copyright Act to suggest that courts are to pass upon the truth or falsity, the soundness or unsoundness, of the views embodied in a copyrighted work."); *De Acosta v. Brown*, 146 F.2d 408 (2d Cir. 1944), *cert. denied sum nom.* *Hearst Mags. v. De Acosta*, 325 U.S. 862 (1945) (since it is a convention of Hollywood writing to invent romances, addition of a fabricated love-interest in account of Clara Barton's apparently sexless life does not preclude protection for the author's invented episodes).

This is a good argument, but it has nothing to do with originality. Rather, it implicitly concedes the original authorship of the competing interpretations, but contends that they should be freely available to the intellectual marketplace as building blocks to discovery of the truth. The argument thus essentially advances fair use notions. A society aspiring to knowledge of the truth needs access to these interpretations so as to devise new and more accurate interpretations, or in order to verify which one, if either, is true. Subsequent authors should therefore be free to examine, build on, support, or reject these interpretations in their own independent work. This does not mean that subsequent authors should be free to make any use of the interpretations. A second author who simply repeats, or makes a colorable alteration of a prior author's interpretation, without contributing anything new, has done nothing more for the progress of knowledge than has the first propounder. There is therefore little social interest in completely unrestricted access to copying of historical interpretations, be they true or false.⁵²

B. Historical Narration: Selection and Organization

• Originality, standing alone, however, is not sufficient to confer copyright protection upon an historical interpretation. The interpretation, to the extent that it constitutes a conclusion, may be excluded from protection as a mere idea or concept.⁵³ An interpretation which advances both a conclusion and its elaboration, however, should be protectible. In this respect, copyright analysis should be no different for historical interpretations than for works of fiction. A bare plot or character idea is too vague or slim to warrant protection, but an elaborated plot or character demonstrating accumulation and organization of detail beyond the "abstract" representation of the idea does merit copyright coverage.⁵⁴ The "abstractions test," which distills the underlying idea and then examines how the author evokes the idea, serves to identify copyrightable

⁵² One might argue that one who disseminates another's elaborated interpretation in a medium or publication receiving wider public notice than the first expression received is performing a public service. The same contention may be made of a newspaper which, without authorization, reprints a poem published in a small-circulation literary journal. *Cf. Post Pub. Co. v. Monroe*, 73 F. 196, 14 C.O. BULL. 2100 (2d Cir.), *appeal dismissed*, 164 U.S. 105 (1896). In the latter instance, the argument is unavailing. There is no reason it should be more persuasive in the former.

⁵³ 17 U.S.C. § 102 (b) (1976) excludes ideas and concepts from copyright protection.

⁵⁴ See generally *Nichols v. Universal Pictures*, *supra* note 7; *Sheldon v. Metro-Goldwyn Pictures*, *supra* note 7, 81 F.2d at 55 ("Surely the sequence of these details is pro tanto the very web of the author's dramatic expression.").

expression in works both fanciful and factual.⁵⁵ In effect, the amassing of discrete ideas can render their collective and synthesized presentation copyrightable. Just as it is improper to strip a fictional work to its discrete ideas and to ignore the manner in which the ideas are assembled and elaborated, so is it misconceived to flay an historical work to its bare facts and ideas.⁵⁶ Rather, courts should examine the way in which the historian has presented the facts and ideas.

The elaboration of an historical conclusion, or the synthesis and interpretation of facts leading to the conclusion are historical arguments. The arguments unfold the historian's personal perspective on the events. They also reveal the historian's system or manner of portraying facts and ideas. The organization of historical material is integral to the historian's arguments. Many decisions assert that an author's manner of presenting otherwise public domain material is protectible. As early as 1845, in *Emerson v. Davies*,⁵⁷ Justice Story held an arithmetic primer infringed in its "plan, arrangement and combination of materials," and in its "method of illustration in the aggregate."⁵⁸ Justice Story observed that these elements denote the components of authorship, not only of arithmetic primers, but of any work incorporating public domain materials.

"What are all modern law books but new combinations of old materials, in which the skill and judgment of the author in the

⁵⁵ Cf. *Atari v. North American Phillips Consumer Electronics Corp.*, 672 F.2d 607, 615-18 (7th Cir. 1982), *cert. petition filed*, 81 No. 81-2237 (June 1, 1982) (distillation technique of abstractions test applied to discern copyrightable expression in videogames).

Thus, some courts' concern that copyright protection of a particular historical account would result in a monopoly of the topic is unwarranted. See, e.g., *Echevarria v. Warner Bros. Pictures Inc.*, 12 F. Supp. 632, 638 (S.D. Cal. 1935) (copyright in a novel about Generals Grant and Lee cannot confer an exclusive right to fictionalize the Civil War); Opinion of the Special Master in *Eisenschiml v. Fawcett Pubs.*, No. 53 C 1912 (N.D. Ill. 1956), *quoted in* *Greenbie v. Noble*, 151 F. Supp. 45, 66 (S.D.N.Y. 1957) (no historian may advance a proprietary interest in an historical period). The underlying topic or period is the ultimate "abstraction", in which the author may claim no rights.

⁵⁶ Cf. *Chicago Record-Herald Co. v. Tribune Ass'n*, 275 Fed. 797, 19 C.O. Bull. 40, 43 (7th Cir. 1921) ("But if the whole [of plaintiff's news article] were considered as stating news or facts, yet the arrangement and manner of statement plainly discloses a distinct literary flavor and individuality of expression peculiar to authorship, bringing the article clearly within the purview and protection of the copyright law."). *Accord*, *Morse v. Fields*, 127 F. Supp. 63, 65 (S.D.N.Y. 1954) (Kaufman, J.).

⁵⁷ 8 F.Cas. 615, 13 C.O. Bull. 850 (C.C.C.D. Mass. 1845).

⁵⁸ 13 C.O. Bull. at 853, 858.

selection and exposition and accurate use of those materials, constitute the basis of his reputation as well as of his copy-right? . . . Another illustration may be found in the case of histories. . . . An author has as much right in his plan and in his arrangements, and in the combination of his materials, as he has in his thoughts, sentiments, opinions, and in his modes of expressing them."⁵⁹

Similarly, in *Baker v. Selden*,⁶⁰ the Supreme Court suggested protection for the organizational form an historian imposes on the subject matter. In denying copyright protection to the format of an accounting book, the Court distinguished other kinds of works. For pictorial works, for example,

⁵⁹ 13 C.O. BULL. at 856, 858. *Accord*, *Rubin v. Boston Magazine*, 645 F.2d 80 (1st Cir. 1981) (social psychology charts held copyrightable); *Gelles-Widner Co. v. Milton Bradley Co.*, 313 F.2d 143, 147 (7th Cir.), *cert. denied*, 373 U.S. 913 (1963) ("the arrangement, the plan, and the manner in which [plaintiff's elementary arithmetic flash cards] were put together by the author does constitute originality [sufficient to warrant copyright protection]"); *Baldwin-Cooke Co. v. Keith Clark Inc.*, 383 F. Supp. 650 (N.D. Ill.), *aff'd*, 505 F.2d 1250 (7th Cir. 1974) (virtual duplication of layout of plaintiff's "executive planner" memo books held an infringement); *Meredith Corp. v. Harper & Row*, 413 F. Supp. 385, 386 (S.D.N.Y. 1975) (defendant infringed "structure and topical sequence" of psychology book); *Consolidated Music Publ. v. Hansen Pubs. Inc.*, 339 F. Supp. 1161, 1165 (S.D.N.Y. 1972) ("The structure and organization of defendant's [guitar instructions] book is so close to the structure and organization of plaintiff's as to warrant . . . a finding of [unlawful] copying."); *Trebonic v. Grossman Music Corp.*, 305 F. Supp. 339, 348 (N.D. Ohio 1969) (defendant's guitar instruction book held "the product of a deliberate, intentional and substantial copying of [plaintiff's book] and its method of organizing, presenting, and categorizing guitar chords"); *Pantone v. A. I. Friedman, Inc.*, 294 F. Supp. 454, 550 (S.D.N.Y. 1965) (rival "color matching system" for artists and printers held an infringement on the ground that "the system of arrangement and portrayal in both [booklets] is essentially the same and is offered to [the relevant consumers] for the identical purpose").

Cf. *Frankel v. Irwin*, 34 F.2d 142, 143 (S.D.N.Y. 1918) (addressing infringement of "works of fancy": "It is doubtful whether incidents per se can become copyrightable literary property, but it does not take many of them, nor much causal connection thereof, to make what will pass for a plot, or scene, and constitute the action of a play; and that a scene has literary quality and can be copyrighted, and piracy may consist in appropriation of the action of a play without any of the words, is well settled.").

I do not include in this discussion directory decisions, in part because they may be *sui generis*, see *Miller v. Universal City Studios*, *supra* note 42, 656 F.2d at 1369, in part because a recent article has well explored the potential for extending the rationale of these decisions to more expressive fact-based works, including histories. See Denicola, *supra* note 49.

⁶⁰ 101 U.S. 99 (1880).

"form is their essence and their object, the production of pleasure in their contemplation. This is their final end. They are as much the product of genius and the result of composition, as the lines of the poet or the historian's periods."⁶¹

By placing the "historian's periods" in the exalted company of art and poetry, the Court indicated an understanding that an historian's organization and presentation (or "composition") of material is the essence of historical expression.⁶²

Finally, the 1976 Copyright Act recognizes the copyrightability of selection, arrangement, and organization. Section 103 expressly accords protection to "compilations," and the accompanying report defines compilations as follows:

A "compilation" results from a process of selecting, bringing together, organizing, and arranging previously existing material of all kinds regardless of whether the individual items in the material have been or ever could have been subject to copyright.⁶³

Although the individual historian's particular point of view will determine his choice among and organization of historical facts, an historical work may be said to embody two principal endeavors: first, a selection and arrangement of facts, and second, an explanation of those facts. Thus, the work is in some respects a compilation within the meaning of Section 103, and is entitled to protection for its selection and organization.

This does not mean that all manners of historical presentation and selection are copyrightable. Some selections and forms or organization (such as purely chronological organization), as well as some elaborations of fact and idea may be too conventional or trite to warrant protection. This is essentially a *scènes à faire*, or stock situations problem. Again, the analysis should not be substantially different for historical than for fictional works. Few American history primers, for example, would be complete without a discussion of and accolade for the political ideals of

⁶¹ *Id.* at 103-04.

⁶² *Accord*, *Holdredge v. Knight Pub. Corp.*, 214 F. Supp. 921, 923 (S.D. Cal. 1963) ("Though the facts concerning the actual life of an historic character are in the public domain and not entitled to copyright protection, a copyright holder nevertheless has the exclusive right to exploit the form of his expression. The association, arrangements and combination of ideas and thoughts and their form of expression may entitle a particular literary composition to protection.").

⁶³ H.R. Rep. No. 94-1476, 94th Cong., 2d Sess. at 57 (1976).

the Declaration of Independence.⁶⁴ Similarly, few children's stories about lost children are likely to conclude without a reunion with the parents.⁶⁵

The problem of conventional interpretations, as opposed to conventional selections, however, may initially appear more intractable. In *Greenbie v. Noble*,⁶⁶ the Southern District of New York undertook an extensive review of alleged similarities between plaintiff's biography and defendant's historical novel. Plaintiff charged that in some instances defendant had appropriated the conclusions plaintiff had drawn from the facts. In most of those instances, the court denominated the conclusions bare ideas free for the taking. On occasion, however, the court determined that the conclusions were "natural inferences" from the facts.⁶⁷ If the court meant to say that defendant arrived independently at the conclusions, the remark is not troublesome. If, however, the court was undertaking a *scènes à faire* analysis, its statements might yield unhappy implications. How does one judge whether a particular inference is "natural"? Is it an interpretation which leaps to any lay reader's mind, thus calling for something of an ordinary observer test of obviousness?⁶⁸ Many interpretations which seem "natural" because they are eminently sensible, may long have eluded perception. Does an interpretation become "conventional" because its author has been successful in its propagation?

