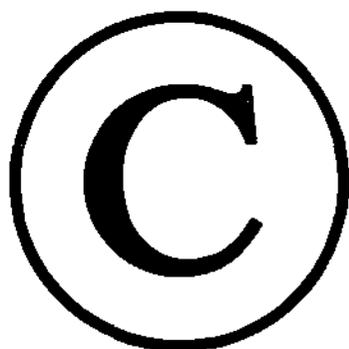

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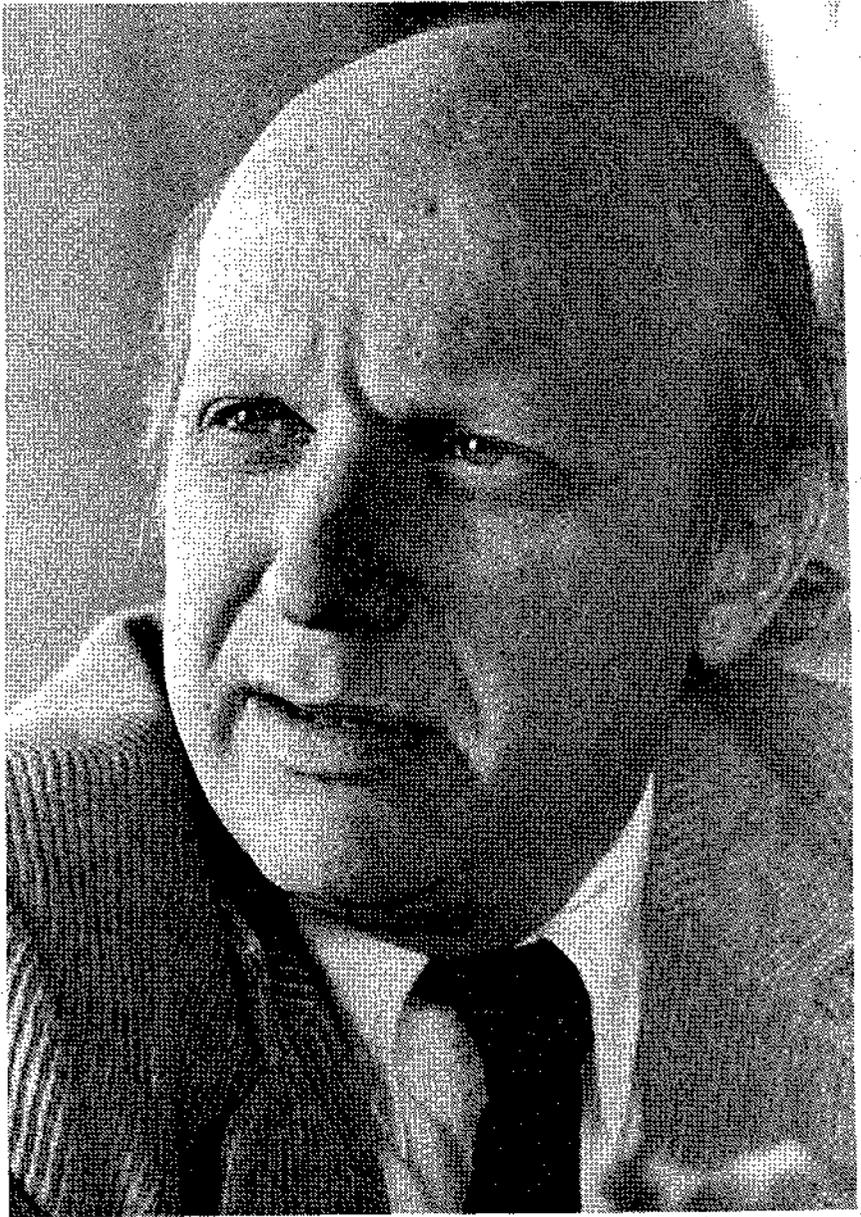
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Journal of the Copyright Society

OCTOBER, 1987



PART I

ARTICLES

1. FIRST AMENDMENT AND COPYRIGHT: *The Seventeenth Donald C. Brace Memorial Lecture**

By FLOYD ABRAMS**

I am honored, more honored than I can easily convey to you, to have been asked to deliver this address — one of a most distinguished series of lectures delivered in honor of a most distinguished and most honorable publisher, Donald C. Brace. I can only hope that Mr. Brace, who was personally devoted to First Amendment principles and to the principles embodied in the Copyright Act, would find what I have to say today of interest — and not, in any event, uncongenial.

I would also like to dedicate this address to a second person, Melville Nimmer, who understood and could explain far more eloquently and persuasively than I the essentiality of reconciling First Amendment values with those of copyright. It was Professor Nimmer who, with customary grace and incisiveness, delivered the first Donald C. Brace Memorial Lecture 17 years ago, a speech entitled “Copyright vs. The First Amendment.” I will always treasure the fact that Professor Nimmer sat with me at counsel table in the Supreme Court for the argument of *The Nation/Harper & Row*¹ appeal. Professor Nimmer’s tragic death in 1985 leaves the fields of copyright and the First Amendment — and all of us — inestimably poorer.

My choice of topic was prompted by a number of factors. One, undeniably, was that of serving as counsel to *The Nation* in the *Nation* case and coming upon issues which I found as intellectually stimulating as any I had encountered. And, as well, coming upon (or being fallen upon by) a whole bar — the copyright bar — whose values I thought I shared, sort of; a bar, however, with which I found myself so continually out of synch that it was in the nature of being shipwrecked and arriving on a desert island where the natives spoke English . . . but only eight out of every ten words. And where

*This lecture was delivered on March 18, 1987 at the Tishman Auditorium of the New York University Law Center, New York, New York.

**Mr. Abrams is a member of the New York City law firm of Cahill, Gordon & Reindel.

¹ *Harper & Row, Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539 (1985).

the other two words were not only not English but a kind of anti-English, an attack on English, an affront to English.

A part of my reaction stems from the nature of the Copyright Act itself. To a lawyer schooled in First Amendment law, a statute that permits on its face the "impounding and disposition of infringing articles" sounds like a statute that — do I dare say the words? — countenances book-burning. A statute that so prominently features "injunctions" as a weapon to be loosed upon speech sounds disturbingly like one which is, at best, insensitive to our nation's antipathy to prior restraints on speech. I do not come here to argue that these provisions are unconstitutional, although I will offer a few words later about the promiscuous issuance of injunctions. I simply put you on notice that viewed from traditional First Amendment perspectives, there are elements in the law of copyright that lead one to take some deep breaths before proceeding.

Let me reassure you of something at the outset. I do not come here to reargue the *Nation* case. It is true that during the *Nation* case, I sometimes thought that the copyright bar viewed the First Amendment (in copyright cases) as the libel plaintiff's bar viewed its entrance into the field in *New York Times Co. v. Sullivan* — much as vampires viewed crosses held before them by prospective victims. And it is true that some of my most lasting memories of the *Nation* case involved reading briefs against us by some groups that I believed were not so much wrong as hysterical. But I assure you that I come not to reargue anything today. In fact, so ecumenical is my view today that I will not even engage in the delicious task of comparing for you the briefs of the Association of American Publishers in the *Nation* case and the recent *Salinger* case.²

Perhaps, as an offering to those of you who think I appear here as an alien representative of those of us who have come on occasion to represent (if you will excuse the expression) the "press," I can best start with a recent quotation from a newspaper. Here, in its entirety, is a correction published in the *Miami Herald* on December 23, 1986:

Last Sunday, The Herald erroneously reported that original Dolphin Johnny Holmes had been an insurance salesman in Raleigh, N.C., that he had won the New York lottery in 1982 and lost the money in a land swindle, that he had been charged with vehicular homicide but acquitted because his mother said she drove the car, and that he stated that the funniest thing he ever saw was Flipper spouting water on George Wilson. Each of these items were erroneous material published inadvertently. He was not an insurance salesman in Raleigh, did not win the lottery, neither he nor his

² *Salinger v. Random House, Inc.*, 650 F. Supp. 413 (S.D.N.Y. 1986), *rev'd*, 811 F.2d 90 (2d Cir.), *petition for reh'g denied*, 2 UPSQ2d 1727 (2d Cir. 1987).

mother was charged or involved in any way with a vehicular homicide, and he made no comment about Flipper or George Wilson. The Herald regrets the errors.

Make of that what you will. It was too good not to quote.

I mentioned the *Salinger* case and it is that case which, in fact, prompts most of my reflections today. I come to you as a fan, an addicted admirer of J.D. Salinger, someone who used to rush for years to buy the *New Yorker* to see how Franny and Zooey and Seymour (and the rest of us) were doing. I would do the same today if there were hope of a new story. And I would, if I could, construct a Salinger exception to the fair use doctrine — one which would provide that where someone has demonstrated so consistently for so long his devotion to personal privacy (and, I suppose, when I found his writings so undeviatingly admirable) that no part of his letters should be quoted at all without his permission. Pre or post-publication. At least if his name were J.D. Salinger. I haven't fully worked out that approach, though, and so I am afraid I must start my analysis in a different way.

Let me try it this way. Copyright law must take account of First Amendment principles. It need not do so overtly; there are ample tools available within the framework of copyright law itself so that the words "First Amendment" need not be mentioned at all. But First Amendment values should matter, even in copyright cases.

Mel Nimmer, in the brief *amici curiae* he prepared for a variety of newspapers in the *Nation* case, put it this way:

Read literally, the First Amendment would invalidate the Copyright Act. On the other hand, since the Copyright Clause of the Constitution, Art. I, Sec. 8, Cl. 8, vests in Congress the power to enact copyright laws, it might be argued that this creates a built-in immunity from the First Amendment for copyright. Both extreme positions are obviously untenable. But if copyright is neither immune from nor invalidated by the First Amendment, then some constitutional accommodation must be found between these two competing interests.

What is the way to find accommodation between copyright and the First Amendment? Consider, by way of example, two long-established principles of copyright law — the idea-expression dichotomy and the fair use doctrine. Unless copyright law itself made clear that ideas are not copyrightable, that facts and information are not copyrightable, and that only expression is copyrightable, every copyright case would immediately become a First Amendment case as well. When Lord Erskine wrote in 1806 that "no man can monopolize such subjects as the English Channel, the Island of Domingo, or

the events of the world,"³ he was speaking of copyright. But any copyright law that allowed such monopolization would, in our terms, surely be unconstitutional. And any copyright law sensitive to First Amendment values should give decent play to the so-long established principle that only expression may be copyrighted.

Similarly, fair use is not only specifically codified in Section 107 of the Copyright Act but may be constitutionally mandated as well. It is, after all, only the concept of fair use that allows the quotation of a single word from a book in a review, only the protection of the fair use doctrine that permits a news article about President Reagan to quote from David Stockman's description of the President as "ignoring all the palpable, relevant facts and wander[ing] in circles," as a "good and decent man" going on in an "embarrassing way." Could we really conceive of a copyright act, a constitutional copyright act, that forever gave Mr. Stockman an exclusive monopoly on the use of those words to describe Mr. Reagan or which would preclude an author, writing about the Iran debacle, from recalling Mr. Stockman's earlier descriptions of the President as "register[ing] anecdotes rather than concepts" and of ultimately being too "kind, gentle and sentimental" to make hard Presidential decisions?⁴ Any interpretation of copyright law sensitive to First Amendment values must give sufficient room to the principle of fair use to accommodate the public interest in being informed at the same time we protect the private interest — of enormous public benefit — of authors to be assured that they and not others will be compensated for their creative efforts.

There is nothing new in viewing already established copyright principles as ones that exist to accommodate First Amendment interests. In the *Nation* case, the Supreme Court recognized that "copyright's idea/expression dichotomy 'strikes a definitional balance between the First Amendment and the Copyright Act by permitting free communication of facts while still protecting an author's expression'." And the Court observed that "fair use, along with the idea/expression dichotomy, is a First Amendment" protection already embodied in the Copyright Act. But the question is not whether these copyright doctrines are available to accommodate First Amendment values; it is whether they are, in fact, interpreted in a manner consistent with those values. And whether the rest of the Copyright Act is, as well.

To say that some recognition of the idea-expression dichotomy and of fair use may well be constitutionally compelled and that courts, in interpreting the Copyright Act, should not treat First Amendment principles as extra-terrestrial in character, should come as no surprise. The Constitution, after all, does not require any copyright law; it is, as the Supreme Court has ob-

³ *Matthewson v. Stockdale*, 12 Ves. Jun. 270, 275, 33 Eng. Rep. 103, 105 (Ch. 1806).

⁴ D. Stockman, *The Triumph of Politics*, 407, 99, 12 (1986).

served, "permissive" not mandatory as to copyright protection.⁵ Madison, by way of example, believed that copyright and patent protection was "too valuable to be wholly renounced" but dangerous enough that the public should retain the right "to abolish the privilege at a price to be specified in the grant of it."⁶ Jefferson, in turn, believed that the notion of granting the "exclusive rights to the profits" flowing from ideas "as an encouragement to men to pursue ideas" was something that "may or may not be done according to the will and convenience of the society, without claim or complaint from anybody."⁷

What would it mean in practice unabashedly to take account of First Amendment notions in interpreting principles of copyright law? Let us examine three aspects of the recent *Salinger* decision of the Court of Appeals for the Second Circuit, a case in which the Court of Appeals reversed a ruling of Judge Leval of the United States District Court for the Southern District and ordered a preliminary injunction barring publication of a biography of Salinger written by Ian Hamilton. The basis of the ruling, written by Judge Newman, was that Hamilton's biography quoted so extensively and paraphrased so slavishly from letters written by Salinger that Hamilton's use of those materials was not fair use.

I use the *Salinger* case as a starting point for many of my remarks that follow not only because of its immediacy (as I speak, a petition for reconsideration and application for rehearing *en banc* is before the Second Circuit) but because of its richness as a case that presents in acute form the tensions between copyright analysis and First Amendment considerations. I also use it because we have the benefit of two particularly thoughtful and incisive judicial opinions in the case. But I must pause, at the outset, to note a painful difficulty with analyzing both opinions in the *Salinger* case. Since much of the material in the case was and is under seal and was not specifically quoted by either the District Court or the Court of Appeals it is difficult — and often impossible — to assess the correctness of either court's computations as to how much of what sort of material was quoted. Both courts, however, do give examples of what they do and do not view as copyrightable material and as fair use of that material and it is to those examples that I now turn.

One of the starkest differences of approach between the opinion of Judge Leval and that of Judge Newman relates to paraphrased material. When is such material to be treated as if it were the direct quotation of expression, as the Second Circuit opinion often does? And when, as the District Court opinion more often does, is paraphrased material to be treated as a statement of an idea or of fact and thus not a taking of copyrightable material at all?

⁵ *Deepsouth Packing Co. v. Laitram Corp.*, 406 U.S. 518, 530 (1972).

⁶ 3 *Roots of the Bill of Rights* 617-18 (B. Schwartz ed. 1980).

⁷ *The Jefferson Encyclopedia* 433 (J.P. Foley ed. 1967).

Consider this example cited in the opinion of the Court of Appeals to illustrate what it viewed as Hamilton's inexcusable copying from Salinger. Salinger is quoted writing: "I suspect that money is a far greater distraction for the artist than hunger." Hamilton paraphrased the statement as follows: "Money, on the other hand is a serious obstacle to creativity." If Hamilton's paraphrase had appropriated Salinger's expression, it could only be excused if the totality of Hamilton's use of Salinger's expression constituted fair use. But if Hamilton had not copied expression at all but simply summarized in his own language Salinger's thought, there could be no finding that copyrighted language had been used, let alone that too much of it had.

For me, the answer as to this passage is an easy one. There is no use of Salinger's expression at all in Hamilton's paraphrase. In fact, unless we are prepared to say that Salinger's unexceptional conclusion that money distracts artists was copyrightable, there can be no basis for concluding that the paraphrase found actionable by the Court of Appeals was actionable at all. But ideas are not copyrightable — not under copyright principles and not, as well, under First Amendment ones.

Consider a more difficult passage. It is the longest quoted in the opinion of the Court of Appeals, the one used to demonstrate most tellingly "the closeness of the paraphrasing" of Salinger's letters by his biographer.

In 1943, Salinger wrote to a friend about the marriage of Oona O'Neil, whom he had dated, to Charlie Chaplin. He was not pleased. His letter — surely one of the most revealing ones discussed in the opinions — put it this way:

I can see them at home evenings. Chaplin squatting grey and nude, atop his chiffonier, swinging his thyroid around his head by his bamboo cane, like a dead rat. Oona in an aquamarine gown, applauding madly from the bathroom. Agnes [her mother] in a Jantzen bathing suit, passing between them with cocktails. I'm facetious, but I'm sorry. Sorry for anyone with a profile as young and lovely as Oona's.

Hamilton was, according to the opinion of the Court of Appeals, "not content to report the fact that Salinger was distressed that O'Neil had married Chaplin, or that in his mind he imagined how disastrous their life together must be . . ." Hamilton, the Court of Appeals opinion states, phrased it this way:

At one point in a letter to Whit Burnett, he provides a pen portrait of the Happy Hour Chez Chaplin: the comedian, ancient and unclothed, is brandishing his walking stick — attached to the stick, and horribly resembling a lifeless rodent, is one of Chaplin's vital organs. Oona claps her hands in appreciation and Agnes, togged out in a bathing suit, pours drinks. Salinger goes on to say he's

sorry — sorry not for what he has just written, but for Oona: far too youthful and exquisite for such a dreadful fate.

How should that paraphrase be considered? Both district court and the Court of Appeals viewed it as a whole-sale taking of expression. Is it?

My answer — and I acknowledge that it is not an easy question — is that Hamilton, in this example offered by the Court of Appeals to demonstrate the very worst of his close paraphrasing, may have sufficiently drained the passage of Salinger's expression to permit the paraphrase not to be considered a taking of expression at all. Consider the differences between genius and reportage: Salinger's description of Chaplin "squatting grey and nude" compared to Hamilton's description of Salinger's depicting Chaplin "ancient and unclothed;" Salinger's depicting Chaplin "atop his chiffonier, swinging his thyroid around his head by his bamboo cane, like a dead rat;" Hamilton depicting Salinger imagining Chaplin "brandishing his walking stick — attached to the stick, and horribly resembling a lifeless rodent, is one of Chaplin's vital organs."

Too close in imagery? Perhaps. But what might Hamilton have properly written? What does the Court of Appeals tell us he could have written without taking copyrighted material? Salinger's "distress that O'Neil had married Chaplin" is one way the Court phrased it. Or, phrased differently, the fact that Salinger imagined "how disastrous their life together must be."

Here is where a whiff or two of the First Amendment might have been useful. What is so telling, after all, about Salinger's reaction was not just that he was "distressed." That, with due respect to the Court of Appeals, is the way lawyers write. What is telling is that this author, this great author, was so distressed that he created images of Chaplin — horrible, deformed, wonderously vindictive images. Why must we be totally deprived of reportage by Salinger's biographer of those images? Is there no First Amendment component which would make it more likely that a biographer referring to those images would be considered to be describing facts rather than taking expression? Or at least that something far more descriptive than the so painfully bland recital that Salinger was "distressed" is protected?

Please note again that I have chosen, deliberately chosen, a difficult example. Just as Judge Newman chose this passage to illustrate how slavishly Hamilton paraphrased Salinger, so do I choose it to illustrate that even as to this example a dash of First Amendment potion makes an enormous difference in how we perceive what it is we are talking about.

I would not want to be understood — misunderstood, in fact — to be saying that no paraphrasing can ever be deemed so close to the quotation it purports to describe that it is, in its totality, nothing but the quotation. But it is important to take care not to characterize as the taking of expression the reporting about expression.

The question of how to characterize the paraphrasing of an author's

work — when does paraphrasing amount to a taking of expression? — is closely related to another central copyright (and, I would argue, First Amendment) issue considered in the *Salinger* case. It is the degree to which the purpose of a use — in the *Salinger* case, the writing of a biography of Salinger himself — should affect the conclusion as to how much protected expression may be used. There is no doubt that the purpose of the use is relevant; it is the first fair use factor set forth in Section 107 of the Copyright Act. But how shall the fact that Hamilton sought to use quotations from Salinger in his biography be weighed?

Judge Leval weighed heavily in Hamilton's favor the fact that a biographer is in a kind of dilemma:

to the extent [he] quotes (or closely paraphrases), he risks a finding of infringement. . . . To the extent he departs from the words of the letters, he distorts, sacrificing both accuracy and vividness of description.

In the view of the Second Circuit opinion, there is no dilemma at all: the reporting of facts is fully protected; the use of "more than minimal amounts" of unpublished expressive content is not. The Court ridicules Hamilton's answer to a question, asked at deposition, as to why he had utilized a particular stylistic device used by Salinger in one of his letters: "I wanted to convey the fact that [Salinger] was adopting an ironic term," said Hamilton. Why, counsel had asked him, "[c]ouldn't you have stated that he had an ironic tone?" To which Hamilton had replied: "That would make a pedestrian sentence I didn't wish to put my name to." But, says the Court of Appeals sternly, a "copier is not at liberty to avoid 'pedestrian' reportage by appropriating his subject's literary devices."

Reading this, I could not help but recall an exchange in my own Supreme Court argument in *The Nation* case. "Why," Justice O'Connor had asked me, "are direct quotes or direct paraphrasing of an author's essential to news reporting? Why can't they be rewritten?" I began my unsuccessful answer in a way not dissimilar from that unsuccessfully used in *Salinger*. "It can be rewritten," I said, "less well, less probingly, less meaningfully."

Here, I suggest, we see in pristine form the tension between a strict application of copyright principles and application of these principles in a fashion tempered by First Amendment values. For Judge Newman is right, is he not, in saying that "'vividness of description' is precisely an attribute of the author's expression that he is entitled to protect." Yet to say that an author of a biography of an author must avoid such vividness to the point that he must content himself with saying that Salinger was ironic — or, as in the previous example discussed, that Salinger was "distressed" — is to impose on society a sacrifice of comprehension, of tone, and of nuance of no small order of magnitude.

There is an alternative. It is to conclude that where the purpose of a use is, say, to write an author's biography, that more quotations shall be permitted without passing over the line into unfair use. It is to conclude that when the purpose of a use is, say, news reporting, that more rather than less may be quoted in the service of providing more information in a more meaningful way.

How much use of expression is too much will always remain a matter subject to case by case determination. What use is "fair" under particular circumstances must remain for determination on the basis of all the facts and equities of a particular case. But, if you will permit me to mix my metaphors a bit, the music of the copyright law should take greater account of underlying First Amendment themes.

A second subject dealt with in the *Salinger* opinion worthy of more general discussion also arose in the context of the Court's discussion of the amount and substantiality of the use by Hamilton of Salinger's expression. Not only, the Court of Appeals said, did Hamilton quote or closely paraphrase too much from a quantitative point of view but "from a qualitative one as well." The copied passages, the Court concluded, "are at least an important ingredient" of the Hamilton book, an ingredient which "to a large extent . . . makes the book worth reading."

I wish to raise, none-too-innocently, a question. Why should it matter that the portions of Salinger quoted by Hamilton were important to the Hamilton book? It is one thing to say that, of course, "the amount and substantiality of the portion used in relation to the copyrighted work as a whole" bears directly upon the question of fair use. That is the third factor we turn to to determine if a particular use is fair. But why should it count against Hamilton on the fair use scorecard that his book was made more worthwhile because of his quotations?

The crux of the matter is the amount and quality of what was taken. And here the *Nation* case is of relevance. The majority opinion in that case does make apparently approving reference to the conclusion of the district court that what was supposedly taken from the Ford Memoirs was the "heart of the book." But, as Justice Brennan's dissenting opinion observes, appropriation of the "heart" of a manuscript is irrelevant *if* what was taken is not copyrightable expression in the first place but uncopyrightable fact and opinion. Indeed, as Professor Gary F. Francione observed, in what I believe was the single most thoughtful law review commentary on the *Nation* case:

The totality approach in any form fundamentally perverts the goal of copyright law to promote science and the useful arts through the production and dissemination of literary and artistic works. . . . The totality approach . . . allows material that is noncopyrightable to achieve protected status through combination with admittedly protected expression. It simply makes no sense to

recognize that certain material is not capable of copyright protection because of 'the basic purpose of copyright law,' but then to allow the admittedly unprotectible material to receive protection.

In addition the totality approach exacerbates the conflict between copyright law and the first amendment.⁸

There is another conclusion of the Court of Appeals in the *Salinger* case worthy of First Amendment evaluation. It is one in which the Second Circuit's view is at once consistent with prior copyright precedent and wholly at odds with bedrock First Amendment law.

Here is Judge Newman writing what he must have thought of as one of the least debatable portions of his opinion. "If," he wrote, a biographer "copies more than minimal amounts of [unpublished] expressive content, he deserves to be enjoined. . . ." Does anyone notice anything a bit awry in that statement? Perhaps, you think, the word "minimal" is a bit harsh. But what of the word "enjoined?"

Judge Newman is not wrong in his interpretation of current law. Prior restraints are routinely available in copyright cases. Violations routinely lead to injunctions.

But think a bit about the meaning of this. In First Amendment law, prior restraints are generally viewed as "the most serious and least tolerable infringement on First Amendment rights."⁹ As one court has recently observed "[o]f all the constitutional imperatives protecting a free press under the First Amendment, the most significant is the restriction against prior restraint upon publication."¹⁰ We do not, for example, permit any prior restraint in libel cases, however persuasively a plaintiff can demonstrate his likelihood to win his case and however persuasively the plaintiff can demonstrate likely harm to him from the intended speech. Indeed, to this date, the Supreme Court has never held constitutional any prior restraint on publication of news by a newspaper. But if copyright law as easily allows prior restraint as Judge Newman's language rightly suggests, should we not rethink that conclusion? Are we really prepared to say, for example, that on no greater showing than Harper & Row made to win its case against *The Nation* that a news article about President Ford's reasons for pardoning President Nixon could be enjoined? Even for a day?

I do not suggest that prior restraint should be as unavailable in copyright cases as in other cases. In fact, probably the strongest case for an injunction in a copyright case in which a violation has been proved should be a case in which the author does not wish to publish at all. One of the passages in the

⁸ Francione, *Facing the Nation: The Standards For Copyright, Infringement, and Fair Use of Factual Works*, 134 U. PA. L. REV. 519, 552 (1986).

⁹ *Nebraska Press Association v. Stuart*, 427 U.S. 539, 559 (1976).

¹⁰ *In the Matter of the Providence Journal Co.*, 809 F.2d 63 (1st Cir. 1986).

majority opinion in *The Nation* case that I find most persuasive (if inapplicable to *The Nation* case itself) was Justice O'Connor's observation that "[f]reedom of thought and expression includes both the right to speak freely and the right to refrain from speaking at all."

But to say this is not to say that that observation is applicable to every copyright case, even every copyright case about unpublished materials. "Enjoining publication of a book is a serious matter." So said Judge Leval. He was right. Courts assessing requests for injunctions, *even* in copyright cases, should balance equities and consider competing claims of harm. But they should remember — and the First Amendment should help them remember — that enjoining publication of a book is serious and that ritualistic incantation of the availability of injunctions in copyright cases makes it no less serious.

Seventeen years ago, Melville Nimmer started his address to this Society by observing that:

I suggest it is no coincidence that most persons concerned with copyright are also concerned with censorship. Whether you are more closely aligned with the creators, or with the so-called user groups, it is likely that you place high on you scale of values the recognition of a viable and meaningful copyright law, and that you likewise vehemently oppose governmental censorship of literary, musical and artistic works. I would venture, further, to suggest that for most of you these two attitudes — favoring copyright and opposing censorship — not only do not appear to be contradictory, but are rather regarded as mutually supportive. A legal system protective of the creator and those who claim through him will both assure a property right in artistic expression, and will abjure the silencing of that expression through censorship. But most people who oppose censorship, including most of you I would suppose, base that opposition not merely on the narrow economic ground that a creator and his assigns should be able to exploit the creator's works, but also, and more fundamentally, on first amendment principles of freedom of expression. It is not just the artist's right to freely express himself that is regarded as important. Freedom of speech for all men, whether or not they can qualify as artistic creators, is the basic principle that underlies the opposition to governmental censorship. Most of you who favor copyright probably also regard yourselves as firm supporters of the first amendment guarantee of freedom of speech.¹¹

I know that, for all my teasing of you, these sentiments are as true today

¹¹ Nimmer, *Copyright vs. The First Amendment*, 17 BULL. COPYRIGHT SOC'Y 255, 255-56 (1970).

as they were when they were uttered. In the spirit of those views, I urge upon you that First Amendment values should not be considered as an alien intruder into copyright law but as a basis for making that law still more responsive to the shared values of our nation.

2. SALINGER AND RANDOM HOUSE: *Good News and Bad News*

By ROGER L. ZISSU*

There's good news and bad news for authors and publishers in the recent Federal Court of Appeals' decision enjoining Random House's biography of J. D. Salinger.¹ On one hand, the court's questionable application of the most recent Supreme Court copyright decision, dealing with President Ford's memoirs, in limiting the use of the Salinger letters may be cause for concern to both historians and publishers. On a more positive note, the opinion also contains the most extensive and thoughtful judicial discussion to date of the guideposts for distinguishing between permissive and illicit paraphrasing of an author's expression.

COPYRIGHT FAIR USE

The appellate court, reversing a lower court decision, found that the biography's use of Mr. Salinger's letters exceeded fair use standards under the copyright laws and directed the issuance of a preliminary injunction.

The 1976 Copyright Act codified the prior case-law defense of fair use. Section 107 provides that a "fair use" of a copyrighted work is not an infringement and sets forth four illustrative factors that a court is to consider in determining whether any particular use is fair: 1. the nature and purpose of the defendant's use; 2. the nature of the copyrighted work; 3. the amount and substantiality of the use of the plaintiff's copyrighted work; and 4. the effect of the use on its potential market or value. The court is also to consider other pertinent factors.

THE COURT'S FAIR USE EVALUATION OF THE SALINGER BIOGRAPHY

The court introduced its discussion of the four statutory factors with the statement that it was following the Supreme Court's approach in *Harper & Row v. Nation Enterprises* and an acknowledgment that it had placed "special emphasis on the unpublished nature of the Salinger letters." In making its fair use evaluation, the court found first that the biography's serious purpose and productive nature weighed slightly in its favor, notwithstanding the publisher's commercial purpose. On the second factor, citing *Harper & Row*, the

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¹ *Salinger v. Random House, Inc.*, 811 F.2d 90 (2d Cir.), petition for reh'g denied, 2 USPQ 2d 1727 (2d Cir. 1987).

court focused on the unpublished nature of the Salinger letters as a critical element weighing heavily against fair use. In gauging the amount and substantiality of the biography's use of the letters, the court held that the district court had erroneously taken into account only instances of direct quotation while failing to consider the significant amount of the biographer's close paraphrasing of Salinger's expression. The court concluded here that the biography's excessive taking weighed strongly in favor of Mr. Salinger. On the final factor, the market impact, a factor often termed the most important, the court found that the biography was likely to diminish the reward that Mr. Salinger could eventually obtain for licensing publication of his letters, should he ever decide to do so. The court considered this factor as weighing slightly against the defendants.

In then balancing all the pros and cons, the court concluded that the treatment of the letters in the Salinger biography was not likely to qualify as fair use.

Of particular interest was the court's consideration of the second and third fair use factors, on which the discussion below focuses.

THE NATURE OF THE COPYRIGHTED WORK — LETTERS

The Constitution empowers Congress to promote knowledge by affording to authors for a limited time the exclusive right to exploit their works. Starting in 1790, Congress has carried out this purpose by granting authors a limited monopoly to encourage the production and dissemination of their works. In the legislative history to the 1976 Copyright Act, Congress notes that the "author" is the fundamental beneficiary of copyright under the Constitution. Generally, before passage of the 1976 Copyright Act, there was a dual system of common law copyright for unpublished literary works, including letters, and federal statutory copyright for published works.

Letters differ from other kinds of copyrighted works. They are usually intended for a very limited and private audience, available only to the recipient and therefore undissemminated. To serve their purpose, they require physical transfer of possession. As a result, the law has long recognized a separation between the right to make copies, which remains with the sender, and the recipient's title to the physical property.

As noted by Justice O'Connor in *Harper & Row*, at common law the private and confidential nature of letters and of manuscripts still in the critical stage of preparation and "grooming for public dissemination" resulted in virtually absolute protection for both types of works. The author's privacy itself was the paramount consideration for protecting letters for an unlimited period, whereas the author's personal interest in private creative control and his commercial interest in maximizing the reward from exploiting publication rights justified a prohibition on even small uses of other kinds of unpublished literary endeavors.

The new copyright statute eliminated the perpetual common law protection for unpublished works, substituting in its place a single system of federal protection for both published and unpublished works for a limited term, but without altering the rationale for protection. In addition, section 109 of the present copyright statute preserves the right of the owner of a particular copy of any work to display that copy at the copy's location.

In finding that the "unpublished" status of Salinger's letters weighed heavily against fair use, the court may not have adequately considered the special characteristics of the particular works involved. Though "unpublished" for many purposes under the copyright statute, most of the Salinger letters were available for inspection at major libraries at Harvard, Princeton and the University of Texas. Thus, their contents were not really private and undissemiated in the sense that former President Ford's manuscript was in *Harper & Row*. The Salinger letters were also unlike the Ford memoirs because they were all completed works and no longer in the process of creation and grooming for publication. Thirdly, and most importantly, as noted above, letters are very unlike other kinds of copyrighted works: their purpose is normally to communicate not with the public at large, but only with a very limited number of persons, most often one. As a result, the constitutional and statutory policy of promoting public access to knowledge by encouraging authorship through copyright protection plays a far less significant role with respect to letters than autobiographies and other historical works: there would seem to be little need for copyright to encourage us to write to our friends.

Although protection for letters may also further copyright policy by encouraging the risk and expense of their publication, this purpose is less central than that of encouraging authorship itself. It also has less importance where the letters have already been collected and made available in major libraries by their owners, and where broader access to the general public can be accomplished by allowing their use in a serious biographical work.

If the primary reason for protecting letters is not to encourage their production but, as under common law, to protect the author's privacy, *Harper & Row's* emphasis on the undissemiated status of a biographical manuscript because it is still in the process of preparation would seem to have diminished relevance to letters. In this light, the nature of the plaintiff's copyrighted works should not have weighed heavily against the Salinger biography, but may even be seen as a positive fair use factor.

PARAPHRASING AND THE AMOUNT AND SUBSTANTIALITY OF THE TAKING

In evaluating the extent of the biography's verbatim copying and paraphrasing, the court was first careful to stress that it is only the taking of expression, and not of factual content, that is relevant. With respect to the

paraphrasing, the court then rejected the view that copying a cliché or an ordinary word combination should not be counted. Although an "ordinary" phrase may enjoy no protection as such, its use in a sequence of expressive words does not deprive the passage of protection; one may not freely quote or paraphrase sequences of creative expression that include such phrases. The court examined in detail all of the instances where the biography paraphrased ordinary phrases and found them to contain sufficient creativity as to sequence of thoughts, choice of words, emphasis and arrangement to render the letters' close tracking infringements. On the degree of closeness that would be permissible paraphrasing, the court looked to whether the use exceeded that necessary to disseminate facts. In doing this, it quoted examples of similes, images and structure that the biographer had tracked too closely. The court concluded its analysis of the extent of the copying by noting the significant role of the letters in the biography: on 40% of the book's 192 pages they were quoted or paraphrased.

CONCLUSION

The fair use defense is an overall equitable rule of reason involving the court's evaluation and balancing of all relevant factors. In *Salinger*, the court appears to have misapplied *Harper & Row's* emphasis on the unpublished status of the plaintiff's work. Although the court's conclusions on the amount and substantiality of the use of the Salinger letters would seem to be correct, it may be that a different appraisal of the nature of the letters, more favorable to a finding of fair use, would have led the court to raise the threshold of copying that qualifies as substantial. This difference may not have been enough to swing the balance in favor of the defendants. Nevertheless, because of the special weight the court gave to its view that the nature of the Salinger letters disfavored fair use, it is likely that a contrary view would at least have resulted in a substantially closer case.

PART II

**LEGISLATIVE AND ADMINISTRATIVE
DEVELOPMENTS**

1. United States of America and Territories

3. U.S. CONGRESS. HOUSE.

H.R. 379. A bill to amend the copyright law, title 17 of the United States Code, to provide for protection of ornamental designs of useful articles and enforcement of patents, copyrights and trademarks in international trade. Introduced by Mr. Moorhead on Jan. 6, 1987; and referred to the Committee on the Judiciary. (100th Cong., 1st Sess.)

This bill is similar to H.R. 1900 introduced in the 99th Congress. It would provide a copyright type of protection for industrial designs through a low cost, relatively simple registration process. H.R. 379 would amend title 17 U.S. Code by adding a new "Chapter 10—*Protection of Industrial Designs of Useful Articles.*" Protection for designs fixed in a useful article would be available for a term of ten years.

4. U.S. CONGRESS. HOUSE.

H.R. 1195. A bill entitled the "Syndicated Television Music Copyright Reform Act of 1987." Introduced by Mr. Boucher on Feb. 23, 1987; and referred to the Committee on the Judiciary. (100th Cong. 1st Sess.)

5. U.S. CONGRESS. SENATE.

S. 698. A bill to amend title 17, United States Code, to prohibit the conveyance of the right to perform publicly syndicated television programs without conveying the right to perform accompanying music. Introduced by Mr. Thurmond on Mar. 10, 1987; and referred to the Committee on the Judiciary. (100th Cong., 1st Sess.)

These two identical bills entitled the "Syndicated Television Music Copyright Reform Act of 1987" would prohibit the conveyance of a copyrighted audiovisual work to nonnetwork television stations without simultaneously conveying the right to perform in synchronization any copyrighted music which accompanies such audiovisual work. Under the bill, local broadcasters would be able to go directly to the source—the producer/copyright owner—and negotiate for the broadcast rights for the music at the same time they are negotiating for the music. This system, known as source licensing, would replace the current blanket license for syndicated programming.

6. U.S. CONGRESS. HOUSE.

H.R. 1384. A bill to require the inclusion of copy-code scanners in digital audio recording devices. Introduced on March 3, 1987 by Mr. Waxman; and referred to the Committee on Energy and Commerce. (100th Cong. 1st Sess.)

Entitled the "Digital Audio Recorder Act of 1987," this bill would make unlawful the manufacture, assembly, or offer for sale, resale, lease, or distribution in commerce (1) a digital audio recording device that does not contain a copy-code scanner or (2) any device, product, or service that renders inoperative a copy-code scanner. The Act would remain in effect for a period of three years.

7. U.S. CONGRESS. SENATE.

S. 259. A bill to create a Department of Trade, to promote economic growth and trade expansion, to open foreign markets, to enhance the competitiveness of United States firms, and for other purposes. Introduced by Mr. Chiles on Jan. 6, 1987; and referred to the Committee on Governmental Affairs. (100th Cong. 1st Sess.)

Entitled the "Trade Expansion Act of 1987," this bill would create a Department of Trade as an executive department of the U.S. Government to be responsible for international trade and investment matters. Section 605 of the bill authorizes the Secretary of Trade to monitor international trade for the purpose of identifying each foreign country that infringes or violates, or allows firms conducting business in such foreign country to infringe or violate—1. United States patents, 2. United States copyrights, 3. United States trademarks, 4. United States trade secrets, or 5. United States maskworks. The Secretary would submit a semiannual report on the monitoring conducted to Congress.

8. U.S. CONGRESS. SENATE.

S. 335. A bill to improve international intellectual property protection, to improve foreign market access for U.S. companies that rely on intellectual property protection, and for other purposes. Introduced by *Mr. Wilson* on Jan. 20, 1987; and referred to the Committee on Finance. (100th Cong., 1st Sess.)

Entitled the "Anti-Piracy and Market Access Act," this bill addresses the problems of intellectual property protection and is designed to aid the export of copyrighted and trademarked goods. In addition to augmenting existing provisions aimed at intellectual property protection and market access contained in the Generalized System of Preferences and Caribbean Basin Initiative Laws, a new Office of Enforcement within the Office of the U.S. Trade Representative would be established. This office would be charged with coor-

dinating our negotiating and retaliation initiatives taken pursuant to section 301 of the Trade Act of 1974 and other provisions of this bill.

9. U.S. CONGRESS. SENATE.

S. 438. A bill to modify the application of the antitrust laws to encourage the licensing and other use of certain intellectual property. Introduced by Mr. Leahy on Feb. 3, 1987; and referred to the Committee on the Judiciary. (100th Cong., 1st Sess.)

Entitled the "Intellectual Property Antitrust Protection Act of 1987," this legislation is designed to promote competition in the international market of ideas, and strengthen the ability of U.S. companies to compete in international high-technology market. This bill proposes a "rule of reason" standard which would be applied to agreements to convey rights to use, practice, or sublicense patented inventions; rights to use or sublicense trade secrets; or rights in a copyrighted work or mask work. Such agreements to convey intellectual property rights would no longer be deemed illegal "*per se*" under the antitrust laws. Instead, courts would be required to analyze such agreements on the basis of their actual effects on competition, considering all competitive factors relevant to the licensing, including its procompetitive benefits. [See also H.R. 557].

10. U.S. CONGRESS. SENATE.

S. 442. A bill to amend section 914 of title 17, United States Code, regarding certain protective orders. Introduced by Mr. Leahy on Feb. 3, 1987; and referred to the Committee on the Judiciary. (100th Cong., 1st Sess.)

Entitled the "Semiconductor Chip Protection Act Extension of 1987," this bill would extend until November 8, 1990, the date by which the Secretary of Commerce could issue transitional protection to nations who make good faith efforts to develop chip protection laws.

11. U.S. CONGRESS. SENATE.

S. 468. A bill to amend section 337 of the Tariff Act of 1930 to provide greater protection for intellectual property rights. Introduced by Mr. Lautenberg on Feb. 4, 1987; and referred to the Committee on Finance. (100th Cong., 1st Sess.)

Entitled the "Intellectual Property Rights Enforcement Amendments of 1987," this bill would enhance the protection of intellectual property, and strengthen the United States' ability to exclude products that infringe patents, copyrights, trademarks, and semiconductor designs. The bill requires the ITC to act on all requests for temporary relief within 90 days after a petition is filed, and allows the ITC more flexibility in designing relief. Authority would be granted to the ITC to order forfeiture of merchandise found to be in violation of section 337. Complainants would not have to prove a *prima facie* case

in an administrative hearing, if the respondent or respondents are in default, and the complainant is seeking relief against only the defaulting parties. [Similar to S. 1869, 99th Congress].

12. U.S. CONGRESS. SENATE.

S. 506. A bill to require the inclusion of copy-code scanners in digital audio recording devices. Introduced by Mr. Gore on Feb. 5, 1987; and referred to the Committee on Commerce, Science, and Trade. (100th Cong., 1st Sess.)

Entitled the "Digital Audio Recorder Act of 1987," this bill would mandate that DAT machines transported in interstate commerce contain a "copy-code" scanner chip that can prevent the unauthorized duplication of copyrighted recordings. The proposed ban on shipment in interstate commerce of DAT machines that do not contain copy-code scanners would be for 3 years after enactment. The copy-code scanner is a special electronic scanning chip that would be installed in DAT machines. When the scanner detects a notch in the material that is to be recorded, it inhibits recording by the DAT machine for a period of 25 seconds. The cycle is then repeated; if the scanner then determines that the notch is present, the recording function is interrupted for another 25 seconds. A copy taped from a recording encoded with notches will consist of brief portions of music interrupted periodically by segments without sound.

13. U.S. COPYRIGHT OFFICE.

Operating guidelines regarding the Child Protection Act: public availability. Notice of public availability of guidelines. *Federal Register*, vol. 52, no. 60 (Mar. 30, 1987), p. 10177.

This notice is to inform the public of the availability of the Copyright Office's new operating guidelines to assist the staff in applying the Child Protection Act (18 U.S.C. 2251-2255) in processing claims to copyright.

14. U.S. COPYRIGHT OFFICE.

Policy decision: enforcement of conflicts of interest policies. Notice of policy decision. *Federal Register*, vol. 52, no. 60 (Mar. 30, 1987), p. 10178.

The Copyright Office recently issued an internal policy statement reaffirming the Library of Congress' rules prohibiting staff participation in any outside employment which raises a question of conflict of interest. The public effect of enforcing the policy is that the Office will refuse to process, and subsequently will return to the copyright claimant, any application, document, letter, or other request that is signed by an employee of the Office as a paid agent for another person or that is believed to be the result of a copyright-related service provided by a Copyright Office employee for a fee.

15. U.S. COPYRIGHT OFFICE.

Report of the Register of Copyrights on the effects of 17 U.S.C. 108 on the rights of creators and the needs of users of works reproduced by certain libraries and archives; public hearing. *Federal Register*, vol. 52, no. 41 (Mar. 3, 1987), pp. 6407-09.

The Copyright Office is conducting a public hearing on April 8 and 9 to gather information for a report on the extent to which 17 U.S.C. 108, which authorizes certain photocopying and distribution activities by libraries, has achieved the intended balance between the rights of creators and the needs of users. The hearing will focus on how library copying practices under Section 108 have developed since 1982 when the Office last examined the matter.

16. U.S. COPYRIGHT OFFICE.

37 C.F.R., Part 202. Extension of comment period: notice of inquiry on copyrightability of digitized typefaces. *Federal Register*, vol. 52, no. 21 (Feb. 2, 1987), p. 3146.

The Copyright Office extended the deadline for submitting comments on the copyrightability of digitized versions of typefaces from December 9, 1986 to February 17, 1987.

17. U.S. COPYRIGHT ROYALTY TRIBUNAL.

37 C.F.R., Part 307. Notice commencing 1987 mechanical royalty adjustment, proceeding and setting procedural dates. Notice of proposed rulemaking. *Federal Register*, vol. 52, no. 66 (Apr. 7, 1987), pp. 11096-98.

The National Music Publishers Association, Inc., the Songwriters Guild of America, and the Recording Industry Association of America jointly petitioned the Copyright Royalty Tribunal to commence a 1987 mechanical royalty rate adjustment proceeding and to adopt their proposal for biannual adjustment of the rate from January 1, 1988 thru 1996 in direct proportion to the percent change in the Consumer Price Index (all urban customers all items). The petitioners recommended that the adjusted rates be no greater than 25% more than the rates in effect during the immediately preceding period, and no less than the rates currently in effect. In response to the petition, the Tribunal has commenced this proceeding and proposed the adoption of the rate adjustment proposal.

18. U.S. COPYRIGHT ROYALTY TRIBUNAL.

1984 Cable royalty distribution proceeding. Notice of final determination. *Federal Register*, vol. 52, no. 51 (Mar. 17, 1987), pp. 8408-20.

The Copyright Royalty Tribunal has issued its findings and final determinations concerning the 1984 cable royalty distributions. For Phase I of the proceeding, the Tribunal adopted the allocations set out in a settlement agree-

ment entered into by the Phase I parties. Under Phase II, the Tribunal found that the syndicator, and not the producer, of a television program is the appropriate party to receive cable royalties; that Warner Communications, Inc. (record companies) is entitled to argue its royalty claim for the value of its music videos directly before the Tribunal; and that certain music video programs qualify to be classified as syndicated programs within the Program Suppliers category. The agency awarded MPAA, Multimedia Entertainment, Inc., and NAB 98.475%, 0.825%, and 0.7% of the Program Suppliers' Phase I allocation, respectively.

19. U.S. COPYRIGHT ROYALTY TRIBUNAL.

Commencing 1985 cable distribution proceeding and setting certain procedural dates. Notice of commencement of proceeding. Notice of certain procedural dates. *Federal Register*, vol. 52, no. 76 (Apr. 21, 1987), p. 13118.

The Copyright Royalty Tribunal has determined that a controversy exists concerning the 1985 cable copyright royalties as to both the Phase I and the Phase II parties, and this notice is to notify the public that the agency has commenced a proceeding to resolve the matter.

20. U.S. COPYRIGHT ROYALTY TRIBUNAL.

Ascertainment of whether controversy exists concerning distribution of 1985 cable royalty fees. Notice. *Federal Register*, vol. 52, no. 8 (Jan. 13, 1987), p. 1373.

This notice advises claimants to the 1985 cable royalties to comment on whether there is any controversy as to the distribution of the royalties.

21. U.S. CUSTOMS SERVICE.

19 C.F.R., Part 133. Customs regulations amendments relating to copyrights. Final rule. *Federal Register*, vol. 52, no. 57 (Mar. 25, 1987), pp. 9471-76.

The Customs Service has amended its regulations to conform with the 1976 Copyright Act. The amendments include a shortened term of recordation of a copyright with the Service; the deletion of requirements for copyrighted works manufactured outside the U.S. or Canada; the addition of a provision authorizing the return of infringing articles to the country of export; and the deletion of a rule prohibiting the importation of articles bearing a false copyright notice.

22. U.S. DEPARTMENT OF DEFENSE.

48 C.F.R., Parts 227 and 252. Department of Defense Federal Acquisition Regulation supplement; patents, data, and copyrights. Final rule. *Federal Register*, vol. 52, no. 73 (Apr. 16, 1987), pp. 12390-12414.

The Department of Defense has revised Subpart 227.4 and Part 252 of the Defense Federal Acquisition Regulation Supplement to implement section 953 of the Defense Acquisition Improvement Act of 1986 (Pub. L. 99-500). Subpart 227.4 sets forth the policies, procedures, and implementing instructions relating to requirements for the acquisition of technical data and computer software as well as rights in technical and other data, computer software, and copyrights. Part 252 provides the texts of solicitation provisions and contract clauses.

23. U.S. DEPARTMENT OF DEFENSE.

48 C.F.R., Parts 227 and 252. Department of Defense Federal Acquisition Regulation supplement patents, data, and copyrights. Proposed rule and request for comments. *Federal Register*, vol. 52, no. 11 (Jan. 16, 1987), pp. 2082-97.

The Department of Defense is soliciting comments on proposed amendments to Parts 227 and 252 of the Defense Federal Acquisition Regulation Supplement. The recommended changes include language (1) defining the legitimate rights of the government, its contractors, and subcontractors with respect to technical and other data, computer software, and copyrights resulting from projects paid for in part by the Federal Government and in part by private interests; (2) revising the Department's procedure for validation of proprietary data restrictions and its definition of certain related terms; and (3) simplifying and reorganizing the rules to reflect more clearly the process and sequence for acquiring technical data and rights therein.

24. U.S. FEDERAL COMMUNICATIONS COMMISSION.

47 C.F.R., Part 76. Cable television: amendment of cable carriage rules. Final rule; order staying effective date. *Federal Register*, vol. 52, no. 38 (Feb. 26, 1987), p. 5770.

The Commission has stayed the effective date of its final ruling concerning amendment of the rules on carriage of television broadcast signals by cable television systems. The stay will remain in force until thirty days after the official publication of the Memorandum Opinion and Order regarding petitions for reconsideration filed in this rulemaking.

25. U.S. FEDERAL COMMUNICATIONS COMMISSION.

Inquiry into the scrambling of satellite television signals and access to, by owners of home satellite dish antennas. Report. *Federal Register*, vol. 52, no. 60 (Mar. 30, 1987), pp. 10136-37.

The Commission has prepared a report on satellite television signals scrambling. The report finds: (1) that signal scrambling protects programmers from commercial theft of their services; (2) that the direct and indirect (via cable) distribution of programming to home satellite dish (HSD) owners

allow for head-to-head competition among programmers on a national basis; and (3) that the networks are legally entitled to scramble their network feeds and to decline to sell them to HSDs. The document concludes that there is no current need for government intervention in the HSD marketplace nor for any action with respect to superstation scrambling but deems it appropriate to monitor the market's development for one year because the provision of service to HSD households is still in the fledgling stages of development.

26. U.S. PATENT AND TRADEMARK OFFICE.

Interim protection for mask works of nationals, domiciliaries, and sovereign authorities of Switzerland. Issuance of interim order. *Federal Register*, vol. 52, no. 73 (Apr. 16, 1987), pp. 12445-47.

The Patent Office has issued an interim order extending mask work protection under 17 U.S.C. 914 to nationals, domiciliaries and sovereign authorities of Switzerland. The order expires Nov. 8, 1987.

27. U.S. PATENT AND TRADEMARK OFFICE.

Interim protection for mask works of nationals, domiciliaries, and sovereign authorities of Switzerland. Notice of initiation of proceeding. *Federal Register*, vol. 52, no. 27 (Feb. 10, 1987), pp. 4169-71.

The Swiss Federal Intellectual Property Office has petitioned the Patent and Trademark Office (PTO) to issue an interim order extending mask work protection under 17 U.S.C. 914 to nationals, domiciliaries and sovereign authorities of Switzerland. The PTO has initiated a proceeding to give consideration to the request and has invited written and oral comment from interested parties.

28. UNITED STATES TRADE REPRESENTATIVE.

Brazil informatics section 301 case. Notice of public hearings and written comments. *Federal Register*, vol. 52, no. 27 (Feb. 10, 1987), pp. 4207-08.

The Trade Representative is soliciting comments concerning the inadequacy of copyright protection for computer software in Brazil, the proposed Brazilian copyright and commercialization legislation, and the barriers on U.S. investment in Brazil's informatics market. The comments will be considered in final recommendations to the President on what action, if any, should be taken in response to Brazil's informatics policies and law.

29. UNITED STATES TRADE REPRESENTATIVE.

U.S.-Japan semiconductor arrangement; request for public comments on possible U.S. actions in response to acts by the Government of Japan apparently inconsistent with the arrangement. *Federal Register*, vol. 52, no. 61 (Mar. 31, 1987), pp. 10275-77.

The Trade Representative will hold a hearing to consider increasing customs duties on Japanese products due to Japan's apparent failure to fulfill its obligations under the Arrangement it entered into with the U.S. concerning trade in semiconductor products. The commitments which the Government of Japan has not made a concerted effort to achieve are: (1) increase market access opportunities in the Japanese market for foreign-based semiconductor producers; (2) monitor costs and export prices on semiconductor products exported by Japanese semiconductor firms in order to prevent dumping; and (3) encourage Japanese semiconductor producers to conform to the U.S.' anti-dumping measures.

2. Foreign Developments

By ANDREA RUSH

30. CANADA

Canadian mask works registered under the United States Semiconductor Chip Protection Act are protected by an interim order which will expire in November, 1987. The order will not be extended unless Canada demonstrates good faith by introducing domestic legislation or by adhering to an international treaty which protects U.S. works on a reciprocal basis. Sensitive to this requirement, and to the international concern for legislative protection of semiconductor chips, the Canadian government departments of Consumer and Corporate Affairs and Communications jointly released a discussion paper on April 14, 1987 entitled "Proposals for Semiconductor Chip Legislation." The proposed recommendations are consistent with the text of a WIPO draft treaty on protection of semiconductor chips, discussed by a Committee of Experts in Geneva in June, 1986.

The Canadian discussion paper recommends that *sui generis* chip legislation be placed as a separate chapter in a revised Copyright Act. The object of protection is an original "topography." (It was felt that the word "topography," synonymous with "mask work," is less bound up with the current technology of chip development, and therefore less likely to become outdated). The proposed length of protection is ten years, beginning with commercial exploitation, anywhere in the world, of a chip topography or article incorporating the chip. During this term it would be an infringement to copy the original layout design of a semiconductor chip, to incorporate the original layout design in a manufactured chip, to import sell or otherwise distribute infringing chips, to incorporate infringing chips in industrial articles, and to import, sell or otherwise distribute such industrial articles. Proposed legislation, however, would not prohibit unauthorised reproduction of the topography for purposes of teaching and research (whether or not for profit), reverse-engineering and design of a substantially similar (but not virtually identical) chip, and innocent infringement. Distribution after first sale, parallel imports and grey marketing would not be suppressed.

Registration (entailing deposit of identifying material) and notice by marking, although not pre-requisites to securing protection, would usefully confer rebuttable legal presumptions of ownership and subsistence of the requisite degree of originality.

Revenue Canada would be empowered, upon complaint, to stop the importation of infringing articles. The Minister of Consumer and Corporate Affairs would be empowered to extend the benefits of such legislation to nationals and residents of countries which protect chips on a comparable basis.

The proposed legislation would also apply to countries that adhere to an international treaty ratified by Canada, should one come into effect.

The federal government departments have chosen to solicit public comment before securing the necessary Cabinet approval to draft legislation. The discussion paper notes that comments on the proposals should be directed to the Department of Consumer and Corporate Affairs, as soon as possible.

PART IV

**JUDICIAL DEVELOPMENTS IN LITERARY AND
ARTISTIC PROPERTY**

A. DECISIONS OF U.S. COURTS

**31. RECENT DEVELOPMENTS IN COPYRIGHT: *SELECTED
ANNOTATED CASES***

By David Goldberg, Mary L. Kevlin,**and Shira Perlmutter****

I. JURISDICTION AND RELATED ISSUES**A. Jurisdiction**

Saturday Evening Post Co. v. Rumbleseat Press, Inc., 816 F.2d 1191 (7th Cir. 1987).

Court upholds confirmation of arbitration award in favor of plaintiff. Plaintiff had granted defendant an exclusive license to make porcelain dolls based on Norman Rockwell illustrations published by plaintiff. License provided that defendant would not challenge validity of copyrights in illustrations and that disputes would be submitted to arbitration. When defendant continued manufacture of dolls after agreement was terminated, dispute was arbitrated and defendant challenged validity of copyrights, which challenge was apparently rejected by arbitrators. Court affirmed district court's conclusions that matter, albeit involving determination of copyright validity, was arbitrable and that no-contest provisions in license agreements are enforceable absent violation of antitrust law.

Effects Associates, Inc. v. Cohen, 817 F.2d 72 (9th Cir. 1987).

Court reverses district court's dismissal of claim for lack of subject mat-

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ter jurisdiction. Plaintiff alleged infringement of copyrighted special effects shots used in defendants' movie, as well as fraud based on defendants' oral promise to pay for use of works. Although defendants might assert affirmative defense that use of shots was licensed, plaintiff's claim nevertheless arose under copyright law. Jurisdiction is based on well-pleaded complaint, not possible defenses. Plaintiff's fraud claim did not allege a license and thus was not inconsistent with copyright infringement count.

Goodman v. Lee, 815 F.2d 1030 (5th Cir. 1987).

Fifth Circuit holds that action for declaratory judgment to establish co-authorship of copyrighted work falls within exclusive federal copyright jurisdiction. Under 28 U.S.C. § 1338(a), case involves application and interpretation of ownership provisions of Copyright Act. Court rejects line of cases refusing federal jurisdiction on ground that suit to establish title does not "arise under" Copyright Act, and distinguishes them as involving ownership disputes arising from contract.

National Republican Congressional Committee v. Legi-Tech Corp., 795 F.2d 190 (D.C. Cir. 1986).

National Republican Congressional Committee claimed defendant's incorporation of plaintiff's list of political contributors into a database made available to subscribers infringed plaintiff's copyright. Federal Election Campaign Act (FECA) requires plaintiff to file its list with Federal Election Commission (FEC), which must make such information publicly available. FECA, however, prohibits sale or use of such information for solicitation or commercial purposes. Because defendant's use of list was arguably authorized by FECA and because FEC has initial enforcement jurisdiction over FECA (and in fact a case initiated by plaintiff was pending), court applied primary jurisdiction doctrine holding case in abeyance to permit FEC to interpret statute and its regulations prior to court determination.

American Geophysical Union v. Texaco, Inc., 32 P.T.C.J. 197 (S.D.N.Y. June 19, 1986).

Court denies motion to dismiss for lack of subject matter jurisdiction on grounds of failure to specify which copyright registrations were infringed or to record transfers of such copyrights. Plaintiffs instituted class action suit for benefit of publishers of scientific and technical journals registered with Copyright Clearance Center against Texaco, Inc. for unauthorized photocopying of copyrighted materials. Court reasoned that in view of circumstances, plaintiffs required further discovery before specifying precisely which publications had been infringed. Even if plaintiffs had failed to record some copyright transfers with respect to articles which eventually would be subject of action, plaintiffs in future would not be barred from recordation of such transfers

prior to trial. Finally, court denies motion to deny class certification because pleadings met requirements of Rule 23, although after further discovery, certain issues might be found to be amenable to separate trial.

M.W. Kasch Co. v. United States, 640 F. Supp. 1335 (C.I.T. 1986).

Court of International Trade holds it has jurisdiction over importer's action seeking to obtain release of goods detained by U.S. Customs and to enjoin Commissioner of Customs from determining that copyright registration is invalid or that goods are piratical copies, despite pendency of copyright infringement action in federal court relating to same goods. Mere fact that case involves copyrights does not give district court exclusive jurisdiction and prevent review by Court of International Trade of administration of customs regulations.

Bear Creek Productions, Inc. v. Saleh, 643 F. Supp. 489 (S.D.N.Y. 1986).

Pursuant to agreement with film production company to finance post-production costs of film, one of defendants exercised option giving her all rights in film. In subsequent lawsuit by production company, copyright infringement claim based on defendants' continued distribution of film after alleged breach of agreement dismissed for lack of subject matter jurisdiction. Mere involvement of a copyright in a case not enough to sustain federal jurisdiction. Here, real issue in case is who owns copyright. Because contract contained no express provision for reversion of copyright in event of breach, and case presents no substantial question as to infringement, claim does not "arise under" Copyright Act. Plaintiff cannot claim infringement while alleging facts showing there was no infringement because defendants' acts were authorized by agreement.

B. Appeals

Cablevision Systems Development Co. v. Motion Picture Association of America, 808 F.2d 133 (D.C. Cir. 1987).

Court holds that time for appeal is 60 rather 30 days in consolidated proceeding involving three cases, only one of which included Copyright Office. Court reasoned if cases were sufficiently related as to be appropriate for consolidation, then it was "improbable that the appeal of any one case can go forward until time for appeal in all cases has passed." Thus, 60 day period where there is a government party in one case is applied to appeals in all three consolidated cases.

C. Standing

Jones v. Virgin Records, Ltd., 643 F. Supp. 1153 (S.D.N.Y. 1986).

Composers of allegedly infringed song held to have standing to sue under § 501(b) as beneficial owners where composers had assigned song in exchange for royalties. Although plaintiffs had not proved present beneficial interest in song, submission of original contract in which plaintiffs retained various rights in song was sufficient to defeat defendants' summary judgment motion. Court also rejected argument that sound recording of 1960 version of song was a publication under 1909 Act and thus found absence of notice on sound recording did not inject song into public domain.

Moran v. London Records Ltd., 642 F. Supp. 1023 (N.D. Ill. 1986).

Court holds performer on tv commercial lacked standing to sue as beneficial owner for infringement of commercial. Court reasoned performer had made commercial as a work for hire and thus had never owned copyright in commercial. Court rejected performer's claim to be a beneficial owner on basis of his contract which linked his remuneration to number of uses of commercial. Because performer had never owned work in chain of title, he could not be a beneficial owner of work.

Angel Music, Inc. v. ABC Sports, Inc., 631 F. Supp. 429 (S.D.N.Y. 1986).

Court denies certification of defendant class of producers, syndicators and distributors of television programs in action alleging failure to obtain synchronization licenses. Court reasoned that plaintiff as named plaintiff of music copyright owners lacked standing to sue defendant class, since plaintiff had only one copyright infringement claim against one defendant. Plaintiff instead must have standing to sue each defendant to support defendant class action. Additionally, court found plaintiff lacked typicality to represent plaintiff class because it had no personal claim against other than one defendant. Court further found plaintiff did not fall within either exception to these rules.

Cox Cable Tucson, Inc. v. Ladd, 795 F.2d 1479 (9th Cir. 1986).

Owner/operator of CATV system servicing Tucson, Arizona sought declaration that Copyright Office Regulation 201.17(h)(9), 37 CFR § 201.17(h)(9) (1984), which relates to grandfathered distant signal rates, was void as a matter of law. On appeal from cross-motions for summary judgment, Ninth Circuit held that system lacked standing to bring action. None of the signals carried by it were grandfathered, since CATV system on whose grandfathering of signals plaintiff relied failed, under former FCC Rule 74.1105, to provide proper notice to all relevant parties that it intended to

carry the signals. Thus, since signals in question were not grandfathered and regulation in issue deals specifically with grandfathered signals, plaintiff failed to show that it is "arguably within the zone of interest to be protected or regulated" by the regulation.

D. Jury Trials

Educational Testing Service v. Katzman, 1 U.S.P.Q.2d 1799 (D.N.J. 1987).

Court finds that Seventh Amendment guarantees a jury trial where statutory damages under § 504(c) are sought and accordingly denies plaintiff's motion to strike defendants' jury demand. Court reasoned that prior to merger of law and equity in 1938, it was customary to bring statutory damage actions on law side and that money "is the quintessential form of legal relief granted by a jury." Although such damages are discretionary, court noted that statutory damages must be elected "in lieu of" actual damages and that minimum damages must be awarded. Statutory damages for willful infringement as sought here, moreover, are akin to punitive damages which are for a jury.

BMI v. Jamdon, Inc., 230 U.S.P.Q. 640 (D.N.H. 1986).

On authority of *PGP Music v. Davric Maine Corp.*, 623 F. Supp. 472 (D. Me. 1985), district court held that copyright complaint requesting both injunctive relief and statutory damages does not create for either party a right to a jury trial. Thus, court granted plaintiff's motion to strike defendant's jury trial demand.

Shapiro & Son Bedspread Corp. v. Royal Mills Associates, Copyright L. Rep. (CCH) ¶ 25,945 (S.D.N.Y. 1986).

On remand from Second Circuit to determine reasonableness of plaintiff's efforts to effect cure of defective copyright notice, defendant sought to strike demand for jury. Although plaintiff's claim for statutory damages and attorneys' fees was barred by late registration under § 412, plaintiff held entitled to jury trial on issue of reasonableness of its cure of defective copyright notice where plaintiff still had claim for actual damages.

II. COPYRIGHTABILITY

A. Fact-Based Works

Association of American Medical Colleges v. Mikaelian, 230 U.S.P.Q. 10 (E.D. Pa. 1986).

On plaintiff's motions for summary judgment and to hold defendant in

contempt of court's prior preliminary injunction order enjoining defendants from infringing plaintiff's copyrights in Medical College Admission Test ("MCAT") "test forms, test questions, or other materials," defendant argued that MCAT test questions are not copyrightable because they are restatements of public domain scientific facts. Court disagreed, holding that "[t]he focus, choice of specific subject matter, format and phraseology" of the individual questions are "original," thus rendering individual questions copyrightable.

B. Compilations

West Publishing Co. v. Mead Data Central, Inc., 799 F.2d 1219 (8th Cir. 1986), cert. denied, 107 S. Ct. 962 (1987).

Divided court affirms preliminary injunction prohibiting implementation of defendant's star pagination system in its LEXIS database which would note corresponding pagination of cases published in West's National Reporter System. West's arrangement of cases by court and subject matter into its National Reporter volumes exhibits "labor, talent and judgment" and thus constitutes a copyrightable compilation under standard applied by 8th Circuit. Incorporation of West's "jump cities" within LEXIS's database appropriates embodiment of West's case arrangement, would diminish need to consult West's reporters and thus infringes West's copyrights.

Financial Information, Inc. v. Moody's Investors Service, Inc., 231 U.S.P.Q. 803 (S.D.N.Y. 1986), aff'd, 808 F.2d 204 (2d Cir. 1986).

On remand from Second Circuit, district court finds plaintiff's daily called bond cards, with information about bonds issuers have decided to redeem, lacked modicum of selection, arrangement or coordination necessary to constitute copyrightable compilation. Court finds plaintiff's researchers perform simple clerical task in extracting factual information from newspapers which is then recorded on index cards. Because little independent judgment is exercised and only selectivity was minimal in conforming information to plaintiff's standard format, requisite compilation authorship did not exist. Court also finds annual volume of previous year's cards served only historical or preservation function and that daily cards stood on their own. Court rejected plaintiff's unjust enrichment and misappropriation state claims as preempted.

In second appeal in case, Second Circuit affirmed district court's finding that plaintiff's daily called municipal bond cards are not copyrightable compilations. Court affirmed its rejection of "sweat of the brow" protection for compilations and found record amply supported district court's conclusion that bond cards contained insufficient selection or arrangement to constitute original work of authorship. Record showed that researchers did not exercise

discretion but rather recorded five simple facts about each called municipal bond extracted from newspapers. Court also affirmed that plaintiff's misappropriation claims were preempted.

Educational Testing Service v. Katzman, 793 F.2d 533 (3rd Cir. 1986).

Court affirmed that plaintiff had shown a likelihood that defendants' test questions infringed plaintiff's copyrighted test questions. Fact that plaintiff's registrations were for compilations did not mean that constituent questions were not covered by copyright. Court also refused to apply idea-expression merger principle to questions because other ways of testing students' knowledge existed. Substantial similarity was found not only from questions defendants copied verbatim, but also for questions in which response order was altered or mathematical variables changed. Questions merely sharing same structure, however, were not found infringing. Court also rejected fair use defense stressing loss of value of plaintiff's secure questions by virtue of defendants' copying. Court, however, did modify preliminary injunction by deleting references to "adapting" plaintiff's questions and to copying "any other information."

Clark Equipment Co. v. Lift Parts Manufacturing Co., Copyright L. Rep. (CCH) ¶ 25,989 (N.D. Ill. 1986).

In denying defendant's partial summary judgment motion on issue of infringement of plaintiff's copyrighted parts manuals, court finds motion "so lacking in merit" that permission to file Rule 11 sanctions motion was granted to plaintiff. Defendant had previously unsuccessfully moved for summary judgment but argued for reconsideration in view of Seventh Circuit's decision in *Rockford Map Publishers, Inc. v. Directory Service of Colorado*, 768 F.2d 145 (7th Cir. 1986). Defendant contended *Rockford Map* rejected industrious collection doctrine for protection of compilations on which earlier refusal of summary judgment was issued. Instead, district court finds *Rockford Map* affirms doctrine and that sufficient factual issues existed concerning defendant's compilation effort so as to preclude summary judgment.

Lakedale Telephone Co. v. Fronteer Directory Co., 230 U.S.P.Q. 694 (D. Minn. 1986).

Court preliminary enjoins defendant from using plaintiff's copyrighted white page telephone directories in compiling its own white page telephone directory. Court holds that plaintiff's white pages are copyrightable and evidence of 116 of 134 common errors established prima facie case of copying.

C. Pictorial, Graphic and Sculptural Works

John Muller & Company v. New York Arrows Soccer Team, Inc., 231 U.S.P.Q. 319 (8th Cir. 1986).

Court upholds Register of Copyrights' decision that sports team logo, consisting of four angled lines forming an arrow with word "Arrows" appearing below it in cursive script, was uncopyrightable. Courts affirms that Register of Copyrights' decisions on copyrightability are subject to review only on abuse of discretion standard. While line between sufficient and insufficient creative authorship is difficult to draw, Register's determination of insufficient creativity did not constitute an abuse of discretion.

Act Young Imports, Inc. v. B and E Sales Co., 33 P.T.C.J. 261 (S.D.N.Y. Dec. 11, 1986).

Plaintiff claimed that defendant had copied its animal-shaped children's backpacks. On cross-motions for summary judgment, court rejected defendant's argument that backpacks were not copyrightable because they were utilitarian. It held that backpacks contained sufficient creativity in their separate artistic elements—the animal shapes.

Brandir International, Inc. v. Cascade Pacific Lumber Co., Copyright L. Rep. (CCH) ¶ 26,017 (S.D.N.Y. 1986).

Summary judgment granted to defendants on grounds of noncopyrightability in lawsuit alleging infringement of bicycle rack. Relying on Second Circuit's opinion in *Carol Barnhart Inc. v. Economy Cover Corp.*, 773 F.2d 411 (2d Cir. 1985), court found any artistic or aesthetic features of plaintiff's rack to be inseparable from, and essential to, its use as utilitarian article. Plaintiff's argument that object had conceptual existence as sculpture separate from its use as bicycle rack rejected. Ability of object to be observed as sculpture does not make it copyrightable where, as here, design is what makes object's function possible.

D. Government Works

Rocky Mountain Motor Tariff Bureau Inc. v. G.R. Leonard & Co., 652 F. Supp. 1473 (D. Colo. 1987).

Tariff prepared by plaintiff and published by ICC held not to be uncopyrightable government promulgation. Court found tariff a "creature of private effort" in a scheme designed to prevent carrier rate charge discrimination. Statutory scheme permitted industry members to set tariff rates and to formulate methodology of implementation. Regulations gave plaintiff leeway in structuring tariff's form and content. ICC's limited function of ensuring

reasonableness of tariff and availability to concerned parties did not make tariff a government work.

E. Computers

Broderbund Software, Inc. v. Unison World, Inc., 648 F. Supp. 1127 (N.D. Cal. 1986).

Menu screens of computer programs which enabled users to create customized greeting cards, signs, banners and posters held copyrightable audiovisual works. During negotiations with plaintiff for a license to convert plaintiff's program for use on other types of computers, defendant instructed its programmer to develop identical program. When negotiations broke down, defendant's programmer retained elements already completed including program menu screens. Following *Whelan, Inc. v. Jaslow Dental Laboratory, Inc.*, 797 F.2d 1222 (3d Cir. 1986), court finds that copyright protects more than literal program text of source or object code and in this case protected structure, sequencing and arrangement of screens. In rejecting defendant's idea-expression merger and rules and instructions arguments, court noted existence of a third party program which performed same function as parties' programs, yet which possessed different menu screens and sequences of screens. Court thus reasoned that there were a number of ways to express same idea. Court also found that structure, sequence and layout of plaintiff's screens were dictated by aesthetic rather than utilitarian considerations and thus were protected audiovisual works. Notice on initial screen that plaintiff claimed protection in program was adequate to protect audiovisual displays. Separate mention of displays was not required. Court concluded that both direct evidence of copying and circumstantial evidence of access plus substantial similarity established infringement.

Digital Communications Associates, Inc. v. Softklone Distributing Corp., 2 U.S.P.Q.2d 1385 (N.D. Ga. 1987).

Plaintiff developed and marketed computer software system designed to enable user's computer to communicate with other computers. In action against corporation which developed clone of plaintiff's system, plaintiff's "main menu" status screen display held not protected by copyright in underlying computer program, but copyrightable in itself as compilation. Under *Whelan, Inc. v. Jaslow Dental Laboratory, Inc.*, 797 F.2d 1222 (3d Cir. 1986), copying of program's screen display may serve as indirect evidence of copying of program, and screen display may be separately copyrightable as audiovisual work. But court rejects as overexpansive reading of *Whelan* conclusion in *Broderbund Software, Inc. v. Unison World, Inc.*, 648 F. Supp. 1127 (N.D. Cal. 1986), that copyright protection for computer program extends to screen displays. Because same screen can be created by variety of different programs,

screen display is not "copy" of literary content of program under definition in § 101. Screen display is, however, copyrightable as separate work. First, screen display found to embody more than necessary, "merged" expression of ideas. Arrangement of screen involved considerable stylistic creativity and authorship beyond that required to express ideas it contained. Fact that screen display is work to "be used" does not make it uncopyrightable under *Baker v. Selden*, 101 U.S. 99 (1879), where it also "explains." Defendants' contention that screen display was nothing more than uncopyrightable blank form rejected because screen did not simply indicate where to record data, but expressed and conveyed information. Finally, court found screen copyrightable as a literary work rather than an audiovisual work, and as a compilation of parameter/command terms rather than a derivative work. Work had been registered as a compilation, and involved assembling of data through extensive original authorship. [Note: Copyright Office will no longer register computer screen displays separately, on the ground that they are integral part of computer program that generates them and therefore covered by program copyright. See 33 P.T.C.J. 613-14.]

NEC Corp. v. Intel Corp., 645 F. Supp. 590 (N.D. Cal. 1986).

In case of first impression, court holds that microcode of microprogram fixed in a microprocessor chip is copyrightable. Court noted that function of microprogram does not affect its status as copyrightable subject matter. Failure of licensees to affix copyright notice to microprocessors held not fatal since copyright owner registered microprogram within five years after publication without notice and made a reasonable effort to add notice to all copies of programs distributed in U.S. after discovery of notice omission.

F. Audiovisual Works

Worlds of Wonder, Inc. v. Veritel Learning Systems, Inc., 1 U.S.P.Q.2d 1976 (N.D. Tex. 1986).

Plaintiff's animated, talking toy bear held copyrightable as an audiovisual work under definition in § 101. Bear produced "series of related images" in form of animation activated by cassette tape, accompanied by sounds of voices and music. Court finds broad, flexible construction of statutory definition is consistent with purpose of Copyright Act to enable courts to deal with new uses of technology without requiring constant legislative revision.

G. Originality of Authorship

Tonka Corp. v. Tsaisun Inc., 1 U.S.P.Q.2d 1387 (D. Minn. 1986).

In suit alleging infringement of plaintiff's stuffed toy dogs, court rejected claim that plaintiff's copyright was invalid for lack of originality. Defendants

failed to rebut prima facie evidence of originality supplied by certificates of registration by proving plaintiff had copies from a prior work. Court found no substantial similarity between plaintiff's work and third-party stuffed dog pattern to which plaintiff had access. Although patterns were similar, differences in styling and appearance held sufficient to supply minimal degree of originality necessary for copyright protection.

Magic Marketing, Inc. v. Mailing Services of Pittsburgh, Inc., 634 F. Supp. 769 (W.D. Pa. 1986).

Envelopes with descriptive or instructive printed phrases such as "PRIORITY MESSAGE: CONTENTS REQUIRE IMMEDIATE ATTENTION," "GIFT CHECK ENCLOSED," and "TELEGRAM" lacked sufficient originality to be copyrightable. Solid black stripes on envelope and distinctive typeface were insufficiently creative to constitute a pictorial, graphic or sculptural work.

New Haven Copper Co. v. Eveready Machinery Co., 229 U.S.P.Q. 838 (D. Conn. 1986).

Use by defendant of an economic analysis consisting of tables comprised of column headings and data identical to and copied from plaintiff's similar analysis was held, on motion for preliminary injunction, not to be an infringement. Column headings, court found, were "typical" of such analyses and, because dictated by functional considerations, were not copyrightable. For similar reasons, format of tables was held not copyrightable. Copied data was held to be either noncopyrightable facts or, although copyrightable, not infringed because defendants showed independent reasons for using data.

III. OWNERSHIP

A. Work for Hire

Real Estate Data, Inc. v. Sidwell Co., 809 F.2d 366 (7th Cir. 1987).

Following *Roth v. Pritikin*, 710 F.2d 934 (2d Cir.), cert. denied, 464 U.S. 961 (1983), court affirmed application of 1909 Act to question of ownership of county tax maps prepared in 1959 by independent contractor for Cook County. Court reversed and remanded, however, because district court apparently applied wrong standard in concluding maps were works for hire. Defendant Sidwell had prepared maps in 1959 and updated them until 1965. Agreement between Cook County and Sidwell was silent concerning copyright ownership of maps. Court held that Sidwell under 1909 Act did not have to demonstrate express agreement to rebut presumption of ownership in commissioning party, here Cook County. District Court erred in not consid-

ering parties' conduct in performing contract as evidence of parties' intent and remanded for reconsideration and further findings.

Evans Newton Inc. v. Chicago Systems Software, 793 F.2d 889 (7th Cir.), cert. denied, 107 S. Ct. 434 (1986).

Defendant computer programmers, although independent contractors, nevertheless were so controlled and supervised by plaintiff commissioning party that the program created by defendants for plaintiffs was a work-for-hire, under an employer-employee theory. Seventh Circuit expressly adopts Second Circuit's reasoning in *Aldon Accessories Ltd. v. Spiegel, Inc.*, 738 F.2d 548 (2d Cir.), cert. denied, 469 U.S. 982 (1982).

Easter Seal Society v. Playboy Enterprises, 815 F.2d 323 (5th Cir. 1987).

Fifth Circuit rejects Second Circuit's view of work-for-hire doctrine articulated in *Aldon Accessories Ltd. v. Spiegel, Inc.*, and instead adopts "literal interpretation" of statutory language. Music entertainer on behalf of Easter Seal Society contracted with local tv station to videotape mock-Mardi Gras parade and jazz jam session. Although entertainer made certain suggestions to tv crew, tv studio personnel were responsible for color, lighting, sound recording and other technical decisions. Court affirmed that videotape was not work made for hire for Society. Court criticized *Aldon's* actual supervision and control test. Instead, court follows literal interpretation of work-for-hire definition in Act. Courts should determine whether someone is an employee versus an independent contractor under first prong of work-for-hire definition by considering traditional agency law factors set forth in Restatement of Agency, only one of which is actual supervision and control of work. Court interprets second prong of work-for-hire definition as limited statutory permission for certain categories of works made by independent contractors to be works for hire.

Baltimore Orioles, Inc. v. Major League Baseball Players Association, 805 F.2d 663 (7th Cir. 1986), cert. denied, 107 S. Ct. 1593 (1987).

Court affirms that baseball players' performances at televised games which were simultaneously videotaped are works for hire owned by club owners rather than by players. Because telecasts of performances were fixed by videotaping and photography involved met creativity requirements, protected audiovisual works were thereby created. Court found that players are employees acting within scope of their employment under section 201(b) when playing games before televised audiences. Because no written agreement explicitly stated players owned copyrights in such televised performances, court held club owners as employers did. Court also rejected players' argument that players' publicity rights were violated by televised performances. See VIII, *infra*.

Weinstein v. University of Illinois, 811 F.2d 1091 (7th Cir. 1987).

Professor claimed state university's treatment of article he co-authored violated due process clause of Federal Constitution. Court of Appeals held that article was not a work for hire and that plaintiff therefore had a property interest in it. In response to work-for-hire provision of 1976 Copyright Act, university had adopted policy incorporated in each professor's contract, stating that professor retained copyright in his academic work unless work fell within specific exception. Plaintiff's article held not within any exception. Due process claim dismissed, however, because co-author's revision of article did not interfere with plaintiff's property rights. As co-owner of copyright under § 201(a), co-author was entitled to prepare and publish a derivative work without plaintiff's consent.

Brunswick Beacon, Inc. v. Schock-Hopchas Publishing Co., 810 F.2d 410 (4th Cir. 1987).

Weekly newspaper which prepared advertisement for advertiser owned copyright in ad. A divided court affirmed that another newspaper which republished ad with advertiser's consent willfully infringed rival newspaper's copyright. Work-for-hire doctrine held inapplicable because there was no written contract necessary to create a commissioned work-for-hire and because plaintiff newspaper was not an employee of advertiser under *Aldon Accessories Ltd. v. Spiegel, Inc.*, absent direct supervision of ad's creation. Court disagreed with reasoning of district court in *Canfield v. The Ponchatoula Times*, which reached opposite result. Dissent argued that absurd result created here because advertiser became infringer of very party it hired to produce its ads.

Sandwiches, Inc. v. Wendy's International, Inc., 654 F. Supp. 1066 (E.D. Wis. 1987).

Television commercial created by advertising executive at plaintiff's request held not to be work made for hire. Under test of *Aldon Accessories v. Spiegel* adopted by Seventh Circuit in *Evans Newton, Inc. v. Chicago Systems Software*, crucial question is whether hiring party caused work to be made and actually exercised right to direct and supervise its creation, not whether he merely had right to do so. Here, plaintiff did not exercise right to direct and supervise creation of commercial.

Community for Creative Non-Violence v. Reid, 652 F. Supp. 1453 (D.D.C. 1987).

Statue sculpted by artist pursuant to agreement with nonprofit organization held to be work for hire. Employment relationship giving rise to work for hire more expansive than common law master-servant relationship, and does

not depend on form or existence of compensation. Here, plaintiff was motivating factor in creation of sculpture, as it conceived of idea in specific detail and engaged artist to execute it. Second, plaintiff directed artist's work sufficiently to assure production of desired result, and paid for work only upon satisfaction.

Marshall v. Miles Laboratories, Inc., 647 F. Supp. 1326 (N.D. Ind. 1986).

Scientist sued ex-employer over ownership of copyright in article written during his employment. Applying analysis of *Aldon Accessories v. Spiegel*, court held that article was a work made for hire. First, because plaintiff's job description required him to conduct research in this area and report on results, and because article was based on work done in employer's laboratories, employer-employee relationship was direct cause of plaintiff's preparation of article. Second, based on employer's policy of requiring submission for approval of papers based on work conducted on its premises, and on plaintiff's having sought such approval, court found that employer had right to control and supervise creation of article. Fact that preparation of article took place outside of normal working hours or off employer's premises did not remove it from scope of employment.

B. Transfer of Ownership

Campbell v. Board of Trustees of The Leland Stanford Junior University, Copyright L. Rep. (CCH) ¶ 26,104 (9th Cir. 1987).

University's grant of exclusive license to market copyrighted psychological test held to violate contract with one of test's creators. Contract forbade transfer of interest in contract except as a whole and with written consent of other party. Because essence of property interest created by contract was university's copyright monopoly on use of test, granting of license constituted prohibited transfer of part interest.

Fantasy, Inc. v. Fogerty, 654 F. Supp. 1129 (N.D. Cal. 1987).

Composer granted plaintiff exclusive rights to song in return for royalties. In suit by plaintiff alleging that another of composer's songs was an infringing copy of first, court rejects defendants' claim that beneficial owner of copyright and his authorized licensee cannot infringe copyright. Unlike co-owner of copyright, beneficial owner does not have independent right to use or license copyright, but has transferred those rights in exchange for economic interest in proceeds from use.

C. Joint Works

Eckert v. Hurley Chicago Co., 638 F. Supp. 699 (N.D. Ill. 1986).

Brochure on water pollution and advantages of particular water filter held not joint work, and defendant's summary judgment motion was accordingly denied. Co-author's contribution must be quantitatively and qualitatively significant to work, at least where parties have not immediately collaborated, in order to be joint work. Only undisputed contribution of defendant to brochure was relatively insignificant picture of water filter and use of its trademark and slogan. Even if disputed fact that plaintiff used factual materials compiled by defendant is considered, court finds collaborative intent required for joint work lacking. Defendant neither had an intent at time of compiling materials or at time plaintiff wrote his brochure of contributing to another work.

D. Public Domain

Harvey Cartoons v. Columbia Pictures Industries, Inc., 645 F. Supp. 1564 (S.D.N.Y. 1986).

Defendant's "Ghostbusters" logo held not to infringe copyright in plaintiff's cartoon ghost character "Fatso" as a matter of law. Fatso was created as one of "The Ghostly Trio" of ghosts in "Casper The Friendly Ghost" cartoons and comics published in early 1950's. Because plaintiff failed to renew copyright in works created prior to 1956, court found pictorial depiction of Fatso had entered public domain prior to defendant's first use of "Ghostbusters" logo. Pictorial depiction of Fatso character was substantially the same in earlier works in public domain and in later works still protected by copyright, and thus even if "Ghostbuster's" logo was a copy, could not infringe plaintiff's rights. Valid copyrights held in later comic books could not protect depiction since derivative work copyright protects only added expression, not preexisting expression which has passed into public domain. Even were Fatso not in public domain, court found "Ghostbusters" logo was not substantially similar, noting different facial expressions and limited ways of expressing cartoon ghosts.

IV. FORMALITIES

A. Notice

Lifshitz v. Walter Drake & Sons, Inc., 806 F.2d 1426 (9th Cir. 1986).

In lawsuit by inventor against mail order company based on its marketing of replica of his invention, plaintiff's copyright held invalidated by publication without proper copyright notice. Plaintiff held not to qualify for any of

§ 405 exceptions. First, because all 15,000 copies of plaintiff's product had been distributed without notice, either actually or constructively under § 406(b) by utilizing a date more than a year after first publication, § 405(a)(1) exception for distribution of only a "relatively small" number of copies did not apply. Nor could plaintiff avail himself of § 405(a)(2) exception, as he had not made required "reasonable effort" to add notice to all copies distributed to public after omission was discovered. Court held that such an effort should have been made as to copies still in hands of plaintiff's distributor, because it would not have been burdensome for plaintiff to locate them and correct omission. As to copies still in plaintiff's possession, plaintiff had failed to make a "reasonable effort" because notice he added contained improper date. Finally, court rejected plaintiff's argument that a willful infringer cannot rely on errors in notice where there is substantial compliance with statutory requirements. This rule, developed under 1909 Act, should not apply to different notice provisions of 1976 Act. Failure to comply with specific notice requirements of new Act invalidates copyright, and work can then be copied with impunity, whether willfully or not.

Digital Communications Associates, Inc. v. Softklone Distributing Corp., 2 U.S.P.Q.2d 1385 (N.D. Ga. 1987).

In suit alleging copying of "main menu" status screen display of computer software system, plaintiff held not to have forfeited copyright protection by failing to affix proper notice. Plaintiff had registered work within 5 years of publication as required by § 405(a)(2). Its placement of notice on sign-on screen immediately preceding status screen, and on pages of user manual illustrating status screen, was sufficient to constitute reasonable notice of claim of copyright under § 401(c), and reasonable effort to add notice under § 405(a)(2).

Tonka Corp. v. Tsaisun Inc., 1 U.S.P.Q.2d 1387 (D. Minn. 1986).

Plaintiff claimed defendants' stuffed toy dogs were copies of its copyrighted POUND PUPPIES. Court rejected defense that plaintiff's copyright was invalidated by failure to affix adequate notice. Plaintiff had distributed over 200,000 puppies with a notice affixed to cardboard carriers, but not to puppies themselves. Court held that because carrier was intended to be kept for use as kennel for puppy, it was an integral part of plaintiff's product, and notice on carrier alone was therefore sufficient. Moreover, because defendants were not innocently misled by omission of notice, they could not rely on this defense.

Holland Fabrics, Inc. v. Delta Fabrics, Inc., 2 U.S.P.Q.2d 1157 (S.D.N.Y. 1987).

Court held plaintiff forfeited copyright in fabric design as a matter of law

because of ineffective cure of notice omission. First runs of fabric bore no notice; subsequent run bore "Holland Fabrics c" which was inadequate for failure to use © or word copyright as well as year of first publication. Next run which bore "Kenrich inc. o" equally defective and in absence of any excuse, court found work had been injected into public domain.

Act Young Imports, Inc. v. B and E Sales Co., 33 P.T.C.J. 261 (S.D.N.Y. Dec. 11, 1986).

In infringement case, defendant claimed it was an "innocent infringer" under § 405(b), because plaintiff's work contained no copyright notice. Defense rejected because defendant did not establish that the copy of plaintiff's work from which it copied was authorized.

B. Deposit

Seiler v. Lucasfilm, Ltd., 808 F.2d 1316 (9th Cir. 1986).

In case of first impression, court holds § 410(c), which provides that a copyright registration certificate is prima facie evidence of validity, does not mandate admissibility of deposited copies. Plaintiff claimed defendants' "Imperial Walkers," which appeared in "The Empire Strikes Back" infringed plaintiff's creatures called "Garthian Striders." Plaintiff registered his copyright claims after release of "The Empire Strikes Back" and deposited reconstructions rather than original drawings. The Ninth Circuit affirmed exclusion of deposited reconstructions from evidence on the ground that reconstructions did not satisfy best evidence rule. Although § 410(c) requires admission of registration certificate into evidence, court reasons that deposited copies challenged under best evidence rule are not deemed incorporated into certificate and thus are not automatically admissible.

C. Registration

Tannock v. Review Trading Corp., 231 U.S.P.Q. 798 (D.N.J. 1986).

Because defendant's alleged infringement of plaintiff's copyrighted photograph commenced prior to plaintiff's registration of work published two years earlier, court granted defendant partial summary judgment with respect to plaintiff's claim for attorney's fees and statutory damages. Court construed § 412 as barring such remedies when an infringement begins prior to registration even though infringement may have continued after registration. Otherwise, court reasoned, word "commenced" before registration in statute would be meaningless. Additionally, court found plaintiff's state unfair competition and contract claims preempted as they were based merely upon equivalent rights under Copyright Act.

V. INFRINGEMENT

A. Access and Copying

Benson v. Coca-Cola Co., 795 F.2d 973 (11th Cir. 1986).

Relying principally on *Selle v. Gibb*, 741 F.2d 896 (7th Cir. 1984), Eleventh Circuit affirmed district court's grant of directed verdict to defendant Coca-Cola on issue of whether its commercial jingle "I'd Like to Buy the World a Coke" infringed plaintiff amateur songwriter's work "Don't Cha Know." Court agreed with trial court that plaintiff's failure to prove that any of defendant's songwriters had been present in any of the nightclubs, hotels or restaurants in which plaintiff publicized his song required a holding of no access. Further, defendant's uncontradicted proof of independent creation, established through testimony of its songwriters, was held to "fully negate" infringement claim. With respect to plaintiff's claim that "striking similarity" of works avoided its burden of proving access, circuit court noted that because plaintiff's expert had not testified on issue of "striking similarity," citing *Gibb*, plaintiff could not rely on this exception to proving access.

B. Substantial Similarity

Frybarger v. IBM Corp., 812 F.2d 525 (9th Cir. 1987).

Defendant's videogame held not substantially similar to plaintiff's videogame as a matter of law. Court found several similarities in games, such as elements of game play, were either unprotected ideas, standard treatment of ideas, or indispensable expression, last of which can be protected only against "virtually identical copying."

Baxter v. MCA, Inc., 812 F.2d 421 (9th Cir. 1987).

Songwriter claimed that theme song from movie "E.T.: The Extra-Terrestrial" infringed his copyright in one of his songs. Court of Appeals reversed grant of summary judgment based on lack of substantial similarity. For purposes of motion, defendants had conceded access and similarity of general ideas. Court reaffirmed "intrinsic" test for substantial similarity adopted in *Sid & Marty Krofft Television Productions, Inc. v. McDonald's Corp.*, 562 F.2d 1157 (9th Cir. 1977), which depends on "the response of the ordinary lay hearer" to the "total concept and feel of the works." Stating that summary judgment was generally disfavored on issue of substantial similarity, court concluded that reasonable minds could differ as to whether songs were substantially similar. Defendants' argument that any similarity between the songs was limited to a 6-note sequence not protectible by copyright was rejected. Court noted that no bright-line rule exists as to what amount of

similarity is too much, and that a copied portion may be qualitatively important even if it is relatively small in proportion to entire work.

Mihalek Corp. v. Michigan, 814 F.2d 290 (6th Cir. 1987).

Plaintiff claimed that defendants had copied his advertising campaign promoting the State of Michigan. Summary judgment for defendants was affirmed on ground of lack of substantial similarity. Court rejected plaintiff's contention that lay observer affidavits attesting to substantial similarity created a material issue of fact. Based on its own careful comparison of works, Court of Appeals held that while they shared some general concepts, there was no substantial similarity as a matter of law in their particular expression of those concepts. Court thus finds it unnecessary to consider issues of sovereign immunity considered below.

Kleier Advertising, Inc. v. Premier Pontiac, Inc., 2 U.S.P.Q.2d 1152 (N.D. Okla. 1987).

Court preliminary enjoins defendant's billboard as an infringement of plaintiff's "We'll Beat The Pants Off Any Deal" advertising materials. Plaintiff's advertising materials bore slogan and depiction of a line of individuals from the waist down with trousers dropped to the ankle. Certain billboard displays also had a mannequin with dropped trousers standing on scaffolding in front of billboard. Defendant's billboard used slogan to which was added "in town" and deleted row of individuals but retained mannequin with dropped trousers. Court found differences *de minimis*.

Worlds of Wonder, Inc. v. Veritel Learning Systems Inc., 1 U.S.P.Q.2d 1976 (N.D. Tex. 1986).

Plaintiff created talking Teddy Ruxpin bear animated by insertion of specially designed cassette tape. In suit against defendants for manufacture and sale of their own cassette tapes to animate plaintiff's bear, preliminary injunction granted. Applying lay observer test adapted for a child audience, court found substantial similarity. Total concept and feel of works substantially similar, and ordinary child observer unlikely to detect differences. In addition, defendants' tapes were designed exclusively for use in plaintiff's toy bear in order to capitalize on its success.

Worlds of Wonder Inc. v. Vector Intercontinental Inc., 653 F. Supp. 135 (N.D. Ohio 1986), *later opinion*, 1 U.S.P.Q.2d 1982 (N.D. Ohio 1986).

Court preliminarily enjoined distribution of defendant's audio cassette intended to be used with plaintiff's animated talking Teddy Ruxpin bears. Court found voice of bear on defendant's tape and movements of eyes, nose and mouth caused by defendant's tape to be virtually identical to those

caused by plaintiff's tapes. Although stories on defendant's tapes were different from plaintiff's, court found visual and voice similarities sufficient at minimum to constitute derivative work. Court analogized situation to video games which display different sequences depending on play of a particular player. Similarly, court found specific sequence of bear movements and voice sounds unimportant in finding substantial similarity between plaintiff's and defendant's works. In later opinion, court made injunction permanent, ordered destruction of remaining tapes, found Vector's infringement willful and awarded \$30,000 in statutory damages for four infringements.

Ford Motor Co. v. B & H Supply, Inc., 646 F. Supp. 975 (D. Minn. 1986).

Defendants' use of speeding car design on auto replacement parts packaging was found substantially similar to Ford's copyrighted speeding car design used on Ford's replacement part packaging. Car design on some of defendant's packaging was virtually identical to Ford's design. Although there were some differences in design on other packaging, court found "total concept and feel" same as evidenced by use of same color scheme and horizontal lines to indicate speed. Fact that certain defendants may not have known packaging was infringing found irrelevant because intent is not an issue in finding infringement. Fact that warehousing defendants and telephone-marketing defendants did not design, manufacture or package parts also found irrelevant since selling and shipping activities violated Ford's exclusive right of distribution. Court ordered permanent injunction, delivery of any remaining parts with infringing packaging to plaintiff for disposal and awarded actual damages of \$331,000 and attorney's fees against several of defendants. Damages were calculated on basis of economic profit Ford would have earned on replacement parts purchased by defendants in infringing packaging. Court found that liability for attorney's fees would be limited to those defendants found to be willful infringers.

Business Trends Analysts v. The Feedonia Group, Inc., 650 F. Supp. 1452 (S.D.N.Y. 1987).

Court denies preliminary injunction against defendant's industry study which plaintiff alleged infringed its copyrighted industry study. Court noted that plaintiff's delay of 7 months in bringing action undercut finding of irreparable harm and that likelihood of success had not been demonstrated because passages alleged to be copied and similarities in selection, arrangement and organization of facts may have resulted from common language of field, definitional nature of matter or common training and experience of authors.

Tonka Corp. v. Tsaisun, Inc., 1 U.S.P.Q.2d 1387 (D. Minn. 1986).

Defendants' stuffed toy puppies held infringing copies of plaintiff's POUND PUPPIES. Based on comparison of the parties' products, and sup-

ported by survey evidence, expert testimony, and reactions of defendants' own customers, court found substantial similarity. Noting that similarities went beyond simple concept of puppy to artistic and expressive design aspects, it concluded that defendants' puppies captured "total concept and feel" of plaintiff's, and that ordinary observer would recognize that one was taken from the other. Finally, it found incredible defendants' evidence of independent creation.

Kent v. Revere, 229 U.S.P.Q. 828 (M.D. Fla. 1985).

Building contractor established infringement of his copyrighted building design drawings by defendant's virtually identical design. Reasonable access to plaintiff's design was shown by facts that defendant's client visited plaintiff's model home at which brochures with layout were available and that client sketched aspects of plaintiff's design and gave sketch to defendant. This access, coupled with substantial similarity of designs, established infringement. Alternatively, court finds infringement by virtue of "striking similarity" of designs so as to preclude possibility of independent creation.

Walt Disney Productions v. Filmation Associates, 628 F. Supp. 871 (C.D. Cal. 1986).

Defendant's motion for summary judgment was denied where reasonable person could find defendant's cartoon character depictions substantially similar to plaintiff Disney's. Fact that defendant's animated motion picture had not been completed did not preclude infringement finding. Defendant's preliminary materials in form of script, story board, story reel and promotional trailer are copies and thus could infringe plaintiff's reproduction rights. Fact that cartoon characters could be compared only as to visual characteristics did not preclude meaningful comparison.