Beguiling as these problems may be, however, they may not bear significantly on the appropriate delineation of protectible historical expression. The historian may not monopolize his conclusions, "natural" or otherwise. He may protect only his manner of arriving at the conclusions. On the other hand, one might object that an author may not arrogate to himself a particular school of analysis. Economic interpretations of history, for example, must remain available for anyone's ref-

⁶⁴ Cf. *Oxford Book*, *supra* note 32, 98 F.2d at 691 (American history primer whose contents were virtually identical to plaintiff's primer held not a substantial copy because both books "had to contain the more important facts of history"); *Maddux v. Grey*, 43 F.2d 441, 442 (S.D. Cal. 1930) ("The history of the [American] West is not complete without the story of the buffalo.").

⁶⁵ *Reyher v. Children's Television Workshop*, *supra* note 37, 553 F.2d at 92. See also *Nichols*, *supra* note 7 (warring in-laws reconciled at birth of grandchild); *Alexander v. Haley*, 460 F. Supp. 40 (S.D.N.Y. 1978) (scenes of slaves singing in the fields and of attempted escapes pursued by baying dogs found standard to novels about slavery in the Old South).

⁶⁶ 151 F. Supp. 45 (S.D.N.Y. 1957).

⁶⁷ See *id.* at 70-89.

⁶⁸ Compare *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1 (1966) ("obvious" inventions not entitled to patent protection) with *Baker v. Selden*, *supra* note 60, 101 U.S. at 102 (novelty of a book's subject-matter is irrelevant to copyright protection, so long as the book has not been "pirated from other works").

erence, or the public would be deprived of a valuable analytical tool.⁶⁹ Nonetheless, to replicate an individual historian's particular application of economic analysis to the same set of selected facts to produce the same arguments and conclusions would seem to duplicate the author's expression without according any further public benefit than the first work extended.⁷⁰

This does not mean that a second author may not apply the first historian's method to different facts, nor that he may not subject the same facts to a different approach. The selected facts, or their mode of analysis, in isolation, may be free for the taking. The selection and manner of presentation combined are not. The same may be said of fictional works. The subject matter of cookies is freely available to all writers. So is the technique of flashbacks. A novel which combines service of madeleines at tea with resulting recollection of childhood scenes, however, would certainly seem to encroach upon Proust's expression.

III. Historical Expression, Defined and Tested

From all the foregoing, the following principles emerge. An historical work is protectible in its synthesis of fact selection, arrangement, argument, and conclusions. The facts and conclusions in isolation are not subject to copyright, but the context the historian imposes on them, and the manner in which he elaborates them constitute historical expression. The ensuing essays test these principles. Assume that the second was written wholly from the first, with no independent contribution beyond substitution of prose style.

CHARLES I

On the death of James, Charles the First succeeded to the throne. He had received from nature a far better understanding, a far stronger will, and a far keener and firmer temper than his father's. He had inherited his father's political theories, and was much more disposed than his father to carry them into practice. He was, like his father, a zealous Episcopalian. He was, moreover, what his father had never been, a zealous Arminian, and, though no Papist, liked a Papist much better than a Puritan. It would be unjust to deny that Charles had some of the qualities of a good,

⁶⁹ Cf. *McGraw Hill v. Worth Pubs.*, 335 F. Supp. 415, 420 (S.D.N.Y. 1971) (similarities in plaintiff's and defendant's economics textbooks may result from common use of the "Samuelson Methodology").

⁷⁰ Cf. *Fuld v. NBC*, *supra* note 18, 390 F. Supp. at 882 (no copyright infringement in employing unoriginal flashback technique to produce an "entirely different effect").

and even of a great prince. He wrote and spoke, not like his father, with the exactness of a professor, but after the fashion of intelligent and well-educated gentlemen. His taste in literature and art was excellent, his manner dignified though not gracious, his domestic life without blemish. Faithlessness was the chief stain on his memory. He was, in truth, impelled by an incurable propensity to dark and crooked ways. It may seem strange that his conscience, which, on occasions of little moment, was sufficiently sensitive, should never have reproached him with this great vice. But there is reason to believe that he was perfidious, not only from constitution and habit, but also on principle. He seems to have learned from the theologians whom he most esteemed, that between him and his subjects there could be nothing of the nature of mutual contract; that he could not, even if he would, divest himself of his despotic authority; and that, in every promise which he made, there was an implied reservation that such promise might be broken in case of necessity, and of that necessity he was the sole judge.

—T. B. Macaulay, from *Biographical Sketches*⁷¹

CHARLES THE FIRST

Following James I's death, Charles I became king. He was naturally more intelligent, more hard-nosed, and more even-keeled than his father James. He shared his father's political views, and was more inclined to implement them. Like his father, he was a devout Episcopalian. Furthermore, and unlike his father, he was a fervent anti-Calvinist, and though hardly a Catholic, he preferred a Catholic to a Puritan. Admittedly, Charles possessed some of the qualities of a good, and even of a great ruler. Unlike his father, he did not speak like a schoolmarm; instead, he spoke like a well-rounded person. He enjoyed the best in art and literature. He bore himself well if not warmly, and his homelife was beyond reproach. Political inconstancy was the root of his great troubles, and is the source of history's condemnation of him. In fact, Charles inclined to the underhanded. One might think it odd that his scruples—which were ever-present when something inconsequential was at issue—did not surface to combat his unhappy tendency toward dishonesty. Most likely, however, he was inherently evil: naturally, habitually, and even resolvedly evil. The religious and philosophical thinkers he most admired seem to have taught him that there could be no equality between himself

⁷¹ VI CRITICAL AND MISCELLANEOUS ESSAYS 94-95 (New York 1857).

and his subjects, that like it or not, he must be a tyrant, and that he was under no obligation to keep his promises if he subsequently felt disinclined to honor them.

The second essay, a diligent paraphrase recasting Macaulay's Victorian prose into modern American, has not merely replicated Macaulay's conclusion that Charles I was a bad man. By following Macaulay's treatment of the evidence, detail by detail in its selection, arrangement, and emphasis, the second essay has appropriated Macaulay's expression. The principles adduced above should indicate that Macaulay's infringement claim (were any copyright on his works not expired) would survive a summary judgment motion addressed to the essay's copyrightability. The claim should go to full trial on the issue of fair use (substantial similarity being conceded in this case).⁷²

⁷² One might contend that because the second essay is a substantial paraphrase of Macaulay's essay, the second essay is, for purposes of copyright infringement, equivalent to a verbatim copy of Macaulay's. See, e.g., *Donald v. Zack Meyer's TV Sales and Serv.*, 426 F.2d 1027, 1030 (5th Cir. 1970); *Nutt v. Nat. Inst. for the Improvement of Memory*, 31 F.2d 236, 237-238 (2d Cir. 1929). Thus, the second essay would in fact have appropriated the sort of expression which even *Hoehling* would recognize, and a court need not trouble itself with an inquiry into the copyrightability of Macaulay's fact-selection, arrangement, emphasis, and analysis. But, while a paraphrase is properly designated an infringement, the reasons for this designation do not necessarily derive from the protection accorded the only element which *Hoehling* would clearly protect—the first author's specific linguistic, or syntactical stylistic expression. An artful paraphrase may eschew replication not merely of the first author's word choice, but of his syntax and literary style. (Thus, such a paraphrase cannot be deemed a translation, for a translation attempts fidelity to literary style.) Instead, such a paraphrase adopts the nonstylistic elements inherent in the first author's manner of argument, that is, his fact selection and arrangement, and his progression of factual and theoretical propositions. To hold that paraphrasing is the same as copying, therefore, necessarily entails recognition that these non-stylistic elements constitute copyrightable expression. See, e.g., *Nutt, supra*, 31 F.2d at 308 (plaintiff's and defendant's works evidenced "the same method of general treatment," including defendant's adherence to plaintiff's "plan and arrangement"). Rigid application of *Hoehling*'s statements that, in works of history, these elements are not copyrightable, however, would mean that a non-stylistic paraphrase of an historical work cannot be copyright infringement.

As a result, an attempt to analyze Macaulay's infringement claim against the second essayist under *Hoehling* points up the difficulty of administering that decision's summary judgment standard. The second essay has been careful to take none of Macaulay's language. It has also endeavored radically to alter Macaulay's literary style, and this purports to qualify as a nonstylistic paraphrase. Beyond appropriating Macaulay's conclusion, the second essay has merely duplicated Macaulay's fact selection and arrangement. Under

The second essayist, however, might advance two objections. First, she might invoke the several decisions which suggest that once an author expressly or impliedly asserts that his elaborated speculation about historical facts represents historical truth, courts will treat his entire presentation as factual, and therefore uncopyrightable.⁷³ These decisions, however, generally involved authors who knowingly purveyed "false facts", and rest primarily on the courts' sense that a plaintiff author who has perpetrated a fraud on the public may not now be heard to recast himself from a reporter into a fabulist. The subsidiary rationale of some of the false fact decisions, that the public has a right to rely on "misinformation,"⁷⁴ seems wholly unwarranted. While access to facts advances the progress of knowledge, access to deliberate falsity masquerading as fact would only seem to promote misconception.⁷⁵ Although advanced too soon in the analysis, the estoppel notion at least accords with the equitable fair use inquiry, in which plaintiff's conduct can be as relevant to the success or failure of his claim as is defendant's conduct.⁷⁶

Moreover, an argument branding any purportedly accurate work uncopyrightable ignores the expression intervening between the facts and the conclusions. Macaulay has done more than state facts and conclusions. He makes his argument through an accretion and crescendo of historical and critical judgments. This argument, the carefully wrought "pattern" of presentation, ought to be at least as protectible in works of history as it is in works of arguably lesser expression, such as instruction manuals.⁷⁷ Nonetheless, the second essayist would object that

Hoehling, Macaulay may claim no rights in his selection and arrangement, much less in his conclusion of Charles I's iniquity. Is there any doubt, however, that the two works are "virtually identical", and that the second essay is a "wholesale usurpation" of the first? Nonetheless, since the second essay has assiduously usurped only nonstylistic, "noncopyrightable" elements, does *Hoehling* leave Macaulay with an unremediable complaint?

⁷³ See decisions cited *supra* note 51. See also *Mosley v. Follett*, 209 U.S.P.Q. 1109 (S.D.N.Y. 1980) (plaintiff's representation of his book as factual calls into play *Hoehling's* "bodily appropriation" standard; evidence of substantial similarity held insufficient to meet this test).

⁷⁴ *Oxford Book*, *supra* note 49, 98 F.2d at 691.

⁷⁵ Cf. *Amana Refrig. Inc. v. Consumers' Union of U.S. Inc.*, 431 F. Supp. 324 (N.D. Iowa 1977) (copying portions of article under the guise of "commentary" but in fact to mislead the public is not fair use).