Cardinal Industries, Inc. v. Anderson Parrish Associates, Inc., 230 U.S.P.Q. 678 (M.D. Fla. 1985), *aff'd*, 811 F.2d 609 (11th Cir. 1987).

Defendants did not infringe plaintiff's copyrighted architectural plans because defendants' plans differed in a number of substantial respects. Additionally, plaintiff's conduct estopped it from asserting rights against defendants. Plaintiff had insisted that basic dimensions of its plans be incorporated into defendants' designs in order to permit plaintiff to bid on project. Where similarities between plaintiff's and defendants' plans were attributable to this insistence or to unprotectible design ideas and where substantial differences existed, court found no substantial similarity. Additionally, defendants' reliance upon plaintiff's conduct estopped plaintiff from asserting rights in the designs.

Wavelength Film Co. v. Columbia Pictures Industries, Inc., 631 F. Supp. 305 (N.D. Ill. 1986).

Defendant's film "Starman" did not infringe plaintiff's film "Wavelength." Although both films involved alien themes and thus shared some unprotectible "scenes a faire" indispensable to this theme, the characterization, relationships between characters, and special effects differed so substantially that the court concluded there was no infringement as a matter of law.

Gund, Inc. v. Fortunoff, Inc., Copyright L. Rep. ¶ 26,638 (S.D.N.Y. 1986).

Preliminary injunction granted in suit alleging infringement of plaintiff's stuffed plush teddy bears, which came in several sizes and colors. Defendant's bears, found substantially similar to plaintiff's as ordinary observer would not notice differences between them unless he set out to find them. Court rejected defendant's argument that relevant similarity was between its bears and only particular color and size bear that plaintiff had registered with Copyright Office. Size and color variations in plaintiff's bears not sufficiently significant or original to qualify for separate registration.

Farmers Independent Telephone Co. v. Thorman, 648 F. Supp. 467 (W.D. Wis. 1986).

Plaintiffs claimed defendant's competing directories infringed their yellow and white-page telephone directories. Given virtual identity between idea and expression in plaintiff's work, court refused to infer copying without virtually identical duplication. Nevertheless, use of copyrighted compilation as source for production of similar compilation, even if material rearranged, would constitute infringement under Seventh Circuit law. Because plaintiffs failed to prove defendant copied from copyrighted directories rather than earlier, uncopyrighted versions, preliminary injunction denied.

C. Public Performance

Columbia Pictures Industries, Inc. v. Aveco, Inc., 800 F.2d 59 (3d Cir. 1986).

Court affirms district court's application of decision in *Columbia Pictures Industries, Inc. v. Redd Horne*, 749 F.2d 154 (3d Cir. 1984), in finding defendant's video showcase operation violated plaintiff's right to authorize public performances of their copyrighted motion pictures. Defendants' store had rooms equipped with video cassette recorders which could be rented to view motion picture videos either rented from defendants or brought in by customers. Fact that, unlike *Redd Horne* situation, video recorders were located in rental rooms and were operated by customers did not render per-

formance of films private. Location of cassette recorders is not crucial in determining whether a performance is public, but rather availability of premises to public is determinative. Whether video was rented by customer or supplied by customer also was found irrelevant to infringement of plaintiffs' rights to authorize public performance of their films. Court additionally rejected defendants' defense based on first sale doctrine since even if transfer of ownership to customer were valid, this fact would not permit unauthorized public performance of works.

Almo Music Corp. v. 77 East Adams Inc., 647 F. Supp. 123 (N.D. Ill. 1986).

Court denied motion to dismiss infringement claim for failure to allege that defendants' public performance was done for profit. Although 1909 Act entitled copyright holder to exclusive right of only "for-profit" performances, 1976 Act expanded right to cover not-for-profit performances as well. Specific nonprofit exception is now located in a separate section with other exemptions, and should be pleaded as affirmative defense. A plaintiff need not allege nonexistence of such affirmative defenses.

Rogers v. Black, 231 U.S.P.Q. 782 (D. Me. 1986).

In suit for unauthorized public performance of musical compositions, defense of implied authorization rejected. Plaintiffs had licensed owner of background music system to perform their works publicly and to authorize its customers to do so. Defendant claimed contacts with plaintiff's licensee over the years amounted to authorization to act as sub-dealer and transfer public performance rights to end users. Court found insufficient basis for this claim, as asserted indicia of implicit agreement were contradicted by other explicit acts of licensee.

D. Computer Programs

Whelan Associates, Inc. v. Jaslow Dental Laboratory, 797 F.2d 1222 (3rd Cir. 1986), *cert. denied*, 107 S. Ct. 877 (1987).

In case of first impression at circuit court level, scope of protection afforded computer programs held to extend beyond literal source and object codes to structure, organization and sequence, i.e., overall "look and feel." Rationale being that broad function or purpose of a program is the "idea" and all else "expression," and that infringement of a program may be of a quantitatively small but qualitatively important portion of the program; inquiry is whether "most significant steps of the program are similar." Traditional ordinary observer test for substantial similarity held impracticable in computer program cases. A single substantial similarity test utilizing both lay and expert testimony is adopted. Court rejects CONTU Report as having

force of legislative history, holding that CONTU did not suggest that protection be limited to literal code, and in any event, CONTU Report not law. Finally, court held that while similarity of screen outputs is not direct evidence of similarity of underlying programs, it is of some probative value.

Plains Cotton Cooperative Association of Lubbock Texas v. Goodpasture Computer Service, Inc., 807 F.2d 1256 (5th Cir. 1987).

Court affirmed denial of preliminary injunction against defendants' computer program designed to be used in growing and marketing of cotton. Plaintiff agriculture cooperative developed computer software system for a mainframe computer to provide information concerning cotton prices and availability, accounting services and electronic sales capacity. Former employees of plaintiff developed similar program designed for a personal computer. Court concluded finding of no substantial similarity of protected expression was not clearly erroneous. Court "declines to embrace *Whelan*" given incomplete record at preliminary injunction stage of proceedings and evidence that similarities in organization and structure of parties' programs were dictated by the cotton market. Additionally, court affirmed finding of no irreparable harm to plaintiff which court stressed was independent ground for denial and cannot be presumed.

Vault Corp. v. Quaid Software Ltd., 655 F. Supp. 750 (E.D. La. 1987).

Court denied preliminarily relief against defendant's computer program which allowed users to copy programs on diskettes containing plaintiff's program. Plaintiff sold blank diskettes containing its PROLOK program which was designed to prevent end users from copying programs placed on diskettes by software producers. Defendant's program allowed copying of such diskettes. Court rejected three theories of infringement. Defendant's loading plaintiff's diskette into computer's memory was exempt under § 117 which allows program copying essential to using program. Court denied that defendant's program was a derivative work, because the programs were not substantially similar. Court also refused to find contributory infringement, since software producers, not plaintiff, had standing, and since program could be used for substantial noninfringing purposes such as creating permitted archival copies or copying unprotected software.

Evans Newton Inc. v. Chicago Systems Software, 793 F.2d 889 (7th Cir.), cert. denied, 107 S. Ct. 434 (1986).

After finding that plaintiff's applications computer program and user manual were marketed together, and only had value as a single unit, Seventh Circuit affirmed district court's conclusion that defendants' substantially similar user manual, which was used in conjunction with a program based on and competitive with one developed by defendants for plaintiff, infringed both

plaintiff's manual *and* accompanying program. This result obtained notwithstanding that copyright sued on was only for that in manual.

Dynamic Solutions, Inc. v. Planning & Control, Inc., 646 F. Supp. 1329 (S.D.N.Y. 1986).

Court preliminarily enjoins defendant from using plaintiff's computer programs for training simulation games. Although parties' agreement established that defendant owned underlying software from which plaintiff's programs were derived, agreement did not cover derivative programs created by plaintiff with at least acquiescence of defendant. Defendant's unauthorized use of derivative programs infringed plaintiff's copyrights. Fact that plaintiff entered incorrect dates on registration applications and was silent about ownership of underlying programs (although not about derivation from such programs) did not constitute the kind of knowing misrepresentation to Copyright Office to bar relief.

E. Importation

In re Certain Soft Sculpture Dolls Popularly Known As "Cabbage Patch Kids", 33 PTCJ 160 (U.S. Trade Comm'n November 7, 1986).

Gray market "Cabbage Patch Kids" imported from abroad held to violate § 337 of Tariff Act and general exclusion of such goods is ordered. Commission found failure to mark imported dolls to conspicuously indicate country of origin coupled with some confusion was unfair act under § 337. Manufacture in U.S. of dolls by one of doll copyright owners and extensive quality control, testing, repair and assembly of dolls plus manufacture of packaging and adoption papers in U.S. by other owner constituted a domestic industry. Massive imports of dolls even after copyright owners were able to meet demand found to create substantial injury to domestic industry.

Hearst Corp. v. Stark, 639 F. Supp. 970 (N.D. Cal. 1986).

Unauthorized importation of books protected by U.S. copyrights violates § 602 as a matter of law. Court refuses to limit applicability of § 602 to pirated works and instead finds books lawfully produced abroad are included within scope of § 602 if their importation is without authorization of U.S. copyright owners. Court rejects "first sale" defense, questioning whether § 109(a) first sale doctrine has any applicability to § 602 liability. In any event, first sale doctrine found inapplicable here where large quantities of works (rather than particular copy) were acquired abroad for resale in U.S. This interpretation does not conflict with First Amendment even with respect to books not currently available in U.S. Court reasons § 602 preserves copyright owner's right to control public dissemination of work, a purpose congruent with Copyright Act's goal of encouraging creativity by permitting a

fair financial return. Means of free expression are thereby furthered. Although plaintiffs are entitled to actual damages, court denies motion for summary judgment on issues of willfulness and bad faith. Record insufficient to conclude as matter of law that defendants' activities were wilful in order to invoke statutory damages under § 504(c)(2).

T.B. Harms Co. v. Jem Records, Inc., 655 F. Supp. 1575 (D.N.J. 1987).

Defendant found liable for unauthorized importation of phonorecords embodying plaintiff's copyrighted musical composition in violation of § 602(a). Court rejects defendant's argument that § 602(a) not enforceable by copyright owner whose composition has become available for compulsory licensing under § 115. First, although § 602(a) addresses only infringements of "exclusive right to distribute copies of phonorecords," use of term "exclusive rights" in Copyright Act shows that compulsory license merely limits and does not extinguish copyright owner's exclusive rights. Second, statements by music industry representatives at panel discussions on preliminary draft of Act, dealing with interplay of §§ 115 and 602, entitled to little weight in interpreting legislative intent. Moreover, case law makes clear that defendant not entitled to rely on § 115 as defense. Section 115 only confers right of distribution as to phonorecords manufactured pursuant to its terms, and defendant was no more than middleman distributor. Even if eligible for compulsory license, defendant failed to comply with statutory requirements. Finally, defendant's interpretation would render § 602 meaningless and undermine Congressional intent to preserve rights of copyright owners.

Engel v. Wild Oats, Inc., Copyright L. Rep. ¶ 26,010 (S.D.N.Y. 1986).

Seller of infringing t-shirts held not vicariously liable for full amount of plaintiff's damages, but liable only for amount of commissions from infringing sales. Seller lacked right to supervise manufacturer of t-shirts, and dealt with it only as independent contractor. Because of their ability to supervise and financial interest in infringing activity, officers and directors of each defendant company held jointly and severally liable for that company's share of damages.

F. Contributory or Vicarious Infringements

BMI v. Behulak, 651 F. Supp. 57 (M.D. Fla. 1986).

In suit against owners of bar for unauthorized public performance of copyrighted musical compositions, officer, director and 50% shareholder found not liable as a vicarious infringer. Court follows two-part test for vicarious infringement by a corporate officer, derived from legislative history: (1) whether officer has direct financial interest in business; and (2) whether he has actual right and ability to supervise or control the infringing activity.

Although someone in this defendant's position might normally take greater control, the evidence showed she had no participation in the operation, management and supervision of the bar.

Mallven Music v. 2001 VIP of Lexington, Inc., 230 U.S.P.Q. 543 (E.D. Ky. 1986).

Individual owner of an incorporated nightclub in which plaintiff's songs were publicly performed without authority was held personally liable as vicarious infringer, notwithstanding that he had minimal involvement with day-to-day or month-to-month operations of the club and had not hired band which performed the songs. Fact that ASCAP had notified owner that infringing performances were occurring at his club and that a license was necessary, required him to ensure that the club was not engaged in infringing activities. Court rejected defense that defendants' could not be liable since they were unaware of the infringements, having never been supplied with a list of plaintiff's copyrighted songs. Court noted that defendants never requested a list after having been contacted by ASCAP. In light of facts, the court awarded \$1,000 in statutory damages for each infringement (plaintiffs sought \$1,500 per infringement based on the royalties which would have been paid plus an additional deterrent sum) plus attorneys fees and costs.

Universal City Studios, Inc. v. Nintendo Co., 797 F.2d 70 (2d Cir.), cert. denied, 107 S. Ct. 578 (1986).

On appeal after trial, district court's conclusions that Nintendo's DONKEY KONG video game is copyrightable and that Universal, by granting an exclusive KING KONG license to a third party for an admittedly infringing video game, was a willful contributory infringer, affirmed. Award to Nintendo of Universal's profits from the license as damages and attorneys fees also affirmed.

Sailor Music v. Mai Kai of Concord, Inc., 640 F. Supp. 629 (D.N.H. 1986).

In suit against restaurant for unauthorized performance of musical compositions, individual restaurant owner held jointly liable with corporation. First, owner was joint tortfeasor as corporate officer with dominant influence in corporation, and set policies resulting in infringement. Second, vicarious liability established by owner's right and ability to supervise performances and the profit he derived from them.

G. Criminal Infringement

United States v. Cross, 2 U.S.P.Q.2d 1356 (7th Cir. 1987).

Court upheld criminal convictions for conspiracy to willfully commit

criminal copyright infringement for commercial gain based on rental of unauthorized copies of videotapes, but reversed felony convictions of criminal infringement under 18 U.S.C. § 2319(b)(2)(B). Court found government only proved rental of 6 unauthorized video cassettes during 6 month period and that this amount was insufficient for felony count.

United States v. Goss, 803 F.2d 638 (11th Cir. 1986).

Court of Appeals reversed conviction for infringing copyright by unauthorized distribution of copies of audiovisual works, consisting of two video games. Government failed to prove that particular copies of works sold by defendant were not lawfully made and lawfully acquired by defendant, and therefore not protected by first sale doctrine of § 109(a). Because under § 101 "copies" of audiovisual works were memory chips in which they were fixed, government's proof that entire video game circuit boards were counterfeit did not establish infringement. It was necessary to establish instead that *chips* or ROMs were illegally made or acquired. Section 109(a) held to be a defense in criminal infringement cases. If defendant introduces evidence that copies were legally made and acquired, jury issue created and burden shifts to government to prove converse. Here, government failed to meet burden due to its misinterpreting meaning of "copies." Nor could it prevail on argument that video game as audiovisual work can be infringed separately from program producing it, because crime charged was limited to infringement of right to distribute copies, and did not include unauthorized copying, preparation of derivative work, or public performance or display.

United States v. Sachs, 801 F.2d 839 (6th Cir. 1986).

Court affirmed conviction for criminal infringement for selling unauthorized videotapes of movies. Government witnesses established that either videotapes of the movies were not being sold at all at time of crime or were sold in different form than those sold by defendant and that defendant was not authorized to duplicate or distribute the films. Government's burden of proving that copies at issue in criminal infringement were not subject to first sale doctrine held met by showing copies were unauthorized. Government need not trace every possible source of each particular copy.

United States v. O'Reilly, 794 F.2d 613 (11th Cir. 1986).

Court affirmed conviction for criminal copyright infringement of two video games. Court rejected challenge to sufficiency of evidence based on failure to compare counterfeit games with those deposited at Copyright Office. Although it is preferable practice to compare works with those on file in Copyright Office, burden of raising authentication is on defendant which was not done here. Additionally, comparison of games' attract modes and first few

minutes of play modes was sufficient because infringement can be found where there is a similarity of substantial portion of copyrighted work.

Association of American Medical Colleges v. Mikaelian, 230 U.S.P.Q. 10 (E.D. Pa. 1986).

Defendant in a civil copyright infringement action involving infringement of MCAT questions pleaded guilty to criminal copyright infringement counts involving the same works. Since the guilty pleas constituted admissions of both validity of copyrights and of infringement, court held that convictions based on pleas required granting plaintiffs' summary judgment motions for two reasons: collateral estoppel and that guilty pleas established that no genuine issues of material fact existed on infringement issues. In view of fact that infringements were deemed willful as a matter of law because of guilty pleas, court awarded plaintiffs statutory damages in amount of \$50,000 for each infringement.

Cooper v. United States, 639 F. Supp. 176 (M.D. Fla. 1986).

Supreme Court's decision in *Dowling v. United States*, — U.S. —, 105 S. Ct. 3127 (1985), holding that criminal penalties for interstate transportation of pirated records or tapes cannot be imposed under the National Stolen Property Act, held to be retroactive, resulting in vacating convictions under that Act. Convictions for violating RICO conspiracy and substantive provisions, for wire fraud and for copyright conspiracy arising from defendants' interstate distribution of pirated eight-track and cassette tapes, however, held not affected by *Dowling*.

VI. DEFENSES/EXEMPTIONS

A. Fair Use

Salinger v. Random House, Inc., 650 F. Supp. 413 (S.D.N.Y. 1986), *rev'd*, 811 F.2d 90 (2d Cir.), *petition for reh'g denied*, 2 U.S.P.Q.2d 1727 (2d Cir. 1987).

Court refused to preliminarily enjoin publication of unauthorized biography of J.D. Salinger which used some material from Salinger's unpublished letters, including 200 to 300 directly quoted words. Most of material taken from letters was found unprotected historical fact about Salinger's life, thoughts and feelings. Court found use of protected images, literary devices, metaphors or choice of words was so insubstantial as to constitute fair use. Although court reasoned that unpublished nature of letters is important factor in fair use analysis, neither commercial value of letters nor author's right of first publication was found impaired. In evaluating marketability fair use factor, in this case a desire to read Salinger's letters rather than a desire to

acquire information about Salinger's life, court looked only to protectable material. Court found former interest was not impaired by insubstantial taking here. Fact that defendant's work was serious biography about a well-known literary figure also favored fair use finding.

Salinger v. Random House, Inc., 811 F.2d 90 (2d Cir.), petition for reh'g denied, 2 U.S.P.Q.2d 1727 (2d Cir. 1987).

Second Circuit reverses district court's denial of preliminary injunction, finding that biographer's use of Salinger unpublished letters was not a fair use. Second Circuit stressed unpublished nature of letters and Supreme Court's decision in *The Nation* which recognized ordinarily that right of first publication outweighs fair use claim. Although Second Circuit agreed that biography fits within "scholarship," "criticism" and "research" uses which are categories Act suggests may be fair, court noted that biographers can copy factual content but have "no inherent right to copy the 'accuracy' or 'vividness' of the letter writer's expression." Court found amount and substantiality of taking to be much greater than district court found. Second Circuit included close paraphrasing as well as quoted material in analyzing protected expression used by defendants. Additionally, Second Circuit believed district court erred in disregarding ordinary phrases because such phrases used in sequence of expressive words does "not cause entire passage to lose protection." Many such passages as a whole had sufficient "creativity as to sequence of thoughts, choice of words, emphasis and arrangement," to be protected. With respect to potential effect on market for copyrighted work, although Salinger did not want letters published, court found he had a right to change his mind and "to protect his opportunity to sell" the letters, valued by his agent at \$500,000. Because Second Circuit disagreed with district court over amount and substantiality of biographer's taking, Second Circuit did not agree with district court that potential market for letters would be unimpaired and found this factor to weigh slightly against fair use finding.

Maxtone-Graham v. Burtchaell, 803 F.2d 1253 (2d Cir. 1986), cert. denied, 55 USLW 7761 (May 18, 1987).

Catholic priest's use of 7,000 words in pro-life essay taken from interviews reported in plaintiff's pro-choice book held fair use as a matter of law. Court characterized defendant's use as essentially noncommercial criticism and commentary which outweighed fact that defendant was remunerated for essays. Although defendant committed some errors in using interview material such as wrongly characterizing quotations as concerning abortion rather than adoption, these errors were not so deliberate or misrepresentative as to preclude reliance on fair use. Factual nature of plaintiff's interviews with women with unwanted pregnancies permitted greater amount of permissible taking. Although defendant's essay contained 4.3% of words from plaintiff's

work, court reasoned heart of book was not taken in that book's reporting of 17 verbatim interviews had no identifiable core. Because of widely divergent viewpoints expressed in two works, court found that no impact on value of plaintiff's work was likely. Finally, fact that plaintiff had denied permission to use interviews was not evidence of defendant's bad faith but rather of defendant's willingness to pay a fee for using materials.

Fisher v. Dees, 794 F.2d 432 (9th Cir. 1986).

Song parody of "When Sunny Gets Blue" entitled "When Sonny Sniffs Glue" held fair use as a matter of law. Defendants' song copied main theme of plaintiff's—six out of thirty-eight bars—and parodied opening lyrics. Although use was commercial, presumption of unfairness is rebutted in parody cases where, as here, parody does not unfairly diminish economic value of original. Economic effect is measured by potential to usurp demand for original, not by critical impact which may have effect of suppressing demand. "Conjure up" test for substantiality of taking does not limit amount to that necessary to evoke initial recognition. Court should consider public recognition of work, ease of conjuring up work in particular medium and focus of parody. Because a song is difficult medium for effective parody, closer copying is permitted. Court also refuses to find defendant in bad faith because plaintiff denied permission to use song. Court recognizes that authors would rarely agree to parody of their works. Because fair use is mixed fact/law question and district court had found sufficient facts to evaluate fair use factors, appellate court is entitled to conclude parody was fair use as matter of law.

Hustler Magazine, Inc. v. Moral Majority, Inc., 796 F.2d 1148 (9th Cir. 1986).

In response to *Hustler* magazine's publishing parody "advertisement" featuring Jerry Falwell, Falwell and his organization mailed hundreds of thousands of copies of "ad" and displayed copies of it on his television program for purposes of fundraising and rebutting ad's attack on him. Although Falwell's uses were commercial in part and thus presumptively unfair under *Sony* and *Harper & Row*, Ninth Circuit (2-1) held uses to be fair use because copies also were used both for criticism and comment and to rebut derogatory nature of ad, and because uses did not negatively affect potential market or value of copied work. Court held that "the public interest in allowing an individual to defend himself against . . . derogatory personal attacks serves to rebut the presumption of unfairness" (a statement with which dissent strongly disagreed). Ninth Circuit, in reaching this result, reaffirmed its "rule" that, on fair use factor of nature of copyrighted work, scope of fair use is "greater" where "informational" as opposed to "creative" works are involved. It also held that Falwell's copying and use of entire work for purposes of comment and criticism was not "more than reasonably necessary to

make an understandable comment." Significantly, Ninth Circuit retreated from its pre-*Sony* position that wholesale copying is an absolute bar to fair use (noting that *Sony* found fair use where whole works were copied). However, court maintained that wholesale copying per se "militates against a finding of fair use."

Original Appalachian Artworks, Inc. v. Topps Chewing Gum, Inc., 642 F. Supp. 1031 (N.D. Ga. 1986).

Court preliminarily enjoined defendant's Garbage Pail Kids stickers and licensed products *inter alia* on ground that products infringed copyrights in plaintiff's Cabbage Patch Kids. Garbage Pail Kids products intentionally copied substantial amounts of Cabbage Patch Kid features and used them in rude or violent settings. Court rejected fair use parody defense because primary purpose of defendant's parody was to capitalize on success of plaintiff's works rather than to make social comment and because potential market for or value of plaintiff's works was likely to be harmed by defendant's products. Court also found defendant in bad faith because it had intentionally copied plaintiff's works for the purpose of benefitting from plaintiff's reputation.

N.A.D.A. Services Corp. v. Business Data of Virginia, Inc., 231 U.S.P.Q. 826 (E.D. Va. 1986).

Defendant's use of plaintiff's used car guides in preparing assessed values of cars for local tax purposes held not infringing or, in alternative, a fair use. Plaintiff's used car guide contained *inter alia* information about average retail values of various used car models. Defendant used information from guide in preparing a tape with average values of models which was used to produce list of assessed values of vehicles. Because defendant did not sell these tapes but merely used plaintiff's guides for their intended purpose—to assess vehicle values—court found such use noninfringing and in any event a fair use since potential market for plaintiff's guides was shown to be unaffected by defendant's use.

Update Art, Inc. v. Maariv Israel Newspaper, Inc., 635 F. Supp. 228 (S.D.N.Y. 1986).

Publication by Israeli newspaper circulated in U.S. of a copy of the copyrighted "Ronbo" poster (Ronald Reagan's head superimposed on Rambo's body) is not fair use, notwithstanding that poster copy was used in connection with an article focusing on "Reaganization" of American film and thus was used for commentary purposes. Court found that creative nature of copyrighted work as well as negative effect on works's market value outweighed pro-fair use factors.

B. Miscellaneous Exemptions

MCA, Inc. v. Parks, 796 F.2d 200 (6th Cir. 1986).

Skating fee held an "indirect charge for admission" and thus defendants were not exempt from liability under § 116 jukebox exemption. Defendants' premises included a concession stand, video games, jukebox and skating area. Admission to premises was free, but a fee was charged for skating. Test for whether fee charged for food, drink or entertainment services is an "indirect charge for admission" is if "the nexus between the jukebox music and the purported 'admission' charge is immediate and direct, so close as to be in the nature of a 'cover' or 'minimum' entertainment charge." Because skating is traditionally associated with musical accompaniment as recognized by defendants' placement of speakers around skating area, court concluded skating fee constituted an "indirect charge for admission." Defendants accordingly were not exempt from liability for the performance of copyrighted music on jukebox.

National Football League v. McBee & Bruno's Inc., 792 F.2d 726 (8th Cir. 1986).

Eighth Circuit affirms district court's conclusion that use of satellite dish receivers by restaurants to receive clean feed transmission of blacked-out live football games for display to customers fell outside the § 110(5) "private homes" exemption. In § 110(5) cases, inquiry need not be limited to enhancement of sound or image by equipment not commonly found in private homes, but also may include analysis of devices used to receive signals. This is true particularly in situations, as here, where public performance is prohibited and licenses are unavailable. Court also affirmed district court's conclusion that clean feed transmission (the transmission from the live action prior to the editing in of commercials, etc.) is "fixed" for purposes of qualifying as protectable work and is not a separate work from the registered "dirty feed" (version with commercials, etc.). Defendants' argument that a permanent injunction was improper under § 411(b) as to future games if notice is not given was rejected, court reasoning that the broad remedial provisions of § 502(a) permitted such permanent relief. In footnote, court noted its agreement with district court that use by one defendant of a dish to receive a blacked-out game on a Sunday, when his restaurant was closed, which was watched by three of his friends, was not public performance.

Fourth Floor Music v. Highfill, 230 U.S.P.Q. 629 (W.D. Mo. 1986).

Court granted summary judgment to plaintiffs on claim that defendant had infringed their copyrighted songs by unauthorized public performances at his weekly country and gospel music shows. Defendant held not to qualify for not-for-profit exemption contained in § 110(4) because he allegedly lost

money on the shows. Noting Congress's apparent intent that courts look beyond labels and consider the substance of the transaction, court found that defendant received some indirect commercial advantage from shows, and that performers received some form of compensation. In addition, so-called "donation" paid by customers was in fact an indirect admission charge, and there was no indication that proceeds were used exclusively for educational, religious, or charitable purposes.

VII. REMEDIES

A. Damages

Fitzgerald Publishing Co. v. Baylor Publishing Co., 807 F.2d 1110 (2d Cir. 1986).

Plaintiff entered into contract with publishing company authorizing reprinting of multi-volume illustrated magazine. After plaintiff had terminated contract, first publishing company used it deceptively to arrange with second publishing company to reprint magazine series, with copyright notice changed from plaintiff's name to that of first company. In reviewing statutory damages awarded to plaintiff against both companies for copyright infringement, Court of Appeals affirmed holding that second company's infringement was willful, and held both companies' liability to be joint and several. Second Circuit defines willfulness as established by a defendant's actual or constructive knowledge that its actions constitute an infringement, whether or not it acted maliciously. Thus, infringement here was willful, as second company knew or should have known from reading terminated contract that it contained no authorization to change copyright notice. Liability held joint and several because both companies acted jointly and willfully in reprinting magazines, despite fact that one was more blameworthy than other. Relative faults of defendants are irrelevant to compensatory purpose of statutory damages. As to punitive aspect of award, less culpable defendant may have a recovery over against more culpable defendant, and has opportunity under statute to establish either that it was an innocent infringer, or that its infringement was not willful. Once willfulness is established, however, statute does not make gradations in culpability.

Blackman v. Hustler Magazine, Inc., 800 F.2d 1160 (D.C. Cir. 1986).

District court erred in applying statutory damage formula rather than awarding defendants' profits under § 101 of 1909 Act. District court found defendants had willfully and intentionally infringed plaintiff's copyrights by publishing nude photographs of Elizabeth Ray in September 1976 issue of "Hustler" magazine and "Best of Hustler" issue in late 1976. Plaintiff met its burden of showing gross revenues from two issues. Defendants failed to estab-

lish expenses because relevant records had purportedly been lost. Alternative statutory damage formula should only be used when a plaintiff does not prove gross revenues or when statutory damages would more adequately compensate plaintiff. Because neither condition existed here, district court erred in not awarding defendants' profits based on gross revenues. Court affirmed district court's allocation of 60% and 35% of profits attributable to infringements of September 1976 and "Best of Hustler" issues respectively.

Fourth Floor Music v. Highfill, 230 U.S.P.Q. 629 (W.D. Mo. 1986).

In infringement suit based on unauthorized public performances of plaintiffs' songs, court awarded statutory damages to music publisher plaintiffs. In determining amount, court took into account cost of obtaining an ASCAP license covering all of performances in question. In order for judgment to have a deterrent effect, court awarded statutory damages at least as great as cost of license.

Association of American Medical Colleges v. Mikaelian, 230 U.S.P.Q. 10 (E.D. Pa. 1986).

Where plaintiff proved by "clear and convincing" evidence that defendants were in civil contempt of a prior preliminary injunction order, but did not present any evidence of actual damages arising from the contempt, court relied on statutory damages section of Act, 17 U.S.C. § 504(c), as a guideline for establishing a fine for civil contempt. Here, where injunction was "in a manner which borders on willfulness," \$10,000 maximum for non-willful infringement was awarded.

RCA Corp. v. Tucker, Copyright L. Rep. (CCH) ¶¶ 25,942 and 25,943 (E.D.N.Y. 1985).

In action against record and tape pirates and manufacturers of infringing labels used on pirated phonorecords, record companies awarded defendants' profit of \$1,016,650 for infringement of one work and \$50,000 each in statutory damages for three other works. With respect to one infringing sound recording registered in 1977, court was first unwilling to award statutory damages because plaintiff offered into evidence a former Form N application for the work, rather than a certificate of registration. After plaintiff's proof that a Form N Application was official certificate of copyright registration, court awarded statutory damages for work's infringement.

Kamar International, Inc. v. Russ Berrie & Co., Copyright L. Rep. ¶ 26,030 (CCH) (C.D. Cal. 1986).

On remand from Ninth Circuit's ruling that, under the 1909 Act, statutory damage award could exceed the \$5,000 statutory maximum on infringing

sales made after service of process, district court awarded plaintiff statutory damages of \$460,520. Sum was arrived at by multiplying number of post-service units sold (42,502) by cost per unit (\$10), plus damages on pre-service sales.

Bly v. Banbury Books, Inc., 638 F. Supp. 983 (E.D. Pa. 1986).

Plaintiff sought statutory damages on its claim that defendant's unauthorized input of plaintiff's computer program in a computer constituted an infringement. Defendant conceded liability and disputed only appropriate amount of damages. Applying its "very broad discretion" in assessing statutory damages, court awarded the \$250 statutory minimum. It found, first, that plaintiff had not met his burden of establishing willfulness. In addition, minimum amount was a sufficient deterrent, given nature of defendant's conduct. Finally, statutory damages should bear some relation to actual damages suffered, and plaintiff's damages were nominal at best.

Engel v. Wild Oats, Inc., Copyright L. Rep. (CCH) ¶ 26,010 (S.D.N.Y. 1986).

Defendants conceded unauthorized copying of photographs on their t-shirts. In determining amount of statutory damages, defendants' net profits held not to control, but merely to be one factor to consider. Here, willfulness established by unauthorized copying of photograph from copyrighted book, as defendant knew or should have known this was copyright violation. In addition, artistic nature of plaintiff's copyright particularly susceptible to damage from reproduction on less rarefied medium of t-shirts, and actual future damage to photographer's reputation impossible to ascertain.

Warner Brothers Inc. v. Multinational Products Corp., Copyright L. Rep. (CCH) ¶ 26,039 (S.D.N.Y. 1986).

Magistrate's award of statutory damages upheld. In exercising discretion, magistrate properly considered speculative nature of plaintiff's estimate of defendant's unlawful profits as one of relevant factors. Amount of award was not based on simplistic arithmetic formula, and served statute's twofold purpose of compensation and deterrence.

B. Attorney's Fees

Kiddie Rides U.S.A., Inc. v. Curran, 231 U.S.P.Q. 210 (D.D.C. 1986).

Plaintiff owner of six copyrighted sculptural works (children's rides) brought an action for infringement. One of defendant's attorneys requested Assistant General Counsel of Copyright Office for affidavit regarding Copyright Office practices. Piqued by nature of suit, officials of Copyright Office reviewed applications of six works, but only two of six deposit materials. Nev-

ertheless, Copyright Office unilaterally cancelled all six registrations without advance notice to copyright owner, who then sued Copyright Office. Two days prior to an evidentiary hearing, Copyright Office reinstated registrations. Noting that Office's regulations regarding *ex parte* ("summary") cancellations are unclear, court opined that a "higher duty" was imposed on Office "to act with special thoroughness." This breach of duty by Office, together with its refusal to reconsider its actions, led court to conclude that plaintiff, as "prevailing party" (in light of the reinstatement of the registrations) was entitled to award of attorneys fees under 28 U.S.C. § 2412(d)(2)(B) of the Equal Access to Justice Act (plaintiff met the prerequisites of having a net worth of less than \$7 million and less than 500 employees).

Calloway v. Marvel Entertainment Group, 650 F. Supp. 684 (S.D.N.Y. 1986).

Court awarded \$200,000 in attorney's fees to prevailing defendants as sanctions under Rule 11 and as an attorney fee award justified under § 505 by exceptional circumstances. Fees were assessed equally between plaintiff and plaintiff's counsel because of plaintiff's groundless assertion that documents had been forged or manipulated and because of counsel's failure to reasonably investigate such assertion.

Original Appalachian Artworks, Inc. v. McCall Pattern Co., 649 F. Supp. 832 (N.D. Ga. 1986).

Prevailing defendant is entitled to attorney's fees under § 505. Only prerequisite to fee award is that party be prevailing party.

Motta v. Samuel Weiser, Inc., 633 F. Supp. 32 (D. Me. 1986).

Court denies defendants' motion for costs and attorneys fees under § 505. Test for entitlement to such an award for a prevailing defendant is more stringent than for a prevailing plaintiff. Following rule in Second Circuit, district court finds award is justified only when plaintiff's suit is baseless, frivolous or brought in bad faith. Because plaintiff here presented a colorable case on issue of copyright ownership, issue on which judgment was entered against it, defendant was not entitled to fee award.

Brandir International, Inc. v. Cascade Pacific Lumber Co., Copyright L. Rep. (CCH) ¶ 26,017 (S.D.N.Y. 1986).

Attorney's fees denied to prevailing defendant where plaintiff's claim colorable, so as not to diminish incentive to bring infringement claims. Although claim could not stand under recent Court of Appeals decision, it was colorable under existing law at time complaint filed.

Bly v. Banbury Books, Inc., 638 F. Supp. 983 (E.D. Pa. 1986).

In suit for infringement of computer program, court awarded successful plaintiff costs and attorneys' fees under § 505. Fact that plaintiff had recovered only minimal statutory damages was held not to preclude an award of fees. Award, however, was less than half amount sought by plaintiff. Court found fees in excess of \$5,000 to be unreasonable, given plaintiff's nominal damages. It also excluded various costs as not allowable, including Copyright Office registration fees and overhead expenses.

C. Injunctive Relief

Pacific and Southern Company v. Duncan, 792 F.2d 1013 (11th Cir. 1986) (per curiam).

Permanent injunction restraining a news clipping service "from copying or selling copies of [plaintiff television station's] broadcast programs, in whole or part" is upheld. Eleventh Circuit held that since injunction does not prohibit defendant from taping uncopyrightable elements of programs, it is not overly broad. Court also found that district court had discretion not to exempt abandoned portions from scope of injunction, noting also that defendant's concerns that she could not tape such portions were "hypothetical." Finally, circuit court found that injunctive language "copying or selling" as opposed to "copying and selling" does not prohibit copying for personal use and thus did not require modification.

Farmers Independent Telephone Co. v. Thorman, 648 F. Supp. 457 (W.D. Wis. 1986).

Preliminary injunction denied in lawsuit claiming infringement of plaintiffs' copyrighted telephone directories. In assessing potential harm to defendant court should assume that harm is that which flows from an erroneous grant of injunction. Because such harm to defendant far outweighed potential harm to plaintiffs from denial of injunction, plaintiffs required to show near certainty of success on merits. Gaps in plaintiff's proof made likelihood of success only marginal, mandating denial of injunction.

Hutchinson Telephone Co. v. Frontier Directory Co., 586 F. Supp. 911 (D. Minn. 1986).

Owner of a white pages telephone directory, following holding by Eighth Circuit that directory was copyrightable (770 F.2d 128 (8th Cir. 1985)), moved for preliminary injunction. Adopting presumption that irreparable harm arises on proof of a "reasonable chance of success on the merits," Court found irreparable harm based on plaintiff's showing that it had such a reasonable chance and that absent an injunction, defendant's use of plaintiff's pro-

tected directory would diminish the work's value. In granting injunction, court rejected defendant's argument that its use was a fair use, reasoning that defendant's use was commercial in nature and thus presumptively unfair under *Sony*. Court also found defendant's copyright misuse defense unsupported by record. On balance of harms factor, court determined that an injunction would not cause defendant harm not "of its own making" and that, in any event, defendant would be able to distribute its directory with plaintiff's matter excised.

Sailor Music v. Mai Kai of Concord, Inc., 640 F. Supp. 629 (D.N.H. 1986).

Summary judgment granted to plaintiffs in suit against restaurant for unauthorized performance of copyrighted musical compositions. Court held injunctive relief appropriate despite fact that defendants had obtained ASCAP license during pendency of lawsuit. Injunction necessary to deter future infringement, based on defendants' history of failure to comply with ASCAP licensing requirements.

VIII. PREEMPTION

Baltimore Orioles, Inc. v. Major League Baseball Players Association, 805 F.2d 663 (7th Cir. 1986), *cert. denied*, 107 S. Ct. 1593 (1987).

Court affirmed that baseball players' publicity rights were preempted by club owners' copyrights in televised games which were simultaneously videotaped. Telecasts were "fixed" by simultaneous videotaping of telecasts and were within subject matter of copyright protection. Even were telecasts to lack sufficient creativity to be copyrightable (which court rejected here), court reasoned preemption applies if, as here, work fits within general subject matter categories protected by Copyright Act. Court distinguished *Zacchini* decision upholding publicity rights in human cannonball act in that televising *Zacchini's* act was unauthorized and thus not "fixed" under § 101 under author's authority. Court reasoned players' publicity rights were equivalent to copyright protection against performing audiovisual works and thus preempted.

Associated Film Distribution Corp. v. Thornburgh, 800 F.2d 369 (3rd Cir. 1986), *cert. denied*, 107 S. Ct. 1573 (1987).

Following remand to determine, *inter alia*, whether Pennsylvania Feature Motion Picture Fair Business Practice Law, 73 P.S. § 203-11, conflicts with "purposes and objectives" of Copyright Act by placing limitations on motion picture owner distribution practices, Third Circuit holds that law does not so impinge as to make it preempted by Act. Court also holds that law neither violated Commerce Clause nor First Amendment.

Vault Corp. v. Quaid Software Ltd., 655 F. Supp. 750 (E.D. La. 1987).

Court held provisions of Louisiana's shrink wrap licensing law preempted by Copyright Act. Plaintiff's software package contained licensing agreement forbidding decompiling and disassembling program as well as copying or creating derivative works. Court found prohibition on copying in direct conflict with § 117 which permits archival copies and copying essential to using programs. Additionally, court found prohibition of decompiling and creating derivative works to be equivalent to § 106(2) right to make derivative works.

Brignoli v. Balch Hardy and Scheinman, Inc., 645 F. Supp. 1201 (S.D.N.Y. 1986).

Creator of computer programs sued corporation with which he had contractual relationship regarding use of his programs. Court held that none of plaintiff's claims were preempted by Copyright Act. Although a claim of unauthorized use of copyrightable material alone is preempted under § 301, each of plaintiff's claims alleged more. Breach of contract claims involved additional element of a promise to pay plaintiff for use of his product. Fraud claims involved extra element of misrepresentation. Court found trade secrets claim qualitatively different from copyright based on different elements of proof. Unfair competition claim, because based on the inducement of disclosure of confidential information, held not equivalent to a copyright claim. Finally, plaintiff's additional unfair competition claim, which alleged that defendant led clients falsely to believe it was using his computer programs, held to avoid preemption as a "palming off" claim.

Quincy Cablesystems Inc. v. Sully's Bar Inc., 650 F. Supp. 838 (D. Mass. 1986).

In suit against three taverns for unauthorized interception and exhibition of pay cable television programs, plaintiffs' conversion claim held preempted. Plaintiffs sought to protect rights of distribution, performance and display already guarded by Copyright Act. Conversion claim involved elements not qualitatively different from those necessary to establish copyright infringement. *Oddo v. Ries*, 743 F.2d 630 (9th Cir. 1984), which held conversion claim not preempted, distinguished as involving additional element of possession and control of tangible property.

Universal City Studios, Inc. v. T-Shirt Gallery, Ltd., 634 F. Supp. 1468 (S.D.N.Y. 1986).

Common law misappropriation claim asserted by producer and licensing agent of "Miami Vice" television series against manufacturer of "Miami Mice" T-shirts held preempted under § 301. This result obtained notwith-

standing allegations that defendants' acts were unfair and commercially immoral. District court opinion in *Roy Export* was distinguished.

IX. MISCELLANEOUS

A. Cable/Satellite Transmissions

Home Box Office, Inc. v. Corinth Motel, Inc., 647 F. Supp. 1186 (N.D. Miss. 1986)

Motel's unauthorized display to guests of intercepted satellite transmission signals for pay television programs held to constitute a violation of plaintiffs' right of public performance. In addition, because plaintiffs' primary transmission was not made for reception by public at large, defendant's display violated plaintiffs' right of secondary transmission to public under § 111(b).

B. Antitrust

A.I. Root Co. v. Computer/Dynamics, Inc., 806 F.2d 673 (6th Cir. 1986).

Court affirmed dismissal as a matter of law of plaintiff's antitrust tying claim of copyrighted software with computer hardware and programming services. Plaintiff had acquired a computer manufactured by defendant and had sought from defendant's authorized dealer reconfigured operating software necessary for computer. Dealer allegedly conditioned provision of operating software on agreement to use only manufacturer's computer hardware and authorized dealer's programming services for future updates in software. Court found manufacturer's 2-4% of small computer market "insufficient as a matter of law to infer market dominance." Court found that fact that software was copyrighted did not create presumption of market power, and that where close substitutes were available produced by other small computer manufacturers, requisite market power for tying claim did not exist.

Clark Equipment Co. v. Lift Parts Manufacturing Co., Copyright L. Rep. (CCH) ¶ 25,989 (N.D. Ill. 1986).

Court denies plaintiff's motion for summary judgment on defendant's antitrust counterclaim. Although enforcement of copyrights believed to be valid usually does not constitute Sherman § 1 or § 2 violation, such enforcement activities as part of broader anticompetitive scheme, as alleged here, can constitute an antitrust violation.

C. Copyright Royalty Tribunal

National Association of Broadcasters v. Copyright Royalty Tribunal, 809 F.2d 172 (2d Cir. 1986).

Distribution of 1983 cable royalties by Copyright Royalty Tribunal under § 111 was upheld by Second Circuit. Tribunal had adjusted royalties paid by cable operators which retransmit distant broadcast signals in response to two changes by FCC. FCC had eliminated its restrictions on number of distant signals cable system could carry. Tribunal accordingly required cable systems to pay 3.75% of gross receipts from basic service for each distant signal added as result. FCC had also repealed syndicated program exclusivity rules which had required cable systems to black out certain syndicated programming. Tribunal accordingly charged cable systems surcharge for retransmitting formerly blacked out syndicated programming. Tribunal created three separate funds representing basic royalties, 3.75% gross receipt royalties and syndicated exclusivity (syndex) royalties collected. Court rejected argument that lack of express statutory authorization for three separate funds invalidated Tribunal's approach in category allocation because Congress intended Tribunal to have maximum flexibility in distributing cable royalties and Tribunal's approach was reasonable. Court stressed narrow scope of review of Tribunal's decision, i.e., whether it is arbitrary or capricious.

Court also upheld Tribunal's distribution of syndex royalties to program syndicators rather than broadcasters. Broadcasters argued by virtue of contracts they had with syndicators giving broadcasters exclusive rights to perform works by broadcasting, that they were the "copyright owners" under § 111(d) entitled to royalties. Although Tribunal's rationale for establishing syndex fund—"that elimination of syndicated exclusivity rules would injure broadcasters economically and thereby cause them to bid less for syndicated programming . . . and thereby reduce revenues received by syndicators"—lent some support to broadcasters' argument, court found that industry awareness since 1976 that syndicated exclusivity rules were subject to change could be assumed to be reflected in contracts made between broadcasters and syndicators.

ACEMLA v. Copyright Royalty Tribunal, 809 F.2d 926 (D.C. Cir. 1987).

Organization appealed from a ruling of Copyright Royalty Tribunal holding that it did not constitute a "performing rights society" eligible to receive a share of the royalty funds collected in 1982 and 1983 from compulsory jukebox license established in § 116. Court of Appeals affirmed *per curiam*, finding that Tribunal had correctly applied statutory definition of a "performing rights society." First, organization was not an "association or corporation," and had no legal existence during relevant time period. Second,

it did not "license[] the public performance of non-dramatic works on behalf of copyright owners." Court agreed with Tribunal that trying was not enough; that some actual licensing must have taken place. Third, organization did not possess features similar to statutory examples of ASCAP, BMI or SESAC, as it did not receive any royalties or make any distributions during 1982 or 1983.

Cablevision Co. v. Motion Picture Association of America, Inc., 641 F. Supp. 1154 (D.D.C. 1986).

In action by cable systems seeking a declaration of the meanings of the terms "gross receipts" and "basic service" in § 111(d) of the Act, court holds that "gross receipts" does not include revenues derived from nonbroadcast signals, and orders that Copyright Office regulation 37 C.F.R. § 201.17(b)(1) be amended. Court also holds that definition of "basic service" in *National Cable TV v. Copyright Royalty Tribunal*, 689 F.2d 1077 (D.C. Cir. 1982) controls. Thus, any determination of "gross receipts" for "basic services" under § 111(d) must include all revenues from retransmissions of both local and distant signals, no matter in what tier of service the signal is included, excluding nonbroadcast signals revenues.

PART V

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1. United States Publications

32. FELDMAN, RANKLIN, STEPHEN E. WEIL, AND SUSAN DUKE BIEDERMAN. *Art law: rights and liabilities of creators and collectors*. 2 vols. Little, Brown and Company Boston, Mass. (1986).

This two volume treatise deals with the rights of artists and collectors, both individual and institutional. Artists' rights such as copyright and moral and resale rights are discussed as well as a chronicle of case law of disputes between art collectors and dealers, art dealers and creditors, and art collectors and museums.

33. MCCARTHY, J. THOMAS. *The Rights of Publicity and Privacy*. Clark Boardman N.Y. (1987).

This treatise examines the historical and practical connections between privacy rights and the right of publicity and gives detailed coverage of this area as it relates to copyrights, misappropriation, trademarks, false advertising, and other similar torts.

34. SPECIAL LIBRARIES ASSOCIATION. *Government information: an endangered resource of the electronic age*. First Annual State-of-the-Art Institute Washington, D.C. (1986), 277 p.

This is an edited version of papers presented at the First Annual State-of-the-Art Institute held in Washington, D.C. October 19-22, 1986. The Institute focused on the dissemination of government information and how it relates to the library information community.

35. WHITEHOUSE, GEORGE E. *Understanding the new technologies of the mass media*. Prentice-Hall, Englewood Cliffs, N.J. (1986), 190 p.

This book explains the technical functions and physical workings of media technologies for the nontechnical reader. It includes 30 of the mass media and directly related technologies and innovations such as radio, television, cable, microwave, satellites, teletext, and videotex. It includes 88 simplified diagrams of system models, theories, concepts, physical characteristics, and electronic principles.

2. Foreign Publications

1. United States

36. Great Britain

DAVIES, GILLIAN. *Piracy of phonograms*. 2d ed. ESC Publishing, Oxford, England (1986) 151 p.

This is the second edition of a comparative study of the problem of piracy of phonograms in the countries of the European Economic Community (EEC). This study provides a detailed description of the extent, nature and special characteristics of piracy of phonograms for each country in the EEC. It analyzes the methods available to combat piracy of phonograms as well as makes proposals for future action against piracy.

37. New Zealand

INDUSTRIAL PROPERTY ADVISORY COMMITTEE. *The legal protection in New Zealand for computer programs* (1984), 14 p.

This report discusses the current protection available for computer programs in New Zealand and it also reviews developments in the area of copyright in other countries. A summation of the suggestions received from the public and the New Zealand committee for draft amendments to the current New Zealand copyright law is included. There is also a discussion of protection now available under New Zealand's Patent Act of 1953 and a final report by the Committee of New Zealand recommending that the proposals by Great Britain's Whitford Committee and the U.K.'s Green Paper be adopted in New Zealand.

**B. ARTICLES FROM LAW REVIEWS AND
COPYRIGHT PERIODICALS**

38. ABRAMS, HOWARD B. Who's sorry now? Termination rights and the derivative works exception. *University of Detroit Law Review*, vol. 62, no. 2 (Winter 1985), pp. 181-275.

Mr. Abrams delves into an extensive study of derivative works and particularly the case of *Mills Music, Inc. v. Snyder*. The article discusses the four judicial opinions in *Mills Music*, with an emphasis on the issues of statutory interpretation and legislative history and some of the unresolved issues and practical problems that are raised by the case. It also provides an in-depth analysis of the district court, the circuit court and the Supreme Court opinions.

39. AHO, C. MICHAEL. The Uruguay round: will it revitalize the trading system? *The Fletcher Forum*, vol. 11, no. 1 (Winter 1987), pp. 1-12.

Intellectual property is one of several new issues on the agenda of a new round of multilateral trade negotiations sponsored by the Contracting Parties of the General Agreement on Tariffs and Trade (GATT). This article assesses what the talks could accomplish and whether they can update the GATT to address new realities in the international trading system, especially in the wake of historic bilateral trade negotiations between the U.S. and Canada, the U.S.'s sharp economic decline and other significant developments in the world economy.

40. ALBIN, MICHAEL C. Beyond fair use: putting satire in its proper place. *UCLA Law Review*, vol. 33, no. 2 (1986), pp. 518-549.

Mr. Albin states that the fair use doctrine as it now stands does not adequately protect satire. Case law provides some insight and direction but there is still a need for an explicit protection of satire. The author provides the reader with a history of satire (including the vaudeville era), and draws attention to the copyright law and its treatment of satire throughout the decades. Cases discussed include *Hamlin v. Nixon* (a stage actress's imitation of another actress' singing), *Hill v. Whalen & Martell, Inc.* (involving cartoon characters, Mutt and Jeff, under the new names of Nutt and Giff) and the 1972 case, *Walt Disney Productions v. Air Pirates*. The author proposes complete protection for original works whose main component is the use of humor to comment on another artist's work.

41. FINAL REPORT OF THE AD HOC WORKING GROUP ON U.S. ADHERENCE TO THE BERNE CONVENTION. *Columbia-VLA Journal of Law and the Arts*, vol. 10, no. 4 (Summer 1986), 226 pp.

The final report analyzes the copyright and trade issues that are relevant to the question of whether the United States should join the Berne Convention. The report includes comments from several information associations and also a report by the U.S. Copyright Office that discusses implementing legislation a draft bill that would permit U.S. adherence to Berne.

42. HALLIDAY, ARLENE C. Judicial approach to copyright infringement. *IDEA*, vol. 27, No. 3 (1987), pp. 183-201.

The main focus of this article is on copyright infringement—what it is and when it occurs. It distinguishes copyrightable expression from non-copyrightable ideas. This article also examines works of fiction and non-fiction, and compares the method of analysis used by the courts in each type of work to determine whether an allegedly infringing work is an original work of authorship.

43. LANG, WESLEY M. The semiconductor chip protection act: A new weapon in the war against computer software piracy. *Utah Law Review*, vol. 1986, no. 2, pp. 417-438.

Mr. Lang provides a history of both the computer and computer technology protection. He discusses patent law and computer programs, copyright protection, the makings of a computer system, including its hardware and software, and the Semiconductor Chip Protection Act.

44. RODRIGUEZ, MIGUEL. Harper & Row, Publishers v. Nation Enterprises: copyright protection of unpublished historical works written by public officials. *Harvard Journal of Law & Public Policy*, vol. 9, no. 1 (Winter 1986), pp. 221-231.

This article provides a history of the *Harper & Row* case, along with a discussion of the district court's, the court of appeals', and the Supreme Court's holdings and an extensive discussion of the fair use doctrine.

45. SEE, HAROLD. A general practitioner's introduction to copyright law: a primer on intellectual property. *The Alabama Lawyer*, vol. 46, no. 6 (Nov. 1986), pp. 326-330.

Mr. See defines three categories of intellectual property—patents, copyrights and trademarks. In a question and answer format, the author discusses who may practice copyright law, the scope of copyright protection, what constitutes copyright infringement, what is a copyright notice, and the duration of copyright protection.

46. TORAYA, DAVID R. Federal jurisdiction over foreign copyright infringement actions — an unsolicited reply to Professor Nimmer. *Cornell Law Review*, vol. 70, no. 6 (August 1985), pp. 1165-1193.

Mr. Toraya reviews *London Film Productions v. Intercontinental Communications, Inc.*, a case concerning foreign copyright infringement. He investigates international copyright law, along with the Berne and Universal Copyright Conventions, and "national treatment"—i.e. a member country protecting works originating in other member countries as if such works originated within its own borders. He also discusses foreign trademark and patent infringement actions.

47. YUASA, TAKASHI. Computer data base protection—the impact of Japanese legislative developments on United States and Japanese copyright laws. *Fordham International Law Journal*, vol. 9, no. 2 (1985-1986), pp. 191-213.

This article discusses the controversy between the two agencies which are involved in revising Japan's copyright laws in the area of data base protec-

tion. These agencies, ACA (Japanese Agency for Cultural Affairs) and MITI (Japanese Ministry of International Trade and Industry) are also involved in a controversy regarding computer software in Japan. If ACA's revision of the law is enacted, it will provide a greater protection for data bases than is now available in the United States. The author provides the structure of ACA's revisionary proposal and investigates the conflict between the data base protection the U.S. now provides and that offered under the ACA's theory.

2. Foreign

48. AUSTRALIA. Computers and copyright. *Australian Copyright Council*, Bulletin 57 (August 1986), pp. 1-20.

This brief study looks at copyright issues involving computer technology including the creation of works with the assistance of computers and computer storage and retrieval of copyrighted material. In a discussion of the protection of computer programs, the "Apple" case is examined along with Australia's Copyright Amendment Act of 1984.

49. LUCAS, ANDRE'. Copyright and new technologies in French law. *EIPR*, vol. 9, no. 2 (February 1987), pp. 42-47.

Mr. Lucas discusses the problems of piracy in France stating that the pirating of books is rare in France but that record and video piracy is flourishing. Since in France there is no special law dealing with the duplication of documents, the Law of July 3, 1985, tries to fill this gap by offering a right of payment for copying of audio-visual recordings. This is done through a system of tax levies on the recording equipment itself. The author also states that this new law extends this right of tax-levy remuneration to foreign copyright owners as well. The levy will be collected by authors' societies.

50. RISTICH DE GROOTE, MARINA. Characters in intellectual works—the French legal approach. *Revue Internationale du Droit D'Auteur*, vol. 130 (Oct. 1986), pp. 18-63.

The author discusses what constitutes a "character" whether historical or fictional, and then analyzes the legal problems posed when a character is created, what systems of protection is an author entitled to, and who owns the property rights in a character. Characters such as Donald Duck, Superman and Zorro are used as examples. Characters and their protection through trademark law are also investigated along with the problems ensuing when the author of a work is not the author of the character.

51. STOJANOVIC, MIHAÏLO. What future for the Berne Convention. *Revue Internationale du Droit D' Auteur*, vol. 130 (Oct. 1986), pp. 2-16.

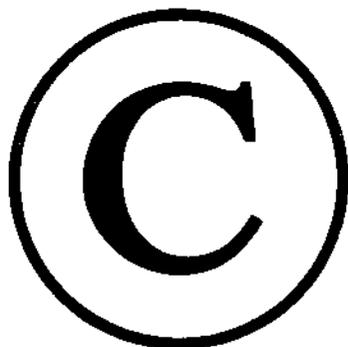
This article does not focus on the history of the Berne Convention but looks instead to the future—basically the improvement in protection afforded by Berne for copyright holders and Berne's geographic expansion of this protection. The author looks at the efforts brought by Berne to provide additional protection necessary because of new technical innovations, such as advances in photography, cinematography, and sound recordings. Also discussed is the problem of Berne, as an organization, governing on a universal level the field of copyright especially in the area of moral rights.

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PART I

ARTICLES

52. THE MAGIC KINGDOM OF WILL-BUMPING: WHERE ESTATES LAW AND COPYRIGHT LAW COLLIDE

*By FRANCIS M. NEVINS, JR.**

I. INTRODUCTION

Our society ranks among its highest values the right of every adult to acquire and transfer ownership of property. And just as one is generally free to own property and to convey it *inter vivos*, one is also by and large free to dispose of property by will as the owner pleases.

The work of an estate planner presupposes the testamentary freedom of the planner's client. Within any jurisdiction there will be a few statutory limitations on this freedom—for example, a surviving spouse will likely have a right to elect against the decedent's will,¹ and any children born after the execution of the will may have a right to an intestate share of the estate,² and the state's probate code may reserve a homestead allowance,³ a maintenance allowance,⁴ and certain items of household goods⁵ for the decedent's spouse or minor children. But these limitations are clearly set forth in the statutes of the state and are bound to be well known by estate planners therein. Those planners routinely assume that except for the common restrictions of these types which the state may have enacted, the principle of testamentary freedom controls.

The assumption is dead wrong. To the extent that a client's property includes copyright interests, there is a further restriction on testamentary freedom, known to few if any estate planners and found in a body of law with which they are almost certainly ignorant, namely the federal Copyright Act.⁶ Where the law of estates and the copyright law collide, the results can demolish the most carefully prepared plan for a creative person's estate.

These two areas of the law, copyright and estates, have no "natural"

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¹ See, e.g., Uniform Probate Code §§ 2-201 - 2-207.

² See, e.g., Uniform Probate Code § 2-302.

³ See, e.g., Uniform Probate Code § 2-401.

⁴ See, e.g., Uniform Probate Code § 2-403.

⁵ See, e.g., Uniform Probate Code § 2-402.

⁶ 17 U.S.C. §§ 101-914 (1978).

affinity. Lawyers knowledgeable in one of the fields rarely have the least expertise or even interest in the other. In my years of exploring the borderland between these territories I never encountered an estate planner who was familiar with the ways in which the copyright law limits testamentary freedom until I started to explain them. On the other hand, I have encountered a number of creative persons' estates which were clearly planned in ignorance of the restrictions I am about to describe. Needless to add that each such misplanned estate is a source of potential liability for malpractice.

Some of the most famous American creative people have had their estates planned by attorneys unaware of the copyright pitfall. Consider, for example, the case of the well-known playwright and novelist William Saroyan (1908-1981). Saroyan was divorced from his wife but had two children, a son and a daughter. His will devised very little to either. He left all of his numerous copyright interests to a foundation which he set up to promote his own literary reputation.⁷ Now clearly Saroyan, and the attorneys who prepared his will, thought this bequest was valid under the general theory of testamentary freedom. His son, the poet Aram Saroyan, also clearly thought the bequest was valid even if despicable,⁸ perhaps because the lawyers he consulted may have told him so. But if so, they were wrong. To a significant degree, the Saroyan will is "bumped" by the Copyright Act, and as we shall see, his children can defeat many of its disinheritng aspects simply by filing certain paperwork with the Copyright Office at the right times.

I am convinced that a great deal of malpractice has been and is being committed by American lawyers who have planned estates for creative clients under the false assumption that testamentary freedom applies to copyright interests to the same extent as to other forms of property. The purpose of this article is to describe how what I call will-bumping works, how it crept into the law by inadvertence, how it can nullify estate plans which are completely unobjectionable on any conceivable policy basis, and how, at least sometimes, the pitfall might be avoided.

II. WILL-BUMPING IN A NUTSHELL

George Penn, a writer, is married to Helen Penn. In 1970 he published a novel which became a bestseller. He left Helen, although without divorcing her, and moved in with a young woman fan named Gloria Groupee. In due course he went to the most prestigious estate planning firm in the state, which drew up a will for him leaving all his literary properties to Groupee. To Helen, who is still George's legal spouse, the will left sufficient personalty and realty so that under the state probate code she is precluded from electing against his will. After George dies, who owns the rights in his novels?

⁷ See L. Lee & B. Gifford, *Saroyan*, at 290, 306-310 (1984).

⁸ See A. Saroyan, *Last Rites: the Death of William Saroyan* 175-176 (1982).

Any estate planner to whom this question is posed will reply without a moment's hesitation: "Why, Gloria Groupee owns the rights, of course! Didn't the will leave them to her?" And that answer is dead wrong. At the moment when each of George Penn's novels enters its renewal term, the Copyright Act "bumps" George's will and ownership of that particular work passes to Helen, his legal spouse. If we change the facts so that George has no spouse but does have one or more children, as William Saroyan did, the result is precisely the same. Even though a parent is not required to leave anything to a child,⁹ and even if George left his children everything he owned except his copyright interests, at the point in time when each of George's works enters its renewal term, the Copyright Act "bumps" his will and ownership of that particular work passes to his child or children.

In order to understand these anomalous results, the estate lawyer must be exposed to some elementary copyright law. Article I, Section 8, Clause 8 of the Constitution empowers Congress: "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 Discoveries."¹⁰ Pursuant to this grant of power, Congress passed the first federal copyright act¹¹ soon after ratification of the Constitution itself. The legislation has been revised and updated many times since, most recently in a comprehensive new statute which went into effect January 1, 1978.¹² Under this statute, all works created on or after January 1, 1978 enjoy a single unitary term of protection, and for most types of works that term runs until fifty years after the author's death.¹³

However, under all the American copyright statutes before the 1978 revision, the standard term of protection was unrelated to the date of the author's death but lasted, with respect to each work, for a period of years running from that work's first publication. The 1909 statute, which was in effect until January 1, 1978, provided for a first term of 28 years.¹⁴ Authors or their successors were required to renew the copyright in a work during the final year of its initial term in order to secure protection for a second term of 28 years.¹⁵ The 1976 Act does not alter the two-term structure applicable to works published before January 1, 1978; it merely extends the duration of the second term to 47 years so that if its copyright is timely renewed, any work

⁹ The only state where a parent is required to leave a certain share of his or her estate to each child is Louisiana, whose probate code, based on civil-law principles, includes the concept of *legitime*. See La. Civil Code art. 1493, 1495 (1981).

¹⁰ U.S. Const., art. I, § 8, cl. 8.

¹¹ Act of May 31, 1790, ch. XV, 1 Stat. 124.

¹² See note 6, *supra*.

¹³ 17 U.S.C. § 302 (1978).

¹⁴ Act of March 4, 1909, § 23, 35 Stat. 1075.

¹⁵ *Ibid.*

protected under the prior act will enjoy a total of 75 years protection from the date of its first publication.¹⁶

The rationale behind the two-term system, as we shall see in detail later in this article, was that the revesting of copyright in the author would give authors or their successors a second chance to profit from those works that remained commercially viable 28 years after publication, even if during the first term the author had signed away all his rights in the work (including for the renewal term) to other parties.¹⁷

But suppose the author dies during the period his work is protected by copyright? The answers to this question—and there are several—speak both to the policy of testamentary freedom underlying the law of wills and to the second-chance policy underlying the law of copyright renewal.

As to any work created on or after January 1, 1978, there is no renewal term and consequently no problem. As to any work created before that date which was in its renewal term when the author died, there is likewise no problem: the ownership of such a work is governed solely by the author's will or, if he died without a will, by the state law of intestate succession. But as to any work created before that date which was in its initial term when the author died,¹⁸ the author's will governs only during the balance of the initial term. The right to renew that copyright, and consequently the ownership of the work during the renewal term, is governed by the Copyright Act.

The controlling statute in this situation is 17 U.S.C. § 304(a), which establishes priorities with regard to the right to renew a copyright. The category with the highest priority is naturally the author himself. If he has not survived to the time for renewal, next in priority is "the widow, widower, or

¹⁶ 17 U.S.C. § 304(a) and (b) (1978).

¹⁷ See text accompanying note 62, *infra*.

¹⁸ The Copyright Act has never precisely defined the point in a work's copyright life at which the renewal rights "vest" in the author so that if he lives beyond that point his inter vivos and testamentary conveyances of the work become "bump-proof." At least three possibilities have been raised: (A) It might be held that renewal rights vest in the author if he merely lives into the first day of renewal year (i.e., the 28th year) of a work. (B) It might be held that renewal rights vest in the author only if he actually files for renewal during the work's renewal year and that such rights do not vest in him if he lived partway into the renewal year but died before filing. (C) It might be held that renewal rights vest in the author only if the author both renews the work and lives at least into the first day of the renewal term (i.e., the 29th year) of the work. See M. Nimmer, *Copyright*, § 9.05(C) (1978). No court has ever ruled on this issue and the dicta in various cases are wildly inconsistent. In this article a wide variety of phrases, such as "dies during term one," "dies before the renewal year," "dies before the time for renewal," "dies before term two," or "survives into" any of the above, will be used interchangeably to refer to the author's death before or survivorship beyond the point, whenever it is, at which renewal rights vest.

children of the author. . . ."¹⁹ If the author left no spouse or children, priority to renew belongs to "the author's executors,"²⁰ not for their own benefit, of course, but as fiduciaries for the devisees of the copyrights under the author's will. If the author died intestate, the priority belongs to "his or her next of kin,"²¹ that is, to the successors under the relevant law of intestate succession.

The George Penn hypotheticals illustrate the great potential for conflict between the renewal scheme and testamentary freedom. In either version of the problem, George's widow or his child(ren) have a higher statutory priority to renew the copyright in each novel than does the person who is merely a legatee under George's will. This is what I describe as will-bumping.

How in the world did the law ever get to be this way? Was it a reasoned choice on the part of Congress, adopted after debate and with full understanding of the policy implications? Far from it. As we shall see, will-bumping entered the law without anyone being aware of the fact for generations. The best approach to the origins of the phenomenon is historical, through close analysis of each of the successive statutes bearing on the subject, beginning with the legislation which Congress passed only a year after the U.S. Constitution was ratified.

III. THE RENEWAL PROBLEM IN THE EIGHTEENTH CENTURY

"The principle of copyright renewal," says former Register of Copyrights Barbara Ringer in her definitive essay on the subject, "is as old as statutory copyright itself."²² The first English copyright statute, enacted in 1710, granted exclusive rights in a work only to the author "and his Assignee, or Assigns," for an initial term of fourteen years from the work's first publication, but provided that if the author had assigned his rights during the initial term, all rights in the work returned to the author for a second term of fourteen years if the author was still living at the end of the initial term.²³ By asking ourselves three questions about the scheme of this statute, we gain some insight into the problems in the interrelation of copyright law, contract law, and the law of estates as they were perceived—or not perceived—by the first legislators who dealt with them.

1. *Under this statute, what is the effect on the copyright in a work if the author dies during its initial term?* The answer is quite clear. If the author dies during term one, the work falls into the public domain at the end of that period. Although the statute is silent on the point, it would seem that be-

¹⁹ 17 U.S.C. § 304(a) (1978).

²⁰ *Ibid.*

²¹ *Ibid.*

²² B.A. Ringer, "Renewal of Copyright," Study No. 31 (1960), in 1 *Studies on Copyright* at 505 (A. Fisher Mem. Ed. 1963).

²³ 8 Anne, c. 19 (1710).

tween the author's death and the end of the initial term, the ownership of the work would be determined by the author's will or, if he left no will, by the laws of intestacy.

2. *During a work's initial term, does the author have the power to bequeath by will the term two rights in the work?* Again the answer is quite clear. The author may execute such a will at any time during term one of a work. If he lives beyond term one, so that the renewal term goes into effect, and then dies during term two, his will governs ownership of the work for the rest of the second term. However, if he dies during term one, the bequest of rights in the work is effective only until the end of that term. As far as term two rights are concerned, the bequest is a nullity for the simple reason that the survival of the author into the second term is a prerequisite to the second term's very existence.

3. *During a work's initial term, does the author have the power to convey inter vivos the term two rights in the work?* Here the answers become complicated. The author would seem to have no such power if we look at the bare words of the statute: "Provided always, That after the Expiration of the said Term of Fourteen Years, the sole Right of Printing or Disposing of Copies shall Return to the Authors thereof, if they are then Living, for another Term of Fourteen Years."²⁴ On its face, this provision seems clearly designed to "bump" any inter vivos assignment of copyright, executed during a work's first term, insofar as it purports to extend into the renewal term. But the English courts held to the contrary. In *Carnan v. Bowles*²⁵ the High Court of Chancery ruled that, where the assignment conveyed term two rights, and where the author in fact lived into term two, he was bound by his conveyance and could not use the statute to reclaim the copyright.²⁶ Of course, if the author made such a conveyance of term two rights but failed to survive into the second term, the conveyance became a nullity at the end of term one because there *is* no term two under the statute in that situation.

The Statute of Anne remained the law in England during the time of the American Revolution. After the Revolution but before the adoption of the United States Constitution, twelve of the original thirteen states had their own copyright legislation. Five of these—Massachusetts, New Hampshire, Rhode Island, Virginia and North Carolina—provided for a single term of protection, with no renewal. Two states, namely Maryland and South Carolina, followed the literal text of the Statute of Anne. The remaining five—Connecticut, New Jersey, Pennsylvania, Georgia and New York—seem to have adopted the English courts' dubious interpretation of the Statute of Anne in *Carnan v. Bowles* by providing that if the author survived beyond the

²⁴ *Ibid.*

²⁵ 2 Bro. C.C. 80, 29 Eng. Rep. 45 (Ch. 1786).

²⁶ The case was followed in *Rundell v. Murray*, Jac. 311, 37 Eng. Rep. 868 (Ch. 1821), where the facts were somewhat different.

initial fourteen-year term, a second term of the same duration was granted to him and his "heirs and assigns."²⁷

Shortly after the ratification of the Constitution, Congress enacted the first federal copyright law,²⁸ whose provisions as to duration and renewal followed the last mentioned of these three patterns. "[I]f, at the expiration of the said [first] term, the author or authors, or any of them, be living, and a citizen or citizens of these United States, or be resident therein, the same exclusive right shall be continued to him or them, his or their executors, administrators or assigns, for the further term of fourteen years."²⁹ If we again pose our three questions, the scheme of the statute should become clear.

1. *Under this statute, what is the effect on the copyright in a work if the author dies during its initial term?* Clearly the same as under the Statute of Anne. If the author dies during term one, the work falls into the public domain at that term's end. Between the author's death and the end of term one, ownership of the work would apparently be determined by the author's will or, if he left no will, by the law of intestacy.

2. *During a work's initial term, does the author have the power to bequeath by will the term two rights in the work?* Again the answer is the same as under the Statute of Anne. The author may execute such a will at any time during term one of a work. If he lives beyond term one, so that the renewal term goes into effect, and then dies during term two, his will governs ownership of the work for the rest of the second term. However, if he dies during term one, the bequest of rights in the work is effective only until the end of that term. The bequest is a nullity as far as term two rights are concerned because this statute, like the Statute of Anne, makes survival of the author into term two an absolute precondition to the second term's existence.

3. *During a work's initial term, does the author have the power to convey inter vivos the term two rights in the work?* No court ruled on this issue during the life of the 1790 statute. However, more than a century and a half later, Justice Felix Frankfurter wrote a landmark decision for the Supreme Court in which he contended in dictum that under this provision the author did indeed have such power.³⁰ By adding the crucial words "or assigns" to a provision that otherwise tracks the text of the Statute of Anne, Congress must have intended to adopt the English court's gloss on that statute in *Carnan v. Bowles*. Of course, if the author failed to survive into term two, his conveyance became a nullity at the end of term one since on this hypothesis there is no term two under the statute. Such at least was Frankfurter's reading, gen-

²⁷ Ringer, *supra*, note 22 at 506.

²⁸ Act of May 31, 1790, ch. XV, 1 Stat. 124.

²⁹ Act of May 31, 1790, ch. XV, § 1, 1 Stat. 124.

³⁰ *Fred Fisher Music Publishing Co. v. M. Witmark & Sons*, 318 U.S. 643, 650 (1943).

erations after the enactment of the provision. But no one since his time has come forward with a more persuasive account.

IV. THE RENEWAL PROBLEM UNDER THE ACT OF 1831

Forty-one years after passing the first federal copyright legislation, Congress enacted a general revision of the statute which went into effect February 3, 1831.³¹ This act kept the two-term structure of the Statute of Anne and the Act of 1790, but doubled the length of the first term from fourteen to twenty-eight years, while maintaining the traditional fourteen-year duration for the second term.³²

The renewal provision of the 1831 statute marked a radical departure from all prior law on the subject and, in a very real sense, created the will-bumping problem as we know it today. Under this provision, the second term of copyright was no longer conceived as an extension of the initial term, but as a legally separate and independent entity. Furthermore, the author's "executors, administrators or assigns" were no longer included among the owners of second-term rights in a work. Instead, Congress adopted the following provision:

[I]f, at the expiration of the aforesaid [first] term of years, such author . . . or any of them . . . be still living, and a citizen or citizens of the United States, or resident therein, *or, being dead, shall have left a widow, or child, or children, either or all then living*, the same exclusive right shall be continued to such author . . . *or, if dead, then to such widow and child, or children*, for the further term of fourteen years.³³

By posing another set of questions, similar to but slightly different from the questions posed vis-a-vis previous statutes, we can best explore the ways in which this provision intentionally and inadvertently altered the shape of the law.

1. *Under this statute, what is the effect on the copyright in a work if the author dies during its initial term?* Clearly this provision was intended to change prior law and had that effect. Beginning in 1831, when an author died during term one of a work, that work did not automatically fall into the public domain at the end of its first term, but instead the term two rights passed to the statutorily created successor class consisting of the author's surviving spouse and children. On the other hand, if no member of the successor class survived the author—if, that is, a particular author died childless and unwed—each of his works still fell into the public domain at the end of its first term, as had been true under the 1790 Act and the Statute of Anne whenever

³¹ Act of Feb. 3, 1831, ch. XVI, 4 Stat. 436.

³² Giner, *supra*, note 22 at 507.

³³ Act of Feb. 3, 1831, ch. XVI, § 2, 4 Stat. 436 (emphasis added).

an author died during a work's first term and regardless of who were his survivors.

The policy reason underlying this change was well expressed in the House Judiciary Committee's report on the 1831 legislation: it was thought unfair that works in whose first term the author died should be thrown into the public domain at the end of that term when, "by the very event of the death of the author, his family stand more in need of the only means of subsistence ordinarily left to them."³⁴ Viewed in the abstract, this change in the law seems to make eminently good sense. The flaw in the legislation is that Congress seems to have conceived a copyright interest as a legally virginal entity, unaffected by any transfer the author might have entered into in his lifetime nor by any will he might have executed before his death. As it happens, the will issue—i.e., the question that arises where the author died in a work's first term and his will left the rights in that work to someone other than his spouse and children—does not seem to have been raised in any reported case during the life of the 1831 Act. However, more than one court during this period did have to grapple with the cognate contract issue, the same issue that the English courts had first grappled with in *Carnan v. Bowles*, namely:

2. *During a work's initial term, does the author have the power to convey inter vivos the term two rights in the work?* The bare text of the 1831 Act, like that of the Statute of Anne, suggests that the answer is No; that Congress intended to "bump" any inter vivos conveyance of copyright executed during a work's first term insofar as the conveyance purported to extend into the renewal term. But just as the English judiciary came up with a contrary construction in *Carnan v. Bowles*, so did the American courts interpreting the Act of 1831. In *Pierpont v. Fowle*³⁵ an author, prior to 1831, had conveyed to a publisher "the copyright" in a work. By the time the renewal came due, the Act of 1831 was in force. Both the author, who lived into the second term, and the publisher claimed to be the owner of the term two rights in the work. The court decided the issue on a narrow ground, holding merely that the contractual language was not specific enough to establish that term two rights were included therein. But the decision clearly implies that by using appropriate language the author could, during a work's initial term, convey the term two rights. As to what would happen if appropriate language were used but the author died before term two began, the case does not even hint. Twenty-five years later, in *Paige v. Banks*,³⁶ the Supreme Court transformed the clear implication of *Pierpont* into law, holding that where, prior to 1831, the author conveyed the copyright in a work "forever" to an assignee, and

³⁴ 7 Cong. Deb., Appendix CXIX (1830); quoted in *Fred Fisher Music Publishing Co. v. M. Witmark & Sons*, 318 U.S. 643, 651 (1943).

³⁵ 19 Fed. Cas. 652 (C.C.D. Mass. 1846) (No. 11,152).

³⁶ 80 U.S. (13 Wall.) 608 (1871).

lived into the renewal term, he was bound by his conveyance and could not in his own right renew the work under the 1831 Act.

During the life of the 1831 Act, no court ruled on whether the author would also be bound by such a conveyance when he died during the work's first term. But the *Pierpont* decision recognized that the 1831 renewal provisions created a second term that was a completely distinct legal entity from the first term. "[I]t is rather like a new interest obtained by one after the original interest had expired."³⁷ And this understanding was adopted also by the First Circuit Court of Appeals in *White-Smith Music Publishing Co. v. Goff*.³⁸ The Act of 1831, said the court, "broke up the continuity of title, and gave the right of renewal to the widow or child or children [where the author died during a work's first term] Here, then, was an entirely new policy, completely dissevering the title, breaking up the continuance in a proper sense of the word, whatever terms might be used, and vesting an absolutely new title eo nomine in the persons designated."³⁹ Although merely dictum, these comments suggest that, had the death-during-first-term issue arisen under the 1831 Act, the courts might well have recognized that in such a situation the statute would "bump" any inter vivos assignment by the author that purported to convey term two rights in a work.

3. *During a work's renewal term, does the author have the power to convey inter vivos the term two rights in the work?* The answer to this question is an unqualified Yes. If the author survives into the work's second term, he is the only person entitled to renew, and no decision ever questioned his power thereafter to convey term two rights inter vivos.

As indicated above, the correlative questions with regard to term one *testamentary* bequests of term two rights in a work never arose in any judicial decision under the 1831 Act. Had the issue arisen, then, would the court have applied to a will the "new interest" language in *Pierpont* so as to "bump" any bequest of term two rights in a work to persons other than the author's surviving spouse and children where the author failed to survive into the second term? Maybe. Just maybe.

IV. POLICY OPTIONS IN READING THE ACT OF 1831

We have seen that the renewal provision of the 1831 Copyright Act made three drastic changes from prior law: (1) it dropped the flat ban on any renewal term for a work in whose first term the author died; (2) it excluded the author's "executors, administrators or assigns" from the class of renewal successors where the author died in a work's first term; and (3) it restricted the statutorily created successor class to the deceased author's "widow and child, or children. . . ." In retrospect it seems clear that these changes were

³⁷ *Pierpont v. Fowle*, *supra*, note 35 at 660.

³⁸ 187 Fed. 247 (1st Cir. 1911).

³⁹ *Id.* at 250.

what created both the law of contract-bumping and—though no one knew it at the time—the law of will-bumping.

In changing the law so radically, what precisely did Congress have in mind? The legislative history of the 1831 Act is extremely sketchy,⁴⁰ but what there is of it suggests that Congress was principally and in all likelihood exclusively concerned with modifying the then existing pattern of author-publisher relations. In the overwhelming majority of publishing contracts, the author was required to convey to the publisher “the copyright” in the work. In return, the author might receive a flat sum—in which case, if the work proved to be a great success, the publisher reaped all the profit—or he might receive a royalty, i.e., a percentage of the price of each copy the publisher sold.⁴¹ Either way, at the time of entering into a publishing contract for a new work, whose economic success was by definition unknowable in advance, the publisher clearly had all or almost all of the bargaining power, the author little or none.⁴² The changes in the 1831 Copyright Act were intended to improve the bargaining position of the author to some extent.

Exactly to what extent? Here is where opinions begin to differ. What I shall call the maximalist view—that is, the position that Congress intended to deprive the author of *all* power during term one to convey term two rights in a work, whether he lived into term two or not—seems to be supported by the plain language of the statute and by at least one fragment of the legislative history, in which the House Judiciary Committee stated that where a work is still a money-maker at the end of its first term, “[t]he question is, whether the author or the bookseller should receive the reward?”⁴³ What I shall call the intermediate view—that is, the position that Congress intended to give the author the power during term one to convey term two rights in a work, but also intended to nullify any such conveyance at the end of term one where the author died during that term, and to bestow the term two rights on the deceased author’s spouse and children if any—is supported by the authority of *Pierpont v. Fowle* and *Paige v. Banks* and by Justice Frankfurter’s 1943 historical excursus in the *Fred Fisher* case. What I shall call the minimalist view—that is, the position that Congress intended not to nullify *any* term one conveyance by the author of term two rights in a work, but merely wished to give the renewal term rights to the author’s spouse and children where he had died in term one of a work without ever having conveyed term two rights therein to anyone—is logically possible but has never been seriously argued by any court or commentator.

It seems clear then, that in adopting the 1831 renewal provision, Con-

⁴⁰ See note 34, *supra*.

⁴¹ See W.A. Jenner, *The Publisher Against the People* 61-62 (1907).

⁴² See Ringer, *supra*, note 22 at 511-517.

⁴³ 7 Cong. Deb., Appendix CXIX (1830); quoted in *Fred Fisher Music Publishing Co. v. M. Witmark & Sons*, 318 U.S. 643, 651 (1943).

gress intended it to have, at least to some extent, a contract-bumping function. The silence of history makes it equally clear that neither Congress nor anyone in the nineteenth-century legal community understood that the 1831 renewal structure might also have inadvertently created a will-bumping function. Nevertheless, the key decisions—as to statutory structure, not social policy—had been made, and in a very real sense the subsequent history of the will-bumping concept consists of the judicial application of that structure to a subject matter never previously contemplated.

V. THE RENEWAL PROBLEM UNDER THE ACT OF 1909

Having invented the renewal structure in their first copyright statute back in 1710, the English abandoned it a century and a third later and adopted a single unitary term of copyright protection, lasting for either the life of the author plus seven years or for 42 years from first publication, whichever was longer.⁴⁴ This development took place only eleven years after the United States had radically altered the original renewal structure of the Statute of Anne. The change in English law had no effect on the next revision of American copyright law in 1870, which carried forward the renewal provisions of the 1831 Act without substantial modification.⁴⁵

However, shortly after the start of the twentieth century, a consensus developed among authors, publishers and the lawyers serving their interests that serious structural changes in copyright law were necessary.⁴⁶ There were two principal objections to the aspects of the renewal system under discussion here: (1) where the author died during term one of a work, it was thought unfair that the work should fall into the public domain at the end of that term if the author left no spouse or children;⁴⁷ (2) it was still unclear to what extent the 1831 renewal provision “bumped” inter vivos conveyances by the author, during term one, of term two rights in a work.⁴⁸ Once again no one seems to have noticed the will-bumping problem, perhaps in large part because even in the first years of this century only a minuscule number of copyrights were renewed at all.⁴⁹

Serious work on a general revision of American copyright law got under way in 1905. Between then and 1907 there seemed to be virtual unanimity on the proposition that the entire renewal system should be junked and that a single unitary term of copyright should be adopted, along the lines of the

⁴⁴ 5 & 6 Vict., c. 45 (1842). See Ringer, *supra*, note 22 at 507.

⁴⁵ Act of July 8, 1870, ch. CCXXX, § 88, 16 Stat. 212. See Ringer, *supra*, note 22 at 508.

⁴⁶ Ringer, *supra*, note 22 at 508-510.

⁴⁷ See Ringer, *supra*, note 22 at 508.

⁴⁸ See Ringer, *supra*, note 22 at 509.

⁴⁹ Copyright Office records indicate that in 1905 only 2.7% of all copyrights due for renewal were actually renewed. See Giner, *supra*, note 22 at 508 n.21.

English reform in 1842.⁵⁰ Only quite late in the series of revision conferences and draft bills did the argument surface that abolition of the renewal structure with its contract-bumping feature would be a great boon to the publishing community and a disaster for authors and their families. As one commentator put it:

The second term of fourteen years to the author or to his widow or children is always a distinct and important advantage to him, and never a disadvantage, because if the author has made an improvident bargain with his publisher for the first term, its disadvantages may be redressed by the bargain for the second term with a surer knowledge of the selling value of the work. The proposed law altogether omits this salutary provision, and under it the publisher will acquire, and the author will forever part with, the entire interest in the work not merely for the contingent term during life but also for the absolute term of thirty years from his death, unless the author reserves to himself the ownership of the copyright, which rarely happens.⁵¹

What is crucially important about this passage is that the commentator uncritically assumed the truth of what I have called the maximalist position with regard to the scope of the contract-bumping function of the copyright act then in force. He seems to have believed that under then existing law an author had no power during term one to convey the term two rights in a work, regardless of whether he lived into term two or died in term one. He was not alone in that assumption.

In late 1907 and early 1908 another flurry of copyright revision bills was introduced in Congress. In late March of 1908 the Senate and House held a joint three-day hearing on all the legislation on the subject then pending.⁵² It was at this hearing that the tide of opinion reversed itself and the retention of a renewal structure began to seem preferable to the English unitary system. In perhaps the most frequently quoted excerpt from the hearing, Representative Currier, chairman of the House Committee on Patents, shared with his colleagues something he had heard from America's greatest author living at the time, Mark Twain.

Mr. Clemens told me that he sold the copyright for *Innocents Abroad* for a very small sum, and he got very little out of *The Innocents Abroad* until the twenty-eight year period expired, and then his contract did not cover the renewal period, and in the fourteen years of the renewal period he was able to get out of it all the

⁵⁰ Ringer, *supra*, note 22 at 509.

⁵¹ W.A. Jenner, *supra*, note 41 at 61.

⁵² See Ringer, *supra*, note 22 at 514-515.

profits.⁵³

The significance of this passage, as Barbara Ringer points out, "can hardly be overestimated."⁵⁴ All we can fairly glean from it is that the particular contract between Twain and the publisher of *Innocents Abroad* was limited by its terms to 28 years. What Currier and many others in Congress seem to have assumed is that under existing law neither Twain nor any other author had the power during a work's first term to convey the term two rights in the work. In other words, like William Jenner, Congress accepted uncritically what I have called the maximalist view as to the scope of the contract-bump-function of the 1831 Act.

Another flurry of copyright bills was introduced in the House between May 1908 and February 1909. The duration and renewal provision of the last in the series, the Smoot-Currier bill,⁵⁵ was enacted into law by Congress without change as part of the new copyright act which went into effect July 1, 1909.⁵⁶ Under this provision the two-term structure of prior law was maintained, but the duration of the second term was increased from fourteen to twenty-eight years, and momentous changes were made in the definition of who might succeed to the second-term rights in a work.

What ultimately became Section 24 of the 1909 Act reflects the view of Congress that with regard to a few categories of works the renewal term should belong to the publisher or other inter vivos assignee of the author but that with regard to most works the renewal right should belong to the author or, where he is dead, to his successors. The so-called first proviso to the section defines the four types of work as to which the renewal right is given to "the copyright proprietor" rather than the author.⁵⁷ The second proviso, for our purposes the crucial part of the statute, declares as follows:

[I]n the case of any other copyrighted work . . . the author of such work, if still living, or the widow, widower, or children of the author, if the author be not living, or if such author, widow, widower, or children be not living, then the author's executors, or in the absence of a will, his next of kin shall be entitled to a renewal and extension of the copyright in such work for a further term of twenty-eight years. . . .⁵⁸

⁵³ Hearings Before Committees on Patents on Pending Bills, 60th Cong., 1st Sess. at 20 (1908); quoted in Ringer, *supra*, note 22 at 515, and in *Fred Fisher Music Publishing Co. v. M. Witmark & Sons*, 318 U.S. at 653.

⁵⁴ Ringer, *supra*, note 22 at 515.

⁵⁵ S. 9440, H.R. 28192, 60th Cong., 2d Sess. (1909).

⁵⁶ Act of March 4, 1909, 35 Stat. 1075.

⁵⁷ *Ibid.*, at § 23. See Ringer, *supra*, note 22 at 523-538, for a full discussion of the four types of works falling under the first proviso.

⁵⁸ *Ibid.*

By asking another series of questions about this language, we can clarify what Congress intended and what it never considered in adopting this innovative provision.

1. *Under this statute, what is the effect on the copyright in a work if the author dies during its initial term?* Clearly this provision continues the rule under the Act of 1831: the work does not fall into the public domain at the end of term one, but instead the term two rights pass to the appropriate statutory successor class. Where this provision differs from the 1831 rule is in expanding its principle by creating a statutory successor class literally for every occasion where an author dies in term one of a work. From 1909 on, it doesn't matter whether the author died married or single, childless or with an army of children, testate or intestate. Whatever the author's situation, the renewal term rights pass to *someone*, and no work can fall into the public domain at the end of term one for want of a person statutorily entitled to renew. This change in the law was clearly in response to the criticism of the prior law quoted above, that it was unfair that a work should fall into the public domain at the end of term one simply because the author died during that term without spouse or children.⁵⁹

The system of priorities created by the statute was designed to work as follows. (1) If the author lives into the renewal term, he and he alone has the right to renew the work. (2) If the author dies in term one of a work, leaving a spouse and/or children, then they become the statutory successor class, with the sole right to renew. This aspect of the second proviso generated several issues which the courts did not resolve for generations,⁶⁰ and which we shall consider later in so far as they are relevant to will-bumping. (3) If the author dies in term one of a work, childless and unwed but testate, then the right to renew passes to "the author's executors," not in their own right of course but as fiduciaries for the testamentary devisee(s) of the work.⁶¹ (4) If the author dies in term one of a work, childless and unwed and intestate, then the right to renew belongs to the author's "next of kin" under the appropriate state law of intestate succession.

This superficially neat and fair-minded structure turned out to be a minefield for both creative people and estate planners. Some of the other booby traps it enacted into law will be considered briefly in their places, but in terms of the will-bumping issue the trap this provision dug is quite clear. What happens when an author dies in term one of a work, leaving a spouse and/or children and also leaving a will which devises sufficient non-copyright property to the spouse and/or children to satisfy the social policy of the state

⁵⁹ See note 47, *supra*.

⁶⁰ See notes 103-120 *infra*, and accompanying text.

⁶¹ This apparently self-evident construction of the fiduciary's function in the renewal scheme was the result of several hard-fought cases. See Ringer, *supra*, note 22 at 550-552.

but which devises the work in question to someone else? There is not a word in the extensive legislative history of the 1909 Act to suggest that the will-bumping problem occurred to anyone involved in the process. But, as we shall see, the structure of the renewal provision has been held by courts with mechanical rigor to demand a "solution" which has thrown into chaos many a creative person's estate plan in the decades between then and today.

2. *During a work's initial term, does the author have the power to convey inter vivos the term two rights in a work?* Both the text of the second proviso and its legislative history strongly suggest that Congress thought it was answering this question No. Indeed, a key passage of the House Committee report indicates that Congress believed this had been the answer to the question since 1831—in other words, that Congress shared with William Jenner and other commentators what I have called the maximalist view of the scope of contract-bumping under the 1831 statute. The passage reads as follows:

It was urged before the committee that it would be better to have a single term without any right of renewal, and a term of life and fifty years was suggested. Your committee, after full consideration, decided that it was distinctly to the advantage of the author to preserve the renewal period. It not infrequently happens that the author sells his copyright outright to a publisher for a comparatively small sum. If the work proves to be a great success and lives beyond the term of twenty-eight years, your committee felt that it should be the exclusive right of the author to take the renewal term, and the law should be framed as is the existing law, so that he could not be deprived of that right.⁶²

It would seem then that Congress thought it was doing in 1909 precisely what it thought Congress had done in 1831 and indeed what Parliament likely thought it had done when it enacted the Statute of Anne back in 1710. But just as an English court in *Carnan v. Bowles* had "interpreted" the Statute of Anne to embody less than the maximalist view of contract-bumping, and just as the U.S. Supreme Court in *Paige v. Banks* had done precisely the same thing in "interpreting" the Act of 1831, so the same Court in a subsequent case would "interpret" the 1909 copyright renewal provision in exactly the same way and so as to reach exactly the same result as the two earlier cases.

*Fred Fisher Music Publishing Co. v. M. Witmark & Sons*⁶³ concerned the ownership of renewal-term rights in the popular song "When Irish Eyes Are Smiling," which for purposes of this case, was deemed to have been written solely by a man named George Graff, Jr. Initial copyright in the song was obtained in 1912 by the Witmark music publishing firm pursuant to an as-

⁶² H.R. Rep. No. 2222, S. Rep. No. 1108, 60th Cong., 2d Sess. at 14 (1909) (emphasis added).

⁶³ 318 U.S. 643 (1943).

signment from Graff whose language clearly conveyed to Witmark all rights in the work during both its initial and renewal term. Witmark renewed copyright in the song in 1939, but so did Graff, who took the maximalist view of contract-bumping under the 1909 Act and contended that during term one of the song he had no power to convey term two rights. Shortly after renewing copyright in the song in his own name, Graff conveyed whatever rights he had to Fred Fisher, another music publisher, against whom Witmark promptly sought a preliminary injunction.

This relief was granted by the U.S. District Court for the Southern District of New York⁶⁴ and was affirmed by a 2-1 decision of the Second Circuit Court of Appeals written by Judge Clark and concurred in by his colleague Augustus Hand.⁶⁵ These two interpreted the 1909 Act precisely as *Paige v. Banks* had read the 1831 Act⁶⁶ and as *Carnan v. Bowles* had read the Statute of Anne: that during term one of a work an author indeed had the power to convey term two rights, and that he was bound by his conveyance provided he lived into the renewal year. In a long and spellbinding dissent, Judge Jerome Frank argued that both in 1831 and in 1909 Congress had intended to enact the maximalist position as to the scope of contract-bumping, and that Clark and Hand were nullifying the Congressional decision because of their own contrary laissez-faire economic premises.⁶⁷ The Supreme Court took certiorari and affirmed the Second Circuit in a 5-3 decision written by Justice Frankfurter.

Frankfurter's opinion for the Court rests on two bases, one derived from what he took to be legislative history and the other from what he believed to be sound public policy. In what has been described as "a model of thoroughgoing judicial scholarship,"⁶⁸ Frankfurter traced the history of copyright renewal provisions from the Statute of Anne, through American state legislation prior to the ratification of the Constitution, and through the Acts of 1790 and 1831, culminating in the 1909 provision whose meaning was at issue in the case.⁶⁹ It all looks very impressive, but its fatal weakness is that Frankfurter uncritically assumed that the English court in *Carnan v. Bowles* and the U.S. Supreme Court in *Paige v. Banks* had objectively and correctly construed the statutes respectively before them.

As we have already seen, this is by no means an indisputable assumption,

⁶⁴ *M. Witmark & Sons v. Fred Fisher Music Co.*, 38 F. Supp. 72 (S.D.N.Y. 1941).

⁶⁵ *Id.*, *aff'd*, 125 F.2d 949 (2d Cir. 1942).

⁶⁶ In *White-Smith Music Publishing Co. v. Goff*, 187 Fed. 247 (1st Cir. 1911), the court suggested that the Supreme Court's decision in *Paige v. Banks* was actually a construction of the Copyright Act of 1790, not that of 1831. *Id.* at 253. This suggestion seems extremely strained and unconvincing.

⁶⁷ 125 F.2d at 954-969.

⁶⁸ Ringer, *supra*, note 22 at 559.

⁶⁹ 318 U.S. at 647-656.

and those cases are at least as plausibly interpretable as covert judicial nullifications of legislative intent on grounds that the respective courts disliked the legislative policy of restricting freedom of contract in order to protect the author from himself.⁷⁰ But having made the assumption that those earlier cases were correct readings of legislative intent, and clearly sharing the "anti-paternalistic" philosophy that inspired those cases,⁷¹ the Court had no trouble concluding that Congress in 1909 had likewise not intended to protect authors from themselves and had intended to empower authors to make first-term inter vivos conveyances of term two rights.⁷² Justices Black, Douglas and Murphy were not convinced by Frankfurter's arguments and adopted as their own the views expressed in Jerome Frank's Second Circuit dissent.⁷³ Even though Frankfurter's opinion is extremely dubious if judged in terms of Congress' probable real intent in 1909, the *Fred Fisher* decision ended forever, as far as lawyers were concerned, the viability of the maximalist view of the scope of contract-bumping.

Suppose however that an author during term one of a work conveyed term two rights therein, but failed to live into the renewal year? As we have seen, this precise question was never raised during the life of the 1831 Act. Nor was it raised by the first contract-bumping case to reach the courts after 1909, *White-Smith Music Publishing Co. v. Goff*,⁷⁴ in which the First Circuit decision stated that "[w]hether at this time [i.e. the time for renewal of the copyright] the author was living does not appear."⁷⁵ In that case White-Smith was claiming ownership of term two rights in a song allegedly infringed by Goff. The song had been written by a long-forgotten 19th-century tunesmith named Eben Bailey and had been assigned to White-Smith in a blanket conveyance agreement binding upon both parties between 1876 and 1879.

Twenty-eight years later, White-Smith claimed renewal rights and sued Goff for infringement, but the First Circuit affirmed the lower court's denial of relief and held that neither under the 1831 Act nor the Act of 1909 was the assignee of a first-term copyright automatically entitled to renew regardless of

⁷⁰ See note 67, *supra*.

⁷¹ "We are asked to recognize that authors are congenitally irresponsible, that frequently they are so sorely pressed for funds that they are willing to sell their work for a mere pittance, and therefore assignments made by them should not be upheld. . . . We cannot draw a principle of law from the familiar stories of garret-poverty of some men of literary genius. . . . While authors may have habits making for intermittent want, they may have no less a spirit of independence which would resent treatment of them as wards under guardianship of the law." 318 U.S. at 656-657.

⁷² 318 U.S. at 657-659.

⁷³ *Id.* at 659-660.

⁷⁴ 187 Fed. 247 (1st Cir. 1911).