⁷⁶ See, e.g., *Rosemont*, *supra* note 9 (Howard Hughes may not use copyright laws as a privacy statute to suppress information about his life); *New York Times Co. v. Roxbury Data Interface, Inc.*, 434 F. Supp. 217 (D.N.J. 1977) (defendant's unlicensed Personal Name Index to the New York Times Index held a fair use because, inter alia, plaintiff repeatedly declined the opportunity to devise its own personal name index).

⁷⁷ See cases cited *supra* note 59. See also *Edwin K. Williams & Co. v. Edwin K.*

while various modes of expressing instructions may yield the same result (be it satisfactory performance of elementary arithmetic,⁷⁸ or beginning guitar playing⁷⁹), an historical conclusion depends upon the factual organization and argumentation preceding and surrounding it. An altered selection, emphasis, or treatment given the facts may produce a different conclusion. Moreover, a different presentation might distort the "facts." Thus, the second essayist would effectively concede the expressiveness of Macaulay's account, but would contend that only by replicating Macaulay's mode of arriving at and supporting his conclusion may she accurately represent the conclusion which Macaulay asserts to be true.⁸⁰

This second objection proves too much. By deeming all of Macaulay's expression beyond his precise language inextricably welded to unprotectible facts and conclusions, it limits the protection of historical works to a right of action against exact copying. Even substantial paraphrases such as this one would be immune, for the second essayist, who is fully entitled to reproduce Macaulay's historical facts and unelaborated conclusions, would also claim a need to present them "accurately," which in turn would warrant the appropriation of the arguments upon which the conclusions depend.

The objection, however, fails to acknowledge that the supposed truthfulness or accuracy of an historian's account cannot be dispositive, because, as discussed earlier, the historian propounds not fact in any absolute sense, but his elaborated view of the facts. Moreover, the objection misconceives the decisions denying copyright protection to expressions welded to facts. In those cases, courts perceived an extremely minimal amount of expression, or believed that the subject matter permitted "if not only one form of expression, at best only a limited number."⁸¹ The courts there feared that

Williams, 542 F.2d 1053 (9th Cir. 1976) (accounting forms and instructions). Cf. *Roxbury Data*, *supra* note 76 (protectible element in an index is its "correlation" of data, not the unreferenced amassing of individual listings).

⁷⁸ Emerson v. Davies, *supra* note 58; *Gelles-Widner*, *supra* note 59.

⁷⁹ Trebonic v. Grossman, *supra* note 59, Consolidated Music v. Hanson, *supra* note 59.

⁸⁰ Cf. *Synercom Tech v. University Computing Co.*, 462 F. Supp. 1002, 1014 (N.D. Tex. 1978) (computer program input formats) (If the "order and sequence", "form, arrangement or combination of ideas represents the product of labor and skilled effort separate and apart from that entailed in the development of the intellectual concept involved, copyright protection is available.")

Bul cf. *Harris v. Miller*, 50 U.S.P.Q. 306, 308 (S.D.N.Y. 1941) (play held to infringe biography of Oscar Wilde) ("A desire to be authentic does not excuse the appropriation of literary material, properly copyrighted.")

⁸¹ *Morrissey v. Procter & Gamble*, 379 F.2d 675, 678 (1st Cir. 1967) (contest rules). See *Herbert Rosenthal Jewelry v. Kalpakian*, 446 F.2d 738, 741-42 (9th

"[w]hen an idea is so restrictive that it necessarily requires a particular form of expression, that is when the idea and its expression are functionally inseparable, to permit the copyrighting of the expression would be to grant the copyright owner a monopoly in an idea."⁸²

"Functional inseparability," however, is not always apparent. When the subject matter does not involve a system such as those devised for card games or check ledgers, facts or ideas and expressions probably are no more "merged" than they are in most works of fiction. At the least, their merger is not so patent as to warrant summary judgment.⁸³ Rather, "[w]hether the allegedly copied passages could only be expressed in a narrowly circumscribed manner will best be determined at full trial after testimony is given and subjected to the rigors of cross examination."⁸⁴

Finally, to eliminate factual interpretations and other fact-dependent expression from copyright protection on the ground that they are inextricably intertwined with the underlying facts and ideas, and that subsequent authors therefore require free access to that expression, is but an incomplete incorporation of fair use principles at the summary judgment stage. It supplements the Copyright Act's proscription of a copyright on facts and ideas⁸⁵ with a judicial inquiry into the social benefits of denying copyright protection to historical works. Rather than contesting the historical work's lack of originality or elaboration, this approach invokes the second author's *need* to reproduce the historian's

Cir. 1971) (jewelled bee pin); *John H. Harland Co. v. Clarke Checks, Inc.*, 207 U.S.P.Q. 664 (N.D. Ga. 1980) (check stub blanks); *Freedman v. Grolier Ent. Inc.*, 179 U.S.P.Q. 476 (S.D.N.Y. 1973) (bridge card notation system).

⁸² *Freedman v. Grolier*, *supra* note 81, 179 U.S.P.Q. at 478. Or in the subject matter. See, e.g., *Morrissey; Kalpakian*, *supra* note 81.

⁸³ See, e.g., *Goodson-Todman Ent. Inc. v. Kellogg Co.*, 513 F.2d 913 (9th Cir. 1975) (reversing grant of summary judgment for defendant: the idea of a television game show held not indistinguishable as a matter of law from its expression); *Higgins v. Baker*, 209 F. Supp. 653, 658 (S.D.N.Y. 1970) (declining to rule as a matter of law that the allegedly scientific nature of plaintiff's psychology book permits defendant's unlicensed copying; "Whether the material allegedly infringed as in fact subject to severely limited means of expression" is a fact issue and "may not be determined on a motion for summary judgment.").

⁸⁴ *Higgins v. Baker*, *supra* note 83, 309 F. Supp. at 640. Cf. *Encyclopedia Britannica v. Crooks*, *supra* note 36, slip op. at 25 (fair use doctrine may protect copying when "factual information is inextricably related to a film's expression of that information"); *Time, Inc. v. Bernard Geis Assoc.*, 293 F. Supp. 103 (S.D.N.Y. 1968).

⁸⁵ 17 U.S.C. § 102(b) (1976).

expression.⁸⁶

The second author might respond that the social benefit of unfettered access to ideas and underlying subject matter motivates the idea/expression dichotomy.⁸⁷ That does not mean, however, that the dichotomy authorizes or proposes the meticulous dissection of the first author's work. Expression constituting the particularization of an idea may always be restated as a series of unprotectible ideas. Similarly, expression entailing description and explanation of an underlying subject matter may always be restated as a series of unprotectible facts. Nonetheless, the idea/expression dichotomy does not go so far as to require the reformulation of any expression into its component ideas or facts.⁸⁸ Were that the meaning of the dichotomy, the protection accorded even fictional works would be denuded to protection of language alone. While such protection may suffice for certain works, such as poetry, it is far too meager for works in which the specific words form but a part of the expression.⁸⁹

Conclusion

This comment urges that courts adjudicating claims of infringement of historical works apply the "abstractions test" to determine initially, as a matter of law, whether the allegedly appropriated portions of the work warrant copyright protection. If these are sufficiently elaborated through synthesis of historical theory, critical judgment, fact selection, arrangement, and emphasis, their expression is, for purposes of summary judg-

⁸⁶ Cf. *Meeropol v. Nizer*, 560 F.2d 1061 (2d Cir. 1977), *cert. denied*, 434 U.S. 1014 (1978); *Rosemont*, *supra* note 9, *Elsemere Music v. NBC*, 482 F. Supp. 741 (S.D.N.Y.), *aff'd*, 623 F.2d 252 (2d Cir. 1980); *Marvin Worth Prods. v. Superior Films Corp.*, 319 F. Supp. 1269 (S.D.N.Y. 1970); *Time v. Geis*, *supra* note 84 (all fair use decisions examining the necessity of the copyrighted work to the second author's purposes).

⁸⁷ See, e.g., *Sid & Marty Krofft*, *supra* note 20, 562 F.2d at 1170-71; see generally A. LATMAN, *THE COPYRIGHT LAW*, *supra* note 3, at 32-33.

⁸⁸ Nor does it suggest that freedom for the underlying historical subject automatically precludes protection of particular expressions concerning the general topic. See *supra* note 55.

⁸⁹ Cf. *Sheldon v. Metro-Goldwyn Pictures*, *supra* note 7, 81 F.2d at 55 ("a play may be pirated without using the dialogue . . . Speech is only a small part of a dramatist's means of expression . . ."); *Frankel v. Irwin*, *supra* note 59; Chaffee, *Reflections on the Law of Copyright I*, 45 COLUM. L. REV. 503, 513 (1945) (" . . . the pattern of the play—the sequence of events and the development of the interplay of the characters—must not be followed scene by scene. Such a correspondence of pattern would be an infringement although every word of the dialogue was changed.").

ment, presumptively distinct from the underlying unprotectible facts and ideas. Unless the works are so substantially dissimilar that no rational trier of fact could find otherwise,⁹⁰ issues of substantial similarity, and of the degree to which facts and ideas resist presentation separate from the historian's particular expression, should be remitted to full trial, as should the fair use question of the second author's need to appropriate the historian's selection and sequencing of facts, and his elaborated interpretations.

⁹⁰ Thus, in *Hoehling*, an affirmance on this different ground, or, preferably, a remand for district court determination whether substantial similarity was so plainly absent that no rational trier of fact could have found otherwise, would have been appropriate. As this comment has attempted to show, the court's decision concerning the scope of copyrightable expression in an historical work was unnecessary, inherently self-contradictory, and incorrect.

PART II

LEGISLATIVE AND ADMINISTRATIVE DEVELOPMENTS

1. United States of America and Territories

698. U.S. CONGRESS. HOUSE.

H.R. 5488. A bill to amend title 17 of the United States Code with respect to home video recording and video recording devices and media, and for other purposes. Introduced by Mr. Edwards on February 9, 1982; and referred to the Committee on the Judiciary (97th Cong., 2d Sess.).

Entitled the "Home Video Recording Act of 1982," this bill would exempt individuals from any liability for infringement of copyright if the video recording is for the private use of that individual or members of his or her immediate household. In addition the bill would impose a compulsory license on the sale of videocassettes and recorders, with royalties to be distributed by the Copyright Royalty Tribunal. [The compulsory license provisions are identical to those introduced as an amendment by Senator Mathias to S. 1758].

699. U.S. CONGRESS. HOUSE.

H.R. 5870. A bill to amend the manufacturing clause of the copyright law. Introduced by Mr. Kastenmeier on March 17, 1982; and referred to the Committee on the Judiciary (97th Cong., 2d Sess.).

This bill would amend section 601(a) of chapter 6 Title 17 of the United States Code to extend the manufacturing clause until July 1, 1985. The manufacturing clause in the U.S. Copyright Law is scheduled to expire on July 1, 1982.

700. U.S. CONGRESS. SENATE.

S. 2172. A bill to amend the Communications Act of 1934. Introduced by Mr. Goldwater on March 4, 1982; and referred to the Committee on Commerce, Science, and Transportation (97th Cong., 2d Sess.).

To be cited as the "Cable Telecommunications Act of 1982",

this bill would amend the Communications Act of 1934 by adding a new title VI. This bill would allow cities to own and operate cable systems, and require cable systems with twenty or more channels to set aside ten percent of the channels for "public, educational and government use", and another ten percent for lease to programmers. The FCC would keep exclusive jurisdiction over the cable industry and set ceilings on the franchise fees that communities may charge cable operators. In addition cable operators would be exempt from the fairness doctrine and equal-time rules, as well as required to black out sports games in an area within fifty miles of the home club's stadium or arena.