⁷⁵ *Id.* at 247.

whether or not the author lived into the renewal year. But the court's characterization of the renewal term under both statutes as "vesting an absolutely new title" in the successor class seemed to convince the legal community, if there had been any doubt before, that where the author conveys term two rights during term one, the conveyance is "bumped" at the end of term one if the author has died before the renewal year, and renewal rights belong exclusively to the statutory successor class, at least where that class is made up of the author's "widow, widower or children."⁷⁶

Certainly by the time of the Second Circuit's decision in the *Fred Fisher* case in 1942⁷⁷ it was undisputed that, if nothing else, the renewal structure was intended "to prevent an assignment that would cut off the widow's and children's rights in case the author died. . . ."⁷⁸ And eighteen years later, in *Miller Music Co. v. Charles N. Daniels, Inc.*,⁷⁹ the Supreme Court took this line of thinking to its outermost limits and held by a 5-4 vote that, no matter which turns out to be the statutory successor class—spouse-and-children, executor-on-behalf-of-legatees, or next-of-kin—whenever an author during term one conveys term two rights in a work but dies before the beginning of the renewal year, the conveyance is "bumped" at the start of term two and the renewal rights belong exclusively to the appropriate successor class members.

Justice Douglas, writing for the majority, defended this result on the basis of what he took to be the "symmetry and logic in the design of section 24. Whether it works at times an injustice is a matter for the Congress, not for us."⁸⁰ Justice Harlan and his fellow dissenters attacked the Douglas reasoning as mechanical and ill-considered literalism, but had no doubt that the renewal provision did "bump" an inter vivos conveyance where the author made the conveyance in term one but died before the renewal year, leaving a spouse and/or children.⁸¹ For better or worse, the law of contract-bumping has been settled since this decision.⁸²

⁷⁶ See Giner, *supra*, note 22 at 521-522.

⁷⁷ Note 65, *supra*.

⁷⁸ 125 F.2d at 951.

⁷⁹ 362 U.S. 373 (1960).

⁸⁰ *Id.* at 378.

⁸¹ *Id.* at 378-383.

⁸² More recently, however, at least in the Second Circuit, a new line of decisions has established that, where the contract at issue involves the right to make a derivative work, such as a movie, on the basis of the author's previous copyrighted work, such as a novel or story or play, the contract-bumping feature of the renewal provision doesn't apply. If the contract specifically conveys derivative work rights during the source work's renewal term, then even if the source work author dies during that work's first term, his statutory successors cannot use the renewal provision to force the derivative work owner into renegotiating the contract with them. *Rohauer v. Killiam Shows, Inc.*, 551 F.2d 484 (2d Cir.), *cert. denied*, 431 U.S. 949 (1977). For fuller treatment of this subject, see Nevins, "Rx for Copyright Death," 1977 Wash. U.L.Q. 601.

3. *During a work's renewal term, does the author have the power to convey inter vivos the term two rights in the work?* The answer to this question remains an unqualified Yes despite all the judicial decisions as to conveyances executed during a work's first term. If the author survives to the time for renewal, he is the only person entitled to renew, and during the renewal term his power to execute conveyances of term two rights is still without restriction.

Whatever may be our views on the wisdom of contract-bumping or on the extent to which Congress intended the copyright renewal provision to serve a contract-bumping function, one point is clear. The only policy rationale that supports restricting authors' power to convey is that, since any first-term conveyance of term two rights must necessarily have been entered into when neither conveyor nor conveyee could know whether the work would prove to be a lasting success, the author and/or his statutory successors should be given a second chance to profit from any work that is still a moneymaker at the end of its first term.⁸³ This rationale is, if I may concoct a barbarism, contract-specific. It may well be persuasive in the domain of inter vivos conveyances, where the author receives consideration for his grant of rights and where the consideration he receives is the only reason for his conveyance of rights. It is clearly not persuasive and indeed illegitimate if extended beyond inter vivos conveyances and into the domain of wills, where the author receives no consideration for his bequest of rights and where his bequest is not and cannot be motivated by thought of economic gain for himself.

Not a word of legislative history suggests that Congress ever intended the copyright renewal provision to have a will-bumping function, and no court has ever defended will-bumping on grounds of policy, but only on the argument that will-bumping is logically demanded by the renewal provision's language and structure. The result, as we shall see, has been the creation of a Frankenstein monster, a federally mandated *legitime* applicable throughout the United States but to one and only one form of property, and unknown to most of the legal community who are required to deal with it.

VI. WILL-BUMPING: ORIGINS AND ESSENCE

The first wave of cases where copyright concepts collided with the law of estates arose in the early 1920s, when the rise of the movie industry and its hunger for literary works adaptable to the screen had transformed the renewal rights in old novels, stories, plays, and even poems into potential bonanzas for whoever might be held to own them. These early cases made it quite plain that Congress had never given a moment's thought to how the renewal structure of the 1909 Act would impact upon the law of wills, and that the courts were going to decide cases in this uncharted area purely by

⁸³ See Ringer, *supra*, note 22 at 521; Nimmer, *Copyright*, § 9.02 (1978).

deduction from the renewal provision's structure and by mindlessly rigid application of the maxim that the renewal term of copyright is a "new estate" to be enjoyed only by those listed in the statute. The results were, to say the least, mixed.

The earliest and perhaps least controversial of the first-wave cases had to do with the estate of Hart P. Danks, an obscure 19th-century composer who wrote the music to at least one extremely popular ballad, "Silver Threads Among the Gold." Danks died in 1903, survived by a widow and three children. He left a will, but whether it devised his renewal expectancies to his widow and children or to others does not appear and is not relevant to the litigation after his death. In *Danks v. Gordon*,⁸⁴ the administrator c.t.a. (with the will annexed) of Danks' estate sued in Federal District Court for the Eastern District of New York, seeking an injunction and an accounting against the company which had been publishing Danks' songs by contract with Danks until his death in 1903 and by contract with the fiduciaries of Danks' estate from then until 1916, when the agreement was cancelled.

It was clear that the dispute was really over the amount of royalties owing to Danks' estate under these contracts. The trial court's judgment in favor of the plaintiff was reversed by the Second Circuit Court of Appeals with instructions to dismiss the suit for lack of federal jurisdiction. An action for breach of a contract concerning a copyrighted work, the court ruled, is not a matter "arising under" the Copyright Act⁸⁵ and must be brought in state not federal court unless there is federal jurisdiction on grounds of diversity of citizenship, which in this case there wasn't.

But in dictum, or perhaps by way of an alternative rationale, the court remarked that even if federal jurisdiction existed, the fiduciary of Danks' estate had no standing to sue, because the relevant copyrights had all been renewed after Danks' death by his widow and children, the members of the statutory successor class, and after such renewal only the successor class may sue for copyright infringement. "As administrator of H.P. Danks [the plaintiff] could not renew a single copyright, and as administrator he has no interest in any copyright of H.P. Danks which has been renewed since the latter's death."⁸⁶ There is nothing wrong-headed or contrary to sound policy in these remarks; it's only if the approach were extended to a case where the author's will left the work to someone outside the statutory successor class that it would give rise to the phenomenon of will-bumping.

At literally the same time as the *Danks* litigation, two other cases involving the interplay of wills law and copyright law were making their way through New York's federal courts—one in the Eastern District like *Danks*,

⁸⁴ 272 Fed. 821 (2d Cir. 1921).

⁸⁵ 28 U.S.C. § 1338(a) (1970).

⁸⁶ 272 Fed. at 825.

the other in the Southern—and intertwined around each other for the next few years like a pair of snakes.

The first of the two to generate a published judicial opinion was *Silverman v. Sunrise Pictures Corp.*,⁸⁷ which dealt with the ownership of renewal rights in an 1887 novel set in ancient Rome and entitled *At the Mercy of Tiberius*. The author, an Alabama woman named Augusta Evans Wilson, died in 1909, childless, unwed, and testate. Her will left her residuary estate, specifically including “copyright on my books,” to three living sisters, the children of a number of predeceased brothers, and the widow of one such brother, in the same shares each would have taken under Alabama intestate succession law if the author had died without a will.⁸⁸ By 1911 the Wilson estate was closed and the executors discharged, so that four years later, when the renewal came due for *At the Mercy of Tiberius*, there were no executors to renew the copyright even though under the renewal structure, where the author died childless and unwed and testate, only “the author’s executors” have the right to renew.

Apparently as a tactic of desperation, Augusta Evans Wilson’s two then-surviving sisters filed for renewal in their own names as “next of kin,” the statutory successor class created by the 1909 act “in the absence of a will.” A few years later the Wilson family was approached by Isaac Silverman, who wanted to make a movie out of *At the Mercy of Tiberius*. Silverman was nothing if not thorough: he obtained assignments of film rights in the novel not only from the single then-surviving sister of the author but from everyone who could possibly count as within the author’s “next of kin,” as well as from a special administrator of Augusta Evans Wilson’s estate, appointed by the Alabama court for this specific purpose. Armed with these assignments, Silverman next sought injunctive relief in the Southern District of New York against Sunrise Pictures, which claimed that *At the Mercy of Tiberius* was in the public domain and was announcing plans to make a movie of its own based on the novel.

The District Court denied the injunction, apparently on either or both of two grounds: (1) that where an author dies childless, unwed and testate in term one of a work, only the author’s executor has the power to renew the copyright, and if he fails to do so the work falls into the public domain; and/or (2) that even if the author’s “next of kin” are the appropriate successor class in this situation, a renewal is valid only if joined in by all the class members, and if executed by fewer than all, as happened here, it is a nullity.

The Second Circuit reversed with directions to grant the injunction. As to the first ground relied on by the district judge, the appellate court reached

⁸⁷ 273 Fed. 909 (2d Cir. 1921), 290 Fed. 804 (2d Cir. 1923), *cert. denied*, 262 U.S. 758 (1923).

⁸⁸ 273 Fed. at 909.

a bizarre result indeed, holding that under the renewal scheme, just as an author's term one inter vivos conveyance of term two rights in a work is "bumped" if he dies before renewal comes due, likewise the author's term one testamentary bequest of term two rights in a work is "bumped" if he dies before renewal comes due, *even if he dies unsurvived by spouse or children*. In such a case the testamentary legatees of the renewal rights take nothing, and the only class statutorily entitled to renew is the author's "next of kin." As to the second ground relied on by the district judge, the Second Circuit reached a much more sensible result, holding that where the "next of kin" are the appropriate successor class, they take as tenants in common, at least in the sense that renewal by some but not all the class members is valid in principle and inures to the benefit of all.

Meanwhile down in the Southern District, and simultaneously in the Eastern District of New York, a two-pronged case had begun on related but different issues in the interplay of estates law and copyright. *Fox Film Corp. v. Knowles*⁸⁹ dealt with the estate of a long forgotten versifier named Will Carleton, the author of those less than immortal works, "Over the Hill to the Poor-House" and "Over the Hill from the Poor-House." These ditties first appeared in a volume of Carleton's poems, *Farm Ballads*, which was copyrighted by the publisher, Harper & Bros., as Carleton's assignee in 1873. Twenty-eight years later, in 1901, Carleton filed for renewal of this volume, but since this was before the 1909 Act, the renewal term he obtained thereby was only for fourteen years.⁹⁰ In 1912 Carleton died. Whether he left a widow or children is unclear, but subsequent legal developments suggest he didn't. He did, however, leave a will, bequeathing all his property of whatever sort to a man named Norman Goodrich, whom Carleton also named executor of his estate. By the time Carleton died, the Act of 1909 was in force, and one of its interim provisions created an extension of the renewal term for an additional fourteen years, applicable to works already in their fourteen-year renewal term under the previous act at the time the new act went into effect.⁹¹

In 1915 Norman Goodrich applied for this extended term on Carleton's *Farm Ballads*. Shortly thereafter Goodrich died, leaving all *his* property of whatever sort to his wife. Then in 1920 the Fox film organization for some wild reason became intoxicated with the idea of making a movie out of the two Poor-House poems. With this in mind, the company purchased from Goodrich's widow all dramatic rights in those works.⁹² Subsequently Fox

⁸⁹ 275 Fed. 582 (S.D.N.Y. 1921), 274 Fed. 731 (E.D.N.Y. 1921), *aff'd*, 279 Fed. 1018 (2d Cir. 1922), *rev'd*, 261 U.S. 326 (1923).

⁹⁰ See note 32, *infra*, and accompanying text.

⁹¹ Act of March 4, 1909, c. 320, § 24, 35 Stat. 1080.

⁹² The purchase of all dramatic rights by movie companies was common in the early days of film history when it was still widely believed that movies were a subse-

filed infringement suits against Knowles, who had written and staged a play based on those poems and defended his right to do so on the ground that they were in the public domain. As soon as the Second Circuit had handed down its *Silverman* decision, Knowles moved to dismiss both of the suits against him, arguing that since Carleton had not lived to the time when the extended renewal could be applied for, he could not bequeath the extended renewal term under his will, and that the only persons who could properly have applied for the extended renewal were Carleton's next of kin, who had not done so, thereby throwing the Poor-House poems into the public domain.

Both district courts agreed with this argument and dismissed the suits. The Second Circuit affirmed without opinion on the authority of its own *Silverman* decision.⁹³ However, the Fox corporation refused to give up and filed a petition for certiorari with the Supreme Court, which agreed to hear the case and, in an extremely brief opinion by Justice Holmes, unanimously reversed the Second Circuit.⁹⁴ As the Court construed the statute, where an author dies childless, unwed and testate at any time before renewal on a particular work may be applied for, his executor—acting, of course, as fiduciary for the testamentary legatee of the work—is the only person who may apply for renewal when the time comes, and in no such situation is the author's will “bumped” in favor of his next of kin. This sensible reading of the renewal provision remains the law today.

About six weeks later, the Second Circuit ruled on the appeal of the District Court's final decree in the *Silverman* case.⁹⁵ As to the first ground discussed in its previous opinion, the judges acknowledged that their eccentric holding had been conclusively disavowed by the Supreme Court in *Knowles*. It was clear, therefore, that if the executor of Augusta Evans Wilson's estate had renewed the copyright in *At the Mercy of Tiberius*, as the executor of Will Carleton's estate had renewed the copyright in *Farm Ballads*, the renewal would have been valid. But the Second Circuit went on to distinguish *Knowles* precisely on the ground that Mrs. Wilson's executor had failed to renew *Tiberius*. And in the event of such failure, the court held, a timely renewal by any of the next of kin is valid and inures to the benefit of all the members of the class. In effect then, the executor's inaction “bumps” the author's will. If none of the next of kin apply for renewal, the work goes into the public domain at the end of its current term. If one or more of the next of kin do apply for renewal, the next of kin as a class succeed to the renewal rights to the exclusion of whoever was left the work in the author's will. The only policy argument supporting this result is the claim that it's preferable to

cies of live stage drama and when the Copyright Act itself referred to movies as “motion picture photoplays.” Act of August 24, 1912, c. 356, 37 Stat. 488.

⁹³ 279 Fed. 1018 (2d Cir. 1922).

⁹⁴ 261 U.S. 326 (1923).

⁹⁵ 290 Fed. 804 (2d Cir. 1923).

give the renewal rights to someone, even at the cost of "bumping" the author's will, rather than to throw the work into the public domain. This argument seems respectable enough but certainly not of compelling force.

Thus the first wave of litigation over the impact of copyright law on wills ended with a Supreme Court ruling that Congress had not intended the possibility of will-bumping where an author died childless, unwed and testate before the time to renew a work had come (at least where the author's executor timely filed for renewal). But if this holding is sound—and I believe it is—then what reason is there to believe that Congress intended the possibility of will-bumping where an author died testate but with spouse and/or children before the time to renew a work had come, and where his will left the work to someone other than his spouse and/or children? The only policy argument to support will-bumping in this latter situation is the contention that the 1909 renewal provisions show Congress' special concern for the author's immediate family, the persons presumed to be closest to his heart.⁹⁶ But, as I hope previous sections of this article have established, (a) it was only in the context of contract-bumping that Congress expressed concern for the author's immediate family, and (b) since an author's first-term inter vivos conveyances of term two rights in a work are "bumped" under the renewal provisions even where the author died in the work's first term *without* spouse or children, it's clear that even in the realm of contract-bumping Congress was not *exclusively* concerned for the author's immediate family. And if the policy argument in favor of will-bumping in the latter situation makes no sense, then the only support left for that result lies in the claim that it is required by remorseless logic, i.e., by deduction from the structure of the renewal scheme regardless of history, sound policy and common sense.

Nevertheless, that result has prevailed. From the effective date of the 1909 Act until the present, not a single judicial decision has held squarely that where an author dies in term one of a work, leaving a spouse and/or children, and where the author's will bequeaths the work outside that charmed circle, his will is "bumped" as to the work's renewal term, and the spouse and/or children succeed to the second-term rights. And yet every authority on copyright law who has written on the subject asserts that such is the law.⁹⁷ The position has never been defended on policy grounds, and depends on the mechanical application in the testamentary context of the oft-repeated statement in cases *not* dealing with wills that the second term of copyright is a "new estate" legally free from all conveyances made by the author in the first term.⁹⁸ But it would be foolish to deny that this view has *de facto* become the law. The Copyright Act is deemed to create a "compul-

⁹⁶ *Silverman v. Sunrise Pictures Corp.*, 273 Fed. 909, 911 (2d Cir. 1921).

⁹⁷ See, e.g., Nimmer, *Copyright*, § 9.04 (1978); Patry, *Latman's The Copyright Law* 99 (6th ed. 1986).

⁹⁸ See Ringer, *supra*, note 22 at 520.

sory bequest"⁹⁹ of a work's renewal term to the author's spouse and children wherever the author died before the time for renewal of that work, and regardless of how much other property the spouse and children were left in the author's will. With regard to every work whose first term began at any time between 1959¹⁰⁰ and the end of 1977, this remains the law today.¹⁰¹ The will-bumping phenomenon is well known to intellectual property lawyers, but outside that group, and particularly among estate planners, it is known to virtually none. One can only guess at the number of creative persons' estates that have been planned in complete ignorance of this problem. My own guess is that the number is immense.

VII. WILL-BUMPING: DIVISION AND ALLOCATION

So much for the rules where the author dies during term one of a work and his will leaves the work outside the statutory successor class. We now turn to the situation where the author dies during term one of a work and his will leaves the work within the statutory successor class but according to an allocation of his own design, i.e., to some but less than all members of the class, or to all members of the class but in proportions or with conditions the author has chosen. Does the will-bumping phenomenon permit this minimal measure of testamentary freedom, or does the Copyright Act impliedly determine not only the persons who are to take the renewal rights but also the exact share of each taker?

The answer to this question depends on which of the successor classes listed in the statute is the appropriate one in a particular case. Clearly, where the appropriate successor class is the author's next of kin—i.e., where the author died in term one of a work, childless, unwed and intestate—the share of each class member can never be affected by the Copyright Act but is controlled exclusively by the applicable state law of intestate succession. Likewise, where the appropriate statutory successor class is the author's executors, i.e., where the author died in term one of a work, childless, unwed and testate, the share of each participant in the renewal rights can never be affected by the Copyright Act nor even by state law, but is controlled exclusively by the author's will, since as indicated above,¹⁰² the executor's renewal power is not for his own benefit but for him as fiduciary vis-a-vis the renewal legatees under the author's will.

However, where the appropriate statutory successor class consists of the author's "widow, widower or children," i.e., where the author died in term one of a work, survived by spouse and/or children, the share of each class

⁹⁹ *DeSylva v. Ballentine*, 351 U.S. 570, 582 (1956).

¹⁰⁰ This date is obtained by counting backward 28 years from 1987, the year this article is being written.

¹⁰¹ 17 U.S.C. § 304(a) (1978).

¹⁰² See note 61, *supra*.

member may well be impliedly controlled by the renewal provision. Indeed, as we shall see, that provision arguably deprives creative people of even the most rudimentary power to structure the bequest of term two rights in their works so as to give the greatest benefit to those class members most likely to be in need of support.¹⁰³ Such a radical incursion on testamentary freedom should be bothersome even to advocates of *legitime* who are not troubled in principle by the notion of a compulsory bequest of renewal rights to a statutory successor class.

A creative person is no different from the rest of the human race. If he has a spouse and/or children, he will probably want to leave them most of his property in his will. But, depending on his relationships with each of them, his perception of their individual needs and other variables, he may well wish to tailor his bequests within the close family circle, for example by leaving a larger share to his spouse who has no independent means of support, or leaving a smaller share or perhaps no share at all to one or more of his children who have already "made it" on their own or with whom he simply doesn't get along. The will-bumping phenomenon frustrates the testamentary intent of any creative person who leaves an unrenewed work within the spouse-and-children successor class but in the "wrong" proportions.

Suppose an author dies testate in a work's first term, and his will leaves the work to some but not all members of the spouse-and-children successor class. Suppose, for example, that he leaves the work to his spouse alone, or to his children alone, or to his spouse and some but not all of his children. Is his will pro tanto subject to being "bumped?" Yes, it is, by necessary implication from the decision of the U.S. Supreme Court in *DeSylva v. Ballentine*.¹⁰⁴ That case raised the issue whether the "widow, widower or children" who have the highest renewal priority where the author died in a work's first term constitute one class or two.

The widow of Songwriter George DeSylva had been routinely renewing each of the copyrights in her late husband's works as it became due. Stephen Ballentine, who claimed to be DeSylva's illegitimate son by another woman, sued in Federal District Court for the Southern District of California to establish his right to share in the renewal term of all the works in whose first term DeSylva had died. Mrs. DeSylva did not dispute Ballentine's claim to be her late husband's son, but based her rejection of Ballentine's claim to a share in the renewal rights on two arguments. The first of her contentions was that under the renewal provision an author's "widow" (or, for that matter, an author's "widower") was in a separate and distinct class, with absolute priority over the author's "children," so that for as long as the surviving spouse remains alive after the author's death, the spouse and the spouse alone

¹⁰³ See notes 114-120, *infra*, and accompanying text.

¹⁰⁴ 351 U.S. 570 (1956).

has the power to renew copyrights, with the children succeeding to such power only after the spouse's death.

This contention was rejected by both the Ninth Circuit Court of Appeals¹⁰⁵ and by the Supreme Court, which held unanimously that "widow, widower or children" constituted a single class.¹⁰⁶ It is significant that of the four published opinions in the case—by the Ninth Circuit majority, the Ninth Circuit dissenters, the Supreme Court majority, and the concurrence by Justice Douglas—not one so much as mentions to whom DeSylva bequeathed the works in his will, or even whether he had a will. Everyone involved in the litigation accepted without the least discussion that if an author dies in term one of a work, leaving a spouse and/or children, on the subject of succession to renewal rights in that work the author's will is a worthless scrap of paper.

Mrs. DeSylva's second argument in the case, and its disposition by the Supreme Court, are equally significant in the will-bumping context. She contended that even if "widow, widower or children" count as a single class, illegitimate children of the author don't count as "children" under the renewal scheme. The court held that since "there is no federal law of domestic relations,"¹⁰⁷ the determination of this issue "requires a reference to the law of the State which created those legal relationships."¹⁰⁸ The only relevant state in the *DeSylva* case was California, and the Court majority ruled that the California statute making an illegitimate child an heir of its father where the father acknowledged the child by a writing signed in the presence of a witness¹⁰⁹ was sufficient to make such a child also a member of the successor class under the copyright renewal scheme. Justices Douglas and Black thought it undesirable that the renewal rights of an illegitimate child should be subject to the vagaries of the succession laws of several dozen states, and would have preferred a uniform federal holding that illegitimates counted as "children" under the Copyright Act regardless of their status under state law.¹¹⁰

The majority's holding on this issue has a decisive impact on the will-bumping situation; from and after *DeSylva*, an author who dies during term one of a work has no power to divest from renewal term rights any illegitimate child who is clothed with heirship status under the law of the author's domicile. Since *DeSylva* was handed down, state law has tended to become extremely liberal on the matter of illegitimates' heirship rights; indeed, under various sections of the Uniform Parentage Act,¹¹¹ and also under the version

¹⁰⁵ 226 F.2d 623 (9th Cir. 1955).

¹⁰⁶ 351 U.S. at 573-580.

¹⁰⁷ *Id.* at 580.

¹⁰⁸ *Ibid.*

¹⁰⁹ Cal. Stats. 1931, c. 281, p. 599, § 255 (repealed 1975).

¹¹⁰ 351 U.S. at 583-584.

¹¹¹ Uniform Parentage Act §§ 6(c), 7, 8(c).

of Section 2-109 of the Uniform Probate Code designed for states that have not adopted the Uniform Parentage Act,¹¹² a paternity suit can be brought against a dead man. And, under the *DeSylva* rationale, it would seem that the winner of a post-mortem paternity suit against a deceased author would automatically be entitled to share in the renewal rights vis-a-vis all works in whose first term the author died. Such are the joys of the will-bumping phenomenon.

The next question we confront has to do with the "correct" shares of spouse and children in a renewal copyright. The Court in *DeSylva* expressly declined to rule on this issue since it had not specifically been raised by the parties.¹¹³ But where the deceased author is survived by a spouse and only one child, as George DeSylva was, there is clearly only one solution to this problem, namely an equal division between them. Suppose, however, that the author is survived by more than one child? If the statutory successor class consists of a number of children but no surviving spouse, again the obvious solution to the allocation problem is an equal division between or among them. On the other hand, if the successor class consists of a number of children plus a spouse, there is no single obvious solution. It is plausible to contend that in this situation the spouse takes half, but just as plausible to argue that here too all successor class members share equally.

There has never been a judicial ruling on this issue. Indeed, if the solution to this problem depends on a reference to appropriate state law, as the problem of an illegitimate child's status was held to depend in *DeSylva*, then the allocation of renewal rights among spouse and children will vary from estate to estate, depending on the allocation of intestate property among spouse and children under the appropriate state's succession law. If, however, a federal court in a future case were persuaded that allocation of renewal rights among spouse and children should be determined on a uniform federal criterion, then whenever an author died testate in a work's first term, leaving a will that allocated the work among spouse and children in a particular manner, whatever that allocation might be, it would be "bumped" if the court should decide that the testamentary allocation was not the "correct" one impliedly dictated by the remorseless if inscrutable logic of the renewal provision.

Now let us consider an extremely common situation in estate planning. The testator is advanced in years, as is his spouse, whereas their children are in the prime of their lives and earning power. He desires to leave his estate within the close family circle, but anticipates that the needs of his spouse will be greater after his death than will be the needs of their children. The obvi-

¹¹² Uniform Probate Code § 2-109 [alternative subsection (2) for states that have not adopted the Uniform Parentage Act].

¹¹³ 351 U.S. at 582.

ous plan in such a situation is to create a testamentary trust, with the spouse designated as sole income beneficiary for the rest of her life, and with the corpus to be distributed equally among the children upon the surviving spouse's death. In the normal run of cases, there is certainly nothing illegal, immoral or contrary to public policy in such an estate plan. However, insofar as the testator's estate includes copyrights unrenewed at his death, this plan may well be "bumped" by the renewal scheme. No reported decision has so held, but such a result seems clearly envisaged by the holding of the Second Circuit in *Bartok v. Boosey & Hawkes, Inc.*¹¹⁴

It is undisputed that under the so-called first proviso of the renewal provision, the "posthumous works" of an author are among the types of works as to which the copyright proprietor, not the author's spouse or children or legatees or next of kin, succeeds to the renewal rights.¹¹⁵ The issue in *Bartok* was whether Bela Bartok's *Concerto for Orchestra* fell within the first proviso as a "posthumous work" or within the second proviso. Although Bartok in his lifetime had assigned the copyright in the *Concerto* to his publisher, Boosey & Hawkes, the work was not actually published until March of 1946, six months after the composer's death. In 1974, the year renewal of the work was due, competing renewal applications were filed by Boosey & Hawkes and by Peter Bartok, one of the composer's two sons. The Second Circuit ruled that a work whose first-term copyright was assigned by the author in his lifetime but which was not published until after his death did not count under the renewal provision as a "posthumous work" and therefore could not be renewed by the first-term copyright proprietor but only by the statutory successor class designated by the second proviso. Therefore the legal status of the *Concerto for Orchestra* was the same as that of the other great Bartok works in whose first term the composer died, like *The Miraculous Mandarin* (published 1927) and the *Music for Strings, Percussion and Celesta* (published 1937).

According to Bartok's will, all the proceeds from his works were to be paid to his widow during her lifetime and to his sons after her death.¹¹⁶ Under a 1949 agreement with Mrs. Bartok and the sons, Boosey & Hawkes paid royalties on Bartok's works to his estate, which in turn distributed them pursuant to the will,¹¹⁷ i.e., exclusively to Bartok's widow as long as she remained alive. She was still alive in 1974.¹¹⁸ Had the Second Circuit ruled in favor of the validity of Boosey's renewal of the *Concerto*, all royalties during

¹¹⁴ 523 F.2d 941 (2d Cir. 1975).

¹¹⁵ See note 57, *supra*, and accompanying text.

¹¹⁶ 523 F.2d at 942 n.2.

¹¹⁷ *Ibid.*

¹¹⁸ Indeed she lived for several years after the litigation. Ditta Pasztory-Bartok (1903-1982) was the composer's second wife. He had two children, Bela Jr. (1910-), with his first wife, whom he later divorced, and Peter (1924-

the renewal term would continue to have been paid by Boosey to the estate and by the estate to the widow for the balance of her life.¹¹⁹ By ruling instead in favor of Peter's renewal, the court took the Concerto out of the ambit of Boosey's contract and thus out of the ambit of Bartok's will, and threw the work within the ambit of the Copyright Act renewal provision's second proviso with all the will-bumping consequences thereby entailed.

The court assumed that its decision mandated that during as much of the concerto's renewal term as Mrs. Bartok survived, the royalties would be paid in equal shares to her and the two sons.¹²⁰ This, of course, was completely contrary to the provisions of Bartok's will, which specified that the sons were not to share in the proceeds of his works until after his widow's death. But as we have seen many times already, the author's will counts for nothing in the magical realm of will-bumping. The moral of the *Bartok* case, insofar as we are concerned with it, is that no creator can divest his children of their "correct" share in his unrenewed works during the balance of his surviving spouse's lifetime. Simply by renewing in their own right at the appropriate time, the children can trigger the will-bumping mechanism and defeat the testator's plan.

VIII. BUMPING OF STATUTORY SUCCESSORS' WILLS

So far, we have considered the will-bumping phenomenon as it affects the wills of authors themselves. But it would be imprudent to conclude that it is *only* to the wills of authors themselves that will-bumping applies. A recent case has interpreted the structure of the Copyright Act's renewal provision so that it also "bumps" the wills of those who succeed to the rights in an author's work.

Capano Music v. Myers Music, Inc.,¹²¹ dealt with ownership of a half-interest in the renewal term of the early rock-n-roll hit "Rock Around the Clock." The song, co-authored by Max Freedman and James Myers, began its first term of copyright life upon its publication in 1953. Freedman died in 1962, survived by a wife but no children. His will left virtually all his property, including his half-interest in "Rock Around the Clock," to his widow, whom he also named as his executrix. It was undisputed that for the rest of her life Mrs. Freedman was the sole owner of what had been her husband's half-interest. Mrs. Freedman died on December 28, 1980, three days before the earliest date on which the song could be renewed. Her will left all her copyright interests to her sister, Mollie Goldstein. No one on the Freedman-Goldstein side of the ownership line renewed "Rock Around the Clock,"

), with his second wife, Ditta. See F. Bonis, *Bela Bartok: His Life in Pictures and Documents*, at 281 (1982).

¹¹⁹ 523 F.2d at 942 n.2.

¹²⁰ *Ibid.*

¹²¹ 605 F. Supp. 692 (S.D.N.Y. 1985).

which would clearly have fallen into the public domain at the end of 1981 except for the fact that the co-author, James Myers, was still alive and validly renewed the work in January of that year. The issue before the court was: Who owned what had been Max Freedman's half-interest in the song? Judge Carter took this as a question not of policy but of abstract logic and answered on the basis of what he construed to be the iron structure of the renewal provision.

At the beginning of the renewal term, he ruled, the renewal interest in "Rock Around the Clock" passed under the terms of Section 304(a). "Following that section's four-step procedure, the renewal rights could not vest, first, in the author, Max Freedman, because he was not alive at the time of vesting. Second, the rights could not vest in Ray Freedman as Max Freedman's widow because she, too, was not alive when the vesting date arrived. Third, the rights could not vest in the executor . . . of Max Freedman's estate, because [that person] was Ray Freedman, and, as noted, she was not living at the time of vesting. [Citing *Silverman*¹²² as authority.] Consequently, the renewal rights passed, fourth, to whoever was Max Freedman's next of kin on vesting day."¹²³

Such are the delights of pure reasoning in the magic kingdom of will-bumping. The logic that first generated the "compulsory bequest" by the author to the spouse-and-children class now generates a new "compulsory bequest" to the author's next of kin on vesting day whenever the *entire* membership of the spouse-and-children class dies between the death of the author and the time for renewal of a work. The will of such a successor class member governs ownership of the work during as much of the work's first term as remains after the successor class member's death, but at the beginning of the work's renewal term all such testamentary bequests are "bumped" in favor of whatever relatives of the author, no matter how remote, constitute as of that time his "next of kin." This result is no more ridiculous—and no less—than the other specimens of mechanical jurisprudence that we have considered in previous section of this article.

The crucial absurdity in Judge Carter's chain of reasoning is its third link, where he argued that the "executor" of Max Freedman's estate could not succeed to the renewal interest because that person was Freedman's widow, who died during the song's first term. But suppose that Freedman's will had appointed a corporate executor, or a human being who in fact had lived into the renewal term. Would such an executor have priority to renew over Freedman's next of kin? Judge Carter's reasoning seems to suggest by negative implication that the answer to this question is Yes. If so, as fiduciary for whom would such an executor have priority to renew? The only logical

¹²² *Supra*, note 87.

¹²³ 605 F. Supp. at 695-696.

answer is for the residuary legatees under the author's will, provided it contained a residuary clause.

It seems then, that where all members of the spouse-and-children class die in the first term, but the author's executor survives into the renewal period, the wills of the successor class members, insofar as they bequeath interests in the work's renewal term, are "bumped" not in favor of the author's next of kin but rather in favor of his residuary legatees. On the other hand, where all members of the spouse-and-children class die in the work's first term and so too does the author's executor, once again the wills of the successor class members are "bumped," insofar as they bequeath interests in the work's renewal term, not in favor of the author's residuary legatees but rather in favor of his next of kin. In the wonderful world of will-bumping, one wild result breeds others with the fecundity of a wild rabbit.

Suppose the author dies testate in a work's first term but is unsurvived by spouse or children, so that the will-bumping scheme would seem to allow him total testamentary freedom to leave the work to whom he pleases. If, at the time of renewal, no one is serving as fiduciary of the author's estate, so that there is no "executor" who is statutorily entitled to renew, *Silverman* does clearly hold that any of the author's "next of kin" may validly renew the work on behalf of the next-of-kin class as a whole, thus bumping, with regard to the renewal term, even the will of an author who died testate without spouse or children.

As we have seen, the *Silverman* result is acceptable on a policy basis only on the assumption that a renewal by the next of kin, even at the cost of bumping the author's legatees, is better than the loss of the work into the public domain.¹²⁴ The *Silverman* rationale is clearly unacceptable when the work in question will *not* otherwise fall into the public domain for want of renewal. Since the renewal of "Rock Around the Clock" by James Myers was sufficient to protect the work as a whole, not just Myers' half-interest in it, there was no justification for Judge Carter to "bump" the will of Max Freedman's widow in favor of Freedman's next of kin. That result is supported, if at all, only by the Alice in Wonderland logic that courts have read into the renewal provision for generations.

IX. WILL-BUMPING: COUNTERMEASURES IN ESTATE PLANNING

These then are the substantive rules (if we want to use that term ultra-loosely) which govern the "bumping" of a creative person's will by the Copyright Act. What, if anything, can an estate planner do to circumvent them?

The first point to keep in mind is that the "window of vulnerability" of a will to being "bumped" is of limited dimensions. Where the author lived into

¹²⁴ See note 95, *supra*, and accompanying text.

the time when a work may be renewed, and actually renewed the work in his own right, then his will totally controls ownership of the work during the rest of its copyright life, and is safe from being "bumped" by the Copyright Act just like his inter vivos conveyance of the work during its second term.¹²⁵ Likewise, as we shall see in detail in the next section of this article, where the author did not create a particular work until on or after January 1, 1978, so that the work comes under the copyright statute which went into effect on that date, whatever testamentary disposition he makes of that work is safe from being "bumped" no matter at what point in its copyright life the author dies.¹²⁶ Therefore, if we measure from 1987, the year in which this article is being written, the only works of an author as to which will-bumping may be a problem are those first published between 1959 and December 31, 1978. In 1988 the earlier of the relevant dates will become 1960, in 1989 it will become 1961, and so on, but the later of the relevant dates will always remain December 31, 1978, so that in due course the "window of vulnerability" will be completely shut.¹²⁷

Even within the zone of vulnerability, there are steps which the estate planner can and should take in order to reduce, if not eliminate, the will-bumping threat. The attorney has the best chance to work around the problem where the estate being planned is that of the author himself. First, let us assume that the author client presently has a spouse and/or children. In this case circumvention of will-bumping is possible, but only on a basis of full disclosure to and full co-operation by every then member of the spouse-and-children class. The attorney must explain the will-bumping phenomenon to the author's spouse and children and must ask each of them to execute a document in which the spouse or child here and now assigns to the author the spouse's or child's renewal expectancy in each work of the author within the zone of vulnerability. In order to be valid, of course, each such assignment must be supported by adequate consideration.¹²⁸ If any of the author's children are minors at the time of estate planning, a guardian or conservator for each such child will need to be appointed in order to execute a valid assignment on behalf of the protectees. But assuming that these conditions are met,

¹²⁵ 17 U.S.C. § 304(a) (1978).

¹²⁶ See notes 140-143, *infra*, and accompanying text.

¹²⁷ *Ibid.*

¹²⁸ Although it held in *Fred Fisher* that an author is bound by term one inter vivos conveyances of term two rights if he lives into the work's second term, the Court did suggest that it might refuse to enforce a particular conveyance of this sort if executed "under oppressive circumstances." *Fred Fisher Music Publishing Co. v. M. Witmark & Sons*, 318 U.S. at 656. However, only one such conveyance has ever been invalidated since then, and in that case the consideration or assignment of renewal term rights was zero. See *Nimmer, Copyright*, § 9.06(B)(2) (1978).

the *Fred Fisher* decision¹²⁹ establishes that such inter vivos assignments by successor class members to the author are just as valid and binding, provided the assignor lives into the particular work's renewal term, as are inter vivos assignments of a renewal expectancy by the author or, for that matter, by successor class members to assignees other than the author.

Since *Fred Fisher*, it has become common practice for movie studios, in bargaining for film rights to authors' literary works, to insist that as part of the deal the author's spouse and children, if any, must assign to the studio the movie rights in their term two expectancies in the work.¹³⁰ The strategy available to the inter vivos assignee to reduce the likelihood of contract-bumping is also available to the author and his attorney to reduce the likelihood of will-bumping. Any assignor who lives into a work's renewal term is bound by his or her assignment, and any who die before renewal on that work comes due simply fail to qualify as successor class members as to that work and the will-bumping problem pro tanto vanishes. The careful and prudent use of inter vivos assignments by successor class members to the author, without fraud or undue influence or overreaching, is the key to avoidance of the will-bumping trap.

But this is by no means a foolproof strategy. It will succeed only if all those who turn out to be the successor class members to a work have executed inter vivos assignments to the author before the author's death. If the membership of the spouse-and-children successor class is altered or increased in any way between the time of estate planning and the time of the author's death, e.g., if the author marries a new spouse or has a new child or children, the strategy is almost certain to fail. This is why the attorney must impress upon the author the importance of a review of the estate plan whenever a subsequent spouse or child comes into the author's life.

Now let us assume that the author client at present has neither spouse nor children. If he is still childless and unwed at the time of his death, his testamentary bequest of term two rights in a work is nevertheless subject to being "bumped" by his next of kin under the *Silverman* doctrine¹³¹ if at the time the work is due for renewal the author's estate is not being served by a fiduciary who can renew. Therefore, it is crucial that the attorney representing the author's estate take whatever steps are necessary to insure that the probate court keeps an estate fiduciary in office for the purpose of renewing each copyright when due. If, after the estate has been planned, the author either marries or has children or both, the attorney must re-plan the estate according to the strategy outlined in the preceding two paragraphs.

So much for planning the estate of the author. Where the estate being

¹²⁹ *Supra*, note 63.

¹³⁰ See Nimmer, *Copyright*, § 9.06(C) (1978).

¹³¹ Note 95, *supra*.

planned is that of one of the author's statutory successors, the attorney's ability to work around the will-bumping phenomenon is severely circumscribed. First, let us assume that the estate being planned is that of a spouse or child of the author. As we have seen,¹³² where the author dies in term one of a work, the proper renewal applicants are those members of the spouse-and-children class who live into the renewal period. A spouse or child who dies before that time does not succeed to a share of the renewal interest in the work and, therefore, cannot bequeath any rights in that work by will. An attorney planning the estate of an author's spouse or child can do nothing to change this result if his client dies untimely. Even if the spouse-and-children class never consisted of more than one person, *Capano Music*¹³³ teaches that that person's will is "bumped" if he or she does not survive to renew.

Now, let us suppose that the estate being planned is that of a testamentary legatee of an author's work. As we have seen,¹³⁴ if the author died survived by spouse or children, at the beginning of the work's renewal term the will is "bumped" and the then surviving members of the spouse-and-children class have the highest priority to renew the work. Only if all members of that class have previously executed assignments of their renewal expectancies to the author is the author's will likely to be "bump-proof" in this situation. But if the author died *without* spouse or children, as we've seen,¹³⁵ under *Silverman* there is still a possibility that his will will be "bumped." The attorney representing a testamentary legatee in this situation must make absolutely certain that the author's estate continues to be served by a fiduciary who, as "executor," has priority to renew each copyright as it comes due for the benefit of the testamentary legatee. It is only if there is no renewal by an "executor" that the author's next of kin can bump the will under *Silverman* by renewing in their own right. If there is a timely renewal by an "executor," then even if the testamentary legatee dies before renewal comes due, the legatee's will should control the subsequent ownership of the work.

Finally, let us suppose that the estate being planned is that of one of the next of kin of an author who dies without spouse or children and intestate. In this situation, the attorney's only function is to make sure that each copyright renewal is filed in a timely manner by his client or at least by someone in the next-of-kin class. If, in fact, the client does not survive into the time for renewal of a particular work, he does not count as a member of the renewal class as to that work and, therefore, cannot bequeath renewal term rights therein to anyone else.

¹³² See text accompanying note 58, *supra*.

¹³³ Note 121, *supra*.

¹³⁴ See text accompanying notes 97-101, *supra*.

¹³⁵ See text accompanying notes 87-95, *supra*.

X. THE COMING DEATH OF THE WILL-BUMPING PHENOMENON

So far I have been rather harsh in my comments on the will-bumping phenomenon, but the time has come for me to say one good thing about it. Its days are numbered.

The current Copyright Act, which went into effect January 1, 1978, radically altered both the duration and the form of protection for all works created on or after that date. All such works are protected not under a two-term scheme but rather on the same basis that English copyright law has employed since 1842, i.e., for a single unitary term, and the term's usual duration is the same as English law has provided since 1911, namely for the life of the author plus fifty years.¹³⁶ No work created on or after January 1, 1978 ever needs to be renewed. And since no such work is subject to renewal, no testamentary disposition of such a work is ever subject to being "bumped" at renewal time.

But the renewal scheme of the earlier statute, including its will-bumping feature, remains fully applicable to every work protected by statutory copyright prior to the effective date of the new Act. Each of the hundreds of thousands of works in this category must still be renewed in its twenty-eight year of copyright life,¹³⁷ and if not renewed falls into the public domain at the end of its initial term. Upon timely renewal, such a work receives a second term of protection lasting for 47 years, so that its total copyright life will run for 75 years from first publication.¹³⁸ As for works that had been renewed before January 1, 1978 and were still protected as of that date, the new Act automatically lengthens the renewal term to such an extent that works of this sort will likewise enjoy a total copyright life of 75 years from first publication.¹³⁹

Every work protected by statutory copyright prior to January 1, 1978 remains subject to the restrictions on both contractual and testamentary freedom discussed in the body of this article. If the author dies during term one of such a work, his inter vivos conveyances and his testamentary bequests of rights in the work are subject to being "bumped" by the renewal provisions of the new Act, which are identical to those of the previous statute, if the conditions for bumping as discussed above have been met.

In addition, all works now protected by copyright, no matter when protection began, are subject under the new Act to the so-called right of termination, which, in essence, is a functional equivalent to the inter vivos contract-bumping aspect of the previous statute. If a grant of rights under a copyright was executed on or after January 1, 1978, it may be terminated by certain of the author's successors pursuant to one provision of the new Act,¹⁴⁰ and if

¹³⁶ 17 U.S.C. § 302(a) (1978).

¹³⁷ 17 U.S.C. § 304(a) (1978).

¹³⁸ *Ibid.*

¹³⁹ 17 U.S.C. § 304(b) (1978).

¹⁴⁰ 17 U.S.C. § 203 (1978).

such a grant was executed before that date, it may be terminated pursuant to the quite different provisions of another section.¹⁴¹ The details of the termination process are exceedingly complex and beyond the scope of this article.¹⁴² The crucial point for our purposes, however, is that *only* inter vivos grants of rights under a copyright are subject to the termination provisions. Bequests of copyright interests in a will are not.¹⁴³

The days of copyright law's intermeddling with creative persons' testamentary freedom are drawing to a close. Each year between now and 2005, authors and even some statutory successors of authors run the risk that their testamentary bequests of works due for renewal in that year will be "bumped" by the renewal scheme. But at the close of business on December 31, 2005, which is the last date on which any copyright can conceivably be renewed, the window of vulnerability will have shut tight and the will-bumping phenomenon will have faded forever into history.

And high time too. As we have seen, will-bumping was created inadvertently, grew haphazardly, was never subjected to any sort of policy debate as to its desirability, and throughout its life remained unknown, as it still is today, to most of the creative persons whose freedom it irrationally curtails and to virtually all the attorneys who must know of it if they are to plan creative persons' estates properly. The will-bumping phenomenon is a labyrinth for the ignorant (and the knowledgeable) and a pit for the unwary (and the cautious). As it lurches along the road to its inevitable end, let us shed no tears for its coming demise.

¹⁴¹ 17 U.S.C. § 304(c) (1978).

¹⁴² For a full discussion see Nimmer, *Copyright*, Ch. 11 (1978).

¹⁴³ Both § 203(a) and § 304(c) specify that the termination provisions apply only to grants of rights under a copyright "otherwise than by will. . . ."

53. PROTECTION OF AMERICAN COPYRIGHTS IN BOOKS ON TAIWAN

By JOSEPH T. SIMONE, JR.*

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Chinese words are rendered in the Wade-Giles style of romanization, except where reference is made to sources from mainland China, in which case the pin-yin style is used.

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INTRODUCTION

In 1985 U.S. publishers estimated that worldwide piracy¹ of American copyrights in books amounted to between \$700 million and \$1.4 billion annually.² Book piracy in Taiwan alone was estimated between \$118³ and \$250

¹ "Piracy" has three possible definitions regarding copyright. The first encompasses any reproduction of a copyrighted work in violation of applicable laws. See, e.g., E. DRONE, *THE LAW OF PROPERTY IN INTELLECTUAL PRODUCTIONS IN GREAT BRITAIN AND THE U.S.* 383-87 (1879). The second definition refers to all uncompensated and unauthorized reproductions, regardless of whether they violate applicable law. This essentially non-legal usage accords with the natural law approach to copyright, presuming literary works to be a form of personal property extending to each copy of a particular work. See S. LADAS, *THE INTERNATIONAL PROTECTION OF LITERARY AND ARTISTIC PROPERTY* 5-7 (1938). A third, more ambiguous use of the term applies where laws against unauthorized reproduction exist in a given jurisdiction, but formalities and enforcement difficulties preclude injured parties from asserting their legal rights.

Recognizing the rhetorical abuse of the word occasioned by resort to the second definition, this article employs the third definition, if not for accuracy, then for convenience's sake. Thus, for example, countries which do not take legal measures to protect foreign copyrights are not strictly "pirating" foreign copyrights.

² See International Intellectual Property Alliance (IIPA), *U.S. GOVERNMENT TRADE POLICY: VIEWS OF THE COPYRIGHT INDUSTRIES* 4 (1985) ("Pirates sell over \$1 billion in English language books worldwide at pirate prices, 70 percent of which are U.S. published. Another \$1 billion is lost through massive commercial unauthorized photocopying.") Unauthorized reproduction of all U.S. copyrighted works (including books, films and videos, musical works and computer software) was estimated at \$8 billion. *Id.* at 2, citing U.S. International Trade Commission, *THE EFFECTS OF FOREIGN PRODUCT COUNTERFEITING ON U.S. INDUSTRY, FINAL REPORT ON INVESTIGATION NO. 332-158 UNDER SECTION 332(B) OF THE TARIFF ACT OF 1930* (Jan. 1984). These industry figures may be misleading since not all pirate sales displace sales of legitimate works. This is especially true in less developed countries where the

million.⁴ Since 1951 Taiwan publishers have reproduced over 20,000 pirated English language titles, of which 7-8,000 were reportedly being sold as recently as 1979.⁵

Because U.S. copyright laws⁶ have no effect abroad⁷ American copyrightholders must rely on protections granted through participation in the Universal Copyright Convention (UCC),⁸ through the so-called backdoor

difference in retail prices of legitimate and counterfeit products is greatest and the ability of consumers to pay for legitimate products is lowest. By the same token one could speculate that sales of pirate works in certain countries create both product identification and dependence that can increase long term sales for foreign rightsholders when the pirate market is finally legitimized.

For an up to date overview of the level and economic impact of copyright, trademark and patent piracy in selected countries (including Taiwan) see R. Gadbow & T. Richards, et. al., PROSPECTS FOR IMPROVEMENT OF INTELLECTUAL PROPERTY PROTECTIONS IN SEVEN DEVELOPING NATIONS (1987) (in press; compiled by the Washington, D.C. law firm of Dewey, Ballantine, Bushby, Palmer & Wood) (hereinafter Intellectual Property Prospects).

³ In 1985 U.S. publishers estimated domestic sales of pirated American books in Taiwan at \$8 million; exports to third countries were put at \$110 million. IIPA, PIRACY OF U.S. COPYRIGHTED WORKS IN TEN SELECTED COUNTRIES, REPORT TO THE UNITED STATES TRADE REPRESENTATIVE SUBCOMMITTEE ON INTELLECTUAL PROPERTY ii (1985) (hereinafter IIPA Report).

⁴ *Testimony of Townsend Hoopes, (former) President of the Association of American Publishers, Before the United States Trade Representative Trade Policy Staff Subcommittee, June 25, 1985*, ("Taiwan piracy accounts for \$50 million in lost sales by American publishers in Taiwan, and \$200 million in lost sales caused by exports from Taiwan.") According to reports, in the last two years the degree of above ground piracy has been dramatically reduced, particularly in Taipei city. The current status of underground piracy, including export piracy, is still unclear. Furthermore, these figures do not reflect sales of unauthorized translations, the market for which has been estimated to be approximately ten times greater than that for foreign language books.

⁵ *Book Pirating is Lively on Formosa, but Authorized Reprints are Making Gains*, PUBLISHERS WEEKLY, July 16, 1979, at 33 (hereinafter PW) (estimating that half of all pirated works in Taiwan are textbooks).

For a fascinating historical treatment of the book piracy phenomenon on Taiwan, see D. KAISER, BOOK PIRACY IN TAIWAN (1969).

⁶ U.S. copyright laws are codified in the Copyright Act of 1976, 17 U.S.C. §§ 101-914 (1978).

⁷ *Robert Stigwood Group v. O'Reilly*, 530 F.2d 1096 (2d Cir. 1976); *Beechwood Music Corp. v. Vee Jay Records, Inc.*, 328 F.2d 728 (2d Cir. 1964); *but see Hoffenberg v. Kaminstein*, 396 F.2d 684 (D.C. Cir.), *cert. denied*, 393 U.S. 913 (1968) and *Basevi v. O'Toole Co.*, 26 F. Supp. 41 (S.D.N.Y. 1939).

⁸ Universal Copyright Convention, Sept. 6, 1952, revised at Paris, July 24, 25 U.S.T. 1341, T.I.A.S. No. 7868, reprinted in 5 COPYRIGHT BULL. (UNESCO), No. 3, 1971 (hereinafter UCC). The U.S. is also signatory to two other multilateral copyright conventions of lesser import. See Pan American Copyright Convention (Buenos Aires), Aug. 11, 1910, 38 Stat. 1785, T.S. No. 593, 155 L.N.T.S. 179; Convention for the Protection of Producers of Phonograms

to the Berne Convention,⁹ or through bilateral agreements. Both the UCC and Berne Convention are administered through United Nations organizations (the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the World Intellectual Property Organization (WIPO), respectively). In 1971, after the government on Taiwan, the Republic of China (ROC),¹⁰ was forced to withdraw from the United Nations,¹¹ the ROC be-

Against Unauthorized Duplication of their Phonograms, *opened for signature* Oct. 29, 1971, 25 U.S.T. 309, T.I.A.S. No. 7808, 866 U.N.T.S. 67.

⁹ The Berne Convention affords protection to works simultaneously published in a Berne member country. The Berne Convention for the Protection of Literary and Artistic Works, Sept. 9, 1886, *last revised at* Paris, July 24, 1971, art. 5, *reprinted in* 7 Copyright 135 (1971) [hereinafter Berne Convention]. See also S. STEWART, INTERNATIONAL COPYRIGHT AND NEIGHBORING RIGHTS 107-108 (1983) (illustrating criteria for protection for the works of non-member citizens under the Convention). Protection accorded to foreign works under both the UCC and Berne Convention follows the principle of "national treatment." *Id.* at 106.

The U.S. is presently considering accession to the Berne Convention, as well as changes in U.S. law that would be necessary to ensure conformity with the Convention. See Report of the State Department Working Group on U.S. Adherence to the Berne Convention, *reprinted in* 33 J. COPR. SOC'Y 184 (1986). Barriers to Berne accession are summarized in Sandison, *The Berne Convention and the UCC: The American Experience*, 11 COL.-VLA J. OF L. & ARTS 101 (1987).

¹⁰ In 1927 the Kuomintang (Nationalist) Party established the ROC throughout mainland China. By 1949 an ongoing civil war between the Nationalists and Communists forced the ROC government into exile on the island province of Taiwan. The governments of both the ROC and People's Republic of China (PRC) assert themselves to be the sole government of all China. The ROC currently maintains diplomatic relations with only a handful of small nations, but continues to conduct robust economic relations with virtually all non-communist countries. See generally J. HSIUNG (ED.), THE TAIWAN EXPERIENCE, 1950-1980 (1980).

The U.S. broke diplomatic relations with the ROC on January 1, 1979. See President Carter's Statement of Intention to Grant Diplomatic Recognition to the PRC, December 15, 1978, *reprinted in Termination of Treaties: The Constitutional Allocation of Power, Materials Compiled by the Committee on Foreign Relations, United States Senate, Committee Print*, 95th Cong., 2d Sess. 320 (1978). On questions arising from derecognition and Taiwan's current status under international law, see generally Sheikh, *The United States and Taiwan after Derecognition: Consequences and Legal Remedies*, 37 WASH. & LEE L. REV. 323 (1980). The current ROC and PRC governments both look forward to some form of reunification; however, the differing political and economic environments between Taiwan and the mainland make speculation on the form of such a union difficult. See Pye, *Taiwan's Development and Its Implications for Beijing and Washington* 25 ASIAN SURVEY 611 (1986) (stating that Taiwan's developing democratic institutions may function as additional barriers to reunification); Trong & Chai, *The Future of Taiwan*, 26 ASIAN SURVEY 1309 (1986); Christiansen, *Self-Determination for the People of Taiwan*, 14 CA. W.

came politically, if not legally barred from joining these conventions.¹² The U.S. has maintained copyright relations with Taiwan through bilateral agreement.¹³

Observers frequently state that book piracy is an inevitable symptom of the economic development process.¹⁴ Given their extreme reliance on foreign

INT. L.J. 471 (1984); Goldstein, *An Independent Taiwan is Not in the Cards*, FAR EASTERN ECONOMIC REVIEW May 14, 1987, at 28 [hereinafter FEER]; *id.*, July 24, 1986, at 23-29.

For bibliographic references on Taiwan's legal system, see C. JOHNSON, *THE REPUBLIC OF CHINA ON TAIWAN: A SELECTIVELY ANNOTATED BIBLIOGRAPHY OF ENGLISH LANGUAGE MATERIALS* (1986) (in press).

¹¹ United Nations General Assembly Resolution 2758 (XXVI) 8 UN MONTHLY CHRONICLE 61 (No. 10) (1971); 8 UN MONTHLY CHRONICLE 26 (No. 11) (1971).

¹² On Oct. 29, 1971, the UNESCO Executive Board voted to accept only PRC representation in agency matters. NEW YORK TIMES Nov. 1, 1971, at 8, col. 1. See Burnett, *Chinese Participation in the United Nations: Some Legal Implications*, 2 LAWASIA 37 (1971) (speculating on legal arrangements for Taiwan to continue its participation in the UN and its agencies). Taiwan's exclusion from participation in the UCC and Berne Convention is primarily precluded by the ROC's claim to be the sole government of all China. Since the vast majority of U.N. member states, including the U.S., recognize PRC representation in all U.N. affairs, ROC adherence to either convention would require direct negotiations between the ROC and PRC governments, an event precluded by Taiwan's longstanding "no contacts" policy. See *supra* note 10.

¹³ Treaty of Friendship, Commerce and Navigation with China, Nov. 4, 1946, art. 9, 63 Stat. 1308-09, T.I.A.S. No. 1871 (hereinafter FCN Treaty). Taiwan's Supreme Court issued a binding precedent affirming the ROC's recognition of its obligations under the FCN after derecognition in Judgment of June 6, 1985, Tai Shang Tzu, No. 2936. See also Chiu, *The Position of Customary International Law and Treaties in Chinese Law* in TRADE AND INVESTMENT IN TAIWAN 232 (H. Ma. 2d ed. 1985). The U.S. continues to recognize its obligations under the FCN through the Taiwan Relations Act, 22 U.S.C. §§ 3301, 3304(c) (1979). For more on U.S.-Taiwan relations, see Randolph, *The Status of Agreements between the American Institute in Taiwan and the Coordination Council for North American Affairs*, 15 INT'L LAWYER 249 (1981); Zhao, *The Main Legal Problems in the Bilateral Relations between China and the United States*, 16 N.Y.U. J. INT'L L. & POL. 543 (1984); Wolfinger, *U.S.-China Relations: Has President Reagan's Communique Revised International Obligations toward Taiwan?*, 14 CA. W. INT'L L.J. 326 (1984).

¹⁴ See, e.g., Altbach, *Publishing in India: Crisis and Opportunity*, in PUBLISHING IN THE THIRD WORLD 124 (P. Altbach ed. 1985) (also observing that tolerance of piracy has decreased only as the volume and speed of international communications has increased).

Legal protection under copyright has historically followed technological advances permitting substantial increases in public access to copyrightable works (e.g., the printing press, phonograph machines, etc.) See STEWART, *supra*, note 9, at 174-715 (discussing the development of copyright and neighboring rights protections in Europe and the U.S.). Attitudes with respect to the per-

knowledge, less developed countries (LDC's) are unable and/or unwilling to provide compensation to foreign publishers for legitimately produced books.¹⁵ In some cases developing countries ignore copyright protection even for their own authors in order to keep the prices of all books as low as possible.¹⁶ The activities of foreign governments and publishers seeking to enforce their copyrights in developing countries therefore raise important questions

ceived morality of piracy (like attitudes toward tax avoidance) hinge to a great extent on the enforceability and likelihood of enforcement of copyright laws in a given context.

In the 19th century, book piracy, mainly of British works, flourished in the U.S. It was estimated that between 1800 and 1860, half of the bestsellers in the U.S. were pirated. *Id.* at 25. After intense political campaigning by the English and allied American publishers and writers, the U.S. finally granted copyright protection to British works in 1861. See A. CLARK, *THE MOVEMENT FOR INTERNATIONAL COPYRIGHT IN 19TH CENTURY AMERICA* (1960).

During the 17th and 18th centuries in Great Britain, book piracy was likewise described as a "common offense." See M. PLANTE, *THE ENGLISH BOOK TRADE* 111-121 (2d ed. 1965); C. JUDGE, *ELIZABETHAN BOOK PIRATES* (1934).

The above is not meant to suggest, however, that piracy does not exist in developed countries. Video piracy, for example, is estimated to dominate up to ten percent of the U.S. market, *NEW YORK TIMES*, May 18, 1987, at C-13, col. 1; and up to twenty five percent of the British market, *VARIETY* May 6, 1987, at 49, col. 3.

- ¹⁵ According to UNESCO statistics the student population in LDCs increased 150 percent between 1965 and 1975, while educational spending in some places actually decreased. See *Piracy, The Other Cheek, or a Left Hook*, *BOOKSELLER* Jan. 24, 1981 at 231. Statistics gathered in 1964 indicated that while 27 percent of the world's population lives in Asia and Africa, only 2.6 percent of all books produced annually were published in these places. M. BUGOSLAVSKY, *COPYRIGHT IN INTERNATIONAL AFFAIRS* 37 (1979). Likewise, of all works translated before 1978 in UN countries, more than half were produced in only eight developed countries. See *PUBLISHING IN THE THIRD WORLD*, *supra* note 14, at 6.

Some writers on Third World copyright believe that international copyright is thrust upon developing countries by information exporting, developed countries. *E.g.*, Valdeheusa, *Need to Stop, Look and Listen: Copyright and Piracy at the 21st IPA Congress*, 12 *ASIAN BOOK DEVELOPMENT* 9 (1980); Stewart, *International Copyright in the 1980's—The 18th Annual Jean Geiringer Memorial Lecture*, 28 *BULL. OF COPYRIGHT SOC.* 351, 378 (1982). The actions and perceived attitudes of developed world governments and industries with respect to information trade with LDCs have given rise to charges of both economic and cultural imperialism, and to calls for a new "world information order." See G. GERBNER & M. SIEFERT (EDS.), *WORLD COMMUNICATION, A HANDBOOK* (1983).

- ¹⁶ *PUBLISHING IN THE THIRD WORLD*, *supra*, note 14, at 144. Even where domestic copyrights are respected, observers have speculated that non-protection for foreign works can reduce market prices for domestic works and thereby reduce resources available to local authors. UNESCO, *Piracy and Creativity*, 15

about the purpose of copyright laws, generally,¹⁷ and about the means for enforcing them in different economic and social contexts.

Beginning in the early 1980's, the U.S. began to apply pressure on Taiwan and other pirating nations to expand copyright protections for American works.¹⁸ As an apparent result of this pressure, in 1985 the Taiwan govern-

COPYRIGHT BULL. 4-5 (1981). See also UNESCO, *Piracy: Contribution to an Analysis of the Phenomenon*, 17 COPYRIGHT BULL. 10 (1983).

- ¹⁷ Copyright is commonly justified as a moral right of authors and as a necessary economic incentive for creativity. See STEWART, *supra*, note 9, at 3-12 (also comparing Anglo-American, socialist and developing world approaches toward copyright). Empirical support for the economic incentive approach to copyright is not entirely conclusive, however. Compare Breyer, *The Uneasy Case for Copyright: A Study of Copyright in Books, Photocopies and Computer Programs*, 89 HARV. L. REV. 281 (1970) with Tyerman, *The Economic Rationale for Copyright Protection for Published Books: A Reply to Professor Breyer*, 19 BULL. COPR SOC'Y 99 (1971). A recent detailed economic analysis of copyright concludes that:

Unlimited copying reduces social welfare and . . . restrictions on copyright . . . enhance social surplus [depending on the following factors]: (1) the degree to which copying reduces the demand for originals as opposed to increasing total consumption, (2) the elasticity of supply of creative works, and (3) the value consumers place on product variety. Some attempt to measure these three factors . . . would seem to be the next item on the research agenda.

Johnson, *The Economics of Copying*, 93 J. OF POL. ECON. 158 (1985).

Copyright in the U.S. is based on art. I, § 8, cl. 8 of the Constitution: "Congress shall have power to promote the Progress of Science and the Useful Arts, by securing for limited Times to Authors and Inventors the Exclusive Right to their Writings and Discoveries." American courts have recognized the public's interests in copyright over the author's private interests. See *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151 (1975):

[T]he purpose of balancing private gain against public access is to enhance the latter. Although this objective is pursued by attempting to guarantee a return to the creators of intellectual works, it is the public, not the author—that provides the motivation for that guarantee.

Id. at 156. The most compelling statement on copyright within sources of international law is in the Universal Declaration of Human Rights, art. 27, U.N. Doc. A/811 (1948):

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. Everyone has the right to protection of the moral and material interests resulting from any scientific, literary or artistic production of which he is the author.

- ¹⁸ The primary legislative tool for applying this pressure is § 332(b) of the Tariff Act of 1930, which authorizes the President to suspend import duty concessions accorded certain developing nations under the Generalized System of Preferences. See *infra*, notes 78 to 82 and accompanying text. Another tool is § 301 of the Trade Act of 1974, which authorizes the President to take retaliatory measures against unfair trading practices of foreign countries. In response to

ment revised its copyright law and has since taken other measures to facilitate enforcement.¹⁹

This article will first examine the history of copyright protection for American books in the Republic of China and review the factors which gave rise to the books piracy phenomenon in Taiwan. Next, it will analyze ambiguities in the protection accorded to U.S. authors and publishers under Taiwan's new Copyright Law. It will then review recent changes in the current market that have been induced in large part by the new law. Finally, long term barriers to copyright on Taiwan will be examined, and recommendations set forth for progress.

I. PRE-1949 COPYRIGHT

A. Protection of Copyrights in Dynastic China

With the advent of printing in Sung Dynasty China (960-1279) some forms of copyright reportedly existed that clearly parallel developments in the West.²⁰ Publishers were warned against allowing hired scribes to abridge books or alter their titles.²¹ After printing became common,²² the Imperial government issued exclusive licenses to reproduce written works from printing plates.²³ Over time, however, China's Confucian social order precluded the evolution of a more universal right of authorship. Since writers generally came from the scholar-official class and their incomes were guaranteed by the state, artistic productivity did not rely on financial incentives generated through book sales. As printing was expensive and publishing patrons constituted the elite of the scholar-official class, writers tended to view publication as a privilege inuring to their reputation, and little, if at all, as an economic

the imposition of a Section 301 action initiated against South Korea on Nov. 14, 1985, the Koreans quickly promised to provide protection for U.S. copyrights, and increase patent and trademark protection before 1987. FED. REG. 45883, Nov. 4, 1985; J. OF COMMERCE, Jan. 17, 1986, at 2, col. 1 (reporting South Korea's pledge to protect U.S. copyrights by the end of 1986 and join the UCC). On the current status of U.S.-Korean intellectual property relations, see Park, *Agreement between the U.S. and Republic of Korea Concerning Insurance Market Access and Intellectual Property Protection in the Republic of Korea, July 21, 1986*, 28 Harv. Int'l L.J. 168, 169-170 (1987) (Korea agrees to join the UCC and Geneva Phonograms Convention before 1988 and to enact a Computer Program Protection Law.)

¹⁹ See *infra*, notes 75-77 and accompanying text.

²⁰ For example, in England the King issued privileges to designated publishers, granting them a monopoly on book distribution which in turn served the Crown by inducing self-censorship. See STEWART, *supra* note 9, at 15-23.

²¹ See W. SHR. KUO-CHI CHU-TSO-CH'UAN FA (INTERNATIONAL COPYRIGHT LAW) 221 (1985).

²² On the development of printing in China, generally, see J. NEEDHAM, 5:1 SCIENCE AND CIVILIZATION IN CHINA (1985); T. CARTER & L. GOODRICH, THE INVENTION OF PRINTING IN CHINA AND ITS SPREAD WESTWARD (1955).

²³ *Supra*, note 21.

opportunity.²⁴

By the 19th century, Confucian society began to deteriorate under pressures generated to a great extent by contact with the outside world.²⁵ Changes in the intellectual and commercial atmosphere likely gave rise to a true "market" for Chinese and foreign books. Accordingly, copyright law in the late Ch'ing Dynasty²⁶ began to reflect the range of interests involved in publishing, including the economic rights of authors and the public's right of access to reasonably priced books. At the same time, the state sought to protect both itself and society from what were believed to be harmful ideas.²⁷

B. *The 1903 Commercial Treaty*

In 1903 the Imperial government concluded commercial treaties with the U.S. and Japan that included identical copyright provisions.²⁸ Legal protection offered to American and Japanese books was limited to reprints "especially prepared for the use and education of the Chinese people," and specifically excluded translation rights.²⁹ Among the factors that may have led the Americans to accept such weak terms were their lack of true bargaining power and a desire on the part of diplomats and missionaries to maximize the dissemination of American ideas in China.³⁰ Even had the terms of the Treaty been more favorable to U.S. works, however, China would likely have been unable to provide substantial enforcement, since the Imperial government's first copyright statute did not issue until 1910.³¹ One year later this

²⁴ As a general matter, the prevalent ethic among Confucian scholar-officials eschewed all forms of commercial activity.

²⁵ On the internal and external pressures for modernization in early 20th century China, see S. TENG & J. FAIRBANK, *CHINA'S RESPONSE TO THE WEST* (1979).

²⁶ While no copyright code existed until the final year of the Ch'ing Dynasty (1644-1911), certain similar rights were accorded to Chinese authors through publication laws. See SHR, *supra*, note 21, at 251.

²⁷ See K. TCHENG, *China*, in 2 *LA. PROPRIETE LITTERAIRE ET ARTISTIQUE: LOIS FRANCAISE ET ETRANGERS* 5-6 (C. Lyon-Caen ed. 1889). Copyrights were enforced according to magistrates' discretion. Infringers were punished with eighty lashes, though if the author's edition was priced too high, the infringer would go free and the author be blamed for his predicament. More often than not authors would not complain of infringements, as piracy was considered complimentary. *Id.*

²⁸ Treaty with China for the Extension of Commercial Relations, Oct. 8, 1903, art. 9, 33 Stat. 2213 (1905), T.S. No. 430. The treaty with Japan is discussed in LADAS, *supra*, note 1, at 996.

²⁹ *Id.* The Chinese once determined that history textbooks published in the U.S. and reprinted in Shanghai were not "especially prepared for the use of the Chinese" pursuant to the Treaty. See Letter from Sai-wu Pu to Minister Rockhill, June 1, 1907, in [1907] 1 Foreign Rel. U.S. 253 (1910). See also Hall, *Pirating of American Books in China Booms*, PW, Nov. 18, 1939 at 1917-18.

³⁰ See LADAS, *supra*, note 1, at 996.

³¹ The 1910 law is printed in 25 *LE DROIT D'AUTEUR* 117 (1912).

government collapsed. In 1915 the subsequent Republican (Peking) government issued a statute similar to that issued in 1910.³² Soon thereafter this government also disintegrated. In 1923 the government of the Republic of China began to extend its sovereignty over the country and issued a copyright law in 1928.³³ In the years to follow, however, administration of the country was inhibited by warlordism, Japanese invasion and civil war. The degree of protection accorded copyrights during this period, be they Chinese or American, was likely to have been negligible.³⁴

C. *The 1946 Treaty of Friendship, Commerce and Navigation*

In 1946 the U.S. and ROC governments renegotiated their copyright relations in a Friendship, Commerce and Navigation Treaty (FCN) in which the Chinese pledged to grant protection to U.S. works at a level "no less favorable" than that provided to Chinese citizens.³⁵ The Chinese continued to deny protection of U.S. translation rights through a protocol accompanying the FCN.³⁶ Furthermore, protection of U.S. reprint copyright in the ROC depended upon "compliance with the applicable laws and regulations . . . respecting registration and other formalities."³⁷ Under the 1928 copy-

³² The 1915 law is printed in A. KOTENEV, SHANGHAI: ITS MUNICIPALITY AND THE CHINESE 429 (1927).

³³ The 1928 law is printed in DROIT D'AUTEUR 110 (1931). A summary of its provisions is contained in LADAS, *supra* note 1, at 994, and in French in Lavagna, *Le Droit D'Auteur en Chine*, IL DIRITTO DI AUTORE 102 (1937).

³⁴ During the 1930's piracy in mainland China of imported foreign books was said to be fueled both by advances in reprint technology and rapid fluctuation in the value of silver. See PW April 18, 1931, at 2011. In 1939, one American publisher commented on the extent of piracy as follows:

[O]ne may scan the pages of any of the Chinese dailies if one can read Chinese or *The China Press* or *The Shanghai Evening Post and Mercury* (both American owned) and see in plain English the titles of not all the best sellers in America, but hardly any are missing and they I assume are in press.

PW, *supra* note 29, at 1914.

³⁵ See *supra*, note 13.

³⁶ Protocol with China, Nov. 4, 1946, art. 5(c), 63 Stat. 1323 (1950), T.I.A.S. No. 1871 (supplementing the FCN with the translation rights provisions of the 1903 treaty). The U.S. Senate proclaimed a reservation to this protocol which the ROC government subsequently accepted. *Proclamation concerning the coming into effect of the Treaty and Protocol of 1946 with China*, Jan. 12, 1949, 63 Stat. 1383 (1950), T.I.A.S. No. 1871. While the legal effect of this acceptance under U.S. and international law has never been established, the American position stated in the proclamation seemed to function as a mere request for translation rights and not as an unequivocal assertion of such rights. For further discussion, see Note, *The Protection of American Copyrights under Nationalist Chinese Law*, 71 HARV. INT'L L.J., 71, 80-81 (1971).

³⁷ Compare Berne Convention, Art. 5(2) ("The enjoyment of copyrights shall not be subject to any formality"); UCC Art. III(1) (sole condition to protection of copyrights is the attachment of notice); UCC Art. III(3) (permitting member

right law and subsequent amendments,³⁸ copyright attached in a work only upon registration.³⁹ Infringements occurring before that time could not be redressed.⁴⁰ Moreover, the law's enforcement rules required that applications for registration be accompanied by two copies of the work and a fee up to twenty five times its retail price.⁴¹

II. BOOK PIRACY IN TAIWAN: 1949-1985

A. Contributing Factors

In 1949, after years of civil war with the Chinese Communists, the ROC government withdrew to the island province of Taiwan. Two sets of factors catalyzed rapid development of pirate publishing. The first set explains the increase in demand for American works. The second set explains why demand was not satisfied through non-piratical channels.

Factors behind increased demand for U.S. works include: (1) the emergence of English as the *lingua franca* in Taiwan, following America's role in Asia during World War II; (2) rapid economic and social development⁴² (spurred in large part by U.S. aid programs)⁴³ which continually stimulated

states to impose post-infringement procedural formalities as a condition to obtaining remedies).

³⁸ The ROC copyright law was later amended in 1944, 1949, and 1964.

³⁹ By contrast, in the U.S., under Section 13 of the 1909 Copyright Act, Chinese copyright holders could bring claims in U.S. courts without registering their works prior to infringements. Under this law, however, registration was—and still is under Section 411 of the 1976 Act—a mandatory procedural prerequisite for bringing suit. See also 17 U.S.C. §§ 412, 504 & 505 (making available statutory damages and attorneys' fees only to plaintiffs who register their copyrights within three months of first publication or before infringement).

⁴⁰ Though no U.S. plaintiff exploited its provisions, Article 23 of the 1964 copyright law's enforcement rules sanctioned use of the ROC Civil Code's "wrongful acts" (unjust enrichment) statute against infringers of unregistered works. See *Min Fa* (Civil Code) Art. 184 (requiring proof of intent or negligence, and actual harm). Access to this quasi-copyright protection was confirmed by the success of a Chinese plaintiff in Supreme Court Judgment (55) T'ai Shang Tzu, No. 1779 (1966).

⁴¹ Furthermore, the law prohibited registration for censurable or otherwise illegal publications, including works "of exhortation and propaganda" and works contrary to the principles of the ruling political party (the Nationalists). LADAS, *supra* note 1, at 995. The relationship between copyright and censorship in Taiwan's 1985 copyright law is discussed *infra* notes 117 to 120 and accompanying text.

⁴² Growth in Taiwan's GNP between 1964 and 1974 averaged 10 percent annually. MONETARY STATISTICS OF THE ROC 87-88 (1984).

On the development of the Taiwan economy, generally, see S. KUO, GROWTH WITH EQUITY: THE TAIWAN CASE (1979); W. GALESON, ECONOMIC GROWTH AND STRUCTURAL CHANGE IN TAIWAN (1979).

⁴³ Direct U.S. economic aid to Taiwan between 1951 and 1968 amounted to \$1.5 billion, the equivalent of \$10 annually for every person on the island. These

demand for current technical and cultural information; (3) the ready availability of inexpensive and technically advanced photo-offset equipment;⁴⁴ and (4) the presence of expatriate Americans in Taiwan, serving as a significant market for pirate reprints of bestselling novels.⁴⁵

By contrast, the factors precluding the development of legitimate publishing are less straight forward. As a matter of publishing history, prior to World War II, American textbooks, novels and reference books experienced relatively little international demand. After the war, despite a marked increase in international demand, American publishers occupied themselves almost exclusively with growing domestic markets. Foreign rights were customarily sold in batches to more internationally experienced British publishers.⁴⁶ Meanwhile, in the decade following the war, Taiwan's economy was severely depressed.⁴⁷ Prices for locally manufactured items, including books, were extremely low and Taiwan pirates could sell reprints at one tenth or less of the U.S. list price of the work.⁴⁸ Therefore, even had U.S. and British publishers desired to license reprint rights in Taiwan, the royalty payments from low priced, limited run editions would rarely have covered even the transaction costs of authorizing works.⁴⁹

Because pirate publishers competed among themselves in issuing identical works, the speed of book distribution became the determining factor of commercial success. Consequently, early pirate editions could satisfy the greatest part of market demand for a given work before the licensed or imported version could be substantially distributed. The combination of all these factors reduced the attractiveness of legitimate reprinting to both Taiwan and U.S. publishers. And, of course, linguistic and cultural barriers further stifled the interest in expanding business ties between the two.

Beyond these primarily economic barriers to legitimate publishing, however, were the legal and administrative hurdles to copyright protection for

figures do not include military aid, which exceeded economic aid during the period. GALESON, *id.* at 244. See also N. JACOBY, U.S. AID TO TAIWAN: A STUDY OF FOREIGN AID, SELF HELP AND DEVELOPMENT (1966).

⁴⁴ See KASER, *supra*, note 5, at 30.

⁴⁵ *Id.*

⁴⁶ C. BENJAMIN, U.S. BOOKS ABROAD, THE NEGLECTED AMBASSADORS 9-14 (1984). This pattern of world rights licensing also involved reciprocal arrangements for the licensing of British works in the U.S. In an anti-trust settlement agreement in 1976, U.S. publishers promised to cease licensing world rights and instead distribute licenses on a regional or country by country basis. See *United States v. Addison Wesley Publishing Co.*, Trade Cases (CCH) ¶ 61,225 (S.D.N.Y. 1976).

⁴⁷ Despite rapid economic growth rates, actual per capita GNP on Taiwan rose from \$125 in 1952 to only \$410 in 1971. MONETARY STATISTICS OF THE ROC, table 111 (1984).

⁴⁸ See KASER, *supra*, note 5, at 30-31.

⁴⁹ *Id.*

U.S. books, such as registration costs,⁵⁰ unpredictable treatment of infringement suits by ROC courts,⁵¹ and the absence of deterrent penalties in the copyright law itself.⁵² U.S. publishers believed that the ROC government retained onerous registration requirements specifically to prevent American books from being registered in substantial numbers. In turn, the Chinese likely feared that if all U.S. books were registered, U.S. publishers could then refuse to grant reprint licenses to local publishers and thereby force Taiwan students and other readers to either pay relatively high prices for imported books, or do without books deemed necessary for development.

B. Reduction of Registration Fees and Increased Licensing

In the late 1950's U.S. publisher complaints and media reports of mail order exports of U.S. textbooks from Taiwan to the States brought the American government to pressure the ROC for change.⁵³ As a result of this pressure, in 1959 registration fees were lowered from twenty five to ten times the retail price of the work, and book exports were banned as violations under ROC smuggling laws.⁵⁴ These measures were too late, however, to prevent the U.S. from implementing one of its retaliatory threats. In 1959 the State Department discontinued a technology transfer program on which the ROC had come to depend heavily.⁵⁵ Retaliatory action not taken, though unequivocally raised in Senate hearings on Taiwan book piracy, included discontinuance and reduction of economic and military aid to the island.⁵⁶

Reduction of registration fees from twenty five to ten times the retail price of books, however, was still considered prohibitive by U.S. publishers, and under continuing pressure, the ROC government lowered registration fees again in 1965 to three times the retail price for textbooks and six times

⁵⁰ LADAS, *supra*, note 1, at 993. During the 1950's and early 1960's, the Taiwan government printed registration forms only in Chinese, thereby forcing foreign applicants to procure the services of local attorneys. High registration fees also reportedly went to covering the government's expenses in examining works for objectionable content. KASER, *supra*, note 5, at 32.

⁵¹ *Id.* at 97-99.

⁵² Plaintiffs had to prove intent and damage awards were limited to proven harm; furthermore, virtually all convicted copyright infringers could convert their prison sentences to nominal fines. *See infra*, notes 124 to 133 and accompanying text.

⁵³ KASER, *supra*, note 5, at 53-56.

⁵⁴ *Id.* at 78. *See also* NEW YORK TIMES, May 2, 1960, at 4, col. 5 (Nationalist government decree banning book exports issued March 4, 1960).

⁵⁵ KASER, *supra*, note 5, at 67-70. This program, the Informational Media Guarantee, provided mainly periodical literature to Taiwan. Ironically, continuation of the program was advocated by the same U.S. publishers who complained of book piracy.

⁵⁶ *Id.*

the retail price for all other books.⁵⁷ Thereafter, the market for all types of books retained its predominantly pirate character, but licensing agreements between U.S. and Taiwan publishers became more common. Reflecting this development, between 1965 and 1966 copyright registrations of U.S. books in Taiwan tripled.⁵⁸

Under these licensing agreements the Chinese reprinted books in lower quality, lower priced editions, and took responsibility for registration. In most cases it was understood that reprinters would bear the cost and inconvenience of dealing with infringements.⁵⁹ Mistrust between American and Chinese publishers, however, impeded greater expansion of licensing. Taiwan publishers were reported to conclude contracts over one work while simultaneously pirating a different title produced by the same U.S. publisher. In addition, Taiwan publishers were regularly thought to under-report the number of copies reproduced under reprint licenses. Suspicions of such activity continue to the present.⁶⁰

C. *Structure of the Pirate Book Market*

The pirate reprint market can be broken down into three general categories. The following description of these categories applies for the most part to the current market. Changes brought on by the revised 1985 copyright law are detailed *infra*.⁶¹

(1) *Licensed, high profit works, including perennially popular school textbooks and bestselling fiction*

Piracy of these works is predictable, mitigated in part only by gentle-

⁵⁷ Enforcement Rules to the Copyright Law, art. 16, para. 1 (1965). While registration fees were reduced, applications normally took over six months to process. Only in 1986 did the Ministry of Interior (MOI) state its intention to reduce this processing period to a maximum of three months.

⁵⁸ Ministry of the Interior (MOI), *Statistics on Copyright Registration, 1950-1986* (hereinafter MOI Statistics). From 1955 to 1964 registrations of U.S. books averaged only six per year. Registrations jumped from thirty nine in 1965, to 124 a year later, and to as high as 228 in 1968. *Id.* See also PW, *supra* note 5, at 33-35 (estimating that over 600 reprint licensing agreements were concluded between Taiwan and U.S. publishers through 1977).

⁵⁹ Most reprinters were likely deterred from litigation due to the expense involved, a cultural bias against resort to legal institutions, and to some extent, their own unclean hands. Until recently all but one or two of Taiwan's forty registered foreign language reprint publishers regularly engaged in varying degrees of book piracy. See PW, *supra*, note 5, at 33-35. Some of these reprinters regularly requested reprint licenses from U.S. publishers, but subsequently pirated after being turned down or receiving no reply.

⁶⁰ Interview with C. Liao, Vice-Chairman, Copyright Holders' Association, in Taipei, Taiwan (July 1, 1986).

⁶¹ See notes 84-140 and accompanying text.

men's agreements among larger publishers.⁶² Litigation generates minimal deterrence, particularly given limited damage awards by the courts.⁶³ And while a pirate edition can be distributed by hundreds of shops and street vendors, determining the identity of the actual pirate publisher may be impossible. Pirate works are often either exact copies of another licensee's version or of the original American edition. Other works are distributed which contain no information or evidence indicating the identity of either the legitimate or pirate publisher.⁶⁴

(2) *Unlicensed, high profit works*

These include the same works mentioned in the previous category, except that the original U.S. publisher does not grant reprint rights to any Taiwan publishers. In some cases the U.S. publishers reject or ignore reprint request from Taiwan out of indignation from past instances of piracy. In other cases, publishers reject requests in order to concentrate on importing books from the States or importing regionally produced "Asian editions,"⁶⁵ and thereby achieve greater accountability and profits. Since market prices for imported books are significantly higher than for licensed reprints or pirated versions, the demand for legitimate imports is relatively small and piracy in them is unrestrained. Although in the case of legitimate reprints the local licensee theoretically retains a substantial economic stake in protecting his copyright, low-volume importers appear to have less of a stake, thus reducing their incentive to register works and litigate against infringers. In this way, importing actually encourages piracy.

⁶² Some of the larger reprint publishers organized an industry association in the mid-1960's that has encouraged communication and limited consensus among reprinters. Interview with J. Chiu, Chairman of the Taiwan Foreign Language Book Publishers' Council, Taipei, Taiwan (June 17, 1986). Divisions between these publishers continue to impede organized efforts to halt piracy, though two attempts during the 1960's were nearly successful. See, e.g., PW, May 30, 1966, at 58 (reporting a program to end piracy which was to provide royalty payments on Taiwan reprints to U.S. publishers out of U.S. government aid funds); KASER, *supra*, note 5, at 29-39, 88-99 (describing the unravelling of anti-piracy programs due to conflicts among Taiwan publishers).

⁶³ Low damage awards reduce incentives to plaintiffs to further litigate against pirates and are, moreover, absorbed by the pirates themselves as a mere cost of doing business. See *infra*, notes 124-133 and accompanying text.

⁶⁴ Interview with N. Li, Vice-Chairman, Mei Ya Publications (June 17, 1986).

⁶⁵ Asian editions are low cost reprints that were previously produced in Japan but more recently in Singapore. At first these editions were intended to serve Third World markets with limited local printing facilities. See also *infra*, notes 145-149 and accompanying text.

(3) *Unlicensed, low profit, low distribution works, including certain reference books, non-bestselling fiction, and less popular school textbooks*

Because the market for these works is relatively small, neither Taiwan reprinters nor U.S. publishers initiate licensing negotiations. The U.S. publisher expects to distribute the work exclusively through imports produced in the states. Normally such works are not registered for copyright in Taiwan. If there is enough local demand (for example, from school teachers requesting limited numbers for their classes) a pirate may proceed to reprint. Meanwhile, if no other pirates compete by producing another edition of the same work, the market operates to raise retail prices to a maximum, thereby denying readers one of the only benefits of piracy.⁶⁶

D. *Exports*

In 1985 U.S. publishers claimed that Taiwan was exporting approximately \$110 million in pirate reprints annually.⁶⁷ These figures were based on seizures of book shipments performed in Taiwan and African ports, and from sightings of Taiwan reprints in developing African and Middle Eastern countries.⁶⁸ Verification of these estimates and their origin in time is difficult, however. Taiwan pirate reprints turning up in many countries have been discovered to have actually been printed in pirate centers such as Singapore.⁶⁹ Even if the above estimates are not accurate, though, the existing evidence demonstrates that responsibility for Taiwan book piracy is not limited to the reprint publishers discussed above. Virtually none of these reprinters who serve domestic markets maintain their own printing presses. International traders—Chinese and perhaps foreign—likely act as the true commissioning agents for exported books,⁷⁰ while the printers of these books may even be unaware of their pirate character.⁷¹

Third World demand for reprint exports from Taiwan clearly demon-

⁶⁶ University professors in Taiwan have been known to order reprints from pirate publishers in order to reduce the financial burdens on students. Whole texts are also photocopied by students in school copying facilities. Chiu Interview, *supra* note 62.

⁶⁷ See *supra*, notes 3 & 4.

⁶⁸ IIPA REPORT, *supra*, note 3, at 2 (Taiwan chapter).

⁶⁹ *Id.* at 6 (Singapore chapter).

⁷⁰ Quasi-official trade missions from Taiwan have reportedly traveled to developing countries and solicited orders for pirated English language reprints. IIPA REPORT, *supra*, note 3, at 2 (Taiwan chapter). See also VARIETY, June 24, 1987, at 83, col. 3 (reporting the conviction of an American citizen for copyright infringement in the distribution to third countries of 290,000 Taiwan-made counterfeit cassette tapes).

⁷¹ Interview with C. Chiang, Prosecutor, Taipei District Court, in Taipei, Taiwan (June 19, 1986). Infringing printers can avoid prosecution by claiming lack of knowledge or by revealing the identity of the commissioning publisher. Hsing-

strates the global nature of the book piracy phenomenon. In countries where protection of foreign copyrights is lax or non-existent,⁷² local publishing and printing industries are underdeveloped⁷³ and foreign publishers cannot supply competitively priced books, pirate imports from places like Taiwan may be irresistible.

III. TAIWAN'S 1985 COPYRIGHT LAW

A. Pressures Behind the Revision

The ROC's legislative body, the Legislative Yuan, promulgated a revised copyright law⁷⁴ on July 10, 1985 as part of an ongoing program to strengthen protections for all types of intellectual property.⁷⁵ This movement consists not only of revisions in the law⁷⁶ but also of administrative and enforcement reforms and campaigns.⁷⁷ The motivation behind these reforms is provided in part by Taiwan's desire to eliminate its international reputation as the

fa (Criminal Code) art. 16 (1954) ("punishment may be reduced according to the circumstances").

⁷² Most Persian gulf countries reportedly offer no copyright protection whatsoever to foreigners. See U.S. Copyright Office, *To Secure Intellectual Property Rights in World Commerce*, Sept. 21, 1984, at 80 (unpublished).

⁷³ Many LDCs import pirate works rather than investing in local publishing industries. This behavior is attributed mainly to a lack of capital for purchases of printing machinery as well to overreliance on foreign aid in the form of reduced cost or free books. Golding, *The International Media and the Political Economy of Publishing*, 26 LIBRARY TRENDS, 453-68 (1978); Altbach, *Literary Colonialism: Books in the Third World* 45 HARV. ED. REV. 6 (1975). For a succinct illustration of these problems as experienced in Pakistan, see FEER, Nov. 7, 1985, at 73.

⁷⁴ Chu-tso-ch'uan-fa (Copyright Law) (1985) (effective July 12, 1985).

⁷⁵ A favorable review of Taiwan's progress is contained in Silk, *Legal Efforts of the U.S. and ROC on Taiwan at Controlling the Transnational Flow of Counterfeit Goods*, 10 M.D. J. OF INT'L LAW AND TRADE 209 (1986).

⁷⁶ See MINISTRY OF ECONOMIC AFFAIRS, ROC EFFORTS AND ACCOMPLISHMENTS IN THE PROTECTION OF INTELLECTUAL PROPERTY 6-8 (1985) (hereinafter ROC EFFORTS) (STATING THAT THE ROC TRADEMARK LAW WAS REVISED IN 1983 AND ANNOUNCING THAT A FAIR TRADE LAW, ENCOMPASSING ASPECTS OF ANTI-TRUST AND UNFAIR COMPETITION, IS CURRENTLY BEING DRAFTED); *id.*, ROC'S DETERMINATION TO ERADICATE COUNTERFEITING AND CURRENT ACCOMPLISHMENTS 2 (1986) (hereinafter ROC ACCOMPLISHMENTS).

⁷⁷ ROC EFFORTS, *id.* at 9-19 (reporting the establishment of specialized courts and the centralization of investigative units and procedures in intellectual property cases). From 1982 to 1984 the number of criminal convictions for copyright infringement in Taiwan doubled from 36 to 72. ROC ACCOMPLISHMENTS, *supra*, note 76, at 12. More recent statistics from Taiwan's Ministry of Interior note interestingly that between November, 1985 and February, 1987, 955 cases of copyright infringement involving "literary works" were "uncovered," and 43,910 pirated works were seized. MOI, Statistics of Uncovered Copyright Infringement Cases, Nov. 1985-Feb. 1987.

world's greatest supplier of counterfeit goods. By according greater protection to foreign intellectual property, Taiwan also hopes to attract greater foreign investment.

The pace of intellectual property reform in Taiwan and in many other countries with a high degree of counterfeiting appears closely linked to pressures applied by the U.S. government.⁷⁸ The primary methods for applying this pressure on Taiwan have been bilateral discussions and the legislative mechanism behind the Generalized System of Preferences (GSP) program.⁷⁹ In bilateral talks the U.S. submits analysis and criticism of draft ROC legislation and communicates industry complaints over existing law and enforcement practices. The GSP program has provided the primary impetus for these discussions⁸⁰ by requiring an annual review of Taiwan's performance in

⁷⁸ See *Subcommittee on Oversight and Investigation of the Committee on Energy and Commerce, United States House of Representatives, Unfair Foreign Practices—Criminal Components of America's Trade Problem*, 98th Cong., 1st Sess. (April 1985). For a brief review of progress by the U.S. government in achieving copyright protection for American works in Korea, Singapore, Malaysia, Indonesia and Thailand, see SMITH, MEYER & SIMON, *Trade-Based Approaches to Copyright Protection*, in CONTEMPORARY COPYRIGHT AND PROPRIETARY RIGHTS ISSUES, 309 (1987). See also INTELLECTUAL PROPERTY PROTECTIONS, *supra*, note 2 (analyzing the importance of intellectual property in international trade and comparing the effects of U.S. government pressures on Argentina, Brazil, India, Mexico, South Korea, Singapore, and Taiwan).

⁷⁹ The GSP program provides duty free access to U.S. markets for specified non-competitive goods originating in beneficiary countries. Eligibility for the program is based on mandatory criteria: communist states, OPEC members and countries that nationalize the property of U.S. citizens are not eligible, 19 U.S.C. § 2462(b) (1985) and discretionary criteria, including: "the extent to which [a] country provid[es] adequate and effective means under its laws for foreign nationals to secure, to exercise and to enforce exclusive rights in intellectual property." 19 U.S.C. § 2462(c)(5).

The legislative history behind the GSP is in 5 UNITED STATES CODE CONGRESSIONAL AND ADMINISTRATIVE NEWS 510-527 (1984). For an upbeat assessment of the range of government efforts in this area, see GOVERNMENT ACCOUNTING OFFICE, STRENGTHENING WORLDWIDE PROTECTION OF INTELLECTUAL PROPERTY RIGHTS (1987).

The Caribbean Basin Economic Recovery Act (Caribbean Basin Initiative) contains similar provisions affecting Caribbean nations. 19 U.S.C. § 2701 et. seq. (1983). See also Campagna, *Video and Satellite Transmission Piracy in Latin America: A Survey of Problems, Legal Strategies and Remedies*, 20 INT'L LAWYER, 961, 981-83 (1986).

For analyses of efforts to provide enforcement mechanisms for the protection of intellectual property rights through the General Agreements on Tariffs and Trade (GATT), see Intellectual Property Prospects, *supra*, note 2, at chp. 2 and Bradley, *Intellectual Property Rights, Investment, and Trade in Services in the Uruguay Round: Laying the Foundations*, 23 STANFORD J. OF INT'L L. 57 (1987).

⁸⁰ The implied threat of a so-called 301 action has also served as an important,

protecting U.S. intellectual property as well as rights in other areas, including protection of the labor rights of Taiwan workers.⁸¹ Neither definitive standards for continued eligibility under the program nor the relative importance of intellectual property protection in relation to other criteria for eligibility have yet been established.⁸² In any case, evidence suggests that the Legislative Yuan seriously considered the possibility of losing GSP beneficiary status when enacting the new Copyright Law.⁸³

B. Highlights and Ambiguities in the New Law

Taiwan's new copyright law significantly increases both civil and crimi-

though less quantifiable, factor in encouraging negotiations. *See supra*, note 18.

⁸¹ 19 U.S.C. § 2462(a)(7). Protection of labor rights attempts to fulfill human rights objectives as well as fairness in trade by indirectly boosting wage levels for Taiwan workers.

In 1984, the GSP program affected over \$12 billion in U.S. imports from beneficiary countries, \$4 billion of which came from Taiwan, thus making it the largest overall beneficiary of GSP—in both per capita and per country terms. U.S. Department of Commerce Circular, *GSP Beneficiary Nations* (1985). In 1987, the U.S. government reduced benefits to a number of more advanced beneficiaries, including Taiwan. Bureau of National Affairs, 4 INT'L TRADE REP'R 5 (Jan. 1, 1987) (noting a 28% reduction in the amount of goods affected by GSP, world wide, and a 37.5% reduction in benefits to Taiwan). These cutbacks in GSP benefits to Taiwan were not apparently linked to the island government's failure to respect U.S. intellectual property rights under Section 2462. While cutbacks may ultimately decrease the responsiveness of the Taiwan government to leverage exerted through the GSP, Taiwan's overall reliance on U.S. markets should continue to guarantee that it will remain responsive to U.S. concerns over intellectual property. Approximately 50% of Taiwan's \$40 billion in exports in 1984 went to the U.S., leaving a trade surplus for Taiwan of over \$6 billion. U.S. DEPARTMENT OF COMMERCE, FOREIGN ECONOMIC TRENDS AND THEIR IMPLICATIONS FOR THE U.S. (TAIWAN) 2 (April 1985). In 1986 the U.S. trade deficit with Taiwan reached a record \$15.7 billion, representing in per capita terms a deficit roughly three times greater than that with Japan. U.S. DEPARTMENT OF COMMERCE, 1986 FOREIGN TRADE HIGHLIGHTS A-210 (1987). The U.S. could conceivably exercise direct leverage by linking enforcement of intellectual property rights in Taiwan to penalties or positive incentives affecting other import programs. *See, e.g.*, PW, Oct. 4, 1985, at 17 (reporting that in late 1985 one U.S. Senator considered a bill that would have eliminated export quotas on shoes from Taiwan in exchange for more rapid progress by the Taiwan government in eliminating book piracy).

⁸² *See* 5 U.S. CODE CONGRESSIONAL AND ADMINISTRATIVE NEWS 5221 (1984).

⁸³ It may have been more than coincidence that the Legislative Yuan promulgated the new law the day before GSP renewal hearings were to be held in Washington, D.C.

nal sanctions against infringers.⁸⁴ More significantly, however, it protects the works of Chinese citizens⁸⁵ upon creation and not upon registration, as was the case in earlier ROC copyright laws.⁸⁶ The law continues to deny translation rights to all non-ROC citizens.⁸⁷

The following discussion will isolate two sets of legal issues left unanswered by the new law that could significantly affect American books. The first set, dealing with the applicability of the FCN Treaty, retroactivity, fair use, censorship provisions, and the registration of assignments, raises questions concerning the copyrightability of works in various circumstances. The second set examines questions concerning remedies and infringement, including civil and criminal damages, seizures instituted by complainants, and seizures initiated by third parties.

Taiwan's legal system is based on civil law principles.⁸⁸ Normal lower

⁸⁴ See *infra*, notes 124-133 and accompanying text. On the duration of Taiwan copyrights, see *infra*, note 111.

⁸⁵ Chinese Citizens include ethnic Chinese living abroad, except those who affirmatively waive their ROC citizenship. Nationality Law, art. 1.

Given the PRC and ROC governments' dual claims of sovereignty over the whole of China, questions arise as to the status of copyrights originating in one territory but distributed in the other. Reportedly, mainland publishing houses have attempted to remit royalties to Taiwan authors whose works they have reproduced without authorization. Non-controversial mainland works are also reproduced on Taiwan, though the government's "no contacts" policy precludes either the payment or acceptance of royalties.

⁸⁶ Copyright Law, art. 4, para. 1. Other significant provisions in the new law not bearing on book copyrights include explicit protection for computer software (art. 4, para. 1, cl. 14) and video tapes (art. 4, para. 1, cl. 11), provisions for the future establishment of collecting societies with respect to copyrights in musical works (art. 21), and extension of duration in film copyrights from ten to thirty years (art. 11).

⁸⁷ Copyright Law, art. 17, para. 2. Protection for foreign translation rights does extend to the following works, however: "Creative musical works, scientific-technological and engineering design drawings, and art collections." *Id.* While pictorial works and photographs seemingly enjoy complete protection under Article 4, it appears that these copyrights will not be enforced when published along with translated text where accompaniment of the pictures is "necessary for clarification purposes." Copyright Law, art. 13, para. 4. Judges appear to be interpreting these provisions narrowly so as to deny foreigners copyright in pictorial works such as nature magazines and children's books. Interview with W. Shr, Member of the Copyright Committee of the Ministry of Interior (June 17, 1986). SHR-JYE R-PAO, Jan. 8, 1986, at 2, col. 1 (National Geographic photographs not protected under Article 13). Note, however, that the law specifically protects the moral rights of authors in uncopyrighted works, ostensibly including translations. Copyright Law, arts. 26 & 44 (prohibiting modification, alteration or division of works, and imposing maximum criminal penalties of one year in prison and a \$750 fine).

⁸⁸ Sources of ROC law include the Japanese, German and Swiss civil codes. Ma, *The Legal System of the Republic of China*, 5 LAWASIA, 96, 99 (1974). For an

and appeal court judgments do not have precedential effect.⁸⁹ In the event of conflict between laws, or where questions arise for which statutes do not provide clear guidance, issues can be resolved only through new legislation, the issuance of binding precedents by the Supreme Court,⁹⁰ or through interpretations of law issued by the Council of Grand Justices. Thus, where difficult questions arise, the potential exists that various courts will disagree substantially and for longer periods of time than in common law legal systems with their respect for precedent.

I. PROTECTION OF U.S. WORKS UPON CREATION.

The 1985 copyright law protects the works of Chinese citizens upon creation, while maintaining the registration requirement for attachment of copyright in foreign works.⁹¹ Interpreting the national treatment provisions of the 1946 FCN Treaty, the Executive Yuan (the ROC government's executive organ) issued a decree effective January 8, 1986, specifying that copyright

overview of sources on Taiwan's legal system, see Hickman, *Protecting Intellectual Property Rights in Taiwan—Non-Recognized U.S. Corporations and their Treaty Right to Access to Courts*, 60 WASH. L.R. 117, 119-21 (1984).

⁸⁹ Ma, *General Features of the Law and Legal System*, in TRADE AND INVESTMENT IN TAIWAN 24 (H. Ma ed. 1985). Beyond incentives for promotion within the court system, judges have no legal duty to follow non-binding precedents. Hickman, *id.* note 83, at 121, n.19. Judicial promotions are, however, based in part on a point system which rewards decisions consistent with those made at higher appeal levels. See *infra*, note 166.

⁹⁰ Of decisions rendered by the Supreme Court, only those specifically designated have binding effect on lower courts. See Hickman, *supra*, note 88, at 120.

⁹¹ Copyright Law, art. 17. The 1964 law permitted injured parties to seek injunctive relief or damages only if application for copyright registration had been made before the time of infringement, the copyright owner could still attempt to register the work and bring an action to prevent future infringement; relief granted would not include an accounting for pre-registration sales, but would permit seizures of pirate inventories. See, e.g., KASER, *supra*, note 5, at 149.

Article 17 conditions access to registration for foreign citizens on fulfillment of either of the following criteria: (1) first publication in "the territory of the ROC," and (2) reciprocal protection for Chinese works in the foreign country, pursuant to treaty, law or "custom." Prior to the new law, at least 14 countries were permitted to register copyrighted works on Taiwan. See Lo & Lin, *Taiwan's Copyright Law: New Concepts, Remaining Questions*, EAST ASIAN EXECUTIVE REPORTS, Dec. 1985, at 23 (hereinafter EAER). The list includes Great Britain, France, Switzerland, West Germany, Spain, the Netherlands, Sweden, Italy, South Africa, South Korea, Japan, Australia, New Zealand, Canada and the U.S. Of these countries only the U.S., Great Britain, and Spain have been allowed to register ROC copyrights under article 17. See CHUNG-HUA R-PAO, Dec. 31, 1985, at 3 (Great Britain); TZU-YOU R-PAO, Dec. 12, 1985, at 2 (Spain). The current status of copyrights from the other countries that were registered under the 1964 law is unclear. These works may alternatively enjoy protection under the terms of that law, under the terms of the 1985 Law, or be considered to have fallen into the public domain.

would also attach in American works upon creation.⁹² Under ROC law, this Executive Decree is only binding on public prosecutors and not on judges.⁹³ While judges customarily act in accordance with these decrees, exceptions arise when their terms are deemed to conflict with existing legislation.⁹⁴ An ROC judge might discover such a conflict with regard to the January 8 decree based on the following factors. First, there is no binding authority in ROC law establishing the precedence of treaties over municipal law.⁹⁵ Second, article 17 of the new Law clearly contradicts the terms of the decree. The article states that foreign works which have been registered may enjoy protection only if Chinese works are protected in their country of origin, as demonstrated through treaty, legislation or custom. Treaties containing national treatment clauses therefore appear to be preempted, at least to the point that they do not require registration for enjoyment of copyright. Third, ROC jurisprudence indicates that where two laws conflict with each other (in this case the FCN Treaty and the copyright law), the terms of the law promulgated later in time governs.⁹⁶

Conflicts arising from the January 8 decree beg two methods for resolution. The Legislative Yuan could amend the copyright law to permit an ex-

⁹² SZU-FA CHOU-KAN (JUDICIARY WEEKLY), March 5, 1986, at 1, col. 1. The decision to provide American copyright protection upon creation was first announced during bilateral discussions held in October 1985. Wang, EAER, Dec. 1985, at 22.

An area of uncertainty incident to national treatment for American works concerns the necessity of registration for U.S. copyrights which have been assigned to citizens of third countries, and vice versa. Where the third country does not satisfy the first publication or reciprocity standards of Article 17 (meaning currently all countries except Great Britain and Spain), the Taiwan copyright likely enjoys no protection. By the same token, registration is likely necessary to protect copyrights involving third countries which qualify under Article 17. Completely ambiguous, however, is the question whether the above analysis applies in cases where something less than the entire, worldwide copyright has been assigned to a citizen of a third country (e.g., the entire Taiwan copyright, a limited duration license of the Taiwan copyright, etc.).

⁹³ ROC CONSTITUTION, art. 80.

⁹⁴ *Id.*, art. 172 (regulations that conflict with laws shall be void). See, e.g., T'ai Shang Tzu, No. 1474 (1985) (striking down an executive decree that conflicted with labor laws).

⁹⁵ The ROC constitution is silent as to the status of treaty law vis-a-vis municipal law. In any case, under ROC law, the FCN can be considered equal to municipal law, as it was ratified by the Legislative Yuan. See *Executive Rep.* No. 8, 80th Cong. 2nd Sess. 1-2 (1948); see also LI-FA CHUAN-KAN (JOURNAL OF LEGISLATION) 15-16 (Shanghai 1929) (Ministry of Justice order permitting courts to apply treaty law in deciding cases). There are non-binding authorities in ROC law that suggest the superiority of treaties to municipal. See Chiu, *supra*, note 13, at 230.

⁹⁶ See, e.g., C. WEI, HSING-FA YUAN-LI (PRINCIPLES OF CRIMINAL LAW) 524 (1982).

ception to the registration requirement for foreigners; alternatively, if a lower court decides to ignore the decree, an appeal court could petition the Judicial Yuan's Council of Grand Justices to determine once and for all the status of treaties vis-a-vis municipal law, and the effect of later municipal law on previously ratified treaties.⁹⁷ Final clarification through these channels could result in great delay and uncertainty. American rightsholders with a high stake in protecting their ROC copyrights are therefore best advised to register their works to avoid difficulties that may later arise over the January 8 decree.⁹⁸

2. RETROACTIVITY

The necessity of registration for works published from July 13, 1965 to July 11, 1985

As the prior copyright law required registration⁹⁹ for all works, regardless of the copyright owner's nationality, the question arises whether works created before the effective date of the new Law (July 12, 1985), must still be registered by U.S. and Chinese citizens¹⁰⁰ in order to enjoy protection against subsequent infringements. The enforcement rules accompanying the new law do not deal directly with this question. Article 28 of the rules merely states that unregistered works created prior to July 12, 1985 "which [were] *registrable* according to the [previous] law may apply for copyright registration" (emphasis supplied). No mention is made as to whether registration is *necessary* for future protection.¹⁰¹ By stating that such works "may" but not

⁹⁷ Law Governing Conferences for the Alteration of Decrees, art. 7. This article permits petitioning of the Council of Grand Justices by a government branch or after actual conflict arises in the courts. It is unlikely that the Executive Yuan will test the validity of its own decree. Thus, future petition to the Council would likely be the result of litigation between actual parties.

⁹⁸ To date, all U.S. copyrights that have been the subject of litigation in Taiwan courts have been registered prior to infringement. The opportunity has thus not yet arisen for judges to challenge the January 8 decree. Chiang Interview, *supra*, note 71. Prosecutor Chiang handled preliminary investigations in the majority of criminal prosecutions brought in Taipei city courts in 1985 and 1986.

⁹⁹ Registration still requires deposit of two copies of the work. Registration fees for books were reduced in 1986 to three times the retail price, with a maximum fee of NT\$3600 (approximately \$120). See MOI, CHU-TSO-CH'UAN CHU-TSE SHEN-CH'ING HSU-CHIH (FACTS ON COPYRIGHT REGISTRATION) 1-2 (1986). MOI has also created a waiver exception for deposits of special works. *Id.*

While registration forms are now printed in English and can be expedited by non-lawyers, Taiwan lawyers may charge as much as \$175 to file registrations.

¹⁰⁰ For convenience's sake, the following discussions assume that U.S. copyrights will finally be determined by Taiwan courts to enjoy protection upon creation pursuant to the FCN Treaty.

¹⁰¹ A prior draft of the enforcement rules required registration of all works created before the effective date of the new law (July 12, 1985) within two years. See Wang, *supra*, note 92. After two years all such unregistered works were to

"must" be registered, Article 28 of the rules can arguably be interpreted as presuming future protection without the requirement of registration. Neither the new law or the rules,¹⁰² however, provide a more substantial foundation for this interpretation.¹⁰³

The existence of copyright in unregistered works published before July 12, 1965

A further problem arising out of Article 28 of the rules concerns unregistered works published before July 12, 1965. According to the enforcement rules to the 1964 copyright law, works not registered within twenty years of "publication" were not thereafter eligible for registration.¹⁰⁴ As noted above, registration was a prerequisite to obtaining copyright under this law. Thus, such works arguably fell into the public domain twenty years after their first publication in the U.S.

Compelling arguments can be made for revival of these copyrights under the 1985 law, however, and regardless of whether protection must be activated by registration. The first argument relates to the definition of "publication" contemplated in the 1964 enforcement rules. It could refer to first publication worldwide or, alternatively, only to first publication in Taiwan. In the past, Taiwan copyright officials have, in fact, been known to employ

have fallen into the public domain. Elimination of this provision from the current rules does not imply, however, that registration requirements have been dropped. This question has not yet been resolved. In any case, assuming registration is required for these works, infringements against unregistered works may potentially be redressed through the Civil Code's unjust enrichment provisions, *see supra*, note 40, or, where applicable, through forgery statutes. Hsing-fa (Criminal Code) arts. 55, 210 & 216 (1935). *See also* Supreme Court Decision (49) T'ai Fei-tzu, No. 24 (1960) (binding precedent permitting application of forgery laws in copyright infringement suits where the contents, title, and the author's and publisher's names have been reproduced in the infringed works). Parallel protection may also be forthcoming under a soon to be ratified unfair competition law. *See* Draft Unfair Trade Practices Act, art. 19 (issued 1985). *Compare* 1976 Copyright Act, 17 U.S.C. § 301 (1978) (preempting state laws "equivalent to any of the exclusive rights within the general scope of copyright as specified by Section 106").

¹⁰² The new copyright law's enforcement rules were promulgated by the Executive Yuan and do not carry the status of law. Given their substantial impact on the rights and duties of copyright holders, provisions within the rules affecting retroactivity are arguably inoperative. *See* Laws Governing the Standards of Central Laws and Regulations, arts. 4 & 6 (1970) (requiring that matters affecting rights and duties of the people be determined by law and not by order).

¹⁰³ While a mechanical interpretation of the 1964 and 1985 laws' enforcement rules would appear to require registration of pre-1985 works, strong arguments can still be made against registration based on international copyright norms. *See, e.g.*, UCC art. III (precluding formalities as a prerequisite for copyright).

¹⁰⁴ Enforcement Rules to the Copyright Law, arts. 3 & 4 (1965).

the latter definition in some cases.¹⁰⁵ If this practice can be formalized, U.S. works that have not been reprinted or imported in substantial numbers in Taiwan before July 12, 1965 should be eligible for protection under the new law.¹⁰⁶

A second argument concerns the definition and nature of the public domain under Taiwan law. The 1964 law's registration based system provided that in any given case, after a work was first published, it would remain in the public domain for copyright purposes until duly registered. The 1964 law's enforcement rules clearly stated, however, that unregistered works would still be eligible to pursue less advantageous remedies under an unjust enrichment statute.¹⁰⁷ Thus it can be argued that the designation of a work as "public domain" should not be dispositive of future protection.

A third argument relates to international practice with respect to duration and retroactivity, generally. The UCC and Berne Convention provide minimum copyright duration of twenty five¹⁰⁸ and fifty¹⁰⁹ years, respectively, after the death of the author. With respect to retroactivity, the Berne Convention affirmatively states that its provisions "shall apply to all works [that] have not yet fallen into the public domain in the country of origin . . . through the expiry of the term of protection."¹¹⁰ These manifestations of international copyright norms clearly support (although they do not compel) the proposition that unregistered American works created before July 12, 1985 that are not yet in the public domain due to expiry of term,¹¹¹ should enjoy full protection on Taiwan under the new Law.

Restrictive interpretations by ROC judges on the scope of retroactivity

¹⁰⁵ The twenty year bar to copyright was partly based on the belief that authors who did not register for copyright in the stated period were thereby presumed to have voluntarily committed their works to the public. This presumption is clearly invalid when applied to foreign rightsholders. Thus, the practice of interpreting "publication" of foreign works as publication in Taiwan seems all the more reasonable. This practice furthermore satisfies the spirit of the definition provided in Article 3, paragraph 3 of the Berne Convention, which states: The expression "published works" means works published *with the consent* of their authors . . . provided that the availability of such copies has been such as to satisfy the reasonable requirements of the publisher, having regard to the nature of the work. (Emphasis supplied)

¹⁰⁶ Note, however, that public domain works are eligible under Article 24 of the law for a four year plate right upon proper registration with MOI.

¹⁰⁷ See *supra*, note 40. Given the absence of any preemption statute, the 1985 Law does not appear to eliminate this avenue of relief. Compare U.S. preemption doctrine, *supra*, note 101.

¹⁰⁸ UCC art. IV, para. 2(a). For certain classes of works the twenty five year term may commence from the date of first publication. *Id.*

¹⁰⁹ Berne Convention art. 7, para. 1.

¹¹⁰ Berne Convention art. 18, para. 1. Compare UCC art. VII.

¹¹¹ As under previous laws, the duration of book copyrights under the new law remains thirty years after the author's death. Copyright Law, arts. 9 & 10. Arti-

would clearly cause hardship to many U.S. and Chinese copyright holders whose works are reproduced without authorization. Other sources of ROC law do not appear to offer direct guidance for disposition of the retroactivity issues. Thus, barring more timely decisions from political quarters in Taiwan, the most appropriate source for an authoritative ruling appears to be the Legislative Yuan.

3. FAIR USE¹¹²

U.S. copyright industries previously articulated concern¹¹³ that Taiwan courts would broadly interpret the boundaries of fair use in infringement actions involving reproductions for educational purposes. The 1985 copyright law contains only one broadly worded provision which could be said to relate to this issue. Article 4, listing the contents of rights vesting in copyright, mentions the right to reproduce, perform, and lease "in accordance with the nature of the work."¹¹⁴ This clause is not further delineated; however, there is evidence that reproduction of educational materials undertaken without the intent to profit may be deemed fair use under the new law. A previous draft of the law specifically defined copyright infringement as reproduction "for profit,"¹¹⁵ and while this definition does not appear in the new law, the absence of more detailed fair use criteria could permit judges to employ the

cle 14 protects assigned works for thirty years or less, depending on the time of death of the author.

Additional retroactivity problems have arisen with respect to films, since the new law has increased duration of copyright in these works from ten to thirty years. For further analysis, see T. Seng, Brief on why the Present Copyright Law Protects Works Created Prior to Its Enactment (1986) (unpublished memo submitted by the Motion Picture Association of America to USTR, the U.S. Copyright Office, and the Patent and Trademark Office).

¹¹² Fair use is frequently defined by U.S. courts as: "[The] privilege in others than the owner of a copyright to use the copyrighted material in a reasonable manner without his consent, notwithstanding the monopoly granted to the owner." *Rosemont Enterprises, Inc. v. Random House, Inc.*, 366 F.2d 303, 306 (2d Cir. 1966) (quoting H. BALL, *THE LAW OF COPYRIGHT AND LITERARY PROPERTY* § 125 at 260 (1944)), *cert. denied*, 385 U.S. 1009 (1967). Section 107 of the Copyright Act of 1976 lists as potential fair uses "purposes such as criticism, comment, news reporting, teaching . . . scholarship or research." Factors considered in determining infringement include (but are not limited to) (1) the commercial, non-profit or educational purpose of the use, (2) the "nature of the copyrighted work," (3) the amount and substantiality of the portion used, (4) "the effect of use upon the potential market for, or value of the copyrighted work." For an overview of the boundaries of the fair use doctrine in U.S. courts see Raskind, *A Functional Interpretation of Fair Use*, 31 J. COPYRIGHT SOC'Y 601 (1984).

¹¹³ IIPA REPORT, *supra*, note 3, at 5-6 (Taiwan chapter).

¹¹⁴ Copyright Law, art. 4, para. 2.

¹¹⁵ Draft Copyright Law, art. 24 (issued 1984).

standards implied in the deleted article.¹¹⁶

4. EXISTENCE OF COPYRIGHT IN NON-REGISTRABLE WORKS

The Ministry of Interior, which administers copyright registration, requires that a censorship¹¹⁷ release form issued by the competent government organ accompany the registration applications of specified subject matter. For example, textbooks must be reviewed by the Ministry of Education.¹¹⁸ Article 6 of the law correspondingly states that works which have not been approved will not be eligible for registration, and that registration will also be denied (or revoked where already issued) for works banned from distribution under other laws.¹¹⁹ Since attachment of copyright in Chinese and (arguably) U.S. works no longer depends on registration, the question arises whether copyright owners of unapproved or banned works may still enjoy protection against infringement. This question potentially affects not only textbooks, but all other works considered by the government to be seditious, pornographic or otherwise objectionable.¹²⁰

¹¹⁶ Significantly, the fact that Article 3 of the new Law narrowly defines "leasing rights" as "for profit" tends to support an interpretation of other distribution rights as including both for-profit and non-profit uses. This interpretation follows the maxim "expressio unius, exclusio alterius," viz., the expression of one thing implies an intention to exclude another.

Taiwan judges sympathetic to more liberal interpretations of fair use may be inclined to consult Japanese practices. See T. DOI, *THE INTELLECTUAL PROPERTY LAW OF JAPAN* 224 (1980) (noting that Article 35 of the Japanese copyright law allows reproduction of works in the course of teaching, as long as it does not "unreasonably injure the interests of the copyright owner").

¹¹⁷ The ROC and PRC technically continue to be in a state of civil war. Both governments consider censorship a necessary tool to prevent dilution of ideology and to promote internal unity. See FEER, Dec. 26, 1985, at 26-32 (reporting on administrative prohibitions on the establishment of new newspapers and limits on the number of pages allowed in existing papers); WALL STREET J., April 9, 1985, at 20, col. 3. For an analysis of the development of Taiwan's democratic institutions see Pye, *supra*, note 10.

¹¹⁸ While some textbooks have reportedly been registered without submission of a censorship release form, it is unclear how such works—whether found censurable or not, would be treated in Taiwan courts under an infringement defense of improper registration.

¹¹⁹ Copyright Law, art. 6. Current censorship laws grant the government broad discretion to ban particular works. *E.g.*, Ch'u-pan-fa (Publications Law), art. 32 (1973).

¹²⁰ Where the copyright system of a given country carries a significant censorship function, the democratizing function of copyright—that of sustaining authors with diverse and sometimes unpopular opinions—is wholly negated. See generally Nimmer, *Copyright and the First Amendment*, 17 BULL. COPYRIGHT SOC'Y, 255 (1971).

U.S. courts may not deny copyright protection based on the work's political, artistic, or moral content. *Bleistein v. Donaldson Lithograph Co.*, 188 U.S. 239

5. COPYRIGHT IN ASSIGNED WORKS

Article 16 of the new law creates significant ambiguities with respect to assigned works. This article states: "Unless duly registered, the assignment, inheritance or pledge of a copyright may not be raised as a defense against a third party."

There are two types of ambiguities in the article. The first concerns the intended definition of "assignment," which could refer to assignment of the worldwide copyright,¹²¹ the entire Taiwan copyright, or a portion of the Taiwan copyright.¹²² The second ambiguity concerns the timing of the recordation of the assignment—must an assignment be recorded prior to an infringement or can it be accomplished afterward? It would seem unreasonable to require recordation of assignments for works that have not been actively exploited in Taiwan. By the same token, it may be that the only fair resolution will be one that matches the public policy interests behind recordation (judicial efficiency and accurate identification of copyright owners) with an *appropriate* penalty for failure to record in a timely fashion.¹²³

6. CIVIL AND CRIMINAL PENALTIES

Under the 1964 copyright law, civil damages were limited to the actual harm suffered by the plaintiff.¹²⁴ The 1985 law, however, reduces the plaintiff's burden of proving damages by providing minimum statutory damages of 500 times the retail price of the infringed work;¹²⁵ actual damage awards can, at the judge's discretion, be raised "in accordance with the profit obtained by the infringer and the loss suffered by the injured party."¹²⁶ The new law also increases criminal fines and prison terms¹²⁷ and eliminates the plaintiff's re-

(1903); *Mitchell Brothers Film Group v. Cinema Adult Theater*, 604 F.2d 852 (5th Cir. 1979). Compare *PONNUSWAMI, India*, in *STEWART, supra*, note 9, at 571 (stating that Indian and English courts can deny copyright to "tainted" works which violate public policy); Berne Convention, art. 17 (upholding the right of Union governments to control circulation of "any work in regard to which the competent authority may find it necessary").

For a historical survey on the evolution of early British copyright away from its censorship function, see *JUDGE, supra*, note 14.

¹²¹ Copyright is often referred to as a "bundle" of rights. Consequently, an author can structure an assignment of rights in a given work as a grant of all or only enumerated rights therein.

¹²² For example, a license to reprint and distribute copies of a work over a two year period in Taiwan.

¹²³ See, e.g., 17 U.S.C. § 205(d) (precluding institution of infringement actions by assignees until recordation of transfer with the Copyright Office).

¹²⁴ Copyright Law, art. 27 (1964).

¹²⁵ Copyright Law, art. 33. This refers to the retail price of the legitimate work in Taiwan, and not in the U.S. Successful plaintiffs can also publish records of judgments in a local newspaper at the infringer's expense. *Id.* at para. 4.

¹²⁶ *Id.*

¹²⁷ *Id.* at art. 38 (establishing a minimum prison term of six months for "reproduc-

quirement of showing intent or knowledge by the defendant.¹²⁸

Criminal suits undoubtedly provide a greater deterrence against future infringements. A more pressing reason for copyright plaintiffs to pursue criminal suits, however, lies in the inadequacies of civil suits under Taiwan law. Civil suits offer plaintiffs virtually no out of court discovery.¹²⁹ On the other hand, the two types of criminal suits available do offer opportunities for discovery.¹³⁰ Therefore, where plaintiffs have only inconclusive evidence of infringement in their possession, initiation of a criminal suit will be necessary to recoup satisfactory civil damages. In any case, the deterrent value in the new law's criminal fines and prison terms may justify institution of criminal suits in all cases involving the more incorrigible infringers. Under the 1964 law, virtually all infringers sentenced to prison could convert their terms to nominal fines.¹³¹ The new law appears to reduce significantly these opportunities for most infringers¹³² and eliminates them entirely for what are deemed "professionals."¹³³

7. SIGNIFICANCE OF COPYRIGHT REGISTRATION: OBTAINING SEIZURES

Timely seizures of infringing works are important to copyright holders because they help preserve the legitimate market for a work. There are two primary channels for obtaining pre-trial seizures of infringing articles under the ROC copyright law. One is through a public prosecutor, who will conduct seizures regardless of whether the infringed work has been previously

ers" of infringing works, a maximum term of three years, and maximum fines of approximately \$2800). *Compare* Copyright Law, art. 33 (1965) (providing maximum prison terms of two years, no minimum terms and maximum fines of approximately \$180).

¹²⁸ Copyright Law, arts. 38 & 39.

¹²⁹ Min-shih Su-sung-fa (Code of Civil Procedure), arts. 286-297. *See also* Ginsburg, *A Study Tour of Taiwan's Legal System*, 66 A.B.A.J. 165, 168 (1980).

¹³⁰ *See*, Hickman, *supra*, note 88 at 122 n.25. One type of criminal suit known as a "private prosecution," requires the complainant to conduct the procedural aspects of the case as if he or she were the public prosecutor. This is a potentially burdensome task for most plaintiffs and their counsel. Hsing-fa Su-sung-fa (Code of Criminal Procedure), arts. 228-318 (1967). The second type of suit, a public prosecution, is conducted by the public prosecutor who can often exercise undesired discretion in the original decision to indict. *Id.*

¹³¹ Hsing-fa (Criminal Code), arts. 41 & 42 (1982) (permitting conversions to fines for infringers sentenced to six months or less for offenses with maximum terms of three years or less).

¹³² Only convicted reproducers sentenced to exactly six months will be eligible to convert their sentences to fines. *See supra*, notes 110 & 114.

¹³³ The maximum prison term for professional infringers is five years. Copyright Law, art. 40. This provision applies to vendors and lessors, as well as reproducers of infringing goods. The definition of "professional," however, appears limited to those engaging in piracy as the sole source of their livelihood. Chiang Interview, *supra*, note 71.

registered.¹³⁴ The other channel, available only to registered works, is through the police.¹³⁵ Police seizures have generally been performed without the need for a signed warrant and are thus often more timely than prosecutorial seizures. There is, however, currently debate among legal circles in Taiwan as to whether police seizures may in fact require prior issuance of a search warrant from a public prosecutor or magistrate. With respect to normal criminal searches, in most cases absence of a warrant does not preclude the use of seized evidence.¹³⁶ Nevertheless, the requirement of obtaining a warrant can slow, and in some cases even suspend the seizure process where preliminary evidence of infringement is under the more circumspect scrutiny of prosecutors and magistrates.

B. SEIZURES UPON REPORT BY A THIRD PARTY

Criminal prosecutions and civil suits can only be initiated upon complaint by the copyright holder.¹³⁷ Article 35 of the new law introduces a perhaps unintended innovation, however, pursuant to which third parties (i.e., persons legally unrelated to the copyright holder) can report infringements involving registered works for the purpose of effecting seizures. Either before or after such a seizure, the copyright holder would have to be informed of the infringement and given the opportunity to file a complaint. If he or she declines, any seized articles would have to be returned to the infringer.¹³⁸

¹³⁴ Hsing-shih Su-Sung-fa (Code of Criminal Procedure) arts. 122 & 129 (1982) (allowing prosecutors to conduct searches where there is "good reason to believe" searched for articles exist). A prosecutor will initiate seizures on unregistered copyrights upon presentation of proof of infringement and evidence of copyright ownership by the complainant. Proof of infringement may include a copy of the pirate article, an itemized receipt, or a catalogue or advertisement containing the illicit work. Chiang Interview, *supra*, note 71. Required proof of ownership may include a copy of a U.S. copyright registration certificate, a certificate of incorporation or business registration and a copy of the genuine work. Where the copyright has been assigned, proof of the assignment is required, as well. It is unclear, however, whether formal registration of the assignment with the MOI is prerequisite for filing a complaint against infringers with the court. See *supra*, notes 121-133 and accompanying text.

¹³⁵ Copyright Law, art. 35.

¹³⁶ H. HSIAO, CHU-TSO-CH'UAN-FA CHU-TIAO SHIH-YI (LEGISLATIVE EXPLANATION OF THE COPYRIGHT LAW) 215 (1985). The fruits of illegal searches will only be withheld as evidence where the seizures involve excessive violence by the police. Hsing-shih Su-sung-fa (Code of Criminal Procedure), art. 132 (1982).

¹³⁷ Copyright Law, art. 47.

¹³⁸ Literary works violating the publications law may be retained by the police. Publications Law, art. 34. See, e.g., *First Court Victory Against Chinese Piracy*, PW, June 8, 1935, at 2218. Prosecutions initiated under the publications law are customarily brought by the Government Information Office (GIO), which until recently had been uninvolved with copyright matters (beyond issuance of

Article 35 clearly implies that a police decision to pursue a seizure based on third party complaints is discretionary, and no third party reports have yet been filed in Taiwan that have resulted in seizures.¹³⁹ Taken to its extreme, though, this new provision would permit police, government agencies, and industry groups to organize seizure campaigns against vendors or publishers of pirated books. Assuming that the deterrence generated by prosecutions brought by individual rightsholders is insufficient to alter pirating norms,¹⁴⁰ utilization of the collective resources of the ROC government or U.S. publishers through third party seizures may be the only legal method currently available in the law to deter mass pirating habits. Institutionalization of third party seizures would appear to require a high degree of coordination between police, the MOI (which would provide verification that works have been registered), and the actual copyright owners, so as to minimize the potential for abuse.

IV. CURRENT MARKET FOR LEGITIMATE BOOKS IN TAIWAN

A. Reprints

In response to passage of the new law and improved enforcement practices, the level of piracy among reprint publishers currently appears to be in abeyance.¹⁴¹ Larger reprinters have expressed a willingness to completely legitimize their operations.¹⁴² These publishers, most of whom previously engaged in some degree of piracy, are estimated to control 80% of the reprint market. The remaining 20%, however, are small and often illicit operations considered incorrigible by most other publishers.¹⁴³ Meanwhile, the majority of recently confiscated pirate editions contain no clues as to the identity of the pirate. Others are virtually identical copies of the legitimately reprinted or imported work.¹⁴⁴ As a result, detection and litigation against hardcore private reprinters continues to be difficult.

Meanwhile, in the past few years many American and British publishers have begun expanding printing operations in Singapore¹⁴⁵ in order to in-

ensorship release forms for the copyright registration of various works). See VARIETY, Jan. 8, 1987, at 4, col. 5 (reporting establishment of a registration system set up by GOI and the American Film Marketing Association to reduce piracy of legitimately licensed videos).

¹³⁹ Interview with G. Chuang, Judge in Taipei District Court, in Taipei, Taiwan, (July 4, 1986).

¹⁴⁰ The economic, legal, and social barriers to copyright are examined *infra*, notes 156-170 and accompanying text.

¹⁴¹ Publishers have reportedly begun destroying inventories of pirated works. Some printers have seen their business drop by one third due to fear of prosecution. ASIAN WALL STREET J., May 6, 1986, at 1, col. 1.

¹⁴² Chiu Interview, *supra*, note 62.

¹⁴³ *Id.*

¹⁴⁴ See *supra*, note 64 and accompanying text.

¹⁴⁵ FEER, July 3, 1986, at 28.

crease imports of popular editions to countries like Taiwan and correspondingly reduce the number of reprint licenses granted.¹⁴⁶ Profits are thereby increased both by retaining monies that would be siphoned off by the licensee and by reducing unit costs.¹⁴⁷

American publishers presently grant exclusive distribution licenses to Taiwan reprint publishers and specialized importers who order the largest number of copies of a given work. The Americans continue to rely on the Taiwan distributor to defend their copyrights and on the rising living standards of the populations to provide demand for their more costly books. By requiring pre-payment, the fears of American publishers about under-reporting the number of copies produced under reprint licensing contracts are mitigated.

Taiwan distributors of imported books have complained that shipments of imported copies are often delayed in transport to Taiwan, which consequently upsets their relations with retail book stores and school teachers.¹⁴⁸ During these delays pirate versions often enjoy a monopoly on the market. This has been especially true for textbooks, demand for which is time-sensitive.¹⁴⁹

The above developments suggest that ex-pirate distributors of imported books in Taiwan are the newest victims of piracy. Since they may be encouraged to over-estimate demand for a given work in order to compete in obtaining distribution licenses, and must pay for hard copies in advance, miscalculations and pirate competition can leave many distributors with excessive and expensive inventories. Their long term ability to survive in this type of market will therefore depend on the profitability of importing and the continued abatement in the overall level of piracy.

B. Translations

In the past few years the number of translations produced in Taiwan has grown significantly.¹⁵⁰ Most translations are prepared by Chinese language

¹⁴⁶ Interview with J. Chou, President, Caves Publishing Co., in Taipei, Taiwan (June 18, 1986). In the two years preceding 1986, the number of reprint rights granted to Taiwan reprinters by U.S. publishers dropped by up to 90%. Correspondingly, between 1985 and 1986, larger U.S. publishers saw revenues from imported books sales to Taiwan increase by over 50%.

¹⁴⁷ Interview with P. Liu, Sales Representative for McGraw Hill Publishing Co., in Taipei, Taiwan (June 3, 1986).

¹⁴⁸ Li Interview, *supra*, note 64; Chiu Interview *supra*, note 63.

¹⁴⁹ Students are expected to increase photocopying activity as book prices rise significantly above photocopying costs. *Id.*

¹⁵⁰ The number of translations registered for copyright rose from zero in 1982 to over 200 in 1984. MOI STATISTICS, *supra*, note 58. The number of full time translators is currently estimated at 100; ten to twenty of these are widely known by the reading public. The total market for translations is estimated to be ten times greater than that for foreign language books.

publishers. Recently, however, reprint publishers with established business ties to foreign publishers have also begun producing translations. In some instances these reprinters have paid nominal or full royalties to the foreign publishers in exchange for exclusive rights to the work.¹⁵¹ Despite the fact that foreign translation rights enjoy no protection under ROC law, these exclusive rights contractually bind the foreign publisher from granting their approval to translate to other parties. The payment of royalties by these reprinters can be explained in three ways. First, it boosts their commercial reputations with foreign publishers for the purpose of acquiring greater numbers of import distribution and reprint licenses. Second, translation licensing can be a useful trademark tool for recommending the quality of a given rendering over its competition. Works so distributed carry the author's implied approval—regardless of whether the work has been reviewed for accuracy by the original author or publisher. A third explanation assumes that Taiwan will be forced to grant U.S. authors translation rights in the near term. When this occurs, depending on the retroactivity provisions of this grant, the Taiwan licensee of translation rights might immediately become the sole legal distributor for the work.

Until recently, public opinion and officially stated government policy in Taiwan had been adamantly opposed to granting translation rights to foreigners.¹⁵² There are signs, however, that this may change. In April 1987 Taiwan and U.S. trade officials began negotiations specifically addressing the translation rights issue. In addition to direct U.S. pressure, Taiwan is keenly sensitive to the possibility of being upstaged by the PRC government. Since the early 1980's the PRC has been developing a copyright infrastructure and draft laws; government officials have further stated their intention to join one of the international copyright conventions within the next few years.¹⁵³ Ac-

¹⁵¹ Token royalties normally amount to around \$250. Recently, Caves Publishing Co. paid McMillan \$1000 and promised an additional 10% royalty to publish a translation of William Strunk's *Elements of Style* for a five year period. Chou Interview, *supra*, note 146.

¹⁵² See, e.g., MIN-SHENG-PAO, Jan. 8, 1986, at 9, col. 4.

¹⁵³ FOREIGN BROADCAST INFORMATION SERVICE (CHINA), March 27, 1987, at K-7 (quoting Xinhua press release reporting the expected passage of a copyright law in October, 1987). Latest indications are, however, that a PRC copyright law will not issue until early to mid-1988. For discussions on previous drafts of the law, see CHINA POST, Sept. 11, 1986, at 1, col. 1 and Goldberg & Bernstein, *International Developments: Proposed Chinese Copyright Law*, N.Y.L.J., Sept. 18, 1987, at 1, col. 1. The U.S. and mainland government do not have copyright relations. See Baumgarten, *Copyright Relations between the US and PRC: An Interim Report*, 10 BROOKLYN J. INT'L LAW 403 (1984). For more on PRC copyright, see Guo, *Some Opinions on Copyright in the People's Republic of China*, 1 J. CHINESE L. 63 (1987); Sidel, *Copyright, Patent and Trademark Law in the People's Republic of China*, 21 TEXAS INT'L L.J. 259 (1986); Guo, *China and the Berne Convention*, 11 COL.-VLA J. OF L. & ARTS 121 (1986);

cession to one or both of the conventions, would, of course, require protection of foreign translation rights.¹⁵⁴

But while Taiwan recognizes its interest in matching the benefits offered to foreigners by the PRC government, translation rights present special considerations of access for the island's readers. Taiwan fears that in the event both governments extend translation rights to U.S. works, U.S. publishers may be leveraged by the PRC into recognizing Taiwan as being under mainland sovereignty, and thereby force them to contractually exclude Taiwan publishers from obtaining translation licenses over the same works. Alternatively, Taiwan fears that foreign publishers that market authorized translations in the PRC will either wittingly or unwittingly seek to distribute these renderings in Taiwan. This would be unacceptable for Taiwan given the cultural, political and linguistic differences between Taiwan and PRC societies.¹⁵⁵ Taiwan thus sees granting of translation rights as a potential threat to its political and cultural identity and development.

C. Continuing Barriers to Copyright

I. Economic

LDC's have resisted granting increased protection to foreign copyrights on the grounds that their economic and educational needs are great and that royalty transfers deplete already limited foreign exchange holdings.¹⁵⁶ These arguments clearly do not apply to present day Taiwan.¹⁵⁷ Equally challenging barriers to copyright exist, however, that have their origins in the very structure of Taiwan's publishing industry.

Sidel, *The Legal Protection of Copyrights and the Rights of Authors in the PRC, 1949-1984: Prelude to the Chinese Copyright Law*, COL. J. ART. & L. 477 (1985); Zheng, *The Future Chinese Copyright System and its Context*, 15 INT'L REV. OF IND. PROP. & COPYRIGHT L. 141 (April 1984).

¹⁵⁴ Incident to accession, the PRC would probably take advantage of the conventions' compulsory licensing provisions for developing nations, including those affecting translations. See *infra*, notes 174 to 182 and accompanying text.

¹⁵⁵ For example, the PRC uses many simplified characters that are illegible to most persons in Taiwan. Moreover, while the Beijing dialect is considered the national language in both regions, the content and form of literary expression in Taiwan and the PRC vary significantly due to their virtually complete isolation from each other since 1949.

¹⁵⁶ See *supra*, note 15.

¹⁵⁷ See FEER, June 4, 1987, at 66 (Taiwan government enacts reforms in exchange laws to reduce accumulated foreign exchange reserves of over \$60 billion); *Taiwan's Wealth Crisis: It's \$53 Billion Cash Hoard is Economic Poison*, BUS. WEEK, April 13, 1987, at 46, col. 2.

Annual per capita expenditures on books, magazines and stationary between 1975 and 1984 in Taiwan rose 500%, from \$3 to \$14. DYAU-CHA PAO-GAU, 116-118 (1984). Meanwhile, between 1974 and 1984 post-secondary school enrollments doubled. Council for Economic Planning and Development, Executive Yuan, ESSENTIAL STATISTICS ON TAIWAN, ROC (1984).

In 1984 there were over 2400 registered book publishers in Taiwan, representing an increase of over 50% in ten years.¹⁵⁸ Economic development has given birth not to a few large publishing houses, but to a great number of smaller and mostly family owned operations.¹⁵⁹ This phenomenon, reflected in many aspects of the Taiwan economy, including the retail book industry, originates in Chinese cultural patterns, the island's population rate, and the Taiwan government's prior economic development policies.¹⁶⁰

The sheer number of Taiwan publishers poses a threat to legitimate licensing.¹⁶¹ If the number of reprint and import distribution licenses is too few or if they are unevenly distributed, Taiwan publishers looking to legitimize their operations will be discouraged from doing so by the lack of profitability. This is due both to inadequate legitimate licensing opportunities and to the fact that pirate competition minimizes the value of conferred licenses by forcing down retail prices. Legitimization of the entire book market will therefore likely result in dislocations and consolidations among publishers.¹⁶² This will only be brought about, however, by the existence of adequate and predictable deterrents in the law.

2. Legal

Greater deterrence to piracy of American copyrights through resort to Taiwan courts is impeded by three main factors. The first concerns the cost of litigation and the predictability of detection. In most successful litigation by local licensees involving U.S. book copyrights, statutory civil damages awarded by the courts may not cover the costs of litigation.¹⁶³ Meanwhile, in

¹⁵⁸ PUBLISHING YEARBOOK OF THE ROC 274 (1984). The total number of publishers, including newspaper, magazine and book publishers, was approximately 6,000 in 1983. ROC 1984 YEARBOOK 245 (1984).

¹⁵⁹ Of the 5,779 books registered with the Central Library in 1983, less than 20% were published by Taiwan's twelve largest publishers. PUBLISHING YEARBOOK OF THE ROC 275-76 (1984).

¹⁶⁰ See FEER, June 26, 1986, at 74-76 (comparing Taiwan and South Korean economic development patterns). Small-scale industries have permitted comparatively equitable distribution of generated wealth. In 1980, the wealthiest 20% of all Taiwan households accounted for only 36.8% of the national income, compared to 45% in South Korea. *Id.* at 75.

¹⁶¹ While there are only thirty to forty registered reprint publishers, it was estimated that until recently, 70-80% of their total production was in pirated works. WALL STREET J., *supra*, note 126.

¹⁶² The business volume of one Taiwan textbook publisher was estimated to have recently decreased by 75%. *Id.*

¹⁶³ Taiwan law does not explicitly provide for compensation of plaintiff's attorneys fees, though compensation is theoretically available by way of the previously mentioned unjust enrichment statute, *supra*, note 40. Litigation against the numerous bookstores selling pirated works is of limited value given the fact that: (1) there are so many vendors, both in shops and on street corners, and (2) publisher and vendor assets many not cover judgments. Even where a de-

the case of pirated books which have not been legitimately distributed by a local agent, the foreign publisher typically does not have adequate means to detect infringement and put pirates on notice.

The second factor concerns the level of understanding of copyright issues by local judges and lawyers. While there have been recent improvements, most particularly through the establishment of specialized courts, copyright is relatively new to Taiwan's legal ranks.¹⁶⁴ Many basic concepts are left undefined by the law and without a more developed system of judicial precedent plaintiffs may be discouraged from litigation due to fears of ad hoc treatment with respect to similar claims.

The third factor relates to the character of Taiwan's developing legal system. Judges may exercise overly wide discretion by American standards.¹⁶⁵ The legal system also seems to place extreme pressure on judges to settle cases, thereby interfering with the deterrent effect of the laws.¹⁶⁶

3. Social

Despite rapid economic development in the last decades, the Chinese on Taiwan continue to perceive of themselves to a great extent as a culturally distant, developing nation, dependent for the foreseeable future on imports of western technology and cultural information.¹⁶⁷ The island's political isolation has further amplified feelings of dependence.¹⁶⁸ In this context book

defendant's assets are adequate, however, when the retail value of a book is extremely low, the expected minimum compensation may still not justify initiation of suit, since, in addition to personal costs, attorney's fees for a single infringement action may range as high as \$6000.

¹⁶⁴ The first classes in copyright in Taiwan law schools were offered in 1979. Interview with Professor H. Hsiao, in Taipei, Taiwan (July 4, 1986).

¹⁶⁵ Hickman, *supra*, note 88, at 119.

¹⁶⁶ Bolstering traditional preferences toward settlement, regulations governing professional advancement for judges and prosecutors establish a point system in which successfully decided cases earn judges one point, cases reversed on appeal result in the loss of one point, and settlements earn two points. Regulations on Grading Judges, art. 9 (1981), printed in FA-WU-BU GUNG-PAO (JUSTICE DEPARTMENT LEDGER) (May 1981).

While the number of infringements "uncovered" appeared to increase dramatically over the past few years, the number of criminal convictions (statistics on civil suits are unavailable) actually decreased by over 40% between 1984 and 1986. ROC EFFORTS, *supra*, note 76, at 12. Juxtaposition of these statistics would appear to suggest both a reluctance on the part of Taiwan judges to apply the new law's harsher penalties, and an overriding tendency toward settlement by all parties.

¹⁶⁷ See Loh, *Copyright: A Chinese View*, PW, March 22, 1964, at 22; Tzu-li Wan-pao, June 18, 1986, at 6, col. 6.

¹⁶⁸ INT'L HERALD TRIB., April 3, 1986, at 15, col. 6 (noting Taiwan's status internationally as a "pariah state" and the effect this has on encouraging counterfeiting).

piracy and denial of translation rights have been established as legitimate practices on Taiwan, providing equal opportunity to publishers and inexpensive books to the public. Copyright registration records before 1985 (when registration was prerequisite for protection) indicate that until recently, not even Chinese authors appeared to take their copyrights seriously.¹⁶⁹

It might further be said that decades of piracy and artificially low prices have given rise to consumer attitudes according to which books are appreciated not only as educational and cultural resources, but as decorational status symbols. Therefore, while public opinion in favor of copyright may expand, conditioned consumer habits and price expectations will likely continue to fuel demand for pirated books.

V. RECOMMENDATIONS

A. Transition to Copyright through a Proposed Bilateral Based on the UCC

The U.S. has begun negotiations with Taiwan for substitution of the FCN Treaty's copyright provisions with a new bilateral agreement based primarily on the UCC.¹⁷⁰ Such an agreement—which would be effective only between the U.S. and Taiwan—would guarantee protection of American works at international levels and begin to habituate Taiwan to international copyright and publishing norms.¹⁷¹ Should Taiwan ever be politically able to participate in the UCC, a prior agreement with the U.S. will assure that the adjustments required for compliance with the Convention's terms would be minimized.¹⁷²

¹⁶⁹ Of the over 9,000 books recorded as published in Taiwan in 1983, less than 700 were registered for copyright with the MOI. Taiwan Yearbook 1984, 243 (1984). MOI Statistics, *supra*, note 58.

¹⁷⁰ A draft of this bilateral agreement is currently being analyzed by both governments. Formal signing of an agreement is not expected, however, until the first half of 1988, at the earliest. While not technically rising to the status of "treaty," such an agreement would be binding on Taiwan and the U.S., regardless of the absence of diplomatic relations between the two governments. See *supra*, note 13.

¹⁷¹ For example, the UCC protects works upon creation by nationals of signatory states (Article II(1)) and precludes conditioning protection upon registration. See *supra*, notes 121 - 123 and accompanying text (discussing the necessity of pre-infringement registration of assignments).

¹⁷² While a UCC-based bilateral is currently being discussed only by the U.S., other foreign countries that have copyright relations with Taiwan (to date, only Great Britain and Spain) could consider proposing similar bilateral agreements. Most countries, however, continue to avoid all official and quasi-official contacts with the ROC government out of concern for upsetting relations with the PRC government. U.S. contacts with Taiwan, conducted through both governments' quasi-official representative agencies (the American Institute in Taiwan and the Coordination Council for North American Affairs) clearly continue to irk the PRC. However, given the commercial (as opposed to military) nature of copyright and the substantial economic and political ties al-

1. Access to Compulsory Licensing

The primary motivation behind U.S. proposals for a UCC-based agreement clearly lies in the desire to acquire translation rights.¹⁷³ In exchange for these rights the U.S. has offered to permit Taiwan to utilize the various compulsory licensing provisions found within the UCC. Under Article V(2)(a) of the Convention, for example, all signatories are entitled to non-exclusive, compulsory licenses for translations after seven years from the date of first publication of a work in its original language if an authorized translation in a language in general use in the Contracting State has not been made available. Furthermore, under the Convention's provisions for developing nations (Article *Vbis-Vquater*¹⁷⁴) publishers may apply for licenses¹⁷⁵ to both reprint and translate books "for the purpose of teaching, scholarship and research" after

ready shared by Taiwan and the US, the PRC is not likely to object to the idea of a bilateral agreement in a way that would either derail current negotiations with Taiwan or upset U.S.-PRC relations. See also Grey, *Agreement on Privileges, Exceptions and Immunities between the American Institute in Taiwan and the Coordination Council for North American Affairs*, Oct. 2, 1980, 22 HARV. INT'L L.J. 451 (1981) (precedent for binding agreement between Taiwan and U.S. after derecognition).

¹⁷³ On the commercial significance of translation rights, see *supra*, note 4.

¹⁷⁴ Compulsory licensing for developing nations was added in the 1971 revisions of both the UCC and Berne Conventions. It was the product of compromise between developing and developed member nations on terms originally proposed at the aborted Stockholm meeting in 1967. See Ndiaye, *The Berne Convention and Developing Countries*, 11 COL.-VLA J. OF ART & L. 47 (1986); Tocups, *The Development of Special Provisions in International Copyright Law for the Benefit of Developing Countries*, 29 J. COPYRIGHT SOC'Y 402 (1982); Schrader, *Armageddon in International Copyright: Review of the Berne Convention, the Universal Convention and the Present Crisis in International Copyright*, 2 ADVANCES IN LIBRARIANSHIP 305 (1971); Johnson, *Origins of the Stockholm Protocol*, 18 BULL. COP. SOC'Y 159 (1970).

¹⁷⁵ Article *Vbis* of the UCC provides eligibility for compulsory licenses (other than the seven year translation licenses available under Article V(2)) to "any Contracting State regarded as a developing country in conformity with the established practice of the General Assembly of the United Nations," and requires states to renew their status under the articles every ten years. The UCC does not contain a more precise definition of developing nationhood, however, and Article *Vbis* is widely construed to provide access to compulsory licensing at the sole discretion of the country seeking the benefit. See *United States Senate Committee on Foreign Relations*, 92nd Cong., 2nd Sess. 32, 33 (1972); O'Hara, "Developing Countries": a *Definitional Exercise*, 15 BULL. OF COPYRIGHT SOC'Y 83 (1967). As evidence of United Nations "established practice," see BENJAMIN, *supra*, note 46 at 86 (reprinting the U.N. Roster of Developing Countries, which includes such relatively advanced countries as Israel, Argentina, Yugoslavia, Brazil and Venezuela).

Despite Taiwan's rapid economic growth and relatively high standard of living, the U.S. is not likely to withdraw its offer to include *Vbis* compulsory licensing in a bilateral agreement. This offer was first publically acknowledged by Ralph

even shorter periods of time, including only one year for translations.¹⁷⁶ Access to these non-transferable licenses depends on compliance with the requirement that the applicant first attempt to secure voluntary licensing,¹⁷⁷ and that "just compensation" be provided to the copyright holder in an amount "consistent with standards of royalties normally operating in the case of licenses freely negotiated between persons in the countries concerned."¹⁷⁸ The system for issuing licenses, as well as compensation rates would be established by the Taiwan government.¹⁷⁹

The primary condition for access to the above compulsory licenses is that the original edition of a work not have been previously distributed, or if it has, that it is now out of print in the affected country.¹⁸⁰ Moreover, licenses for educational works under Articles *Vter* and *Vquater* are also available where the work has not been locally distributed "at a price reasonably related to that normally charged in the State for comparable works."¹⁸¹

2. Analysis

In the decade and a half since the compulsory licensing provisions for developing nations were incorporated into the UCC and Berne Conventions, only a small handful of nations have taken even rudimentary steps toward implementation.¹⁸² Thus, there are few lessons to be learned from other

Oman, Register of the Copyright Office, in mid-1986. See *Economic News*, May 26, 1986, at 8, col. 1.

¹⁷⁶ Under Article *Vter*(1), compulsory licenses for translations into languages "not in general use in one or more developed countries"—presumably including Chinese—can be issued after only one year. Likewise, pursuant to Article *Vquater*(1)(c), reprint licenses can be issued "for use in connection with systematic instructional activities" after three years for works of "fiction, poetry, drama [and] music," and after five years for all other books. The definitions of "systematic instructional activities" and "scholarship" were widely construed by the UCC drafting committee. See *Senate Report, supra*, note 175 at 32.

¹⁷⁷ UCC arts. *Vter*(5)(a), *Vquater*(2)(b)(1). The applicant must establish either that he has requested and been denied authorization by the copyright owner or that after "due diligence" he was unable to find the owner. The applicant must also wait from two to nine months after his request before proceeding to publish. The copyright holder is thus accorded adequate notice and time in which to arrange for voluntary licensing.

¹⁷⁸ UCC arts. *Vter*(2)(b) & *Vquater*(1)(a). Article V compulsory licenses for both developing and developed member states apparently requires higher compensation, i.e., in "conformity (with) international standards." *Id.* art. V(2)(d).

¹⁷⁹ Presumably, the scope of licenses granted (e.g., their duration and the number of volumes permitted), as well as compensation rates would be determined in cooperation with the U.S. government.

¹⁸⁰ UCC arts V(2)(b) & *Vter*(6).

¹⁸¹ UCC arts. *Vter*(6) & *Vquater*(2)(c). It is not clear whether the term "comparable works" refers to locally authored or foreign works, and if it refers to the latter, whether locally reprinted or imported works are contemplated.

¹⁸² There is little documentation describing the successes and failures of compulsory

countries' experiences with the provisions. Given this record, it is entirely possible that Taiwan will decide not to establish a functioning compulsory licensing system.¹⁸³ If such is the case, inclusion of compulsory licensing into a U.S.-Taiwan bilateral may merely function as a face saving device for the Taiwan government as it concedes translation rights.

In theory, however, compulsory licensing could provide substantial benefits to Taiwan—and at the same time contribute to the eradication of domestic book piracy. It would aid Taiwan readers by assuring access to educational books at reasonable prices,¹⁸⁴ both through issuance of licenses, the threatened issuance of licenses, and through downward pressure on retail prices charged by U.S. publishers for imported or locally reprinted editions.¹⁸⁵ In addition, compulsory licensing would increase the overall number of reprint licenses issued and thereby preserve legitimate opportunities for Taiwan pirates seeking to reduce or end their illegal habits. Finally,

licensing systems in these few countries. One recent discussion of compulsory licensing has noted that while inclusion of the provisions in the 1971 text of the Berne Convention was an important step, it has not actually achieved its objective, that of meeting the educational needs of developing countries. Ndiaye, *supra*, note 174, at 55. As of 1986 only four countries, Tunisia, Algeria, Mexico, and Bangladesh, had officially expressed the intention of utilizing UCC or Berne compulsory licensing provisions. The Philippines have actually instituted a compulsory licensing system that operates, however, outside the context of the provisions. See IIPA REPORT, *supra*, note 3 (Philippines chapter).

¹⁸³ In deciding to actually implement compulsory licensing, Taiwan would likely encounter two significant problems. First, adequate financial investments would have to be made to establish a bureaucratic infrastructure to handle applications from Taiwan publishers. All things considered (including Taiwan's rate of development, expected demand for licenses, etc.) compulsory licensing might simply not survive a cost-benefit analysis. Second, given the great number of publishers in Taiwan, it is likely that demand for licenses would outstrip supply, at least in the short term. The Taiwan government would thus be left in the position of selectively distributing licenses, and thereby be vulnerable to charges of favoritism.

¹⁸⁴ See *supra*, note 168. The Association of American Publishers (AAP) operates a computer database clearinghouse in Washington, D.C. which functions as an intermediary between developing world publishers seeking voluntary licenses. AAP assists foreign publishers in locating copyright owners and fosters voluntary negotiations with U.S. publishers in order to avoid resort to compulsory licensing. In the event compulsory licensing is included in a future bilateral agreement with the ROC government, Taiwan publishers would presumably be provided access to this clearinghouse.

¹⁸⁵ The "comparable works" criterion noted above (*supra*, note 180 and accompanying text) may force U.S. publishers to pay closer attention to Taiwan market prices in order to prevent voluntary licenses from lapsing into less profitable compulsory licenses. This attention to market conditions would consequently reduce the disparity between prices charged for pirated editions and legitimate imports and reprints, and thereby reduce overall incentives for pirate publishers.

compulsory licensing of translation rights would assure access to works noted above which cannot be legitimately or adequately made available on Taiwan due to prior contractual arrangements between U.S. and PRC publishers.¹⁸⁶

B. Other Recommendations

Due to uncertainties in Taiwan law and enforcement practices, and the behavior of American publishers,¹⁸⁷ legitimate publishing has historically been unable to establish itself on Taiwan. Recent changes in the law and in market forces, generally,¹⁸⁸ however, augur well for the industry.

The following recommendations are directed toward U.S. publishers. Some will require action and assistance from both the Taiwan and U.S. governments. As they are geared to reducing piracy, however, they are intended to serve the long term interests not only of U.S. publishers, but also of Taiwan copyright interests, including authors, publishers and readers.¹⁸⁹

(1) *Encourage local distributors to pursue infringers.*¹⁹⁰

While seizures and infringement suits may not always be cost effective, warning letters and telephone calls to suspected infringers have been known to deter certain pirate publishers. Recently promulgated regulations on government sponsored mediation of copyright disputes may also prove to be an inexpensive method of dealing directly with infringements.¹⁹¹

¹⁸⁶ See *supra*, note 155 and accompanying text.

¹⁸⁷ U.S. publishers have been termed "isolationist" in their attitudes toward international book markets. See, e.g., Feldman, *Tomorrow—The World (U.S. publishers have many different approaches to the International market, but many of them see it as neglected territory)* PW, June 6, 1986, at 23; *U.S. Book Exports Lag and Publishers Leave Business to the British*, WALL STREET J., Dec. 23, 1985, at 1, col. 1 (describing American publishers as:

awed and even intimidated by the complexities of selling books abroad. [Consequently] 80% of American rights, sales and exports go to fewer than twenty rich countries. [P]ublishing is still more cottage industry than multinational business.

Id.).

¹⁸⁸ In the past year and a half the value of the NT dollar has risen over 20%. Consumption of other American copyrighted works reflects both this fluctuation in currencies and a generally high level of demand in Taiwan's young and well educated population for U.S. culture. See, e.g., VARIETY, June 17, 1987, at 36, col. 2 (reporting a 37% increase in theatrical rentals of American films in Taiwan in 1986 and noting Taiwan as the fifteenth largest market worldwide for American feature films).

¹⁸⁹ On the rationales behind copyright generally and the benefits to local authors occasioned by protection of foreign copyrights, see *supra*, notes 16 & 17.

¹⁹⁰ This can be done either informally or through contract provisions that provide direct financial incentives.

¹⁹¹ See Chang, *Measures Governing the Mediation of Copyright Disputes Were Promulgated*, LEE AND LI BULL. 2-3 (May 1987) (guidelines issued April 17, 1987 by the MOI).

(2) *Increase voluntary translation licensing to English language reprint publishers.*¹⁹²

If translation rights are accorded to U.S. authors under a new bilateral agreement, attempts should be made to distribute a substantial number of exclusive translation licenses to these publishers. These measures will ensure that publishers who have been denied reprint licenses because of U.S. publishers' preference of importing books will be provided a legitimate and profitable alternative to piracy.

(3) *Establish a computer database or other database through which Taiwan publishers can obtain current information as to the identity of U.S. copyrightholders.*

U.S. publishers should likewise be encouraged to respond promptly to requests for reprint or import distribution rights. This will increase the supply of such rights and thereby reduce temptations to piracy.

(4) *Increase the physical presence of publishers on the island.*¹⁹³

This presence can both deter piracy and, through direct marketing, result in increased sales of imported and locally reprinted editions. (Once translation rights are granted, of course, the advantages and necessity of direct marketing will become self evident.)

(5) *Require serial numbering of reprints.*

This would aid in detection and litigation against otherwise identical pirate editions, and at the same time reduce U.S. publisher fears that Taiwan publishers exceed the scope of their reprint licenses.

(6) *Organize collective raids on bookstores and publishing houses known to trade in pirate works.*

Arrange with the MOI and local police to pursue third party seizures pursuant to Article 35 of the new law.¹⁹⁴

(7) *Encourage the Taiwan government to clarify ambiguities with respect to registration*¹⁹⁵ *and to permit registration of catalogues of works.*¹⁹⁶

These measures will make enforcement of U.S. copyrights more predictable and dispel notions and that Taiwan government still uses registration requirements to protect pirates.

¹⁹² On existing practices, see *supra*, note 151 and accompanying text.

¹⁹³ To date, only one U.S. publisher, McGraw Hill, has hired a local representative to service the Taiwan market.

¹⁹⁴ See *supra*, notes 137-140 and accompanying text.

¹⁹⁵ See *supra*, notes 99-111 (retroactivity) and 121-123 (assignment registrations) and accompanying text.

¹⁹⁶ Catalogue registration would be significantly less costly than registration of individual works. To preserve the benefits of the system, works included in registered catalogues could be accorded provisional effectiveness, i.e., such registrations would be sufficient *prima facie* evidence for seizure purposes, but not for infringement suits.

CONCLUSION

Book piracy in Taiwan has been the result of an historical absence of copyright in China, pressures for economic development, and the absence of foreign publishers enforcing their rights under existing law. Taiwan's strengthened copyright law, combined with increasing market opportunities for books, should permit more predictable and cost effective protection for U.S. copyrights. Total elimination of book piracy, however, will require special strategies and patience on the part of U.S. publishers.¹⁹⁷ In the short term, a new bilateral agreement between the U.S. and Taiwan based on the provisions of the UCC, in conjunction with other measures undertaken by industry and government, can provide a bridge to copyright for Taiwan publishers by creating viable alternatives to piracy.

¹⁹⁷ Developed world publishers are asked to bear what they consider a disproportionate burden in accepting compulsory licensing and dealing with piracy in developing nations. As was observed earlier, however, most authors are not copyright proprietors in international markets for their works. [Dealing with piracy] may be viewed as an added cost of doing business abroad in a commodity purchased for resale. [S]ince copyright proprietors benefit the most directly from international copyright, it is not unreasonable that they should bear the greatest burden.

Note, *Developing Countries and Authors' Rights in International Copyright*, 19 ASCAP 1 (1969).

PART II

**LEGISLATIVE AND ADMINISTRATIVE
DEVELOPMENTS**

1. United States of America and Territories

54. U.S. CONGRESS. HOUSE.

H.R. 1885. A bill to amend the Communications Act of 1934 to provide for fair marketing practices for certain encrypted satellite communications. Introduced by Mr. Tauzin on March 31, 1987; and referred to the Committee on Energy and Commerce (100th Congress, 1st Sess.).

U.S. CONGRESS. SENATE.

S. 889. A bill to amend the Communications Act of 1934 to provide for security and fair marketing practices for certain encrypted satellite communications. Introduced by Mr. Gore on March 31, 1987; and referred to the Committee on Commerce, Science, and Transportation. (100th Congress, 1st Sess.).

Entitled the "Satellite Television Fair Marketing Act," these bills are designed to encourage the delivery of scrambled satellite services while placing a limitation on the ability of publicly funded programmers to deny their programming to dish owners. They also charge the appropriate governmental agencies with fact finding and standardization responsibilities. Under provisions of the bills, signal scrambling would be permitted if programmers are willing to sell programming to home dish owners. However, Public Broadcasting Service programming intended for public viewing may not be scrambled. In addition, Armed Forces Radio and Television Service programming would be prohibited from scrambling unless encryption is required to conform to trade agreements between the United States and other countries.

55. U.S. CONGRESS. HOUSE.

H.R. 1951. A bill to amend section 914 of title 17, United States Code, regarding certain protective orders for semiconductor chip products. Introduced by Mr. Kastenmeier on April 6, 1987; and referred to the Committee on the Judiciary. (100th Congress, 1st Sess.).

This bill would amend section 914 of the Semiconductor Chip Protection Act of 1984 by extending the expiration date from November 7, 1987 to November 8, 1991. Section 914 of the act provides that the Secretary of Commerce may issue orders that make foreign nations, domiciliaries and sovereign authorities eligible to obtain chip protection if certain criteria are met.

56. U.S. CONGRESS. HOUSE.

H.R. 2400. A bill to amend title 17 of the United States Code to provide artistic authors of motion pictures the exclusive right to prohibit the material alteration, including colorization, of the motion picture. Introduced by Mr. Gephardt on May 13, 1987; and referred to the Committee on the Judiciary. (100th Congress, 1st Sess.).

Entitled the "Film Integrity Act of 1987," this legislation gives the screenwriter and director of a film the right of consent to any alteration of their work. Rights would be assignable; however, if any material alteration, including colorization, of a motion picture occurs without the consent of the artistic authors of such work, there would be no copyright in such altered work. The Register of Copyrights would establish by regulation, procedures for directors and screenwriters of motion pictures to be formally designated as the artistic authors of such motion pictures.

57. U.S. CONGRESS. HOUSE.

H.R. 2429. A bill to amend title 17, United States Code, to allow the performance of audiovisual works for inpatients in health care facilities. Introduced by Mr. Glickman on May 14, 1987; and referred to the Committee on the Judiciary. (100th Congress, 1st Sess.).

Entitled the "Patients Viewing Rights Act," this bill would amend the Copyright Act of 1976 to allow patients in hospitals, hospices, and nursing homes the right to view movies on video cassettes without paying a licensing fee, provided the performance was made without any purpose of direct or indirect commercial advantage and without payment of any fee or other compensation for the performance; and the performance, or the equipment used to perform the work (other than a television from which the work is viewed), was not provided by the hospital, either directly or through a contractual or other arrangement.

58. U.S. CONGRESS. SENATE.

S. 1223. A bill to amend the copyright law regarding work made for hire. Introduced by Mr. Cochran on May 19, 1987; and referred to the Committee on the Judiciary. (100th Congress, 1st Sess.).

This bill would amend clause (1) of the work-for-hire definition to make clear that an "employee" work made for hire exists only when the employee receives all applicable State and Federal employment benefits and the employer withholds State and Federal taxes. In addition, the bill deletes from clause (2) of the work-for-hire definition eight of the nine categories of specially ordered or commissioned works made for hire. Only works commissioned for use as part of a motion picture would remain eligible for work-for-hire status under a written contract between the parties. The bill would provide that five of the eight categories of works deleted from clause (2) be sub-

ject to a new right of "partial termination" that would afford the author an opportunity to terminate any grant of rights unexercised by the transferee within 3 years of the grant's execution. The definition of "joint work" would be amended to require that a written agreement be signed by the parties prior to the commencement of the project in order for the product of that effort to be considered a joint work.

59. U.S. COPYRIGHT OFFICE.

Cable compulsory license; policy decision concerning Federal Communications Commission action amending list of major television markets. Policy decision. *Federal Register*, vol. 52, no. 145 (July 29, 1987), pp. 28362-66.

The Copyright Office has concluded that television signals entitled to mandatory carriage status under the FCC's former must-carry rules are to be treated as local signals for purposes of the cable compulsory license of section 111 of the Copyright Act.

60. U.S. COPYRIGHT OFFICE.

37 C.F.R., Part 202. Registration and deposit of computer screen displays; public hearing. Notice of public hearing. *Federal Register*, vol. 52, no. 145 (July 29, 1987), pp. 28811-13.

The Copyright Office is conducting a hearing to elicit information that will assist it in reviewing the Office's registration and deposit practices for computer screen displays. As part of the review, the Office will consider whether it should register screen displays separately from the underlying computer programs that generate them and what the required deposit should be. The Office invites comment from or participation by computer programming experts, professors of law and computer science and other interested parties.

61. U.S. COPYRIGHT OFFICE.

37 C.F.R., Part 201. Compulsory license for cable systems. Final regulations. *Federal Register*, vol. 52, no. 145 (July 29, 1987), pp. 28252-53.

The Copyright Office has amended its cable regulations to reflect copyright law amendments eliminating the requirement that cable systems file notices of identity and signal carriage complement, to conform with rate adjustments issued by the Copyright Royalty Tribunal, and to clarify and update other information given in the regulations.

62. U.S. COPYRIGHT OFFICE.

37 C.F.R., Part 202. Registrations of claims to copyright. Copyright registration for colorized versions of black and white motion pictures. Notice of proposed rulemaking. *Federal Register*, vol. 52, no. 121 (June 24, 1987), pp. 23691-92.

In connection with its decision to register certain computer-colorized

versions of black and white motion pictures, the Copyright Office is proposing to amend its regulations to require copyright claimants in such films to deposit one copy each of the colorized version and of the black and white print from which the colorized version was prepared. This notice is to solicit public comment on the proposed amendment.

62. U.S. COPYRIGHT OFFICE.

37 C.F.R., Part 202. Copyright registration of colorized versions of black and white motion pictures. Notice of registration decision. *Federal Register*, vol. 52, no. 119 (June 22, 1987), pp. 23443-46.

From a study of comments on colorization processes, the Copyright Act, and relevant case law, the Copyright Office has determined that certain colorized versions of black and white motion pictures are eligible for copyright registration as derivative works. Thus, the Office will register as derivative works those computer-colorized versions of films that meet the already existing statutory standard for granting copyright protection to all derivative works, i.e. "modifications" to a preexisting work "which, as a whole, represent an original work of authorship." This decision is limited to current computer-coloring technology.

64. U.S. COPYRIGHT OFFICE.

37 C.F.R., Part 202. Extension of comment period: notice of inquiry on copyrightability of digitized typefaces. *Federal Register*, vol. 52, no. 119 (June 22, 1987), p. 23476.

The Copyright Office has extended, for a second time, the comment period for making submissions regarding the copyrightability of digitized versions of typefaces. The new deadline is July 20.

65. U.S. COPYRIGHT ROYALTY TRIBUNAL.

37 C.F.R., Part. 307. 1987 Adjustment of the mechanical royalty rate; correction. Final rule; correction. *Federal Register*, vol. 52, no. 120 (June 23, 1987), pp. 23546-47.

The Tribunal has corrected certain language in its announcement of the new mechanical royalty adjustment scheme. The corrected language reads: "The adjustment would be based solely upon changes in the Consumer Price Index (CPI) except when the CPI has declined, in which case the mechanical rate would go no lower than the 5 cents/.95 cent rate established in sec. 307.3(c). . . ."

65. U.S. COPYRIGHT ROYALTY TRIBUNAL.

37 C.F.R., Part. 307. 1987 Adjustment of the mechanical royalty rate. Final rule. *Federal Register*, vol. 52, no. 114 (June 15, 1987), pp. 22637.

The Tribunal has adopted a bi-annual royalty rate adjustment proposal submitted by the National Music Publishers' Assn., Inc., the Songwriters

Guild of America, and the Recording Industry Association of America, Inc. The plan calls for adjustment of the rate every two years, from 1987 to 1997, based solely on changes in the Consumer Price Index (CPI), except in the case of a decline in the CPI or a rise of more than 25%. In the former case, the rate would remain the same; in the latter, the maximum rate adjustment would be 25%.

67. U.S. COPYRIGHT ROYALTY TRIBUNAL.

1985 Cable distribution proceeding. Notice terminating phase I of 1985 cable royalty proceeding; partial distribution of 1985 cable royalty fund. *Federal Register*, vol. 52, no. 137 (July 17, 1987), pp. 27044-45.

The parties to Phase I of the 1985 cable royalty distribution proceeding have reached an agreement to settle their differences, eliminate the controversy among them regarding Phase I of the proceeding, and to expedite the distribution of the royalties. Due to that agreement, the Tribunal has terminated the Phase I controversy and announced its decision to make a partial distribution of 100% of the royalty funds attributable to all claimant categories except Music and Devotional. The Tribunal will hold in reserve 1% of the royalties to which the Music category is entitled pending a final determination on the issue of entitlement in Phase II of this proceeding. As to the Devotional claimant group, the Tribunal is delaying distribution because of an unresolved controversy and a bankruptcy proceeding involving one of the claimants.

68. U.S. COPYRIGHT ROYALTY TRIBUNAL.

1987 Adjustment of the public broadcasting royalty rates and terms. Notice of commencement of proceedings. *Federal Register*, vol. 52, no. 125 (June 30, 1987), pp. 24326-27.

The Tribunal has begun proceedings for the quinquennial adjustment of the public broadcasting royalty rate. The Copyright Act provides that voluntarily negotiated license agreements for adjustment of the rate be given effect over rate determinations by the Tribunal. Commencement of the ratemaking is in keeping with an Act provision which mandates that in the absence of such agreements, the Tribunal must initiate proceedings by June 30 to determine reasonable terms and rates of royalty payments for certain uses of published nondramatic musical works and pictorial, graphic, and sculptural works by public broadcasters.

**69. U.S. DEPARTMENT OF DEFENSE, GENERAL SERVICES
ADMINISTRATION, NATIONAL AERONAUTICS AND SPACE
ADMINISTRATION.**

48 C.F.R., Parts 1, 27 and 52. Federal acquisition regulation regarding patents, data, and copyrights. Final rule with request for comment. *Federal Register*, vol. 52, no. 92 (May 13, 1987), pp. 18140-56.

The Department of Defense (DoD), the General Services Administration (GSA), and the National Aeronautics and Space Administration (NASA) have amended the Federal Acquisition Regulation (FAR) to provide detailed implementation, policies, procedures, and instructions for all civilian agencies and NASA with respect to rights in data and copyrights and acquisition of data. Though the amendments have been adopted in final, DoD, GSA, and NASA are requesting additional comments regarding the FAR.

70. U.S. FEDERAL COMMUNICATIONS COMMISSION.

47 C.F.R., Parts 73 and 76. Program exclusivity in the cable and broadcast industries. Order granting motions for extension of time in Gen. Docket 87-24 and Gen. Docket 87-25. *Federal Register*, vol. 52, no. 133 (July 13, 1987), pp. 26162-64.

The Commission has extended the comment and reply comment periods in the syndicated exclusivity and compulsory license proceedings. The new deadlines are July 22nd and September 8th, respectively, for the syndicated exclusivity rulemaking and August 6th and September 21st, respectively, for the compulsory license inquiry.

71. U.S. FEDERAL COMMUNICATIONS COMMISSION.

47 C.F.R., Part 76. Cable television; amendment of the Commission's rules concerning carriage of television broadcast signals by cable television systems. Final rule; petitions for reconsideration. *Federal Register*, vol. 52, no. 90 (May 11, 1987), pp. 17574-77.

The Commission has published its final rule in the matter of cable mandatory signal carriage. The rule contains an input selector switch requirement which allows cable operators to charge for the purchase or lease of switches and subscribers to decline installation of the switches. The rule also includes a consumer education provision and a five-year interim must-carry requirement.

72. U.S. FEDERAL COMMUNICATIONS COMMISSION.

Mass Media Service; development of recommendations to the Congress on the desirability of the compulsory copyright license for cable retransmission of broadcast signals. Notice of inquiry. *Federal Register*, vol. 52, no. 83 (Apr. 30, 1987), pp. 15765-66.

The Federal Communications Commission has commenced this inquiry into the compulsory copyright license for cable television in order to gather information on the effects of the license and to determine whether continuance or abolition of the license would better serve the public interest. Comments submitted to the Commission should address any and all issues relevant to an assessment of institutional alternatives for governance of programming rights.

73. UNITED STATES TRADE REPRESENTATIVE.

Suspension of some sanctions; Japan semiconductor case. *Federal Register*, vol. 52, no. 114 (June 15, 1987), p. 22693.

The Trade Representative has suspended sanctions against the importation of 20-inch color TV sets from Japan because of Japan's improved conformity with the provisions of the U.S.-Japan arrangement concerning trade in Semiconductor Products. The other increased duties imposed on imports from Japan remain in effect.

2. Foreign Developments

By ANDREA FRIEDMAN RUSH and BRIAN W. GRAY*

74. CANADA

The Canadian Minister of Communications in conjunction with the Minister of Consumer and Corporate Affairs introduced Bill C-60, an Act to amend the Copyright Act and to amend other Acts in consequence thereof on May 27, 1987. This Bill represents the first step in a multi-phase, piecemeal process of revising the Canadian Copyright Act of 1924, R.S. c. 55 § 1. At the time of writing, the Legislative Committee on Bill C-60 is in the process of considering written and oral submissions on the wording of the Bill. It is anticipated that the Bill will shortly come before the House of Commons for either speedy approval or a fate of obscurity.

The Bill addresses concerns of creators by clarifying the existence of copyright protection for computer programs, introducing a right to authorize exhibition in public of artistic works and protection for choreography without story line, repealing a compulsory mechanical licence, strengthening moral rights and increasing criminal penalties for infringement. With the intention of assisting creators to assert collective bargaining power, the creation and operation of private collectives in areas additional to performing rights is made possible, by expanding the role of the current Copyright Appeal Board (to be renamed the Copyright Board). The statutory scheme whereby the performing rights societies administer royalties by annually filing their proposed tariffs with the Board will remain intact.

Non-artistic features of useful articles and artistic features which are applied to mass produced artistic articles in more than fifty copies have been deliberately excluded from copyright protection, in accordance with what most lawyers had thought should have been clear under the 1924 current Act.

In light of Canada's commitments under the Free Trade Agreement, it is expected that Phase II of the revision process will provide for retransmission or re-broadcasting of cable signals and protection for semiconductor chips. It is also possible that rental rights will be introduced, that a position will be clarified in respect of home taping, and that the fair dealing exemption will be revised to accommodate, for example, uses in an educational context.

A brief analysis of each of the major areas in which protection for creators is expanded, follows:

I SUBJECT MATTER:

1. (a) Literary Works: to include computer programs
- (b) Artistic Works: to include an exhibition right

- (c) Dramatic Works: to include choreography with or without a story line
- (d) Musical Works: mechanical compulsory license repealed
- 2. Moral Rights: clarified to include a right of anonymity and a right to control sponsorship.
- 3. Protection for Three Dimensional Articles: Relationship between Copyright and Industrial Design Legislation clarified.
- II *REMEDIES:*
Criminal sanctions for infringement increased.
- III *COLLECTIVES:*
 - (a) Collective Management of Copyright Facilitated
 - (b) Copyright Board to replace Copyright Appeal Board

I SUBJECT MATTER

- 1. (a) Literary Works: to include computer programs.

While United States courts are considering such complex issues as, when does one program look and feel like an alleged infringement, Canadian courts are, in the main, still at the stage of considering whether computer programs fall within the scope of the Act.

Bill C-60 resolves lingering uncertainty by inserting computer programs into the definition of "literary work." A new definition is introduced for "Computer Program," as:

"a set of instructions that is expressed, fixed, embodied or stored in any manner and that can be used directly or indirectly in a computer in order to bring about a specific result."

It would probably cover screen displays, which may be "expressed" without being "fixed." It is expected that a final wording of the Bill will clarify whether the drafters intended to eliminate the requirement of fixation.

The Bill has caused software developers some concern, because it permits certain acts in relation to computer programs (but not literary works generally, or other subject matter) which would otherwise be infringing. Subsection 17(s) of the Act would be amended to allow a "lawful" and "actual" *possessor* of a copy of a computer program (e.g. a purchaser or "licensee" of a typical off-the-shelf program) to make a reproduction of the copy by adapting, modifying or converting the computer program or translating it into another computer language. The person making the copy must be able to prove that:

- (i) the reproduction is solely for that person's own use;
- (ii) not more than one copy is being used by that person at any one time; and
- (iii) the copy is destroyed when that person ceases to have a right to use the computer program.

In addition, a person who is in lawful possession of a copy of a computer program would be permitted to make a "reasonable number of reproductions" provided that:

- (i) not more than one of the copies is being used at a given time; and
the copy is being used in lieu of the copy of the original program initially supplied, and
- (ii) all reproductions are destroyed when the right to use the computer program is terminated.

The drafters of the Bill were presumably of the view that the fragile nature of floppy disks, for example, and the ease with which a program can be accidentally erased, warranted a specific exemption from infringement in the case of an archival or "backup" copy. Such backup copies would otherwise be infringements because of the narrow scope of the defence of fair dealing in the current Act.

There is a limitation which has been inserted into new Section 46.1(a) and (d) in respect to copyrighting useful articles which might limit the protection granted to computer programs etched on semiconductor chips. The following would not constitute an infringement of copyright:

- (a) applying to a useful article features that are dictated solely by a utilitarian function of the article; and
- (b) using any method or principle of manufacture or construction.

This section is incorporated into the new legislation in order to deal with the question of protection for industrial designs and other industrial or mass produced articles, and may have an unexpected effect on the protection of computer programs etched on a semiconductor chip. The impact of subsection (a) would probably be fairly limited as it appears to be directed only to the application of "features" of "useful articles." It is possible, albeit unlikely that a computer program would be considered to be a feature although the etching of a pattern on a semiconductor chip might very well be. The effect of subsection (d) might be broader. It deals with a "method or principle of manufacture or construction" and would probably be limited to methods which operate on physical objects.

(b) Artistic Works: to include an exhibition right.

The Bill would amend Section 3(1) of the current Act, and provide the owner of an artistic work with the added right to exhibit the work in public "for a purpose other than sale or hire." The right attaches only to works created after the amendment comes into force.

A number of major art galleries and museums follow the practice of compensation on a voluntary basis. Others, however, are fearful of the costs involved in obtaining a license to exhibit the work in public.

An exhibition right resembles a performing right, insofar as it reflects the economic interest of a copyright owner in collecting royalties, without reproducing a work.

A corollary of the right to present or to authorize presentation of a work at a public exhibition is to prevent its exhibition, or to withdraw the work from the public eye. The right may be valuable, for example, in the case where an owner of copyright takes the view that exhibition of an artist's earlier work, possibly of a different style, would prejudicially affect the overall economic value of his collected works.

(c) **Dramatic Works:** to include choreography with or without a story line.

Choreography is now protected insofar as it is referred to in the definition of "dramatic work" in the Act.

Choreographers have expressed concern that the current definition of dramatic work would not accommodate modern dance, which may not have a dramatic theme or plot. The Bill would introduce in Section 2 of the Act specific definition, "choreographic work" to include:

"any work of choreography, whether or not it has any story line"

It is to be hoped that a comparable amendment will be introduced in respect of musical works, which may be athenatic and atonal. The Act defines "musical work" to mean:

"any combination of melody and harmony, or either of them, printed, reduced to writing, or otherwise graphically produced or reproduced"

(d) **Musical Works:** mechanical compulsory licence repealed.

The Bill proposes the repeal of a statutory compulsory licensing scheme for mechanical rights.

At present, there is a compulsory licence mechanism which the music industry relies upon heavily for "cover music," or the re-recording of a previously recorded work. The owner of the copyright or his agent (usually the publisher) is paid two cents for each song, pursuant to the statutory licence scheme. The statute sets the fee at two cents per playing surface. Permission to authorize re-recording of musical literary or dramatic works is referred to as the "mechanical right." In the main, the right is administered by the Canadian Musical Reproduction Rights Agency (C.M.R.R.A.).

The present system is outdated in two ways. Firstly, the statutory royalty of two cents per playing surface (interpreted by the industry as two cents per song) is an amount that has been outrun by inflation. Secondly, it reflects an era prior to long playing records, i.e., one song per playing surface. By mutual consent of owners and users the industry has interpreted the section

as two cents per song, rather than two cents per surface, despite the literal terms of the Act.

The drafters of Bill C-60 abolished the notion of compulsory licensing of mechanical rights, reportedly because of the difficulties associated with establishing, by statute, a reasonable licensing fee.

It is likely that songwriters will continue to rely on collectives to administer permissions and royalties. Under the revised scheme, however it should become possible to obtain an *exclusive* license of the mechanical right.

2. Moral Rights:

Separation of authorship and ownership of copyright, e.g., in the context of employment, continues to be one of the primary concerns of the creative community. Notwithstanding any assignment of copyright, the Copyright Act affords the creator the moral right to restrain distortion, mutilation, or other modification of a work which would be prejudicial to the creator's honour or reputation.

There are few cases of moral rights being asserted in Canada, and no reported cases of damages being awarded for breach. It is, indeed controversial whether damages are available under the Act in respect of moral rights.

The scope of the moral right is expanded in Bill C-60. The author's right to the "integrity of the work" is essentially reiterated in the Bill. An author of a work will have the right, where reasonable, to be associated with the work as its author under a real or assumed name, and further to remain anonymous. The Bill introduces a new cause of action for breach of the right to remain anonymous.

A new right, to maintain the integrity of a work would be infringed if the work is, to the prejudice of the honour or reputation of the author, used in association with a product, service, cause or institution. In the case of an artistic work (but not an architectural work), any distortion, mutilation or other modification will be deemed to prejudice the honour or reputation of the author. In the case of a musical or literary work, or an architectural work, or where any work (including an artistic work) is used in association with a product, service, cause or institution, the author must prove that such act is prejudicial to his honour or reputation.

Another gap in the Act is the enforceability of waivers, although waivers are customarily signed. The Bill clarifies that moral rights can be waived, and, an owner or licensee of copyright, in whose favour a waiver has been made, can authorize any person to use the work without being vulnerable to an action or breach of the author's moral rights. Thus, although a waiver can be transferred, the Bill provides that moral rights cannot be assigned.

All remedies available for infringement of copyright will obtain in the case of invasion of moral rights.

Waiver of moral rights will likely become an important issue wherever

there is a split between authors' rights and ownership of copyright. The Bill widens the scope of moral rights and will presumably be welcomed by the artistic community, to the extent that it increases the degree of control which may be exercised over use of a work.

3. Protection for Three Dimensional Articles: Relationship between Copyright and Industrial Design Legislation Clarified

One of the most important issues addressed by the proposed copyright legislation is whether the making of a three-dimensional article by copying a drawing from which it is made, infringes copyright in the drawing.

Proposed new Section 46.1 would provide that copyright is not infringed by:

- (1) the application to a useful article of features that are dictated solely by a utilitarian function of the article;
- (2) the making, by reference solely to a useful article, of a drawing or other reproduction in any material form of any features of the article that are dictated solely by a utilitarian function of the article; or
- (3) the use of any method or principle of manufacture or construction.

The proposals set to rest a hotly debated issue. Reverse engineering of a useful article whose features are dictated solely by utilitarian function will not constitute infringement of the copyright in the drawings depicting the useful article.

The Government has decided that copyright protection for the life of the author plus 50 years is appropriate for such industrial articles as computer programs, stored in electrical pulses in a machine, but has decided that such protection is totally inappropriate for designs applied to useful articles, which are appreciated for their artistic merit. These designs, if protected at all, would be covered under the proposed Industrial Design legislation, and subject to a 5 year term plus an additional 5 year term.

With respect to design features of useful articles, the Bill proposes amending Section 46(2) to provide that the following would not be an infringement of copyright:

- (1) reproduction in a quantity of more than 50;
- (2) the making of a plate, engraving or cast used for producing more than 50 useful articles; or
- (3) if the article is not handmade, has a repeated pattern applied to it, and is severed into lengths or pieces suitable for textile piece goods, a surface covering or making wearing apparel by the copyright owner.

In practice, a real problem occurs with features that are clearly artistic,

i.e., design features of shape, configuration, pattern or ornament that appeal to or are judged solely by the eye.

Designs that are applied to useful articles and reproduced in quantities of more than 50 cannot be protected. Useful articles are very broadly defined to include an article which has a "utilitarian function" namely, a function other than merely serving as a substrate or carrier for artistic or literary manner.

This is quite clearly designed to preclude protection for artistic matter that decorates more than 50 copies of an article having a useful function.

The broad definition of utilitarian function might unintentionally extend to purely decorative works, such as oil paintings. Clearly the provisions of the Bill are expected to cover wallpaper, and other surface coverings since "surface covering" is dealt with Section 46(2). Surface coverings with repeated patterns lose copyright as soon as they are severed into lengths, even if less than 50 copies are made.

Arguably, if wallpaper has a utilitarian function because it decorates a wall, an oil painting can be said to have the same utilitarian function.

Presumably in recognition of the potential breadth of the definition of utilitarian function, certain articles generally considered to serve merely as substrates or carriers for artistic or literary matter are specifically exempted, including greeting cards, posters, stamps, *transfers* or more generally "any other *printed* matter primarily of an artistic or literary character" which would clearly include books and Eskimo prints. However oil paintings are not printed matter. Copyright is arguably lost in such paintings if they are reproduced in a quantity of more than 50 and it no longer matters whether that reproduction is by an industrial process or not.

If the design is applied to a useful article in more than 50 copies, copyright is lost but only in relation to the reproduction of the *design* of that article or a *design* not differing substantially from the design of that article.

It is the intention of the Bill that copyright would not be lost, but would only be unenforceable in respect of the industrial design for an article that has been produced in quantity. The copyright arguably would continue to be enforceable in respect of designs for other articles embodying the artistic work, provided that such other articles are not reproduced in quantity.

The amendments to Section 46(1) and proposed Section 46.1 will apply in respect of any alleged infringement of copyright occurring prior to as well as on or after the day on which the new legislation takes effect. Therefore, cases presently before the courts in which plaintiffs seek to restrain, or claim compensation for, the making of three-dimensional articles on the basis of copyright infringement will be affected by the new legislation.

Corresponding amendments are proposed to clarify that the protection afforded by industrial design legislation does not extend to features applied to a useful article that are dictated solely by a utilitarian function of the article or to any method or principle of manufacture or construction. The new defi-

nitions of "article", "design", "useful article" and "utilitarian article" would be consistent with revised industrial design legislation.

A first consequence of the new amendments is that, in order to protect a design which is applied to a useful article, registration of the industrial design is mandatory.

Many designs which were not protected because of what was generally considered to be the state of the law in Canada cannot now be protected because they are no longer "new," and registrable within one year of publication in Canada. No provision has been made to allow such old designs not to be registered as industrial designs so this avenue is closed. A further consequence will be weakening of the licensing industry. It will not be necessary to obtain a license for a design (which is not a trade mark or registered design) applied to any article, since the Bill would permit the design to be copied with impunity. An additional consequence will likely be an increase in trade mark registrations. Trade marks are specifically exempted from these provisions. Thus curiously enough, those designs which are trade marks qualify also for copyright protection. Designs which are not trade marks, and, therefore most in need of protection do not qualify under the Bill.

II REMEDIES

(a) Piracy

Commercial piracy of films, records and computer software has become a major problem in Canada. As a stopgap measure, the government proposed amendments to the Act to provide for increased criminal penalties for copyright infringement. The current statutory fine is \$10 per copy to a limit of \$200 per transaction. The Bill provides a maximum fine of \$25,000 and/or a maximum prison term of six months for matters prosecuted by summary conviction and to a maximum of \$1,000,000 and/or a maximum term of imprisonment of six months for matters prosecuted by indictment.

The government does not provide for easier or revised procedures to prevent importation into Canada of pirated works by using the customs authorities, i.e., by simultaneously amending customs legislation.

The Bill does not provide for statutory damages as was recommended in the report of the subcommittee on the revision of copyright entitled "Charter of Rights for Creators." Statutory damages are damages fixed by statute at a set amount. Such damages eliminate the necessity for copyright owners to prove their actual damage. A system of statutory damages would make enforcement of copyright considerably easier and more efficient.

It is expected, however, that increased criminal penalties will lead to an increased awareness of copyright on behalf of potential infringers, the public as a whole, and law enforcement agencies so as to both discourage infringement of the Copyright Act and to encourage enforcement by Canada's law enforcement agencies.

III COLLECTIVES

(a) Collective Management of Copyright Facilitated

Collective societies are now known as "performing rights societies" and are expressly provided for by Sections 48, 49, and 50 of the present Act. The formation of collective societies to administer other types of works has been inhibited by the fact that such collectives are not regulated under the Copyright Act and might be in breach of competition legislation.

The present Act allows for the collective enforcement of copyright in musical works, but not literary and artistic works. The Bill recognizes that the same principles used successfully for the administration of copyright in musical works can also be applied to other works.

The formation of collectives will prove to be economically important for both owners and users, since the best practical way to enforce such copyrights is by the use of collective societies which can monitor uses and grant blanket licenses to all or some of the works in their repertoire.

The new collectives or "licensing bodies" will be responsible for negotiating their own agreements with the users of copyright, but such agreements must be filed with the Copyright Board in order to be exempt from legislation. Where an agreement is filed with the Copyright Board, the Director of Investigation and Research may ask the Board to ascertain if the director considers the agreement to be contrary to the public interest.

Under Section 50.1 of the Bill, a "licensing body" is an association that grants licenses for a repertoire of works. Such an association is not a "licensing body" when it grants licenses for a particular work. Presumably, such licenses are not to be regulated by the Board. It is expected that the definition of "licensing body" may be revised significantly at the request of interest groups representing owners and users, respectively.

The Copyright Board will be able to approve or alter the agreed to tariff and to alter the terms of the license, in the event that a dispute arises as to the fee.

The Bill does not provide procedures for publication of tariffs or for objections to such tariffs as is obligatory in respect of performing rights societies under the present Act.

(b) Copyright Board to Replace Copyright Appeal Board

This Bill introduces substantive changes regarding the jurisdiction, composition, and powers of the current Copyright Appeal Board.

The Bill changes the name from the Copyright Appeal Board to the Copyright Board (the "Board"). Musical performing rights license tariffs will continue to be reviewed by the Copyright Board. In addition, the Board's statutory jurisdiction will extend to collectives which may be formed in other areas of the entertainment, cultural, and information industries. The Bill pro-

vides that the Board will have jurisdiction to alter not only performing rights license fees, but also the terms and conditions of every license.

Under new Section 50.8, the Board could grant non-exclusive licenses to use published works where the owner cannot be located.

Presumably in light of the Board's expanded jurisdiction, membership will be increased from three, unpaid part time board members, to two full time and possibly three additional members. The Chairman shall continue to be a Judge. A supervisory position of Vice-Chairman has been created. The Bill sets out the duties of Chairman and Vice-Chairman.

The Bill introduces a time limitation of members' appointments to five years, renewable for one additional term. The Governor in Council will continue to appoint Board members, but no longer from the federal Public Service.

The proposed legislation maintains the Board's supervisory role over performing rights tariffs, now requiring the organizations to submit their proposed licences for the approval of the Copyright Appeal Board, on an annual basis. The one year period will become a minimum license period, and the Board will be able to approve licenses for longer than a one year period.

To date, the Board has chosen to conduct its hearings in a judicial manner, perhaps because the Chairman has been a Judge of the Supreme Court or Court of Appeal. Under the Bill, the Board will gain the powers of a court of record, including powers to compel attendance of witnesses, production of documents and to enforce its decisions. Consistent with the increase in Board powers is a new obligation for the Board to give written reasons for its decisions.

The current Act does not specify criteria which the Board should consider in formulating its decisions. The Bill follows suit, except in cases of royalties payable by radio broadcasting stations and gramophone manufacturers. The Board is to provide for the collection of royalties in advance in such cases, taking into account expenses of collection and other outlays saved on behalf of the copyright owner.

One of the Board's new tasks will be to conduct studies relating to its powers, when requested by the Minister of Consumer and Corporate Affairs. The Board shall continue to file annual reports summarizing its activities, including any other matters it considers relevant.

The Bill codifies practices which have evolved, by specifying, for example, that the Board shall forward a copy of user objections to the respective societies, and forward the societies' replies to the respective objectors. Board members are expressly prohibited from entering into conflicts of interest.

The Bill does not introduce a right of appeal on the merits from the Board's decisions, so that the present system is maintained in effect, whereby the Federal Court can order matters sent back to the Board for reconsideration on grounds such as an error of law or excess of jurisdiction.

The proposed legislation has expanded the size and powers of the Board to accommodate the rise forecasted in collective licensing of copyright works. At the same time, the procedures for access to the Board and for approval of performing rights tariffs have been streamlined for the benefit of users and owners alike.

CONCLUSION

When drafting Bill C-60, the Departments of Communications and Consumer and Corporate Affairs have been attempted to produce a bold statement of compromise between creators and users, which will endure the test of time. Mindful of the near impossibility of satisfying the concerns of all interests, the Government has entertained first written and then oral submissions by interested parties representing creators and users, and factions within each of these, respectively.

If there has been any area consensus of which has emerged, it is the difficulty of evaluating the impact of the proposed amendments of Phase I, without the opportunity to view the contents of Phase II reforms. Creators and users alike require an understanding of the scope of the reforms prior to undertaking a meaningful analysis of whether their interests have been hal-
lowed or harmed by the terms of Bill C-60.

PART V

BIBLIOGRAPHY

A. *BOOKS AND TREATISES*

1. United States Publications

75. BAUMGARTEN, JON A. Tenth annual institute contemporary copyright and proprietary rights issues. Prentice Hall Law & Business N.J. (1987) 306 p.

This volume brings together the outlines of speeches delivered at the Institute. The topics include fair use and other copyright defenses, trade secret protection for computer software, and the proposed defense and federal acquisition regulations.

76. BRENNER, DANIEL L. and MONOE E. PRICE. Cable television and other nonbroadcast video: law and policy. 1 volume looseleaf. Clark Boardman Co., Ltd., N.Y. (1986).

This treatise deals with the schemes of regulation that apply to non-broadcast video technologies, primarily cable television. The first eight chapters focus exclusively on cable television, while the remaining chapters cover such topics as FCC policies and regulations and first amendment issues.

77. MILLER, PEGGY A. AND ARTHUR J. LEVINE. The information executive's guide to intellectual property rights. Information Industry Association, Washington, D.C. (1985), 89 p.

The purpose of this book is to enable information executives to gain a basic understanding of the intellectual property laws and associated contract issues necessary to create intelligent copyright policies within their companies. It is intended to be a layman's rather than a lawyer's tool, although lawyers unfamiliar with intellectual property law issues may find this *Guide* a good source of basic information.

78. QUICK, JENNIFER and N. ALICIA BYERS. Copyright in the Soviet Union—Bibliography, (1987), 20 pp.

This listing, with subject cross-references and source list of articles, compiles comments, books on copyright, and copyright-related subjects in the U.S.S.R. from 1974-1987 and updates a bibliography by Wilma Davis which includes entries from the 1920's to early 1970's.

79. CARR, HENRY. Computer software: legal protection in the United Kingdom. ESC Publishing Limited, Oxford, England (1987), 228 p.

This publication considers the various forms of legal protection which

currently may be used to protect computer software and the practical legal remedies which are available in the U.K. It concludes that different areas of law may be applicable to different types of software and that a single computer program may enjoy more than one form of legal protection, for example copyright and confidentiality.

A. BOOK REVIEW*

by BRUCE E. COLFIN, Esq.**

80. J. THOMAS MCCARTHY. *The Rights of Publicity and Privacy*. Clark Boardman (1987).

The Rights of Publicity and Privacy by Professor J. Thomas McCarthy was published in 1987 by Clark Boardman as part of its Entertainment and Communications Law Library. Pointing out that there are very few specialists in this field of law, the author states: "Many judges and attorneys are still unsure about its dimensions and scope."¹ Yet, further on, Professor McCarthy asserts that the right of publicity is simply "the inherent right of every human being to control the commercial use of his or her identity."² Complex or simple? In this, his latest treatise, Professor McCarthy, the author of *Trademarks and Unfair Competition*, a definitive work in its own right, has provided the intellectual property community with an important resource.