701. U.S. COPYRIGHT ROYALTY TRIBUNAL.

Determination of controversy with respect to the distribution of 1980 cable royalty fees. Notice. *Federal Register*, vol. 47, no. 41 (March 2, 1982), p. 8808.

Pursuant to its declaration of a controversy in the matter of the 1980 cable royalty distributions, the Copyright Royalty Tribunal has commenced a distribution proceeding. The proceeding will be conducted in two phases—Phase I to determine the categories of claimants and Phase II to resolve disputes among members of each claimant group. Claimants are directed to submit to the Tribunal their notice of intent to participate in the proceeding and proposals setting out procedures whereby the record of previous proceedings may be used in this decision-making process no later than April 1, 1982. April 20, 1982 is the deadline for submitting comments on the legality and feasibility of proposals providing for the Tribunal to make partial distribution of the royalties prior to the termination of the 1980 royalty proceeding. April 30, 1982 is the cut-off date for comments concerning proposed alteration of the Phase I categories of claimants established in the 1979 royalty proceeding. Reply comments to the April 30 submissions may be submitted by May 14, 1982.

702. U.S. COPYRIGHT ROYALTY TRIBUNAL.

1979 cable royalty distribution determination. Notice of final determination. *Federal Register*, vol. 47, no. 45 (Mar. 8, 1982), pp. 9879-9900.

In the matter of the 1979 cable royalty distributions, the Copyright Royalty Tribunal publishes its final determinations under Phases I and II of the proceedings. The purpose of Phase I was to establish the allocations for the various categories of claimants

and Phase II was to resolve disputes, if any, among claimants within each category. Allocations under Phase I were as follows: (1) program syndicators were allocated 70.00%; (2) sports claimants, 15.00%; (3) Public Broadcasting Service (for all purposes), 5.25%; (4) U.S. television broadcasters, 4.50%; (5) music performing rights societies, 4.25%; (6) Canadian television broadcasters, 0.75%; (7) National Public Radio, 0.25%. In Phase II, the Tribunal determined that the program syndicators' 70.00% allocation would be divided as follows: Motion Picture Association of American would receive 96.8%; Multimedia Program Productions, Inc., 1.6%; National Association of Broadcasters, 0.8%; Spanish International Network, 0.7%; and Mutual of Omaha, 0.1%. The Tribunal made no awards to the three devotional and the two music claimants.

703. U.S. COPYRIGHT ROYALTY TRIBUNAL.

1980 cable royalty fees distribution proceeding. Notice. *Federal Register*, vol. 47, no. 55 (Mar. 22, 1982), pp. 12203-04.

The Copyright Royalty Tribunal has extended the deadline for submitting notices of intent to participate in Phase I of the 1980 cable royalty distribution proceeding until April 26, 1982. May 7, 1982 is the new deadline for proposing procedures whereby the record of the previous proceedings can be used in this proceeding. May 7 is also the date by which parties are instructed to submit comments on the question of partial distribution and on the alteration of the categories of claimants established under Phase I of the former distribution proceeding. Reply comments to the May 7, 1982 submissions may be filed by May 21, 1982.

PART IV

BIBLIOGRAPHY

A. ARTICLES FROM LAW REVIEWS AND COPYRIGHT PERIODICALS

1. United States

704. COHODAS, NADINE. Cable-TV copyright bill advances in house. *Congressional Quarterly* (Apr. 3, 1982), p. 747.

The House Judiciary Committee approved H.R. 5949. The bill retains the compulsory license for cable systems and protects from cable competition broadcast stations that hold exclusive rights to specific programs and motion pictures within their market area. The measure codifies Federal Communications Commission regulations giving local professional and intercollegiate sports teams the right to black out cable transmissions of their games within certain areas. Additionally, H.R. 5949 contains language providing that satellite and microwave-broadcast "systems are common carriers and can operate under the same compulsory licensing arrangement as cable systems."

705. FISCHER, MARK A. Vintage television shows—access and rights problems. *Copyright Management*, vol. 5, no. 3 (Mar. 1982), pp. 3-5.

This article discusses possible problems that a producer may encounter when seeking to use television programs from the 1950s. Among these problems the article includes "the necessity of obtaining physical access to the desired programs, determining copyright ownership [and] obtaining permission from the copyright proprietors . . ." The writer concludes that the profit element is the reason producers are willing to put forth the time and effort necessary to solve the problems that are often inherent in obtaining rights to vintage television programs.

706. KEVORKIAN, ARAM J. Rights of privacy and publicity in the United States and France. *Copyright Management*, vol. V, no. 2 (Feb. 1982), pp. 1-3.

This article discusses the right of publicity and the right of privacy as they are viewed in the U.S. and France. It briefly discusses two cases in which these rights were at issue. The first case involved the exploitation of the name and likeness of the late Bela Lugosi. The second concerned the unauthorized publication of a photograph of the actor Jean Gabin on his deathbed. The court in the *Lugosi* suit found "the right to exploit one's name or image is personal, and unless it is exploited by the famous person in his lifetime, the right cannot be passed on to his heirs." The decision in the *Gabin* case held "that to publish without authorization such an intimate photo is, in effect, an invasion of the family's right of privacy."

2. Foreign

1. In English

707. Copyright—photograph of model, advertising a product. Supreme Court, 23 June 1981, 4 Ob #363/81 (as yet unreported). *EIPR* vol. 4, no. 2 (Feb. 1982), p. 23.

In this Austrian case, the plaintiff sought an injunction against defendant for the unauthorized use of her photograph in an advertisement for Toyota cars. The plaintiff ten years earlier had been a model and was now a school teacher and felt this picture was not beneficial to her new career. Although she was originally informed that the picture was to be used in an ad for machine parts, she was not informed of the Toyota advertisement. The plaintiff's claim against the defendant was allowed as the Supreme Court held "that a person has a right to decide whether and under what circumstances photographs can be used for advertising purposes."

708. DOCK, MARIE-CLAUDE. Unesco, copyright, and broadcasting (I). *EBU Review*, vol. XXXIII, no. 1 (Jan. 1982), pp. 26-31.

This article discusses broadcasting and the role it plays in disseminating knowledge and bringing nations together. Special attention is given to Unesco's copyright activities with respect to broadcasting. The article points out that broadcasting is subject to copyright to the extent that the medium transmits protected works but that "copyright should not be an obstacle to the functions of information, criticism and education" incumbent upon

broadcasting organizations. The rules established by the Universal Copyright Convention to promote more uniform legislative protection for works distributed throughout the world are also examined. Neighboring rights, compulsory license systems and cable distribution are among the other topics covered in this article.

709. PHILLIPS, JEREMY. The public lending right scheme 1981—some comments. *EIPR*, vol. 4, no. 2 (Feb. 1982), pp. 47-49.

A commentary on the 1979 Public Lending Right (PLR) in Britain and the draft "scheme" of July 1981 which will be brought before both Houses of Parliament. Sections of the draft scheme of the PLR are listed and analyzed including such areas as eligibility of authors, eligibility of books, registration, and calculation and payment of PLR royalties.

710. ST. AUBYN, J. D. Photocopying and specialist journals. *EIPR*, vol. 4, no. 2 (Feb. 1982), pp. 35-37.

A discussion on the problem of photocopying since 1956. The Whitford Committee Report is commented on, along with the problems of photocopying in such large lending institutions as the British Lending Division. The author goes on to discuss who are photocopy users and what type of photocopying is being done. In conclusion, the author suggests that Britain follow the U.S. example and set up collecting centers for distribution and payment to copyright holders.

711. WALKER, S. A. Book review of J. A. L. Sterling and G. E. Hart, *Copyright Law in Australia and the Rights of Performers, Authors and Composers in the Pacific Region*. Legal Books Pty Ltd. Sydney, 1981, 278 pp. *EIPR*, vol. 4, no. 2 (Feb. 1982), p. 58.

The two-part book provides—according to the authors—a "concise guide to Australian copyright law and the provisions of the Copyright Act of 1968." According to Mr. Walker, the reviewer, the book fails to fully analyze and support many of the authors' statements, particularly those relating to treatment of the Copyright Amendment Act of 1980.

2. In English, French and Spanish

712. DURRANDE, SYLVIANE. The concept of publication in the international conventions. *Revue Internationale du Droit d'Auteur*, no. 111

(Jan. 1982), pp. 73-168.

The author defines and discusses what "publication" is in the Federal Republic of Germany, that is "a work that has been published with the consent of the copyright owner and has been made accessible to the public." The quite different concept of publication in The Netherlands and in Italy is investigated. The article then proceeds to analyze the concept of publication in the Berne Convention and the definition of publication in the Universal Convention.

713. GAUBIAC, YVES. The theory of the unity of art. *Revue Internationale du Droit d'Auteur*, no. 111 (Jan. 1982), pp. 2-72.

An essay on the problems of legal protection of designs and models, particularly those items that encompass artistic design and are utilitarian. A history of the French law including the Law of March 11, 1902 and the Law of 1909 on designs and models is provided. Certain copyright provisions in France are discussed, particularly the fifty-year term of protection after the death of the artist. The author believes that this provision is difficult to enforce when dealing with designs and models. Part II is devoted to analyzing the difference between designs and models and works of art.

C. ARTICLES PERTAINING TO COPYRIGHT FROM MAGAZINES

1. United States

714. Arbitration seen for hardware levy. *Billboard*, vol. 94, no. 9 (Mar. 6, 1982), p. 71.

An officer of the Germany IFPI group has charged local audio/video hardware manufacturers and importers with failing to submit complete sales information, an act which allows them to calculate the 5% levy on an artificially low price. In an arbitration court decision on the matter, the manufacturers and importers were ordered to provide full reports. Once this order is complied with, the IFPI official says the group will seek a court judgment on "the question of levels of pay."

715. Aussie videocassette piracy crackdown. *Variety*, vol. 306, no. 2 (Feb. 10, 1982), p. 48.

Five hundred illegal videocassettes were seized in Port Headland, Australia. One of the police officers involved in the seizure "pinpointed" the U.K. and possibly drive-in movies as sources of some pirate cassettes. He said that in this case, however, evidence indicates that a large criminal element may be responsible for the illegal product.

716. 'The Bitch' Corp. in Britain files vs. Carr, Krasny. *Variety*, vol. 306, no. 3 (Feb. 17, 1982), p. 36.

Spritebowl-Bitch Film Productions Ltd. is suing John Carr and others for their alleged unauthorized licensing of the film "The Bitch." The charges being claimed against defendants include copyright infringement, fraud and unfair competition. The complaint states that defendants tried to sub-license the film by displaying an altered copy of the original licensing agreement for the property and "a pirated version of the motion picture, copies presumably made from the print defendant Carr was loaned to view."

717. BPI raid nets counterfeit lps. *Billboard*, vol. 94, no. 7 (Feb. 20, 1982), p. 67.

The High Court awarded the British Phonographic Industry damages amounting to \$6,000 in a copyright infringement suit against Bonaparte Records and two of its officers. The suit, which was filed by WEA Records, Ltd., charged that defendant had "extensively" advertised bootleg and counterfeit albums in "New Music Express", one of Britain's largest selling consumer music papers.

718. Brit. govt. refuses to impose levy on video components. *Variety*, vol. 306, no. 10 (Apr. 7, 1982), p. 37.

Though Britain rejected the proposed blank tape/hardware levy, an official spokesman recently indicated that the government's view on copyright reform still has not been finalized. The country is now awaiting the recommendations of a European Economic Community "committee on the harmonisation of copyright in member states" and is considering a proposal for a non-statutory blanket license that authorizes "public performance of homevid."

719. BROWN, MERRILL. Taping by consumers seen growing. *The Wash-*

ington Post, vol. 105, no. 111 (March 26, 1982), p. D11.

A study conducted by Warner Communications, Inc. shows that consumers taped music valued at more than \$2.85 billion at the retail level in 1980. The study also shows that the public spent more than \$600 million on blank audio tapes, and copied more than 250 million albums and more than two billion selections from records and singles. Forty-five percent of the 2,370 persons interviewed said their reason for taping was "so I didn't have to buy it." The survey concludes that "although we do not believe that every album or selection that is copied is a 'lost sale' to the industry, we do believe that all copying infringes upon the lawful and legitimate rights of the copyright owners." Warner also said that taping "is incompatible with a healthy prerecorded-music industry."

720. CARR, JOHN. Hold 'protest concerts' Greek artists join piracy fight. *Billboard*, vol. 94, no. 8 (Feb. 27, 1982), p. 53.

Some top Greek recording artists held "protest concerts" in Athens to call public attention to the piracy problem and the government's failure to sign into law an antipiracy bill that was drawn up more than a year ago. The music industry says that similar events will be organized until the Presidential signature is affixed to the measure.

721. Chappell taken to court over Presley royalties. *Billboard*, vol. 94, no. 8 (Feb. 27, 1982), p. 46.

Chappell Music has been named in a breach of contract suit filed by the Elvis Presley Estate. Plaintiff contends that the defendant failed to "properly account for royalties" owing to Presley under a 1972 co-publishing agreement that was acquired by Chappell in 1975. Reportedly, plaintiff is claiming damages in excess of \$10,000 and has asked that the exact amount be determined at trial.

722. Chisox tangle over pay-TV rights. *Variety*, vol. 306, no. 2 (Feb. 10, 1982), pp. 80, 100.

The Sportschannel has initiated a suit against the Chicago White Sox Baseball Club. The complaint claims that the plaintiff acquired the exclusive rights to all White Sox games played at home and certain road games from the team's former owner pursuant to a letter of agreement dated November 14, 1980. The

suit seeks, therefore, to enjoin Chisox Corp., the new owner, from offering on Sportsvision, a payable service owned by Chisox, those games covered by the agreement. The Sportschannel is also seeking unspecified "substantial" damages.

723. Coalition seeks to clarify copyright law. *Variety*, vol. 306, no. 7 (Mar. 17, 1982), p. 46.

The Home Recording Rights Coalition retained former FCC chairman Charles Ferris and former Senator Marlow Cook. The pair will represent the Coalition in lobbying for amendment of the copyright law. The group wants consumers exempted from copyright liability for off-air taping for private, non-commercial uses.

724. Colombian homevid piracy; software rentals at \$1 per day. *Variety*, vol. 306, no. 7 (Mar. 17, 1982), p. 84.

Video piracy is rampant in Colombia. The country has the world's second largest pirate video market. Video clubs, which are responsible for much of the illegal product, proliferate in Colombia's coastal cities. Reportedly, pirates copy the materials from cable TV in Miami, New York or Los Angeles.

725. Common-carrier regs tightened by house panel. *Daily Variety*, vol. 195, no. 15 (Mar. 26, 1982), pp. 1, 39.

A House Judiciary subcommittee approved legislation that would amend H.R. 3560 to include a provision defining resale common carriers. Congressman Robert Kastenmeier indicated that the measure is meant to counter a federal court decision in which resale common carrier Eastern Microwave Inc. was found to "not meet the definition of a copyright-exempt common carrier." The court's ruling was based on its conclusion that Eastern Microwave is not a "passive" distributor of signals for public performance.

726. Copyright prevails in jailhouse and Valenti, for one, pleased. *Variety*, vol. 306, no. 3 (Feb. 17, 1982), pp. 28, 30.

California's Attorney General ruled that the unlicensed showing of prerecorded videocassettes in prison is illegal. Prison officials had proposed purchasing the video product at retail and exhibiting it to prison inmates. The Attorney General ruled, however, that such showings are considered "public" under the Co-

pyright Act and require a license whether the viewing takes place in a group setting or in individual areas.

727. Counterfeit cassettes 'a threat to society' sez Virginia Knauer. *Variety*, vol. 306, no. 6 (Mar. 10, 1982), pp. 24, 28.

Expressing support for S. 691, Virginia Knauer of the U.S. Office of Consumer Affairs told the ITA seminar that the bill was needed to curtail the illegal videocassette trade. She indicated, however, that technological remedies should also be sought.

728. Court gets Chrysalis royalty check. *Billboard*, vol. 94, no. 11 (Mar. 20, 1982), p. 68.

In a suit involving licensing of the song "The Tide is High," a district court judge ordered Chrysalis Records to pay more than \$67,000 in mechanical royalties to U.K. music publisher Sparta Florida Music Group, Ltd. Chrysalis was also ordered to make quarterly deposits of any additional royalties earned by the song.

729. Court upholds ASCAP in licensing suit against store chain. *Broadcasting*, vol. 102, no. 5 (Feb. 1, 1982), p. 56.

The Second Circuit Court of Appeals has upheld a district court ruling that Gap clothing stores infringed music copyrights when they played radio broadcasts over in-store loudspeakers without having obtained a music license. [*Sailor Music v. The Gap Stores*, 516 F. Supp. 923 (1981)].

730. FBI bootleg raid yields \$200 million cache in Florida. *Cash Box*, vol. XLIII, no. 44 (Mar. 27, 1982), p. 12.

In raids on the residence and a warehouse belonging to Edna and William Minor, FBI agents confiscated more than \$27 million worth of bootleg recordings, equipment and record manufacturing paraphernalia. The seizures took place in Stuart, Florida. In other antipiracy efforts, Thomas Salem and Maury LaPrade of Boston, Massachusetts pleaded guilty to four counts of copyright infringement and Allen F. Say of Cambridge pleaded guilty to eleven similar counts.

731. FBI 'Raiders' raid: indict four pirates. *Variety*, vol. 306, no. 6 (Mar. 10, 1982), pp. 8, 28.

Four persons were indicted by a federal grand jury in Chi-

cago. The four, Michael Stevens, Dan Cotsirilos, John P. Heck and David Shlagman, were charged with criminal copyright infringement and receipt of stolen property transported in interstate commerce. A fifth person, Dennis Johnson, pleaded guilty to criminal copyright infringement and interstate transportation of stolen property. The charges stem from a 1981 FBI raid in which 35mm prints of "Raiders of the Lost Ark" and "On The Right Track" as well as pirated videotapes and videotaping equipment were seized.

732. Foundation sues for distribution rights to holy shroud film. *Daily Variety*, vol. 194, no. 50 (Feb. 17, 1982), p. 2.

The National Youth Foundation (NYF) filed suit against executors of the estate of Morgan Maxfield and others regarding ownership of the distribution rights to a film documentary on the Shroud of Turin. Plaintiff claims that Maxfield, in a series of business maneuvers that were left uncompleted when he died, bought the rights in his name using funds belonging to the Foundation and several other investors. Plaintiff seeks exclusive distribution rights to the film or payment of \$1 million.

733. GELMAN, MORRIE. Hagler-Hearns pre-fight goes to round two. *Daily Variety*, vol. 195, no. 13 (Mar. 24, 1982), pp. 1, 6.

Home Box Office has filed a suit to enjoin SelecTV from exhibiting the upcoming world middleweight championship bout between Marvin Hagler and Thomas Hearns. The suit claims that HBO acquired the exclusive live exhibition rights to the fight via an agreement with Top Rank, Inc. The dispute, reportedly, arose when fight promoter Bob Arum, who is a director and the majority stockholder of Top Rank, tried to convince HBO to increase the license fee to \$4 million. HBO refused; and Arum subsequently worked out a co-promotion deal with SelecTV. In addition to injunctive relief, the HBO suit asks for an undisclosed amount of damages.

734. GLYNN, MICHAEL. MPAA cracks down on video pirates, civil lawsuits filed. *Cash Box*, vol. LXIII, no. 44 (Mar. 27, 1982), pp. 5, 12.

In separate actions, four home video retailers have been sued in connection with the sale of illegal motion picture product. The dealers named in the suits are Jim Buckley and Chuck Miller of Southern California and Don Johnson and Robert LeBurken of

the Chicago area. Reportedly, the suits follow a six-month undercover investigation that led to the confiscation of an undisclosed number of allegedly pirate videocassettes.

735. GOLD, RICHARD. Music orgs join to press for tape royalty payments. *Daily Variety*, vol. 195, no. 16 (Mar. 29, 1982), pp. 1, 34.

A group called the Coalition to Save America's Music has been formed to lobby for "legislation mandating royalty payments by manufacturers and importers of video and audio recording equipment and blank tape." While its goal is to obtain compensation for those whose works are copied via home taping, the group asserts that it is not against copyright exemption for consumers who tape for private, non-commercial use. The Coalition is comprised of various music industry organizations.

736. GRAHAM, JEFFERSON. Selling of video rights exceeds film sales at AFM. *The Hollywood Reporter*, vol. CCLXXI, no. 14 (Apr. 2, 1982), pp. 1, 4.

A survey conducted by *The Hollywood Reporter* at the American Film Market indicates that video distribution rights sales are exceeding those of theatrical rights. This trend is demonstrated at markets in such places as England, Scandinavia and Germany. Even with a substantial portion of video sales being lost to pirate product, most film companies reported sales increases of 20-30%.

737. GUSHMAN, PAT. No joy in mudville. *CableVision Plus* (Apr. 5, 1982).

A New York district court recently ruled that Eastern Microwave is not a copyright-exempt common carrier because it publicly performs copyrighted programming belonging to Doubleday Sports. The court also found "that Eastern Microwave selects the signal to be retransmitted and uses its own facilities not only to carry the signal but also deliver a specific product which it markets and sells." In discussing the decision, this article explores the ramifications the ruling, if left undisturbed, could have on the resale carrier business. This article also speculates that the decision ultimately could apply to microwave distribution.

738. Hail Kirk Douglas c'right blitz. *Variety*, vol. 306, no. 3 (Feb. 17, 1982), p. 43.

Acting on behalf of the Motion Picture Assn. of America,

Kirk Douglas went to Capitol Hill to lobby for royalty fees on videocassette recorders and blank tapes. While there, he spoke with the leadership of both houses of Congress and with key legislative aides.

739. HARRIS, PAUL. Goldwater bill will limit CATV franchise fees. *Daily Variety*, vol. 195, no. 1 (Mar. 8, 1982), pp. 3, 22.

Senator Barry Goldwater introduced S. 2172, a bill providing that the Federal Communications Commission (FCC) establish ceilings for cable franchise fees. The measure requires cable systems to black out sports programming within fifty miles of the home club's stadium. It also includes provisions authorizing municipal ownership of systems at fair market value, FCC restriction of foreign ownership and FCC deregulation of all but basic cable rates.

740. HBO to fight illegal viewing via 'scrambler.' *Billboard*, vol. 94, no. 13 (Apr. 3, 1982), p. 10.

Home Box Office is planning to scramble its satellite signal to prevent unauthorized reception by nonsubscribers. The signal "will be encoded using a digital encryption system." In addition to providing increased security for the HBO signal, digital encryption will improve reception and assure that the pay-TV service "will not be left behind when digital technology gains acceptance in the mass market."