Although not strictly about copyright law, I have chosen to review McCarthy's work from a copyright practitioner's point of view. The author asserts: "The Right of Publicity is 'property' and along with patents, trademarks, copyrights and trade secrets is properly viewed as an intellectual property right," and copyright law, among other areas of law, has "furnished useful analogies and precedential foundations."³

Throughout the treatise the author presents the development of publicity and privacy rights as similar but separate amalgams of different legal theories. He chooses to concentrate on the right of publicity and, because of what he calls the close "historical and practical" links between the right of privacy and the right of publicity, he believes both rights require detailed discussion and sometimes parallel analysis.

A few points about the structure of this book are in order. *The Rights of Publicity and Privacy* is not a quick read. Structured as a reference book, each chapter has its own table of contents. The treatise may at times seem to be somewhat repetitive and tedious but this is due to the fact that Professor McCarthy has gathered together various similar concepts, theories and laws whose differences may be dependent upon the particular factual circumstances involved. All of the above are examined in great detail.

Chapter 1 is a must read. In it, the specific historical and judicial developments are outlined from Judeo-Roman times to the present, enabling one to comprehend the finer differences and similarities between these two dis-

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¹ McCarthy, *The Rights of Publicity and Privacy*, vii (1987).

² *Id.*

³ *Id.* at 1-6.

tinct yet related trends of thought. The reader also acquires a brief insight into the contributions of other fields of law as they affect the theories developed as part of the right of publicity. When the author commences his examination of the specific theories and concepts further on in the treatise, it helps assist the reader to understand the interplay between those theories and the concepts underlying the two rights.

Drawing from an historical line of literature as well as case law, the author opines that, although the publicity right's development is derived from the right of privacy, it should really be viewed as a species of unfair competition. He examines in the greatest detail the influences of Warren and Brandeis, the 1902 *Roberson* decision⁴ in New York which led to New York's Statute, the 1905 *Pavesich* decision⁵ in Georgia which acknowledged a common law right of privacy, Justice Frank's landmark 1953 *Haelan* decision⁶ which coined the term "right of publicity," and Prosser's four torts of privacy which were adopted by the Second Restatement of Torts.

Professor McCarthy asks: "Why should a stranger profit from the reputation and recognizability of my identity and leave me standing on the sidelines watching helplessly?"⁷ Based upon the philosophical theory that an individual should control the commercial use of his or her identity, Chapter 2 examines the policy reasons and motives involved in the development of the right of publicity including concerns for freedom of speech and expression.

Chapter 3 begins with "The Outline of a Prima Facie Case" and analyzes the elements of infringement of a right of publicity. To trigger liability for infringement, the author declares that the plaintiff must be "identifiable" from the defendant's usage. Although at present there is no clear and predictable test for identifiability, the author draws upon identification theories from various fields of law, including trademark infringement, unfair competition, false advertising, defamation and privacy law theories. McCarthy here proposes that there should be two tests of identification. One for celebrities, that of "unaided" identification; and, one for non-celebrities, that of "aided" identification.⁸

In Chapter 4 the author examines whether prior exploitation of the right of publicity is required for possible plaintiffs. Although prior exploitation is a controversial issue, especially in post mortem cases, McCarthy concurs with the majority view that everyone living, whether famous or not, has a right of publicity, regardless of whether or not it has been previously exploited. Believing the law should not generally distinguish between celebrities and non-

⁴ *Roberson v. Rochester Folding Box Co.*, 171 N.Y. 538, 64 N.E. 442 (1902).

⁵ *Pavesich v. New England Life Insurance Co.*, 122 Ga. 190, 50 S.E. 68 (1905).

⁶ *Haelan Laboratories, Inc. v. Topps Chewing Gum, Inc.*, 202 F.2d 866 (2d Cir. 1953).

⁷ *Supra*, n.1, at 2-11.

⁸ *Supra*, n.2, at 3-12.

celebrities because of the ephemeral nature of celebrity, status and fame, he feels that "celebrity" status should be relevant only in the determination of the relative economic value of a plaintiff's identity and persons. Although concurring with the majority, he presents the minority view as well.

For those readers who have pondered whether animals or things have a right of publicity, the author asserts that the right of publicity should not be extended beyond human identity. Believing that other legal theories are better prepared to serve such nonhuman plaintiffs, he further asserts to extend these rights to corporations and other legal entities would overwhelm and make redundant the laws of trademark and unfair competition.

Indeed, as he points out, the only exception in the statutory and case law is with regard to performing groups, which it can be said, develop a group persona and identity. Nonetheless, he candidly admits he does not fully understand the difference in rationale between granting a right of publicity to a performing group yet not granting that identical right to a small partnership.

It is in Chapter 5 that Professor McCarthy begins to compare, in context, the various legal rights which are involved with the use of a person's identity without consent. It is also in this chapter that copyright law is first surveyed and compared with the elements of state statutory and common law rights of publicity. Comparing the two, McCarthy opines that the copyright law is no substitute for publicity laws because the focus of the two areas is quite different. Copyright law focuses on recorded expression, whereas the law of publicity rights focuses on the identity and persona of human beings.

In his exhaustive approach to the material, the author examines specific differences and similarities of concepts and then meticulously analyses what he considers to be significant. For example, discussing the mutilation of an author's or performer's work as a species of false advertising, Professor McCarthy asserts that Section 43(a) of the Lanham Act can be used as a "statutory vehicle to import into the United States a limited version of the European 'Droit Moral' which can thereby prevent a literary work from being mutilated,"⁹ by prohibiting the use of the author's or performer's name on the mutilated version. Further on, discussing false credit, he states that some courts have indicated that one who infringes a copyright while claiming credit for the work is falsely identifying himself under Section 43(a) as the source or the proprietor of the copyrighted material.

Chapter 6 contains the legal sources defining the rights of publicity and privacy. In what may be the most linear of the chapters, Professor McCarthy outlines, charts, and discusses state common law, state statutes, federal law and international law, including full statutory text, with special regard to the California and New York state laws.

Of note is his treatment of the 1985 California statute which provides for

⁹ *Supra*, n.1, at 5-30.

a post-mortem right of publicity, and whose definition for the class of survivors entitled to the right he points out is somewhat modeled after the federal copyright law. Also of note in this chapter is his admittedly biased treatment, as a Californian, of the New York State position, from the wrongly decided *Roberson* case through the "bizarre response"¹⁰ of the New York Court of Appeals in 1984.

Chapter 7 focuses on the infringing use of a person's identity in a commercial setting. The author again looks to the federal copyright law for guidance in determining whether the use of a plaintiff's identity is on a useful article or is merely conveying information.

In Chapter 8, McCarthy states, referring to the celebrated *Zacchini* "human cannonball" case,¹¹ (and with regard to the unauthorized copying of an "unfixed" or live event) that the right asserted in that case may not have been appropriately named. Pointing out that the Ohio Supreme Court misunderstood the law of copyright, he states: "But for this erroneous refusal by the Ohio court to use the label 'common law copyright' the U.S. Supreme Court might never have used the phrase 'Right of Publicity' at all."¹² Further discussing state common law copyright, the author compares *Zacchini's* performance to football and baseball games which are not "fixed" or recorded simultaneously with the performance. Also of note is the author's discussion of the use of copyright law theory as a fair use defense in parody and satire.

Chapter 9 has the author pointing out that many commentators favor borrowing the life plus fifty years term of protection from copyright law with regard to how long a post mortem right of publicity should last.

Focusing on the assignment and licensing of the rights of publicity and privacy, Chapter 10 includes a very interesting discussion, analysis and comparison of the various "Son of Sam" statutes.

Chapter 11 is for litigators or would be litigators. Entitled "Procedure, Remedies and Defenses," it includes discussions on federal jurisdiction, conflicts of laws, injunctions, damages and attorneys fees. Of particular note to copyright practitioners is the section on preemption.

Although McCarthy points out that as of the date the treatise was written, no court had yet found any conflict between the federal copyright law and the state law rights of publicity, it should be noted that subsequently, in *Baltimore Orioles, Inc. v. Major League Baseball Players Association*,¹³ decided on October 29, 1986, the United States Court of Appeals for the Seventh Circuit held that a baseball player's right of publicity in performances are pre-empted when the performances are simultaneously telecast and video-

¹⁰ *Supra*, n.1, at 6-56.

¹¹ *Zacchini v. Scripps Howard Broadcasting Co.*, 433 U.S. 562 (1977).

¹² *Supra*, n.1, at 8-93.

¹³ *Baltimore Orioles, Inc., et al., v. Major League Baseball Players Association*, 805 F.2d 666 (7th Cir. 1986).

taped. The Court reasoned that because "the players' rights of publicity in their performances are equivalent to at least one of the rights encompassed by copyright"¹⁴ and "since the works in which the players claim rights are fixed in tangible form and come within the subject matter of copyright, the players' rights of publicity in their performances are pre-empted."¹⁵

Chapter 11 concludes with a debate over whether a defendant's ownership of a copyright is a defense to an assertion that one's right of publicity has been infringed. In his opinion, Court in *Fox Film Corp. v. Doyal*,¹⁶ "made it clear that copyright ownership does not immunize the owner from complying with state law."¹⁷

Following most of the chapters, there is a thought provoking "Authors Comments" section, in which McCarthy analyzes the current state of the law and then articulates his own opinion on the direction the development of the law should take. His opinions are then contrasted with those of other commentators. Although Professor McCarthy does not attempt to make new law, he does hope *The Rights of Publicity and Privacy* will encourage those who do make law to do so.

¹⁴ 805 F.2d at 677.

¹⁵ *Id.*

¹⁶ *Fox Film Corp. v. Doyal*, 286 U.S. 123 (1932).

¹⁷ *Supra*, n.1, at 11-82.

B. ARTICLES FROM LAW REVIEWS AND COPYRIGHT PERIODICALS

1. United States

81. BACH, SCOTT L. Music recording, publishing and compulsory license: toward a consistent copyright law. *Hofstra Law Review*, vol. 14, no. 2 (Winter 1986), pp. 379-403.

This article discusses royalties, compulsory licenses, and derivative works. It also discusses the purpose of the Copyright Royalty Tribunal along with the question of whether compulsory licensing is justified. Mr. Bach reviews the regulation of music recording and publishing, including the decision to include compulsory licensing in the 1976 Copyright Act; and he provides his recommendation for bringing consistency to the copyright law's unequal treatment of recorded and published music.

82. BADER, ELISE K. A film of a different color: copyright and colorization of black & white films. *Cardozo Arts & Entertainment Law Journal*, vol. 5, no. 2 (1986), pp. 497-545.

Ms. Bader investigates whether "colorists" should be provided copyright protection for their work and states her belief that colorized works are copyrightable as derivative works. The author discusses the concept of moral rights and explains why there will probably be no tailored legislation to protect films from being colorized. She also looks at the impact of color and the colorization process on black and white films and the scope of copyright protection in a color arrangement.

83. CAMPAGNA, RICHARD V. Video and satellite transmission piracy in Latin America. *The International Lawyer*, vol. 20, no. 3 (Summer 1986), pp. 961-987.

This article discusses video piracy and other forms of unauthorized fixation and unauthorized performance of works either through television, cable or closed circuit transmission. The author states that the problem of piracy is particularly high in Latin America partially because of the belief that video piracy is not a major assault against a copyright owner. He also investigates the effect of treaties and conventions on piracy.

84. DRABIAK, JEROME D. Patents, copyrights and trademarks: a primer on protecting intellectual work product. *Southern Illinois University Law Journal*, vol. 11 (Fall 1986), pp. 1-29.

The author points out what types of works can be protected under patent law, what works can be protected under copyright law and what works can be protected under trademark law. He reviews the formalities of copyright, pat-

ent, and trademark law and discusses the steps that must be taken by an individual to apply for protection under each of these.

85. KRAMER, DONNA STRICOF. Drawing fire: the proliferation of libel suits against cartoonists. *Cardozo Arts & Entertainment Law Journal*, vol. 5, no. 9 (1986), pp. 573-613.

The author provides a historical look at political cartoons and talks about litigation in the area of cartoons. She examines current libel suits against cartoonists, including the case of *Loeb v. Globe* in which governor Edward King of Massachusetts alleged that the Boston Globe published articles and cartoons giving the reader the assumption that he had used public funds improperly and illegally. She also analyzes the current state of such suits and discusses in particular the case of *Polygram Records, Inc. v. Superior Court*.

86. LLOYD, FRANK W. and DANIEL M. MAYEDA. Copyright fair use, the first amendment and new communications technologies: the impact of Betamax. *Federal Communications Law Journal*, vol. 38, no. 1 (March 1986), pp. 59-103.

This article discusses the statutory, regulatory, and judicial decisions involved in solving the problems between copyright, new communications technologies and the first amendment. The article goes on to discuss the Betamax case and the publication of President Ford's memoirs by *The Nation* magazine. It also talks about fair use and copyright and its relation to free speech.

87. MAYER, DANIEL Y. Literary copyright and public lending right. *Journal of International Law*, vol. 18, no. 3 (1986), pp. 483-503.

The author explains the difficulty in defining what public lending right (PLR) really means. He investigates the history of PLR and how PLR legislation was passed and the public lending right as it exists in Germany (FDR) and Great Britain. He also looks at the United States' stand on the subject. The final section of this article presents the forms by which PLR could be introduced into the United States and the effect of such legislation.

88. MCCLIMON, TIMOTHY J. Denial of the preliminary injunction in copyright infringement cases: an emerging judicially crafted compulsory license. *Columbia—VLA Journal of Law and the Arts*, vol. 10, no. 2 (Winter 1986), pp. 277-309.

This article investigates preliminary injunctions and the authority the courts have, especially in copyright infringement cases. It provides an overview of the history of copyright and compulsory licenses and looks at the court's practice of using the balance of hardships and public interest tests to deny preliminary injunctions as a new form of compulsory license, favoring the public and private use of copyrighted material over the exclusive repro-

duction right of the artist or copyright owner. He uses the book *Wired: the short life and fast times of John Belushi* and the copyright infringement case that ensued as an example of denial of a preliminary injunction in a copyright case.

89. MILCH, NEAL. Protection for utilitarian works of art: the design patent/copyright conundrum. *Columbia-VLA Journals of Law and the Arts*, vol. 10, no. 2 (Winter 1986), pp. 211-245.

Mr. Milch discusses the overlapping of utilitarian crafts and artistic works, including legal problems brought about by these works, copyright, design law, and case law. The author concludes that design patents should be totally eliminated and replaced by a new copyright protection which would protect consumer and industrial product designs.

90. MISNER, LAURA A. Copyright liability for performance of music works: use of background music in the aftermath of Twentieth Century Music Corp. v. Aiken. *Washington and Lee Law Review*, vol. 13, no. 1 (Winter 1986), pp. 245-265.

Ms. Misner relates the history of the case of *Twentieth Century Music Company v. Aiken*, which involved the broadcasting of copyrighted musical compositions in a restaurant. The owners of the copyright sued Aiken for violating their exclusive rights to perform the work publicly for profit. The author then discusses exemption cases that have arisen since the Aiken case and looks at their histories. Cases analyzed include *Sailor Music v. The Gap Stores, Inc.*, *Laminations Music v. P and X Markets, Inc.* and *Springsteen v. Plaza Roller Dome, Inc.* The author states that there is judicial inconsistency and subjectivity in determining copyright infringement cases involving unauthorized music performance and believes that section 110(5) of the copyright law should be amended.

91. NIMMER, RAYMOND T. and PATRICIA A. KRAUTHAUS. Copyright and software technology infringement: defining third party development rights. *Indiana Law Journal*, vol. 61, no. 1 (1986-87), pp. 13-63.

The authors discuss "value-added" technology in the software industry and how to protect it. They state that in a value added use, a subsequent developer creates a new product, applying its own expertise to prior work. The authors analyze the pirating of software along with the development of software law in the U.S. The second part of this study presents suggestions for balancing the rights of the original creator with subsequent work by value-added developers.

92. PAGE, PHILLIP EDWARD. The works: distinguishing derivative creations under copyright. *Cardozo Arts & Entertainment Law Journal*, vol. 5, no. 2 (1986), pp. 415-445.

The author defines derivative works and discusses some of the problems in discovering the status of a work when the notice of copyright doesn't provide enough information on the underlying work or its original owners. Part of the problem, according to Mr. Page, is that the 1909 Act and the 1976 law do not specifically authorize a standard for determining originality in the creation of a derivative work, and the courts have found difficulty in separating the derivative work from its original source. He discusses pertinent cases, including *Alfred Bell & Co. v. Catalda Fine Arts, Inc.* and *L. Batlin & Sons, Inc. v. Snyder*. He also investigates, in detail, derivative works under the 1976 Act, including termination provisions and the rights of renewal claimants and explores the registration and transfer of derivative works.

93. RICE, DAVID M. Calling offensive signals against unauthorized showing of blacked-out football games: can the Communications Act carry the ball? *Columbia-VLA Journal of Law & the Arts*, vol. 11, no. 3 (Spring 1987), pp. 413-441.

Mr. Rice discusses the case of *National Football League v. McBee & Bruno's, Inc.* which deals with the showing by a bar of the blacked-out St. Louis Cardinals home game (National Football League) for their bar patrons. The author provides the history of pay television and the problem of piracy of signals by unauthorized users. He also discusses such cases as *Home Box Office, Inc. v. Pay T.V. of Greater New York, Inc.* and *Orth-O-Vision, Inc. v. Home Box Office* and the 1984 Cable Act.

94. ROBERTS, GARY R. Pirating satellite signals of blacked-out sports events. *Columbia-VLA Journal of Law & the Arts*, vol. 11, no. 3 (Spring 1987), pp. 363-387.

This article explores the pirating problem found primarily in bars, clubs and restaurants which use satellite receiving dishes to telecast blacked-out sports events in their area. The problem has become more frequent with new technological advances in satellite dishes. The author discusses blackout practices, cable blackouts, and reviews such cases as *Black v. National Football League* and *National Football League v. McBee & Bruno's, Inc.* Some attention also is devoted to the move to apply political pressure to lift all blackouts and the policy implications of enforcing blackout restrictions.

95. SCHOEFELD, SUSAN. The applicability of the eleventh amendment immunity under the Copyright Acts of 1909 and 1976. *The American University*, vol. 36, no. 1 (Fall 1986), pp. 163-193.

This author provides the reader with a history of copyright (including the 1909 and 1976 Acts) and attempts to explain the eleventh amendment and how it limits federal courts' authority to hear cases against states. The author argues that because federal courts have exclusive jurisdiction over copyright infringement suits, allowing a state to invoke the eleventh amendment would eliminate all remedies for copyright violations by states. She discusses four federal court decisions and investigates two of these cases—*Johnson v. University of Virginia* and *Mills Music, Inc. v. Arizona*—in detail.

96. WARRICK-WOODARD C. Copyright-fair use: Harper and Row, Publishers, Inc. v. Nation Enterprises. *University of Detroit*, vol. 63, no. 3 (Spring 1986), pp. 559-770.

Mr. Warrick discusses the case involving former President Gerald R. Ford's memoirs and the "unfair use" of the unpublished manuscript by *The Nation* magazine. Mr. Warrick gives both the background and an analysis of the case, with a close look at Justice O'Connor's majority opinion which favors strong copyright protection.

97. WISE, MARILYN S. Trials of the Tribunal: towards a fair distribution of jukebox royalties. *Southwestern University Law Review*, vol. 16, no. 4 (1986), pp. 757-785.

Ms. Wise discusses the case of *ACEMLA v. Copyright Royalty Tribunal* and mentions that this case is important because it is the first involving a court's review of a distribution of jukebox royalty fees by the Copyright Royalty Tribunal. She examines the jukebox exemption along with the effect this case has had on the Tribunal itself and its ability to conduct private investigations.

98. YURKE, ALICE F. Copyright issues concerning the publication of Samizdat literature in the United States. *Columbia-VLA Journal of Law & The Arts*, vol. 11, no. 3 (Spring 1987), pp. 449-470.

The author describes the word "Samizdat." "Samizdat" refers to a process involving an underground network that publishes and disseminates literature that might be offensive to Soviet authorities. The author addresses the problems of publishing Samizdat literature in the U.S. and whether Soviet law and policy can deny Soviet protection for a "questionable work" in the U.S. as well. Ms. Yurke also discusses Soviet international copyright prior to and after its accession to the UCC.

99. ZIMMERMAN, STEPHEN S. A regulatory theory of copyright: avoiding a first amendment conflict. *Emory Law Journal*, vol. 35, no. 1 (Winter 1986), pp. 163-213.

The author provides historical background on the first amendment, the copyright clause and the new copyright law. He also investigates original English copyright statutes and their purposes for being and such modern day cases as *Time, Inc., v. Bernard Geis Associates*. Finally, he discusses expanding the fair use doctrine and makes a plea for a regulatory interpretation of copyright.

2. Foreign

100. FRACON, ANDRE. The future of copyright. *Revue Internationale du Droit D'Auteur*, vol. 132 (April 1987), pp. 1-28.

The author traces the evolution of copyright, discouraging the enlargement of the category of works to be protected as "literary property," and suggests avoiding any formula for nonvoluntary licensing in the future.

101. SATELLITE AND COPYRIGHT. AUSTRALIAN COPYRIGHT COUNCIL. Bulletin 58 (1986), 28 pp.

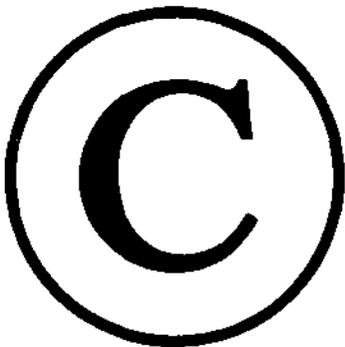
This bulletin discusses satellite technology and how the material sent by satellite is protected by the copyright law. Recent amendments to Australia's copyright law are also investigated along with a revised definition of the term "broadcast." The authors discuss topics such as VAEIS (the new Video and Audio Entertainment and Information Services).

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PART I

ARTICLES

102. SALINGER AND RANDOM HOUSE PART II: FEARS, CRITICISMS OF OPINION RESULT FROM MISREADING OF DECISION

By ROGER L. ZISSU*

Now that the eight justices of the nation's highest court and the 13 regular active judges of the 2d U.S. Circuit Court of Appeals have declined to interfere with the issuance of a preliminary injunction against Ian Hamilton's biography of J.D. Salinger,¹ it seems an appropriate time to reappraise the 2d Circuit's decision rejecting a fair use defense. It also is time to consider whether certain of the fears and criticisms of Circuit Judge Jon O. Newman's opinion really are justified.

In the aftermath of the initial decision and during the course of the unsuccessful attempts to secure its rehearing and reversal, there have been mounting expressions of concern in legal, publishing and press circles about the danger this case may pose to the creation of historical and biographical works, particularly because of the court's treatment of the defendant's paraphrasing of Mr. Salinger's letters.

As indicated below, I believe that the circuit court's discussion in *Salinger v. Random House Inc.* of what constitutes infringing paraphrasing has been misread and that these reactions are therefore unjustified.

In a November front-page article in the *New York Times Book Review*, the president of the American Council of Learned Studies, Stanley Katz, is quoted as stating that unless the Salinger opinion is considered as relating only to a writer whose words are as valuable as Mr. Salinger's, "It could badly inhibit the work of professional historians and other academic researchers."²

A major criticism of the court's opinion has been of Judge Newman's

*Mr. Zissu, a partner at New York's Cowan, Liebowitz & Latman, P.C., was trial counsel to the plaintiff publishers in *Harper & Row v. Nation Enterprises*

¹ *Salinger v. Random House Inc.*, 811 F.2d 90 (2d Cir.), petition for reh'g denied, 818 F.2d 252 (2d Cir.), cert. denied — U.S. — (Oct. 5, 1987); Pat. Trademark & Copyright J. (BNA), Vol. 34, No. 850, Oct. 8, 1987, at 593; see 28 U.S.C. 46(c) and Fed. R. App. P. 35.

² Margolick, David, "Whose Words Are They Anyway?" *New York Times Book Review*, Nov. 1, 1987, at 44.

conclusion that biographer Hamilton's paraphrasing captured Mr. Salinger's protected expression and not merely his ideas. The critics have asserted that the decision mistakenly prohibits properly limited paraphrasing for the purpose of communicating an author's ideas that can be expressed only in very circumscribed ways.

In support of this assertion, the critics have held up as the court's examples of excessive copying certain passages from the Salinger correspondence and Mr. Hamilton's biography. In doing this, they have misunderstood the opinion and created unnecessary anxieties.

The illustrations cited by the pessimists were not put forth by Judge Newman as examples of infringing paraphrasing. They were taken from a different part of the opinion in which quotations from the two works were cited for a different purpose, namely, to show that Mr. Hamilton actually has failed to capture Mr. Salinger's expression. This demonstration was part of an evaluation of Mr. Salinger's claim that Mr. Hamilton's use would injure the potential future marketability of Mr. Salinger's letters, even in those instances in which Mr. Hamilton's versions were sufficiently different, because readers nevertheless would be misled into believing that the biography had in fact captured Mr. Salinger's expression.

In raising their concerns, the critics have inaccurately attributed to Judge Newman two examples of the supposed infringing paraphrasing.

Publishers Weekly has stated:

In *Salinger*, however, the Second Circuit characterized as close paraphrase examples like the following:

Salinger: "Like saying, She's a beautiful girl, except for her face."

Hamilton: "How would a girl feel if you told her she was stunning to look at but that facially there was something not quite right?"³

And another commentator has stated:

Consider this example cited in the opinion of the Court of Appeals to illustrate what it viewed as Hamilton's inexcusable copying from Salinger. Salinger is quoted writing: "I suspect that money is a far greater distraction for the artist than hunger." Hamilton paraphrased the statement as follows:

"Money, on the other hand is a serious obstacle to creativity."⁴

³ Rinzler, Carol E., "Salinger and the 'Bell Jar': What Do They Mean to Publishers?" *Publishers Weekly*, April 24, 1987, at 21.

⁴ Abrams, Floyd, "First Amendment and Copyright: The Seventeenth Donald C. Brace Memorial Lecture," *Journal of the Copyright Society*, Vol. 35, No. 1, October 1987, at 6.

But these quotations were included in a portion of the opinion dealing with the issue of how publication of the biography would affect the potential market for an unauthorized collection of the Salinger letters, often termed the most important factor in evaluating a fair use defense to a claim of copyright infringement.⁵

The court noted these as examples of “how inadequately Hamilton’s paraphrasing has rendered Salinger’s chosen form of expression [footnote omitted].”⁶ In this same portion, the court also gave a third example of paraphrasing that did not capture Mr. Salinger’s expression:

Salinger, conveying the adulation of Parisians toward Americans at the liberation of Paris, writes that they would have said, “‘What a charming custom!’ If we had stood on top of the jeep and taken a leak.” Hamilton paraphrases: If “the conquerors had chosen to urinate from the roofs of their vehicles.”⁷

In discussing all three of these passages, the court found that because Mr. Hamilton had not copied enough of Mr. Salinger’s expression, the future marketability of the Salinger letters would be likely to be impaired by the publication of the biography. The court explained this conclusion by noting that the biographer frequently “laces his paraphrasing with phrases such as ‘he wrote,’ ‘said Salinger . . . he says,’” and the like.⁸ Notwithstanding its determination in an earlier segment of the decision that substantial portions of Mr. Salinger’s expression were copied, in this part of its opinion, the court gave its reasons for deciding that, even when the expression had not been copied, for an appreciable number of persons, Mr. Hamilton’s “phrases will convey the impression that they have read Salinger’s words, perhaps not quoted verbatim, but paraphrased so closely as to diminish interest in purchasing the originals (emphasis added),” when this impression would be incorrect.⁹

The courts identification of instances of infringing paraphrasing begins in its initial recitation of the factual “background.” Before discussing any law or fair use factors, the court noted that Mr. Salinger had “identified 59 instances” where the biography contains “passages that either quote from or closely paraphrase portions of his unpublished letters” drawn from “44 of the [79] copyrighted letters” Mr. Salinger registered for protection.¹⁰

The court also discussed the closeness of the paraphrasing. In the words of the opinion:

⁵ Salinger, 811 F.2d at 99, n.5.

⁶ Id.

⁷ Id.

⁸ Id.

⁹ Id.

¹⁰ Id. at 93.

The closeness of the paraphrasing is illustrated by comparison of a passage from a 1943 letter to Whit Burnett, with Hamilton's report of what Salinger had written on that occasion. Salinger, distressed that Oona O'Neil, whom he had dated, had married Charlie Chaplin, expressed his disapproval of the marriage in this satirical invention of his imagination:

I can see them at home evenings. Chaplin squatting grey and nude, stop his chiffonier, swinging his thyroid around his head by his bamboo cane, like a dead rat. Oona in an aquamarine gown, applauding madly from the bathroom. Agnes (her mother) in a Jantzen bathing suit passing between them with cocktails. I'm facetious, but I'm sorry. Sorry for anyone with a profile as young and lovely as Oona's.

Hamilton, not content to report the fact that Salinger was distressed that O'Neil had married Chaplin or that in his mind he imagined how disastrous their life together must be, writes the following:

At one point in a letter to Whit Burnett, he provides a pen portrait of the Happy Hour Chez Chaplin: the comedian, ancient and unclothed, is brandishing his walking stick—attached to the stick, and horribly resembling a lifeless rodent, is one of Chaplin's vital organs. Oona claps her hands in appreciation and Agnes, togged out in a bathing suit, pours drinks. Salinger goes on to say he's sorry—sorry not for what he has written, but for Oona: far too youthful and exquisite for such a dreadful fate.

Even the briefest similes are closely paraphrased. Salinger, expressing his unfavorable opinion in 1940 of presidential candidate Wendell Wilkie, wrote Burnett: "He looks to be like a guy who makes his wife keep a scrapbook for him." Hamilton reports that Salinger "had fingered [Wilkie] as the sort of fellow who makes his wife keep an album on his press cuttings."¹¹

There was no quotation of the other examples of claimed infringement, apparently because these were sealed from public scrutiny in line with the court's decision that the copyright owner had the exclusive rights to control the letters' first publication. The ensuing discussion, nevertheless, clearly indicated that the above two illustrations were only particular examples of the kind of "close paraphrasing" or verbatim copying it found to be actionable.¹²

Thus, after this background, the court presented its "discussion." When it reached its evaluation of the third fair use factor, the amount and substantiality of the copying, the court first stressed that only the "copyrighted *expres-*

¹¹ Id. at 93, n.2.

¹² Id. at 98.

sion . . . not the *factual content* of the material [emphasis in original]" used is relevant.¹³ The court then stated expressly, "We have carefully analyzed all 59 of the passages from Hamilton's book cited by Salinger as instances of infringement from 44 of his letters. Even if in one or two instances the portions of the letters copied [by close paraphrasing] could be said to lack sufficient creativity to warrant copyright protection, there remains sufficient copying of protected material to constitute a very substantial appropriation."¹⁴ Again, the only two examples of paraphrasing found to be too close were those quoted above from the court's statement of background facts.

Citing the Supreme Court's most recent pronouncement on the point in *Harper & Row Publishers Inc. v. Nation Enterprises*,¹⁵ the court concluded its evaluation of the level of copying by remarking that the taking was significant "not only from a quantitative standpoint, but also from a qualitative one as well," because of the importance of the copied expression to the defendant's work.¹⁶

In *Harper & Row*, the plaintiff complained of the Nation magazine's unauthorized copying of portions of the unpublished manuscript of President Ford's memoirs. The Supreme Court's opinion finding infringement recognized the established point that the prominent role the copied material plays in the defendant's work is considered evidence of the "substantiality" of the taking from the plaintiff's work.¹⁷

In view of the above, I believe that the court's discussion of the scope of protection and paraphrasing not only poses no new or special danger to the creation of historical works, but actually provides a benefit in offering guideposts for distinguishing between permissive and illicit paraphrasing.

The idea that paraphrasing can exceed legal bounds is not new in *Salinger*. Among the exclusive rights of a copyright owner are the rights to reproduce the work and to prepare derivative works based on the copyrighted work.¹⁸ A derivative work is defined in the copyright statute as including an abridgement, condensation or adaptation of a protected work.¹⁹ As noted by Judge Learned Hand more than 50 years ago, "It is of course essential to any protection of literary property . . . that the right cannot be limited literally to the text, else a plagiarist would escape by immaterial variations."²⁰

The 2d Circuit set forth two examples of improper paraphrasing and

¹³ Id. at 97.

¹⁴ Id. at 98.

¹⁵ *Harper & Row Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 565 (1985).

¹⁶ *Salinger*, 811 F.2d at 98-99.

¹⁷ *Harper & Row Publishers Inc.*, 471 U.S. at 565; see W.F. Patry, "Latman's The Copyright Law," 251 (BNA 6th ed. 1986) and cases cited there.

¹⁸ 17 U.S.C. 106.

¹⁹ 17 U.S.C. 101.

²⁰ *Nichols v. Universal Pictures Corp.*, 45 F.2d 119, 121, cert. denied, 282 U.S. 902 (1931).

three illustrations of permissible paraphrasing. The three examples it considered not close enough to have "rendered Salinger's chosen form of expression" show the kind of paraphrasing of unpublished letters that is *not* likely to infringe. From this it is clear that not all quotation from unpublished letters constitutes infringement, and that some paraphrasing, less close than the court's two examples of infringing use, is proper and legal.

But how close is too close?

In discussing the scope of protection the opinion instructs us that although an "ordinary" phrase or word combination may enjoy no protection as such, its use in a sequence of expressive words does not deprive the passage of protection; one may not freely quote or paraphrase sequences of creative expression that include such phrases.²¹ The court also tells us that it examined in detail all of the 59 instances in which it found the biography to have paraphrased too closely, including those involving ordinary phrases that it found to contain creativity in sequence of thoughts, choice of words, emphasis and arrangement sufficient to turn the close tracking of the letters into infringements.²²

In terms of standard by which to gauge the degree of closeness that would constitute permissible paraphrasing, the court indicates that it looked to whether the paraphrasing exceeded that necessary to disseminate facts.²³ Again, it also gives us three examples of non-infringing paraphrasing.²⁴ Finally, the court concludes its analysis of the extent of the copying by noting the significant role of the letters in the biography: On 40 percent of the book's 192 pages they were quoted or paraphrased.²⁵

Although the 2d Circuit has provided us with only two examples of the infringing paraphrasing and the others are sealed, its entire regular active membership and all the currently sitting Supreme Court justices also now have had an opportunity to review the parties' contentions on the matter, and have not interfered with or further commented on the decision.

While the line between copying ideas—or facts—and expression never can be defined in such a way as to give a precise answer for all situations, the Salinger opinion adds thoughtful and useful instruction to the limited amount of existing judicial discussion of paraphrasing. Moreover, it does so without condemning the very instances of Mr. Hamilton's paraphrasing that have been cited as the basis for its most vocal criticism. As such, the decision's treatment of paraphrasing should not be feared as posing any added danger to the creation of historical and biographical works.

Salinger should be seen, instead, in the broader context of infringement

²¹ *Salinger*, 811 F.2d at 98.

²² *Id.*

²³ *Id.*

²⁴ *Id.* at 99.

²⁵ *Id.*

decisions as one case decided on its particular facts that provides constructive guidance to both authors and publishers.

**102a. ADHERENCE TO THE BERNE COPYRIGHT CONVENTION:
THE MORAL RIGHTS ISSUE**

By RALPH S. BROWN*

The probability that the United States will at long last adhere to the Berne Convention is mounting.¹ It is indeed possible that, even before these remarks appear in print, both houses of Congress will have agreed on necessary changes to the Copyright Act, so that the Senate can exercise its prerogative to vote adherence.

When that occurs, we will be accepting the obligations that flow from the oldest and strongest of the collection of treaties that give authors rights outside their home countries. The Berne Convention achieved its centennial in 1986.² Several times revised and expanded,³ it goes far beyond assuring authors that they will be given "national treatment"—that is whatever rights each country gives its own authors.

Berne has a formidable catalog of rights that must be recognized, covering most of the range of modern copyright law—and beyond.⁴ One such

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¹ "Today, the climatic variables are all favorable for U.S. adherence. There is a strong political consensus in favor of U.S. membership." Testimony of Cong. Robert W. Kastenmeier, Chairman, Subcommittee on Courts, Civil Liberties and the Administration of Justice, House Committee on the Judiciary before the Subcommittee on Patents, Trademarks and Copyrights, Senate Committee on the Judiciary, Feb. 18, 1988; "[A] consensus may be emerging among the affected interests in the United States and the Congress that the United States should now adhere to the Berne Convention." Statement of Ralph Oman, Register of Copyrights, *ibid.*, p. 19.

² Consult *Papers Presented at a Conference to Celebrate the Centenary of the Berne Convention, 1886-1986*, 11 *COLUM.-VLA J. OF LAW & THE ARTS* 1 (1986).

³ The successive versions of the Berne Convention for the Protection of Literary and Artistic Works are found in UNESCO and WIPO, 3 *Copyright Laws and Treaties of the World* (unpaged, 1984).

⁴ For a concise and authoritative introduction to Berne, published by the World Intellectual Property Organization, consult C. Masouye, *Guide to the Berne Convention* (1978). A full treatment is S. Ricketson, *The Berne Convention for the Protection of Literary and Artistic Works* (1987).

fringe right protects folklore,⁵ about which our law is assuredly silent. It got a toehold in the latest revision, that of Paris in 1971.

Moral rights, the topic of this paper, are assuredly not at the fringe. They have been part of Berne since the Rome revision of 1928.⁶ Are they recognizably part of our law? Need we change our law to accommodate them? Is there something about moral rights that is alien to our system, so that we should stay clear of Berne rather than accept an obligation to respect them?

Before canvassing these questions, let us quickly tick off the reasons commonly advanced why we should be part of Berne, and also recall the price we have to pay in departures from our settled ways of conferring or denying copyright.

The official push for joining Berne, endorsed by President Reagan himself,⁷ is fuelled by concern about our global trading position in intellectual properties. We are the great exporter. Somehow, it is suggested, membership in Berne would enable us to proceed more effectively against the massive piracy of American books and movies and television programs that has long been epidemic in certain parts of the world.⁸

It is not altogether clear why those rascals the pirates, who are not just denizens of parts of Asia and Africa, they are everywhere, will be any more respectful of us in Berne than they are of us not in Berne. For one thing, illicit flat-out copying of American works surely violates the Universal Copyright Convention of 1952, which we joined in 1955. The UCC, fostered by us, requires "adequate and effective protection of the rights of authors and other copyright proprietors."⁹ Berne has a fuller set of teeth; but the 78 countries in the UCC (including the USSR, but not China) substantially overlap the 76 members of Berne (which do not include China, the USSR, or the United States).¹⁰

For another, American copyright owners, by simultaneous publication at home and in a Berne country, have been able to qualify for Berne protec-

⁵ In Article 15(4), but only as supported by legislation in the country of origin. See Masouye, note 4, *supra*, 95; Teran, *International Copyright Developments—A Third World Perspective*, 30 J. COPR. SOC'Y 129, 145 (1982).

⁶ As Article 6 *bis*. Masouye, *supra*, note 4, 41.

⁷ Reagan, *Message to the Senate Transmitting the Berne Convention*, 22 WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS 826 (June 18, 1986).

⁸ Statements of this sort are the grist of almost every Congressional hearing. For the most recent examples, see 35 BNA, PATENT, TRADEMARK & COPYRIGHT J. 373 (1988) (March 3, 1988 Senate hearing).

⁹ Universal Copyright Convention, Art. I.

¹⁰ Lists of members as of Jan. 1, 1985, are in 4 M. & D. NIMMER, NIMMER ON COPYRIGHT, App. 21 and 22 (1987). The tally is from Sandison, *The Berne Convention and the Universal Copyright Convention: The American Experience*, 11 COLUM.-VLA J. LAW & THE ARTS 89, 100 (1986).

tion in all Berne countries. This is the famous—or notorious—“backdoor to Berne.”¹¹ True, any Berne county can close the backdoor. So far it has remained open.

Better enforcement of rights is, I submit, not the strongest reason for joining Berne. More compelling is the feeling, or impulse, or sentiment, that we simply ought to be part of the club, since it's the best club in town. The World Intellectual Property Organization, an arm of the United Nations that administers Berne (from Geneva), is where the action is. Within the next decade there will probably be another review of Berne. We ought to have a real voice, both in the strengthening of author's rights that has been the historic mission of Berne, and, from the other direction, in fending off developing countries that want easier access to works of authorship.¹² As Barbara Ringer put it in a pungent passage that describes our progress from “outlaw” to “outsider,” to “stranger at the feast,” “as the world's largest exporter of literary properties,” she writes, “we can no longer afford to stand apart and content ourselves with sidelong glances.”¹³

Let us accept that membership in Berne, even if it entailed burdens, would be beneficial. But most benefits have their costs. The costs for us lie in the pangs that accompany changes in our law, especially when the changes uproot established ways.

For the first 90 years of Berne, we were out of play with respect to duration of copyright. Berne requires copyright, in most cases, to endure for the life of the author plus fifty years.¹⁴ We had our increasingly eccentric system of a term of years renewable for a second term,¹⁵ borrowed from the mother country, but abandoned by her back in 1814.¹⁶ The Universal Copyright

¹¹ *Id.* at 103; 3 NIMMER, *supra*, note 10, § 17.04[D][2].

¹² This cluster of reasons is also repeatedly recited in hearings and other forums. See, e.g., statement by Barbara Ringer, former Register of Copyrights, before the House Subcommittee on Courts, Civil Liberties, and the Administration of Justice, Feb. 9, 1988.

¹³ Ringer, *The Role of the United States in International Copyright—Past, Present, and Future*, 56 GEO. L.J. 1050, 1078 (1968).

¹⁴ Life plus 50 came into Berne in the Berlin Revision of 1908. The duration provisions of Berne are in its Article 7.

¹⁵ See Guinan, *Duration of Copyright*, 1 STUDIES ON COPYRIGHT 58 (Arthur Fisher Mem. Ed. 1963) for the elongation of the two terms, reaching 28 years renewable for another 28 in the 1909 Act. Works in their first term on Jan. 1, 1978, still have a renewal term, now of 47 years, for a total of 75 years, to match the extended term given works already in their second term on Dec. 31, 1977. 17 U.S.C. §§ 304(a) and (b). On the unceasing vagaries of rights in the renewal term, compare Kupferman, *Renewal of Copyright*, 44 COLUM. L. REV. 712 (1944), with Nevins, *The Magic Kingdom of Will Bumping: Where Estates Law and Copyright Law Collide*, 35 J. COPR. SOC. 77 (1988).

¹⁶ See Guinan, note 14, *supra*, at 57. Great Britain adopted life plus 50 in 1911. *Ibid.*

Convention was tailored to accommodate our scheme. But then we changed our law in the 1976 General Revision and went to life-plus-fifty,¹⁷ so that is no longer an issue.

The second major dissonance with Berne, which is still with us, lies with Berne's ban on any formalities for obtaining or retaining a copyright.¹⁸ We, of course, still require a copyright notice on published works, and, before you can sue, registration.¹⁹ Registration later than three months after publication also cuts out some remedies.²⁰ The defenders of the obligatory notice appear to be in full retreat. The Copyright Office would like to preserve registration pretty much as it is, and argues that the present law satisfies Berne (other Berne countries have similar laws). It wants to keep some stimulus for voluntary registration, because of the great utility of an official register of the more than half a million registrations annually, (though very few are directly linked to the initiation of litigation). Registration is also valuable because it augments the deposit of copies in the Library of Congress.²¹

However, the obligation to deposit copies of a published work in the Library of Congress already has a separate statutory base, enforced by money penalties²² and is divorced from the preservation of copyright.

Subject to some resolution of the registration requirement, it appears that we may be ready to take the costs, such as they are, of abandoning formalities.

Third, Berne protects certain works, notably of architecture, in ways that we do not.²³ Of some consequence, with us copyright does not subsist in the appearance of a building, only in the graphic plans. But a case can be made that our law would recognize rights in the purely artistic elements of a structure;²⁴ and, it is arguably only a short step from that to whatever Berne requires. While it would gladden the hearts of architects to have more extensive protection, it is unlikely that they will get it. A plausible fudging of rights in architecture will permit inaction on this score.²⁵

¹⁷ 17 U.S.C. § 302(a).

¹⁸ Art. 5(2).

¹⁹ 17 U.S.C. §§ 401, 408, 411. The manufacturing clause of § 601 was a long-standing irritant, unacceptable under Berne as a formality, but it expired in 1986.

²⁰ 17 U.S.C. § 412.

²¹ See Statement of Register Ralph Oman, note 1, *supra*, p. 15. Cf. Statement of Irwin Karp, p. 15 *Ibid*.

²² 17 U.S.C. § 407.

²³ Art. 2(1). See *Final Report of the Ad Hoc Working Group on U.S. Adherence to the Berne Convention*, 33 J. COPR. SOC'Y 184 (1986).

²⁴ See Shipley, *Copyright Protection for Architectural Works*, 37 SO. CARO. L. REV. 393 (1986) (arguing for stronger protection).

²⁵ See Testimony of Cong. Robert Kastenmeier, note 1, *supra*, pp. 6-7: ("Whether we should extend substantial protection to architecture. . . can be considered after adherence to Berne").

The fourth long-standing barrier to Berne adherence has been Berne's requirement of recognition to moral rights. This brings us to the topic of this survey.

Here is the essential ascription of moral rights in Berne:

Independently of the author's economic rights, and even after the transfer of the said rights, the author shall have the right to claim authorship of the work and to object to any distortion, mutilation or other modification of, or other derogatory action in relation to, the said work, which would be prejudicial to his honor or reputation.²⁶

This clause first embraces the paternity right, "the right to claim authorship." In some contexts we would more readily call this the right to credit. It also imbeds the integrity right, in embarrassingly high-flown language. Prejudice to "honor or reputation" sounds more like a remedy against defamation, rather than against unwanted editing.

Berne's rhetoric reflects French law. The French, who take moral rights very seriously, have at least two other moral rights, but they need not concern us. One is the right of first publication, which we essentially recognize too. The other is the right of withdrawal. You can make a contract to publish and then change your mind, provided you indemnify the assignee.²⁷ This right is ill-developed even in French law, deservedly so I would say.

From the recent debate about the moral rights situation and adherence to Berne, three positions have emerged. The first favors adherence, and argues that our law, as it stands, protects the paternity right and the integrity right sufficiently for us to be able to adhere in good faith. The second also favors adherence, but calls for explicit legislative recognition of moral rights; what we have is not good enough. The third opposes adherence, basically on the ground that the Berne treaty language would become part of the law of the land. It is further argued that even if Berne is not self-executing, adherence would influence the direction of adjudication and legislation toward creating rights in authors that would intolerably hamper the production of all the major media: print, broadcasting, film, and perhaps music.

Is the first position, sometimes dubbed "minimalist," a reasonable one? The paternity right, to claim authorship, to receive credit, has considerable support in our law and custom. By "custom" I refer especially to the highly-developed conventions and contracts for recognition that screen and stage figures have evolved, backed up by collective bargaining agreements. These

²⁶ Art. 6bis (1).

²⁷ See Reeves, Bauer, & Lieser, *Retained Rights of Authors, Artists, and Composers under French Law on Literary and Artistic Property*, 14 J. OF ARTS MANAGEMENT & LAW, No. 4, pp. 10-14 (1985).

contracts get right down to the size of type in advertisements.²⁸ The law in the last decade has come to the rescue also of those unprotected by contract. It permits an actor or author who has been denied credit to invoke flashly Section 43(a) of the federal Lanham Act.²⁹ This protean passage makes actionable any false designation of origin.³⁰ It has been especially useful to authors who want to *deny* paternity, when their name has been put on something they didn't write.³¹

Of special interest is an Ohio case where a researcher protested that his boss had wrongly claimed paternity of the researcher's discovery. The court, applying state law, said it didn't make any difference whether the claim was labelled "plagiarism, invasion of privacy, or prima facie tort;" the plaintiff could have relief.³²

That there is a paternity right does not mean that it can be exercised under all circumstances. Consider the case of a willing ghost-writer, who has initially contracted for anonymity, or for an "as told to" role, then changes her mind, and demands more credit than the contract called for. Put in more formal terms, can one effectively disclaim or waive the paternity right? To be sure, French law grandiloquently declare that moral rights are "perpetual, inalienable, and imprescriptable."³³ But it is not proposed that we adhere to French law, only to Berne. The Convention says nothing about inalienability.³⁴ We will return to the alienability question in connection with the integ-

²⁸ See generally, 1 T. Seiz and M. Simensky, ENTERTAINMENT LAW (1983), chs. 8-15.

²⁹ At least where the credit is misattributed to another. *Smith v. Montoro*, 648 F.2d 602 (9th Cir. 1981). Section 43(a) is 15 U.S.C. Sec. 1125(a).

³⁰ For contrasting views of the proper scope of § 43(a), compare Germain, *Unfair Trade Practices Under Sec. 43(a) of the Lanham Act: You've Come a Long Way, Baby—Too Far, Maybe?*, 49 IND. L. REV. 84 (1973) with Bauer, *A Federal Law of Unfair Competition: What Should Be the Reach of Section 43(a) of the Lanham Act?* 31 UCLA L. REV. 671 (1984).

³¹ *Follett v. Arbor House Pub. Co.*, 497 F. Supp. 304 (S.D.N.Y. 1980). Cf. *Shaw v. Time-Life Records*, 38 N.Y.2d 201, 341 N.E.2d 817 (1975) (orchestra leader could have relief from misattribution on common-law passing-off ground); *Zim v. Western Pub. Co.*, 573 F.2d 1318 (5th Cir. 1978) (privacy ground).

³² *Bajpayee v. Rothermich*, 53 Ohio App. 117, 123, 372 N.E.2d 817, 821 (1977).

³³ Law of March 11, 1957, art. 6. See Françon and Ginsburg, *Authors' Rights in France: The Moral Right of the Creator of a Commissioned Work to Compel the Commissioning Party to Complete the Work*, 9 COLUM.-VLA J. LAW & THE ARTS 381, 382 (1985).

³⁴ *Plaisant, Droit de Suite and Droit Moral Under the Berne Convention*, 11 COLUM.-VLA J. LAW & THE ARTS 157, 161 (1986). Professor Plaisant observes that "it is in fact a personal right and so more or less inalienable." *Ibid.* I suppose there would be general agreement that moral rights are not assignable. Cf. Berne Convention Art. 6bis (2), which makes the enforcement of moral rights after the death of the author "at least until the expiry of the economic rights" (not perpetually, as the French law declares) "exercisable by the persons or

rity right, and the concerns of magazine publishers that drive them to oppose adherence.

The integrity right is much more complicated. The vivid example that comes to mind, when we envision the "distortion or mutilation" forbidden by Berne, is the destruction of a work of visual art. The classic American case is that of Alfred Crimi. His large fresco in a Presbyterian church in New York City lasted only eight years before the congregation, supposedly offended by Crimi's barechested Christ, let it be destroyed. Crimi had no remedy.³⁵ A current case, which trembles in the balance, is the fate of Richard Serra's "Tilted Arc," a rusty slab 12 feet high and 122 feet long that slants across the plaza of the Javits Office Building in downtown New York. The General Services Administration proposes to move it, where to it hasn't said. Serra lost a lawsuit seeking to prevent this,³⁶ but an advisory panel of art experts is on his side. At this writing, the bureaucratic outcome is not yet known.³⁷

As is well-known, California and Massachusetts have modern statutes protecting artworks from alteration or destruction, and also establishing a paternity right for works "of recognized quality" (a bramble-bush still to be entered). New York (and three other states) have statutes too, which while emphasizing the paternity right, also protect the artist from public display, in an altered form, of a work attributed to him.³⁸ The New York statute was invoked to permit Robert Newman to complete a mural he had done by sand-blasting on the outer brick wall of a theater in New York City.³⁹

All these state statutes raise prickly questions of preemption under federal copyright law.⁴⁰ But, for the time being, there they are; and they are

institutions authorized by the legislature." The practical question is not in alienability, whatever that means, but whether an author or his representatives can effectively waive or disclaim the exercise of a moral right. Plaisant further asserts that: "French law is almost alone in declaring inalienability, although in practice it is applied with caution." *Ibid.* at 162.

³⁵ *Crimi v. Rutgers Presbyterian Church*, 194 Misc. 570, 89 N.Y.S. 2d 813 (Sup. Ct. 1949).

³⁶ *Serra v. General Services Administration*, 667 F. Supp. 1042 (S.D.N.Y. 1987), appeal pending ("moral rights" as such not raised; First Amendment claim rejected because decision to move the work was "content-neutral," namely desire to open up the Plaza).

³⁷ "Trying to Move a Wall of Art," *N.Y. TIMES*, March 13, 1988, p. —.

³⁸ California Art and Public Building Statute, CAL. CODE § 15813.5 (West 1980); California Art Preservation Act, CAL. CODE § 987 (West 1983 Supp.); New York Artists' Authorship Right Act, N.Y. ARTS AND CULTURAL AFFAIRS LAW §§ 14.51-14.59 (McKinney 1984); Massachusetts Artists' Rights Statute, MASS. GEN. LAWS, ANN. ch. 488, §§ 1-2(c) (West 1984); Maine Act of June 20, 1985, ME. REV. STAT. ANN. tit. 27, § 303 (1985); New Jersey Artists' Rights Act, LAWS 1986, c. 97; Rhode Island P.L. 1987, ch. 566.

³⁹ *Newman v. Delmar Realty Co., Inc.*, 91 N.Y.L.J., June 11, 1984, p. 12 (Sup. Ct. 1984).

⁴⁰ Francione, *The California Art Preservation Act and Federal Preemption by the*

proudly hailed as the dawn of moral right in this country for the visual artist.

These new statutes pulsate with questions both as to interpretation and validity. Without tackling any of these questions, let us accept that in California and New York, the two states that are the principal centers of the art market in this country, adequate recognition exists for the integrity rights of visual artists. At the federal level, Senator Edward Kennedy is promoting a Visual Artists Rights Act that would confer an integrity right.⁴¹ The changes of its passage, it seems to me, are heavily compromised by its other half: it attempts to create a resale royalty right for visual artists. This controversial *droit de suite*, as it is called in francophone discourse, now exists by statute in California,⁴² and in some European countries. Vigorously opposed by art dealers and collectors, the resale royalty cause is not likely to help the integrity cause.

In existing copyright law, *if* a visual artist who sells an artwork retains the copyright, she may be able to prevent mutilation or distortion of the work by reliance on her Section 106(2) exclusive right "to prepare derivative works based on the copyrighted work." The argument would run that the altered work would be comprehended in the capacious statutory embrace that makes a derivative work of "any. . . form in which a work may be recast, transformed, or adopted."⁴³ Would this avenue of protection extend to prevent the destruction of a work? We do not know, nor is there any authority that enfolds the integrity right in the derivative right.⁴⁴ Nor can we say at this time whether Lanham Act Section 43(a) could be invoked by the aggrieved visual artist.

The recognition in our law of any integrity right for wordsmiths, as distinct from visual artists, is exceedingly porous. The general view has been that the creator of a literary (or other) work who parts with the copyright has nothing to say about what is then done to the work unless control is reserved by contract.⁴⁵ Those who write as employees never have the copyright. If their work is "made for hire," the statute in a perverse way declares that the employer is the author, as well as the owner of the copyrights⁴⁶ (a matter to

1976 Copyright Act: *Equivalence and Actual Conflict*, 18 CAL-WEST. L. REV., 189 (1982).

⁴¹ The bill is Sen. 619. A summary of hearings on Dec. 3, 1987, is in CCH Copr. Law Rep. ¶ 20,465 (1988).

⁴² CAL. CIVIL CODE § 986 (1976).

⁴³ 17 U.S.C. § 101.

⁴⁴ See Damich, *Moral Rights in the United States and Article 6bis of the Berne Convention: A Comment on the Preliminary Report of the Ad Hoc Working Group on U.S. Adherence to the Berne Convention*, 10 COLUM.-VLA J. LAW & THE ARTS 655, 659 (1986).

⁴⁵ See 2 M. & D. Nimmer, NIMMER ON COPYRIGHT § 8:21[B]; *Landon v. Twentieth Century-Fox Film Corp.*, 384 F. Supp. 450 (S.D.N.Y. 1974).

⁴⁶ 17 U.S.C. § 201(b).

which we shall presently return).

A lot has been made of *Gilliam v. ABC*,⁴⁷ the *Monty Python* case, where the Second Circuit held that a broadcaster's hamfisted bowdlerizing of the comic group's mild bawdry exceeded the broadcaster's contractual license to edit, and accordingly constituted copyright infringement. Further, the court said, the distortion was so marked that it was actionable as a false representation under Section 43(a) of the Lanham Act, which we have already seen to be a powerful prop for paternity claims. Judge Gurfein, who concurred in the result, was unwilling to follow the 43(a) path. He reminded us that the plaintiff's rights were still rooted in the contract, which might have granted ABC the privilege to edit to the point of distortion.⁴⁸ But even the majority stated: "American copyright law, as presently written, does not recognize moral rights, since the law seeks to vindicate the economic, rather than the personal rights of authors."⁴⁹

That is a quite orthodox statement of a limit to the reach of our copyright law. Copyright needs support from other sources to make much headway in encompassing the claims of authors that are lumped together in the notion of moral rights. Section 43(a) of the Lanham Act has had some limited influence beyond the *Monty Python* case itself,⁵⁰ but it is a long way from providing a solid buttress for integrity rights of writers.

Nevertheless, for the sake of legitimizing a hoped-for adherence to Berne, one school of thought holds that by stitching together the paternity cases, the visual art statutes, *Monty Python*, and other scraps and fragments, we can fashion a loincloth, or at least a G-string, that will cover our moral rights nakedness.⁵¹

This point of view is reflected in most of the bills that have been introduced in Congress looking toward Berne adherence. They contain no provisions creating moral rights; and the statements that accompany them sometimes declare that none are necessary. Indeed, the current administration bill, S. 1971, declares that Title 17, the Copyright Act, does not "pro-

⁴⁷ *Gilliam v. American Broadcasting Companies, Inc.*, 538 F.2d 14 (2d Cir. 1976).

⁴⁸ *Id.* at 26.

⁴⁹ *Id.* at 24.

⁵⁰ See *Jaeger v. American International Pictures, Inc.*, 330 F. Supp. 274 (S.D.N.Y. 1971); *Benson v. Paul Winley Record Sales Corp.*, 452 F. Supp. 516 (S.D.N.Y. 1978). The main ground of the *Monty Python* case, that a licensee's distortion of a work may breach the license and become copyright infringement, is followed in *National Bank of Commerce v. Shaklee Corp.*, 503 F. Supp. 533 (W.D. Tex. 1980); *WGN Continental Broadcasting v. United Video, Inc.*, 693 F.2d 622 (7th Cir. 1982).

⁵¹ *Final Report of the Ad Hoc Working Group on U.S. Adherence to the Berne Convention*, 33 J. COPR. SOC'Y 184 (1986). See Kwall, *Copyright and the Moral Right: Is an American Marriage Possible?*, 38 VAND. L. REV. 1 (1985) (cites earlier articles).

vide" either paternity or integrity rights.⁵²

An oblique justification for the currently dominant view that our skimpy moral rights garment will not embarrass us in Berne comes from the observation that other Berne countries, notably Great Britain and Australia, offer even less.⁵³ A more wordy rationale observes that because WIPO is every bit as eager to have us part of the club as we are to join it, it does not balk at our minimalist condition.⁵⁴

The second of the three attitudes earlier described—that we should adhere to Berne, but that we need to have a stronger panoply of moral rights, is one that I lean toward, as do some commentators.⁵⁵ Representative Kastenmeier, the acknowledged Congressional dean of copyright (especially so since Senator Mathias's retirement), had a fleeting attachment to this position, and gave it a statutory debut in his H.R. 1623 of 1987. That bill contains a moral right clause to be added to Section 106 of the Copyright Act. It paraphrases the language of Berne, but it excludes works made for hire. Furthermore, a new Section 119 would make the moral right freely transferable and waivable. There is more in Section 119: unless the author withholds consent, necessary, customary and reasonable "editing, arrangement, or adaptation" in preparation for dissemination of a work "will not infringe the moral right."

Congressman Kastenmeier, after a round of hearings on his bill, made a pilgrimage to WIPO headquarters in Geneva. On his return, he testified before the Senate Subcommittee on Patents, Copyrights, and Trademarks that he no longer considers moral rights legislation necessary, and that its pursuit could delay passage of those changes necessary to secure adherence.⁵⁶

There remains for consideration the third attitude listed earlier, that of opposition to adherence on the ground that any moral rights, from whatever

⁵² Such a declaration probably dispels any preemption of state law under 17 U.S.C. § 301. If federal rights were created, as was proposed in H.R. 1623, *infra*, preemption would occur on a large scale—too large to consider here.

⁵³ Final Report, note 51 *supra*. On the British position (which does protect against false attributions of paternity), see W. Cornish, *INTELLECTUAL PROPERTY* 392-6 (1981); J. Sterling and M. Carpenter, *COPYRIGHT LAW IN THE UNITED KINGDOM* 347-50 (1986).

⁵⁴ Letter from Dr. Arpad Bogsch, Director General of WIPO to Irwin Karp, Esq., June 16, 1987 (introduced by Mr. Karp at Senate hearings, March 18, 1988): "In my view, it is not necessary for the United States of America to enact statutory provisions on moral rights in order to comply with Article 6*bis* of the Berne Convention."

⁵⁵ Damich, note 44 *supra*; Geller, *Comments on Possible U.S. Compliance*, *id.* at 153; Kernochan, *Comments*, *id.* at 174; but cf. further Kernochan *Comments*, *id.* at 188 ("Squeaking by" is good enough). Cf. Paul Goldstein testimony, House Hearings Feb. 10, 1988 (legislation creating moral rights should operate prospectively only).

⁵⁶ Senate Hearings Feb. 18, 1988, note 1 *supra*.

source derived, are an unendurable clog on publishing and broadcasting. These interests, represented by former Register of Copyrights David Ladd,⁵⁷ view writers as sharing the litigious propensities of our society. Once given the levers of Berne to pull, they would rush into court (or into legislatures) to claim rights. One thing would lead to another and we might wind up with the remarkable array of moral rights that French authors enjoy.⁵⁸

French law is indeed highly protective. Here in summary is an extraordinary recent case. Two writers contracted for a 13-week television series on modern painting. After four weeks, the broadcaster attempted to cancel. Although the remaining installments had not been completed or delivered, a court ordered specific performance of the contract, despite the presence of a liquidated damages clause.

Another case, brought by the artist Jean Dubuffet against the automaker Renault, similarly resulted in a direction for Renault to carry to completion a monumental sculptured entrance to its headquarters, despite an explicit liquidated damages provision in the contract under which Dubuffet undertook to design the work (and Renault to erect it).⁵⁹

These two episodes suggest that the French moral right to control first publication includes an affirmative right to compel publication or realisation of a work, that failure to complete violates the integrity right, and that no waiver can be extracted from liquidated damages alternatives. Indeed, a stimulus of nightmares for those who commission great works! But the cases are at the borderline even of French law; Professors Françon and Ginsburg, in a helpful critique, tactfully conclude that they "represent a fragile jurisprudence."⁶⁰

In any event, Berne does not incorporate French law. It is very doubtful that Berne stands in the way of waiver or disclaimer, of the two rights that it protects—paternity and integrity.⁶¹ It does not appear that other leading

⁵⁷ See his Statement before the House Subcommittee, Sept. 6, 1987, on behalf of "The Coalition to Preserve the American Copyright Tradition," composed of publishers, (predominantly of magazines) and Turner Broadcasting System. Movie producers favor Berne accession because of their preoccupation with piracy; but they want moral rights kept at a sub-minimal level. Statement of Motion Picture Association of America before House Subcommittee, Sept. 16, 1987.

⁵⁸ And beyond. One possibility that alarmed Ladd was a WIPO staff proposal that failure of a radio station to identify the composers and lyricists of popular music recordings would infringe their moral rights. Ladd Statement at 13, citing COPYRIGHT: MONTHLY REVIEW OF WIPO, 185, 207, July, 1987.

⁵⁹ On these two cases and other aspects of French moral right, see Françon & Ginsburg, note 33 supra, passim.

⁶⁰ Note 33 supra, at 406.

⁶¹ This is clearly demonstrated by Nimmer, *Implications of the Prospective Revisions of the Berne Convention and the United States Copyright Law*, 19 STAN. L. REV. 499, 523 (1967).

Berne countries have such severe restrictions.⁶² And the fear of extreme outcomes like those of the two recent French cases should be dispelled by the last subsection of Berne's Article 6bis: "Means of redress for safeguarding the rights granted by this article shall be governed by the legislation of the country where protection is claimed." *We are* masters of our fate.

Indeed, Congressman Kastenmeier's 1987 proposal, which by recognizing moral rights inflamed opponents of adherence, arguably should have had a calming effect. The moral rights provisions of H.R. 1623 were an almost toothless tiger when you consider that they excluded works made for hire, allowed full waiver and transferability, and contained an overriding editing privilege.

In my view, the Kastenmeier proposal concedes too much when it omits work "made for hire" altogether from its moral rights clause. Consider the status of people who create the products of the major media—broadcasting, film, the press. They are predominantly employees, so that their work is done for hire. Our copyright law, in a strong-arm way, makes authors out of employers and also confers ownership of all rights on the employer.⁶³ Whatever rights employees retain come from contract—collective bargaining contracts in some fields, individual contracts of employment in others. All these contracts typically leave to the employer the power to edit, alter, cut, or bury their employees' productions. If the relation is not one of employment, the work may still be considered for hire if it is supervised or controlled by the entity that proposes to buy it.⁶⁴ Even if the work cannot initially be considered for hire, if it is one of nine categories of commissioned works listed in the

⁶² See Note 34 supra. "Inalienability" is much too capacious a concept to capture the practical concerns that attend dealings between authors and publishers (in whatever medium). See Rose-Ackerman, *Inalienability and the Theory of Property Rights*, 85 COLUM. L. REV. 931 (1985); Epstein, *Why Restrain Alienation?*, id. at 970. In our copyright law, transferability is the norm, 17 U.S.C. § 201(d); the only significant exception seems to be the puzzling restriction on the early exercise of the termination-of-grants right of § 203 in § 203c(a)(5), as to which see Curtis *Caveat Emptor in Copyright: A Practical Guide to the Termination-of-Transfers Provisions of the New Copyright Code*, 25 BULL. COPR. SOC'Y 19, 67 (1977).

⁶³ 17 U.S.C. § 201(b).

⁶⁴ *Aldon Accessories, Ltd. v. Spiegel, Inc.*, 738 F.2d 548 (2d Cir. 1984). For a persuasive argument that Congress intended, when the work for hire provisions in the 1976 statute were drafted in 1965, to cut out this category, so that only work in the scope of employment (§ 101, definition of "work made for hire," subsec. (1)), or the commissioned works in subsec. (2) would be so labelled, see Litman, *Copyright, Compromise, and Legislative History*, 72 CORN. L. REV. 857, 889 (1987) and Hardy, *Copyright Law's Concept of Employment* 35 J. COPR. SOC'Y No. 3 (April 1988) (this issue). But the courts have stayed with the line of cases that continued after 1965 to emphasize supervision as an index of work for hire, unheeding of the statutory language, until a recent refreshing decision that parts company with *Aldon Accessories* and restores the 1965 in-

statute the parties can still agree that it shall be considered for hire.⁶⁵ These commissioned works include contributions to collective works (thus taking care of in magazines and newspapers), and parts of movies and other audiovisual works.

There is a groundswell of opinion among commentators that the reach of work made for hire is over-inclusive; a variety of proposals are riding on that wave with a view to leaving more copyrights to creators.⁶⁶

All these relationships are malleable by contract and the same should be true of paternity and integrity rights. If that is so, does it make any difference whether a creator starts out with neither copyright nor moral right, if she is an employee, and has to make a contract to reclaim any part of the bundle of rights? Is something to be said for lodging the bundle initially with the creative person, and leaving their transfer to the initiative of the buyer?

I think something is to be said for tipping the balance initially toward the creator. Except for the highly sought-after few at the top who can largely make their own terms, most writers and artists have to come to terms with the hard realities of the market. The users of works of authorship tend to be large entities; the producers atomistic.

Returning from the perplexities of work for hire to the realities of the market-place, it stretches credulity to think that Time, Inc., for example, will under any imaginable legal regime lose its authority substantially to control the creative impulses of its many minions, highly paid though they may be.

Even in France, life goes on. Dr. Arpad Bogsch, the Director General of WIPO, made a pointed observation to Alan Hartnick, who reports it in his useful account of a recent WIPO/UNESCO Conference. Referring to American reaction to moral rights, Bogsch said to Hartnick: "Many magazines are published in Europe, notwithstanding moral rights, so why the concern?"⁶⁷

Bogsch suggests a brute fact in all this. The behavior of writers for the media in the end (and in the beginning too) is going to be dominated by economic concerns. Never mind that moral rights are proclaimed as "personal" and contrasted to "economic" rights. Authors who flaunt their moral rights are not likely to find steady employment. The far-out French cases

tention. *Easter Seal Society v. Playboy Enterprises*, 815 F.2d 323 (5th Cir. 1987), cert. denied, 56 U.S.L.W. 3661 (U.S. March 28, 1988) (No. 87-482).

⁶⁵ 17 U.S.C. § 101.

⁶⁶ See Dreyfuss, *The Creative Employee and the Copyright Act of 1976*, 54 U. CHI. L. REV. 590 (1987); Fitzgibbons & Kendall, *The Unicorn in the Courtroom*, 15 J. ARTS MANAGEMENT & LAW 23 (Fall 1985); Karp, *Reflections on the Copyright Revision Act*, 34 J. COPR. SOC'Y 53, 67 (1986); Litman, note 65, supra; Ossola, *Works for Hire: A Judicial Quagmire and a Legislative Solution*, 17 J. ARTS MANAGEMENT & LAW 23 (No. 3, 1987); Note, 14 PEPP. L. REV. 381 (1987); 125 U. PA. L. REV. 1281 (1987); 20 U.S.F. L. REV. 649 (1986).

⁶⁷ See Hartnick, *What Happened at the WIPO/UNESCO Geneva Conference on the Printed Word*, N.Y.L.J. Feb. 5, 1988, p. 5, 19 n.2.

arise from relationships that have been broken off, as in the two that I mentioned.

The alarms that cause large users of creative talent to fear and oppose Berne adherence because of what they perceive as threats from moral rights in the end seem false. If the choice then is whether to go in with ragged moral rights vestments, or to cut a better figure by legislation something like the discarded Kastenmeier proposals, I as legislator would prefer the second approach as more seemly for a proud nation. But perhaps the historic moment for accession has arrived. If it has, moral rights once again will have to wait.

103. COPYRIGHT LAW'S CONCEPT OF EMPLOYMENT—WHAT CONGRESS REALLY INTENDED

By PROF. I.T. HARDY*

INTRODUCTION

Copyright's work-for-hire doctrine is coming unglued. The doctrine provides that in some circumstances, the copyright to a work of authorship created by a hired party belongs to the hiring party, not the creator.¹ Because about forty percent of all copyright registrations are for works for hire,² the interpretation of what is and is not a "for hire" relationship governs thousands of dealings between artists, writers, and photographers on the one hand, and copyright using industries like publishing, music, and motion pictures on the other. Yet, in the less than ten years since the 1976 Copyright Act became effective,³ courts have given dramatically different readings to the Act's work for hire provision—and all of the recent readings are wrong.

The misreadings arise because the 1976 Copyright Act specifies two types of works for hire. First, a work for hire automatically results when an employee creates a work within the scope of employment.⁴ Second, a "specially ordered or commissioned" work can be a work for hire if two additional criteria are met; namely, that the work fall into one of nine enumerated categories,⁵ and that the hiring and hired parties agree in writing that the

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¹ I use the term "creator" to mean the person who actually creates a work. I avoid the term "author" because the 1976 Act uses "author" to mean the employer in the case of a work for hire. Quotes from court opinions and other sources in this article show an inconsistent use of "author;" sometimes it means "actual creator," other times it means the copyright "author," i.e., the one deemed to be the author under the statute. Usually the context of the quotation will make clear which is which.

² Borge Varmer, *Copyright Study Number 13, Works Made for Hire and on Commission*, at 139 n.49, reprinted in 1 *STUDIES ON COPYRIGHT* 731 n.49 (Fisher Memorial Ed. 1963). Varmer's figure was based on a Copyright Office study done in 1955. The Office does not keep current figures on the number of work for hire registrations. For certain types of works, the work for hire doctrine is even more important. The 1955 study showed that 92 percent of motion picture registrations and 93.7 percent of periodical registration were made to corporate organizations, which would make those works "for hire." Varmer, 1 *STUDIES ON COPYRIGHT* at 733 n.55.

³ 90 Stat. 2541 *et seq.*, Pub. L. No. 94-553 (1976). The statute is codified at 17 U.S.C. § 101 *et seq.* It became generally effective on January 1, 1978.

⁴ 17 U.S.C. § 101.

⁵ The categories are works created "as a contribution to a collective work, as a part of a motion picture or other audiovisual work, as a translation, as a supplement-

work will be for hire.⁶

The reference to "employment" in the first type of work for hire makes the definition of that term of critical importance.⁷ Despite the term's obvious significance, Congress did not define it; the absence of a definition has led to a variety of court interpretations. Immediately after the 1976 Act became effective, several courts suggested that Congress intended the "on special order or commission" provision to be the exclusive for-hire mechanism for independent contractors, thus confining the "employment" provision of the first statutory type of work for hire to formal employment.⁸ Yet, in 1984, the

tary work, as a compilation, as an instructional text, as a test, as answer material for a test, or as an atlas" 17 U.S.C. § 101.

⁶ Specifically, the statute requires that "the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire." 17 U.S.C. § 101.

⁷ I will refer indifferently to the terms "employment" and "employee" as the objects of interpretation. There is no indication that Congress or anyone else attributed a significance to one term that did not equally well apply to the other. The definition section of the 1976 Act, § 101, does not use the term "employer" at all, but § 201(b) does use it, as did the 1909 Act; no significance apparently attaches to the omission of "employer" from the 1976 Act's definition.

Congress's failure to define "employment" also makes the definition of "scope of employment" critical, but to date, most court decisions addressing that issue have dealt with Governmental, not private, employees. See, e.g., *Scherr v. Universal Match Corp.*, 297 F. Supp. 107 (S.D.N.Y. 1967), *aff'd*, 417 F.2d 497 (2d Cir. 1969), *cert. denied*, 397 U.S. 936 (1970) (soldiers create a military sculpture); *Public Affairs Assoc's, Inc. v. Rickover*, 268 F. Supp. 444 (D.D.C. 1967) (Navy admiral writes speeches); *Sawyer v. Crowell Publishing Co.*, 46 F. Supp. 471 (S.D.N.Y. 1942), *aff'd*, 142 F.2d 497 (2d Cir. 1944), *cert. denied*, 323 U.S. 735 (1944) (Interior Department official uses subordinates to draw maps of Alaska); *Heine v. Appleton*, 11 F. Cas. 1031 (S.D.N.Y. 1857) (No. 6324) (artist hired by U.S. Government to accompany Admiral Perry to Japan and record the trip in paintings). Cf. *Schnapper v. Foley*, 667 F.2d 102 (D.C. Cir. 1981), *cert. denied*, 455 U.S. 948 (1982) (U.S. Government commissions television station to produce films). But see *Shapiro, Bernstein & Co. v. Jerry Vogel Music Co.*, 115 F. Supp. 754, 756-57 (S.D.N.Y. 1953), *reversed on other grounds*, 221 F.2d 569 (2d Cir. 1955) (employee music composer wrote tune "outside the line of his regular duties"). If the definitions of employment and employee ever get settled for non-governmental creators, one can predict a new wave of litigation over what constitutes the "scope of employment."

⁸ See, e.g., *Childers v. High Society Magazine*, 557 F. Supp. 978, 984 (S.D.N.Y. 1983) ("Defendant cannot possibly assert that [the hired party, a photographer requested to take pictures of actresses Valerie Perrine and Ali MacGraw] is an 'employee' of either Ms. Perrine or Ms. MacGraw"); *BPI Systems, Inc. v. Leith*, 532 F. Supp. 208, 210 (D.C. Tex. 1981) ("This work was performed at [the hired party's] place of business on his own computers. He was paid per program and no social security or income tax was deducted from his pay"); *Mister B Textiles, Inc. v. Woodcrest Fabrics, Inc.*, 523 F. Supp. 21, 23-24 (S.D.N.Y. 1981) (the court only discussed free-lance fabric designing in the

United States Court of Appeals for the Second Circuit upset that view by holding that free-lance creators hired on a one-time basis could be "employees" for purposes of the copyright act, at least when the hiring party actually directed and supervised the creator.⁹ This holding extended the concept of copyright employment under the first proviso far beyond that of formal employment. The Second Circuit's decision was quickly followed and expanded by the Seventh Circuit in 1986, which showed that a hiring party's actual direction and supervision of a hired party could be found merely from the hiring party's conclusory statements to that effect.¹⁰

Then in 1987, the Fourth Circuit implicitly rejected the Seventh Circuit's broad reading by arguing that Congress had intended to narrow the scope of the formerly expansive work for hire doctrine.¹¹ The Fourth Circuit approved of the Second Circuit's approach, insofar as that approach was interpreted to mean that only *actual* direction and supervision would make a hired party an "employee." Finally, shortly after the Fourth Circuit's opinion, the Fifth Circuit openly repudiated both the Seventh and the Second Circuit's views by declaring that copyright employees were those whom the common law rules of agency would classify as employees.¹²

These sharply contrasting interpretations of an important provision of the Act make it vital to try to understand just what Congress must have had in mind when it divided works for hire into works created by "employees," and works created "on special order or commission."

My conclusions from examining the legislative history and the conflicting case law are simple: First, Congress meant none of what the circuit courts have said it meant, but intended, as only a few district courts implicitly have held, that "employment" means formal, salaried employment.¹³ Congress intended that all other hiring relationships be governed by the provi-

context of commissioned works; there was no suggestion that the "employee" provision might be applicable at all).

⁹ *Aldon Accessories Ltd. v. Spiegel, Inc.*, 738 F.2d 548 (2d Cir. 1984), *cert. denied*, 469 U.S. 982 (1984).

¹⁰ *Evans Newton Inc. v. Chicago Systems Software*, 793 F.2d 889 (7th Cir. 1986), *cert. denied*, 107 S. Ct. 434 (1986).

¹¹ *Brunswick Beacon, Inc. v. Schock-Hopchas Publishing Co.*, 810 F.2d 410 (4th Cir. 1987).

¹² *Easter Seal Society v. Playboy Enterprises*, 815 F.2d 323 (5th Cir. 1987), *cert. denied*, 56 U.S.L.W. 3661 (U.S. March 28, 1988) (no. 87-482).

¹³ The most thoughtful of these conflicting circuit court opinions is the Fifth Circuit's *Easter Seal* opinion. That court rejected out of hand the possibility that "employee" could mean only a formal, salaried employee with the observation that "[t]here is no reason to read the statute as creating a distinction between formal employees and formal independent contractors. It would be odd for Congress to use the term 'employee' to mean 'formal employee,' when there is no relevant body of law that draws a line between 'formal employees' and 'formal' independent contractors." As the rest of this article shows, I disagree.

sions for works created "on special order or commission," or if a work did not fit into one of the enumerated categories, that rights be acquired by a transfer of ownership. Second, what Congress intended is clearer, more predictable, and far preferable to all the other tests used by circuit courts.

In the remainder of this article, I will illustrate the different views of what a copyright "employment" consists of by summarizing the conflicting court opinions. Then I will show why the legislative history demonstrates that Congress meant copyright employment to be the same as ordinary, formal employment. Finally, I will show why formal employment makes the most sense as the determinant of ownership under the work for hire doctrine.

Conflicts in the Case Law

My summary of the case law begins with several district court cases decided before the Second Circuit's gloss on work for hire was announced in 1984; it then discusses the Second Circuit case itself, *Aldon Accessories Ltd. v. Spiegel, Inc.*,¹⁴ followed by a discussion of the expansion of the *Aldon* opinion in the Seventh Circuit's *Evans Newton Inc. v. Chicago Systems Software*¹⁵ opinion; the summary concludes with the Fourth and Fifth Circuits' cases, *Brunswick Beacon, Inc. v. Schock-Hopchas Publishing Co.*,¹⁶ and *Easter Seal Society v. Playboy Enterprises*.¹⁷

The Pre-Aldon Cases

Three pre-*Aldon* district court cases show the early judicial reaction to the Congressional changes in the work for hire provisions. The first of these is *Mister B Textiles, Inc. v. Woodcrest Fabrics, Inc.*,¹⁸ decided in 1981. In *Mister B Textiles*, a fabric converter—one who buys plain cloth to imprint designs on it for sale to the clothing, drapery, and other industries—hired a freelance designer to create fabric patterns. After the designs were created and sold, a rival copied the designs and the fabric converter sued.

The copying firm argued in defense that the designer was the copyright owner, not the converter who hired the designer, because the designer was an independent contractor and there was no written agreement providing for the converter to own the rights. The court agreed that the designer was an independent contractor, and therefore not an employee, but this was not a considered decision. Rather, the court seemed to accept this characterization of the designer as an independent contractor implicitly. There is no discussion of the possibility that the hiring relationship was one of "employment," de-

¹⁴ 738 F.2d 548 (2d Cir. 1984).

¹⁵ 793 F.2d 889 (7th Cir. 1986).

¹⁶ 810 F.2d 410 (4th Cir. 1987).

¹⁷ 815 F.2d 323 (5th Cir. 1987), *cert. denied*, 56 U.S.L.W. 3661 (U.S. March 28, 1988) (no. 87-482).

¹⁸ 523 F. Supp. 21 (S.D.N.Y. 1981).

spite the court's observation that the contractor "to some extent proceeded under [the converter's] direction."¹⁹ The court also agreed that the lack of a writing meant that the converter could not be the copyright owner under the "on special order or commission" provisions of the work for hire rules.

The converter was still able to win the case, however, because the court found that it had "played a significant role in the creation of" the fabric and was hence a joint author of the work.²⁰

The second case, *Meltzer v. Chirgotis*,²¹ dealt with copyright in architectural plans. An individual had contracted with a home builder for the planning and construction of a new home. The builder selected an architect, who then worked with the individual. The house was built; later, the same architect worked with another client and designed and built a house very similar to the first house (which itself was very similar to a number of straightforward house designs). The individual sued the architect for copyright infringement of the plans, arguing that the plans were works made for hire, the copyright to which belonged to him.

The court was uncertain whether to apply the 1976 Act or the 1909 Act,²² and analyzed the work for hire issue under both statutes. The 1976 Act analysis was brief. The court focused on the special order or commission proviso, and found that the absence of a written agreement concluded the matter: the architect, not the client, owned the copyright. No separate analysis was made to find whether the client might also have been an employer under any of the common law tests.

The third case, *BPI Systems, Inc. v. Leith*,²³ took an approach similar to *Mister B* and *Meltzer*. A developer of computer software hired an independent programmer to develop a series of computer programs. The programmer wrote the programs and delivered them, but later began selling similar programs without the developer's permission. The developer sued for infringement. The court skimmed over the question whether there was an employer-employee relationship between the two, noting briefly that the programs' creator performed the work at his own

place of business on his own computers. He was paid per program

¹⁹ *Mister B Textiles*, 523 F. Supp. at 24.

²⁰ This is the result that *Aldon* could have but did not reach. See *Easter Seal*, 815 F.2d at 333.

²¹ 520 F. Supp. 847 (D.N.J. 1981).

²² The court concluded that "the action" was governed by the 1976 Act because the acts of infringement took place after January 1, 1978, the effective date of the 1976 Act. The ownership issue, as distinct from the infringement issue, should have been governed by the 1909 Act, however. See *Roth v. Pritikin*, 710 F.2d 934 (2d Cir.), cert. denied, 464 U.S. 961 (1983). The initial plans in which the client claimed copyright were developed before 1978. The court's analysis under both acts reached the same result in any event.

²³ 532 F. Supp. 208 (W.D. Tex. 1981).

and no social security or income tax was deducted from his pay. Although Plaintiff [hiring party] could accept or reject the final product, *it had no right to control the manner of the work performed by Defendant [programmer].*²⁴

The court concluded without further analysis that “[d]efendant was not an employee of plaintiff acting within the scope of his employment.”²⁵ The court went on to find that the programs were developed on special order or commission, but without a writing, observing that computer programs were not among the listed works that can be created for hire when done on special order or commission. Accordingly, the court held that the programmer was the copyright owner.

BPI Systems makes a reference to the common law test of agency as a test of copyright employment by mentioning the hiring party's absence of a “right to control” the hired party's work. Yet the court focused much more closely on the lack of salary payments or tax deductions. All three courts may be said to have approached the work for hire question in much the same way: “Employees” for purposes of the first proviso are limited to salaried employees. If the creator is an independent contractor, then the question is addressed exclusively under the second proviso. The work must fall into the nine enumerated categories,²⁶ and there must be a writing reciting a work for hire arrangement; otherwise, the copyright belongs to the creator.

Aldon

This early judicial reaction to the 1976 Act was rejected by the Second Circuit in 1984, in *Aldon Accessories Ltd. v. Spiegel, Inc.*²⁷ In *Aldon*, an American company (Aldon) had contracted with a Japanese firm to produce porcelain unicorn and Pegasus figurines. The works therefore appeared to be “on special order or commission,” but they did not fall into the second proviso's enumerated categories, nor was there a written agreement that they be works for hire.

The works were created after Aldon sent the Japanese firm sketches and descriptions of the figurines, with indications of how they ought to be constructed. Aldon's representative then travelled to Japan, where he worked with the Japanese artist to create a satisfactory set of final sketches that detailed the figurine's “pose, . . . proportions . . . , the musculature, the way the mane was supposed to be done, the sense of its movement, the way it would be produced. . . .”²⁸ After the sketches were finished, the Japanese company

²⁴ *BPI Systems*, 532 F. Supp. at 210 (emphasis added).

²⁵ *BPI Systems*, 532 F. Supp. at 210.

²⁶ See *supra*, note 5.

²⁷ 738 F.2d 548 (2d Cir. 1984).

²⁸ *Aldon*, 738 F.2d at 549-50. Similar events took place later with a Taiwanese firm.

For simplicity, I refer only to the Japanese connection.

had a model maker fashion a three-dimensional replica of the figurines. Aldon's representative and the Japanese firm's model-maker "spent hours and hours changing shapes, adjusting attitudes and proportions" to achieve a satisfactory appearance.²⁹ The Second Circuit concluded from this evidence that while Aldon's representative was not an artist, "he actively supervised and directed the work step by step."³⁰

After Aldon imported and sold the figurines, the Spiegel company copied and sold substantially similar ones. Aldon sued for infringement; Spiegel defended partly by arguing that the Japanese ceramics firm, not Aldon, was the author and hence the copyright owner of the figurines.

Although the suit was brought under the 1976 Act, the district court instructed the jury in the definition of "employee" in essentially the way a court would have done under the 1909 Act.³¹ Based on this instruction, the jury concluded that the Japanese firm was an employee of Aldon's for purposes of the work for hire doctrine. On appeal, Spiegel argued that though Aldon would have been an employer under the 1909 Act, under the 1976 Act the Japanese firm was an independent contractor creating the work "on special order or commission." The Act's "special order" provision required a written agreement before a contractor's work could be "for hire;" there had been no writing; therefore, Aldon did not own the copyright and could not bring suit.

The Second Circuit held, however, that the fact that a work is not created by a regular, salaried, employee did not preclude its being created by an "employee" within the meaning of the first work for hire proviso. Relying on the agency law test of the right to direct and control, the court found that the Japanese firm was indeed Aldon's employee under that proviso.

The essence of Spiegel's argument was that the 1976 Act divided works for hire into two groups: those created by regular, salaried employees, and those created by independent contractors. The Second Circuit concluded instead that the Act divided works for hire a different way: between those created at the behest of a hiring party who directs and controls the creator's efforts, and those created at the behest of a hiring party who does not.

In making this division, the Second Circuit relied on the determination that "[n]othing in the 1976 Act or its legislative history indicates that Congress intended to dispense with . . . prior law applying the concepts of 'employee' and 'scope of employment.' . . . The new Act does not define these key terms, thus suggesting that it is necessary to look at the general law of

²⁹ *Aldon*, 738 F.2d at 550.

³⁰ *Aldon*, 738 F.2d at 550.

³¹ "It does not matter whether the for-hire creator is an employee in the sense of having a regular job with the hiring author. What matters is whether the hiring author caused the work to be made and exercised the right to direct and supervise the creation. *Aldon*, 738 F.2d at 551.

agency as applied by prior copyright cases in applying subdivision (1) [the employment provision] under the new Act."³² We will see later that this observation is incorrect.³³

Evans Newton

Aldon can easily be read to say that it is a hiring party's *actual* direction and control, in contrast to a mere "right" to direct and control, that sets up an employment relationship for work for hire purposes. But that limited reading was not adopted by the next major work for hire case, *Evans Newton Inc. v. Chicago Systems Software*³⁴ decided in May, 1986, in the Seventh Circuit.

Evans Newton, Inc. sold record keeping systems to schools. When personal computers became popular, the company developed specifications for a computer program to accomplish record keeping functions. It contracted with Chicago Systems Software to write the programs and a users' manual. The contract called for all "programming done by Chicago Systems Software [to be] the exclusive property" of Evans Newton. Chicago Systems completed the work, and turned it over to Evans Newton, which began marketing it. Then, in apparent violation of the contract, Chicago Systems began selling a competing and substantially identical program and users' manual. Evans Newton sued. Chicago Systems defended with the argument that it was an independent contractor under the "on special order or commission" provisions, that there was no signed writing that called for the programs to be works for hire, that it was a co-author with Evans Newton and therefore a co-owner of the copyright and hence that it had every right to sell the software along with Evans Newton.

The trial court found that Chicago Systems was an independent contractor,³⁵ but concluded the software was a work for hire anyway. On appeal, the Seventh Circuit affirmed on the basis of the *Aldon* opinion. *Aldon*, according to the Seventh Circuit's confusing summary, "found that the proper issue was

³² *Aldon*, 738 F.2d at 552. Though *Aldon* was interpreting the 1976 Act, one commentator has astutely pointed out that the initial contract and work on the figurines was done in the fall of 1977, when the 1909 Act was still in effect. All later figurines could be viewed as derivative works; initial ownership of the original figurines should therefore have been decided under the 1909 Act. See Comment, *Commissioned Works as Works Made for Hire Under the 1976 Copyright Act: Misinterpretation and Injustice*, 135 UNIV. PENN. L. REV. 1281, 1303 n.118 (1987). By 1977, the cases under the 1909 Act included both a broad scope for the work for hire doctrine under the statute, as well as a common law presumption giving ownership of unpublished works to the commissioning party.

³³ See the discussion of legislative history beginning with the text at note 50.

³⁴ 793 F.2d 889 (7th Cir. 1986), cert. denied, 107 S. Ct. 434 (1986).

³⁵ *Evans Newton*, 793 F.2d at 893-94.

not . . . whether the defendant was an employee or an independent contractor, but rather "[was] the contractor "independent" or [was] the contractor so controlled and supervised . . . that an employer-employee relationship exist[ed]." ³⁶

To support its affirmance, the Seventh Circuit noted that the trial judge had "believed [Evans Newton's] testimony that [it] supervised and directed the work, and that [Chicago Systems] merely used their programming skills to produce the work according to [Evans Newton's] specifications."³⁷ Evidently because of this testimony alone, the appellate court held to be "not clearly erroneous" the district court's conclusion that the software was created for hire and that Chicago Systems had infringed Evans Newton's copyrights.³⁸

Recall that in *BPI Systems*, the hiring party was found not to have a right to direct and control the hired party's computer programming work,³⁹ while in *Evans Newton*, the hiring party was found actually to have directed and controlled similar work. On that basis, the two cases came out differently. But on their facts, there is little to distinguish them: both presented freelance computer programmers hired to write computer programs. Plainly, *Evans Newton* went far beyond *BPI Systems* in construing the definition of a copyright "employment."

Brunswick Beacon

In January, 1987, the Fourth Circuit decided *Brunswick Beacon, Inc. v. Schock-Hopchas Publishing Co.*,⁴⁰ a case that was almost identical to a well-known Second Circuit case of some twenty years earlier, *Brattleboro Publishing Co. v. Winmill Publishing Corp.*⁴¹ In both cases, a business agreed with a local newspaper to have the newspaper create an advertising layout and then print the resulting advertisement in the paper. The business later ran the advertisement in another newspaper, and the first newspaper sued the second for copyright infringement.

When this situation first arose under the 1909 Act in *Brattleboro Publishing*, the Second Circuit declared the advertisement to be a work for hire and

³⁶ *Evans Newton*, 793 F.2d at 894, quoting *Aldon*, 738 F.2d at 552.

³⁷ *Evans Newton*, 793 F.2d at 894. *Easter Seal* noted pointedly that the *Evans Newton* "court was unable to recount any evidence that [Evans Newton] 'actually controlled' [Chicago System's] production of the computer program or manual" *Easter Seal*, 815 F.2d at 334.

³⁸ The case could have been decided on the more straightforward ground that the signed writing, though it said nothing about "works for hire," operated as a *transfer* of copyright to Evans Newton. The "for hire" doctrine could have been avoided altogether.

³⁹ See *supra*, text accompanying notes 23-26.

⁴⁰ 810 F.2d 410 (4th Cir. 1987).

⁴¹ 369 F.2d 565 (2d Cir. 1966).

the business to be a copyright "employer" and hence the copyright owner. The court expressly decided that the newspaper was an "independent contractor," but that the statutory work for hire doctrine should apply to independent contractors as well as to employees. The decision, issued in 1966, marked a major change in work for hire doctrine because before that time, independent contractors were not considered to be statutory "employees."

When the same situation arose under the 1976 Act in *Brunswick Beacon*, the Fourth Circuit refused to follow *Brattleboro's* reasoning. Over a strong dissent,⁴² the majority noted that Congress had substantially re[written] the Copyright Act" in regard to works for hire,⁴³ and "nothing suggest[ed] that [the newspaper's staff] who prepared the advertisements were employees of the advertisers working in the scope of their employment by the advertisers."⁴⁴

The opinion did acknowledge that in circumstances of close supervision, as happened in *Aldon*, a finding of an employment relationship might be warranted.⁴⁵ But in *Brunswick Beacon* itself, "[t]here are no comparable circumstances. Without doubt the advertisers told the *Beacon* what they wanted, but there is no suggestion that they supervised *Beacon* employees as they developed the advertisements or directed the manner of the work's completion."⁴⁶

Brunswick Beacon therefore implies a construction of "employment" that is far narrower than the Seventh Circuit's finding of employment from almost nothing more than the mere fact of a hiring relationship.

Easter Seal

Finally, in 1987, the Fifth Circuit extensively discussed the history of the work for hire rule in *Easter Seal Society v. Playboy Enterprises*.⁴⁷ *Easter Seal* featured a contest between on one side Playboy Enterprises and a public television station and on the other a sympathetic, but ultimately losing plaintiff, the Easter Seal Society for Crippled Children and Adults of Louisiana. The contest concerned Playboy's "adult" film *Candy, the Stripper*.

The Easter Seal Society contracted, through an entertainer acting on its behalf, with a New Orleans public television station to make a film for showing during an Easter Seal telethon. The film centered on a staged Mardi-Gras-style parade and a Dixieland jazz band jam session. No discussion of copyright was made. The television station took general directions from the

⁴² *Brunswick Beacon*, 810 F.2d at 414 (Hall, J. dissenting).

⁴³ *Brunswick Beacon*, 810 F.2d at 412.

⁴⁴ *Brunswick Beacon*, 810 F.2d at 413.

⁴⁵ *Brunswick Beacon*, 810 F.2d at 413.

⁴⁶ *Brunswick Beacon*, 810 F.2d at 413.

⁴⁷ 815 F.2d 323 (5th Cir. 1987), *cert. denied*, 56 U.S.L.W. 3661 (U.S. March 28, 1988) (no. 87-482).

entertainer, but essentially determined for itself the proper camera placement and footage. The station then edited the raw footage into a short finished tape that was later broadcast by the Easter Seal Society.

The station was later approached by another television producer who, unbeknownst to it, was acting for Playboy Enterprises and who was looking for footage of Mardi Gras parades. The station excerpted forty minutes from the Easter Seal footage and sent it to the producer, who incorporated it into *Candy, the Stripper*, a film shown over cable television on four separate occasions. One or more participants in the parade footage recognized themselves on the cablecast and complained to the Easter Seal Society, which brought suit against Playboy Enterprises and the television station.

The television station defended on the grounds that it rather than the Easter Seal Society was not the copyright owner. The Fifth Circuit affirmed. In affirming, the court reviewed what it saw as the steady expansion of the work for hire concept over the years of the 1909 Act, and offered several interpretations of the work for hire provisions.⁴⁸ The correct interpretation,

⁴⁸ The first interpretation is that "employee" means anyone who would be an "employee" under the usual agency rules. With this interpretation, a court would find most freelance creators to be "independent contractors" and governed by the "on special order or commission" provision. Only certain types of works under that provision are eligible to be works for hire; other types, or any type of work about which the parties have made no written agreement, could not be works for hire at all.

The second, so-called "conservative," interpretation is almost the opposite of the first. It assumes that any creator hired by another party would be considered to be a copyright "employee" and the resulting work would be "for hire," unless the work fell into one of the listed categories. Works in those categories could be "for hire" only if the parties had agreed to that result in writing. See O'Meara, "*Works Made For Hire*" Under the Copyright Act of 1976—Two Interpretations, 15 CREIGHTON L. REV. 523 (1982). This approach is demonstrably incorrect. See *infra*, note 145.

In brief, the first interpretation treats the special order provision as giving most freelance creators an unwaivable copyright to their works, but giving them *permission* to waive their rights for the specially enumerated works. The second interpretation *prohibits* all freelance creations from being anything other than "for hire," unless they fall in one of the enumerated categories and the parties have agreed about the work's status in writing.

The third interpretation is that of the Second Circuit in *Aldon*. A copyright "employee" is one over whom a hiring party has exercised *actual* and supervision, not just a right of direction. In the absence of actual direction, the status of any created works by a hired party must be judged under the "on special order or commission" provision. With actual direction, the hired party becomes an "employee" and the work becomes a work for hire regardless of its category or the presence of a writing.

The Fifth Circuit determined that the first interpretation must be correct: those who are "employers" of "employees" under agency law own the copyrights resulting from the employees' efforts; freelance creators cannot have their

according to the Fifth Circuit, is that "employee" means the same as "servant" under agency law. This interpretation, the court suggested, is broader than the notion of formal employee, but narrower than the finding of older cases that almost any hired party intended the copyright to reside in the hiring party.

The Fifth Circuit concluded, in short, that Congress acted to narrow the class of cases in which a hiring party would own the copyright to a work created by a hired party. Whether Congress narrowed or broadened the class of works made for hire is open to question,⁴⁹ but it is not true that Congress meant for courts to use the general law of agency to construe the term "employee." In fact, Congress meant nothing more than the ordinary English meaning of employee—one who is a formal, salaried employee. This conclusion is amply supported by the 1976 Act's legislative history, and happily avoids many of the problems that other interpretations engender.

*Legislative History*⁵⁰

That Congress intended "employee" to mean formal employee can be

works be treated as "for hire" unless the works fall into the listed categories and both parties sign a writing. *Easter Seal*, 815 F.2d at 334-335.

⁴⁹ See *infra*, text accompanying notes 138-41 and note 141.

⁵⁰ A number of commentators have discussed the legislative history of the work for hire provision in the 1976 Act. Student-written Notes often focus on using the legislative history to promote a particular policy, typically one of according more rights to creators, as against those who hire creators. This article does not advocate furtherance of one policy over another. My research and analysis has convinced me that Congress intended "employment" to mean formal, salaried employment, and that judicial adoption of that definition will make work for hire cases more predictable and logically consistent; but I do not address in these pages whether such a definition benefits copyright creators any more than copyright users or the ultimate consumers of copyrightable works.