741. HENNESSEY, MIKE. Asia meet backs antipiracy. *Billboard*, vol. 94, no. 11 (Mar. 20, 1982), pp. 1, 63.

This article focuses on a resolution unanimously adopted at a recent meeting "on East-West exchange in music and the performing arts." The meeting was jointly sponsored by UNESCO's International Music Council, the Hong Kong Arts Festival and the Hong Kong government. The resolution, the text of which is supplied, "calls on the governments of Southeast Asia to enact and enforce effective copyright and performing rights legislation."

742. HENNESSEY, MIKE and PETER JONES. U.K. pact on mechanicals shaves fees. *Billboard*, vol. 94, no. 8 (Feb. 27, 1982), pp. 1, 62.

U.K. publishers and record manufacturers have reached a one-year accord on computing mechanical royalties. Worked out between the British Phonographic Industry and the Mechanical

Rights Society, the agreement provides "for supplementary mark-ups to be added to the wholesale price of records and tapes, less Value Added Tax, before calculating the traditional 6¼% publisher royalty." It allows a 25% markup for singles, a 31% markup for certain pop albums and cassettes, and a 36% markup for some pop and all classical albums and cassettes.

743. HOLLAND, BILL. Congress poised to pass tougher antipiracy law. *Billboard*, vol. 94, no. 10 (Mar. 13, 1982), pp. 1, 15.

The House Judiciary Committee recently passed H.R. 3530, the piracy bill developed by the subcommittee chaired by Rep. Robert Kastenmeier. The bill makes both piracy and counterfeiting a felony and carries penalties ranging from a \$25,000 fine and/or one year in jail to \$250,000 and five years in jail. The measure is expected to get quick approval when it is reported to the full House. A similar bill, S. 691, was passed by the Senate in December 1981.

744. HOLLAND, BILL. Copyright Tribunal in royalty payment: represents '79 fees. *Billboard*, vol. 94, no. 15 (April 17, 1982), p. 58.

Reportedly, the Copyright Royalty Tribunal has issued a check for \$1,334,000 as partial payment to ASCAP, BMI and SESAC for the 1979 jukebox distributions. The check was issued in accordance with a voluntary agreement reached between ASCAP and BMI. The Tribunal indicated that the remainder of the royalty collections will be made for "disputed amounts and unrecorded liabilities."

745. HOLLAND, BILL. Mathias amendment: Betamax bill adds audio clause, fee. *Billboard*, vol. 94, no. 10 (Mar. 13, 1982), pp. 1, 72.

Senator Charles Mathias has proposed an amendment to S. 1758, the home taping bill introduced by Senator Dennis DeConcini. The Mathias proposal would extend S. 1758 to "include audio as well as video home taping" and to provide for a compulsory licensing scheme to compensate copyright owners for such activities. The Copyright Royalty Tribunal would determine the amount of the royalty fee under the scheme and manufacturers and importers of blank tape would be expected to pay the fee.

746. HOLLAND, BILL. Sony executive attacks industry anti-tape lobby. *Billboard*, vol. 94, no. 11 (Mar. 20, 1982), pp. 3, 10.

Sony's Bill Baker decried record industry lobbying efforts on behalf of an audio taping royalty. He indicated that the legality of home audio taping was questioned and settled long ago. Baker charged the industry with "trying to ride the back of the video case." Sony and the Electronics Industries Assn. Consumer Electronics Group, of which Baker is a member, oppose legislation providing for a royalty to compensate copyright owners of video and audio works.

747. HOLSENDOLPH, ERNEST. Goldwater introduces cable TV bill. *The New York Times*, vol. CXXXI, no. 45,246 (March 8, 1982), p. D7.

On March 4, 1982, Senator Barry Goldwater introduced S. 2172, a bill that will permit cities to own and operate cable systems. The bill, the first comprehensive cable television bill to be introduced in Congress, includes several provisions that have divided cable operators and city officials who franchise them. One such provision requires that cable systems with twenty or more channels must set aside ten percent of the channels for public, educational and government use, and another ten percent for lease to programmers. Hearings are scheduled for April 27, 28, 29 and 30, 1982.

748. HOLSENDOLPH, ERNEST. Legislative plan to tax video recording gear. *The New York Times*, vol. CXXXI, no. 45,250 (March 12, 1982), p. A30.

This article discusses the legislation introduced in Congress as a result of last years' *Betamax* decision, which held that off-air taping of copyrighted material is an infringement even if copying is for private home use. Some of the bills call for a tax on video machines and tapes, with proceeds going to the entertainment industry. Proponents of the tax argue that with the growth of recording technology the reduced promise of financial rewards will inhibit creativity, stagnate the entertainment industry and wipe out thousands of jobs. On the other hand, those against the tax say that the entertainment industry gets ample rewards for its work. They claim that most home taping is done for viewing at a later time, a practice known in the industry as "time-shifting". Passage of some type of video legislation seems likely some time this year.

749. House panel okay's stiffer pirate penalties. *Daily Variety*, vol. 194, no. 61 (Mar. 4, 1982), pp. 1, 18.

The House Judiciary Committee approved H.R. 3530 and H.R. 4441. The former measure makes piracy a felony and provides penalties of up to five years in jail and/or \$250,000 in fines. H.R. 4441 increases the copyright registration fee.

750. House panel votes bill on cable TV limitations. *The New York Times*, vol. CXXXI, no. 45,269 (March 31, 1928), p. D5.

The House Judiciary Committee has approved, by voice vote, H.R. 5949 introduced by Rep. Kastenmeier on March 24th. The bill would give television stations and producers more control over their copyrighted programs that are broadcast over cable television systems. In addition, the bill would retain the current copyright system for cable television, while increasing to \$300,000 the copyright royalties paid annually to NPR for use of its programs by cable operators.

751. Injunction granted on Alabama lp. *Billboard*, vol. 94, no. 11 (Mar. 20, 1982), p. 68.

The U.S. District Court enjoined Al Cartee Music and others from producing and selling a 1975 album by the rock group "Alabama." The album is a demonstration record that was made when the group called itself "Wild Country."

752. JONES, PETER. BPI awarded \$196,000 in parallel imports case. *Billboard*, vol. 94, no. 8 (Feb. 27, 1982), p. 53.

The High Court in London has awarded the British Phonographic Industry \$196,000 in its suit against three U.K. wholesale record import operations. The suit alleged that defendants had been illegally importing cheap foreign-manufactured LPs from non-EEC countries. Stage One (Records) Ltd., Bullet Records Ltd. and Rose Records, the defendants in the action, "submitted to permanent injunctions restraining them from importing or dealing in records manufactured outside the EEC." Four similar actions against another U.K. importer are pending.

753. JONES, PETER. Euro court: U.K. can bar parallels from Portugal. *Billboard*, vol. 94, no. 7 (Feb. 20, 1982), pp. 1, 74.

The European Court ruled that Polydor and RSO record companies may restrict parallel imports from countries such as Portugal, which have treaties of association with Common Market countries, without violating the EEC's free trade regulations. For

the British record industry, the ruling is a precedential victory that can be used against imports from similarly situated non-EEC countries. Another victory for the industry came not long ago when the Court of Appeals upheld a High Court decision preventing the import of records from Canada that were shipped into Britain via Holland.

754. JONES, PETER. IFPI seeking to control disk rental proliferation. *Billboard*, vol. 94, no. 8 (Feb. 27, 1982), pp. 3, 52.

Record rental schemes are on the agenda of the next meeting of IFPI's European group directors. The directors will discuss measures to control their spread throughout the world. In an IFPI document analyzing the problem, it was noted that germane to any legal argument for controlling rentals is the issue of whether the copyright owner of a sound recording is "able to prohibit, or obtain royalties in respect of, the rental of records after they have been sold to a dealer." Another question is whether a retailer is liable for copyright infringement by reason of indirectly "authoring, inducing or contributing to home taping by consumers."

755. JONES, PETER. U.K. Council rejects call for tape levy. *Billboard*, vol. 94, no. 11 (Mar. 20, 1982), p. 64.

Agreeing with the government's Green Paper on copyright reform, Britain's National Consumer Council (NCC) announced that it does not "believe a convincing case can be made" for a levy on recording tape and equipment. The NCC's remarks appeared in a newly released paper entitled "Records and the Law". The paper also noted that the Council believes the current Copyright Act is absurd and unenforceable against home taping. In fact, the organization suggested that the law be amended to allow home taping for private use.

756. JONES, PETER. U.K. tape levy would fund arts: BPI offers cultural packages to sweeten royalty bid. *Billboard*, vol. 94, no. 7 (Feb. 20, 1982), pp. 3, 65.

The British Phonographic Industry is proposing that a significant portion of the home taping levy being sought be earmarked for the "production of records of music that otherwise would not be recorded by commercial companies suffering heavy losses due to the practice of home taping." This radical new pro-

posals is seen as a move to assuage the public's view that the levy would be another tax burden to generate funds for "already wealthy" artists and composers.

757. JONES, PETER and NICK ROBERTSHAW. Piracy half of U.K. vid? *Billboard*, vol. 94, no. 9 (Mar. 6, 1982), pp. 1, 69.

Because of the vast proliferation of pirate product in the British video market, strenuous antipiracy efforts are being undertaken both by trade organizations and individual software dealers. Measures being considered include establishment of a crew of field investigators and adoption of a scheme for the licensing and monitoring of authorized retailers.

758. Justice dept. urges killing compulsory cable license; cites sloppy royalty payout. *Variety*, vol. 306, no. 9 (Mar. 31, 1982), pp. 63, 72.

The Justice Department has gone on record opposing H.R. 3560, the cable bill that would re-establish syndicated exclusivity and make other amendments to the copyright law. In a letter to the House Judiciary Committee chairman, the Assistant Attorney General indicated that the Justice Department agreed with arguments put forth by opponents of the measure. He urged the Committee, therefore, to reject the proposal so that "television program suppliers may capture the full market value of their programs."

759. Justice to House: get rid of cable's compulsory license. *Broadcasting*, vol. 102, no. 13 (March 29, 1982), p. 38.

The Justice Department has asked the House Judiciary Committee to defeat legislation that would continue the compulsory license provisions in the Copyright Act. In a letter to Committee Chairman Peter Rodino, the Justice Department said that the continuation of the compulsory license would unfairly subsidize the cable industry and hinder development of programming for the cable TV industry. If the compulsory license were abolished, networks could absorb most of the costs of negotiating individual program rights for cable systems, said the Justice Department, and middlemen could negotiate compensation for retransmission of distant broadcast signals.

760. Kenny Rogers sues poster company. *Daily Variety*, vol. 195, no. 19 (Apr. 1, 1982), p. 6.

Kenny Rogers has filed suit against LSC corp. for "misappropriation of the right of publicity and violations of Federal trademark laws." Defendant is alleged to have been selling unauthorized lithographs of Rogers. Plaintiff seeks \$350,000 minimum damages and injunctive relief.

761. KINDRED, JACK. Germans estimate homevid loss to pirates at \$170-mil in year. *Variety*, vol. 306, no. 8 (Mar. 24, 1982), pp. 4, 298.

The chairman of the German Video Institute says that losses from film and video piracy in Germany total some \$170 million annually. Reportedly, the country has an estimated two thousand video pirates, which, according to an industry official, control about 25% of the local video market. Record piracy is also a significant problem in Germany.

762. KIRK, CYNTHIA. NARM limits backing of bill on home taping. *Daily Variety*, vol. 195, no. 16 (Mar. 29, 1982), pp. 1, 10.