For a good, compact summary of the work for hire legislative history, see W. PATRY, *LATMAN'S THE COPYRIGHT LAW* 117-125 (6th ed. 1986). For examples of other articles containing discussions of the legislative history of the work for hire provision, see Angel & Tannenbaum, *Works Made for Hire Under S. 22*, 22 N.Y.L. SCH. L. REV. 209 (1976); DuBoff, *An Academic's Copyright: Publish and Perish*, 32 J. COPR. SOC'Y U.S.A. 17 (1984); Galloway, *Authorship and Copyright of Works Made for Hire: Bugs in the Statutory System*, 8 ART & L. 573 (1984); O'Meara, "Works Made for Hire" Under the Copyright Act of 1976—Two Interpretations, 15 CREIGHTON L. REV. 523, 526 (1982) (short discussion leading to conclusion that "it is possible to recite legislative history in support of nearly any interpretation of work made for hire"); Note, *The Creative Commissioner: Commissioned Works Under the Copyright Act of 1976*, 62 N.Y.U. L. REV. 373 (1987); Note, *Free Lance Artists, Works for Hire, and the Copyright Act of 1976*, 15 U.C. DAVIS L. REV. 703 (1982); Note, *The Works Made for Hire Doctrine Under the Copyright Act of 1976—A Misinterpretation: Aldon Accessories Ltd. v. Spiegel, Inc.*, 20 U.S.F.L. REV. 649 (1986); Note, *The Freelancer's Trap: Work for Hire Under*

seen from the lengthy record of the effort to revise the 1909 Copyright Act. For purposes of this article, we can divide that record into several parts. First came a series of thirty-five studies beginning in 1955, each of which addressed a different facet of copyright doctrine.⁵¹ Following that, in 1961, came the *Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law* ("Register's Report"), a narrative discussion of issues and recommendations for a new copyright act.⁵² After issuing the Register's Report, the Copyright Office held a number of meetings to discuss the report with participants from industries and trade groups strongly interested in copyright law. Congress later published transcripts of these meetings along with other written comments.

After the Register's Report, the Copyright Office in 1963 issued a preliminary draft of a copyright act (the "Preliminary Draft"). As with the Register's Report, the Preliminary Draft was the subject of discussion sessions and written commentary. Following issuance of the draft, three identical bills were drawn up and introduced into the 88th Congress in 1964: S. 3008, H.R. 11947, and H.R. 12354 (collectively the "1964 Bill"). Revised bills were introduced the following year as H.R. 4347 and S. 1006 (together referred to as "H.R. 4347" or "the 1965 bill"), in the 89th Congress, which held extensive hearings. The work for hire provisions of H.R. 4347, with some elaborations, became the scheme adopted in the 1976 Act.

Throughout the studies, the reports, the discussions, and the hearings, the comments of nearly every participant showed an understanding that "em-

the Copyright Act of 1976, 86 W. VA. L. REV. 1305 (1984); Comment, *Commissioned Works as Works Made for Hire Under the 1976 Copyright Act: Misinterpretation and Injustice*, 135 U. PA. L. REV. 1281 (1987).

⁵¹ "These studies, covering practically all aspects of American copyright law, narrate the history and describe the provisions of the present United States Copyright Law, as enacted in 1909 and as amended to date, describe the comparable provisions of foreign laws and international conventions analyze the numerous issues, and suggest various possible alternative solutions. These studies provided the groundwork for the Copyright Office revision report, which . . . contains the tentative recommendations of the Copyright Office for revision of the Law." Introduction, 1 STUDIES ON COPYRIGHT, *supra* note 2, at ix.

⁵² HOUSE COMMITTEE ON THE JUDICIARY, 87TH CONG., 1ST SESS., COPYRIGHT LAW REVISION: REPORT OF THE REGISTER OF COPYRIGHTS ON THE GENERAL REVISION OF THE U.S. COPYRIGHT LAW (Comm. Print 1961), reprinted in 3 OMNIBUS COPYRIGHT REVISION LEGISLATIVE HISTORY (George S. Grossman, ed. 1976) [hereafter cited as REGISTER'S REPORT]. The Grossman edition of the legislative history materials is a convenient single source for the relevant committee reports, prints, and so on that make up the history of revision of the 1909 Act. Unfortunately, the pages within each volume are not continuously numbered, but simply contain the pagination from the reproduced materials. Still, I think it will be helpful to readers to have the volume number of the Grossman edition supplied in abbreviated form. I will therefore provide citations such as "reprinted in 3 OMNIBUS LEGIS. HIST."

ployment" meant formal, salaried employment; nothing from Congress, either in the language of the Act or in the committee reports, has ever suggested otherwise.

The Varmer Study

Of the thirty-five copyright studies sponsored by the Copyright Office and begun in 1955, study number thirteen, prepared by Borge Varmer in 1958, dealt with works made for hire.⁵³ Varmer's study features telling and direct evidence of copyright scholars' thinking at that time about works made for hire under the 1909 Act.

The 1909 Act's provision for works for hire was quite brief; it simply noted that "the word 'author' shall include an employer in the case of works made for hire."⁵⁴ No definition for "work made for hire" was offered, nor any definition for "employer." In analyzing this provision, Varmer began with a discussion of what Congress meant by vesting copyright ownership in the for-hire employer. He specifically noted that the concept of "employee" was ambiguous, precisely because it might refer either to salaried employees, or to a concept of "wider scope."⁵⁵

To clarify that ambiguity, he reviewed the cases that had dealt with employment. He found the ambiguity consistently resolved: "[A]ll the cases have involved salaried employees who received either a fixed salary or a minimum salary plus commission. . . . Hence it may be concluded that section 26 [of the 1909 Act] refers *only to works made by salaried employees in the regular course of their employment.*"⁵⁶ He made no mention of a "right to direct and control" test, of common law of agency tests generally, or of any other of the looser tests espoused by recent courts.

Varmer treated commissioned works, a concept well-known in copyright case law at that time, as entirely separate from works created in an employment relationship. He noted quite plainly that the 1909 Act did not mention commissioned works at all,⁵⁷ and he divided his discussion into separate subsections labelled "Works Made for Hire," and "Works Made On Commission."⁵⁸ He never once suggested that the two categories overlapped in the sense that a "specially ordered or commissioned" work could also be one made by an "employee," as *Aldon* implied. Indeed, he noted that because the 1909 Act did not address commissioned works, one of the issues open for

⁵³ Borge Varmer, *Copyright Study No. 13, Works Made for Hire and on Commission*, reprinted in 1 STUDIES ON COPYRIGHT, *supra* note 2, at 719.

⁵⁴ 1909 Act, § 26.

⁵⁵ Borge Varmer, *Copyright Study No. 13, Works Made for Hire and on Commission*, reprinted in 1 STUDIES ON COPYRIGHT, *supra* note 2, at 720.

⁵⁶ *Id.* at 722 (emphasis added).

⁵⁷ *Id.* at 720.

⁵⁸ *Id.* at 720, 722.

resolution under the revision of that Act was the question whether commissioned works ought to be treated the same as works made by employees.⁵⁹ Nowhere in the study did Varmer conclude that a hiring party's right to direct and control the work of a commissioned party might push the relationship into the "employment" category.

The Register's Report

In 1961, the Copyright Office issued the Register's Report on copyright law revision. The Report responded to Varmer's points with two firm recommendations. One was that "works made for hire" should be defined specifically as "works created by an employee within the regular scope of his employment." The second was that commissioned works be excluded from "for hire" status.⁶⁰

This second result, excluding commissioned works from "for hire" status, would be accomplished through the "works made for hire" definition itself, which was designed to eliminate the possibility that the concept of works for hire "might be thought to include works made on special commission."⁶¹ As an example of what the exclusion of specially ordered works from "for hire" status meant, the Report noted that when the various pieces of a work of multiple authorship like an encyclopedia were created "by independent authors, each author [would be] the initial owner of his contribution, and the publisher [would have to] acquire his rights by assignment."⁶²

Barbara Ringer, then Chief of the Examining Division of the Copyright Office and later the Register of Copyrights, described the recommendations as only a clarification of existing law on works for hire: "First, with respect to works made for hire, I think the report in essence recommends that the present law be retained. [Other than adding a definition, the report] would leave the present law undisturbed."⁶³ The Report itself described existing court decisions as "not generally regard[ing] commissioned works as 'made for

⁵⁹ *Id.* at 735.

⁶⁰ REGISTER'S REPORT, *supra* note 52, at 86-87, reprinted in 3 OMNIBUS LEGIS. HIST.

⁶¹ *Id.* at 86.

⁶² *Id.* at 87.

⁶³ STAFF OF HOUSE COMMITTEE ON THE JUDICIARY, 88TH CONG., 1ST SESS., COPYRIGHT LAW REVISION, PART 2: DISCUSSION AND COMMENTS ON REPORT OF THE REGISTER OF COPYRIGHTS ON THE GENERAL REVISION OF THE U.S. COPYRIGHT LAW 144 (Comm. Print 1963) (statement of Barbara Ringer, Copyright Office), reprinted in 3 OMNIBUS LEGIS. HIST. [hereafter REPORT DISCUSSION]. Ringer evidently felt that some cases under the 1909 Act had found commissionees to be copyright renewals in 1960 that "the phrase 'work made for hire' probably applies to some commissioned works . . ." Barbara Ringer, Copyright Study Number 31, reprinted in 1 STUDIES ON COPYRIGHT, *supra*, note 2, at 538. Her support for this statement is questionable. She cites only one case, *Tobani v. Carl Fisher, Inc.*, 36 U.S.P.Q. 97 (S.D.N.Y. 1937),

hire.'"⁶⁴ This comment was consistent, of course, with Varmer's conclusions.

Representatives of the motion picture industry, which characteristically dealt with a large number of individual creators,⁶⁵ raised a number of objections to the Register's Report,⁶⁶ but their objections were not based on any

modified on other grounds, 98 F.2d 57 (2d Cir. 1938), *cert. denied*, 305 U.S. 650 (1938), and Varmer's study.

In *Tobani*, the hired party was not, however, considered a commissionee. He was hired for a period of time as a music arranger, paid a combination of salary, piece prices, and bonuses, worked on a number of arrangements, and apparently worked for no one else during the period. The district court concluded that: "It is idle . . . to try and spell out of the relation anything more than an ordinary hiring for pay." 36 USPQ at 98. Even the Second Circuit concluded that the party who had hired Tobani was "an employer for hire." 98 F.2d at 59. Both opinions refer repeatedly to "employment;" neither mentions the words "commission" or "special order."

The page that Ringer cites in Varmer's study (page 130, *reprinted in* 1 STUDIES ON COPYRIGHT, *supra*, note 2, at 722) does not in fact say that commissioned works are sometimes held to be "for hire" under the 1909 Act. In 1964, Ringer again made the claim that "it is true . . . that some works made on special order or commission have been construed by the courts as coming within the ambit of the 'works made for hire' concept under the present law." STAFF OF HOUSE COMMITTEE ON THE JUDICIARY, 89TH CONG., 1ST SESS., COPYRIGHT LAW REVISION, PART 5: 1964 REVISION BILL WITH DISCUSSIONS AND COMMENTS 145 (Comm. Print 1965) (statement of Barbara Ringer, Copyright Office), *reprinted in* 4 OMNIBUS LEGIS. HIST. [hereafter 1964 BILL]. This statement, delivered orally, is of course not footnoted; presumably Ringer was thinking of her earlier statement.

⁶⁴ REGISTER'S REPORT, *supra*, note 52, at 86, *reprinted in* 3 OMNIBUS LEGIS. HIST.

⁶⁵ Among those contributing to the creation of a motion picture are "the writer[s] of the treatment, the story, the screen play, the adaptation, the songs, the background score, the musical arrangements [and] the rewriters thereof, the art directors, costume designers, set designers, color directors, sound directors, cinematographers, directors, producers, editors, cutters, and their respective assistants, as well as performers and musicians[.]" REPORT DISCUSSION, *supra*, note 63, at 358 (comments of Edward A. Sargoy, for the Motion Picture Association of America, Inc.), *reprinted in* 3 OMNIBUS LEGIS. HIST.

⁶⁶ Two concerns were singled out: one with the Register's Report's proposed recommendation that employers not be considered "authors" even if they retained copyright ownership of works created for hire, and a second with a possible narrowing of the circumstances of employment by the report's use of the phrase "regular scope of employment."

On the first point, the Register had proposed that employers have the right to own copyrights produced by their employees, but that they not be formally recognized as "authors" themselves.

The [1909 Act's] provision (sec. 26) defining "author" as including "an employer in the case of works made for hire" has also been criticized on the ground that the employer is not in fact the author and should not be designated as such. It has been suggested that the statute, instead of indicating

inaccuracy in the report's statement that commissioned works were not regarded as works for hire, or that "employment" meant anything other than regular, salaried employment.⁶⁷

To the contrary, their comments implicitly recognized that very understanding of "employment." For example, the Register's Report proposed that employers would have ownership of their employees' works under the statute, but that the employer would not be considered to be the "author" of employees' works. Universal Pictures' representative Joseph A. Dubin disagreed with the Report's proposal to deny employers the status of "authors," but he still couched his discussion in terms of the salary-paying employer: "[N]o one to this date has suggested, outside the Copyright Office report, that an employer *who meets a weekly payroll* should not be entitled . . . to be the author [of a work created by an employee within the scope of

that the employer is the author, should merely provide that the right to secure copyright vests in the employer. We would adopt this suggestion.

REGISTER'S REPORT, *supra*, note 52, at 87, *reprinted in* 3 OMNIBUS LEGIS. HIST. This departure from the 1909 Act act raised the concern that copyright protection in foreign countries might be compromised or difficult to ascertain because those countries granted certain protections only to "authors" as such. See REPORT DISCUSSION, *supra*, note 63, at 153 (comments of Adolph Schimel, Universal Pictures Co., Inc.); *id.* at 359 (comments of Edward A. Sargoy, for the Motion Picture Association of America, Inc.), *reprinted in* 3 OMNIBUS LEGIS. HIST. 153, 359.

On the second point, the Register's attempts at clarification by means of the phrase, "regular scope of employment," brought forth objections because of fears that "regular scope" was too narrow, but not because the concept of employment was being changed from the law as summarized by Varmer. A representative of Universal Pictures Co., Joseph A. Dubin, for example, argued that the phrase implied that employees such as movie actors might create works like song lyrics or dialog that were not within their "regular" duties and the employer would consequently not become the owner of the works. REPORT DISCUSSION, *supra* note 63, at 157, *reprinted in* 3 OMNIBUS LEGIS. HIST.

The Motion Picture Association's representative, Edward A. Sargoy, expressed the general desire of his industry to "retain the present 'made for hire' language in order to preserve and continue the body of law which has arisen around it." REPORT DISCUSSION, *supra*, note 63, at 359, *reprinted in* 3 OMNIBUS LEGIS. HIST. (comments of Edward A. Sargoy, for the Motion Picture Association of America, Inc.).

⁶⁷ See, e.g., REPORT DISCUSSION, *supra*, note 63, at 384-835, *reprinted in* 3 OMNIBUS LEGIS. HIST. (comments of Harriet F. Pilpel and Morton David Goldberg) ("We would proceed on the premise that 'authors' under the Constitution should be regarded wherever possible as the actual creators of the works on which copyright is secured."); *id.* at 411 (statement of John F. Whicher) ("I concur with Mr. Sargoy's doubts as to the advisability of eliminating from the statute the idea that the employer is the author (not just the owner) of works made for hire . . .").

employment]."⁶⁸

Another participant in the discussions, John Schulman, chairman of the American Patent Law Association's⁶⁹ Committee on Copyright, commented that giving copyright to the employer would take away authorship from the employee. To this comment Dubin responded that existing law treating employers as authors "take[s] away nothing from the author, for the very simple reason that he can write on speculation, he can come in and give you his finished product, *instead of sitting down week by week and drawing weekly compensation and not facing any risks at all.*"⁷⁰

Schulman himself objected to the Report's scheme of allocating ownership in employment situations by a fixed statutory rule. He proposed that employers and employees have the right to agree to ownership as a matter of contract. But Schulman, like Dubin, saw "employment" as meaning salaried employment: in referring to the desirability of contractual, rather than statutory, ownership rules, he said: "It should be possible for me to make a contract and say, 'even though I am employed, *and you pay me X dollars a week,* nevertheless I want to own title to the copyright and I give you only an exclusive right to use the motion picture."⁷¹ Employment for Schulman, in other words, also involved a regular, weekly salary.

Not only did Dubin and Schulman seem to accept "employment" as meaning formal employment, they and other participants also paid little heed to the Report's exclusion of specially ordered works from "for hire" status. In view of later controversy over specially ordered works,⁷² this quiet acceptance of the Report's proposal seems odd.

The likely explanation of it is that specially ordered works were not controversial early in the revision process because in 1961, as Ringer had noted, specially ordered works fell outside the scope of federal statutory law. To be sure, a body of case law had developed that created a strong presumption of "employer" ownership of commissioned works,⁷³ but these cases were entirely a matter of state common law rights in unpublished works, not a matter of statutory work for hire law.⁷⁴ Federal statutory protection attached under the 1909 Act only when a work was "published."⁷⁵

⁶⁸ REPORT DISCUSSION, *supra*, note 63, at 155, *reprinted in* 3 OMNIBUS LEGIS. HIST. (comments of Joseph A. Dubin) (emphasis added).

⁶⁹ Now known as the American Intellectual Property Law Association.

⁷⁰ REPORT DISCUSSION, *supra*, note 63, at 155 (comments of Joseph A. Dubin) (emphasis added), *reprinted in* 3 OMNIBUS LEGIS. HIST.

⁷¹ REPORT DISCUSSION, *supra*, note 63 (comments of John Schulman) (emphasis added), at 153-54, *reprinted in* 3 OMNIBUS LEGIS. HIST.

⁷² See *infra*, text accompanying notes 90-101.

⁷³ *Easter Seal Society v. Playboy Enterprises*, 815 F.2d 323, 325 (5th Cir. 1987), *cert. denied*, 56 U.S.L.W. 3661 (U.S. March 28, 1988) (no. 87-482).

⁷⁴ *Easter Seal*, 815 F.2d at 325.

⁷⁵ 1909 Act, section 2 ("Nothing in this title shall be construed to annul or limit the

The Register's Report proposed only a slight change in this state-federal dichotomy. Federal copyright protection would attach not on "publication," as it did under the 1909 Act, but whenever a work was "publicly disseminated by the publication of copies, registration in the Copyright Office, public performance, or the public distribution of sound recordings."⁷⁶ That is, federal protection would attach when a work became available to the public, not just "published" as that term of art had come to be defined. But before dissemination, common law protection would still apply, including the presumption that commissioning parties owned the copyright to works they commissioned.

The Preliminary Draft of 1963

During 1963, the Copyright Office issued a "Preliminary Draft" of a copyright act.⁷⁷ No doubt because of the lack of objection to the Register's Report's exclusion of commissioned works from "works for hire," the Preliminary Draft carried forward that same exclusion, along with the Report's proposed definition of works made for hire. Section 14 of the Draft provided that: "In the case of a work made for hire, the employer shall, for purposes of this title, be considered the author and shall have all the rights comprised in the copyright unless the parties have expressly agreed otherwise."⁷⁸ A footnote to this sentence said that "A 'work made for hire' would be defined elsewhere as a work prepared by an employee within the scope of the duties of his employment, but not including a work made on special order or commission."⁷⁹

This new wording accomplished several things. It reversed the Register's prior position that employers would not be considered to be the "authors" of their employees' works, acceding to complaints made during the discussions of the Report primarily by representatives of the motion picture

right of the author or proprietor of an unpublished work, *at common law or in equity, to prevent . . . copying . . .*") (emphasis added) and section 10 ("Any person . . . may secure copyright for his work by publication thereof with the notice of copyright required by this title . . ."). Certain works could also be copyrighted by deposit and registration without publication, *see* section 12, but failure to do so did not curtail common law rights as section 2 made plain.

⁷⁶ REGISTER'S REPORT, *supra*, note 52, at 43, *reprinted in* 3 OMNIBUS LEGIS. HIST. *See also* the discussion preceding this recommendation, *id.* at 39-43.

⁷⁷ STAFF OF HOUSE COMMITTEE ON THE JUDICIARY, 88TH CONG., 1ST SESS., COPYRIGHT LAW REVISION, PART 3: PRELIMINARY DRAFT FOR REVISED U.S. COPYRIGHT LAW AND DISCUSSIONS AND COMMENTS ON THE DRAFT (Comm. Print 1964), *reprinted in* 3 OMNIBUS LEGIS. HIST. [hereinafter PRELIMINARY DRAFT].

⁷⁸ PRELIMINARY DRAFT, *supra*, note 77, at 15 (footnote omitted), *reprinted in* 3 OMNIBUS LEGIS. HIST.

⁷⁹ *Id.* at 15 n.11.

industry.⁸⁰ The new wording also incorporated an additional provision allowing employers and employees "expressly" to agree to transfer back all or some of the rights automatically vesting in the employer, so that ownership in an employment situation was not rigidly fixed by statute but only presumptively established.⁸¹ And finally, the draft added to the Register's Report's definition of "work made for hire" an express statement that specially ordered or commissioned works would not be considered "works for hire." In spite of these changes from the Register's Report, the Preliminary Draft's new wording did not suggest any change in the concept of "employment."

Unlike the Register's Report, however, the Preliminary Draft's exclusion of specially ordered works from work for hire status provoked emphatic objections. This sudden awakening to the problem of specially ordered works can best be explained by another, seemingly unrelated, change from the Register's Report to the Preliminary Draft.

The Report proposed to preserve common law rights in undisseminated works, and to begin federal rights at the time of dissemination. The Draft proposed to move the inception of statutory copyright to the time of a creator's first fixation of a work in a tangible medium.⁸² This change, a major one for United States copyright law, meant that federal copyright protection for a work would attach at the moment of the work's *creation*—not just first publication or dissemination. The change turns out to be intimately involved with both the work for hire concept and the so-called "reversion" concept.

Under the 1909 Act, creators were given a "second chance" at profiting from works previously assigned to others through the mechanism of "renewal." Copyright was available in two terms, an original term of twenty-eight years, and a renewal term of the same duration. An assignment of rights in one term did not necessarily mean an assignment of rights in the renewal term. In theory, creators whose work sold for a low price early on would get back the second, more valuable renewal term later.⁸³ The Regis-

⁸⁰ PRELIMINARY DRAFT, *supra*, note 77, at 257 (Comm. Print 1964) (statement of Abraham L. Kaminstein, Register of Copyrights), *reprinted in* 3 OMNIBUS LEGIS. HIST.

⁸¹ *Id.*

⁸² PRELIMINARY DRAFT, *supra*, note 77, § 20 at 18-19, *reprinted in* 3 OMNIBUS LEGIS. HIST. Alternatives were proposed for this section, which governed the duration of copyright, but both began: "Copyright in a work . . . shall subsist from its creation . . ." *Id.* (emphasis added).

⁸³ The renewal provision turned out to be more complicated and troublesome and less advantageous to authors than had been envisioned at the time of enactment. For one thing, an author could assign the rights to the renewal term to a publisher, for example, during the initial term. As long as the author was alive at the beginning of the renewal term, the assignment was valid and the publisher enjoyed the renewal. Only if the author died before the beginning of the renewal period was the assignment ineffectual; in that case, specified members of the author's family could obtain the right to the renewal. See Fred Fisher

ter's Report recommended that the renewal system be replaced with a single term of protection, but that creators have a right of reversion, i.e., a right to reclaim any transfers or assignments of copyright after a specified number of years.⁸⁴

In the Preliminary Draft, the Copyright Office continued to adhere to the reversion concept,⁸⁵ but concluded that a single federal system of protection for all works, whether disseminated to the public or not, was simpler and preferable to the continuation of a dual federal and state system.⁸⁶ This meant that the common law of literary property, which still had some life left in it under the Register's Report,⁸⁷ would be preempted, at least insofar as it protected unpublished but tangibly fixed works:

On and after the effective date of this act, all rights in the nature of copyright in works for which copyright protection is available . . . shall be governed exclusively by this title. Thereafter, no person shall be entitled to copyright, to literary or intellectual property rights, or to any equivalent legal or equitable right in any such work under the common law or statute of any State.⁸⁸

With this new provision—eventually enacted as Section 301 of the 1976 Act—the state of existing law surrounding commissioned works was drastically changed. The 1909 statute had made clear that the “employer” of an “employee” would have the right to obtain copyright in the employee's

Music Co. v. M. Witmark & Sons, 318 U.S. 643 (1943). For an exhaustive discussion of the history of copyright renewal, see Barbara Ringer, *Copyright Office Study Number 31*, reprinted in 1 STUDIES ON COPYRIGHT, *supra*, note 2, at 503.

⁸⁴ REGISTER'S REPORT, *supra*, note 52, at 92-94, 3 OMNIBUS LEGIS. HIST. The Register's Report had proposed that authors making a grant of rights could, after twenty years' time, revoke the grant and get back their copyrights. This provision, like the earlier renewal provision, was designed to protect authors from assignments of copyright that would later prove improvident or disadvantageous: no matter how bad the bargain turned out to be, perhaps because an author's copyrighted work turned out years later to be extremely and unexpectedly valuable, the author could eventually get the copyright back. *Id.*

⁸⁵ PRELIMINARY DRAFT, *supra*, note 77, § 16, Alternatives A & B, at 15-16, reprinted in 3 OMNIBUS LEGIS. HIST.

⁸⁶ STAFF OF HOUSE COMMITTEE ON THE JUDICIARY, 88TH CONG., 2D SESS., COPYRIGHT LAW REVISION, PART 4: FURTHER DISCUSSIONS AND COMMENTS ON PRELIMINARY DRAFT FOR REVISED U.S. COPYRIGHT LAW 3 (Comm. Print 1964) (statement of Barbara Ringer, Copyright Office), reprinted in 3 OMNIBUS LEGIS. HIST. [hereafter FURTHER DISCUSSIONS ON DRAFT].

⁸⁷ REGISTER'S REPORT, *supra*, note 52, at 41 (“we believe there are overbalancing reasons to preserve the common law protection of undissemated works . . .”), reprinted in 3 OMNIBUS LEGIS. HIST.

⁸⁸ PRELIMINARY DRAFT, *supra* note 77, § 19 at 18, reprinted in 3 OMNIBUS LEGIS. HIST.

works. The common law developed a corresponding presumption that, at least under certain circumstances, one who commissioned, but did not "employ," another to create copyrightable works was the party who would obtain and own the resulting federal copyrights. The common law, in other words, developed the equivalent of a "work for hire" doctrine for commissioned works, but one that fell outside the scope of the "work for hire" component of the federal statute. The Preliminary Draft proposed both to preempt this common law and to rule out the possibility that commissioned works could be "for hire" under the resulting statutory scheme. The Preliminary Draft also made clear that the reversion principle by which creators could reclaim their works years after an assignment would *not* apply to works created for hire, hence making the question of what works could be "for hire" a highly significant one.

Not only, then, did the Preliminary Draft prevent commissioned works from being "for hire" under the federal statute—that concept was already incorporated in the Register's Report—but it effectively preempted the common law of commissioned works, preventing those works from being "for hire" in any sense, and it gave commissioned creators an inalienable right of reversion in assigned copyrights after twenty-five years.⁸⁹ Common law had afforded commissioned creators no comparable right of reversion and was for that reason distinctly more favorable to commissioning parties than the Preliminary Draft.

This combination of elements understandably concerned those industries employing multiple authors—motion pictures, textbook, and reference publishers. The work of freelance writers and artists that had previously been considered the work of the hiring studio or publisher under common law

⁸⁹ The Preliminary Draft offered alternative ways of achieving the goals of reversion.

Alternative A was that authors could get back a grant of rights after twenty-five years. Alternative B was that they could get back the rights after twenty years, if "the profits received by the transferee . . . are strikingly disproportionate to the compensation . . . received by the author . . ." PRELIMINARY DRAFT, *supra*, note 77, ¶ 16 at 16 (footnote omitted), *reprinted in* 3 OMNIBUS LEGIS. HIST. The second alternative was roundly criticized as an invitation to litigation over the meaning of "strikingly disproportionate" and for other reasons. See PRELIMINARY DRAFT, *supra*, note 77, at 278 (alternative B "would encourage litigation and be a cloud on titles") (statement of Richard Colby, Motion Picture Association of America Copyright Committee), *reprinted in* 3 OMNIBUS LEGIS. HIST.; *id.* at 282 (alternative B is "a system for encouraging multitudinous litigation") (statement of Horace S. Manges, Joint Committee of the American Book Publishers Council and the American Textbook Publishers Institute); *id.* at 292 (alternative B "is an inexcusable litigation-breeder") (statement of Alfred H. Wasserstrom); *id.* at 289 ("I don't think [alternative B's] indefinite transfer of the right of reversion or reformation would ever sit right in this country") (statement of John Schulman). Only the first alternative received serious consideration.

would, under the draft, become the property of the freelancer. Even if the work was transferred outright to the publisher, the creator would eventually be able to get it back; these industries thus faced a sharply limited period of time in which they could exploit specially ordered works.

Representatives of the copyright using industries vigorously objected to these changes. Representatives of writers' and composers' groups supported them. Barbara Ringer characterized the situation as one of "outright opposition [that is] strong and articulate" to the whole concept of reversion, coupled with support for it that was just "as strong and deep-seated . . ." ⁹⁰

Employment Meant Formal Employment

Yet, with perhaps one exception, when participants on both sides of the controversy stated their objections, they referred to a concept of "employment" that obviously meant salaried employment. Horace S. Manges, for example, who represented the joint copyright committee of the American Book Publishers Council and the American Textbook Publishers Institute, complained that the exclusion of specially ordered works would be detrimental to the book publishing industry. "Publishers would be discouraged completely from using any freelancer. There would be a necessity of *putting people on the payroll whom the employers wouldn't want to put on the payroll*, and where the employees would prefer to work as independent contractors."⁹¹ He meant, of course, that putting people "on the payroll" would be the only way to avoid a work's being considered "on special order or commission." Manges plainly did not imagine a freelancer could be considered an "employee."

John R. Peterson, representing the American Bar Association, echoed that notion: "I don't think there is any valid philosophical or economic difference between the situation in which you have a man on a continuing basis of orders which justifies *placing him on your payroll*, and the situation in which you give him a particular order for a particular job."⁹² That Peterson saw fit to point out the similarities in these two circumstances shows his view that the Preliminary Draft improperly distinguished them—but distinguished them in the way that everyone else distinguished them: salaried employment versus all other hiring relationships.

Both Peterson and Manges preferred a broader provision on works for hire, expressed by another participant as a proposal to change the Act's term

⁹⁰ PRELIMINARY DRAFT, *supra*, note 77, at 277, reprinted in 3 OMNIBUS LEGIS. HIST.

⁹¹ *Id.* at 259 (statement of Horace S. Manges, Joint Comm. of the American Book Publishers Council and the American Textbook Publishers Institute) (emphasis added).

⁹² *Id.* at 260 (statement of John R. Peterson, American Bar Association) (emphasis added).

from "employer" to "hirer."⁹³ Significantly, that suggestion was never adopted.

Other participants in the discussion who also preferred a broader provision objected to the Draft's treatment of works on special order or commission because the exclusion preserved a distinction between "employment" and a commissioning relationship that was a pure formality: "It seems to me," said Saul N. Rittenberg of MGM, "that the present draft has given more emphasis to formalism than necessary. If I commission a work from a man, . . . and I pay for it, what difference does it make whether I put him under an employment contract or establish an independent contractor relationship?"⁹⁴ Once again, his objection implies an understanding that the Preliminary Draft was indeed based on a distinction between formal employment and something else—otherwise there would have been no reason to complain about formalisms.

Similar remarks were made in a written comment by participant Joseph A. Adelman. Adelman plainly indicated his understanding that the "employment" relationship in the Preliminary Draft was one of formal, salaried employment because he objected to that very feature of the draft: "It might be helpful," Adelman said, "not to restrict the description of a 'work made for hire' to the *technical employer employee relationship*."⁹⁵ If the Copyright Office had meant something other than the "technical" employment relationship by its language in the Preliminary Draft, then of course this comment would have been unnecessary, or the understanding it reflects might have been corrected by representatives of the Office; but in fact neither this comment nor the others like it were challenged.

A representative of the American Textbook Publishers Institute, Bella L. Linden, similarly objected to the exclusion of works created on special order or commission from the status of works for hire: "no encyclopedia company or reference book publisher *can possibly employ experts* in every field of scientific and literary endeavor in order to produce the composite works which they market and sell."⁹⁶ Again in written remarks, the Institute repeated that thought: "It is neither practical nor possible (if top specialists in a variety of areas are required) *to hire these specialists as employees on a full-time basis*."⁹⁷ Even more emphatic was the Institute's complaint that when "publishers of maps, atlases, encyclopedias and similar reference and collective works" hire freelance writers, "[t]he publisher is in reality the creator of such

⁹³ *Id.* at 268 (statement of Edward A. Sargoy, American Bar Association).

⁹⁴ *Id.* at 272 (statement of Saul N. Rittenberg, MGM).

⁹⁵ *Id.* at 321 (statement of Joseph A. Adelman) (emphasis added).

⁹⁶ *Id.* at 297 (statement of Bella L. Linden, American Textbook Publishers Institute) (emphasis added).

⁹⁷ *Id.* at 341 (statement of the American Textbook Publishers Institute) (emphasis added).

works and hires individuals to prepare segments of it under its supervision and control,"⁹⁸ and yet would not be the copyright owner.

If "employer" meant simply to hire, whether as salaried employee or independent contractor, or "employee" meant anyone over whom another exercised supervision and control, then comments like these would have been illogical, for publishers constantly "employ" writers and experts in that broader sense. That the statements were made at all shows that the participants viewed the Preliminary Draft's language of "employment" as applying *only* to salaried employment.

A comment by the American Book Publishers Council, Inc. offers further confirmation of this point:

"[W]orks for hire"—in which copyright is by law owned by the employer—would be redefined [in the Preliminary Draft] to include *only work done by a salaried employee in the scope of his regular duties*, and would exclude works made on special order or commission. This would mean that many kinds of work, the copyright to which has been thought the property of the publisher as an employer—such as forewords, translations, art work, indexes—might be held to be *not* for hire.⁹⁹

There is no suggestion in this language that the book publishers thought some specially ordered works might also be works of "employees" under a "right to direct and control" or any other test. To the contrary, they objected to the Preliminary Draft's language precisely because it appeared to deny them the copyright ownership of "forewords, translations, art work," and the like, materials that are typically prepared by creators other than "salaried employees" working within the scope of their duties of employment.

Still another participant in the discussions observed that the

term of "employee for hire" has thrown our comptrollers and accountants throughout the whole publishing industry into a tizzy. Where you get an outside entity and you ask them to create a work for hire, and it's the express intention of all the parties that that work product be the exclusive product of the commissioner or the orderer, their comptrollers and accountants start going into a real tailspin the minute they start seeing the word "employee," *because this means social security, withholding, and all the other attendant mechanical housekeeping tasks.*¹⁰⁰

⁹⁸ *Id.* at 340-41.

⁹⁹ FURTHER DISCUSSIONS ON DRAFT, *supra*, note 86, at 250 (first emphasis added; second emphasis in original), *reprinted in* 3 OMNIBUS LEGIS. HIST.

¹⁰⁰ PRELIMINARY DRAFT, *supra*, note 77, at 267 (statement of E. Gabriel Perle, Time, Inc.) (emphasis added), *reprinted in* 3 OMNIBUS LEGIS. HIST.

Again, if the Draft's use of "employee" meant anything broader than full time, salaried employee, for whom social security withholding is necessary, then these comments would have been senseless.

Over and over again, in short, when participants in the extensive discussions on the Preliminary Draft referred to the works for hire provision, they assumed that "employment" meant formal, salaried employment.¹⁰¹

Reversion

What most disturbed the copyright-using industries who rely on numerous contributors—the motion picture and textbook publishing industries, primarily—was not simply that they might have to obtain copyright by means of an assignment from freelancers, but rather that an assigned work that was *not* for hire could be reclaimed in a specified number of years by the actual creator under the inalienable "reversion" provisions.

Irwin Karp, who represented the Authors League of America and who strongly supported the reversion provision, was the first to articulate this thought:

You can always get an assignment of [the creator's] rights if you are actually paying him a lump sum. You can take them away from him; they [i.e., publishers] do it right now. Your problem is whether he is going to get them back after twenty-five years under a reversion clause. I think that the semantics of "on commission," of "works made for hire," and so forth aren't really the issue. The issue is reversion.¹⁰²

Karp was right. Saul N. Rittenberg of MGM said that he saw little difference in the concepts of "employers" and "commissioners." He concluded that "if the reversion provisions were not in the law, perhaps it wouldn't make too much difference. But if there are to be reversion provi-

¹⁰¹ One possible exception is the statement of a lawyer in attendance, Samuel W. Tannenbaum, that the works for hire provision might be better rewritten to give copyright rights to the "master" in a "master-servant" relationship, instead of to the "employer" in an "employment" relationship. PRELIMINARY DRAFT, *supra*, note 77, at 273-74, reprinted in 3 OMNIBUS LEGIS. HIST. Tannenbaum went on to define the relationship of master and servant as one in which the servant "receives compensation and is subject to control and regulation by the person for whom he performs the work." *Id.* at 274. That classic legal formulation, which might support the concept of "employment" as something broader than formal employment, did not catch on and was not mentioned again. Indeed, Register of Copyrights Abraham Kaminstein promptly dismissed the suggestion with the observation that "'master and servant' sounds medieval." *Id.*

¹⁰² PRELIMINARY DRAFT, *supra*, note 77, at 262-63, reprinted in 3 OMNIBUS LEGIS. HIST.

sions, I think it could make a great deal of difference."¹⁰³

Horace Manges, representing the Joint Copyright Committee of the American Book Publishers Council and the American Textbook Publishers Institute, made the same point. His clients had earlier agreed, with some reluctance, to an extension of the term of copyright from two twenty-eight-year terms, to a single term of life plus fifty years. But their agreement had come before the Preliminary Draft appeared with its exclusion of specially ordered works and its preemption of the common law of commissioned works.¹⁰⁴ The combined effect in the Preliminary Draft of a narrowed scope of employer ownership for specially ordered works, plus a reversion right in creators, took publishers aback. Manges explained that "[t]hese new matters are so completely prejudicial" that the Joint Committee he represented would have to reconsider its agreement on the life-plus-fifty term.¹⁰⁵ The Joint Committee in fact did reconsider and proposed instead that works created on special order or commission should be considered made for hire "if the parties so agree in writing."¹⁰⁶

The 1964 Revision Bill

The Preliminary Draft ripened into three identical bills, S. 3008, H.R. 11947, and H.R. 12354, introduced in the 88th Congress in 1964 (the "1964 Bill"). The 1964 Bill incorporated an about-face on the matter of specially ordered works. Instead of excluding them from the status of works created "for hire," as had the Preliminary Draft, the 1964 Bill adopted Manges' suggestion and proposed that a work made for hire include "a work prepared on special order or commission if the parties expressly agree in writing that it shall be considered a work made for hire."¹⁰⁷ In addition, the reversion period was lengthened from twenty-five to thirty-five years.¹⁰⁸ Barbara Ringer

¹⁰³ PRELIMINARY DRAFT, *supra*, note 77, at 272 (statement of Saul N. Rittenberg of MGM), *reprinted in* 3 OMNIBUS LEGIS. HIST.

¹⁰⁴ FURTHER DISCUSSIONS ON DRAFT, *supra*, note 86, at 34, *reprinted in* 3 OMNIBUS LEGIS. HIST.

¹⁰⁵ *Id.*

¹⁰⁶ FURTHER DISCUSSIONS ON DRAFT, *supra*, note 86, at 274 (statement of the American Book Publishers Council and the American Textbook Publishers Institute), *reprinted in* 3 OMNIBUS LEGIS. HIST.

¹⁰⁷ 1964 BILL, *supra*, note 63, § 54 at 31, *reprinted in* 4 OMNIBUS LEGIS. HIST.

¹⁰⁸ 1964 BILL, *supra*, note 63, § 16 at 10, *reprinted in* 4 OMNIBUS LEGIS. HIST. This was presumably done to accommodate a number of industry objections. The music industry, for example, complained that so few songs become successful sellers that more than twenty-five years' exploitation of the few was necessary to recoup losses on the many. See PRELIMINARY DRAFT, *supra*, note 77, at 283 (a twenty-five year reversion "would mean the death knell of the industry") (statement of Julian T. Abeles, Music Publishers' Protective Association, Inc.) *reprinted in* 3 OMNIBUS LEGIS. HIST. The publishers of texts and encyclopedias noted that the time to prepare an encyclopedia was so great that a twenty-

explained in a meeting on the 1964 Bill that "strong objections" to the Preliminary Draft's provision for specially ordered works, based on the practical problem of reversion, led the Copyright Office to revise its stance on these matters.¹⁰⁹

As might have been predicted, strong objections from other quarters also arose in response to the Copyright Office's shift, especially from Irwin Karp, representing the Authors League.¹¹⁰ The Authors League was able to accept the Copyright Office's proposed extension of the reversion term from twenty-five to thirty-five years, but regarded the reversion provision overall to be ineffective because employers in practice would use their bargaining power to insist that creators sign "work for hire" clauses¹¹¹—and works for hire could not, under the terms of the 1964 Bill,¹¹² revert to the original creator.

Other participants in the discussion regarded the very existence of any reversion right in creators as fundamentally unacceptable. Horace Manges, for the American Book Publishers Council, said that "while section 16 [on reversion] is a decided improvement over what it was in the [preliminary] draft, it is still intolerable."¹¹³ Sidney A. Diamond, of London Records, concluded that "[w]e now find that we have a new word, 'reversion,' instead of renewal, and the problems, if anything, would be multiplied rather than diminished."¹¹⁴ Robert V. Evans of the Columbia Broadcasting System noted his view that "it's very difficult to say anything good about section 16 [the reversion section]. I think at best it's an extreme case of misguided paternalism"¹¹⁵

The debate over works created on special order or commission in connection with reversion appeared at this point to be headed for a standoff. Representatives of the publishing, music, and motion picture industries lined up against reversion and against any narrowing of the "specially ordered works" part of work for hire law; for their part, writers and composers were

five year reversion could mean "a work that is comprised of 7,000 or 10,000 individual contributions might conceivably be 'owned' by the publisher for one or two or three years only *Id.* at 291 (statement of Bella L. Linden, American Textbook Publishers Institute).

¹⁰⁹ 1964 BILL, *supra*, note 63, at 145 (comments of Barbara Ringer, Copyright Office), *reprinted in* 4 OMNIBUS LEGIS. HIST.

¹¹⁰ See comments of Irwin Karp, Authors League of America, in 1964 BILL, *supra*, note 63, at 146-48, *reprinted in* 4 OMNIBUS LEGIS. HIST.

¹¹¹ 1964 BILL, *supra*, note 63 at 156 (statement of Irwin Karp), 4 OMNIBUS LEGIS. HIST.

¹¹² Section 16, 1964 BILL, *supra*, note 63, at 10, *reprinted in* 4 OMNIBUS LEGIS. HIST. The 1964 Bill adopted the language of a "termination" provision, rather than a "reversion" provision. This language remains in the 1976 Act. See 17 U.S.C. § 203.

¹¹³ 1964 BILL, *supra*, note 63, at 156, *reprinted in* 4 OMNIBUS LEGIS. HIST.

¹¹⁴ *Id.* at 160.

¹¹⁵ *Id.*

determined to have a reversion provision and to keep initial copyright ownership in the hands of freelance creators.

Fortunately for the revision effort, the seeds for a compromise had already been sown in earlier remarks by both sides. Book publishers had not been opposed to the notion that composers commissioned to write symphonies should be considered "authors," and not be held to the status of creators of works "for hire." The publishers' objections focused less on the solitary creative genius than on the work-a-day world of professional writers who contracted to prepare "introductory material or art work and . . . translations, encyclopedias, maps, and tests."¹¹⁶

Irwin Karp of the Authors League, on the other hand, had strongly advocated the reversion provisions and the exclusion of specially ordered works from "for hire" status.¹¹⁷ Yet even he had agreed that works of authorship, such as dictionaries, encyclopedias, and other reference materials, could be handled appropriately in some special fashion that differed from the handling of specially ordered works from solo creators.¹¹⁸

H.R. 4347 (the 1965 Bills)

These early points of agreement led eventually to the 1965 bills, H.R. 4347 and S. 1006 ("H.R. 4347"), which the Copyright Office described as "a carefully worked out compromise aimed at balancing legitimate interests on both sides."¹¹⁹ The 1965 Bill specified that works created on special order or commission would be considered "for hire" only if they were certain, specified types of works:

A "work made for hire" is: . . .

a work specially ordered or commissioned for use as a contribution to a collective work, as a part of a motion picture, as a translation, or as a supplementary work, if the parties expressly agree in writing that the work shall be considered a work made for hire.¹²⁰

In other words, the bill tried to ensure that the categories of greatest

¹¹⁶ FURTHER DISCUSSIONS ON DRAFT, *supra*, note 86, at 274 (statement of American Book Publishers Council, Inc. and American Textbook Publishers Institute), reprinted in 3 OMNIBUS LEGIS. HIST.

¹¹⁷ FURTHER DISCUSSIONS ON DRAFT, *supra*, note 86, at 313-14 (statement of the Authors League of America, Inc., signed by their counsel, Irwin Karp), reprinted in 3 OMNIBUS LEGIS. HIST.

¹¹⁸ *Id.* at 314.

¹¹⁹ STAFF OF THE HOUSE COMM. ON THE JUDICIARY, 89TH CONG., 1ST SESS., COPYRIGHT LAW REVISION, PART 6: SUPPLEMENTARY REPORT OF THE REGISTER OF COPYRIGHTS ON THE GENERAL REVISION OF THE U.S. COPYRIGHT LAW: 1965 REVISION BILL 66 (Comm. Print 1965), reprinted in 4 OMNIBUS LEGIS. HIST. [hereafter SUPPLEMENTARY REPORT].

¹²⁰ SUPPLEMENTARY REPORT, *supra*, note 119, at 174, 4 OMNIBUS LEGIS. HIST.

concern to publishers would be "for hire," but those of greatest concern to the Authors League would not.

The motion picture industry was satisfied with the bill; its agreement was described by Adolph Schimel, testifying for the Motion Picture Association of America in Congressional hearings. Because works "on special order or commission" had always been the problem, Schimel's testimony not surprisingly reflects the typical assumption that employment meant formal employment. In describing the work of writers who contribute to a motion picture he said: "There are, generally, a number of writers who render their services in each step of the progress to the final shooting script and these writers *may be employees working on a weekly salary, they may be employees working under term contracts or they may be commissioned to render particular services* in one or more steps in the process of completing the final script."¹²¹ Schimel obviously allowed that a creator could be an employee on something other than a weekly salary, but he still drew a line between "employee" as someone who receives a salary, either indefinitely or for a fixed term, and someone who receives a commission. He did not suggest that someone accepting a commission, if directed and controlled, would also be an "employee."

In the same hearings, Leonard Zissu of the Composers & Lyricists Guild of America, an organization representing individual creators whose interests were opposed to the motion picture industry's representatives, referred to the "author" of a work as being "the employer for hire—as well as a party who specially orders or commissions a work for motion picture and certain other uses under a writing which says that the work shall be considered as one made for hire, *as if it were an ordinary employment-for-hire relationship . . .*"¹²² Again, note that the emphasis is on employment versus commissioning, not on any common law test of the right to direct and control.

In a Supplemental Memorandum responding to the position of the Motion Picture Association Of America, Zissu also mentioned that "[t]he increased corporate employment of lawyers, doctors, engineers, and other professionals augurs the continued enlargement of the employee author class."¹²³ This statement clearly accepts "employment" as formal employment, for if free-lance creators who are directed and controlled are considered

¹²¹ *Copyright Law Revision: Hearings on H.R. 4347, H.R. 5680, H.R. 6831, H.R. 6835 Before Subcomm. No. 3 of the Comm. on the Judiciary, Part 2*, 89th Cong., 1st Sess. 1047 (1965) (statement of Adolph Schimel, on behalf of the Motion Picture Association of America, Inc.) (emphasis added), *reprinted in* 6 OMNIBUS LEGIS. HIST.

¹²² *Copyright Law Revision: Hearings on H.R. 4347, H.R. 5680, H.R. 6831, H.R. 6835 Before Subcomm. No. 3 of the Comm. on the Judiciary, Part 1*, 89th Cong., 1st Sess. 264 (1966) (statement of Leonard Zissu, Composers & Lyricists Guild of America) (emphasis added), *reprinted in* 5 OMNIBUS LEGIS. HIST. [hereinafter *Hearings on H.R. 4347*].

¹²³ *Hearings on H.R. 4347, supra*, note 122, at 275 (Supplemental Memorandum of

employees, it would make no sense for Zissu to have referred to "the employee author class," let alone to any "continued enlargement" of that class.

Despite the motion picture industry's agreement with H.R. 4347, the publishing industry remained dissatisfied with the bill's listing of only four types of commissioned works that could be "for hire,"¹²⁴ until it eventually came to agreement with representatives of writers' groups. In an historic¹²⁵ memorandum dated April 6, 1965,¹²⁶ eight strongly interested groups on both sides of the dispute reached agreement on a work for hire provision that added several categories to those specially ordered works that would be considered "for hire" and hence not susceptible to reversion. To H.R. 4347's four categories of commissioned or specially ordered works that could be "for hire," it was proposed that works prepared "as a compilation, as text or test material, as an atlas, [and] as a history or statement of activities of a private business or organization"¹²⁷ be added.

With this expanded scope for specially ordered works, the publishing industry withdrew its objection to reversion:

The reason for the withdrawal by the book publishers of their strenuous opposition to the reversion provision was the compromise effected with the authors, who were its only protagonists. . . . The issue was compromised . . . by the joint memorandum of April 6, 1965¹²⁸

With only insignificant changes,¹²⁹ this compromise agreement was enacted into the 1976 revision. The important point is that the initial compromise reflected in H.R. 4347, and the subsequent compromise of publishers and writers' groups, were both based entirely on disagreements over works

the Composers & Lyricists Guild of America, Inc. on the "Works Made for Hire" Provisions of H.R. 4347), *reprinted in* 5 OMNIBUS LEGIS. HIST.

¹²⁴ *Hearings on H.R. 4347, supra*, note 122, at 138 (statement of Horace S. Manges, Counsel to American Book Publishers Council, Inc.), *reprinted in* 5 OMNIBUS LEGIS. HIST.

¹²⁵ Historic at least for those interested in the history of copyright revision.

¹²⁶ MEMORANDUM OF AMERICAN BOOK PUBLISHERS COUNCIL, INC., AMERICAN GUILD OF AUTHORS & COMPOSERS, AMERICAN SOCIETY OF COMPOSERS, AUTHORS AND PUBLISHERS, AMERICAN TEXTBOOK PUBLISHERS INSTITUTE, THE AUTHORS LEAGUE OF AMERICA, INC., COMPOSERS & LYRICISTS GUILD OF AMERICA, INC., MUSIC PUBLISHERS' PROTECTIVE ASSOCIATION, INC., MUSIC PUBLISHERS ASSOCIATION OF THE UNITED STATES, RE H.R. 4347, COPYRIGHT LAW REVISION: HEARINGS ON H.R. 4347, H.R. 5680, H.R. 6831, H.R. 6835 BEFORE SUBCOMM. NO. 3 OF THE COMM. ON THE JUDICIARY, 89th Cong., 1st Sess. 134 (1965), *reprinted in* 5 OMNIBUS LEGIS. HIST.

¹²⁷ *Id.*

¹²⁸ *Hearings on H.R. 4347, supra*, note 122, at 148 (supplemental statement of American Book Publishers Council, Inc.) *reprinted in* 5 OMNIBUS LEGIS. HIST.

¹²⁹ The proposed category for "a history or statement of activities of a private business or organization" was dropped. *See* 17 U.S.C. § 101.

created on *special order or commission*. From the very beginning of the revision process, the vocal antagonists and protagonists of the works for hire provision, of the reversion provision, and of the preemption of common law, all assumed that "employment" meant regular, formal, salaried employment.

Changes in the Law after 1965

The history of copyright revision shows very clearly that 1909 Act cases, the Varmer study, the participants in extensive discussions with the Copyright Office, the witnesses at hearings, and the Copyright Office itself meant formal employment when they used the term "employment."¹³⁰ Perhaps that interpretation does not necessarily mean that Congress also intended the same meaning when it enacted the copyright statute a decade later in 1976. Yet, if Congress meant something different from the terms used uniformly in these studies, reports, comments and hearings, one would expect something in the legislative history to reflect a consciousness of that difference. There is nothing.

There is every reason to conclude, then, that when Congress enacted language hammered out by agreement between the Copyright Office and both sides of the work for hire controversy, it meant what everyone else meant: that "employment" should refer to formal, salaried employment, not the common law of agency "employment."

One of the few recent expressions of a contrary view is the statement made in the Second Circuit's *Aldon* decision that "[u]nder the 1909 Act and decisions construing it, if an employer supervised and directed the work, an employer-employee relationship could be found even though the employee was not a regular or formal employee."¹³¹ After citing three cases to support that proposition,¹³² all of them post-1965 cases, the Second Circuit then added that "[n]othing in the 1976 Act or its legislative history indicates that Congress intended to dispense with this prior law applying the concepts of 'employee' and 'scope of employment.'"

This appears to be flatly in conflict with the legislative history just discussed, for if Congress is presumed to know the law, how could it not have known about a broad judicial construction of "employment" in the cited cases?¹³³

¹³⁰ See *supra*, text accompanying notes 50-129.

¹³¹ *Aldon*, 738 F.2d at 552.

¹³² The court cited *Epoch Producing Corp. v. Killiam Shows, Inc.*, 522 F.2d 737 (2d Cir. 1975), *cert. denied*, 424 U.S. 955 (1976); *Picture Music, Inc. v. Bourne, Inc.* 457 F.2d 1213 (2d Cir. 1972), *cert. denied*, 409 U.S. 997 (1972); and *Donaldson Publishing Co. v. Bregman, Vocco & Conn, Inc.*, 375 F.2d 639 (2d Cir. 1967), *cert. denied*, 389 U.S. 1036 (1968).

¹³³ *Aldon*, 738 F.2d at 552. *Aldon* cited an earlier case saying essentially the same thing, *Aitken, Hazen, Hoffman, Miller, P.C. v. Empire Construction Co.*, 542 F. Supp. 252, 257 (D. Neb. 1982) ("Most court decisions interpreting the

The answer obviously lies in the chronology of copyright law developments. The expansive definition of "employer" and "employee" in copyright law did not take place until 1966, with the Second Circuit's *Brattleboro Publishing* opinion.¹³⁴ Before that time, the occasional common law presumption of copyright ownership in the hiring party referred to an implied agreement by the hired party to transfer the copyright to the hiring party.¹³⁵ It was not a presumption that the hiring party was an employer and hence entitled to the copyright under the statutory work for hire doctrine.¹³⁶ After *Brattleboro Publishing*, courts stopped treating cases of free-lance creators under the common law of literary property transfers, and began to treat them as statutory works for hire under the 1909 Act's work for hire provision.¹³⁷ Notably, *Aldon* itself cited no case older than *Brattleboro Publishing*, either in support of its conclusion about 1909 Act law, or elsewhere in the opinion.

The difference is central to an understanding of Congress's intent in writing the 1976 Act, for if Congress is presumed to know the prior law, there remains the question of which prior law Congress knew about: the "prior law" at the time the copyright act was enacted, i.e., 1976; or the law as it stood in 1963, when the Preliminary Draft first incorporated the provision for works created "on special order or commission" in essentially the form that it took on enactment; or the law as it stood in April, 1965, when the joint memorandum was submitted to Congress? If the relevant date is 1976, then *Aldon* must be right in saying that Congress would have known that when it used the term "employment," it invoked an expansive judicial definition. If the relevant dates are 1963 or 1965, then Congress's use of "employment" invoked nothing of the sort, for there were no expansive judicial definitions of that term in 1965.

As the discussion of the compromise agreement on works for hire shows, the second possibility is far more likely: had Congress really recognized a change in the case law after 1965, the legislative history would have shown that recognition. This change would have been an extremely significant one

work-made-for-hire doctrine under the 1909 Act viewed an independent contractor in the same light as an employee.").

¹³⁴ *Brattleboro Publishing Co. v. Winmill Publishing Corp.*, 369 F.2d 565 (2d Cir. 1966). The change was strongly implied in a Ninth Circuit case a year earlier, *Lin-Brook Builders Hardware v. Gertler*, 352 F.2d 298 (9th Cir. 1965), but *Lin-Brook's* observations did not amount to as express a holding as *Brattleboro Publishing's*. The one year difference between the cases is not in any event significant. The Fifth Circuit noted this history in *Easter Seal*, but did not recognize its significance for the legislative history of the work for hire rules. See *Easter Seal*, 815 F.2d at 326.

¹³⁵ *Easter Seal*, 815 F.2d at 325-27. See also *supra*, text accompanying note 64.

¹³⁶ See *Easter Seal*, 815 F.2d at 325-26.

¹³⁷ 1909 Act § 26: "[T]he word 'author' shall include an employer in the case of works made for hire."

for all participants and would have rendered the elaborate compromise on "specially ordered" works pointless. In particular, it would have given publishers a tremendous expansion in work for hire scope, which would in turn have undone what the Authors League had fought so vigorously to have: a "specially ordered" provision limited to specified categories of works.

It is inconceivable that Congress would have intended this sort of drastic re-interpretation without a single mention of it. Because nothing in the legislative history reflects a recognition of anything like this change by Congress, the only reasonable conclusion is that the law as it was in 1965 was the law that Congress knew about and incorporated into the work for hire provision. If this common sense view of the legislative process is valid, then *Aldon* is plainly wrong. In 1965, expansive judicial interpretations of "employment" were essentially nonexistent; courts instead applied only a presumption about a transfer of common law rights—they did not make contractors into "employees" nor their works "for hire."

The Fifth Circuit's *Easter Seal* opinion is, therefore, also wrong in saying that Congress acted to cut back a line of expansive court cases with "a radical break from 'work for hire' doctrine under the 1909 Act."¹³⁸ Congress was not making a radical change from 1965 work for hire law at all. It was imposing federal statutory law on what had been largely a matter of state contract law. In fact, one can easily argue that Congress broadened the commissioned works doctrine of common law as it had been applied by courts. In 1958, Varmer noted that the rule of commissioned works had generally been applied only to photographs and works of fine art.¹³⁹ By 1976, Congress had excluded those categories from "for hire" status, but had incorporated a lengthier series of works, including motion pictures, translations, instructional texts, and atlases, into the "for hire" category.¹⁴⁰ This hardly reflects an unambiguous "cutting back" of the doctrine.¹⁴¹

¹³⁸ *Easter Seal*, 815 F.2d at 335. The Fifth Circuit said further that the 1976 Act's "special order or commission" phrase is reminiscent of the 'work for hire' case applying the [common law] presumption to make copyright 'employees' out of independent contractors." That was simply not true in 1965, when the "special order or commission" phrase was inserted into the revision legislation. At that time, courts had not used a common law presumption to turn independent contractors into copyright "employees," rather they simply used the common law presumption that the parties intended the hiring party to own the copyright.

¹³⁹ "No reported decisions have been found involving commissioned works other than photographs and works of art . . ." Varmer, 1 *STUDIES ON COPYRIGHT*, *supra*, note 2, at 734.

¹⁴⁰ 17 U.S.C. § 101.

¹⁴¹ One suspects that the works listed in the 1976 Act's categories were in practice treated as belonging to the hiring party even during the years of the 1909 Act, but these cases were seldom litigated. Publishers, motion picture producers, and other major users of copyrighted works, as well as authors and artists'

Textual Analysis

What is more, the reliance of *Aldon*, *Evans Newton*, and *Easter Seal* on an agency law "right to direct and control" test, in light of comments from the Copyright Office, would make the on special order or commission provision of the statute surplusage. When the Copyright Office produced H.R. 4347 in 1965, it provided that certain specified specially ordered or commissioned works could be "for hire."¹⁴² This basic scheme was ultimately enacted with few changes in the 1976 Act.¹⁴³ Along with H.R. 4347, the Copyright Office issued a "Supplemental Report" to explain the changes from the Register's Report in 1961 to H.R. 4347.¹⁴⁴

In the 1961 Report, the Copyright Office specifically recommended that specially ordered works not be "for hire."¹⁴⁵ The change from 1961 to 1965, according to the Copyright Office, was occasioned by testimony from book publishers and others that some specially ordered or commissioned works "by their nature deserve to be treated as 'works made for hire,'" such as "translations, maps and illustrations in books, front matter and appendixes, contributions to dictionaries and encyclopedias, and parts of motion pictures, which are prepared by freelance authors *at the instance, direction, and risk of*

guilds, were sophisticated enough to handle matters by contract and avoid litigation in a way that individual painters, sculptors, and photographers were not. The copyright using industries could therefore rest content with the initial Register's Report that excluded commissioned works from "for hire" status, at the same time that Varmer was declaring the litigated cases on "commissioned works" to include only fine art and photographs.

¹⁴² SUPPLEMENTARY REPORT, *supra*, note 119, at 67, reprinted in 4 OMNIBUS LEGIS. HIST.

¹⁴³ See 17 U.S.C. § 101.

¹⁴⁴ "The main purpose of this supplementary report is to explain why we modified or completely changed many of our earlier recommendations . . ." SUPPLEMENTARY REPORT, *supra*, note 119, at xiii, reprinted in 4 OMNIBUS LEGIS. HIST.

¹⁴⁵ SUPPLEMENTARY REPORT, *supra*, note 119, at 66, reprinted in 4 OMNIBUS LEGIS. HIST. The so-called "conservative" view of the work for hire provision discussed in *Easter Seal*, 815 F.2d at 331, (*see supra*, note 48) argues that works not listed in the "specially ordered" categories can be "for hire" *without* a writing. The history of this provision, described in the text, shows that *no* specially ordered works were to be "for hire" in the first revision efforts. When *some* specially ordered works first entered the "for hire" category, the rest were left outside of work for hire status altogether. The Supplemental Report issued by the Copyright Office to explain the 1965 Bill made the point expressly:

[C]ontributions to collective works and motion pictures, translations, and supplementary works . . . will be considered a "work made for hire" [if they are specially ordered and there is a writing]. Other works made on special order or commission *would not come within the definition* [of "work made for hire"].

SUPPLEMENTARY REPORT, *supra*, note 119, at 67-68, reprinted in 4 OMNIBUS LEGIS. HIST. The "conservative" interpretation is therefore wrong.

a publisher or producer."¹⁴⁶ Implicit in this description is the assumption that works prepared at another's "instance, direction and risk" could still be "on special order or commission."

In *Aldon*, the Second Circuit approved the interpretation that "employment" results when a hired party creates a work "at the hiring author's instance and expense" and if "the hiring author . . . exercised the right to direct and supervise the creation" ¹⁴⁷ *Aldon's* language—"instance and expense . . . direct and supervise"—closely parallels the Supplemental Report's language about the preparation of a work at a hiring party's "instance, direction and risk." *Aldon*, in other words, said that works produced at another's "instance, direction, and risk" are works created by an employee within the scope of employment.

But the Supplemental Report used "instance, direction and risk" to describe the "special order" relationship. If *Aldon* is right, then the "on special order or commission" provision is surplusage because all those relationships would be subsumed under "employment." A statutory construction like this, that makes one entire provision out of two a superfluity, is not to be favored. That precept argues strongly for the conclusion that *Aldon* is wrong.

In addition to this legislative history, the canons of statutory construction also show that "employment" should mean formal employment. In interpreting statutory language, courts should give the words of the statute their ordinary, everyday meaning in the absence of indications to the contrary.¹⁴⁸ The ordinary meaning of "employee" is a regular, full-time, salaried employee, not one over whom another has the right of direction and control.¹⁴⁹ Judicial precedent to the contrary would, of course, be a reason to depart from the ordinary meaning rule. The Fifth Circuit in *Easter Seal* noted that the term "employee" and "scope of employment" have a substantial history in common law analysis;¹⁵⁰ therefore, according to the Fifth Circuit, Congress must have meant to refer to that history and to its associated body of interpretive law. This assertion is wrong on two counts.

¹⁴⁶ SUPPLEMENTARY REPORT, *supra*, note 119, at 67, reprinted in 4 OMNIBUS LEGIS. HIST. (emphasis added).

¹⁴⁷ *Aldon*, 738 F.2d at 551.

¹⁴⁸ 2A N.J. SINGER, C.D. SANDS, SUTHERLAND ON STATUTORY CONSTRUCTION § 45.08 at 33 (4th ed. 1984).

¹⁴⁹ I base this assertion on my own and others' informal reaction to the question of what "employee" means. In 1965, one dictionary defined it as "one employed by another usu. for wages or salary and in a position below the executive level." WEBSTER'S SEVENTH NEW COLLEGIATE DICTIONARY 271 (G. & C. Merriam Co. 1965). The definition has not changed much since then. See WEBSTER'S THIRD NEW INTERNATIONAL DICTIONARY 743 (unabridged ed. 1986) ("one employed by another usu. in a position below the executive level and usu. for wages").

¹⁵⁰ *Easter Seal*, 815 F.2d at 335.

First, before 1965, the only judicial interpretations of "employment" in *copyright* cases showed that the term meant formal employment, not the "employment" of agency law. This was the point of the legislative history discussed above.¹⁵¹ Second, Congress paired the "employment" provision with a provision about works created "on special order or commission," rather than with a provision about "independent contractors," even though the latter term is the corollary in common law analysis to "employment." "Special order" and "commission" have none of the common law interpretive history that "employment" has. These terms seem to have been used in copyright cases in their ordinary, everyday sense—not at all in the special sense that "independent contractor" is used in the law of agency.¹⁵²

Aldon's and *Easter Seal's* conclusions that Congress meant courts to rely on the common law of agency and its construction of employment relations thus misses the point: because "employer" and "independent contractor" are invariably paired in common law analysis, Congress's failure to use the same pairing in the statute shows that something besides the common law dichotomy was meant. Both the legislative history and the presumption that words in a statute carry their ordinary meaning work nicely here to explain that Congress meant "employment" to mean what most people think it means: regular, ordinary, formal, salaried employment.

Other Interpretations Lead to Problems

Not only did Congress intend that "employment" mean formal employment, but any other interpretation leads to troublesome complications. Other interpretations have already led, for example, to confusion over whether the common law test of agency should be one of "actual control," or merely "the right to control;" to confusion over whether the two types of works for hire are to be exclusive or overlapping categories; and to problems of unpredictability in the law governing for-hire situations. Each of these points can be demonstrated.

The Problem of Actual Control versus Right of Control

The common law test of employment rests loosely on the idea that if a

¹⁵¹ See *supra*, text accompanying notes 131-41.

¹⁵² See, e.g., *Yardley v. Houghton Mifflin Co.*, 108 F.2d 28, 30 (2d Cir. 1939) ("When an artist accepts a commission to paint a picture for another for pay, he sells not only the picture but also the right to reproduce copies"), *cert. denied*, 309 U.S. 686 (1940); *Otten v. Curtis Publishing Co.*, 91 U.S.P.Q. 222, 222 (N.Y. Sup. Ct. 1951) (Copyright to a painting goes to the purchaser of the painting "where the work is created to the order and under the commission of [the] purchaser."); *Avedon v. Exstein*, 141 F. Supp. 278, 279 (S.D.N.Y. 1956) (Plaintiff's pleadings referred to "[t]he photograph which plaintiff agreed to produce upon special order"; the trial court accepted this characterization without comment).

hiring party has a right to direct and control the activities of a hired party, the hiring party is an employer of the hired party.¹⁵³ The troublesome aspect of the common law test as applied to copyright cases is the matter of directing and controlling. Is the mere "right" to control another's work enough to make one an employer? Or must one "actually" control the other? What sort of control is required? Is it control over the details of the creative activity, or control over the appearance of the end product, or merely a right to reject the end product and demand that it be done over?

To some extent, of course, these are the same problems that face a court applying the test to agency law problems, principally the problem of extending vicarious tort liability to hiring parties. In copyright cases, though, the problems seem to have loomed larger than in tort law. For one thing, the copyright case law on this point in the last few years has achieved anything but consistency in the way courts approach the issue.¹⁵⁴

Some cases, most notably a 1978 Fifth Circuit case construing the 1909 Act, *Murray v. Gelderman*,¹⁵⁵ said firmly that a hiring party's mere right to direct and control was enough to make the hiring party an employer. *Murray* presented a hired creator who bargained successfully for artistic freedom with a hiring party. Yet the Fifth Circuit found that the hiring party *could have* retained control, and that was enough to make the creator an employee for hire. *Murray* stood for the proposition that the "right to direct and control" test was simply a euphemism for making any hiring party an "employer" for copyright purposes.¹⁵⁶

Though claiming that Congress intended to leave past employment cases unchanged, the Second Circuit in *Aldon* nevertheless emphasized that *Aldon*, as the hiring party, actually *did* direct and control the creation of the works at issue.¹⁵⁷ The court noted, for example, that though Congress wanted to change the rule of the cases presumptively giving copyright to the party hiring an independent contractor, it showed no desire to change the outcome of the 1909 Act case law for "contractors who were *actually sufficiently supervised and directed* to be considered 'employees' . . ."¹⁵⁸ The court emphasized further that in the case before it, the plaintiff's representative "*actively supervised and directed* the creation of [the figurines]."¹⁵⁹

Evans Newton agreed with *Aldon's* statement of the rule about directing and controlling. It quoted *Aldon* several times, each time including words

¹⁵³ See *Easter Seal*, 815 F.2d at 335 n.19.

¹⁵⁴ See *supra*, text accompanying notes 14-49.

¹⁵⁵ 566 F.2d 1307 (5th Cir. 1978). See also *Siegel v. National Periodical Publications, Inc.*, 508 F.2d 909 (2d Cir. 1974).

¹⁵⁶ See *Easter Seal*, 815 F.2d at 327.

¹⁵⁷ *Aldon*, 738 F.2d at 550. See *supra*, text accompanying notes 27-33.

¹⁵⁸ *Aldon*, 738 F.2d at 552 (emphasis added).

¹⁵⁹ *Aldon*, 738 F.2d at 553 (emphasis added).

emphasizing the *actual exercise* of supervision and control as a part of the test of employment.¹⁶⁰

Yet on its facts, *Evans Newton* offered almost no evidence of any actual control beyond a bare assertion at trial to that effect by the hiring party. If a bare assertion like that is enough to satisfy a factual test, then the test is plainly not a serious one, but an easily manipulated tool for rationalizing results.

The Seventh Circuit's invitation to courts to manipulate results in this same way was later rejected by a district court in the Seventh Circuit. In *Sandwiches, Inc. v. Wendy's International, Inc.*,¹⁶¹ the district court addressed the meaty issue of hamburger advertising. A restaurant owner had hired a friend in the advertising business to create a commercial. Little money was available, and the friend asked for the "rights" to the resulting advertisement as partial compensation.¹⁶²

Later the friend participated in the creation of a similar commercial for the Wendy's restaurant chain. The restaurant owner's successor sued Wendy's for copyright infringement. One issue was whether the restaurant owner had been the copyright owner as an employer of a work for hire, or whether the friend was the copyright owner. The proper test of employment, observed the court, was the one approved in *Evans Newton*: "whether the hiring author caused the work to be made and exercised the right to direct and supervise the creation."¹⁶³ The court found that the creator of the commercial had not been an employee of the restaurant owner. Although the owner "caused the commercial to be made, . . . he never exercised the right to

¹⁶⁰ According to *Evans Newton*, *Aldon* held that creators were employees when they "operated under the supervision and direction of the" hiring party. *Evans Newton*, 793 F.2d at 894. It affirmed the district court's finding that the hiring party in the case at issue "supervised and directed the work, and that [the hired company] merely used their programming skills to produce the work according to [the hiring party's] specifications." *Id.* The court also quoted from *Aldon*, saying that the Second Circuit "found that the proper issue was . . . [whether] 'the contractor [was] so controlled and supervised in the creation of the particular work by the employing party that an employer-employee relationship existed,'" *id.*, quoting *Aldon*, and again, that Congress wanted to preserve the rule "which held that 'if an employer supervised and directed the work, an employer-employee relationship could be found,'" *id.*, quoting *Aldon*. In short, the *Evans Newton* court repeatedly referred to a test based on actual direction and control.

¹⁶¹ COPYRIGHT LAW DECISIONS (CCH) ¶ 26,085 (E.D. Wis. 1987).

¹⁶² *Sandwiches, Inc.*, COPYRIGHT LAW DECISIONS ¶ 26,085 at p. 20,993.

¹⁶³ *Sandwiches, Inc.*, COPYRIGHT LAW DECISIONS, ¶ 26,085 at 20,997, quoting *Evans Newton*, 793 F.2d at 894, n.5, which in turn was quoting *Aldon*, 738 F.2d at 551.

direct and supervise [its] creation."¹⁶⁴ Where *Evans Newton* effectively presumed that a hiring relationship included direction and control, *Sandwiches, Inc.* effectively presumed the opposite.

These cases—*Murray, Aldon, Evans Newton, and Sandwiches, Inc.*—show that the use of a “right to direct and control” or a similar test is unbounded. Courts can and do compress and expand the test at will to achieve almost any result. *Easter Seal*'s reliance on agency law to provide a well-understood and limited test is, therefore, not going to work in the long run. As the cases just summarized show, courts since 1966 have always said they were relying on the right to direct and control test, whether they were expanding or contracting the doctrine. There is no reason to think that *Easter Seal*'s pointing out the need to rely on agency law will make the inconsistencies go away.

The Fifth Circuit itself inadvertently showed how unreliable the law of agency can be as a test of copyright ownership. The court commented on the history of judicial expansion of the doctrine of vicarious liability, but assumed that the same expansion would not happen in copyright law. “[T]here is no reason,” according to the Fifth Circuit, “for the employer/independent contractor determination to be swayed by the well-established if unprincipled tendency of courts to rule that an independent contractor is an employee in order to reach a deep pocket in a tort action under the doctrine of respondeat superior.”¹⁶⁵

The most surprising thing about this assertion is that it ignores the cases of the last fifteen years—the cases that the Fifth Circuit criticizes¹⁶⁶—that have applied the agency law test expansively. Unless the Fifth Circuit understands *why* those courts expanded the doctrine, it cannot predict with any confidence that the same expansion will not simply continue to happen. As it turns out, there *is* a reason courts have manipulated the concept of employment so extensively. As I have discussed at length in another article,¹⁶⁷ courts feel a pressure to give rights to the “deep pocket” in a copyright case, a pressure that is directly analogous to the pressure on courts to place tort

¹⁶⁴ *Sandwiches, Inc.*, COPYRIGHT LAW DECISIONS ¶ 26,085 at 20,997 (emphasis in original).

¹⁶⁵ *Easter Seal*, 815 F.2d at 336.

¹⁶⁶ The court notes *Picture Music, Inc. v. Bourne, Inc.*, 457 F.2d 1213 (2d Cir.), *cert. denied*, 409 U.S. 997 (1972); *Siegel v. National Periodical Publications, Inc.*, 508 F.2d 909 (2d Cir. 1974); *Murray v. Gelderman*, 566 F.2d 1307 (5th Cir. 1978); and later in the opinion, *Evans Newton Inc. v. Chicago Systems Software*, 793 F.2d 889 (7th Cir.), *cert. denied*, 107 S. Ct. 434 (1986); *Marshall v. Miles Laboratories, Inc.*, 647 F. Supp. 1326 (N.D. Ind. 1986); and *Syigma Photo News, Inc. v. Globe International, Inc.*, 616 F. Supp. 1153 (S.D.N.Y. 1985).

¹⁶⁷ Hardy, *An Economic Understanding of Copyright Law's Work for Hire Doctrine*, — COLUM.-VLA J. L. & ARTS — (1988) (forthcoming).

liability on the deep pocket. In copyright cases, that pressure arises from the desire to give the copyright rights to the party who is in the better position to exploit the value of a work by bringing it to the public's attention—typically, this will be the wealthier party.¹⁶⁸

Because courts have been sensitive to this pressure to favor the deep pocket for years, they will likely continue to be so. *Easter Seal's* hope for a well-bounded copyright doctrine of "employment" based on agency law is, accordingly, misguided. Use of the ordinary sense of formal employment for work for hire purposes, though not without marginal and difficult cases,¹⁶⁹ is far more bounded and thus more satisfactory in the copyright context.

Finally, a test that focuses on direction and control, whether actual or not, merely provides an incentive to employers to make token efforts at control to ensure that work for hire conditions are met. One can easily imagine future employers rejecting parts of creative works or demanding revisions solely to establish that their "control" is effective and that they ought to be owners of a resulting work for hire. Posturing of that sort is economically wasteful and should not be encouraged. Flexible common law tests of agency encourage it; a test of formal employment would minimize it.

The Problem of Mutually Exclusive Provisions

Works for hire come in two varieties: those created by employees, and those "specially ordered or commissioned for use as a contribution to a collective work, as a part of a motion picture or other audiovisual work, as a translation," etc., provided the parties sign an appropriate written agreement.¹⁷⁰ Are these two varieties mutually exclusive, or can a work fall into both provisions? To put it another way, we can ask whether the second provision has any applicability to works specially ordered or commissioned for purposes other than as a contribution to a collective work, as a part of a motion picture, and so on.

¹⁶⁸ If one of the two parties to a disputed work or hire case has greater resources, market position, or experience in production and distribution of copyrighted works to the public, the public will benefit from having that party own the copyright. That party will, by definition, generally be able more cheaply and effectively to bring the work to the public. In most cases, that party will be the hiring party. If it were not, then hired parties would not contract out their creative services; they would handle both creation and distribution themselves.

¹⁶⁹ I think that *Sigwart v. Ringling Brothers*, 1984 COPYRIGHT LAW DECISIONS ¶ 25,717 (C.D. Cal. 1984), is a marginal case. An advertising agency hired a free-lance artist to work on a daily rate to produce drawings to be incorporated into advertisements. The artist worked for four weeks, submitting periodic bills for hours worked. The court construed this agreement as one not of special order or commission, but rather of employment. Under a loose, agency law test, that result is easily reached. Under a narrower test of formal employment, the same result can—and I think should—be reached, but is less certain.

¹⁷⁰ 17 U.S.C. § 101.

May works that are a contribution to a collective work, a part of a motion picture, etc. be examined to see if they are the work of "employees," even though they were specially ordered or commissioned? Congress did not answer the question specifically, but all the legislative history previously discussed suggests that the participants in the copyright revision did not think so. Moreover, the House Report on the 1976 Act strongly implies they may not. The Report notes (with understatement) that the definition of works made for hire had been "a major issue" in copyright revision.¹⁷¹

The Report then identifies the dilemma of commissioned works, not as one of drawing a line between them and works created by employees, but rather as one of having "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."¹⁷² The resolution, resulting from the compromise agreement described above,¹⁷³ was that only specially ordered or commissioned works falling into the enumerated categories and for which the parties have executed a writing would be "for hire." Other specially ordered or commissioned works would, therefore, not be "for hire" and by implication should not be considered under the provision for works created by employees.

Varmer's division of his study into works for hire and commissioned works,¹⁷⁴ as well as the testimony throughout the revision process,¹⁷⁵ show that commentators have always considered the two provisions to be mutually exclusive.¹⁷⁶ The conclusion that the two provisions are mutually exclusive makes common sense as well. Congress separated the provisions by the word "or:" "works created by employees . . . or specially ordered . . ." ¹⁷⁷ The ordinary dictionary meaning of "or" is that it is disjunctive, expressing alternatives.

Yet the case law on this point is confused. Several of the earlier district court cases and some appellate cases have correctly implied that the two provisions are mutually exclusive. In *BPI Systems, Inc. v. Leith*,¹⁷⁸ discussed above,¹⁷⁹ for example, the court concluded that a work's being specially ordered prevented its being the work of an employee.¹⁸⁰ The Second Circuit's *Aldon* opinion attempted to keep the two provisions mutually exclusive by

¹⁷¹ H.R. REP. NO. 94-1476, 94th Cong., 2d Sess. 121, reprinted in 17 OMNIBUS LEGIS. HIST.

¹⁷² *Id.*

¹⁷³ See *supra*, text accompanying note 119.

¹⁷⁴ See *supra*, text accompanying notes 53-59.

¹⁷⁵ See *supra*, text accompanying notes 91-101.

¹⁷⁶ *But see* note 63.

¹⁷⁷ 17 U.S.C. § 101.

¹⁷⁸ 532 F. Supp. 208 (W.D. Tex. 1981).

¹⁷⁹ See *supra*, text accompanying notes 23-26.

¹⁸⁰ The court observed simply that: "Defendant was not an employee of plaintiff

dividing them into works created by (a) hired parties who are either formal employees or who are actually directed and controlled; and (b) hired parties who are "truly" independent.¹⁸¹ *Easter Seal*, in contrast, separated them into works created by (a) common law of agency "employees," which includes formal employees, and (b) common law of agency "independent contractors."¹⁸²

BPI System's mutually exclusive division accords with the legislative history, but the Second and Fifth Circuit's interpretations have a major drawback: if the two work for hire provisions are to remain mutually exclusive, the "on special order or commission" provision *must* be interpreted to mean "independent contractor"—it cannot be interpreted in the ordinary sense of "special order or commission." This consequence follows from the fact that many hiring situations will arise in which a work is "specially ordered" in the ordinary sense of those words, but in which the hiring party exercises direction and control over the resulting creation. If such a work is to fall under one or the other, but not both, of the Act's work for hire provisions, the element of "control" will force it under the employment provision. That fact in turn will require a finding that the work was not "specially ordered" for copyright purposes, even though it would be considered specially ordered in any other context.

This interpretation puts an obvious strain on the language that Congress chose to use. Recall that in *Aldon*, an American importer contracted with a Japanese firm for the latter to produce figurines. The importer's representative supervised the Japanese firm's artisans and was accordingly found to be an "employer" for the Japanese firm. If the "employment" and "special order" provisions are mutually exclusive, then *Aldon* must have found not only that artisans working at a factory in Japan were "employees" of an American importer, but also that the figurines were *neither* commissioned *nor* specially ordered. That interpretation is not just different from the ordinary meaning of the statute's words—it is precisely the opposite of them. Congress is free to adopt whatever definitions it wants, of course, but courts should not con-

acting within the scope of his employment. The work he did was specially ordered and commissioned . . . *BPI Systems*, 532 F. Supp. at 210.

¹⁸¹ The Second Circuit framed the question this way: "[I]s the contractor 'independent' or is the contractor so controlled and supervised in the creation of the particular work by the employing party that an employer-employee relationship exists?" *Aldon*, 738 F.2d at 552.

¹⁸² "We hold that a work is 'made for hire' within the meaning of the Copyright Act of 1976 if and only if the seller [the hired party] is an employee within the meaning of agency law, or the buyer [the hiring party] and seller comply with the requirements of" the special order provision. *Easter Seal*, 815 F.2d at 334-35. "Furthermore, the 'specially order or commission' phrase is reminiscent of the 'work for hire' cases applying [a common law] presumption to make copyright 'employees' out of independent contractors." *Id.* at 335.

strue terms in a sense opposite to their ordinary sense absent clear evidence of Congressional intent.

More troublesome, other courts have implied that the two work for hire provisions are not mutually exclusive, but are to be examined one by one.¹⁸³ In *Sandwiches, Inc.*,¹⁸⁴ for example, the district court first determined that the television commercial at issue "appears to fall into the 'audiovisual work' category of the definition of 'commissioned work.'" ¹⁸⁵ In other words, the court determined that the commercial had been created "on special order or commission." Yet, after observing that the parties had made no written agreement, the court went on to determine whether the "employment" provision was applicable.¹⁸⁶ If the provisions are mutually exclusive, then the court's procedure was plainly incorrect. Once the court found that the work was "commissioned," and hence fell under the second provision, then the absence of a writing should not have been dispositive: the work was not for hire, and the "employment" provision should never have been examined.

*Aitken v. Empire Construction Co.*¹⁸⁷ is another example of this same tendency to treat the two types of work for hire as overlapping. The case involved a dispute between an architect and a building contractor over ownership to the copyright to plans for an apartment complex. In an earlier proceeding, the court had determined that the set of plans at issue was not a commissioned work. The court in this proceeding then addressed the question whether the plans had been prepared by the architect as an "employee" of the contractor.

That two step procedure seems proper, until we look at the court's reasoning in making the first determination. The plans could not have been "commissioned," explained the court, "because they [did] not fall within any of the listed categories and because there was no written agreement between the parties"¹⁸⁸ But the statute does not say that a work is "commissioned" if it falls into one of the enumerated categories and there is a writing; it says that commissioned works falling into the categories and for which

¹⁸³ Even *Aldon* initially suggested the one-by-one procedure when it commented that the defendant "is correct that statuettes could not be considered works for hire under subdivision (2) of the new statutory definition [the "special order" provision]. But [defendant] gives an overly restrictive interpretation of subdivision (1)" *Aldon*, 738 F.2d at 551. One would expect that if the work could be considered to fall under the second provision, but not meet that provision's requirements, that would end the inquiry and obviate the need to look at the first provision, as the remainder of the text in this section shows.

¹⁸⁴ *Sandwiches, Inc. v. Wendy's International, Inc.*, COPYRIGHT LAW DECISIONS ¶ 26,085 (E.D. Wis. 1987).

¹⁸⁵ *Sandwiches, Inc.*, COPYRIGHT LAW DECISIONS ¶ 26,085 at p. 20,996.

¹⁸⁶ *Id.*

¹⁸⁷ 542 F. Supp. 252 (D. Neb. 1982).

¹⁸⁸ *Aitken*, 542 F. Supp. at 257.

there is a writing are *works for hire*. In other words, the court did not actually determine that the plans were not commissioned; rather it determined that the requirements for a commissioned work to be "for hire" were not satisfied.

At best, the court merely omitted the first step of finding that the plans were not commissioned, a step that it could have taken, though it would have conflicted with other findings in similar cases.¹⁸⁹ The opinion strongly suggests, however, that the court in fact believed it should look at both provisions to see if either set of requirements was satisfied. If that suggestion is correct, then the court was treating the provisions as overlapping, not mutually exclusive.

A similar case is *Joseph J. Legat Architects v. U.S. Development Corp.*,¹⁹⁰ also involving a dispute between a contractor and an architect who drew up plans for the contractor. As in *Aitken*, the court found that the plans were not commissioned. The court explained this conclusion by noting that "[o]nly the specific types of work listed in [the on special order or commission provision] constitute works prepared 'on special order or commission.' Architectural work is not within one of those categories."¹⁹¹

Again, this is simply wrong. The House Report said that the provision drew a line between "those works written on special order or commission that should be considered as 'works made for hire,' and those that should not." By enumerating certain categories of commissioned works, the House Report shows that Congress left other specially ordered or commissioned works—such as architectural plans—outside the scope of the *work for hire doctrine*; it did not leave those other works simply outside the scope of "commissioned works," nor did it push them under the "employment" provision.

The Fourth Circuit's *Brunswick Beacon* further illustrates this judicial confusion. Recall that in *Brunswick Beacon*, a business had contracted with a newspaper to produce an advertisement for it. The question was whether the advertisement was made "for hire" or not. After quoting the two work for hire provisions, the court said that "[t]he second part of the definition has no application to this case. Even if the newspaper [falls into one of the enumerated categories], there was no agreement signed by the newspaper and advertiser designating these advertisements as works for hire."¹⁹² The court then addressed the possibility that the newspaper's employees who prepared the advertisement at issue could also be employees of the business paying for the advertisement, concluding that they could not.

As do *Sandwiches, Inc.*, *Aitken*, and *Joseph J. Legat, Brunswick Beacon*

¹⁸⁹ See, e.g., *Meltzer v. Zoller*, 520 F. Supp. 847 (D.N.J. 1981), in which the court assumes that architectural plans are "commissioned."

¹⁹⁰ 625 F. Supp. 293 (N.D. Ill. 1985).

¹⁹¹ *Joseph J. Legat*, 625 F. Supp. at 297 (citations omitted).

¹⁹² *Brunswick Beacon*, 810 F.2d at 413.

implies that a work can be commissioned, but if there is no writing or the work does not fall into the enumerated categories, the court can then examine the possibility that the work was created by an "employee." That the Fourth Circuit thought the advertisements at issue were "commissioned" is made clear from its statement that *Brattleboro Publishing* "was based upon the old doctrine of commissioned work, which is inapplicable here under the current statute *because of the absence of a signed, written agreement.*"¹⁹³ But the doctrine is not inapplicable; rather it applies and shows that the commissioned work is not for hire.

Thus, we see some courts treating the two types of work for hire as mutually exclusive and others treating them as overlapping. If the provisions are to be mutually exclusive, as both the House Report and the comments of participants in the copyright revision process plainly show, then the two-step analysis of *Sandwiches, Inc.*, *Aitken*, *Joseph J. Legat*, and *Brunswick Beacon* is incorrect and should be discarded. If they are mutually exclusive and *Aldon's* use of the common law of agency test of employment is the correct test of copyright "employment," then courts will end up interpreting the statutory language of "on special order or commission" as meaning "by a common law 'independent contractor,'" and *not* as meaning the ordinary sense of "on special order or commission." This interpretation, needless to say, is odd if not downright foolish. The interpretation of "employee" as a formal employee, however, solves both problems by allowing the provisions to be mutually exclusive without forcing them to carry perverse meanings.

The Problem of Case-by-Case Uncertainty

Any judicial rule is a balance between the convenience of clarity and predictability on one hand, and flexibility of application to specific facts on the other. A rule about "employment" and works created "on special order or commission" is no different. The Fifth Circuit criticized *Aldon* for relying on the test of "actual control" because it was too tied to specific facts: parties in a contractual relationship would not know clearly ahead of time which works would be for hire and which not. Under the *Aldon* rule, said the Fifth Circuit,

business judgments [would be] exceedingly difficult. Rather than making a relatively simple judgment about whether the [hired party] is an employ[ee] or an independent contractor, . . . [the parties] will have to predict in advance whether the [hiring party's] "actual control" over a given work will make it the "author." If they guess incorrectly, their reliance on "work for hire" or an assignment may give them a copyright interest that they did not bar-

¹⁹³ *Brunswick Beacon*, 810 F.2d at 413 (emphasis added).

gain for.¹⁹⁴

The court therefore concluded that *Aldon's* test was a poor one. The court overlooks the possibility of a flexible contract calling for one party to be the copyright owner, either by operation of the work for hire doctrine, or by a quitclaim transfer of the creator's copyright if the work should later be deemed not for hire. Parties to a business agreement will rarely be as stymied by the possibility of alternative future outcomes as the court seems to think.¹⁹⁵

Nevertheless, we can read the court's concern as more generally directed to the laudable goal of making copyright law reach predictable results.¹⁹⁶ Yet, its suggestion that the common law of agency will avoid work-by-work determinations seems misguided. How will parties be more certain that the general agency test of employment applies or not, than they would be under *Aldon's* test of actual control? The Fifth Circuit must think that its agency test would only apply to a business relationship as a whole not to the individual works created within the relationship, whereas *Aldon's* test of "actual control" would apply to each individual work. If that were true, it might make the *Easter Seal* test more general and hence more predictable.

Nothing in agency law, however, forces that result. Indeed, in practice, an attempt to characterize a work for hire relationship apart from the individual works created within it will not likely be more successful under *Easter Seal's* general agency law test than *Aldon's* "actual control" test. The sticking point under either approach is the question of what evidence a court would rely on in order to characterize the relationship between the parties.

Two forms of evidence are likely: the language of the contract between the parties, and the conduct of the parties. If the contractual language expresses the parties' understanding that the relationship is one of employment or not, there is no reason—absent coercion, fraud, etc.—for a court to upset

¹⁹⁴ *Easter Seal*, 815 F.2d at 333.

¹⁹⁵ Whether the hiring or hired party owns a copyright can be determined by contract; whether a work is "for hire" cannot be determined by contract. The principal difference between a work's being for hire or not as was discussed in the section on legislative history, is the 1976 Act's reversion, or "termination" provision, 17 U.S.C. § 203(a). For works *not* created for hire, the author can revoke a grant of rights after thirty-five years. A grant of rights to a work created *for* hire cannot ever be revoked. The court's comments seem to be directed to the question of who will be the initial "author" of a work, but they make more sense in regard to the termination right: it is entirely possible that the parties to a for-hire agreement might understand correctly which of them was to be the owner of any resulting copyrights, but not understand whether there would be a termination right left in the creator.

¹⁹⁶ Making contracts "flexible" through use of "quitclaim" transfers or other techniques does entail added transactions costs in drawing up the contracts; however low these costs, a predictable copyright law should be able to avoid them.

the agreement. Nor, therefore, is there any reason for the *Easter Seal* court to fear that parties would agree to one outcome, only to have a court impose a different one and give one party an "unbargained-for interest" in the copyright. *Easter Seal's* concern that the parties will mutually guess incorrectly, i.e., guess about ownership in a way that a court would later disagree with, is really an unfortunate comment on a judicial tendency to unsettle settled agreements, a concern that changing the rules of copyright's work for hire doctrine will never alleviate.

On the other hand, a court might look at the conduct of the parties to determine the nature of their relationship. This could be necessary because the contract is silent on the question of their relationship for copyright purposes, or because the court thinks that one party is overreaching the other and forcing an unbargained-for result. But what if the hiring party in a business relationship closely supervised the creation of one work, while applying little or no supervision to the next? Presumably, the court would then have to decide which works were characteristic of the relationship as a whole, if it were to avoid classifying the relationship "work by work," which the Fifth Circuit thinks would lead to unpredictable results. But obviously characterizing a whole relationship on the basis of differing amounts of supervision and control over different works is no more predictable and probably less fair than *Aldon's* requirement that "actual control" be examined work by work.

Easter Seal's use of the agency test of employment is, in short, no better in predictability than *Aldon's* more circumscribed test of actual control. Use of the test of formal employment, however, would necessarily focus attention on the relationship, not on each work created within a relationship, and therefore simplify work for hire determinations.¹⁹⁷

CONCLUSION

An abundance of legislative history shows that when Congress used the term "employment" in the 1976 Copyright Act, it meant formal, regular, salaried employment—not the common law of agency "employment" or anything else. One study in 1958 conducted under the auspices of the Copyright Office expressly stated the same conclusion for the 1909 Act; the subsequent commentary, arguments, and testimony throughout a lengthy copyright revision process adhered to that basic viewpoint. The disputes and negotiations

¹⁹⁷ Varmer, who found that the 1909 Act's employment provision referred to formal employment, also thought that the employment provision focused on the relationship as a whole. At the conclusion of his study, he noted that the policy of distinguishing between an employee and an independent contractor was based on "the premise that an employer generally gives more direction and exercises more control over the work of his employee than does a commissioner with respect to the work of an independent contractor." Varmer, 1 STUDIES ON COPYRIGHT, *supra*, note 2, at 734 (emphasis added).

that resulted in a major compromise among interested parties on the basic scheme of the work for hire provision only make sense in those same terms.

At the time the draft copyright revision bill first incorporated the work for hire language that was ultimately enacted, no court case had found "employment" to mean anything other than formal employment. A line of cases greatly broadening the definition of "employment" arose after the draft revision bill's language was essentially fixed in 1965, but Congress did not incorporate these later cases into its understanding of the work for hire rule. Had Congress meant to incorporate these cases as part of the law "codified" in the 1976 Act, the careful compromise reflected in the Act's language would have been undone completely, and there is absolutely no evidence that Congress or the various interest groups involved thought that had happened.

An analysis of the other interpretations of "employment" shows they have substantial drawbacks. Agency law tests such as the right to direct and control or the exercise of actual control have already led courts to confused results. Individually, the tests are imprecise; worse, the line between them is blurry and subject to manipulation. Agency law tests also encourage confusion over whether the statute's two types of works for hire constitute mutually exclusive or overlapping categories, when everything in the legislative history and logical analysis points to a Congressional intention that the categories be mutually exclusive.

The most disturbing feature of the agency law tests is that those actually used or proposed by courts utterly fail to make the work for hire doctrine predictable. A far more satisfactory test of employment is that of regular, formal, employment—exactly what lay persons would think "employment" means, and exactly what every major participant in the discussions of copyright revision meant when using the term. Courts would do well to adopt it.¹⁹⁸

¹⁹⁸ Senator Thad Cochran of Mississippi has several times introduced bills to modify the work for hire doctrine. His recent bills propose to define "employee" as a formal employee. See S. 2033, 97th Cong., 2d Sess. (1982); S. 2138, 98th Cong., 1st Sess. (1983); S. 2330, 99th Cong., 2d Sess. (1986); and S. 1223, 100th Cong., 1st Sess. (1987).

PART II

LEGISLATIVE AND ADMINISTRATIVE DEVELOPMENTS

A. United States of America and Territories

104. THE PRESIDENT.

Determination under Section 301 of the Trade Act of 1974. Memorandum for the United States Trade Representative. *Federal Register*, vol. 52, no. 127 (July 2, 1987), p. 24971.

The President has decided to suspend the intellectual property portion of the investigation of the Government of Brazil's informatics (computer and computer-related products) acts, policies, and practices. This suspension determination is based on the probable enactment of legislation which would adequately protect computer software from piracy.

105. U.S. CONGRESS. HOUSE.

H.R. 2848. A bill to amend title 17, United States Code, relating to copyrights, to provide for the interim statutory licensing of the secondary transmission by satellite carriers of superstations for private viewing by earth station owners. Introduced by Mr. Kastenmeier on June 30, 1987; and referred to the Committee on the Judiciary. (100th Congress, 1st Sess.).

Entitled the "Satellite Home Viewer Copyright Act of 1987," this bill would add a new section 119 to the Copyright Act, creating a system by which scrambled superstation signals can be transmitted by common carriers, through distributors, to earth station owners. It also creates a statutory licensing system during a 4 year period with copyright royalty rates established at a flat fee of 12 cents a month per subscriber for each received superstation signal. If enacted, the act would expire on December 31, 1995. This bill is similar to H.R. 5572 introduced in the 99th Congress.

106. U.S. CONGRESS. HOUSE.

H.R. 2962. A bill to amend title 17 of the United States Code to implement the Berne Convention for the Protection of Literary and Artistic Works as revised at Paris on July 24, 1971 and for other purposes. Introduced by Mr. Moorhead on July 15, 1987; and referred to the Committee on the Judiciary. (100th Congress, 1st Sess.).

Entitled the "Berne Convention Implementation Act of 1987," this legislation is designed to make our copyright law compatible with the standards of the Berne Convention. This bill is similar in concept and wording to H.R. 1623 except for three areas of difference:

1. Moral Rights: This bill does not include a provision for protection

of moral rights under the copyright law. Specifically, section 2(a)(4) states that the U.S. copyright statute does not provide an author with the right to be named as the work's author, or to object to uses or changes to the work that would prejudice the author's reputation or honor.

2. **Architectural Works:** Is defined as a building or other three-dimensional structure and related works such as plans, blueprints, sketches, drawings, diagrams and models relating to such building or structure.

3. **Innocent Infringer Defense:** The two bills differ slightly with regard to the innocent infringer defense. Section 405(b) of the Copyright Law provides that no copyright liability attaches to a person who innocently infringes a copyright in reliance on an authorized copy on which the copyright notice has been omitted. However, this bill would retain the innocent infringer defense only for those works published prior to the effective date of this legislation. Both bills make use of the voluntary copyright notice.

107. U.S. CONGRESS. HOUSE.

H.R. 3221. A bill to amend the copyright law to secure the rights of authors of pictorial, graphic, or sculptural works to prevent the distortion, mutilation, or other alteration of such works, to provide for resale royalties, and for other purposes. Introduced by Mr. Markey on August 7, 1987; and referred to the Committee on the Judiciary. (100th Congress, 1st Sess.).

Identical to S. 1619 *infra*. See S. 1619 for summary.

108. U.S. CONGRESS. SENATE.

S. 1619. A bill to amend the copyright law to secure the rights of authors of pictorial, graphic, or sculptural works to prevent the distortion, mutilation, or other alteration of such works, to provide for resale royalties, and for other purposes. Introduced by Mr. Kennedy on August 6, 1987; and referred to the Committee on the Judiciary. (100th Congress, 1st Sess.).

Entitled the "Visual Artists Rights Act of 1987," this bill would provide full copyright protection to all works of fine art without any requirement that a copyright notice be affixed to the work. Second, the bill recognizes the so-called moral rights of artists which include the right to be recognized as the creator of a work of art, and the right to prevent unauthorized alteration, destruction, or mutilation of the art at the hand of future owners. In addition, the bill addresses the economic exploitation of art and permits artists to share in the commercial value of their work when other artists in the performing and literary arts benefit from such increasing value. The visual artists would be provided a royalty payment when their works are resold. This bill is similar to S. 2796 introduced in the 99th Congress, 2d Session 1986.

109. U.S. CONGRESS. SENATE.

S. 1785. A bill to amend section 601 of title 17 of the United States

Code, the Copyright Act. Introduced by Mr. Dixon on October 13, 1987; and referred to the Committee on the Judiciary. (100th Congress, 1st Sess.).

This bill would permanently restore the manufacturing clause to the Copyright Act of 1976. Import restrictions would not take effect until imports reach a specific and injurious level. In addition to making a congressional finding that defines "serious injury" to the U.S. printing industry within the meaning of article XIX of GATT, the bill would add amendments to section 601 of the Copyright Act to, 1) eliminate the literary restrictions and sunset date, 2) eliminate the national or domiciliary limitation, 3) limit the applicability of the statute's provisions to one year or until the Secretary of Commerce certifies that imports have diminished below the threshold level, and 4) exempt from coverage materials made before the date which the restrictions go into effect or pursuant to a contract that pre-dates the effective date of such restrictions.

110. U.S. CONGRESS. SENATE.

S. 1971. A bill to amend title 17 of the United States Code to implement the Berne Convention for the Protection of Literary and Artistic Works as revised at Paris on July 24, 1971, and for other purposes. Introduced by Mr. Hatch on December 18, 1987; and referred to the Committee on the Judiciary. (100th Congress, 1st Sess.).

Entitled the Berne Convention Implementation Act of 1987, this bill would amend title 17 of the *United States Code* to permit the United States to adhere to the Berne Convention for the Protection of Literary and Artistic Works. It makes only those changes in the copyright law that are necessary to bring U.S. law into compliance with standards of the Berne Convention. [Similar to H.R. 2962].

111. U.S. COPYRIGHT OFFICE.

37 C.F.R., Part 201. Extension of comment period: notice of inquiry on definition of cable systems. Extension of comment period. *Federal Register*, vol. 52, no. 148 (Aug. 3, 1987), p. 28731.

The Copyright Office has extended the deadline for submitting comments on the definition of "cable system" as that term pertains to the compulsory licensing mechanism in section 111 of the Copyright Act. The extended comment period ends Sept. 2, 1987 for comments and reply comments.

112. U.S. COPYRIGHT OFFICE.

37 C.F.R., Part 202. Registration of claims to copyright: full term retention of copyright deposits. Final regulation. *Federal Register*, vol. 52, no. 149 (Aug. 4, 1987), pp. 28821-23.

The Copyright Office has adopted a final regulation to govern requests for full term retention of copyright deposits of published works. The regulation provides a mechanism for making the request, establishes the conditions

under which such requests are granted or denied, and fixes the fee to be charged for copyright deposits that are granted full term retention.

113. U.S. COPYRIGHT OFFICE.

37 C.F.R., Part 202. Registration of claims to copyright; registration and deposit of databases. Proposed regulations. *Federal Register*, vol. 52, no. 192 (Oct. 5, 1987), pp. 37167-70.

The Copyright Office is proposing to amend section 202 of its regulations to formalize the procedure it uses for database deposits and registrations and to permit the group registration of a single database and revisions and updates of the database made within a three month period of time. The proposal calls for modifying the existing regulations to require: (1) in the case of a revised database, the claimant must deposit material marked to show representative copyrightable changes with a descriptive statement showing the location generally of the remaining copyrightable changes not disclosed in the deposit; and (2) for a group registration, the claimant must select a representative creation or publication date, depending on whether the work is unpublished or published, and make a deposit accordingly.

114. U.S. COPYRIGHT OFFICE.

Request for information, eleventh amendment. *Federal Register*, vol. 52, no. 211 (Nov. 2, 1987), pp. 42045-46.

The Copyright Office is eliciting public comment on the issue of states' eleventh amendment immunity from suit for money damages in copyright infringement cases. Comments should concern the legal interpretation of eleventh amendment immunity in copyright infringement cases as well as provide information to the Office regarding any practical problems relative to the enforcement of copyright against state governments and the presence, if any, of unfair copyright or business practices with respect to state governments' use of copyrighted materials.

115. U.S. COPYRIGHT OFFICE.

37 C.F.R., Part 203. Freedom of Information Act; schedule of fees and methods of payment for services rendered. Proposed rules. *Federal Register*, vol. 53, no. 2 (Jan. 5, 1988), pp. 153-155.

The Office has drafted a regulation to govern the procedures and fees for obtaining copies of agency records. The proposed regulation contains a fee schedule that would be used to assess charges for searching and making copies of all categories of records except those requested under the Privacy Act, those for which the Copyright Act requires a fee to be charged, or those for which the Office would assess direct costs. It also contains guidelines and procedures for handling requests estimated to be in excess of \$25, aggregating requests, charging interest, requiring advance payment, and for determining when a fee should be reduced or waived.

116. U.S. COPYRIGHT OFFICE.

Recordation and certification of coin-operated phonorecord players. Notice of public hearing. *Federal Register*, vol. 53, no. 9 (Jan. 14, 1988), pp. 965-66.

On March 10, 1988, the Copyright Office will conduct a hearing to gather information regarding the extent to which the voluntary jukebox licensing agreement between the performing rights societies and the Amusement and Music Operators Assn. is working satisfactorily. The hearing is also intended to elicit information relevant to the operation of the jukebox compulsory license of the copyright law, including the effectiveness of regulatory changes made by the Office to facilitate the transfer of jukebox certificates from active to inactive boxes, reasons for the decline in the number of licensed jukeboxes, and suggestions for improving the voluntary agreement or for ensuring compliance with the copyright law.

117. U.S. COPYRIGHT OFFICE.

37 C.F.R., Part 201. Recordation of transfers and other documents. Final regulation. *Federal Register*, vol. 53, no. 2 (Jan. 5, 1988), pp. 122-23.

The Copyright Office has amended Sec. 201.4 of its regulations to revise the signature requirement for a sworn certification accompanying a reproduction of a signed document submitted for recordation. Under the amended regulation, the certification need only be signed by a party to the document, or by an authorized representative of that person, regardless of whether the person actually signed the original document.

118. U.S. COPYRIGHT OFFICE.

37 C.F.R., Part 201. Revocation of import statements. *Federal Register*, vol. 53, no. 2 (Jan. 5, 1988), pp. 123-24.

The expiration of the manufacturing clause has obviated the need for Copyright Office regulation 201.8 governing the issuance of an import statement for the importation of a limited number of copyrighted works not manufactured in the U.S. or Canada. Thus, the Office has revoked sec. 201.8.

119. U.S. COPYRIGHT OFFICE.

37 C.F.R., Part 201. Compulsory license for cable systems. Reporting of gross receipts. Notice of policy decision. *Federal Register*, vol. 53, no. 18 (Jan. 28, 1988), pp. 2493-95.

This notice is to inform the public as to how the Copyright Office intends to implement the court of appeals decision in *Cablevision Systems Development Company v. Motion Picture Association of America, Inc.*, as that decision affects the Office's administration of the cable compulsory licensing program under the Copyright Act. Accordingly, it advises cable systems and the public concerning (1) cable systems' calculation of gross receipts for accounting period 1987-2 (regarding secondary transmissions made during the period

from July 1, 1987 through December 31, 1987); (2) certain cable systems' recalculation of gross receipts and payment to the Copyright Office of any amounts underpaid for accounting periods prior to 1987-2; and (3) clarification of the Office's interpretation of the gross receipts regulation as it applies to "discounts" and "tie-in" arrangements.

120. U.S. COPYRIGHT ROYALTY TRIBUNAL.

Further partial distribution of 1985 cable copyright royalty fund. Notice. *Federal Register*, vol. 52, no. 168 (Aug. 31, 1987), pp. 32828-29.

The Copyright Royalty Tribunal has decided to distribute 96% of the Devotional Claimant's share of the 1985 cable copyright royalty fund to the Christian Broadcast Network, Inc. (CBN), the Old Time Gospel Hour (OTG), and the PTL Television Network (PTL). The Tribunal will retain the remaining 4% pending resolution of the controversy between CBN/OTG/PTL and In Touch Ministries, Inc. (ITM) and the Christian Television Corporation CTC). If the final determination by the Tribunal favors ITM/CTC and is in excess of the funds held in reserve, the CBN/OTG/PTL claimants shall reimburse the difference to ITM and CTC along with the interest that would have accrued had the excess amount remained in the 1985 cable copyright royalty fund.

121. U.S. COPYRIGHT ROYALTY TRIBUNAL.

37 C.F.R., Part 304. 1987 Adjustment of the public broadcasting royalty rates and terms. Notice of final determination. *Federal Register*, vol. 52, no. 249 (Dec. 29, 1987), pp. 49010-15.

The Tribunal has adopted final rules governing the terms and rates of copyright royalty payments applicable to certain uses of published pictorial, graphic, and sculptural works by public broadcasting entities for the period 1988-1992. The rules were adopted as proposed except for changes made to correct omissions and typographical errors and to revise the language of sec. 304.10 to clarify which Consumer Price Index figures will be used by the Tribunal to calculate the annual cost of living adjustment.

122. U.S. COPYRIGHT ROYALTY TRIBUNAL.

37 C.F.R., Part 307. Cost of living adjustment of the mechanical royalty rate. *Federal Register*, vol. 52, no. 210 (Oct. 30, 1987), p. 41711.

Effective January 1, 1988, the mechanical royalty rate will be increased to 5.25 cents, or 1 cent per minute of playing time or fraction thereof, whichever amount is larger. The new rate, which is based upon the change in the Consumer Price Index from Dec. 1985 to Sept. 1987, will be in effect through Dec. 1989.

123. U.S. COPYRIGHT ROYALTY TRIBUNAL.

37 C.F.R., Part 304. 1987 Adjustment of the public broadcasting roy-

alty rates and terms. Notice of proposed rulemaking. *Federal Register*, vol. 52, no. 224 (Nov. 20, 1987), pp. 44610-16.

In this notice, the Tribunal reports its findings and proposes the following concerning royalty rate adjustments for the use of nondramatic musical works and published pictorial, graphic and sculptural works by public broadcasting entities for the period Jan. 1, 1988 thru Dec. 31, 1992: (1) adopt the voluntary agreements for the performance of musical works reached by the Public Broadcasting Services and National Public Radio (NPR) with ASCAP and BMI in lieu of any determination by the Tribunal; (2) adopt the joint proposal submitted by ASCAP and the American Council on Education for music used by public broadcasting entities licensed to colleges and universities not affiliated with NPR; (3) adopt the joint proposal submitted by ASCAP, the National Federation of Community Broadcasters, and the National Religious Broadcasters Radio Music License Committee for music performances by public broadcasting stations other than NPR or college stations; and (4) amend the CRT rules to reflect recommended textual improvements, changes in the cost of living and/or rates and terms negotiated under certain voluntary agreements for recording rights and for the use of published pictorial, graphic and sculptural works.

124. U.S. COPYRIGHT ROYALTY TRIBUNAL.

37 C.F.R., Part 304. 1987 Adjustment of public broadcasting royalty rates and terms. Further notice of proposed rulemaking. *Federal Register*, vol. 52, no. 230 (Dec. 1, 1987), pp. 45664-65.

As a supplement to the rates and terms proposed Nov. 20, 1987, the Tribunal proposes the following royalty rates for the use of copyrighted published nondramatic musical compositions by public broadcasting entities licensed to non-NPR affiliated colleges and universities: \$159 for the ASCAP repertory, \$159 for the BMI repertory, and \$37 for the SESAC catalog.

125. U.S. COPYRIGHT ROYALTY TRIBUNAL.

1986 Jukebox royalty distribution proceeding. Notice of controversy; notice of commencement of proceeding. *Federal Register*, vol. 52, no. 233 (dec. 4, 1987), p. 46113.

The CRT has found that there is a conflict regarding the distribution of the 1986 jukebox royalty fees because ASCAP/BMI/SESAC, as a settled group of claimants, is claiming entitlement to 100% of the royalties while Asociacion de Compositores y Editores de Musica Latinoamericana is seeking an 8% share of the fees. Thus, the Tribunal has declared a controversy and, by this notice, commenced a distribution proceeding.

126. U.S. COPYRIGHT ROYALTY TRIBUNAL.

Final determination of the distribution of the 1985 jukebox royalty fund.

Notice of final determination. *Federal Register*, vol. 52, no. 233 (Dec. 4, 1987), pp. 46324-31.

The Tribunal has made the following determinations regarding the distribution of the 1985 jukebox royalty fees: (1) the Asociacion de Compositores y Editores de Musica Latinoamericana (ACEMLA) and the Italian Book Corporation (IBC) were copyright owners but neither was a performing right society in 1985; (2) collectively ACEMLA and IBC are entitled to .12% of the 1985 royalties; and (3) joint claimant ASCAP, BMI and SESAC is entitled to the remainder of the royalty fund.

127. U.S. COPYRIGHT ROYALTY TRIBUNAL.

Ascertainment of whether controversy exists concerning distribution of 1986 cable royalty fees. Notice. *Federal Register*, vol. 52, no. 240 (Dec. 15, 1987), p. 47626.

This notice apprises claimants to the 1986 cable royalty fund of the commencement of a distribution proceeding and directs them to submit comments on whether a controversy exists. It also advises the claimants of their need to file a Notice of Intent to Participate in the proceeding.

128. U.S. FEDERAL COMMUNICATIONS COMMISSION.

47 C.F.R., Part 76. Carriage of television broadcast stations on cable television systems; correction. Final rule; correction. *Federal Register*, vol. 52, no. 169 (Sept. 1, 1987), pp. 32923-24.

The FCC has issued an Erratum to its final rule amending the regulations governing the carriage of television broadcast signals by cable television systems. The Erratum corrects the definition of a "qualified station" under section 76.5(d)(1) and makes certain changes in the viewing standard provisions of section 76.5(d)(1)(ii).

129. U.S. FEDERAL COMMUNICATIONS COMMISSION.

47 C.F.R., Part 76. Cable television; implementation of Cable Communications Policy Act of 1984. Proposed rule. *Federal Register*, vol. 52, no. 190 (Oct. 1, 1987), p. 36802.

In accordance with the court order in *American Civil Liberties Union v. FCC*, the Commission has proposed to revise its signal availability standard in the effective competition test for determining whether local rate regulation is permissible. The proposal calls for using the agency's Grade B contour and significant viewing in the cable community standards as the measures of signal availability; for establishing that a cable system faces effective competition if at least 75 percent of the cable community is covered by three or more off-the-air signals; and, for modifying the field strength measurement requirements and using other factors, such as cable penetration, in the waiver procedure to decrease the burden placed on both franchising authorities and cable operators.

130. U.S. FEDERAL COMMUNICATIONS COMMISSION.

47 C.F.R., Part 76. Cable television; amendment of the Commission's rules to implement the provisions of the Cable Communications Policy Act of 1984. Final rule. *Federal Register*, vol. 52, no. 194 (Oct. 17, 1987), pp. 37461-62.

In accordance with the D.C. Circuit's decision in *ACLU v. FCC*, the Commission has revised its rules implementing the Cable Communications Policy Act of 1984. The revised rules (1) redefine "basic cable service" to conform to the definition provided in the Act—any service tier which includes the retransmission of local television broadcast signals; 2) eliminate a provision which permitted cable systems to automatically pass through to subscribers any readily identifiable increase in cost which was entirely attributable to providing basic service; and (3) delete language suggesting that lock boxes need not be capable of blocking selected channels. Lock boxes are devices which the Act requires cable systems to provide to their customers upon request to restrict the viewing of indecent or obscene programming.

131. U.S. FEDERAL COMMUNICATIONS COMMISSION.

47 C.F.R., Parts 1, 63, and 76. Implementation of provisions of the Cable Communications Policy Act; extension of time to file comments. Proposed rule; order extending time. *Federal Register*, vol. 52, no. 226 (Nov. 24, 1987), pp. 44997-98.

The Commission has extended the deadline for filing comments on its proposed rulemaking regarding the signal availability measures used in the effective competition standard for cable rate regulation. The new dates for submitting comments and reply comments are December 4 and December 21, respectively.

132. U.S. FEDERAL COMMUNICATIONS COMMISSION.

47 C.F.R., Parts 15 and 76. Input selector switches used in conjunction with cable television service. Final rule. *Federal Register*, vol. 52, no. 232 (Dec. 3, 1987), pp. 45961-63.

The FCC has amended its cable rules to extend technical regulations to all transfer switches used to alternate between over-the-air and cable television service and to subject external stand-alone switches to certain verification procedures and other requirements that are intended to ensure that use of the broadcast/cable switches does not result in harmful interference.

133. U.S. FEDERAL COMMUNICATIONS COMMISSION.

47 C.F.R., Part 76. Carriage of television broadcast stations on cable television systems; correction. Final rule; correction. *Federal Register*, vol. 52, no. 234 (Dec. 7, 1987), p. 46363.

June 10, 1992 is the expiration date of the mandatory signal carriage provisions of the Commission's new must-carry rules. The section pertaining

to the termination date was inadvertently omitted from the revised rules published on March 26, 1987.

134. U.S. FEDERAL COMMUNICATIONS COMMISSION.

47 C.F.R., Part 76. Carriage of television broadcast stations on cable television systems and technical standards for input selector switches. Final rule; stay of compliance date. *Federal Register*, vol. 52, no. 234 (Dec. 7, 1987), pp. 46363-64.

The Commission has stayed until Feb. 29, 1988 the deadline for compliance with the input selector switch and consumer education requirements of section 76.66 of the cable rules. The purpose of the stay is to relieve some cable operators of the burden of distributing two separate information packets within a short period of time and to minimize the possibility of confusion on the part of subscribers.

135. U.S. PATENT AND TRADEMARK OFFICE.

Interim protection for mask works of nationals, domiciliaries, and sovereign authorities of Finland. Notice of initiation of proceedings. *Federal Register*, vol. 52, no. 176 (Sept. 11, 1987), pp. 34401-04.

The Confederation of Finnish Industries has petitioned the Patent and Trademark Office (PTO) for the issuance of an interim order extending mask work protection to nationals, domiciliaries and sovereign authorities of Finland. The PTO is considering the matter and has initiated a proceeding and scheduled a hearing for October 7, 1987 to allow interested parties to submit comments and testify on the request.

136. U.S. PATENT AND TRADEMARK OFFICE.

Interim protection for mask works of nationals, domiciliaries, and sovereign authorities of Finland. Issuance of interim order. *Federal Register*, vol. 52, no. 212 (Nov. 3, 1987), pp. 42127-29.

The Patent and Trademark Office has issued an order under 17 U.S.C. 914 extending interim mask work protection to nationals, domiciliaries, and sovereign authorities of Finland. The effective date of the order is August 28, 1987, and its termination date is November 8, 1987.

137. U.S. PATENT AND TRADEMARK OFFICE.

Extension of previously granted interim orders under the Semiconductor Chip Protection Act of 1984. Notice of initiation of proceeding. *Federal Register*, vol. 52, no. 222 (Nov. 18, 1987), pp. 44200-02.

The Patent and Trademark Office (PTO) has extended until May 31, 1988 interim mask work protection orders that were issued to Japan, Sweden, Australia, Canada, Switzerland, Finland, and the twelve members of the European Community. The purpose of the extension is to give the PTO sufficient time to conduct a proceeding to determine, on a case-by-case basis,

whether it should extend the orders or recommend that the President extend protection by a proclamation pursuant to section 901 of the Semiconductor Chip Protection Act of 1984. In addition to announcing the extension, this notice also commences the proceeding in this matter.

PART V

BIBLIOGRAPHY

A. BOOKS AND TREATISES

1. United States Publications

138. BESEN, STANLEY M. and SHELIA NATARAJ KIRBY. *Private copying, appropriability, and optimal copying royalties*. Santa Monica, Calif.: Rand Corp. (1987), 32 p.

This report focuses on the nature of private copying costs and the extent to which originals and copies are substitutes for consumers. It is intended for economists who study the market for intellectual property, for producers and users of copyrighted material, for those involved in collecting royalties, for copyright attorneys, and for government officials responsible for establishing policies for intellectual property.

139. KANE, SIEGRUN D. *Trademark law: a practitioner's guide*. N.Y.: Practising Law Institute (1987), 417 p.

Designed for attorneys and lay professionals involved in trademark work, this publication takes the reader from fundamental definitions to the most recent developments in the law on subjects such as incontestability, dilution, protection via Customs and ITC proceedings, gray market goods, survey evidence, and application requirements for foreign corporations. This book also contains simplified forms for trademark applications, affidavits, renewals, and assignments.

140. SAMUELS, JEFFREY M. *Patent, trademark and copyright laws*. Washington, D.C.: Bureau of National Affairs (1987), 463 p.

This compilation of patent, trademark, and copyright laws includes Title 35 (Patents), Title 17 (Copyrights), and Chapters 22 and 63 of Title 15 (Trademarks and Technology Innovation) of the *United States Code*. It also includes miscellaneous other sections of the *United States Code* and other laws as they relate to intellectual property. All statutory changes enacted through December 1986 are incorporated.

2. Foreign Publications

141. BATE, STEPHEN DE B. *Television by satellite—legal aspects*. ESC Publishing, Limited. London, England (1987), 146 p.

This publication consists of papers given at two conferences on satellite television held in Paris and London in 1984 and 1985. It discusses some of the salient legal and practical questions involved in setting up operation of a satellite delivered television service. In addition, domestic, regional and inter-

national laws and regulations governing the content of television programmes, such as the law relating to copyright and advertising as well as contractual matters, are discussed.

B. ARTICLES FROM LAW REVIEWS AND COPYRIGHT PERIODICALS

1. United States

142. ANDERSON, WILLIAM L. Copyright protection for citation to a law reporter: *West Publishing Co. v. Mead Data Central, Inc.* *Minnesota Law Review*, vol. 71, no. 4 (April 1987), pp. 991-1034.

This is a discussion of a lawsuit arising from the planned addition in the LEXIS computerized legal research system of star pagination (West Reporter page numbers inserted parenthetically in the text of LEXIS opinions). With the inclusion of star pagination, Lexis users no longer would need West's hardbound reporter to determine the location of material within *West*. The West Company sued, claiming copyright infringement. The district court of Minnesota granted a preliminary injunction and the United States Court of Appeals affirmed the injunction. The author reviews the concept of copyright protection for page numbers and discusses some of the case law concerned in case arrangement and pagination.

143. BADER, ELISE K. A film of different color—copyright and the colorization of black and white films. *Cardozo Arts and Entertainment Law Journal*, vol. 5, no. 2 (1986), pp. 497-543.

The author discusses what "color" is, its impact on a film, and what impact the colorization process has on black and white films. She also talks about copyright protection for the results of colorization and the moral rights question concerning protecting the integrity of original black and white films.

144. CANTOR, MADELYN SHOEN. Tax policy: copyrights and patents. *Villanova Law Review*, vol. 321, no. 3-4 (1986), pp. 931-1005.

This is a discussion of the tax law as it applies to copyright and patent holders. Ms. Cantor analyzes capital assets, transfer of property rights and capital gains along with provisions in the Internal Revenue Code which aid investors.

145. DONOHUE, JAMES P. The use of copyright laws to prevent the importation of "genuine goods". *North Carolina Journal of International Law and Commercial Regulation*, vol. 11, no. 2 (Spring 1986), pp. 183-205.

Mr. Donohue investigates the problem of "grey market" goods. These are imported goods which are intended to be marketed abroad but instead are brought into the United States and sold in competition with established U.S.

distribution networks. Mr. Donohue analyzes the use of trademarks to block grey market goods and reviews several cases, including *A. Bourjoies and Co. Inc. v. Aldridge* and *United States v. Guerlain*, which address this problem. He also provides a detailed investigation of the First Sale Doctrine and section 602 of the Copyright Act, which provides the copyright owner the right to block unauthorized imports.

146. THE COPYRIGHT MONOPOLY AFTER SONY CORP. OF AMERICA *v.* Universal City Studios. *Touro Law Review*, vol. 1, no. 1 (Spring 1985), pp. 151-197.

This study discusses copyright law in general, giving particular attention to the issues of contributory infringement and vicarious liability in copyright and patent law. It also discusses the ruling of the Supreme Court in the *Sony* case and analyzes patent law and the fair use doctrine.

147. FEINGOLD, ROBIN. When "fair is foul": a narrow reading of the fair use doctrine in *Harper & Row, Publishers, Inc. v. Nation Enterprises*. *Cornell Law Review*, vol. 72, no. 1 (November 1986), pp. 218-243.

Fair use as it applies to the case of *Harper and Row, Publishers, Inc. v. Nation Enterprises* is the basis of this study. In his comments, the author contends that the Supreme Court's decision in the case narrowed the scope of fair use and could effect news reporting and restrict the dissemination of news and other information.

148. FELDER, RAOUL LIONEL and JEANNE WILMOT CARTER. Sculdugery and other inequities. *Scull v. Scull*. *Cardozo Arts and Entertainment Law Journal*, vol. 5, no. 2 (1986), pp. 323-363.

The subject of this article is a "bare-knuckled" divorce case centering around a controversy: which spouse was entitled to the large and significant collection of modern art which included works of Franz Kline, Mark Rothko, Jasper Johns, Andy Warhol and others. The authors contrast New York's new equitable distribution law to the old common law "title" system, the rule when *Scull v. Scull* was decided, in which the spouse did not acquire rights to property not held by that spouse. In this "lives-of-the-rich-and-famous" dispute, the authors chronicle how Ethel Scull eventually overcame the heavy burden of proof to impress a constructive trust on all the Sculls' property, resulting in the award to Mrs. Scull of a percentage of the Sculls' wealth.

149. FETTERMAN, DANIEL J. The scope of copyright protection for computer programs: exploring the idea/expression dichotomy. *Washington and Lee Review*, vol. 43, no. 4 (Fall 1986), pp. 1373-1411.

Piracy of computer software is the topic of this article. The author states that much uncertainty surrounding the legal protection for computer pro-

grams stems from the fact that copyright law protects only the expression of an idea and not the underlying idea itself. Mr. Fetterman also looks at the 1980 amendments to the Copyright Act of 1976 and states that a large part of the problem of determining the proper scope of copyright protection for computer programs stems from the fact that courts do not understand the numerous programming languages and various ways of storing programs. Mr. Fetterman suggests that the courts should expand the scope of protection to encompass program user interface, including its structure and organization.

150. GILBERT, FRANCOISE. Louisiana software license enforcement act under judicial scrutiny: what impact on shrink-wrap license agreements? *Software Protection*, vol. V, no. 12 (May 1987), p. 1-11.

This article analyzes the decision of the Louisiana District Court in *Vault Corp. v. Quaid Software Ltd.* Plaintiff sued defendant for breach of the license agreement packaged with Vault's diskettes. The district court held that the Louisiana Statute was preempted by the federal Copyright Act, and thus the license agreement packaged with the diskettes was invalid. This article attempts to assess the decision's consequences from a comparative standpoint, as Illinois has enacted a Software License Enforcement Act that is similar to the Louisiana Statute. In addition, this article discusses the impact of the Louisiana decision on the marketing and licensing of mass-marketed computer software.

151. GILCHRIST, DAVID J. I stole the news today, oh boy: *The Nation* held liable for copyright infringement—Harper and Row, Publishing, Inc. v. Nation Enterprises, 471 U.S. 539 (1985). *Minnesota Law Review*, vol. 70 (1987), pp. 791-798.

After providing the facts of the Harper and Row case, which involved the publishing of the memoirs of President Gerald R. Ford by *The Nation* magazine, the author analyzes the case and the decisions of the Second Circuit and the Supreme Court. The Supreme Court ruled that *The Nation* was liable for copyright infringement and rejected *The Nation's* fair use defense. The author states in so doing the court struck the proper balance between economic incentives to authors and the first amendment.

152. GLIST, PAUL. Cable copyright: the role of the Copyright Office. *Emory Law Journal*, vol. 35, no. 3 (Summer 1986), pp. 621-643.

Mr. Glist provides us with a history of cable copyright and discusses the 1971 "Consensus Agreement" by motion picture, broadcast and cable for an easing of signal carriage restrictions in exchange for cable's surrender of its copyright victories. Mr. Glist evaluates the Copyright Office, including its role in the cable ownership controversy and its standing on compulsory licensing and section 111 of the Copyright Act.

153. KURTZ, LESLIE A. The independent legal lives of fictional characters. *Wisconsin Law Review*, vol. 1986, no. 3 (1986), pp. 429-525.

In this lengthy study, Ms. Kurtz writes that the legal protection for fictional characters is obscure once these characters are removed from their original context. Ms. Kurtz states that copyright protection should not be based solely on whether the character is sufficiently developed to deserve protection. The author discusses copyright involving pictorial characters, literary characters and characters appearing in audio-visual works. She also looks at unfair competition and trademark and concludes with a discussion of the public domain problem.

154. LIGENFELTER, DAVID B. Differentiating idea and expression in copyrighted computer software: the test for infringement. *The Journal of Law and Commerce*, vol. 6, issue 2 (1986), pp. 419-443.

Mr. Ligenfelter reviews the Copyright Act of 1976 and discusses several copyright cases that deal with computer programs, most notably *Apple Computer Inc. v. Universal Pictures Corporation*, *Sheldon v. Metro-Goldwyn Pictures Corporation*, and *Whelan Associates v. Jaslow Dental Laboratory*. The last sections of the article contains a detailed discussion of the Whelan case and the district court's opinion.

155. MANN, J. FRASER. Comment on *Apple Computer v. Macintosh Computers*. *McGill Law Journal*, vol. 32., no. 2 (March 1987), p. 437.

Mr. Mann compares the Canadian case of *Apple Computer Co. v. Macintosh Computer Ltd.* with the ruling of the Australian High Court in *Computer Edge Pty Ltd. v. Apple Computer Inc.* The Canadian Federal Court ruled that the law of copyright can be used to protect an operating system computer program while the Australian court ruled the opposite. The author, who favors the Australian decision, states that there is a need for revision in Canada's Copyright Act to better address the problem of protection for computer programs.

156. MAY, DAVID. "So long as time is music:" when musical compositions are substantially similar. *Southern California Law Review*, vol. 60, no. 3 (March 1987), pp. 785-815.

In this study, a first prize winner in the 1986 Nathan Burkan Memorial Competition, Mr. May, points out the difficulty the courts have with original music and knowing when its been appropriated for another work. The study explores the "scope of value" that a musical expression has and if musically untrained judges and juries can really analyze that value. Mr. May also discusses music value and the philosophy of Susanne Langer who states that music expresses "experiences which language is peculiarly unfit to convey." The author addresses the problem of just looking at a copied portion of a piece instead of the piece as a whole to discern copyright infringement, and

states the importance of a court and jury knowing when new musical value is created or just duplicated.

157. O'BRIEN, MICHAEL P. Foreign competition in relevant geographic markets: antitrust law in world markets. *Northwestern Journal of International Law and Business*, vol. 7, no. 1 (Spring-Summer 1985), pp. 37-76.

The author divides his study into several sections, including an analysis of foreign competition in the U.S. and the antitrust violations committed by these foreign competitors. Mr. O'Brien also investigates geographic markets, relevant markets for goods, supply and demand, and all factors which enter into determining antitrust violations.

158. PAGE, PHILLIP EDWARD. The works: distinguishing derivative creations under copyright. *Cardozo Arts and Entertainment Law Journal*, vol. 5, no. 2 (1986), pp. 415-445.

The author discusses the 1976 Copyright Act and defines what is a derivative work. He discusses the "standard of originality" and how the courts wrestled with that problem particularly in the case of *Alfred Bell and Co. v. Catalda Fine Arts, Ltd.* In that case, the court found original authorship as long as there was "distinguishable variation between the derivative and the underlying work." The author also examines such areas as terms of copyright, registration of derivative works, and transfer of derivative works.

159. PATTERSON, L. RAY. Free speech, copyright and fair use. *Vanderbilt Law Review*, vol. 40, no. 1 (January 1987), pp. 1-66.

Mr. Patterson provides a history of copyright both in England and the U.S., along with a discussion of the origin of the Fair Use Doctrine. He touches on the growing idea of copyright as private property and looks at the case of *Stowe v. Thomas* in which the court held that a German translation of *Uncle Tom's Cabin* was not an infringement of copyright. In his conclusion, Mr. Patterson explains why he believes the 1976 Copyright Act comes "perilously close to being unconstitutional."

160. POTTLE, STEVEN L. Copyright infringement and the eleventh amendment: a doctrine of unfair use? *Vanderbilt Law Review*, vol. 40, no. 1 (January 1987), pp. 225-269.

This article renews the debate over whether a person can sue a state government for copyright infringement. It reviews state immunity under the eleventh amendment and historic cases involving copyright protection and the eleventh amendment, including *Wihitol v. Crow* and *Mills Music, Inc. v. Arizona*. The article also explores recent developments in this area, discussing such cases as *Mihalek Corp. v. Michigan*, *Johnson v. University of Virginia* and *Richard Anderson Photography v. Radford University*.

161. REMBAR, CHARLES and JUDITH ROSSNER. Libel in fiction: The Sylvia Plath case and its aftermath. *Columbia-VLA Journal of Law and the Arts*, vol. 11, no. 4 (Summer 1987), pp. 473-505.

The author reports on a roundtable discussion by a panel of attorneys and authors, including Irwin Karp and author Judith Rossner. The problems of authors and publishers, particularly the problem of being sued for libel if an individual claims he was depicted in a defamatory manner as a character in a novel or film are discussed. The libel trial involving the motion picture version of Sylvia Plath's novel, *The Bell Jar*, is used as a point of reference for this discussion.

162. SCHLEI, JEFFREY ALAN. Harper and Row Publishers, Inc. v. Nation Enterprises (U.S. Sup. Ct. 1985). The unauthorized use of verbatim quotes from a public figure's manuscript prior to its publication for use in a news story constituted an appropriation of the right of first publication and is not protected by the fair use privilege of the Copyright Act. *Drake Law Review*, vol. 35, no. 2 (1985-1986), pp. 445-463.

Mr. Schlei provides another look at the Harper and Row case and the issue of "fair use." Both Harper and Row and Reader's Digest had brought an action in the federal district court against *The Nation* magazine for infringement of copyright and state law violations. The author states that the significance of this case is that the Supreme Court has made it clear that in the area of fair use the right of the copyright owners to control the first publication must be given paramount consideration.

163. SHIH, THEODORE. The Semiconductor Chip Protection Act of 1984: is copyright for utilitarian articles desirable? *The Computer/Law Journal*, vol. VII, no. 2 (Fall 1986), pp. 129-201.

This article and all the others that are included in this law journal are devoted to computer software and copyright. The titles of some of the other works are "A chip off the old block: copyright law and the Semiconductor Chip Protection Act," "Tear-me-open software license agreements: a uniform commercial code perspective on an innovative contract of adhesion," and "17 U.S.C. section 117: is the amendment to the Copyright Act adequate to regulate the computer software market?"

164. SIDDALL, DAVID R. Cable's A/B switch v. local antenna restrictions. *Communications Lawyer*, vol. 5, nos. 2-3 (Spring/Summer 1987), pp. 3-6.

Mr. Siddall examines the effect local zoning ordinances and restrictive deeds that limit or prohibit outside antennas may have on the Federal Communications Commission's reason—maximization of consumers' program choices—for requiring cable companies to offer antenna/cable or A/B switches to their customers.

165. STEINBERG, ROBERT. *NEC v. Intel: the battle over copyright protection for microcode.* *Jurimetrics Journal*, vol. 27, no. 2 (Winter 1987), pp. 173-200.

Mr. Steinberg discusses the recent technological and legal developments relating to the microprocessor industry's microcode. He believes that a limited copyright protection for programs is necessary. He provides us with a detailed description of the Intel 8086b and the 8088 microprocessor chips and states that the best way to protect Intel's micro programs in the future may be by hardware manufacturers designing them into the chip mask of the microprocessor so that the Semiconductor Chip Act of 1984 can guarantee Intel the protection that it now lacks.

166. **Book Review**—STERLING, J.A.L. and M.C.L. CARPENTER. *Copyright law in the United Kingdom and the rights of performers, authors and composers in Europe.* Sydney—London: Legal Books Pty. Ltd., BCM—Legal Books, London WCIN 3XX, United Kingdom, 864 pp. *Columbia-VLA Journal of Law and the Arts*, vol. 11, no. 4 (Summer 1987), pp. 665-668 (reviewed by Barbara Ringer for *Columbia-VLA Journal of Law and the Arts*).

Ms. Ringer suggests that American attorneys delve into this book on the copyright laws of the United Kingdom and Europe. She points out that this book is up-to-date, comprehensive, and well-documented and that where opinions on disputed points are offered, they are identified as such. The work is divided into two main areas, the first being "Copyright Law in the United Kingdom" and the second "The Rights of Performers, Authors and Composers in Europe." The first part of this section deals with the copyright law of 34 European countries and also provides an analysis of the various historical and philosophical origins of the European copyright system. The last two chapters contain two essays involving the challenges to copyright worldwide and suggestions for blending these various systems for the protection of the rights of creative individuals.

167. SUTTON, MICHAEL O. *Equities, evidence, and the elusive scope of copyright protection for computer software.* *Journal of the Patent and Trademark Office Society*, vol. 69, no. 10 (Oct. 1987), pp. 551-556.

This article discusses the basic scope of copyright protection and the recent cases addressing the scope of copyright protection for computer software and makes suggestions for counseling clients on both sides of the issue.

168. WILLIAMS, JUDITH. *Harper and Row Publishers, Inc. v. Nation Enterprises: a distortion of the fair use doctrine.* *Houston Law Review*, vol. 24, no. 2 (March 1987), pp. 363-381.

Ms. Williams analyzes the fair use doctrine as it applies to the *Harper*

and Row case. She reviews both the majority opinion and the dissenting opinion. The author concludes that the majority's fair use analysis presents a "distorted view of copyright protection by failing to clearly demarcate the boundaries between elements of the Ford manuscript which were initially protected by copyright and those which were not."

169. WISE, MARILYN. Trials of the tribunal: towards a fair distribution of jukebox royalties. *Southwestern University Law Review*, vol. 16, no. 4 (1986), pp. 757-785.

Ms. Wise begins her comment with an overview of performance rights under the 1909 Act. She then goes on to discuss the Copyright Royalty Tribunal and its establishment and purpose along with its organization and procedure. She also discusses the case of *ACEMLA v. Copyright Royalty Tribunal* and the impact and significance of ACEMLA, which involved the first judicial review of a jukebox royalty distribution determination.

2. Foreign

170. AUSTRALIA, BRAZIL, PAT. Infringement of copyright and the problem of "piracy." *The Australian Law Journal*, vol. 61, no. 1 (January 1987), pp. 12-24.

This article discusses how pirated works are made and put on the market. The author states that 10 to 20 percent of all audio and video material that is available is pirated and that copyright piracy is becoming more difficult to detect because illicit video and audio tapes are packaged in such a way as to be indistinguishable from the original tapes. The author goes on to discuss the causes of piracy and states that one way to combat piracy rests with copyright owners who must be willing to take civil action against infringers.

171. CANADA. VAVER, DAVID. Copyright in foreign works: Canada's international obligations. *The Canadian Bar Review*, vol. 66, no. 1 (March 1987), pp. 75-128.

Mr. Vaver discusses Canadian treatment of foreign works in view of Canada's obligations under the Berne Convention and the Universal Copyright Convention to the vast variety of technologies that have developed since the passage of Canada's Copyright Act in 1924. Mr. Vaver states that it is likely that a complete overhaul of Canada's copyright laws is in the making and should be presented to the Canadian Parliament in the very near future.

172. BROWN, ISOBEL. Sounds familiar? *EIPR*, vol. 9, no. 8 (August 1987), pp. 244-246.

Ms. Brown reviews the decision in the "Chariot of Fire" case (*EMI Music Publishing Limited v. Evangelos Papathanassiou, Spheric BV, Warners*

Brothers Inc. and Warner Brothers Music Limited). The judgment was for the defendant Evangelos who the court stated had not copied the work of composer Logarides entitled "City of Violet." Ms. Brown states that for a music suit to succeed the plaintiff must prove that an absolutely unique musical phrase has been copied by the defendant, that more than four or five notes are more than definitely or considerably similar, and that there is a causal connection between the two works.

173. GUSHU, LIU. Review of the Chinese patent system and future prospects. *EIPR*, vol. 9, no. 7 (July 1987), pp. 198-200.

This article investigates Chinese patent law, its development and special features. Mr. Gushu takes a detailed look at the scope of the Chinese patent law along with the problems of protection in the chemical and pharmaceutical industries.

174. HUNGARY. BOYTHA, GYORGY. The development of legislative provisions on authors contracts. *Revue Internationale de Droit D'Auteur*, vol. 133 (July 1987), pp. 41-109.

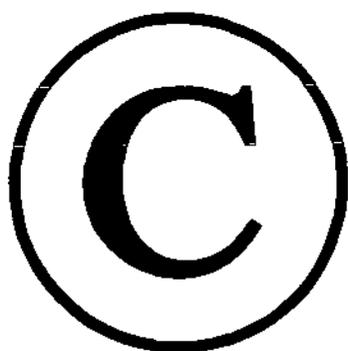
The author discusses the effect of socialist copyright laws on authors' contracts. He states that development of socialist copyright law in the Soviet Union did not begin with a comprehensive Copyright Act but rather a number of decrees that were designed to regulate problems in granting protection to authors basically through authors' contracts. Mr. Boytha looks at copyright protection not only in the Soviet Union but also the Peoples Republic of China and the German Democratic Republic and talks about authors' contracts in Austria, Germany and in developing countries.

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In Memoriam

IN MEMORIAM
FRED B. ROTHMAN

It is with great sorrow that the Society reports the death of its publisher, Fred B. Rothman. The following resolution was passed at the Annual Meeting in commemoration of Mr. Rothman:

WHEREAS, Fred B. Rothman was a friend and devoted supporter of The Copyright Society of the U.S.A. since its inception and enabled The Society to start publication of its Journal at a time when his participation as publisher was a labor of love and

WHEREAS, The Society enjoyed the benefit of his friendship, counsel and guidance, as well as his services for many years;

The membership of The Society wishes to express to the family of Fred B. Rothman the sympathy of the individual members and of The Society on the loss of a valued colleague.

IN WITNESS WHEREOF, this resolution was unanimously approved at a meeting of the membership of The Copyright Society of the U.S.A. held on June 5, 1988.

**IN MEMORIAM
LEON E. SELTZER**

It is with a sense of deep loss that the Society reports the death of Leon E. Seltzer. Mr. Seltzer served as Director of the Stanford University Press from 1956 until 1983 when he became counsel to the San Francisco law firm of Majestic, Gallagher, Parsons & Siebert. His work "Exemption and Fair Use in Copyright," published in two parts by the Journal, was aptly described by the Ninth Circuit in the *Betamax* case as "illuminating." His warmth and knowledge of copyright law and the publishing industry were well-known.

The Society mourns his passing and offers its deepest sympathy to Lenore Seltzer, and their daughters, Marcia, Janet, and Deborah.

**175. 18TH ANNUAL DONALD C. BRACE MEMORIAL LECTURE.
DELIVERED AT NEW YORK UNIVERSITY, APRIL 19, 1988**

By NICHOLAS A. VELIOTES*

*COPYRIGHT IN THE 1980'S: AMERICAN PUBLISHERS FACE A
NEW ROUND OF CHALLENGES*

I am delighted and flattered to have been asked to deliver this year's Brace Memorial Lecture.

In preparing my remarks on the copyright challenges facing American publishers, I was impressed again by the variety and complexity of those challenges. Seemingly limitless human ingenuity continues to generate technologies, creating new problems that may well contain the seeds of their own solution. I am also impressed by the tenacity of American publishers in their search for answers and in their unwillingness to compromise the integrity of those proprietary rights upon which our commercial and artistic life depend.

When I became president of the Association of American Publishers in May 1986 I was aware of the significance of copyright to the industry. I had little intimation, however, of the hundreds of hours I would spend over the next two years with publishers of every size and description, listening to and participating in discussions of copyright issues. If any single theme has unified these discussions it is the need to guard against complacency. We need to counterbalance whatever forces seek to undermine the principle of copyright, using creative approaches which include seeking solutions in the courts, the councils of government, international forums and new technologies.

This need to avoid complacency reminds me of the story about the rooster who, on one of his morning walks, comes upon an ostrich egg. When, after considerable strain and effort, he manages to drag it back to the barnyard, he is surrounded by the amazed hens. Speaking to the assembled hens the rooster says: "I am not here to criticize, nor to draw invidious comparisons. I merely bring to your attention what is being done elsewhere."

We have to be cautious about casting technology in the role of arch-villain, believing that the sanctity of copyright would be inviolate were it not for the photocopy machine, the personal computer, the communications satellite and the CD-ROM. We would do well to remember that without technology there would be no copyright. What relevance could the concept of proprietary rights for authors and publishers have before Gutenberg changed the world with his movable-type printing press?

We must be equally cautious in placing total blame for the erosion of

*President, Association of American Publishers.

copyright on those newly emerging nations just beginning to test their industrial and commercial strength. We need only recall that little more than 100 years ago American printers and publishers were outpirating their most blatant contemporary Pacific Rim counterparts, knocking off copies of Dickens' latest works as soon as they could get them from England and driving the British literary and publishing establishment to distraction.

These newly industrialized nations will, with our help, learn the essential lesson that clearly defined and vigorously enforced proprietary rights are strong incentives for artistic, educational, cultural and commercial growth. It is a lesson that we, no less than they, must continually relearn. Simply put, if we did not grant authors and publishers exclusive rights in the works they create and disseminate, we would have to rely on the largesse of the state or charitable institutions to fund most of the writing and publishing that goes on today. This situation is unthinkable in a country enriched by a tradition of market-supported diversity and freedom of expression.

PHOTOCOPYING

Certainly one of the most egregious threats to the proprietary rights of authors and publishers has been the improper use of photocopying machines and the exploitation of copyright-protected materials. Massive, unauthorized and uncompensated photocopying exploded in the 1970's in the business community and corporate libraries, in the academic community, and in the library community, exacerbated by factors such as interlibrary database searches, networking and interlibrary loans. The basic reprography machine was strengthened and made more sophisticated by dozens of technological advances. American publishers felt the results of this explosion in the erosion of their markets.

COPYRIGHT CLEARANCE CENTER

In reaffirmation of their rights in the face of unauthorized photocopying and in response to the Congressional mandate that users of copyrighted materials obtain authorizations from copyright owners, publishers banded together more than a decade ago to create a system to make this feasible. Thus the Copyright Clearance Center was born, established by publishers, authors and users to facilitate the new law and free users of the need to conduct multiple transactions with dozens of individual publishers.

After a slow and financially precarious start, the CCC has made some giant strides in recent years. Several years ago it instituted an annual licensing service to meet the needs of large corporate entities doing significant amounts of internal photocopying of copyrighted materials. In 1987 the CCC authorized the making of just under two million photocopies, an increase of 50% over 1986.

IFRRO

At the same time the CCC was being established in the United States, similar photocopying problems were leading to the establishment of other reprographic collecting societies in other industrialized countries. In 1980 an international working group on copyright collecting societies was formed under the auspices of the International Publishers Association and the International Scientific, Technical & Medical Publishers Association (STM). With the growing success of efforts in individual countries to bring photocopying under national copyright systems, the need for these collecting societies and their interconnection became increasingly evident.

The scope of the working group was broadened and in 1984 its name changed to the International Forum of Reproduction Rights Organizations (IFRRO). At that time it was agreed that IFRRO would be a loosely knit body without formal membership which would "serve as an international forum for information exchange in order to facilitate public awareness of the need for forming effective reproduction rights organizations in most nations of the world." The group also served to facilitate the development of bilateral agreements between national reproduction rights organizations "for the equitable benefit of copyright owners and users."

There has been a growing belief in recent years that copyright owner interests would be better served by having the organization formalized with the view to gaining status as an international non-governmental organization with standing to participate at WIPO and UNESCO meetings on copyright and related topics. At a meeting in London in October 1987 the group voted to move ahead with such formalization, changing the name to the International Federation of Reproduction Rights Organizations and adopting model statutes which member organizations have been asked to approve.

CCC AND THE INTERNATIONAL MARKET

The practical benefits to American publishers were evident when, just prior to the IFRRO meeting in October, the Copyright Clearance Center announced initiation of a new international program to facilitate payment to U.S. copyright owners for photocopying of their works by foreign users. Based on the principle of "national treatment," the CCC program provides U.S. publishers with the same protection and payment in a foreign country as that country's publishers receive.

CCC has made its new program available to domestic CCC participants and to those not currently registered with the CCC. Beginning on January 1, 1988 the British Copyright Licensing Agency initiated a pilot agreement under which the CCC will receive and distribute monies collected by the CLA for photocopying of U.S. works at 45 universities in the U.K. To get the project underway, CCC requested that publishers already participating in

the domestic program grant licenses to authorize foreign copying. The response from U.S. publishers has been overwhelmingly favorable.

JUDICIAL ACTIONS

Even with the promise held out by the CCC and its international counterparts, publishers have been forced to seek judicial relief from excessive photocopying in the academic and corporate communities.

UNIVERSITY COPYING

In three cases brought with respect to university-related copying, settlements were reached that required defendants to conform their copying practices to the law and various congressionally-approved photocopying guidelines.

In the first two cases, suits were filed against off-campus copy shops that had been major producers of great quantities of unauthorized photocopies, generally for sale to students at neighboring universities. In each instance the copy shop consented to an entry of judgment barring it from making multiple copies of any copyrighted work unless it had itself obtained permission to make the copies, or had written evidence of its customer's receipt of such permission or assertion that the copies complied with the "Classroom Guidelines" set out by the House of Representatives in its report accompanying enactment of the 1976 Copyright Act.¹

The third "academic" photocopying lawsuit was intended to have greater impact, since it named not only an off-campus copy shop as a defendant, but also New York University, and various individual faculty members. It resulted in the adoption and enforcement by N.Y.U. of a photocopying policy requiring approval of the University's general counsel before multiple copying in excess of that permitted by the Guidelines could occur.² The most important accomplishment of the N.Y.U. litigation is probably the University's acknowledgment of responsibility for photocopying that takes place in the university community.

Unfortunately, other universities have not generally adopted similar policies, and unauthorized copying in and around universities seems largely unchecked. This situation is a source of growing concern to the publishing community.

CORPORATE COPYING

On the corporate copying front, lawsuits succeeded on several occasions

¹ *Basic Books, Inc. v. Gnomon Corp.*, [1978-81] Copyright L. Dec. (CCH) P 25,145 (D. Conn. 1980); *Harper & Row Publishers, Inc. v. Tyco Copy Service, Inc.*, [1978-81] Copyright L. Dec. (CCH) P 25,230 (D. Conn. 1981).

² *Addison-Wesley Publishing Co., Inc. v. New York Univ.*, [1983-84] Copyright L. Dec. (CCH) P 25,544 (S.D.N.Y. 1983).

in convincing large firms to participate fully in the licensing activities of the CCC. (Some defendants had been refusing to acknowledge any duty to seek or pay for permission to photocopy; others had joined CCC but reported levels of copying that strongly suggested token compliance, at best, with their reporting requirements.)

One important photocopying lawsuit remains unresolved, but has, in its preliminary stages, broken new ground in a way that can benefit all copyright owners. When confronted with preliminary evidence of wholesale internal corporate photocopying, Judge Leval, of the United States District Court here in Manhattan, permitted publishers to proceed with a class-action, to defer registrations, and to defer — or possibly dispense with — recordation of transfers at a time, prior to discovery, when copyright owners could not specify which copyrights had been infringed.³

These represent major procedural victories permitting plaintiffs confronted with massive “private” copying to seek relief without having to breach barriers that, before discovery, are almost impenetrable. We trust this will set a precedent for other courts. I should emphasize here that publishers are determined to see this case through and will pursue it as vigorously as necessary in order to protect and strengthen the principle of copyright.

SOVEREIGN IMMUNITY

Another serious challenge for American publishers is posed by those who would use the right of sovereign immunity granted the states under the 11th Amendment to the Constitution to subvert the integrity of copyright.

The 11th Amendment has generally served to prevent suits for damages, filed by citizens of one state against another state, from being brought in federal courts. Recent developments in the U.S. Supreme Court suggest that in many instances states and state agencies are not liable in federal courts for damages for violating federal laws, except when Congress has made it clear in those laws that such jurisdiction and liability should exist.⁴ The potential damage to American publishers of employing the 11th Amendment to grant states and state universities immunity to liability for copyright infringement is staggering.

In the past year the Supreme Court has refused to hear two copyright cases in which lower courts held that state officials were immune to liability for copyright infringement.⁵ AAP is now involved in two cases at the appel-

³ American Geophysical Union v. Texaco, Inc., No. 85 Civ. 3446 (PNL) (S.D.N.Y. June 19, 1986) (order granting class certification and denying defendant's motion to dismiss).

⁴ Atascadero State Hosp. v. Scanlon, 473 U.S. 234 (1985); Welch v. State Dep't of Highways, 107 S. Ct. 2941 (1987).

⁵ Mihalek Corp. v. Michigan, 595 F. Supp. 903 (E.D. Mich. 1984), *aff'd on other grounds*, 814 F.2d 290 (6th Cir.), *cert. denied*, 108 S. Ct. 503 (1987); Cardinal

late level, *Anderson v. Radford* which is before the Fourth Circuit,⁶ and *BV Engineering v. The University of California at Los Angeles*, before the Ninth Circuit.⁷ In *amicus* briefs in both cases, AAP maintains that Congress never intended to give the states carte blanche to violate the Copyright Act. We assert that the copyright clause in Article I of the Constitution empowers Congress to abrogate the states' 11th Amendment immunity to suit, and that clear language in the 1976 Copyright Act expresses Congressional intent to do so.

The decisions in these cases will be critical. If the law should prove to be that states are entirely immune from damages for copyright infringement, then the integrity of all manner of copyrighted works will be compromised and the economic interests of their creators and disseminators will be seriously eroded.

In February 1988 AAP and several of its individual member publishers filed comments with the Copyright Office on the relationship between the 11th Amendment and copyright infringement. The Copyright Office has undertaken a study of the matter at the request of Congress and AAP's comments, filed jointly with the Association of American University Presses, note that recent court decisions which seem to grant states substantial immunity from legal action by copyright owners jeopardize the delicate balance of the copyright act and run contrary to Congressional intent.⁸

INTERNATIONAL PIRACY

The 1980's will be remembered as the decade when American publishers, and the other copyright industries, finally squared off against international pirates. In recent years we have waged an increasingly effective campaign in a war that at one time was considered not only unwinnable, but unfightable. In 1984, responding to the growing need for a coordinated counterattack against international thieves who were stealing from American publishers and authors the fruits of their creative labors, AAP established its International Copyright Protection Group and was a moving force behind the creation of the International Intellectual Property Alliance. This coalition of copyright industry associations was formed to educate Congress and the Administration about the insupportable losses, both economic and creative, that the United States was suffering at the hands of pirates and the governments that condoned and abetted them.

Indus. v. Anderson Parrish, No. 83-1083-Civ.-T-13 (M.D. Fla. Sept. 6, 1985), *aff'd*, 811 F.2d 609 (11th Cir.), *cert. denied*, 108 S. Ct. 88 (1987).

⁶ *Richard Anderson Photography v. Radford Univ.*, 633 F. Supp. 1154 (W.D. Va. 1986), *aff'd*, No. 87-1610 (4th Cir. July 20, 1988).

⁷ *BV Engineering v. UCLA*, 657 F. Supp. 1246 (C.D. Cal. 1987).

⁸ Register of Copyrights, *Copyright Liability of States and the Eleventh Amendment* (1988).

TARGET PIRATE COUNTRIES

In the summer of 1985 the Alliance issued its report to the U.S. Trade Representative on "Piracy of U.S. Copyrighted Works in Ten Selected Countries", quantifying for the first time the high cost of piracy to the copyright industries and to the national economy. The Alliance's findings that in those ten countries alone piracy of copyrighted works was costing the United States an estimated \$1.3 billion annually sent shock waves through an Administration already beset by a huge and growing international trade deficit.

Also in the summer of 1985 the Alliance issued a report urging the United States government to make the "adequate and effective protection of intellectual property" a primary objective in the formulation of U.S. trade policy. The linking of U.S. trade programs and benefits to a country's willingness to protect American intellectual property has proven an effective strategy. Trade pressures applied through such laws as those extending the Generalized System of Preferences (GSP) and amending the Trade and Tariff Act have given us a potent weapon in the anti-piracy fight.

PROGRESS IN LATIN AMERICA AND EAST ASIA

The Alliance has chalked up some notable successes: in 1985 the government of Taiwan passed and implemented a new copyright law; following three years of pressure to end piracy in the Dominican Republic, a new copyright law went into effect there in July 1986; in the spring of 1987, Singapore (which the Alliance report had ranked as the world's number one pirate nation) passed and implemented a new copyright law and entered into a bilateral copyright agreement with the United States; a new copyright law took effect July 1, 1987 in Korea, which, combined with Korea's accession to the Universal Copyright Convention in October 1987, put in place an effective framework for copyright protection in that country.

Now that one phase of the piracy problem — getting adequate laws enacted in these countries — seems to be coming under control, the new challenge is to see that these laws are effectively enforced. AAP has undertaken two copyright enforcement actions in Taiwan and Korea. The Taiwan enforcement program is concentrating on printers and booksellers in several major cities. The Korean enforcement action will involve pirated U.S. works published after October 1, 1987 when Korea acceded to the Universal Copyright Convention and thereby accorded full copyright protection to U.S. works. Since American publishers must rely on the Korean government to enforce retroactive protection for works published between January 1, 1977 and October 1, 1987, it was felt that U.S. publishers must take direct legal action whenever it is available to them to underscore the strength of our commitment to end piracy.

THE OBLIGATIONS OF AMERICAN PUBLISHERS

I should note at this point, however, that along with these successes has come the responsibility for American publishers to deal with some of the real needs that gave rise to pirate operations. We have an obligation to see that through a combination of low-cost manufacturing and enlightened licensing policies the legitimate educational needs of developing countries are met. In countries where currencies are weak or non-convertible, some publishers have already begun authorizing the manufacture of books, not just for marketing there, but also throughout the Third World. This benefits both U.S. publishers and the countries involved, since it suppresses piracy while at the same time it helps to build a legitimate publishing infrastructure.

FUTURE ISSUES

Success in this area, however, is relative rather than absolute. Cleaning up any country's individual market normally leads not to the absolute eradication of piracy, but to the movement of pirate activities to new safe havens albeit at a lower intensity of activity. For example, over the last two or three years, we have seen pirates move from Singapore into Indonesia. Now that Indonesia appears to be making significant real progress toward an improved copyright law, and, ultimately full copyright relations with the United States, those same pirates are picking up and repairing to the South Pacific or the Middle East.

This does not mean, however, that the future of international copyright represents little more than an expensive game of hopscotch as copyright owners and governments stay forever one jump behind the pirates. The world is getting smaller and respect for copyright is growing. In time, probably early in the next century, virtually all nations will belong to the international copyright system and on paper, at least, rights will be secure throughout the world. Until these halcyon days arrive, however, we must continue to deal with new challenges from abroad, creatively combining our traditional reliance on international copyright agreements with new approaches such as using the General Agreement on Tariffs and Trade as an instrument to promote worldwide protection of intellectual property. The stakes are enormous. A study just released by the International Trade Commission indicates that inadequate protection overseas of intellectual property (copyrights, patents and trademarks) may be costing American firms as much as \$61 billion annually.

CHINA

It is worth devoting a special word or two to the People's Republic of China. During the year ahead, the People's Republic of China is likely to enact a copyright law. It seems clear that at first it will protect only works authored by Chinese nationals and works first published in China. Chinese officials, however, have indicated their goal of adhering to the Berne Conven-

tion, the Universal Copyright Convention, or both, soon after the law is enacted. The Chinese market has long seemed intriguing, but largely impenetrable, due to the country's relative poverty and the absence of a copyright law. Now, its experience under the Four Modernizations has led to dynamic economic growth, serious experiments in private entrepreneurship, a nascent copyright law, and more people studying English than live in the United States. Publishers, other copyright owners, and the government all have a large stake in ensuring that China's copyright progress, including normalization of copyright relations, proceeds as rapidly as its economic development. We look forward to the opportunity for another round of direct substantive discussions with the Chinese during the Beijing Book Fair in September 1988.

NEW TECHNOLOGY—PROBLEMS

Some of the most dramatic challenges for American publishers are coming from the mind-boggling array of new technologies that constitute "electro-copying."

The term is used to include all manner of presentation of copyrighted works, generally by computer networks, without regard to whether the user views the work on a video screen, or obtains a computer-printed or facsimile copy of the work. Such systems, in which countless "nodes" may be connected by telephone lines, sometimes seem to augur ill for copyright. Imagine a future in which one copy of a reference work, probably stored on CD-ROM diskettes, resides in a computer to which the whole world has dial-up access.

Using computers that exist today, hundreds of people could simultaneously "read" (and copy) the same part, or different parts, of the work. Obviously the manufacture of the CD-ROM amounts to the making of a copy of the work, and requires permission from the copyright owner. It must be clear that individuals with no relationship to one another, acting independently, who electronically look at different portions of the work amount to "the public," and that the copyright law covers such activities.

An equally serious electro-copying problem, where rights are clearer but enforcement remains difficult, is represented by the ability of users of such systems to copy, on demand, the extract that they have viewed, or even the entire work. Technology can assist here, provided that the designers and operators of the system make users accountable for their copying.

NEW TECHNOLOGY—POSSIBLE ANSWERS

Two interesting experimental programs currently underway are exploring ways of using the new technologies to provide their own answers to the copyright questions they create:

ADONIS is consortium of journal publishers (Blackwell Scientific Publishers, Butterworth Scientific, Churchill Livingstone Medical Journals,

Elsevier Science Publishers, C.V. Mosby, Munksgaard International Publishers, Pergamon Journals, Springer Verlag, Georg Thieme Verlag, and John Wiley) exploring the possibilities of supplying their own publications in machine-readable form to document delivery centers to print out individual articles on demand. The consortium was formed about eight years ago in response to the photocopying explosion of the 1970's and grew out of a desire on the part of publishers to see if the new optical technologies could be used to fill requests for individual articles more cheaply than the cumbersome and labor-intensive photocopying procedures. If these economies could be achieved, royalties could be paid to the copyright owners without increasing users' costs for obtaining the document.

The first phase of the project ended in discouragement in 1984 when it was found that the cost of replicating the disks and the cost of the workstation needed to utilize the system were prohibitive. However, with the advent of CD-ROM technology, these costs were drastically reduced, and the consortium regrouped. The current ADONIS project, which will run through 1989, supplies 219 biomedical journals published in 1987 and 1988 on CD-ROM. The disks are delivered approximately once a week to major document supply centers in Europe, the U.S., Mexico, Australia and Japan and are used to fill requests for individual journal articles received by the centers. ADONIS, thus far, has produced valuable new technological insights into the workings of such a publisher-generated system.

An experimental system now being developed by University Microfilms International (UMI) offers intriguing possibilities. Developed to provide an integrated information system to the library, business and professional communities, the project marries an abstract and index database to full text. Workstation hardware utilizes system software called BART (Billing and Royalty Tracking) which records the volume, issue and page being accessed and copied, producing complete records for compensating the copyright owner. This compensation can be accomplished in the form of a pre-purchased "debit card" — much like a transit fare card — with a specific monetary value from which will be debited royalties and fees each time a copy is made. A compensation system of this type could be used at universities.

In a corporate setting the compensation could be arranged by allocating the copying to specified account numbers. A coin-operated workstation might be used at public libraries. The system seems to offer a flexible and eminently practical way of insuring that copyright holders are equitably compensated for the use of their materials. The pilot program is now running at four universities: Eastern Michigan University, the University of Michigan, Michigan State, and Northwestern, and should provide some interesting marketing insights for publishers.

In the foregoing remarks I have attempted to summarize the compli-

cated, frustrating, exciting and opportunity-laden challenges facing American publishers in the area of copyright. I trust I have conveyed some sense of their determination to protect and strengthen copyright, seeking solutions which will serve the publishing community, libraries, and users and society as a whole. We must nurture our creative energies and foster the free flow of information and ideas, not losing sight of the fact that, as Justice Sandra Day O'Connor stated, "the Framers intended copyright itself to be the engine of free expression."⁹

⁹ Harper & Row Publishers, Inc. v. Nation Enters., 471 U.S. 539, 558 (1985).

PART II

**LEGISLATIVE AND ADMINISTRATIVE
DEVELOPMENTS**

1. United States of America and Territories

176. U.S. CONGRESS. HOUSE.

H.R. 4293. A bill to amend the Copyright laws to provide compulsory licenses only to those cable service providers who provide adequate carriage of local broadcast signals, and for other purposes. Introduced by Mr. Bryant on March 30, 1988; and referred to the Committee on the Judiciary and Energy and Commerce. (100th Congress, 2d Session).

Entitled the "Cable Subscriber Protection Act of 1988," this legislation would amend both the Communications Act and the Copyright Act so that only cable systems abiding by reasonable "must carry" requirements would be eligible for the compulsory license for local signals.

177. U.S. CONGRESS. HOUSE.

H.R. 4310. A bill to extend for an additional 5-year period certain provisions of title 17, United States Code, relating to the rental of sound recordings. Introduced by Mr. Kastenmeier on March 30, 1988; and referred to the Committee on the Judiciary. (100th Congress, 2d Sess.).

This bill would amend the Record Rental Amendment Act of 1984 by extending it an additional 5 years.

178. U.S. CONGRESS. SENATE.

S. 2201. A bill to make certain record rental provisions in title 17, United States Code, the Copyright Act, permanent. Introduced by Mr. DeConcini on March 31, 1988; and referred to the Committee on the Judiciary. (100th Congress, 2d Session).

This bill would repeal section 4(c) of the Record Rental Amendment Act of 1984, thereby making the aforesaid Act permanent.

179. U.S. COPYRIGHT OFFICE.

37 C.F.R., Part 201. Cable compulsory license specialty station and significantly viewed signal determinations; inquiry. Notice of inquiry. *Federal Register*, vol. 53, no. 37 (Feb. 25, 1988), pp. 5591-93.

The Copyright Office is conducting an inquiry into the administration of the cable compulsory license, particularly as it applies to "specialty" and "significantly viewed" stations. The Office is inviting interested parties to address all issues relevant to the determination of policy on how, for purposes of

administering the cable compulsory license, the Office should determine the specialty station and significantly viewed status of a particular broadcast station.

180. U.S. COPYRIGHT OFFICE.

37 C.F.R., Part 203. Freedom of Information Act: schedule of fees and methods of payments for services rendered. Final regulation. *Federal Register*, vol. 53, no. 50 (Mar. 15, 1988), pp. 8456-57.

The Copyright Office has adopted as final the proposed regulation establishing the fees and waiver criteria for requests for copies under the Freedom of Information Act of 1986 (FOIA). This regulation brings the Office's fee schedule and fee waiver rules into compliance with appropriate provisions of the FOIA, the OMB Administration Regulations, and the Justice Department fee waiver policy guideline dated April 2, 1987.

181. U.S. COPYRIGHT OFFICE.

37 C.F.R., Part 201. Assessment of interest on underpaid cable royalties; notice of inquiry. *Federal Register*, vol. 53, no. 90 (May 10, 1988), pp. 16567-69.

During the legal controversy over the Copyright Office's interpretation of "gross receipts" under the cable compulsory license, many cable systems made their royalty calculations according to a formula which differed from that followed by the Office. An appellate decision that was issued early this year upheld the Office's interpretation, and those systems whose calculations resulted in an underpayment of royalties must now submit corrected filings using the proper interpretation of gross receipts. The Motion Picture Association of America has asked the Office to assess interest on these overdue royalties, accruing from the dates on which they should have been paid. Accordingly, the Office is seeking public comment on this and certain other relevant questions.

182. U.S. COPYRIGHT OFFICE.

37 C.F.R., Part 201. Extension of comment period: inquiry on assessment of interest on underpaid cable copyright royalties. *Federal Register*, vol. 53, no. 107 (June 3, 1988), p. 20347.

The Office has extended the public comment period for the inquiry into the question of assessment of interest on underpaid cable copyright royalties under the cable compulsory license. The new deadline for comments is June 30, 1988 and for reply comments is July 10, 1988.

183. U.S. COPYRIGHT OFFICE.

37 C.F.R., Part. 201. Extension of comment period: notice of inquiry on definition of cable systems. *Federal Register*, vol. 53, no. 97 (May 19, 1988), pp. 17962-63.

The Copyright Office is extending for a second time the comment period in its inquiry into the definition of "cable system" as the term concerns the operation of the compulsory licensing mechanism. The purpose of the extension is to elicit comment on the question of whether a satellite carrier that retransmits broadcast signals nationwide to home satellite earth station owners is a "cable system" eligible for a cable compulsory license pursuant to section 111(c). The Office also requests that commenters address the issue of whether such a satellite carrier qualifies for the passive carrier exemption of section 111(a) with respect to certain transmissions and also qualifies as a cable system with respect to others.

184. U.S. COPYRIGHT OFFICE.

Compendium of Copyright Office Practices. Invitation to comment. *Federal Register*, vol. 53, no. 107 (June 3, 1988), pp. 20392-93.

The Office intends to add new Chapters 600 and 1900 to the Compendium of Copyright Office Practices. Chapter 600 is entitled "Registration Procedure" and Chapter 1900 is entitled "Records, Indexes, and Deposits of the Copyright Office; inspection, copying, additional certificates, and other certifications."

185. U.S. COPYRIGHT OFFICE.

Mandatory deposit, Notice of new procedure for requesting prompt exercise of the right to demand under the Motion Picture Agreement. Notice of change in procedure. *Federal Register*, vol. 53, no. 112 (June 10, 1988), pp. 21948.

The Office has adopted a new procedure for processing requests for prompt exercise of the Librarian of Congress' contractual right to demand return of motion pictures under paragraph 5(a) of the Motion Picture Agreement. The new procedure requires that all written requests under paragraph 5(a) be sent directly to the Deposits and Acquisitions Division of the Copyright Office.

186. U.S. COPYRIGHT OFFICE.

Notice of registration decision: registration and deposit of computer screen displays. Final registration decision, policy. *Federal Register*, vol. 53, no. 112 (June 10, 1988), pp. 21817-20.

The new registration policy decision issued by the Copyright Office requires that all copyrightable expression embodied in a computer program, including computer screen displays, and owned by the same claimant, be registered on a single application form. The decision confirms the applicability of 37 C.F.R. secs. 202.3(b)(2), 202.3(b)(3), and 202.3(b)(6) to computer screen displays. It provides that when registering computer screens, applicants will be permitted to deposit visual reproductions of the screen displays

along with reproductions of any accompanying sounds and the identifying material for the computer program code.

187. U.S. COPYRIGHT ROYALTY TRIBUNAL.

1985 Cable royalty distribution proceeding. Notice of final determination. *Federal Register*, vol. 53, no. 43 (Mar. 4, 1988), pp. 7132-40.

The CRT has made final determinations regarding the 1985 cable copyright royalty distributions. The distribution proceeding was conducted in two phases—Phase I to determine the royalty allocations for the various claimant categories and Phase II to make allocations to individual claimants within a category. Under Phase I, the parties agreed to allocations based on those determined in Phase I of the 1983 distribution proceeding. With respect to Phase II, the Tribunal allocated the program supplier category royalty share to the Motion Picture Assn. of America and Multimedia Entertainment, Inc. (99.175% and .825%, respectively). It allotted \$1.00 of the music category royalties to Asociacion de Compositores y Editores de Musica Latinoamericana; the remainder went to ASCAP, BMI, and SESAC collectively.

188. U.S. COPYRIGHT ROYALTY TRIBUNAL.

Cable royalty fund fees; distribution proceedings amendment. Notice of amendment of final determination. *Federal Register*, vol. 53, no. 69 (Apr. 11, 1988), pp. 11895-96.

The Phase II parties in the matter of the 1985 cable royalty distribution proceeding agreed to an award of 0.7% for the National Association of Broadcasters (NAB). The Tribunal has amended its final Phase II allocation in the Program Suppliers category to reflect the NAB award.

189. U.S. COPYRIGHT ROYALTY TRIBUNAL.

Commencing 1986 cable distribution proceeding; partial distribution of royalty fund. Notice. *Federal Register*, vol. 53, no. 77 (Apr. 21, 1988), pp. 13144-45.

The CRT has made two decisions concerning the 1986 cable royalty distribution proceeding: (1) declared a controversy with respect to Phases I and II; and (2) determined that all of the monies available for distribution on April 21, 1988 will be distributed (as requested by the Phase I claimants), the basis being that the additional royalties generated by the appellate decision in *Cablevision v. MPAA* will be sufficient to satisfy all claims that may be made.

190. U.S. COPYRIGHT ROYALTY TRIBUNAL.

1986 Jukebox royalty distribution proceeding. Notice. *Federal Register*, vol. 53, no. 71 (Apr. 13, 1988), p. 12177.

The CRT has concluded that based on the record in the 1986 jukebox royalty distribution proceeding the Asociacion de Compositores y Editores de Musica Latino-americana (ACEMLA) was a copyright owner in 1986. The

question of the ACEMLA's status—copyright owner or performing rights society—having been settled, the Tribunal has directed the organization to produce its written direct case on entitlement.

191. U.S. DEPARTMENT OF DEFENSE.

48 C.F.R., Parts 227 and 252. Department of Defense federal acquisition regulation supplement; patents, data, and copyrights. Interim rule and request for comments. *Federal Register*, vol. 53, no. 63 (Apr. 1, 1988), pp. 10780-98.

The Defense Acquisition Regulatory Council has issued an interim rule amending Parts 227 and 252 of the Defense Federal Acquisition Regulation Supplement. The rule includes regulatory changes required by Section 808, Rights in Technical Data, of P.L. 100-180 and takes into consideration Executive Order 12591, Facilitating Access to Science and Technology. It also addresses certain public concerns raised regarding commercialization and non-disclosure agreements.

192. U.S. FEDERAL COMMUNICATIONS COMMISSION.

47 C.F.R., Part 76. Carriage of television broadcast stations on cable television systems and technical standards for input selector switches. Final rule; stay of compliance date. *Federal Register*, vol. 53, no. 23 (Feb. 4, 1988), p. 3212.

The FCC has suspended the effectiveness of section 76.66 of its rules and stayed the date for complying with the section's input selector switch and consumer education requirements until further notice. The Commission is awaiting clarification of a D.C. Circuit decision which may affect the section. The decision invalidating the agency's must-carry rules and the Commission wants the court to clarify whether the ruling extends beyond the interim mandatory carriage obligations set forth in section 76.5 thru 76.65 to also include the selector and education requirements of section 76.66.

193. U.S. FEDERAL COMMUNICATIONS COMMISSION.

Inquiry into the scrambling of satellite television signals and access to those signals by owners of home satellite dish antennas. Second report. *Federal Register*, vol. 53, no. 57 (Mar. 24, 1988), pp. 9701-2.

The Commission has completed its second and final report on satellite TV signal scrambling. The report describes the progress of home satellite dish (HSD) programming market during the past year, points out the equities of signal scrambling, and analyzes program prices. It recommends that the Congress consider increasing the penalties for piracy. The report also recommends against any additional government regulatory intervention in the HSD market.

194. U.S. FEDERAL COMMUNICATIONS COMMISSION.

47 C.F.R., Part 76. Availability of TV signals on cable systems. Notice of inquiry. *Federal Register*, vol. 53, no. 100 (May 24, 1988), pp. 18588-89.

The Commission is soliciting empirical data, information, and studies concerning the carriage of broadcast television signals on cable systems. The information should include comments regarding any adverse effects on broadcast stations' audiences and revenues that may result from the lack of carriage on local systems or from repositioning of broadcast signals by such cable systems.

195. U.S. PATENT AND TRADEMARK OFFICE.

Extension of previously granted interim orders under the Semiconductor Chip Protection Act of 1984. Extension of interim orders. *Federal Register*, vol. 53, no. 88 (May 6, 1988), pp. 16308-13.

The PTO has extended until May 31, 1989, the termination date of orders granting interim protection for mask works produced in Australia, Belgium, Canada, Denmark, Finland, France, and Federal Republic of Germany, Greece, Ireland, Italy, Japan, Luxembourg, The Netherlands, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.

196. UNITED STATES TRADE REPRESENTATIVE.

Trade Policy Staff Committee; public comments on U.S. negotiations with Costa Rica in the context of the Accession of Costa Rica to the General Agreement on Tariffs and Trade (GATT). *Federal Register*, vol. 53, no. 33 (Feb. 19, 1988), pp. 5072-73.

Costa Rica has announced its intention to accede to the GATT. In connection with the announcement, the Trade Policy Staff Committee is seeking public comment on the accession and on the bilateral negotiations regarding the terms of the accession.

PART IV

**JUDICIAL DEVELOPMENTS IN LITERARY AND
ARTISTIC PROPERTY**

A. DECISIONS OF U.S. COURTS

**196a. RECENT DEVELOPMENTS IN COPYRIGHT: *SELECTED ANNOTATED
CASES***

By DAVID GOLDBERG,* MARY L. KEVLIN,** AND SHIRA
PERLMUTTER***

I. JURISDICTION AND RELATED ISSUES**A. Jurisdiction and Venue**

Vestron, Inc. v. Home Box Office Inc., 839 F.2d 1380 (9th Cir. 1988)

Ninth Circuit reversed dismissal of suit alleging infringement of plaintiff's videocassette distribution rights to "Hoosiers" and "Platoon." Plaintiff had acquired its videocassette rights by contracts with the film's producer which later allegedly terminated the rights and assigned them to defendant. Defendant contended that the only issue in action was ownership of videocassette rights and thus that action did not arise under Act. District court dismissed for lack of subject matter jurisdiction. In rejecting this argument, Ninth Circuit reasoned that "well-pleaded" complaint rule governed and that complaint alleged ownership of rights by plaintiff and infringement by defendant and sought remedies provided by Act. Matters that arise in answer and defenses to complaint do not deprive court of subject matter jurisdiction. Proper avenue of action is to move for failure to state claim if lack of ownership can be demonstrated by affidavits or other materials.

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These annotations were delivered at the 12th Annual Meeting of the Society on June 7, 1988 and were revised on June 15th. The annotations cover cases decided since our report at the Annual Meeting of 1987 and reported through the May 16, 1988 issue of U.S.P.Q. and LEXIS's Circuit Court database in the PATCOP library through May 23, 1988. © 1988 Cowan, Liebowitz & Latman, P.C.

Royal v. Leading Edge Products, Inc., 833 F.2d 1 (1st Cir. 1987)

Court affirmed dismissal for want of subject matter jurisdiction. Complaint stated that while employed by defendant, plaintiff entered into written agreement with plaintiff to produce software in exchange for royalties. Agreement further provided that plaintiff would be entitled to no royalties if terminated for cause. Defendant terminated plaintiff and ceased paying royalties. Plaintiff sought declaration that it was co-owner of copyright in software on theory that contract should be rescinded and ownership rights should revert to plaintiff. Court rejected that action arose under copyright law since in essence action was for breach of contract. Court rejected defendant's argument that construction of work-for-hire doctrine was necessary. Court reasoned that if agreement stood, no construction of Act was necessary. Even if it were rescinded, defendant would own copyright in software as work-for-hire.

Kelley v. April Music, Copyright L. Rep. (CCH) ¶26,268 (S.D.N.Y. 1988)

Court dismissed complaint seeking recovery of songwriter's royalties allegedly due under a publishing contract. Court found that case did not arise under Act because suit was not for copyright infringement, did not require construction of copyright law nor implicate federal copyright policy. Thus court dismissed for lack of subject matter jurisdiction.

Felix Cinematografica, S.r.l. v. Penthouse International, Ltd., 671 F. Supp. 313 (S.D.N.Y. 1987)

Court dismisses action against defendants for distribution of videocassettes of film "Caligula" for lack of subject matter jurisdiction. Parties had previously entered into settlement agreement which defendants contended gave them distribution rights in film. Plaintiff contended that agreement was limited to theatrical distribution rights. Court found that action was really contract action which did not require construction of Act and thus dismissed for want of jurisdiction.

Franklin v. Cannon Films, Inc., 654 F. Supp. 133 (C.D. Cal. 1987)

Court dismissed suit for lack of subject matter jurisdiction where complaint alleged deal memorandum granted exclusive right in movie home videos to plaintiffs which was breached by defendants' sale of rights to others. Court reasoned action did not arise under copyright law because ownership of rights alone was at issue and no comparison of works or interpretation of Copyright Act were required.

CBS Catalogue Partnership v. CBS/Fox Co., 668 F. Supp. 282 (S.D.N.Y. 1987)

Court denied motion to dismiss suit for lack of subject matter jurisdiction. Plaintiff alleged infringement of musical composition copyrights by embodiment in home videos produced and distributed by defendant. Court reasoned that allegations that defendant had entered into agreement with plaintiff to pay royalties if plaintiff negotiated similar arrangements with other home video distributors did not defeat the copyright claim or render copyright claim wholly contingent on resolution of contractual issues. Agreement concerned only past infringement and did not authorize future infringements. Defendant refused to enter into royalty agreement even after plaintiff had negotiated with other distributors. Moreover, court found copyright infringement claim was not contingent on a license dispute, but rather alleged that defendant refused to enter into a license. Thus, court found that action arose under the Act.

National Enquirer, Inc. v. News Group News, Ltd., Copyright L. Rep. (CCH) ¶26,196 (S.D. Fla. 1987)

Both personal and subject matter jurisdiction found to exist over British publisher in suit for unauthorized use of photographs of Joan Collins' wedding. Although defendant was not subject to general personal jurisdiction in Florida, it had sufficient contacts where related to plaintiff's claims to allow court to exercise specific jurisdiction. Plaintiff's copyright claim in particular arose from defendant's distribution in Florida of twelve copies of edition of defendant's newspaper containing Collins' photographs, as well as from defendant's phone calls and telexes to plaintiff's Florida office concerning possible agreement to publish photographs. As to subject matter jurisdiction, although infringing actions that take place outside of U.S. are not actionable, here defendant's distribution in U.S. of 85 copies of edition at issue was sufficient to confer jurisdiction. Although this distribution constituted only .0017% of defendant's total sales on that date, it was not too minimal to consider. Court also rejected defendant's argument that all copies of the edition at issue constituted one single alleged infringement which took place in U.K. Copies distributed in U.S. were sufficiently distinct in time and place from U.K. sales to constitute separate infringement.

Larball Publishing Co. v. CBS Inc., 664 F. Supp. 704 (S.D.N.Y. 1987)

Court refuses to dismiss infringement claims against record company's foreign subsidiaries and affiliates for lack of personal jurisdiction. Although subsidiaries found to be sufficiently independent to avoid status as mere departments of parent company, parent company acted as their agent by doing all the business they could do and they were present by their own officials.

Sollinger v. Nasco International, Inc., 655 F. Supp. (D. Vt. 1987)

Vermont resident sued Wisconsin company in Vermont court for selling infringing copies of his copyrighted "Holstein Stool," a three-legged milk stool containing graphic and sculptural design. Defendant's motion to dismiss for lack of personal jurisdiction denied. By sending catalogues into Vermont to solicit sales, and by entering into transaction with Vermont resident, defendant had purposefully directed its activities at residents of Vermont, and lawsuit resulted from injuries arising out of or relating to those activities. Because defendant expected to do business with Vermont residents, Vermont had interest in adjudicating dispute, and balance of convenience did not tip strongly toward defendant. Court rejected defendant's argument that jurisdiction was not proper because no sale or transfer of ownership took place in Vermont, and therefore § 106(3) of Copyright Act was not violated in Vermont. First, complaint asserted copyright infringement generally, and could not be limited to one subsection of statute. Second, due process does not require that suit arise directly out of defendant's activities in forum state; it need only "arise out of or relate to" activities directed at residents of state. Finally, defendant's contacts with Vermont went beyond placing product in stream of commerce—they were continuous and systematic.

Update Art, Inc. v. Modlin Publishing Ltd., 6 U.S.P.Q.2d 1784 (2d Cir. 1988)

Court found that there was subject matter jurisdiction over infringing copies of plaintiff's Ronbo poster which appeared in defendants' newspapers distributed in Israel. In calculating damages, magistrate included revenues received from defendants' newspapers distributed in Israel as well as those distributed in U.S. Second Circuit affirmed, noting that jurisdiction extended to infringing Israeli newspapers if initial reproduction of plaintiff's poster occurred in U.S. Because defendants had produced no evidence to contradict this fact and in fact were defaulted on damages issue as a Rule 37 sanction for willful failure to comply with discovery orders, Second Circuit declined to find that reproduction of poster occurred in Israel rather than U.S., and affirmed inclusion of Israeli newspapers in damage calculation.

P & D International v. Halsey Publishing Co., 5 U.S.P.Q.2d 1133 (S.D. Fla. 1987)

Subject matter jurisdiction upheld in suit for unauthorized copying and performance of travel film on cruise ships in Caribbean. Court first rejected defendants' argument that because fundamental controversy was ownership of copyright in film, suit did not "arise under" Copyright Act as required by 28 U.S.C. § 1338(a). As plaintiff alleged infringement, determination of ownership was merely a threshold inquiry, not essence of claim. Second,

although U.S. copyright law as a general rule has no extraterritorial effect, defendants' initial act of copying allegedly took place in U.S. Accordingly, defendants could be liable under U.S. law for subsequent performances of the film on cruises to St. Thomas, which would constitute additional, related infringing acts. Finally, *forum non conveniens* motion denied. Access to sources of proof would be easier in U.S. than in United Kingdom, enforcement of any judgment would be more readily available here, and forum state had direct interest in litigation as location of initial allegedly infringing act. In addition, U.S. had strong interest in protecting valuable property interests through its copyright law, especially where infringements were alleged within U.S. borders, and application of foreign law not so difficult as to warrant dismissal.

Fantasy, Inc. v. Fogerty, 664 F. Supp. 1345 (N.D. Cal. 1987)

Although U.S. copyright laws generally do not have extraterritorial effect, court noted that where some infringing acts occur in U.S., such as illegal authorization of use of copyrighted work abroad, court has jurisdiction to impose constructive trust on extraterritorial profits. Plaintiff contended that defendants, within U.S., illegally authorized reproduction of song performances abroad. Court found that disputed factual issues existed and thus denied plaintiff's motion for summary judgment on issue.

Caraljo Music, Inc. v. MCA Records, Inc., No. 87-5975, (E.D. La. March 31, 1988)

Motion for change of venue granted in case alleging release of plaintiffs' song without proper attribution. Although plaintiff in copyright action has greater original choice of venue than in other civil cases, choice is limited by availability of § 1404(a) transfer, which applies also in copyright actions. Such transfer appropriate here, as several of defendant's potential witnesses resided in California and much of necessary documentation located there. In addition, Southern California's role as both location of events involved in lawsuit and center of music industry gives it greater interest in case than Louisiana, where plaintiffs resided. Court also noted defendant's possible problem in obtaining jurisdiction over potential third-party defendant. Plaintiffs' difficulty in traveling to California held outweighed by factors favoring transfer, but transfer conditioned on defendant's agreement to ease plaintiffs' financial burdens.

Nelsen Communications, Inc. v. Commtron Corp., 4 U.S.P.Q.2d 1571 (N.D. Ill. 1987)

Motion to transfer granted in suit for unauthorized distribution of motion picture. Venue proper in both transferor and transferee districts, and transfer would serve interests of justice and convenience of parties and wit-

nesses. First, pendency of legally and factually similar case in transferee district mandated transfer as matter of judicial economy. Plaintiff's request for stay until completion of other case would not conserve judicial resources because parties not identical and issue preclusion therefore not available. In addition, accommodation of material, non-party witnesses in transferee district was more important than accommodation of plaintiff's employees, the nature of whose anticipated testimony had not been specified.

B. Standing

Moran v. London Records, Ltd., 827 F.2d 180 (7th Cir. 1987)

Commercial announcer sued record company and recording artists for unauthorized use of his recorded performance for a dog food commercial in a song entitled "Junk." Seventh Circuit affirmed dismissal for lack of standing. Plaintiff's recording was a work made for hire under terms of his agreement with dog food manufacturer. While beneficial owner of copyright need not have been part of chain of title to sue for infringement, plaintiff, as employee in work for hire situation, was not a beneficial owner. Fact that agreement with manufacturer gave plaintiff right to bargain for and receive additional compensation for any use of recording other than in television commercial did not confer beneficial ownership of copyright in work.

Ocasek v. Hegglund, 673 F. Supp. 1084 (D. Wyo. 1987)

Court denied defendant's motion to amend answer to assert that owners of song copyrights lacked standing to sue for infringement of performance rights. Defendant contended that plaintiffs failed to comply with state licensing statutes. Court rejected argument, noting that failure to comply with state licensing statute does not bar enforcement in federal court of rights granted by federal statute. In any event, court noted that state statutes were applicable only to ASCAP, not to plaintiffs. Court also rejected that ASCAP should be joined as an indispensable party, since as nonexclusive licensing agent for plaintiffs, ASCAP was not real party in interest.

Original Appalachian Artworks, Inc. v. Schlaifer Nance & Co., 679 F. Supp. 1564 (N.D. Ga. 1987)

Original Appalachian Artworks ("OAA"), creator of CABBAGE PATCH KIDS dolls, entered into an agreement with defendant granting defendant exclusive worldwide rights to license designs derived from CABBAGE PATCH KIDS. OAA designed a group of toy bears and directly licensed another to produce bears under FURSKINS mark. Defendant claimed that it had exclusive right to authorize licensing of product under contract with OAA and that its copyright interests were thus infringed. Court held that defendant lacked standing to assert copyright infringement claim because defendant's rights derived solely from contract with OAA and

not from copyright law. Additionally, court granted plaintiffs' motion for partial summary judgment on defendant's counterclaims based on theory that FURSKINS bears were derived from CABBAGE PATCH KIDS. Court looked to definition of derivative work in Act and concluded that the works were not substantially similar as a matter of law and therefore that FURSKINS bears were not derived from CABBAGE PATCH KIDS dolls.

Hearn v. Meyer, 664 F. Supp. 832 (S.D.N.Y. 1987)

In lawsuit alleging infringement of copyrighted book co-authored by plaintiff, plaintiff held not to have standing to sue. Plaintiff was neither legal owner of copyright nor entitled to royalties under publishing agreement. Fact that publisher agreed to negotiate royalty arrangement with authors if it decided to do second printing, or to assign copyright to them if it decided not to, did not establish present interest, but mere possibility of reverter insufficient to constitute beneficial interest. Copyright Act of 1976 did not expand concept of beneficial ownership, but merely codified prior case law. If possibility of reverter were sufficient, every author would be beneficial owner, because in almost every case author or his successors can recapture copyright through termination or reversion of renewal rights under §§ 203 and 304 of Act.

C. *Jury Trials*

Billy Steinberg Music v. Cagney's Pub. Inc., No. 87 C 2546 (N.D. Ill. April 8, 1988)

Court rejected that defendants were entitled to jury trial in musical composition infringement suit involving only question of statutory damages. Although noting conflict in circuits, court reasoned that statutory damage remedy is equitable and thus agreed with majority position that rejects jury trial claim on such damages. Court also rejected that finding of willfulness is requisite to an award in excess of minimum \$250 statutory damages per infringement.

D. *Joinder*

P & D International v. Halsey Publishing Co., 5 U.S.P.Q.2d 1133 (S.D. Fla. 1987)

In suit for unauthorized copying and exhibition of film, defendant ship line sought to join its former advertising agency as indispensable party. Defendant had originally exhibited plaintiff's film pursuant to agreement between plaintiff and advertising agency, and claimed its relationship with agency made film work for hire. Court rejected argument, finding joinder not necessary. Agency was not alleged to have or claim interest in film, and was merely possible infringer or witness. Furthermore, defendant did not show

likelihood of being subjected to multiple suits if agency not joined, as determination that plaintiff owned copyright would not encourage agency to sue.

Hulex Music v. C.F. Maintenance & Property Management, Inc., Copyright L. Rep. (CCH) ¶26, 093 (D. Neb. 1987)

In suit for unauthorized public performance of copyrighted songs, defendants' motion to join ASCAP as third-party defendant denied. As plaintiffs' licensing agent, ASCAP not legal or beneficial owner of copyright, nor did it have or claim interest in copyright as required by § 501(b). Defendants' claim that ASCAP wrongfully refused to offer them proper form of license did not arise out of same occurrence as plaintiffs' infringement claims, which could be adjudicated without ASCAP's participation. Finally, because defendants' claim against ASCAP would necessarily implicate consent decree regulating ASCAP's licensing activities and might lead to conflicting judgments, courts should defer to court retaining jurisdiction over that decree.

Cass County Music Co. v. I.G.L. Racquet Club, Inc., 666 F. Supp. 162 (N.D. Iowa 1987)

In lawsuit by several music publishers for unauthorized public performance of musical compositions, defendants' motion to dismiss for failure to join ASCAP as plaintiff denied. Court rejected defendants' claim that ASCAP, not plaintiffs, was real party in interest. ASCAP is not legal owner of an exclusive right under Copyright Act, but has only nonexclusive right to license nondramatic performances.

E. Justiciability

United Christian Scientists v. Christian Science Board of Directors, 829 F.2d 1152 (D.C. Cir. 1987)

Court holds declaratory judgment action brought by dissenting branch of church, challenging constitutionality of private law granting First Church of Christ, Scientist, new and extended copyrights in all editions of Church's central theological text, to be actual controversy, and ripe for judicial resolution. Applying rule established by patent cases, court holds defendant's conduct, consisting of prior record of infringement charges, implied threats, and failure to disavow interest in suing, supported objectively reasonable apprehension of impending litigation. In addition, plaintiff had present intention and ability to disseminate copies of text, and would do so but for threat of suit. Moreover, case was ripe for adjudication. Record was adequate as to both legislative purpose and effect of statute, and deferral would cause considerable hardship to plaintiff, forcing it to undergo burden of producing and disseminating copies in order to test validity of defendant's copyright in infringement suit.

Texas v. West Publishing Co., 6 U.S.P.Q.2d 1472 (W.D. Tex. 1988)

Action by State of Texas seeking declaratory judgment that West Publishing Co. does not own valid copyright in statutory headings and article numbers used in its published arrangement of Texas statutes dismissed for lack of actual controversy. Court adopts test from patent and trademark cases requiring plaintiff to show that defendant's conduct gave rise to reasonable apprehension of litigation. State had not met this burden, as West had never accused it of infringement or threatened litigation. Mere fact that State was publishing statutes in arrangement in which West claimed copyright, despite State's concern, was insufficient to create actual controversy.

F. Discovery

Ocasek v. Hegglung, 673 F. Supp. 1084 (D. Wyo. 1987)

Court grants protective order to owners of song copyrights against taking their depositions in performance rights infringement suit. Because ASCAP is enforcer of musical performance rights, much of relevant information was not within plaintiffs' knowledge. Also, since plaintiffs requested statutory damages, elements considered depended on defendant's conduct rather than extent of injury to plaintiff. In view of purpose of ASCAP to enforce rights which individual owners would practically be unable to enforce, on balance court finds that any relevant information sought from plaintiffs could be obtained by interrogatories.

Stone City Music v. Thunderbird, Inc., Copyright L. Rep. (CCH) ¶26,228 (N.D. Miss. 1987)

Court grants plaintiff's motion for protective order against defendants' taking deposition of Bruce Springsteen in suit brought by ASCAP for infringement of performance rights of members' (including Springsteen's) musical works. Court accepted that Springsteen would have little knowledge of relevant facts and that other less burdensome discovery procedures would be available to defendants.

III. COPYRIGHTABILITY

A. Fact-Based Works

Hearn v. Meyer, 664 F. Supp. 832 (S.D.N.Y. 1987)

Summary judgment granted to defendants on claim that their book "A Treasury of the Great Children's Illustrators" copied plot, structure and/or organization of plaintiff's unpublished manuscript, "The Pictured World," which discussed lives and works of various artists. Because plaintiff's work dealt solely with historical subject matter and interpretations, and because plot derived solely from artist's lives, plot held uncopyrightable under *Hoehling v. Universal City Studios, Inc.*, 618 F.2d 972 (2d Cir.), cert. denied,

449 US. 841 (1980). Structure of work, constituting chapters organized according to theme, each discussing various artists, and structured chronologically, found standard and not distinctive, and therefore also not copyrightable. Nor was plaintiff entitled to protection under cases dealing with compilations, as manuscript was not compilation of raw data like directory or list.

B. *Compilations*

Stanford University v. Associated Business Consultants, Inc., Copyright L. Rep. (CCH) ¶26,243 (D. Kan. 1987)

Court found that plaintiff's vocational inventory survey was copyrightable and infringed by defendant's substantially similar work. Court rejected defendant's arguments that plaintiff's work lacked copyrightable authorship. A previous version of plaintiff's survey had gone into the public domain, but court found copyrighted version contained significant and non-trivial changes in testing materials, scoring techniques and weights to be given to answers. Court also rejected that plaintiff's testing scales were uncopyrightable research or blank forms. Court reasoned that unlike historical facts, plaintiff's testing scales were forms of expression. Further, plaintiff's scales conveyed information. Because defendant's vocational survey was substantially similar, court enjoined defendant's use and awarded statutory damages and attorney's fees.

Bibbero Systems, Inc. v. Colwell Systems, Inc., No. C 87-6145 (N.D. Cal. Feb. 29, 1988)

Court holds that plaintiff's superbill form with spaces for patient information and chart with lists of procedures and diagnoses is not copyrightable as matter of law. Plaintiff designed form for use by doctors who fill in patient information, check applicable procedures and diagnoses and then send form to insurers. Court found that form did not convey information and thus was uncopyrightable blank form under *Baker v. Selden*, 101 U.S. 99 (1879), and 37 C.F.R. § 202.1(c).

Matthew Bender & Co. v. Kluwer Law Book Publishers, Inc., 672 F. Supp. 107 (S.D.N.Y. 1987)

Format of plaintiff's chart for recording information about personal injury and wrongful death awards in tort actions held non-copyrightable as a matter of law. Defendant used similarly formatted chart but selected mostly different cases and did not copy plaintiff's case descriptions. Because there were limited ways in which to organize categories of information in a useful and accessible manner, idea-expression merger principle applied. Moreover, court found that format of chart itself did not convey information but was a vehicle for recording information. Specific column headings represented nor-

mal way of referring to key aspects of cases and were only sensible ones for recording such information. Choice and organization of categories thus did not require judgment and creativity necessary for compilation copyright.