The National Association of Recording Merchandisers' (NARM) board of directors voted to support only the audio portion of the Mathias home taping amendment. The board's decision, reportedly, was prompted by the fact that the measure is strongly opposed by the Video Software Dealers Association (VSDA). The audio-only endorsement is a compromise that allows NARM to support the position of its video affiliate, VSDA, as well as that of record industry forces that favor the Mathias bill.

763. KLAIN, STEPHEN. Adult pix eye cable boom, legal gloom: 'war chest' targets new legislation. *Variety*, vol. 306, no. 6 (Mar. 10, 1982), pp. 7, 202.

The Adult Film Assn. adopted resolutions calling for the establishment of "a legal watchdog and lobbying war chest" as well as a piracy hotline. The resolutions were partly prompted by growing industry concern over "legal assaults against hardcore screen fare, burgeoning videotape piracy" and possible cable regulatory legislation. The Association's main concerns, however, center on "the producer-distributor's need to contractually protect videotape copyrights from pirating and/or illegal rental and . . . the need to pressure the FBI 'not to exercise its own censorship' in pursuing major distrib piracy problems while ignoring harder core interests."

764. LEONIAN, EDITH. The paper trail. *New York Photo District News*, vol. II, issue VIII (May 1982), pp. 37, 58, 59.

The article gives helpful advice as to how photographers can protect their business interests by keeping accurate and complete records of their transactions. Copyright issues are highlighted.

765. LIPPMAN, THOMAS W. Firms, unions back curbs on book imports. *The Washington Post*, vol. 105, no. 111 (March 26, 1982), p. D9, D10.

With the manufacturing clause in the copyright act of 1976 scheduled to expire on July 1, 1982, book manufacturers and labor unions are urging Congress to extend it. They contend that if the clause is allowed to expire, low-cost foreign printing will push them out of business. The Authors League of America, which favors the expiration, has sent a letter to Rep. Kastenmeier urging that if the clause is extended, the clause should be made applicable to books by foreign authors. The manufacturing clause requires that most books written by Americans be published by U.S. companies to be afforded copyright protection.

766. LOYND, RAY. 'Jaws' battles 'Great White' in fed suit to block release. *The Hollywood Reporter*, vol. CCLXX, no. 42 (Mar. 3, 1982), pp. 1, 4.

Universal filed a \$1 million suit against Film Ventures International. The complaint charges that defendant's movie "Great White" is too much like plaintiff's "Jaws" and that the former's logos and ads are "a rip-off of the Universal marketing symbols used in distributing . . . 'Jaws' and . . . 'Jaws 2'." Plaintiff seeks punitive damages and injunctive relief.

767. LOYND, RAY. Writers lose suit against Uni. Marty Feldman over copyright. *The Hollywood Reporter*, vol. CCLXXI, no. 8 (Mar. 25, 1982), p. 4.

In Mort Lachman and Ed Simmons' copyright infringement suit against Universal Studios, the court ruled in favor of defendants. The complaint alleged that defendant's "In God We Trust" feature was based on a script plaintiffs authored entitled "Albert". The question of unauthorized use was left unresolved because the court concluded that the script was owned by CBM Pros., a German company. Reportedly, CBM is now considering an infringement suit of its own against Universal.

768. LUBASCH, ARNOLD H. 1981 dismissal of Goody case survives appeal. *The New York Times*, vol. CXXXI, no. 45,254 (March 16, 1982), p. B7.

A federal appeals court has refused to overturn the district court's decision that dismissed the conviction of Sam Goody Inc. on charges of dealing in counterfeit tapes. However, the appeals court criticized the trial judge, Thomas Platt, Jr., who had dismissed the jury's guilty verdict and ordered a new trial on grounds that the verdict may have been "tainted" by what he called the prosecution's "attempted cover up" of false statements by an agent of the FBI. The appeals court decision indicated that it disagreed with Judge Platt, but the decision to hold a new trial could not be appealed since the district judge did have the power to grant a new trial. The Goody company was accused of knowingly buying and selling more than 100,000 counterfeit tapes of soundtracks of films valued at more than \$1 million.

769. Martin's Air Studios suing Capitol. *Billboard*, vol. 94, no. 8 (Feb. 27, 1982), p. 62.

Capitol Records is being sued by Air Studios Ltd., a United Kingdom record producer. The suit alleges that defendant underreported royalties to EMI Records, a company for which plaintiff produced various acts, and thereby reduced plaintiff's U.S. and Canadian royalties. The suit seeks \$650,000 in general damages and \$500,000 in punitive and exemplary damages.

770. MCA gets injunction on bogus lp. *Billboard*, vol. 94, no. 8 (Feb. 27, 1982), p. 62.

Album Glove Distribution Co. and others have been enjoined from producing and selling the allegedly illegal Barbara Mandrell "Come On, Come On" album. The injunction was handed down in a suit filed by MCA Records in the federal district court in Nashville. Plaintiff, claiming that Mandrell performs none of the tunes on the album, seeks \$500,000 in damages.

771. MCCULLAUGH, JIM. Say millions at stake: California tax bite shocks studio scene. *Billboard*, vol. 94, no. 8 (Feb. 27, 1982), pp. 1, 62.

The California Entertainment Organization (CEO) says it will lobby against a recent tax ruling by the state's Board of Equalization. According to the ruling, local independent recording en-

gineers, producers, production companies and studios must pay a 6% sales tax on all monies received since 1974, including royalties, and on certain production expenditures between 1976 and the present. The ruling also provides that a 10% penalty for failure to file plus a 1% per month interest penalty be paid. The CEO had considered contesting the ruling, but concluded such a course of action would be too costly to its members in that state law requires that a tax must first be collected before it can be contested.

772. MPAA re Latin video piracy. *Variety*, vol. 306, no. 7 (Mar. 17, 1982), p. 49.

Stephen Bercovitch of the Motion Picture Assn. of America says that new and improved laws are proving effective against Latin America's piracy problem. He indicates that a piracy case now under appeal could have even more of an impact on the illegal activity. The case involves illegal videocassettes offered by video retailers in Caracas. The local court dismissed the suit on a technicality, and the shopowners who brought the action appealed.

773. Must-carry provisions remain in House bill. *Broadcasting*, vol. 102, no. 6 (Feb. 8, 1982), p. 35.

The House Judiciary Subcommittee on Courts, Civil Liberties and the Administration of Justice has scheduled February 23d as the markup date for H.R. 3560 (cable copyright legislation). A number of amendments are anticipated. One amendment would close what network representatives perceive as a potential loophole in the present FCC must-carry rules. Cable systems in time zones different from those in which the distant signal is imported would be prohibited from airing network programs before local affiliates air them. The other amendment would allow the FCC to consider must-carry requirements for future "audio or video services," such as teletext or direct-to-home broadcast signals.

774. NAB, NCTA come to terms again on copyright language. *Broadcasting*, vol. 102, no. 12 (March 22, 1982), p. 29.

The National Association (NAB) and the National Cable Television Association (NCTA) have tentatively reached an agreement on proposed cable copyright legislation that would no longer contain a provision codifying an FCC ban on local broadcast-cable

crossownership. The NAB and NCTA also agreed to a proposal on carriage of stations that include some subscription services in their programming.

775. NELSON, DALE. Dateline—Washington. *Wilson Library Bulletin* (March 1982), pp. 520-521.

An article about an organization called International Star Registry which advertises that it will name a star for you and that "star designations are cataloged in the Library of Congress." The General Counsel of the Library of Congress found this to be false and the publishers were obliged to change their declaration of "cataloging" at the Library to simply state that the Star Registry will be registered with the Copyright Office.

776. 90,000 Mex vcrs; piracy widespread. *Variety*, vol. 306, no. 7 (Mar. 7, 1982), p. 85.

This is a brief discussion of Mexico's video business. The article points out that six or seven pirates control the country's homevideo market. Reportedly, efforts to prosecute the pirates or to establish legitimate video businesses have been frustrated, in part at least, by the government's lack of interest in the piracy problem and its unwillingness to act against illegal operators.

777. Northern suing importer. *Billboard*, vol. 94, no. 10 (Mar. 13, 1982), p. 38.

Northern Songs filed a copyright infringement suit against Blue Angel Inc., a Virginia-based importer of books and recordings. The complaint charges that defendants advertised and solicited sales for two unauthorized books containing printed copies of 162 of the Beatles copyrighted songs. Plaintiff seeks injunctive relief as well as statutory and punitive damages.

778. Pac-Man fever hits courts: c'right applies to vid games. *The Hollywood Reporter*, vol. CCLXX, no. 44 (Mar. 5, 1982), pp. 1, 6.

Overturing a lower court decision, the Seventh Circuit ruled that North American Philips' Odyssey game appeared to infringe Atari's copyrighted Pac-Man home video game. The appellate court found that "Philips not only adopted the same basic Pac-Man characters . . . but also portrayed them in a manner which made" the Odyssey game seem substantially similar to the Pac-Man game.

779. Pac-Man look-alike can stay on market. *The Hollywood Reporter*, vol. CCLXX, no. 49 (Mar. 12, 1982), p. 8.

A federal judge stayed the Circuit Court's ruling in Atari's copyright infringement suit against North American Philips. The appellate court enjoined Philips from further marketing its K. C. Munchkin home video game because it appeared to violate the copyright in Atari's Pac-Man video game. The new order, which requires Philips to post a \$1 million bond, allows the Munchkin game to remain on the market.

780. PAGE, SHARON. Backyard 'dishes' pluck TV signals from satellites. *The Fairfax Journal* (Mar. 22, 1982), p. A8.

This article focuses on the legality of satellite antennae. Bill Wheaton, owner of the Metropolitan Satellite System, says that ground satellite antennae are not illegal. Due to FCC deregulation, Wheaton says that "a person or business no longer needs a license to receive TV-reception-only signals." Sharon Kelley of the FCC says, however, that the unauthorized interception and use of such satellite broadcasts is prohibited by the Communications Act of 1934. According to Kelley, microwave antennae also have been found to be illegal.

781. Peru stages first vidpiracy crackdown. *Variety*, vol. 306, no. 7 (Mar. 17, 1982), pp. 84, 112.

Peru is intensifying its antipiracy efforts. Last year, the municipal police closed several shops that were selling illegal product. Now the government's film office is drafting legislation which it claims will "normalize" the industry and establish a registration system for companies and videocassettes.

782. Phonogram sued by Kiss over royalties, alleged 'dumping'. *Variety*, vol. 306, no. 5 (Mar. 3, 1982), p. 81.

Kiss filed suit against Phonogram International for nonpayment of \$1,772,655 in royalties and the illegal overshipment and dumping of the group's albums. The complaint seeks an accounting, \$15 million in damages and attorneys' fees and court costs.

783. Piracy blights blighty as wide shop connivance impedes control. *Variety*, vol. 306, no. 8 (Mar. 24, 1982), p. 288.

Video piracy in the U.K. is an organized crime that is of

growing concern to local video distributors. Therefore, they are exploring various antipiracy measures to combat the problem. For example, a major distributor has started affixing "reflective security labels" to its product to make authentic merchandise more readily identifiable. The British Videogram Association is lobbying for a levy on blank cassettes and is in favor of a system for licensing and monitoring authorized dealers. Additionally, MGM/CBS proposed "policing the industry by means of a network of authorized dealers."

784. Possible copyright infringement tied to two lawsuits. *The Hollywood Reporter*, vol. CCLXX, no. 46 (Mar. 9, 1982), pp. 1, 28.

VIP sold Film Ventures International Inc. and Edward Montoro Film movie rights to a work that allegedly infringed the copyright in "Jaws." As a result, Film Ventures and Montoro are suing VIP for selling rights to an allegedly infringing film. In a similar action, record distributor Koala is charging that Jack Millman sold master recordings that have become the subject of copyright infringement litigation.

785. Publisher loses on U.S. ownership of copyright. *Publishers Weekly*, vol. 221, no. 11 (March 12, 1982), p. 16.

The Supreme Court refused to hear a case brought by M. B. Schnapper, publisher of Public Affairs Press. Schnapper had sought to publish the text of the television movie entitled "Equal Justice Under Law", which is about the Supreme Court during 1976. He contended in his suit that a work commissioned by the government cannot be copyrighted. A Pittsburgh television station produced the work for the government, copyrighted it and transferred the copyright to the government as stipulated in the contract. The District Court ruled against Schnapper, and the Appeals Court affirmed.

786. RADCLIFFE, JOE. Mini-systems used: illegal taping problem at clubs. *Billboard*, vol. 94, no. 7 (Feb. 20, 1982), pp. 32, 33.

Record companies, already concerned about the amount of illegal home taping being done via radio stations' offering of several hours of uninterrupted music, now have another form of unauthorized copying to worry about. The companies say that the illegal taping of dance music at discotheques is the new recording craze. Reportedly, patrons of the clubs use easily concealed mini-

cassette systems to accomplish this feat.

787. Ray confirmed for Tribunal. *Billboard*, vol. 94, no. 7 (Feb. 20, 1982), p. 9.

The nomination of Edward W. Ray to fill the slot on the Copyright Royalty Tribunal vacated by Clarence L. James Jr. was confirmed by the Senate. Ray, who is a "veteran record industry executive," was unanimously approved for the position without a hearing.

788. REUTER, MADALYNN. Extension predicted for manufacturing clause. *Publishers Weekly*, vol. 221, no. 12 (March 19, 1982), pp. 10, 24.

Rep. Kastenmeier has introduced H.R. 5870, a bill that would extend the manufacturing clause in the copyright law for three years. The Reagan administration had wanted the clause retained and the administration given the discretion to trade the provision away as a bargaining chip in trade talks with other countries. The subcommittee rejected the administration's proposal in addition to criticizing the administration for failing to permit the Labor Department to testify concerning an unreleased study that forecast the loss of 367,000 "job opportunities" if the manufacturing clause is allowed to expire.

789. ROBINSON, RUTH. Music industry loses \$2.85 bil due to consumer home taping. *The Hollywood Reporter*, vol. CCLXXI, no. 9 (Mar. 26, 1982), pp. 1, 45.

A report issued by Warner Communications, Inc. shows that more than \$600 million worth of blank tape was used by home tapers in 1980. The report also shows that most tapers are over twenty and from the upper socioeconomic strata. Approximately 250 million albums and 2 billion individual selections from albums or singles having a market value of more than \$2.85 billion were copied by home tapers. The figures for people who have access to recording equipment, who buy blank tape and who engage in taping increased to 89.6 million, 6.6 million and 42.8 million, respectively.

790. ROTHBART, GARY. Scrambling to keep up with the Joneses. *CableVision Plus* (Apr. 5, 1982), pp. 15-16.

This article talks about earth stations and examines the issue

of their legality. It focuses on proposed legislation that would amend the Communications Act to make unauthorized reception of satellite signals unlawful. The article also discusses a suit filed against Pirate Video and Microwave for its sale of private earth stations and "regular appropriation and sale of local MDS operators' signals." The suit charges copyright infringement, mail fraud and unauthorized interception of satellite signals.

791. RUSSELL, ANNE M. Cochran seeks copyright revision. *New York Photo District News*, vol. II, issue VIII (May 1982), pp. 1, 27.

The article briefly summarizes the purpose of the Cochran bill, which would eliminate parts of the Copyright Act's "work-for-hire" definition. The article urges readers to show their support for the bill by writing to members of Congress.

792. SAMPSON, JIM. German antipiracy raid nets 35,000 illegal tapes. *Billboard*, vol. 94, no. 8 (Feb. 27, 1982), p. 6.

Simultaneously conducted police raids on several locations in the western section of the Federal Republic of Germany netted what is, reportedly, one of the largest seizures ever executed against prerecorded tape pirates. Approximately 35,000 illegal tapes were seized in the raids and one man was arrested.

793. SAMPSON JIM. Parallel imports continue to hurt domestic product. *Billboard*, vol. 94, no. 7 (Feb. 20, 1982), p. 68.

Parallel imports from EEC countries are posing a problem for the German record industry. One such import was reported to have undersold the lowest domestic wholesale net price by as much as forty cents. Local record companies concede that there is "nothing that can be done about these imports from other Common Market countries." With respect to parallel product from non-EEC countries, however, court actions and revision of certain record company practices concerning release dates and wholesale prices have kept imports at a stable level since 1978.

794. SCHREIBER, MANFRED. Austrian parliament oks copyright amendments. *Billboard*, vol. 94, no. 12 (Mar. 27, 1982), p. 92.

The Austrian government amended the country's copyright law. The amendments affect such areas of the law as terms of limitation and "exceptions to reproduction rights." The government approved declarations of accession to Berne, the Universal

Copyright Convention and two other international copyright conventions. Additionally, it is drafting a bill providing a royalty scheme for rented prerecorded videocassettes and disks.

795. Seven film firms file suit in L.A. *Billboard*, vol. 94, no. 11 (Mar. 20, 1982), p. 68.

In the copyright infringement suit filed against Kurt Leonhardt, a magistrate signed a writ of seizure for alleged pirated videocassettes in the possession of the defendant. Plaintiffs in the action include Columbia Pictures, MGM and Paramount.

796. SOBEL, LIONEL. Legal briefs. *The Hollywood Reporter*, vol. CCLXX, no. 44 (Mar. 5, 1982), p. 14.

BMI's and ASCAP's blanket licensing systems have been the subject of at least three significant legal battles. In one such action, the Justice Department charged that the organization's licensing practices were "illegal monopolies and restraints of trade." Several years later, CBS alleged that the societies' blanket license policies constituted price fixing. Recently, the licensing practices of BMI were attacked by a Maryland tavern owner who asserted that they violated antitrust laws and were a misuse of copyright.

797. SOBEL, LIONEL. Legal briefs. *The Hollywood Reporter*, vol. CCLXXI, no. 9 (Mar. 26, 1982), p. 20.

Cher's and Rev. Jerry Falwell's suits against Penthouse magazine both involved the unauthorized publication of interviews. The Falwell suit, which asserted privacy, copyright and defamation claims, was dismissed. The Cher action, on the other hand, which alleged violation of the Lanham Act and California statutes governing the use of names and likenesses for advertising and marketing purposes, was decided in the singer's favor. This article discusses the similarities between these cases.

798. SOBEL, LIONEL. Legal briefs. *The Hollywood Reporter*, vol. CCLXXI, no. 14 (Apr. 2, 1982), p. 20.

This article discusses Eastern Microwave Inc.'s (EMI) unsuccessful attempt to secure a judicial declaration that its retransmission of WOR-TV's broadcast of the New York Met's copyrighted baseball games did not violate the copyright law. EMI based its assertion on the argument that it was a passive common carrier whose retransmissions were not public performances because such

retransmissions were received only by cable systems. The Federal District Court in Syracuse rejected EMI's contention.

799. Son of Charles Bronson in effort vs. U.K. vid pirates. *The Hollywood Reporter*, vol. CCLXX, no. 46 (Mar. 9, 1982), pp. 1, 4.

The discovery of pirate videocassettes of "Death Wish II" has prompted Jason Bronson to get involved in antipiracy efforts. Jason, who is the son of actor Charles Bronson, discovered the illegal copies while touring London. He said that he was also offered pirate cassettes of "Reds" and a couple of other recent features.

800. Sony asks high court for review of VCR case. *Broadcasting*, vol. 102, no. 12 (March 22, 1982), p. 74C.

The Sony Corporation of America has asked the Supreme Court to review an Appeals Court decision that held that off-the-air taping of a commercial broadcast is a violation of copyright even if done for private home use. Sony says that "billions of dollars in sales and thousands of jobs in the U.S." will be affected if the lower court ruling stands. Sony contends that Universal and Walt Disney Production, who brought the original suit in 1976, "admitted they had suffered no damages."

801. 'States' c'right case given in federal court. *Daily Variety*, vol. 195, no. 20 (Apr. 2, 1982), p. 20.

A district court has ruled that Jeffrey Lieberman's suit against the late Paddy Chayefsky is properly in federal court. The complaint claims that plaintiff co-authored the novel "Altered States" and is, therefore, entitled to a half-interest in defendant's proceeds from the screenplay. Before his death, Chayefsky sought dismissal of the case on the "grounds that the dispute did not entail federal jurisdiction." The court ruled, however, that since plaintiff's claims are based on the "Copyright Act, federal jurisdiction was in order."

802. 'Superstations' dealt a blow: judge's ruling against re-sale common carrier heats up c'right debate. *Daily Variety*, vol. 195, no. 8 (Mar. 17, 1982), pp. 1, 23.

Eastern Microwave Inc.'s "satellite distribution of WOR-TV, New York to cable-TV systems" has been found to have infringed copyrighted programs belonging to Doubleday Sports Inc. In is-

suing the holding, the district court in Syracuse, New York stated that Eastern, which is a resale common carrier, did not meet the definition of a passive common carrier and, thus, was not exempt from the copyright law. It also concluded that Eastern's transmissions of WOR-TV's signals should be considered a public performance.

803. Swedes prep blank tape (tax 4 cents per min?). *Variety*, vol. 306, no. 8 (Mar. 24, 1982), p. 91.

Sweden is expected to propose a blank videotape tax. The proposal, reportedly, will call for a rate of four cents per minute of playing time and provide that the proceeds be distributed to "copyright participants." On July 1, a new law goes into effect under which distributors will pay \$7.25 of the sale price from each prerecorded cassette sold to "the state-supported Swedish Film Institute and its program TV, homevid and theatrical production."

804. Swedish co. rents Fox titles; 'trading illegally,' sez 20th. *Variety*, vol. 306, no. 6 (Mar. 10, 1982), p. 36.

Video Pack, a Swedish video dealer, was in violation of the law by offering 20th-Fox titles for rent at the homevideo fair in Stockholm. Hans Ekman of the Video Pack claims that he bought the rental rights to the titles from an American firm. However, company officials say that Fox has no rental agreements in Scandinavia.

805. Third CBS action against licensee of Springboard. *Variety*, vol. 306, no. 3 (Feb. 17, 1982), p. 79.

CBS Records has filed suit to enjoin Ontario-based J. C. Enterprises Ltd. from dealing in certain titles formerly held by the now defunct Springboard International Records. CBS, claiming ownership of all rights to Springboard's catalog, also has similar actions pending against the Everest Record Group and London-based Rachel Music Ltd.

806. Torme sues Finesse, CBS. *Variety*, vol. 306, no. 5 (Mar. 3, 1982), p. 81.

Mel Torme filed a copyright infringement action against Maida Vale Enterprises. The suit alleges that defendant unlawfully manufactured, distributed and sold an album entitled "Mel

Torme and Friends—Recorded Live at Marty's, New York City.”
The complaint seeks injunctive relief, damages and an accounting
of sales and profits.

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