Illinois Bell Telephone Co. v. Haines and Co., No. 85 C 07644 (N.D. Ill. April 13, 1988)

Court found that defendants' telephone directories infringed copyrights in plaintiff's Chicago area white page directories as a matter of law. Defendants' directories had a different format. Some listed streets in an area alphabetically with address in ascending numerical order followed by resident's name. Others listed telephone numbers in ascending numerical order followed by name and address. In addition, nonresidential addresses were indicated by bold type and there was additional information not contained in plaintiff's directories. Defendants' directories also comprised different geographical areas from plaintiff's. Defendants originally had licensed use of plaintiff's telephone directory listings but declined to renew the license. Defendants nevertheless continued using plaintiff's white page directories to ascertain new or changed listing information in defendants' directories from previous years which information was added to defendants' database. Court found that plaintiff's name, address and telephone number listings were profitable material. Court read Seventh Circuit's decision in *Rockford Map Publishers, Inc. v. Directory Service Co.*, 768 F.2d 145 (1985), cert. denied, 474 U.S. 1061 (1986), as reaffirming principle that a second compiler must independently assemble his information. Court found that defendants' use of new and changed listing information from plaintiff's white page directories constituted infringement. Fact that defendants altered arrangement of information and added additional information to their directories did not change result. Court also found that fair use defense was unavailable because defendants had failed to conduct an independent canvass for information and instead relied upon plaintiff's directories.

Southwestern Bell Media, Inc. v. Trans Western Publishing, Inc., 670 F. Supp. 899 (D. Kans. 1987)

In suit for infringement of yellow pages telephone directory, court finds that materials copied by defendant from plaintiff's directory are protected by copyright. First, court rejects defendant's argument that plaintiff's heading classifications are unprotectible because they are uniform in the industry and contain no originality. Defendant copied headings from plaintiff's directory rather than from standard industry heading list, and copied not only headings, but list of businesses appearing under headings. As businesses could be listed under more than one heading, plaintiff's unique arrangement of businesses under each particular heading constituted protectible compilation. Second, defendant did not copy only unprotected facts; it took form and ex-

pression as well, using essentially same format as plaintiff's compilation. Protection for yellow pages directory is not limited to protection against exact reproduction for commercial profit. Components of yellow pages result from years of effort, goodwill, innovative graphics and financial investment, and competitor must not be allowed to avoid liability by merely touching up copy so it does not appear outwardly identical. Finally, as to defendant's argument that most of plaintiff's directory was republication of material from previous directories, defendant provided no basis for separating new and preexisting material, and compilation must be viewed as whole. Moreover, even if Bell Telephone and not plaintiff held copyright in material from previous directories, plaintiff was entitled to sue as beneficial owner.

Rural Telephone Service Co. v. Feist Publications, Inc., 663 F. Supp. 214 (D. Kan. 1987)

Plaintiff's copyright in its telephone directory white pages held valid and infringed as a matter of law. Defendant's telephone directory covered areas of several different local telephone companies. Plaintiff was only company with which defendant was unable to enter a license agreement for use of white pages. In plaintiff's area, defendant started with plaintiff's white page listings and deleted listings and sorted others by town. The remaining listings were then verified. Court rejected argument that white page listings are not copyrightable and found that failure of defendant to start with an independent canvas which was then checked against plaintiff's directory deprived defendant of a fair use defense. Court also refused to extend patent misuse defense to copyright area and thus found defendant's antitrust counterclaims could not form the basis of a defense to copyright infringement.

C. *Pictorial, Graphic and Sculptural Works*

Brandir International, Inc. v. Cascade Pacific Lumber Co., 834 F.2d 1142 (2d Cir. 1987)

Divided Second Circuit panel adopts test of conceptual separability espoused by Professor Denicola and affirms that bicycle rack design is not copyrightable as a matter of law. Courts are required to draw line between noncopyrightable works of industrial design and copyrightable works of artistic craftsmanship. Court finds Denicola test of conceptual separability as best method of drawing line. Court states test: "if design elements reflect a merger of aesthetic and functional considerations, the artistic aspects of a work cannot be said to be conceptually separable from the utilitarian aspects. Conversely, where design elements can be identified as reflecting the designer's artistic judgment exercised independently of functional influences, conceptual separability exists." In applying test to plaintiff's bicycle rack, court noted that design had won industrial design awards and though inspired by wire sculptures was influenced significantly by utilitarian concerns.

Court thus found artistic features of rack were not conceptually separable. Court distinguished concept of functionality in trademark law which inquires into whether features are essential to use or purpose of product or affect cost or quality. Court thus reversed finding of functionality on plaintiff's Lanham Act and unfair competition claims and remanded for trial as to those issues.

Reader's Digest Association, Inc. v. Conservative Digest, Inc., 821 F.2d 800 (D.C. Cir. 1987)

Court affirms that "Reader's Digest" cover layout is copyrightable graphic work which was infringed by "Conservative Digest's" virtually identical layout. Although none of individual elements of cover design, such as ordinary lines, typefaces and colors, were protectible, distinctive arrangement and layout of "Reader's Digest" cover created protectible work.

Demetriades v. Kaufman, 680 F. Supp. 658 (S.D.N.Y. 1988)

Court preliminarily enjoined further use of infringing architectural plans in construction of luxury home but refused to enjoin construction of home. Plaintiff developers owned copyright in architectural drawings for a luxury home constructed by plaintiffs. Defendants who admitted design contracted with a builder to construct a home using substantially identical design. Defendants conceded unauthorized possession of plaintiffs' copyrighted plans which were traced in plans used by defendant. Plaintiffs moved for preliminary relief seeking a halt to construction of defendants' home which was in progress. Relying on distinction drawn in *Baker v. Selden*, 101 U.S. 99 (1879), between explanation and use, court found copying of plaintiffs' drawings to be an infringement. Court thus preliminarily enjoined any further copying of plaintiffs' plans and any further reliance upon infringing copies of those plans, and ordered impoundment of all infringing copies of plaintiffs' plans. Court, however, refused to enjoin construction of defendants' home.

D. Government Works

Regents of the University of Minnesota v. Applied Innovations, Inc., 5 U.S.P.Q.2d 1689 (D. Minn. 1987)

In suit by owners of copyrighted psychometric test against creator of computer program designed to score test, court rejects defendant's argument that test was uncopyrightable because work was funded in part by Works Progress Administration. WPA's operating procedure stating that reports published from studies financed by WPA shall not be copyrighted was not binding on plaintiffs, because not published in Federal Register and plaintiffs not aware of it. In addition, WPA itself construed test publications as not devoted primarily to results of WPA projects, and therefore within exemption to operating procedure.

E. Originality of Authorship

Jon Woods Fashions, Inc. v. Curran, Copyright L. Rep. (CCH) ¶26,264 (S.D.N.Y. 1988)

Register's refusal to register fabric design held not arbitrary, capricious or an abuse of discretion as a matter of law. Fabric design consisted of stripes with superimposed grid of squares. Register determined that combination of familiar symbols or designs lacked minimal level of creative authorship necessary for copyright protection. Court determined that under arbitrary or capricious standard of Administrative Procedure Act, applicable to review of refusal to register decisions under § 701(d) of Copyright Act, that Register's refusal was within his clear discretion. Court accordingly granted summary judgment to Register.

Raffoler Ltd. v. Peabody & Wright Ltd., 671 F. Supp. 947 (E.D. N.Y. 1987)

Court denies motion to dismiss claim that defendants copied print advertisements of plaintiff mail order company. First, court rejects defendants' argument that plaintiff's copyrights were invalid because components of advertisements, such as slogans, title and lay-out, were unprotectible. Advertisements in their entirety contained original effort and creativity, consisting of plaintiff's distinct and original selection and combination of slogans, copy, title and arrangement of words and illustrations. As to defendant's claim that material alleged to have been infringed was preexisting and not protected by plaintiff's copyrights, extent to which plaintiff's ads were derivative works was issue of fact.

Haan Crafts Corp. v. Craft Masters Inc., Copyright L. Rep. (CCH) ¶26,265 (N.D. Ind 1988)

Because most of plaintiff's sewing pattern designs were copied from other designs with minor changes, court held patterns lacked requisite original authorship and denied a preliminary injunction except with respect to two designs which exhibited requisite originality. Court also denied preliminary relief as to defendant's catalog. Because factual works such as catalogs are entitled only to a narrow scope of protection in light of limited ways of expressing such material, court found no substantial similarity with small amount of protectible parts of plaintiff's catalog.

Hygiene Industries v. Ex-Cell Home Fashions, Inc., Copyright L. Rep. (CCH) ¶26,226 (S.D.N.Y. 1988)

On preliminary injunction motion in suit for infringement of copyrighted shower curtain design, court finds plaintiff likely to succeed in establishing that its design was independently created and sufficiently original to merit

copyright protection. Although plaintiff followed industry practice of using preexisting fabric remnant as inspiration, plaintiff's design created entirely different overall impression.

Informal Opinion of Illinois Attorney General, Copyright L. Rep. (CCH) ¶26,182 (Oct. 19, 1987)

State Attorney General concludes that legislative bill making official classification and numbering of state statutes would not infringe copyright of statutes' publisher, West Publishing Company. Because classification and numbering scheme was developed and maintained by state and others, it was not an original work of authorship by West and was not covered by West's compilation copyright.

Hearn v. Meyer, 664 F. Supp. 832 (S.D.N.Y. 1987)

Plaintiff, an author, claimed that defendants' book "A Treasury of the Great Children's Illustrators" infringed copyrights in several of his books and articles. Summary judgment granted to defendants on claim that they copied plaintiff's reproductions of original public domain illustrations from famous children's book, "The Wonderful Wizard of Oz." Court holds reproductions as matter of law do not satisfy requirement of originality and are therefore not copyrightable. Slight variations in color found insufficient, as they were not claimed to have been created intentionally and did not express plaintiff's artistic viewpoint. Great effort and time expended in creating reproductions also insufficient, as plaintiff did not convert illustrations into another medium or form, but merely reproduced them. Finally, benefit to public in making available reproductions of rare illustrations does not mandate copyright protection; plaintiff should not be permitted to monopolize right to reproduce rare public domain works.

Regents of the University of Minnesota v. Applied Innovations, Inc., 5 U.S.P.Q.2d 1689 (D. Minn. 1987)

Plaintiffs, owners of copyright in psychometric test designed to assess personality traits, sued creator of computer program designed to score plaintiffs' test. Court holds various components of plaintiffs' work, consisting of test statements, testing data used to interpret test results, and tables correlating different versions of the test, all copyrightable as original works of authorship. Test statements found to be more than uncopyrightable short phrases within meaning of 37 C.F.R. § 202.1(a) despite their terseness, as creation involved authors' goal. In addition, although authors relied on prior works, they did not actually copy them, but used and redrafted ideas they contained with significant modifications. As to testing data, relying on *Rubin v. Boston Magazine Co.*, 645 F.2d 80 (1st Cir. 1981), court rejects defendant's argument that methods used to assess human characteristics are simply discovered facts

not eligible for copyright protection. Here, authors exercised significant judgment and creative intellectual effort in developing system of interpretation. Finally, correlation tables held protectible as compilation. Plaintiffs' efforts in compiling, sorting, arranging and presenting information contained in tables were sufficient to satisfy "sweat of brow" test of *Hutchinson Telephone Co. v. Frontier Directory Co.*, 770 F.2d 128 (8th Cir. 1985).

E. Mishan & Sons, Inc. v. Marycana, Inc., 662 F. Supp. 1339 (S.D.N.Y. 1987)

Kitchen magnet constituting assemblage of square white card with verse written in calligraphy and glued on imitation flower which was mounted on cardboard square covered with calico surrounded by gathered eyelet lace, held sufficiently original to constitute copyrightable work. Court found fact that work was not novel but was in long-established style of Americana magnets did not detract from fact that it constituted work of independent authorship.

Harper House, Inc. v. Thomas Nelson Publishers, Inc., 4 U.S.P.Q. 2d 1897 (C.D. Cal. 1987)

On motion for judgment notwithstanding the verdict, plaintiff's "Day Runner" and "Running Mate" organizer books held copyrightable. Although organizers prescribed system for organizing events of day-to-day life, plaintiff's copyrights encompassed unique expressions of idea of daily planning and organization, developed through great deal of original thought and work. This work, consisting of unique selection, format and combination of forms and information, constituted original work of authorship. Moreover, plaintiff's organizers embodied more than trivial variation of pre-existing organizers. Plaintiff's effort in expending substantial time, energy and thought to produce new products designed to provide greater utility to consumers was alone within scope of copyright protection.

Jeffrey v. Cannon Films, Inc., 3 U.S.P.Q.2d 1373 (C.D. Cal. 1987)

Defendant's film about arm wrestling entitled "Over The Top" and promotional tournaments did not infringe plaintiff's arm wrestling book. Plaintiff claimed defendant's film infringed copyright in phrase "Over The Top" which was a chapter title and phrase used in plaintiff's book. Court rejected argument reasoning that apart from some musical phrases, simple short phrases and titles are not copyrightable and in any event as name of an arm wrestling technique, phrase is name of unprotectible idea. Plaintiff also claimed that defendant's promotional arm wrestling tournaments and exhibitions infringed plaintiff's copyright in arm wrestling rules and forms contained in plaintiff's book. Because of narrow range of variation in rules,

absence of close paraphrasing by defendant, as well as fact that arm wrestling is a type of unprotected method or operation, court found no infringement.

Dolori Fabrics, Inc. v. Limited, Inc., 662 F. Supp. 1347 (S.D.N.Y. 1987)

Plaintiff's fabric design which was based on another work was a sufficiently distinguishable variation to be a copyrightable derivative work. Plaintiff's copyright was infringed by defendant's design which duplicated the first 18" of plaintiff's 25" design.

Sebastian International, Inc. v. Consumer Contact (PTY), Ltd., 664 F. Supp. 909 (D.N.J. 1987), later proceeding, No. 87-1995 (D.N.J. March 11, 1988), *rev'd on other grounds*, No. 87-5439 (3rd Cir. May 25, 1988)

Texts printed on hair care/beauty products held sufficiently creative to be copyrightable. As language used was more than simple list of ingredients, directions, or catchy phrase, plaintiff was entitled to protection against copying.

III. OWNERSHIP

A. Work For Hire

Community For Creative Non-Violence v. Reid, No. 87-7051 (D.C. Cir. May 20, 1988)

D.C. Circuit adopts Fifth Circuit's literal interpretation of work-for-hire doctrine articulated in *Easter Seal Society v. Playboy Enterprises*, 815 F.2d 323 (5th Cir. 1987), *cert. denied*, 108 S. Ct. 325 (1988), and rejects Second Circuit's actual control interpretation set forth in *Aldon Accessories Ltd. v. Spiegel, Inc.* 738 F.2d 548 (2d Cir.), *cert. denied*, 469 U.S. 982 (1984). D.C. Circuit reasoned that literal interpretation was most consistent with language and legislative history of two-part work-for-hire definition of 1976 Act. Under literal interpretation, a work is one made for hire under first part of definition only if created by formal employee or employee under agency principles. Under second part of definition a work by an independent contractor is one made for hire only if work falls within specific categories set forth in second part of definition and parties so agree in writing. After conceiving idea of a modern Nativity scene of three homeless people huddled over steam grate to publicize plight of homeless, plaintiff organization reached agreement with defendant to sculpt three human figures and a cart containing their belongings. Plaintiff arranged for construction of steam grate pedestal and requested various changes in plaintiff's arrangement of human figures. District court found resulting sculpture was work made for hire owned by plaintiff organization. Appellate court reversed, reasoning that defendant was independent contractor and not employee under agency law. Sculpture could not be work for hire, since work did not fall within specifically defined categories of second part of definition and since parties had not so agreed in writing.

Appellate court remanded for further findings as to whether work was one of joint authorship.

Vane v. Fair, Inc., 676 F. Supp. 133 (E.D. Tex. 1987)

Company that retained photographer to take series of slides and photographs for various advertising mailers used slides in television advertising without photographer's permission. In infringement suit by photographer, slides held not to be works made for hire. Applying test of *Easter Seal Society v. Playboy Enterprises*, 815 F.2d 323 (5th Cir. 1987), court finds that photographer was independent contractor, not employee, and that slides were not works specially ordered or commissioned within statutory definition of work made for hire. While employees of defendant were present and made suggestions during photo sessions, defendant neither had nor exercised right to supervise and direct plaintiff's work. Plaintiff selected and posed models, provided his own materials, and had full discretion as to means by which desired result would be obtained.

Shauers v. Bd. of County Commissioners of County of Sweetwater, 746 P.2d 444, Copyright L. Rep. (CCH) ¶26,198 (Wyo. S. Ct. 1987)

In suit involving ownership of various rights in computer software, court holds that ownership of material objects in which programs are embodied is not determined by work-for-hire doctrine. That doctrine relates only to ownership of rights comprised in copyright, which is different from ownership of material objects in which copyrighted work is embodied. Court determines ownership of material objects by principles of contract law instead.

Sigler v. National Network of Asian and Pacific Women, Copyright L. Rep. (CCH) ¶26,144 (D.D.C. 1987)

Grant proposal prepared by plaintiff for funding application submitted by defendant organization to U.S. Department of Education held a work made for hire. Proposal was prepared under direction and supervision of organization's chairperson, and was not solely or primarily plaintiff's creative product, but was compiled from materials given to her by chairperson. In addition, while plaintiff was not organization's employee in traditional master-servant sense, she worked pursuant to contractual arrangement providing that she would become Project Director if funding was granted. Because organization was motivating factor in production of proposal, and possessed right to direct and supervise manner in which proposal was prepared, it owned the copyright.

Hudson v. Good Rush Messenger Service, Inc., Copyright L. Rep. (CCH) ¶26,089 (S.D.N.Y. 1987)

Computer programs created for defendants' messenger service office operations were held not to be works for hire. Defendants hired plaintiff to furnish programs for defendants' office operations for a monthly fee plus a monthly maintenance fee. Plaintiff later spent four months enlarging and modifying program for a new computer for which he was compensated on a monthly basis. Court held copyright in program was not infringed because plaintiff had contracted to furnish object code to defendants for which he was fully paid. Court refused to force plaintiff to turn over source code of program to defendants, however, finding program was not work for hire under *Aldon Accessories Ltd.* because defendants did not exercise requisite control over creation of programs.

B. *Transfer of Ownership*

Bourne Co. v. MPL Communications, Inc., 675 F. Supp. 859 (S.D.N.Y. 1987), *modified*, 678 F. Supp. 70 (S.D.N.Y. 1988)

Plaintiff music publisher, who had acquired renewal copyright in song during authors' lifetime, sued to establish rights in song for post-termination copyright term. Co-author's widow had served notice of termination on plaintiff grantee, but died before effective date, and termination rights passed under her will to her then husband. He also died before date termination became effective, and copyright passed under his will to his daughter, who then conveyed rights to plaintiff. Court rejected claim by one of defendants that it was entitled to royalties for post-termination copyright term because it had acquired from legatee of widow rights to specific bequest of all royalties to which she might be entitled. Court first finds not basis to conclude that widow had intended to separate royalties for post-termination period from other termination rights. In any event, court holds, such royalties cannot be bequeathed prior to effective date of termination, as contrary result would be inconsistent with both statute and legislative purpose. It would make little sense to forbid transfer of post-termination rights prior to effective date of termination to anyone other than original grantee if most valuable aspect of those rights could be assigned or bequeathed. Moreover, plaintiff's contention that statute creates exclusive period of negotiation and right of first refusal in favor of original grantee or its successor. This interpretation contravenes clear meaning of statutory language, and is not supported by legislative history.

C. *Joint Works and Co-Ownership*

In re Marriage of Worth, 4 U.S.P.Q.2d 1730 (Cal. Ct. App. 1987)

Court holds that copyrights in works created by one spouse during mar-

riage are community property in California. Husband had written and published trivia books during his marriage, and wife claimed entitlement to one-half of any proceeds husband received as result of infringement suit. Court agreed, reasoning that community property encompasses intangible as well as tangible property. Court rejected that such an interpretation was in conflict with and preempted by Act. Although copyright vests initially in author of work, § 201(d)(1) provides for transfer by contract, will or operation of law. Here, court reasoned that a transfer by operation of law occurred. Court also rejected that ownership rights and division of marital property are in any way equivalent to copyright rights. § 301 thus did not preempt wife's claim.

Community For Creative Non-Violence v. Reid, No. 87-7051 (D.C. Cir. May 20, 1988)

Having reversed district court's finding that sculpture was work made for hire owned by plaintiff organization, appellate court remanded for findings as to whether sculpture was joint work created both by plaintiff and defendant. Plaintiff organization conceived of idea of modern Nativity sculpture comprised of three homeless people huddled over steam grate. Defendant agreed to sculpt three human figures and shopping cart containing their belongings. In course of creating work, defendant changed arrangement and form of figures at plaintiff's request. Plaintiff also arranged to have steam grate pedestal constructed. Appellate court noted that present record indicated sculpture may be joint work. Contribution of plaintiff organization in conceiving idea, title and legend for work, in guiding defendant's expression of human figures and in arranging for construction of pedestal appeared to meet the more than *de minimis* contribution required of a joint author. Appellate court, however, remanded for further findings so that defendant would have full opportunity to rebut plaintiff's joint authorship claim.

Weissman v. Freeman, No. 87 Civ. 6069 (S.D.N.Y. May 3, 1988)

Court held that defendant was joint author with plaintiff of medical paper at issue and thus that defendant could permissibly use paper as a handout in connection with a lecture delivered by him. Plaintiff had worked under defendant as medical researcher for a number of years, and plaintiff and defendant had published a number of papers together. Work at issue was an updated version of a review paper of research done in particular field. Court found that first version of paper in 1980 was jointly prepared by both plaintiff and defendant. 1985 version claimed to be owned by plaintiff contained material from earlier joint versions including section clearly authored earlier by defendant. Court rejected that 1985 version contained sufficient new matter contributed by plaintiff to constitute copyrightable derivative work. Court noted that updated 1985 version contained only a few new sentences and paragraphs which constituted no more than trivial originality.

Strauss v. Hearst Corp., Copyright L. Rep. (CCH) ¶26,244 (S.D.N.Y. 1988)

Photograph of fishing gear taken by plaintiff for use in defendant's "Popular Mechanics" article about fishing gear held to be a joint work. Plaintiff sued for copyright infringement when defendant republished photograph in special advertising supplement. Because a joint author cannot be liable for infringement, court granted defendant's motion for summary judgment dismissing plaintiff's copyright claim. Defendant's employee participated in setting up layout of photograph and in supervising shooting, and defendant subsequently had photographs retouched and added captions and text. Court found that parties intended "their contributions to be merged into inseparable or interdependent parts of a unitary whole." Fact that plaintiff's check from defendant stated "first publication right in U.S. and foreign" may have constituted a limitation by defendant on its rights but did not alter fact that defendant was joint author.

Werbungs und Commerz Union Austalt v. Le Shufy, 6 U.S.P.Q.2d 1153 (S.D.N.Y. 1987)

Court granted defendants' summary judgment motion dismissing copyright infringement claim. Plaintiff alleged that defendants had infringed its copyrights in Dali watercolors by publishing reproductions of book illustrations based on watercolors. Court found that defendant book publisher had acquired from plaintiff at a minimum joint ownership in book illustration copyrights which it had assigned to defendant publisher of illustration reproductions. Court dismissed copyright claim because a joint owner of copyright cannot be liable for infringement. Court also rejected plaintiff's argument that liquidation assignment of all assets by defendant book publisher to defendant publisher of reproductions did not satisfy written requirement for transfer of copyright ownership under § 204(a) because assignment did not specify copyrights among transferred assets. Court noted that "it would be anomalous" to permit a third party to demand a strict reading of § 204(a) where parties to the agreement have no dispute as to its meaning.

Johnstone v. Fox, 4 U.S.P.Q.2d 1229 (N.D. Ill. 1987)

Plaintiff designer sued defendant for infringement of copyright in kitchen design plans and drawings. Plaintiff and an independent contractor who worked with plaintiff drew up plans for remodeling defendant's kitchen with some participation by defendant. Defendant later sent drawings to another designer who prepared working plans which were executed by builder hired by defendant. Court found that there were genuine issues as to whether defendant was a joint author in view of disputed level of defendant's participation.

D. Public Domain

ABKCO Music, Inc. v. Seali, Copyright L. Rep. (CCH) ¶126,207 (S.D.N.Y. 1987)

Court granted plaintiffs' motion to amend complaint to include supplemental registration of choral part of "You Can't Always Get What You Want," song recorded by Rolling Stones, because court could find no prejudice to defendants. Court rejected defendants' argument that amendment of complaint was futile because choral part of song (which was not included in original registration) was in public domain by virtue of sale and distribution of Rolling Stone recording prior to 1978. Court noted some case support for defendants' theory but stated that cases in Second Circuit had held that pre-1978 distribution of phonorecords does not constitute publication of underlying musical composition and thus a dedication to public. Issue would be decided on merits as part of case and would not defeat plaintiffs' motion to amend complaint.

E. Contracts and Licenses

Cohen v. Paramount Pictures Corp., 6 U.S.P.Q.2d 1723 (9th Cir. 1988)

Court holds that synchronization license giving defendant right to exhibit film containing plaintiff's musical composition "by means of television" does not include right to distribute videocassettes. Exhibition of film on television differs fundamentally from exhibition by means of videocassette recorder, as television programming is ephemeral and its content controlled by network or cable intermediary, whereas consumer controls content, time and manner of videocassette viewing. Nor is display of videocassette equivalent to "exhibition by means of television," as it does not require standard television set. In addition, because VCRs for home use had not been invented at time license was executed, language could not be construed to include such use. Licensee had not bargained for or paid for this right, and should not reap entire windfall associated with new medium. Moreover, as all rights and uses not specifically granted were expressly reserved to plaintiff, licensee was precluded from uses not contemplated by parties. Finally, purpose of Copyright Act to encourage authorship by granting valuable rights to authors would be frustrated by construing license more broadly.

IV. FORMALITIES

A. Notice

Eastern Publishing and Advertising, Inc. v. Chesapeake Publishing and Advertising Inc., 831 F.2d 488 (4th Cir. 1987)

Court dismisses claims of copyright infringement of two newspaper issues and advertisements contained therein because copyright notice was omitted from both. Newspaper claimed compilation copyright in selection and

arrangement of stores as well as copyright in advertisements. Claim against competing newspaper for use of stories in two issues and advertisements was dismissed because neither issue nor advertisements bore copyright notice. Court reasoned that omission of notice from two issues could not be cured under § 405(a)(2) "reasonable efforts" provision by placing notice on subsequent issues. Court explained that § 405(a)(2) excuse is inapplicable where products are nonidentical and not in continuous production. Additionally, court noted even if notice had been included on issues, advertisements required separate notice under § 404(a) and thus claim based on copyright in advertisements was also invalid.

Forry, Inc. v. Neundorfer, Inc., 837 F.2d 259 (6th Cir. 1988)

On appeal from grant of preliminary injunction, Court of Appeals upholds ruling that plaintiff had likelihood of success on issue of validity of copyright notice on microprocessor chips containing copyrighted computer program. First, no error is found in lower court's finding that plaintiff made reasonable effort to add notice after discovering omission. Court adopts interpretation of § 405(a)(2) by Ninth and Fourth Circuits that does not require copyright holder to affix notice to copies already distributed, but only to copies distributed after omission discovered. As to form of notice used, lower court did not abuse its discretion in upholding notice consisting of symbol "(C)" instead of "©". Defendants had actual notice of plaintiff's copyright, and adequacy of form could better be determined at trial. Moreover, plaintiff was currently using "©" symbol, and might therefore be entitled to rely on § 405(a)(2) even if earlier symbol not sufficient. Finally, lower court did not err in accepting as adequate location of notice on underside of chip, between chip and circuit board. Anyone seeking to copy work would be notified of existence of copyright, as program could not be copied without removing chip from board, making notice clearly visible.

Regents of the University of Minnesota v. Applied Innovations, Inc., 5 U.S.P.Q.2d 1689 (D. Minn. 1987)

Plaintiffs, owners of copyright in psychometric test designed to assess personality traits, sued creator of computer program designed to score plaintiffs' test. Assigning burden of proof to plaintiffs, court holds that most of various articles in which test was first published complied with notice provision of 1909 Copyright Act. All but one of the articles either bore proper notice themselves, or were contained in journal bearing general notice of copyright. In addition, distribution of test to individuals administering test for purpose of building test scales, with express or implied restrictions on further distribution, constituted limited publication.

Disenos Artisticos E Industriales, S.A. v. Work, 676 F. Supp. 1254 (E.D.N.Y. 1987)

Plaintiff's omission of notice from Lladro porcelain figurines held unexcused as a matter of law. Plaintiff had distributed 31 Lladro figurines at issue without notice for a three or four year period. When omission was discovered, plaintiff placed notice on figurines manufactured after discovery of omission, but not on the 150,000 pieces in inventory or on pieces in hands of distributors or retailers in U.S. Court concluded that mere prospective efforts to cure omission of notice did not constitute "reasonable efforts" under § 405(a)(2), relying upon language in *Shapiro & Son Bedspread Corp. v. Royal Mills Associates*, 764 F.2d 69 (2d Cir. 1985), which stated that "if no effort is made to add notice to copies' distributed to the public after the defective notice is discovered, no cure is accomplished." Court rejected plaintiff's arguments that any attempts to add notice to inventory copies or copies in hands of distributors or retailers would be unreasonable. Plaintiff argued that two possible methods, i.e. of re-baking porcelain figurines to add notice or of attaching adhesive labels, were considered and rejected. Court found that although record indicated that re-baking might have been unreasonable, there was no adequate showing that affixation of labels or tags to inventory would have been unreasonable. Even if unpacking sealed boxes of figurines were unreasonable, court reasoned plaintiff could have shipped labels with boxes with instructions to distributors to affix labels to boxes or figurines. Court suggested further that plaintiff could have attempted to cure omission on copies in hands of distributors or retailers by mailing labels and requesting that they be placed on copies. Because no effort was made, court found plaintiff owned no valid copyright in figurines and dismissed copyright infringement claims as a matter of law.

E. Mishan & Sons, Inc. v. Marycana, Inc., 662 F. Supp. 1339 (S.D.N.Y. 1987)

Omission of notice from approximately 3,000 out of 613,000 kitchen magnets sold was excused as a relatively small number under § 405(a)(1). Fact that copyright notices contained erroneous dates not determinative in view of fact that dates are not required on pictorial, graphic or sculptural works reproduced on useful articles and here there was no prejudice or fraudulent purpose. Lack of notice on plaintiff's magnet purchased and referred to by defendant, however, made defendant an innocent infringer under § 405(b) up to time defendant received notice.

Travel Bug Ltd. v. Muscarello, 4 U.S.P.Q.2d 1444 (N.D.Ill. 1987)

In suit against competing travel agents' training school for infringement of plaintiff's catalogues and course manuals, court holds copyright protection

lost by plaintiff's omission of notice. Omission could not be excused under either § 405(a)(1) or (2). First, plaintiff had distributed more than a relatively small number of copies without notice. Notice was omitted from all of the catalogues and manuals plaintiff distributed, and from 23-50% of the catalogues printed. Although 44% of plaintiff's students signed agreements not to copy materials, 56% had no notice whatsoever of plaintiff's copyright. In addition, although plaintiff registered works within five years after first publication, it did not make reasonable effort to remedy lack of notice. It informed only 77 former students that it claimed copyright protection in materials, and did nothing to remedy omission until nearly three years after consulting with copyright lawyer. Plaintiff could not sleep on its rights and maintain exclusive power over materials at same time.

Long v. CMD Foods Inc., 659 F. Supp. 166 (E.D. Ark. 1987)

Plaintiff's failure to attempt to place notice on any of thousands of published labels on seafood products resulted in forfeiture of copyright as a matter of law. Notification to manufacturer of labels over a year after labels were published that labels were in dispute was both untimely and insufficient and did not constitute a "reasonable effort" under § 405(a)(2).

Vane v. Fair, Inc., 676 F. Supp. 133 (E.D. Tex. 1987)

In suit by photographer for unauthorized use of slides he was retained by defendant to create, court rejects defendant's argument that plaintiff forfeited copyright by failing to affix notice. Plaintiff did not publish slides, but merely delivered them to defendant, who then published them. In any event, plaintiff fulfilled requirements of § 405(a)(2) by registering slides within five years after publication without notice, and making reasonable effort to add notice to all copies distributed to public after omission was discovered. Moreover, because defendant was aware that its use of slides went beyond limited use authorization by plaintiff, it was not innocent infringer misled by omission of notice within § 405(b).

House of Hatten, Inc. v. Baby Togs, Inc., 668 F. Supp. 251 (S.D.N.Y. 1987)

On motion for preliminary injunction barring distribution and sale of allegedly infringing copies of plaintiff's designs for baby quilts, plaintiff failed to establish any excuse for omission of notice. Fact that notice omitted in violation of plaintiff's express written requirements to its Philippine manufacturer held not to qualify plaintiff for exception of § 405(a)(3), which is directed toward violation of licensing agreement. Plaintiff's manufacturer was not comparable to independent licensee, because wholly owned by plaintiff's president and vice president, and because not authorized to distribute quilts. Nor could plaintiff rely on exception of § 405(a)(1), as it did not produce

sufficient evidence to show notice omitted from only relatively small number of copies. Finally, plaintiff did not sustain burden of proof that it had made prompt and reasonable effort to cure omission as required by § 405(a)(2). Court finds date of discovery of plaintiff's intentional omission to be date of letter from Copyright Office informing plaintiff that it was possible to affix notice to designs prior to registration. Plaintiff did not show it had made reasonable efforts promptly thereafter to add notice to copies in possession of its retailers, nor that such efforts would be impracticable.

Kleier Advertising Inc. v. Naegle Outdoor Advertising Inc., 676 F. Supp. 140 (W.D. Ken. 1987)

Court held that there was an issue of fact as to whether defendant was an innocent infringer misled by omission of notice under § 405(b). Even assuming that defendant's copy of plaintiff's design did not have notice, court rejected defendant's argument that only formal notification of plaintiff's registration of work could terminate defendant's innocent infringer status. Facts that plaintiff had written a copyright claim letter to defendant over a year prior to registration and institution of suit and that there was conflicting evidence concerning industry custom created genuine issue of fact as to whether defendant had "good faith belief that the work was in the public domain," a finding necessary to find innocent infringement.

Lasercomb America Inc. v. Holiday Steel Rule Die Corp., 656 F. Supp. 612 (M.D.N.C. 1987), *appeal dismissed*, 829 F.2d 36 (4th Cir. 1987)

Plaintiff claimed that defendants' computer software program was an infringing copy of plaintiff's program, which had been licensed to defendants. Court rejected defendants' argument that plaintiff's copyright was invalid for lack of notice. Under "unit publication doctrine" of *Koontz v. Jaffarian*, 787 F.2d 906 (4th Cir. 1986), linked elements of a publication may be collectively protected by notice affixed to one of elements alone. Here manuals for plaintiff's program contained notice, and defendants admitted receiving complete set of manuals along with program.

B. Registration

Weissman v. Freeman, No. 87 Civ. 6069 (S.D.N.Y. May 3, 1988)

Although plaintiff applied for copyright registration for medical paper at issue after lawsuit was commenced, plaintiff's later amendment of complaint to cite registration, consented to by defendant, cured defect.

Haan Crafts Corp. v. Craft Masters Inc., Copyright L. Rep. (CCH) ¶26,265 (N.D. Ind. 1988)

Although plaintiff obtained copyright registration certificates after suit

was instituted, court approved cases permitting amendment of complaint after registrations are received and found that it had jurisdiction.

Denbicare, Inc. v. Toys' R' Us, Inc., 35 PTCJ 263 (Feb. 4, 1988)

Where plaintiff failed to register copyright until after bringing infringement claim, court denied motion to strike. Because only result of granting motion would be to require plaintiff to amend complaint or file new one, it would be empty formality.

Demetriades v. Kaufman, 680 F. Supp. 658 (S.D.N.Y. 1988)

Plaintiff mailed application for registration of architectural plans six days before instituting suit and subsequently amended complaint after registration issued setting forth fact that registration had issued. Court found "in the interests of substantial justice," plaintiffs' motion for preliminary injunction was treated as having "proper jurisdictional base." Court noted that even though most of copying in case occurred prior to registration, "a copyright owner may recover for infringements occurring prior to the issuance of a certificate."

Singh v. Famous Overseas, Inc., 80 F. Supp. 533 (E.D.N.Y. Feb. 9, 1988).

Statutory damages and attorneys' fees held unavailable in suit for unauthorized reproduction and sales of cassette recordings. Defendants had manufactured and commenced sale of infringing copies before plaintiff registered copyright. Court holds that sales made after registration did not constitute separate infringement as to which plaintiff was entitled to statutory damages and attorneys' fees. Given statutory language and legislative purpose of inducing prompt registration, defendants' initial manufacture and sale "commenced" an "infringement" within the meaning of § 412 prior to plaintiff's registration.

Thomas v. Pansy Ellen Products Inc., 672 F. Supp. 237 (W.D.N.C. 1987)

Court held plaintiff was barred from recovering statutory damages or attorney's fees in connection with infringement of three of plaintiff's designs as a matter of law. With respect to two of designs, court noted that more than three months before registration, defendant had shown designs at trade show. Court concluded that such event constituted a public display of works since audience, albeit limited to members of Juvenile Products Manufacturers Association, was outside "a normal circle of a family and its social acquaintances." Thus, infringement occurred more than three months prior to registration and under § 412, whether work was published or unpublished, plaintiff could not recover statutory damages or attorney's fees. With respect to third design at issue, court reasoned that alleged infringement had also

occurred more than three months prior to registration because defendant had written a letter to Taiwanese manufacturer requesting manufacturer to produce sample products bearing design. Such an act was an authorization of infringement covered by § 106. Because letter was sent from U.S., infringing act of authorization occurred in U.S.

Harper House, Inc. v. Thomas Nelson Publishers, Inc., 4 U.S.P.Q. 2d 1897 (C.D. Cal. 1987)

Award of attorneys' fees to successful plaintiff held precluded in suit for infringement of daily organizer books. Discretionary award is appropriate in cases of willful or deliberate infringement. Because infringements commenced before plaintiff registered organizers for copyright protection, however, § 412 barred award of fees even for separate acts of infringement occurring subsequent to registration. This strict reading of statute better serves policy of encouraging prompt registration, and avoids emasculation of statute's meaning.

Hygiene Industries v. Ex-Cell Home Fashions, Inc., Copyright L. Rep. (CCH) ¶26,226 (S.D.N.Y. 1988)

In suit for infringement of copyrighted shower curtain design, court rejects defendants' argument that plaintiff's claim was barred by its omission of information from its copyright application. Although plaintiff did not refer in application to European fabric remnant which served as a source of inspiration for design, it acted in good faith belief that design was original artwork resulting from creative effort. Nor would submission of fabric remnant to Copyright Office have resulted in rejection of application, as plaintiff's design created entirely different overall impression.

C. *Renewal*

Saroyan v. William Saroyan Foundation, 675 F. Supp. 843 (S.D.N.Y. 1987)

Author William Saroyan's children are declared owners of renewal copyright in play "The Cave Dwellers." William Saroyan's will left all copyrights to defendant foundation which claimed ownership of renewal copyright in view of fact that Saroyan children were estranged from their father. Court concluded that § 304(a), which extends right of renewal to widow and children if author is not living, is clear and non-discretionary. Court declares children owners of renewal copyright and orders defendant to account for and pay over to children any royalties or renewal copyright.

Tele-Pac, Inc. v. Rohauer, 6 U.S.P.Q.2d 1726 (N.Y. Sup. Ct., N.Y. Co. 1987)

Plaintiff claimed that it owned renewal copyrights in seven motion pictures, and that defendants had caused renewal certificates in their names to be wrongfully filed with the Copyright Office. Court grants in part defendants' motion for summary judgment, holding some but not all of plaintiff's claims barred by state statute of limitations. As to four of the motion pictures, both plaintiff and defendants had timely filed renewal certificates with Copyright Office. Plaintiff's claim was therefore to remove cloud upon its title created by defendants' unauthorized filing. Because such a wrong is continuous and recurring, statute of limitations does not apply. As to other three works, because plaintiff had never filed renewal certificates and initial copyright term had long expired, plaintiff could only establish claim to title through defendants' renewals by being considered an assignee or beneficiary. These claims were barred by statute of limitations, as more than six years had gone by since defendants' renewals. In any event, because defendants were not proper party to renew, their renewals were not valid and copyrights had lapsed. Thus, defendants were not holding any property adverse to plaintiff's interest, and plaintiff had no cause of action.

D. Recordation

Forry, Inc. v. Neundorfer, Inc., 837 F.2d 259 (6th Cir. 1988)

Court refuses to dismiss case for lack of subject matter jurisdiction on claim that plaintiff was not original owner of copyright and had not recorded any transfer of ownership under § 205. Because plaintiff, as surviving corporation formed by merger between original copyright owner and another corporation, owned all of both corporations' assets under state law, merger did not effect transfer of copyright requiring recordation.

Raffoler Ltd. v. Peabody & Wright Ltd., 671 F. Supp. 947 (E.D.N.Y. 1987)

Recordation held unnecessary where plaintiff obtained ownership of copyrights through corporate merger prior to initial registration of copyrights. Because such an ownership claim is not based on "transfer of copyright," recordation requirement does not apply.

V. INFRINGEMENT

A. Access and Copying

Zimmerman v. Tennille, No. 83 Civ. 8606 (S.D.N.Y. Apr. 21, 1988)

Summary judgment granted to defendants in suit claiming that song "Do That To Me One More Time" was infringing copy of plaintiff's song "Delight." Court finds plaintiff failed to show access as matter of law. As

plaintiff disclosed his song in U.S. on only three occasions, two entirely private and one performance one week before defendants' copyright application, and had no knowledge that any defendant attended that performance, his claims of access were conjectural and speculative, as well as inherently implausible. Court rejects plaintiff's argument that striking similarity between songs raised issue of fact precluding summary judgment. While striking similarity may create inference of access despite lack of direct evidence, it cannot be considered in isolation; there must be at least some other evidence establishing reasonable possibility that plaintiff's work was available to defendants. Here, evidence affirmatively negated access, given implausibility of plaintiff's theory.

Evans v. Wallace Berrie & Co., 681 F. Supp. 813 (S.D. Fla. 1988)

Summary judgment granted to defendants on claim that children's television cartoon series "The Snorks" infringed plaintiff's copyright in unpublished work "Snorkie Snorkel vs. Simon Shark." Court found that plaintiff failed to come forward with specific facts showing genuine issue for trial on issue of access. Dissemination of plaintiff's work to various publishers other than defendants was not enough to prove that defendants had access, as finding of access cannot be based on speculation or by such limited dissemination without publication of work or distribution to public at large. Finally, plaintiff's hearsay statement that friend told her he had given plaintiff's work to one of defendants was not entitled to any weight on summary judgment motion.

Keller Brass Co. v. Continental Brass Co., 678 F. Supp. 1190 (M.D.N.C. 1988)

Court finds defendants did not copy plaintiff's drawing of drawer pull for bedroom furniture. Defendants' access to plaintiff's drawing was very limited, as defendants' designer had been shown plaintiff's drawing, but did not copy or make any drawings from it. Although substantial similarity existed between drawings, inference of copying was undercut by significant dissimilarities. Moreover, similarity was readily explained as the result of independent use of common oriental design element from antiquity.

Intersong-U.S.A. Inc. v. CBS Inc., Copyright L. Rep. (CCH) ¶26,184 (S.D.N.Y. 1987)

Summary judgment denied in suit for infringement of copyrighted song. Defendants failed to establish beyond dispute that their song was composed years before their possible access to plaintiff's song. Inconsistencies among affidavits submitted by defendants, although mostly relating to events after composition of defendants' song, cast sufficient doubt on accuracy of affiants' recall to raise issue of credibility as to entirety of their statements.

Gaste v. Kaiserman, Copyright L. Rep. (CCH) ¶26,138 (S.D.N.Y. 1987), later proceeding, Copyright L. Rep. (CCH) ¶26,257 (S.D.N.Y. 1988)

Defendants' motion for summary judgment denied in suit claiming that song "Feelings" was an infringing copy of plaintiffs' song. Court rejected defendants' argument that plaintiff could not prove access as matter of law. As direct evidence of access, plaintiff offered testimony that copies of plaintiffs' song were sent to defendant composer's publisher. Plaintiffs' indirect evidence consisted of circumstantial evidence that defendant composer had reasonable opportunity to view film in which plaintiffs' song was performed, and to hear live and radio performances of song. In addition, plaintiffs presented expert opinion that songs were so similar that independent creation was virtually impossible. All of this evidence found sufficient to raise factual issues requiring trial.

RCA/Ariola International, Inc. v. Thomas & Grayston Co., 6 U.S.P.Q.2d 1692 (8th Cir. 1988)

In suit by record companies for unauthorized copying of musical tapes on cassette duplicating machines, court of appeals upholds finding of direct infringement by defendant retail stores with machines on premises. Retailers' employees had actively assisted in copying protected material by inspecting copyrighted tape, selecting blank tape of proper length, and operating machine for customer. Court distinguishes *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417 (1984), as not involving such direct and active participation. In *Sony*, defendants simply supplied machines and demonstrated their operation.

United Telephone Co. of Missouri v. Johnson Publishing Co., 671 F. Supp. 1514 (W.D. Mo. 1987)

Summary judgment granted to plaintiff on claim that its telephone directory copyright was infringed by publisher of competing telephone directory. Defendant admitted comparing white pages of its 1985 directory with plaintiff's 1985 directory in order to identify listings in plaintiff's directory that did not appear in defendant's, and entering such additional listings into its data base. This admission constituted direct evidence of copying, making it unnecessary to determine substantial similarity. Neither fact that defendant started with its own data base before checking its listings against those in plaintiff's directory, nor fact that defendant exerted independent effort in preparing its directory, including verification of listings, precluded finding of infringement. Because defendant began update of its data base with plaintiff's directory and only subsequently did its own telephone canvass, plaintiff's infringement claim was valid.

B. Substantial Similarity

Concrete Machinery Co. v. Classic Lawn Ornaments, Inc., 6 U.S.P.Q.2d 1357 (1st Cir. 1988)

First Circuit vacates denial of preliminary injunction in case involving concrete lawn decorations and remands for reconsideration in view of standard articulated for finding of substantial similarity. Plaintiff maintained that several of its concrete statute designs were infringed by defendant's designs. In denying a preliminary injunction, district court noted that defendant's works were different sizes and that there were other dissimilarities such as fact that defendant's deer head faced in different direction from plaintiff's deer design. First Circuit did not believe that these differences were sufficient. First Circuit noted that correct standard is two-step analysis articulated in *Arnstein v. Porter*, 154 F.2d 464 (2d Cir. 1946), whereby a court first determines if protectible expression of a work has been copied by dissecting works at issue to separate out idea for expression and to determine if protectible elements have been copied and then determines if copying is substantial enough to be unlawful by applying ordinary observer test of substantial similarity. Court determines that there was no merger of idea and expression in defendant's works. Court noted, however, that fewer possibilities of expression existed for works realistically depicting animals than for other of plaintiff's designs and thus scope of protection would be narrower for these items limited to features over which plaintiff exercised discretion in its portrayal such as pose, posture and facial expression. First Circuit found district court's reliance upon catalogs of third party manufacturers of lawn statuary erroneous. Such evidence is irrelevant unless defendant shows that it copied from these other sources rather than from plaintiff or challenges that plaintiff copied from these sources. Defendant had made neither argument below. Court remands for reconsideration applying standard articulated in opinion.

Aliotti v. R. Dakin & Co., 831 F.2d 898 (9th Cir. 1987)

Defendant's toy dinosaurs held not substantially similar to plaintiff's as matter of law. Defendant had been shown plaintiff's six toy dinosaurs in connection with a possible take-over. Although toy dinosaur line subsequently produced by defendant included same six dinosaur species as plaintiff's and were cuddly toys, these features alone were merged with idea of toy dinosaurs and could not constitute protectible expression. Ninth Circuit noted that district court incorrectly dissected differences between parties' dinosaurs. Correct test of intrinsic similarity looks to total concept and feel (in this case through eyes of children as intended consumers), including nonprotectible elements. Nevertheless, where as here, only similarities of nonprotectible expression existed, substantial similarity cannot be found.

Rachel v. Banana Republic, Inc., 831 F.2d 1503 (9th Cir. 1987)

Court affirms that defendants' realistic reproductions of animal heads were not substantially similar to plaintiff's as a matter of law. Court reasoned that similarity of ideas and similarity of "indispensable expression" of ideas (absent identical copying), as here, is not actionable. Because the works at issue were not identical, court found no substantial similarity.

Worth v. Selchow & Righter Co., 827 F.2d 569 (9th Cir. 1987), *cert. denied*, 108 S. Ct. 1271 (1988)

Defendants' Trivial Pursuit game questions held not substantially similar to plaintiff's two trivia books as a matter of law. Plaintiff contended that approximately one-third of factual entries in its books were used in defendants' games and that such use infringed both expression of factual entries as well as selection and arrangement of compilation. Court rejected both arguments. Court reasoned that facts and research are not protectible and that similarity of expression of factual works may have to amount to identical copying or close paraphrasing to constitute infringement. Here repetition of some words appearing in plaintiff's factual entries was "mere indispensable expression," use of which also is nonfringing. Furthermore, court found plaintiff's alphabetical arrangement of factual entries was not copied by defendants whose questions were organized by subject matter and randomly arranged on game cards. Court also rejected that defendants' selection was substantially similar to plaintiff's since factual works are not infringed absent "bodily appropriation." Court distinguished *Leon v. Pacific Telephone & Telegraph Co.*, 91 F.2d 484 (9th Cir. 1937), in which entire body of names and telephone numbers in telephone directory were copied albeit listed in different order. To extent *Leon* suggested that research or compilation effort *per se* is protectible (i.e. "sweat of the brow"), court noted that later cases had rejected that theory.

McCulloch v. Albert E. Price, Inc., 823 F.2d 316 (9th Cir. 1987)

Defendant's decorative plate held substantially similar to plaintiff's. Plaintiff's plate was red with a floral design and white lettering stating "You Are Special Today." Court rejected that idea and expression merged, finding idea of honoring a person with an object can be expressed in a variety of ways. Because work at issue was artistic rather than factual, consideration of entire work including noncopyrightable text was appropriate under *Roth Greeting Cards v. United Card Co.*, 429 F.2d 1106 (9th Cir. 1970), which involved greeting cards. Court distinguished approach of eliminating noncopyrightable elements under *Cooling Systems & Flexibles, Inc. v. Stuart Radiator, Inc.*, 777 F.2d 485 (9th Cir. 1985), which involved parts catalog.

Court reasoned that artistic works are entitled to broader protection than factual works.

Hartman v. Hallmark Cards, Inc., 833 F.2d 117 (8th Cir. 1987)

Court affirms that defendant's Rainbow Brite character and tv specials were not substantially similar to plaintiff's Rainbow Island graphics and script as a matter of law. Applying Ninth Circuit's extrinsic/intrinsic analysis of substantial similarity, court rejected that district court was required to consider expert testimony proffered by plaintiff listing comparison of similarities or industry custom. Such evidence is irrelevant to intrinsic similarity finding which is comparison of total look and feel of works from perspective of ordinary reasonable person.

Steinberg v. Columbia Pictures Industries, Inc., 663 F. Supp. 706 (S.D.N.Y. 1987)

Defendants' poster advertising movie "Moscow on the Hudson" held substantially similar as a matter of law to plaintiff Steinberg's "New Yorker" illustration of myopic bird's-eye map of Manhattan and world. Test of substantial similarity is "whether an average lay observer would recognize the alleged copy as having been appropriated from the copyrighted work." Plaintiff is not required to demonstrate that "ordinary observer" would overlook disparities and regard aesthetic appeal of works as same. Although idea of a world map featuring Manhattan from an "egocentrically myopic perspective" is not protectible, court finds that plaintiff's expression of that idea is. Court noted similarities in use of plaintiff's distinctive "sketchy, whimsical style," bird's-eye view across edge of Manhattan and a river to world beyond, detailed depiction of 4 city blocks, blue wash for the sky and a bank of red to indicate horizon, and in specific details of individual buildings, water towers, cars and signs (which were not modelled on actual New York buildings by the plaintiff). Court found that differences in defendants' poster did not excuse significant portion of plaintiff's work copied. Court also rejected parody fair use defense, reasoning that neither defendants' movie nor poster advertising it were designed as a parody of plaintiff's illustration.

McCall v. Johnson Publishing Co., Copyright L. Rep. (CCH) ¶26,247 (D.D.C. 1988)

Defendant's article entitled "25 Ways To Find a Good Man" was found not substantially similar to plaintiff's book entitled "Good, Bad and Smart" as a matter of law. Court found that only similarities between two works were of idea, i.e. advice to black women on how to find a good man. Because plaintiff's book was nonfictional, absence of any similarities in language of two works precluded finding of substantial similarity.

Barris/Fraser Enterprises v. Goodson-Todman Enterprises Ltd., 5 U.S.P.Q.2d 1887 (S.D.N.Y. 1988)

Producer of new television game show called "Bamboozle" sued for declaratory judgment that its show did not infringe defendant's copyright in "To Tell the Truth." Court denies both sides' motions for summary judgment, finding question of fact as to whether shows were substantially similar in protected expression. Some aspects of defendant's show were not original or concrete enough to merit protection, such as general idea of game in which contestants guess who is lying and who is telling truth, system of asking questions, concept of master of ceremonies and celebrity guests, and true stories told on who. Fact that differences between shows may have been purposely created by plaintiff to avoid infringement had no bearing on issue of infringement. As to defendant's claim that plaintiff copied format of show, many similarities in format flowed from logic and necessities of television game shows and as such were not protectible. Copying of stock elements and devices, such as use of celebrities, comic bantering and hesitating before revealing truth, cannot be prohibited. Nevertheless, even though game show is made up entirely of stock devices, copying of original selection, organization and presentation of such devices would constitute infringement. Here, given numerous similarities between shows, court could not say as matter of law that there was no similarity of protectible material in their overall combination of elements.

Southwestern Bell Media, Inc. v. Trans Western Publishing, Inc., 670 F. Supp. 899 (D. Kans. 1987)

Defendant's yellow pages telephone directory found substantially similar to plaintiff's. Defendant took essentially same information as in plaintiff's directory and put it in slightly different format. Defendant's directory used same headings as plaintiff's and included same businesses under those headings; included display ad or in-column ad wherever plaintiff's directory did; and copied nearly all of information in ads, as well as much of artwork. Changes made were generally superficial alterations and rearrangements, such as using three columns instead of four and altering size of ads.

Southwestern Bell Media, Inc. v. Trans Western Publishing, Inc., No. 87-2195 S (D. Kans. Jan. 20, 1988)

In suit for infringement of yellow pages telephone directory, court finds defendant's distribution of competing directory does not violate preliminary injunction against distribution of defendant's earlier prototype directory. Defendant had sufficiently established that its new directory, unlike the prototype, was product of its own effort. Although defendant started with same data base drawn from plaintiff's directory, this time it used data as starting

point instead of final product. Defendant telephoned each business, verifying information in listing, and either obtained advertiser's permission to publish the ad as it appeared in plaintiff's book, or created a new ad for the advertiser. Defendant also deleted ads for which it could not get authorization, reducing data base substantially.

Evans v. Wallace Berrie & Co., 681 F. Supp. 813 (S.D. Fla. 1988)

Summary judgment granted to defendants on claim that children's television cartoon series "The Snorks" infringed plaintiff's copyright in unpublished work "Snorkie Snorkel vs. Simon Shark." Court finds lack of substantial similarity between parties' works as matter of law. Similarities in descriptive characterizations were unprotectible as stock scenes a faire that naturally followed from common theme of underwater civilization. Moreover, similarities in particular events and names did not rise to level of actionable substantial similarity. Concepts of festivities, dancing, singing and picnicking were not protectible expression, but merely events that could transpire in any storyline.

Merton Co. v. Tony Trading of Hong Kong Ltd., 6 U.S.P.Q.2d 1156 (S.D.N.Y. 1987)

In suit for infringement of snow globe novelty items, plaintiff moved for preliminary injunction after defendants had modified appearance of their globe. Court grants injunction, finding defendants' modified globe still substantially similar to plaintiffs'. Although high degree of similarity is inevitable in Christmas ornaments showing cliched scenes and images, *scenes a faire* doctrine was never intended to authorize direct piratical copying. Defendants' elimination of some of more blatant and obviously copied details from their original globe did not alter fact that scene was pervaded by copied expressive elements.

In Design v. Lynch Knitting Mills, Inc., Copyright L. Rep. (CCH) ¶26,250 (S.D.N.Y. 1988)

Court concludes that defendant's sweater pattern design was not substantially similar to plaintiff's. Plaintiff's "Aperture" design consisted of a background of horizontal rows of large rhomboids oriented in same direction in red and mottled gray connected by small black diamonds. Superimposed were diamond rhomboids outlined in black with gray interiors. Court concluded that although defendant's design also contained similar design elements of background rhomboids in two colors (turquoise and black) with small (red) diamonds connecting some and with superimposed rhomboids, two designs created different impressions. Discounting color differences, court noted that defendant's pattern contained smaller rhomboids which were not all oriented in same direction and a less regular interconnecting

design creating a busy, frenetic pattern, rather than harmonious one such as plaintiff's. Moreover defendant's design presented a vertical rather horizontal pattern. Because ordinary observer would not be inclined to overlook these disparities and regard aesthetic appeal of two designs as same, court found that defendant's design was not substantially similar to plaintiff's.

Imperial Textile Co. of New York, Inc. v. Ametex Fabrics, Inc., Copyright L. Rep. (CCH) ¶26,209 (S.D.N.Y. 1987)

Defendant's fabric design held to infringe plaintiff's. Court rejected defendant's claim of independent creation. Given similarity in spacing, selection of colors, and size, arrangement and placement of design elements, to conclude otherwise would be coincidence defying belief. Not only was similarity so substantial as to compel ordinary lay observer to overlook dissimilarities and regard designs as essentially the same, but access was conceded, making defendant's copying clear.

Crown Crafts, Inc. v. Lintex Co., Copyright L. Rep. (CCH) ¶26,238 (S.D.N.Y. 1988)

Preliminary injunction denied in suit for infringement of copyrighted throw-blankets. Court finds that plaintiff failed to establish probability of success on merits, as ordinary consumers would not be misled as to source of parties' goods. Overall examination of blankets showed that differences were obvious, including words appearing on blankets, background colors and shapes of animals depicted.

Just In-Materials Designs, Ltd. v. First Choice Fabrics, Inc. Copyright L. Rep. (CCH) ¶26,230 (S.D.N.Y. 1988)

Defendant's fabric design held not substantially similar to plaintiff's. Court finds it clear that ordinary observer would not regard aesthetic appeal of parties' works as the same. Only similarity between designs was use of brush strokes, which is not original or copyrightable; forms and elements of designs were used in different ways.

Spectravest, Inc. v. Mervyn's Inc., 673 F. Supp. 1486 (N.D. Cal. 1987)

Defendant's fabric design, which duplicated plaintiff's teddy bear jigsaw pattern except for addition of hearts to design, held substantially similar as a matter of law. Court rejected testimony of defendant's expert witness who stated that defendant's hearts-teddy pattern was different. Court reasoned that analytic dissection of differences is inappropriate to analysis of "intrinsic similarity," which relies on whether ordinary observer would conclude that a defendant captured "total concept and feel" of plaintiff's work.

JBJ Fabrics Inc. v. Mark Industries Inc., 5 U.S.P.Q.2d 1414 (C.D. Cal. 1987)

Court holds defendant's fabric design to be an infringing copy of plaintiff's. Defendant admitted fleeting access, and evidence showed access to be much more than that. Under two-part test of *Sid & Marty Krofft Television Productions, Inc. v. McDonald's Corporation*, 562 F.2d 1157 (9th Cir. 1977), court finds designs substantially similar. First, similarity of ideas was demonstrated beyond peradventure, given subject matter, material used, and type of art, as well as expert testimony. As to intrinsic test, ordinary observer would regard designs as the same. Expert testimony did not carry weight on this issue, as average retail consumer does not make careful inspection of materials, but buys by impression. Despite some differences, the feel, expression and rendition of materials evoked feeling of sameness, and even when materials were side by side, one had to do double take to distinguish between them. Court also noted incidents of confusion or substitution of one material for the other. Court rejects defendant's argument that idea and expression were so merged that plaintiff could only bar exact duplication. Third-party designs showed that same underlying abstract idea could be expressed in many ways.

Trust Company Bank v. Putnam Publishing Group Inc., 5 U.S.P.Q.2d 1874 (C.D. Cal. 1988)

Preliminary injunction denied in lawsuit alleging that French novel "the Blue Bicycle" infringed copyright in book "Gone With The Wind." Even if defendants' work was remake of "Gone With The Wind," created by transposing its characters and events from Georgia during the Civil War to France during World War II, plaintiffs were not likely to succeed on merits. Under two-step analysis of *Sid & Marty Krofft Television Productions, Inc. v. McDonald's Corp.*, 562 F.2d 1157 (9th Cir. 1977), court first concluded that trier of fact was likely to find general ideas of works substantially similar. As to intrinsic test, however, trier of fact was not likely to find substantial similarity of protectible expression. Based on differences in time and setting, in major characters and their interrelationships, and in expression of scenes, total concept and feel of the two works was not substantially similar.

Chuck Blore & Don Richman Inc. v. 20/20 Advertising Inc., 674 F. Supp. 671 (D. Minn. 1987)

In suit alleging that defendants' television commercials were infringing copies of plaintiffs' television commercials, defendants' motion for summary judgment denied. Court rejects argument that similarities between commercials involve only non-protectible material, finding plaintiffs' artistic choices, including montage editing style, camera angle and use of close ups, to be expressive elements of plaintiff's commercial which distinguish its images

from other possible versions. Aspects of television commercials alleged to be infringed were audiovisual rather than literary, involving style, images and tone as opposed to substance, plot and characters. Applying two-part extrinsic/intrinsic test for substantial similarity adopted in *Hartman v. Hallmark Cards, Inc.*, 4 U.S.P.Q.2d 1864 (8th Cir. 1987), court concludes that ordinary reasonable person in relatively indiscriminating audience for television commercials would fail to perceive differences between the works and would regard their aesthetic appeal as the same.

Selmon v. Hasbro Bradley, Inc., 669 F. Supp. 1267 (S.D.N.Y. 1987)

Summary judgment granted to defendants in suit for infringement of plaintiffs' fanciful animal characters with accompanying storylines. Both parties' characters consisted of combinations of two different real animals. Although some conceptual similarity existed between parties' creations, court did not find any substantial similarity in particular expressions of those ideas, nor that defendants' works captured total concept and feel of plaintiffs'. None of defendants' characters was comprised of the same two animals as any of plaintiffs'; their names were not similar; and any similarities in character traits were obvious from nature of particular animals used. As to storylines, although concepts were similar, specific content was not. Finally, artistic renditions were dissimilar.

Gund, Inc. v. Swank, Inc., 673 F. Supp. 1233 (S.D.N.Y. 1987)

Court holds that plaintiff's plush toy lion was infringed by defendant's promotional toy lion. Defendant had approached plaintiff with a proposal to buy plaintiff's toy lion as a promotional premium but discontinued talks when quoted price was too high. Defendant approached another manufacturer which was asked to make lion similar to plaintiff's lion. Resulting lion found to be a substantial copy of plaintiff's, and court awards plaintiff lost profits on sales, attorney's fees and costs.

E. Mishan & Sons, Inc. v. Marycana, Inc., 662 F. Supp. 1339 (S.D.N.Y. 1987)

Defendant's kitchen magnet held substantially similar to plaintiff's despite some differences. Plaintiff's kitchen magnet consisted of white card with verse written in calligraphy with an imitation flower which was mounted onto a cardboard square covered with calico surrounded by gathered eyelet lace. Defendant's magnet contained different written verse (in similar calligraphy), gingham covering the cardboard and fewer gathers in surrounding lace. Court found substantial similarity despite these differences which it deemed "not significant" to overall effect because ordinary observer would assume that one was a copy of other.

Harper House, Inc. v. Thomas Nelson Publishers, Inc., 4 U.S.P.Q.2d 1897 (C.D. Cal. 1987)

In suit for infringement of plaintiff's copyrighted daily organizer books, jury verdict of infringement upheld. Court rejects defendants' argument that extrinsic test for substantial similarity was not met as matter of law because plaintiff's organizers appealed to different market than defendants'. Even assuming that extrinsic test was appropriate, significant evidence of actual copying could reasonably support finding of infringement. Defendants' objections to jury instructions found similarly unpersuasive. Jury was clearly instructed to consider similarities not in idea of organizer, but in expression of that idea, and to look at substantial similarity in *protectible* expression. Nor was it error to instruct jury to consider total impact and effect of plaintiff's works, in light of other instructions requiring jury to focus on protectible elements of organizers.

Regents of the University of Minnesota v. Applied Innovations, Inc., 5 U.S.P.Q.2d 1689 (D. Minn. 1987)

In suit by owners of copyrighted psychometric test against creator of computer program designed to score test, defendant found liable for infringement. Defendant's competitive commercial use was more than *de minimis*; defendant copied everything of commercial significance with regard to scoring and interpreting test. As to plaintiffs' tables correlating different versions of test, because plaintiffs failed to show defendant reproduced information in same arrangement, plaintiffs' compilation copyright not infringed.

Hearn v. Meyer, 664 F. Supp. 832 (S.D.N.Y. 1987)

In suit by author alleging that defendants' book infringed copyrights in texts and illustrations of several of his books and articles, summary judgment granted to defendants on claims of copying of texts, based on lack of substantial similarity. Applying two-part test of *Arnstein v. Porter*, 154 F.2d 464 (2d Cir. 1946), court finds no reasonable trier of fact could find sufficient similarity between defendants' book and protectible aspects of allegedly copied material. Most of allegedly copied passages held not copyrightable as either verbatim quotes from third party's work, statements of fact which could only be expressed in limited number of ways. Many other passages could not be found substantially similar by reasonable finder of fact because ideas or facts conveyed therein, or means of expression used to communicate them, were different. Remaining passages, even if infringements, held *de minimis* and insufficient to support copyright claim.

Religious Technology Center v. Scott, 660 F. Supp. 515 (C.D. Cal. 1987)

In suit alleging copying of religious documents belonging to Church of

Scientology by members of schism church, plaintiffs' motion for preliminary injunction denied. Under two-part test of *Sid & Marty Krofft Television Productions, Inc. v. McDonald's Corp.*, 562 F.2d 1157 (9th Cir. 1977), court first found that parties' works expressed substantially same ideas. It rejected defendants' contention that making this determination would impermissibly entangle court in determining religious doctrine. First Amendment requires religious scriptures to receive same copyright protection as other works, and courts should not get involved in deciding whether works are or are not religious scriptures. Moreover, issue of substantial similarity can be resolved without evaluation of religious significance. Applying *Krofft's* second intrinsic test, court could not conclude that ordinary reasonable person would find works substantially similar in expression. Court noted that works shared number of similarities of expression, were written in same style, and had number of sentences and images in common. Nevertheless, actual percentage of text copied verbatim was very small, although there was much larger amount of paraphrasing.

Carol Cable Co. v. Grand Auto, Inc., Copyright L. Rep. (CCH) ¶26,126 (N.D. Cal. 1987)

Preliminary injunction granted based on substantial similarity between packaging of parties' automobile battery booster cables. Under two-part test of *Sid & Marty Krofft Television Productions, Inc. v. McDonald's Corp.*, 562 F.2d 1157 (9th Cir. 1977), court finds, first, that parties' works involve same general ideas, consisting of type of artwork and design, materials, and commercial setting. Second, although there were some dissimilarities between the works, entire subjective effect was one of substantial duplication and appropriation of plaintiff's expression.

Kisch v. Ammirati & Puris Inc., 657 F. Supp. 380 (S.D.N.Y. 1987)

Plaintiff claimed defendants' photograph was an infringement of his copyrighted photograph of a scene in a nightclub. Defendants' motion for summary judgment denied. Copyright in photograph does not protect subject itself, but protects photographer's original conception of subject, including elements such as selection of lighting, shading, camera positioning and timing. Thus, copyright may be infringed where second photographer attempts to duplicate these elements, even though he is photographing live subject rather than first photograph. Here, rational trier of fact could find sufficient similarities to prove copying, as well as substantial similarity of protectible material amounting to unlawful appropriation.

Data East, USA, Inc. v. Epyx, Inc., Computer Industry Litigation Reporter ¶5, 709 (N.D. Cal. January 28, 1987)

Plaintiff's KARATE CHAMP audiovisual game designed to be played

on home computers held infringed by defendant's similar karate game. Court found access was established by wide dissemination of plaintiff's game. Although certain features of games were inherent in idea of a karate match or its depiction on home computer, court found expression in both games qualitatively identical with few exceptions and thus substantially similar.

C. *Public Performance*

LaSalle Music Publishers, Inc. v. Highfill, 3 U.S.P.Q.2d 1849 (8th Cir. 1987)

Court affirmed summary judgment for music publisher plaintiffs for infringement of performance rights in songs. Defendant contended that he made no profit on his music club shows. Court rejected argument that prima facie case of infringement of performance rights includes for-profit requirement. Court also upheld as not clearly erroneous district court finding that § 110(4) non-profit exemption was inapplicable.

Lodge Hall Music, Inc. v. Waco Wrangler Club, Inc., 831 F.2d 77 (5th Cir. 1987)

In suit for unauthorized public performance of copyrighted songs in nightclub, Court of Appeals vacates summary judgment for plaintiffs. Defendants' verified pleading alleged that club was closed during part of time plaintiffs' investigators said they were there. Because this allegation, made upon personal knowledge and constituting a fact to which defendants were competent to testify, raised factual issue as to credibility of investigators' affidavits, which were essential and uncorroborated element of plaintiffs' case, summary judgment was improper.

Golden Torch Music Corp. v. Lichelle's, Inc., 2 U.S.P.Q.2d 1795 (W.D. Tex. 1987)

In suit for unauthorized performance of copyrighted songs in bar, court rejected defendants' contention that performances were not public. Although bar was rented to private parties, members of public were allowed admission.

Columbia Pictures Industries, Inc. v. Sandrow, No. 87-3279 (E.D. Pa. March 23, 1988)

Court held defendant pub and its owner and manager liable for infringement of 8 copyrighted films as matter of law. Defendants showed videocassettes of plaintiffs' films on t.v. in pub, but only a few patrons near t.v. could view films. Court rejected defendants' argument that performance was not public. Definition of public performance is in disjunctive. Pub was place open to public so composition of audience was irrelevant. Court also found that individual defendant who owned and operated pub and who received

cease and desist letter had sufficient control over infringing activities to be found jointly and severally liable. Court awarded statutory damages of \$2,050 and granted leave to plaintiffs' attorney to submit evidence substantiating attorney's fees request.

D. Computer Programs

RAV Communications, Inc. v. Phillip Brothers, Inc., Copyright L. Rep. (CCH) ¶26,263 (S.D.N.Y. 1988)

Court denied defendant's motion to dismiss complaint alleging infringement of plaintiff's rights in computer programs. Plaintiff created several computer programs for defendant, installed pertinent hardware and continued to maintain and adapt programs for defendant until relationship was terminated. Plaintiff claimed that defendant continued to use, alter, change and upgrade source codes of programs. Defendants contended that their actions were permissible under § 117(1) which provides that an owner of computer program copy may make copies or adaptations of programs if created "as an essential step in the utilization of the computer program." Court rejects narrow interpretation of § 117 adopted by some courts as merely permitting loading of program into computer. Section also permits adaptation of program to enable owner to use program for purpose for which it was sold. Court found, however, that this issue could not be resolved on present record and accordingly denied motion to dismiss.

Lasercomb America Inc. v. Holiday Steel Rule Die Corp., 656 F. Supp. 612 (M.D.N.C. 1987), *appeal dismissed*, 829 F.2d 36 (4th Cir. 1987)

In suit for infringement of computer software, summary judgment granted for plaintiff. Access to plaintiff's work was conceded. Court relied on uncontradicted expert testimony in concluding that source codes were substantially similar as matter of law. Defendants' arguments that they invested considerable labor and expense in creating their program, and that their source code was based on information freely provided by plaintiff, rejected. Copyright protection extends to both source and object codes, and difficulty of copying is irrelevant to determination of infringement.

E. Importation

Sebastian International Inc. v. Consumer Contact (PTY) Ltds., No. 87-5439 (3rd Cir. May 25, 1988), *reversing*, 664 F. Supp. 109 (D.N.J. 1987)

Third Circuit reversed grant of a preliminary injunction by district court in suit alleging unauthorized importation of beauty products with copyrighted labels. Plaintiff sold beauty products to one defendant in South Africa for sale in that country only. Defendant instead reshipped goods to U.S. which were sold here. District court found infringement, reasoning that § 602 which prohibits unauthorized importation of copies of works into U.S.,

is not limited by first sale doctrine codified in § 1029. District court read first sale doctrine as inapplicable to right of copyright owner to control importation under § 602. Third Circuit disagrees, reasoning that first sale limitation on copyright owner's distribution rights also applies to situation where U.S. copyright owner produces goods in U.S. and sells them abroad. By selling goods with copyrighted labels, plaintiff relinquished any further right to sell or dispose of those copies under first sale doctrine. Court finds it unnecessary to decide situation in which foreign licensee manufactures and sells copyrighted works abroad which are later imported into U.S. without consent of copyright owner and explicitly limits its holding to factual situation at issue.

F. Contributory or Vicarious Infringement

RCA/Ariola International, Inc. v. Thomas & Grayston Co., 6 U.S.P.Q.2d 1692 (8th Cir. 1988)

In suit by record companies for unauthorized copying of musical tapes on cassette duplicating machines placed in retail stores, Court of Appeals affirms finding of vicarious liability against manufacturer of machines and its president. Manufacturer retained control over retailers' use of machines by providing instructions as to permissible manner of use, and had direct financial interest from exploitation of copyrighted materials based on profits from sales of tapes used in machines. Although manufacturer had no interest in customers' copying copyrighted materials as opposed to non-copyrighted ones, some customers brought its tapes for infringing purposes who would not have brought them otherwise. As president individually, he personally supervised retailers by writing letters instructing them as to permissible uses, and was 50% shareholder in manufacturer.

Casella v. Morris, 820 F.2d 362 (11th Cir. 1987)

Court finds that defendant is a contributory infringer of plaintiff's copyrighted songs. Defendant was part-owner of franchised restaurants in which plaintiff's songs were performed. Plaintiff had licensed songs on a per song flat fee basis. When defendant did not pay entire fee, plaintiff terminated license. Subsequently, defendant sold interests in franchise but never took any steps to stop performance of songs or to inform new owner of license termination. Court found defendant induced infringement of new owner and was guilty of contributory infringement.

Golden Torch Music Corp. v. Lichelle's, Inc., 2 U.S.P.Q.2d 1795 (W.D. Tex. 1987)

President of corporation owning bar held vicariously liable for unauthorized public performances of plaintiffs' songs by private parties renting bar. President's role went beyond that of mere landlord; he had direct financial interest in business and exercised supervisory control over operations. In ad-

dition, he knew that bar's ASCAP license had expired and that performances were done without authorization.

Southern Mississippi Planning & Development District, Inc. v. Robertson, Copyright L. Rep. (CCH) ¶26,143 (S.D.Miss. 1987)

Court denies individual employees' motion for summary judgment on infringement counterclaim against them individually. Employees of plaintiff corporation could be liable as contributory or vicarious infringers, and their assertion of doctrine of respondeat superior did not excuse any infringing activity committed in scope of employment.

International Korwin Corp. v. Kowalczyk, 665 F. Supp. 652 (N.D. Ill. 1987)

Restaurant owner held liable for unauthorized live performance of copyrighted song in his restaurant despite fact that musicians were not employed by him, but compensated solely by tips from patrons. Proprietor is responsible for copyright infringement of musicians whom he allows to perform in his establishment, even if he instructed them not to play protected works, or was unaware that they did so.

G. Criminal Infringement

United States v. Minor, 837 F.2d 841 (9th Cir. 1988)

Court of Appeals holds four-year sentence for conspiracy to commit copyright infringement illegal. Because copyright infringement is misdemeanor, and punishment for conspiracy to commit misdemeanor may not exceed maximum punishment for object offense, sentence could not exceed one year and \$10,000 fine.

VI. DEFENSES/EXEMPTIONS

A. Fair Use

Craft v. Kobler, 667 F. Supp. 120 (S.D.N.Y. 1987)

Court enjoins publication of biography of composer Igor Stravinsky, holding that biographer's use of quotations from published writings by Stravinsky and by plaintiff, Stravinsky's assistant and confidant, do not constitute fair use. As to first fair use factor, the purpose and character of use, while some quotations served instructive historical purpose of communicating Stravinsky's writing style, most were startlingly expressive phrases used to make better reading. Distinguishing *Salinger v. Random House, Inc.*, 811 F.2d 90 (2d Cir. 1987), as applying to unpublished works, court states that fair use doctrine gives latitude to an author's biographer to quote excerpts of author's published work to illustrate his writing style. This license is limited, however, and depends on amount of, and justification for, takings. Here,

third fair use factor, amount and substantiality of taking, weighed against biographer. Although Stravinsky's words constituted only approximately 3% of defendants' book, they far exceeded that percentage in importance, as they were liveliest and most entertaining part. Finally, both second and fourth fair use factors, the nature of plaintiff's copyrighted work and the effect of use on its potential market, favored plaintiff. Both books were biographical, and in potential competition, despite being aimed at different audiences. Fact that plaintiff's books out of print was not determinative, as books could be reissued or a collection of excerpts published.

Consumers Union of United States, Inc. v. New Regina Corp., 664 F. Supp. 753 (S.D.N.Y. 1987)

Court denies defendant's motion for summary judgment which contended that use in tv advertisements of verbatim quotes concerning defendant's vacuum cleaner taken from plaintiff's "Consumer Reports" article evaluating vacuum cleaners constituted fair use. On remand from Second Circuit's decision reversing grant of preliminary injunction, district court rejected argument that appellate decision constituted law of case as to defendant's fair use defense. Court found that factors slightly favoring defendant—*i.e.*, that purpose of plaintiff's work was informational and quotation was quantitatively small (albeit qualitatively significant)—were insufficient to overcome factors favoring plaintiff. Commercial advertising use of material was presumptively unfair. Additionally, court found genuine factual issues existed as to potential market impact, especially with respect to effect of widespread use such as defendant's on plaintiff's circulation and on derivative work market.

McCleskey v. Zant, 81-CV-2434 (N.D. Ga. Apr. 26, 1988)

Expert witness testified for defense in criminal trial that Georgia death penalty system was racially biased based on study and data base. Following conclusion of trial upholding death penalty, state's expert witness sought access to unpublished data base used by defense expert witness as basis for his testimony at trial. Court lifts protective order, thus permitting state's expert to obtain database in face of defense expert's copyright argument. Assuming that data base was protectible compilation, proposed use would constitute fair use. As to first fair use factor, state expert's purpose was criticism and scholarly research rather than profit. Second, unpublished nature of work was of less significance than in *Harper & Row Publishers v. Nation Enterprises*, 105 S. Ct. 2218 (1985), and *Salinger v. Random House, Inc.*, 811 F.2d 90 (2d Cir. 1987). Although data base was technically unpublished, conclusions and implications drawn from it were subject of widely publicized and extensive judicial proceedings. Moreover, compilation is more likely to be subject to fair use defense than creative work. As to third statutory factor, use of substan-

tial portion of data base was essential to thorough and scientific critique of its creator's statistical methods. Finally, any adverse effect on market for work would result from state expert's showing that work had no value because of untrustworthiness of creator's methods and conclusions, not from market competition. Court also identifies three additional factors supporting conclusion of fair use. First, creator's public statements about statistical validity of data base and unfairness of state's death penalty system were themselves unfair, and should be able to be rebutted. Second, publication date for work had been repeatedly postponed. Third, because data base provided foundation for creator's criticism of state's death penalty system and court's decision in underlying criminal case, public right of access to judicial proceedings favored proposed use, despite fact that data base had not been entered into evidence at trial.

Weissman v. Freeman, No. 87 Civ. 6069 (S.D.N.Y. May 3, 1988)

Defendant's contemplated use of medical research paper as handout in connection with a lecture given by defendant was a fair use. Court found that defendant was a joint author of work. Even if work were not joint work, however, defendant's use was fair. Court reasoned that use was entirely non-commercial and for educational purposes, involving a fact-based work. Although all of work was copied, content of paper had been published by both plaintiff and defendant in other joint papers. Finally, court found that there would be no impairment of market value of work (if any such value existed).

United Telephone Co. of Missouri v. Johnson Publishing Co., 671 F. Supp. 1514 (W.D. Mo. 1987)

Fair use defense held unavailable to defendant publisher in suit for infringement of telephone directory. Because defendant sought to gain profit from publication and distribution of directory, statutory defense was inapplicable. In addition, defendant's conduct did not fit within case law excusing use of competing directories because defendant entered updated listings from plaintiff's work into its data base before conducting independent canvass.

Southwestern Bell Media, Inc. v. Trans Western Publishing, Inc., 670 F. Supp. 899 (D. Kans. 1987)

Court holds fair use defense unavailable to defendant in suit for infringement of yellow pages telephone directory. Because defendant had pure for-profit motive in copying plaintiff's directory, use did not fall within contemplated coverage of defense. Although keying, the practice of inputting data from copyrighted directory into computer data base for purposes of developing sales leads, might be excusable as standard industry practice, defendant

here had gone further and used data base to construct substantially similar directory, as well as copying plaintiff's ads.

Strauss v. Hearst Corp., Copyright L. Rep. ¶26, 244 (S.D.N.Y. 1988)

Court determined that defendant's republication of plaintiff's photograph in "Popular Mechanics" advertising supplement did not constitute fair use. Defendant commissioned plaintiff to create photograph to illustrate article in "Popular Mechanics" about fishing gear. Plaintiff sued defendant for copyright infringement when defendant republished photograph in special advertising promotional insert directed to advertisers or potential advertisers of magazine. Court rejected defendant's fair use defense, stressing that first factor of analysis—nature and purpose of use—did not fall within type of significant public interest use contemplated by fair use privilege. Court distinguished cases upholding fair use in context of comparative advertising and advertising quoting "Consumer Reports" research on product. In those cases, court noted public had significant interest in comparative advertising and third party evaluations of product, whereas defendant's use of photograph had purely self-promotional commercial purpose directed to limited audience of potential advertisers and was not even essential to advertising purpose. Even considering other fair use factors, court concluded that copyrighted photograph was aesthetic work entitled to broader protection and that virtually entire work was reproduced, factors weighing heavily for plaintiff. Fact that impact on value of copyrighted work was inconclusive did not weigh heavily where purpose of fair use doctrine was not implicated and other factors weighed heavily in favor of plaintiff. Court, however, granted summary judgment to defendant on other grounds.

Bourne Co. v. Speeks, 670 F. Supp. 777 (E.D. Tenn. 1987)

Public performance of copyrighted songs in country music theater held not to be fair use. Use was of commercial nature rather than for non-profit educational purposes or any purpose of universal concern. Further, songs were performed in their entirety, and fair use doctrine generally does not apply where copyrighted material used as a whole.

Schumann v. Albuquerque Corp., 664 F. Supp. 473 (D.N.M. 1987)

Radio station's broadcast of musical composition after termination of ASCAP license held not a fair use as matter of law. Defendant argued that performance of one song as background to community calendar and of two songs as news reporting of live broadcast at a fiesta were fair uses. Court rejected argument that use of song as background to community calendar was use traditionally thought of as within fair use exception. Court also rejected news reporting argument, finding that entire songs were broadcast and that

broadcast was not a news show but had entertainment value which was in competition with copyright owner's exclusive performance right.

B. Sovereign Immunity

Auerbach v. Sverdrup Corp., 829 F.2d 175 (D.C. Cir. 1987), *cert. denied*, 108 S. Ct. 1075 (1988)

Court reverses and remands district court's determination that court lacked jurisdiction over copyright infringement suit by architect against several private defendants for use of plans in building garage for government. District court had reasoned that 28 U.S.C. § 1498(b), which waives sovereign immunity against U.S. government for copyright infringement by contractor acting for government with its authorization and consent and which provides an exclusive remedy against government in U.S. Claims Court, was applicable as matter of law and thus district court lacked subject matter jurisdiction. Appellate court found that district court applied incorrect standard in determining government "authorization and consent" which requires explicit acts or extrinsic evidence that third-party infringements were authorized or consented to by government. Although appellate court found no evidence that U.S. government authorized or consented to alleged acts of infringement, in view of complex record court remands for a determination by district court applying correct legal standard.

Serra v. U.S. General Services Administration, 667 F. Supp. 1042 (S.D.N.Y. 1987)

Court found that it lacked jurisdiction over artist's copyright claim against GSA and its officials for relocation of commissioned 120-foot outdoor sculptural work because United States had not waived its sovereign immunity with respect to such suit. GSA decided to relocate "Tilted Arc" sculpture created by plaintiff away from Federal Plaza in New York City, for which site GSA had commissioned work, after controversy engendered by its location and after an administrative hearing. Because United States was real party in interest, court found sovereign immunity applied. Court noted that only waiver to immunity to copyright claim is found in § 702 of Administrative Procedure Act which provides exclusive remedy for copyright infringement against United States in U.S. Claims Court. Court accordingly dismissed claim.

BV Engineering v. UCLA, 657 F. Supp. 1246 (C.D. Cal. 1987)

Court holds copyright claim against state university barred by Eleventh Amendment. Ninth Circuit holding to the contrary in *Mills Music, Inc. v. Arizona*, 591 F.2d 1278 (9th Cir. 1979), found no longer the law after Supreme Court decision in *Atascadero State Hospital v. Scanlon*, 473 U.S. 234 (1985). Under *Atascadero*, when Congress enacts law under one of powers

granted by Constitution, it may subject states to damage suits in federal courts only by expressing this intention unequivocally in language of statute. Because Copyright Act does not expressly set forth such intent, suit against state for damages could not be maintained. Issue of availability of injunctive relief left open.

Informal Opinion of Illinois Attorney General, Copyright L. Rep. (CCH) ¶26,182 (Oct. 19, 1987)

State Attorney General concludes that state and its agencies are immune from suit for damages for copyright infringement under Eleventh Amendment. Amendment does not, however, bar prospective injunctive relief against state officials.

C. Miscellaneous Exemptions

Merrill v. The County Stores, Inc., 669 F. Supp. 1164 (D.N.H. 1987)

Summary judgment granted to plaintiffs in suit for unauthorized public performances in hardware store of radio broadcasts of copyrighted songs. Defendants held not entitled to § 110(5) exemption for small business establishments. First, defendants' assertion that they never researched cost of subscribing to a commercial background music service was irrelevant to issue of whether store was of sufficient size to justify doing so. Second, defendants' argument that broadcasts were inaudible was both incredible and not supported by any evidence. Court also rejects defendants' third argument, that playing of songs was not intended to enhance or increase store sales. Legislative history of Copyright Act makes clear that transmission of performances in workplace for benefit of employees is "public performance," and defendants' purpose in providing such benefits was to increase productivity and, indirectly, sales. Nor would defendants have continued playing radio programs in store despite ASCAP opposition, and transmitting them to incoming customer telephone calls on hold, if doing so did not pay. Fourth, defendants' store was beyond outer limit of § 110(5) exemption, as it was many times larger than shop at issue in *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151 (1975), used a sound system not of kind commonly used in private homes, and had sales in amount justifying subscription to commercial background music service. Finally, court refused to consider argument that § 110(5) is unconstitutionally vague. As exemption was clearly inapplicable, court would avoid unnecessarily considering constitutional issue.

International Korwin Corp. v. Kowalczyk, 665 F. Supp. 652 (N.D. Ill. 1987)

In suit for unauthorized public performance of copyrighted songs over radio system in restaurant, defendant found not to qualify for § 110(5) exemption. First, defendant's radio system, constituting powerful receiver at-

tached to eight ceiling mounted speakers, was not type of receiver commonly used in private homes, and clearly went beyond system in *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151 (1975), which Congress had in mind in enacting § 110(5). Second, defendant's performances were further transmitted to public, as they originated in private office and were sent to public dining areas by concealed wiring. Finally, restaurant was not type of small commercial establishment protected by exemption, as both restaurant and sound system were much larger than those in *Aiken*. Further, given its physical size and substantial revenues, restaurant was large enough to accommodate background music service.

Bourne Co. v. Speeks, 670 F. Supp. 777 (E.D. Tenn. 1987)

In suit against owner of country music theater for unauthorized public performance of copyrighted songs, defendant held not entitled to § 110(4) exemption. Despite defendant's contention that theater was not a financial success, it was clearly operated for purpose of profit. In addition, defendant charged admission, and band members were paid a nominal fee. Finally, occasional charitable use of theater did not meet statutory requirement that proceeds be used exclusively for educational, religious or charitable purpose.

Sweet Summer Night Music v. Aiken, 659 F. Supp. 52 (D. Ala. 1987)

Juke Box exemption of § 116 held not to apply in suit against nightclub proprietor for unauthorized public performance of copyrighted songs. Although equipment was physically a juke box, manner of use excluded it from statutory definition of "coin-operated phonorecord player." Location of juke box behind stage where professional dancing took place made list of selections incapable of being readily examined by public, and made it difficult for patrons to make choice of songs. In addition, one-drink minimum amounted to indirect charge for admission, whether or not defendant's collection efforts were successful. Defendant's assertion that he did not have key to juke box did not exempt him from liability. Defendant would still be "operator" of juke box under § 116, and had sufficient control over nightclub to properly charge him with performing works publicly.

D. Statute of Limitations

Gaste v. Kaiserman, Copyright L. Rep. (CCH) ¶26,138 (S.D.N.Y. 1987), later proceeding, Copyright L. Rep. (CCH) ¶26,257 (S.D.N.Y. 1988)

In suit alleging that song "Feelings" infringed plaintiffs' copyrighted song, plaintiffs held barred by statute of limitations from recovering any damages incurred more than three years before filing suit. Court declined to follow Seventh Circuit's approach in *Taylor v. Meirick*, 712 F.2d 1112, 1117-19 (7th Cir. 1983), allowing unlimited recovery of damages where infringement continued into limitations period. This approach would render language of

Copyright Act meaningless and eradicate policy objectives of statute of limitations.

Cormack v. Sunshine Food Stores, Inc., 657 F. Supp. 374 (E.D. Mich. 1987)

In suit for unauthorized copying and distribution of copyrighted questionnaires, statute of limitations held not to bar plaintiffs' claims for acts of infringement that took place more than three years before lawsuit was filed. Although infringement began ten years earlier, plaintiffs did not learn of it until one month before filing suit. Contrary result would mean that copyright infringers who act secretly could be free from liability, a result not intended by Congress in enacting statute.

VII. REMEDIES

A. Damages

RCA/Ariola International, Inc. v. Thomas & Grayston Co., 6 U.S.P.Q.2d 1692 (8th Cir. 1988)

In suit by record companies for unauthorized copying of musical tapes on cassette duplicating machines in ten retail stores, Court of Appeals upholds damages awards. As to retail stores, Court refuses to require separate damage awards against each defendant. By alleging that defendants engaged in conspiracy to infringe, plaintiffs invited any error in setting damage award as joint and several. As to manufacturer of machines, given its reliance on opinion of counsel, its infringement was not willful.

Update Art, Inc. v. Modiin Publishing Ltd., 6 U.S.P.Q.2d 1784 (2d Cir. 1988)

Court affirmed magistrate's award of over \$475,000 in actual damages and profits for infringement by defendants of plaintiff's "Ronbo" poster. Defendants had published a full-page reproduction of poster in magazine section of newspaper which was distributed in Israel and U.S. Plaintiff calculated that defendants' gross revenues from sales of newspaper edition were over \$475,000 and that plaintiff's lost profits were \$380,000. Because defendants repeatedly failed to comply with discovery orders after warnings, magistrate held defendants were precluded on damage issue and accepted plaintiff's calculations. Magistrate awarded plaintiff's lost profits plus defendants' revenues from infringement, which were not duplicative of plaintiff's profits, for a total of over \$475,000. Second Circuit affirmed that magistrate's preclusion sanction imposed upon defendants was not abuse of discretion.

Kamar International v. Russ Berrie & Co., 829 F.2d 783 (9th Cir. 1987)

In third appeal of this case, Ninth Circuit affirms award of over \$460,000

statutory damages under § 101(b) of 1909 Act for infringement of seven copyrighted toys. On remand from second appeal, district court determined that sales made after service of complaint were with notice under § 101(b), thereby eliminating statutory damage ceiling for those sales. In order to compensate plaintiff and to deter post-notice infringements, district court awarded damages set at approximately four times level of gross profits. Appellate court rejected defendant's argument that it lacked notice under § 101(b) until entry of a preliminary injunction in view of statutory language explicitly mentioning notice by service of process. Court also rejected argument that award was abuse of discretion, finding award in accord with purpose of deterring post-notice infringement.

Mary v. Watt, 822 F.2d 896 (9th Cir. 1987)

Home designer sued developer for making changes in his design plans for condominium complex. On appeal from jury verdict awarding damages for breach of contract, court held that no further relief could have been awarded under Copyright Act. Plaintiff did not seek statutory damages. As to actual damages, plaintiff failed to show amount of indirect profits earned by defendants through increase of value in condominium complex due to use of plaintiff's designs. As to equitable remedies, trial court had already enjoined use of plaintiff's name or likeness in promoting or advertising of project. Further injunctive relief ordering demolition of complex or use of distinctively different designs for remainder of project would have been abuse of discretion.

United States v. King Features Entertainment, Inc., Copyright L. Rep. (CCH) ¶26,256 (9th Cir. 1987)

Ninth Circuit affirms that defendant Salzburg Enterprises infringed King Features' copyrights in cartoons by licensing cartoons to U.S. military for use on closed-circuit t.v. and outside U.S. beyond scope of Salzburg's license from King Features. Court also affirms rejection of Salzburg's waiver and estoppel defenses. Court, however, reverses an award of \$137,000 actual damages which was price Salzburg received from U.S. military for cartoons. Applying Ninth Circuit test of actual damages—"extent to which the market value of a copyrighted work has been injured or destroyed by an infringement"—court concludes that there is issue of fact as to extent market value for t.v. market for military bases abroad was injured.

Warner Bros. Inc. v. Dae Rim Trading, Inc., 677 F. Supp. 740 (S.D.N.Y. 1988)

In suit against small business and its employee for selling dolls that were infringing copies of characters from plaintiff's movie "Gremlins," court rejects plaintiff's request for statutory damages of \$10,000, and awards only

\$100. Statutory damages should bear some relationship to circumstances of infringement, and should not provide plaintiff with windfall. Amount sought by plaintiff seemed unreasonable, since it made no attempt to show any actual damage. Defendants proved they were neither aware nor had reason to believe their acts constituted infringement. Given small size of defendants' business, relatively small amounts involved, plaintiff's large revenues and resources and its substantial profits from its film and related copyright licensing program, and defendants' good faith and early consent to reasonable relief, damages reduced to minimum for innocent infringement under § 504(c)(2).

United Telephone Co. of Missouri v. Johnson Publishing Co., 671 F. Supp. 1514 (W.D. Mo. 1987)

Actual damages and profits awarded to plaintiff in suit for infringement of copyrighted telephone directory. Actual damages set at amount of licensing and administration fees plaintiff charged for use of its directories. Because only those profits of infringer not taken into account in computing actual damages may be considered, amount of such fees deducted from defendant's net profit in computing total award.

Prater Music v. Williams, 5 U.S.P.Q.2d 1813 (W.D. Mo. 1987)

On default judgment for unauthorized public performance of plaintiffs' songs, statutory damages of \$3,000 per infringement awarded against clearly willful infringer. In order to ensure that defendant would not profit from violation of copyright laws, amount of award exceeded appreciably ASCAP license fees he would have had to pay.

Gaste v. Kaiserman, Copyright L. Rep. (CCH) ¶26,138 (S.D.N.Y. 1987), later proceeding, Copyright L. Rep. (CCH) ¶26,257 (S.D.N.Y. 1988)

Court modified jury verdict award of damages for infringement of plaintiff's copyrighted song "Feelings" by eliminating from award income earned by radio and t.v. performances of song abroad. Court noted that royalties from foreign performances are recoverable when infringement in U.S. permits further exploitation abroad, but found no record evidence that foreign performances resulted from reproduction of recordings made in U.S. Court rejected, however, argument that defendants were entitled to apportionment based on fact that defendants used only copyrighted music and not lyrics of song. Where copyrighted portions were so intermingled with rest of work, trier of fact could find that entire profits of defendants should be awarded to plaintiff. Court found that jury was properly charged on legal principles and upheld its finding of no apportionment.

Original Appalachian Artworks, Inc. v. Yuil International Trading Corp.,
5 U.S.P.Q.2d 1516 (S.D.N.Y. 1987)

Magistrate recommended award of maximum statutory damages of \$50,000 as well as attorney's fees and costs to plaintiff for defendants' willful infringement of plaintiff's copyright in Cabbage Patch dolls. Plaintiff sought actual damages based upon defendants' profits in selling various counterfeit Cabbage Patch items, but Magistrate found calculation too speculative in view of absence of any sales records concerning items and alternatively awarded maximum statutory damages.

Dolori Fabrics, Inc. v. Limited, Inc., 662 F. Supp. 1347 (S.D.N.Y. 1987)

Plaintiff was entitled both to its own damages and to infringers' profits on dresses made of fabric which infringed plaintiff's copyrighted fabric design. Plaintiff's damages were profit it would have made on selling fabric to manufacturer of garment. In addition, plaintiff was entitled to manufacturer's profit in selling dresses to retailer and retailer's profit in selling dresses to consumer. Court reasoned that there was no double counting.

JBK Fabrics Inc. v. Mark Industries Inc., 5 U.S.P.Q.2d 1414 (C.D. Cal. 1987)

Lost profits awarded to successful plaintiff in suit for infringement of copyrighted fabric design. Plaintiff held entitled to recover the greater of its own lost profits from sales it could have made, or defendant's gained profits from sales of infringing fabric. Amount of plaintiff's lost profits determined by cost of plaintiff's fabric multiplied by number of yards of infringing fabric sold by defendant, minus costs of sale plaintiff would have incurred. In determining defendant's profits from infringing sales, law allows only deduction of costs directly attributable to goods at issue, even though deducting overhead expenses from gross sales seemed reasonable. Defendant failed to establish any such allocable overhead costs. Finally, court refused to deduct general income tax reserve figure from defendant's profits. Such a figure bore no necessary relationship to sales in question, and deduction would be speculative and problematic, as plaintiff's recovery might also have income tax consequences.

Cormack v. Sunshine Food Stores, Inc., 657 F. Supp. 374 (E.D. Mich. 1987)

Court awarded maximum statutory damages of \$50,000 for willful infringement of copyright in each of two employee surveys. Court rejected defendant's argument that plaintiffs' two surveys were a compilation under § 504(c)(1) and should be treated as one work. Although plaintiffs sold tests as a package to defendant, court, applying a "functional" test, reasoned that

each test could be used separately for different purposes and thus they were separate works of authorship.

Fitzgerald Publishing Co. v. Baylor Publishing Co., 670 F. Supp. 1133 (E.D.N.Y. 1987)

On remand from Second Circuit, court awards over \$220,000 in statutory damages jointly and severally against defendants who willfully infringed plaintiff's copyrights in 11 volumes of magazine series. Court noted that nonappearance of one defendant contributed to plaintiff's inability to prove actual damages, that plaintiff's market for making future sales had been impaired by defendants' activities, and that defendants had altered copyright notice without permission of plaintiff. Court also awarded \$866 actual damages against one defendant on other volumes which were registered after infringement commenced, based on calculation of profits made by defendant.

Harper House, Inc. v. Thomas Nelson Publishers, Inc., 4 U.S.P.Q. 2d 1897 (C.D. Cal. 1987)

On post-trial motions, court upholds jury's award of damages for infringement. First, as to actual damages, jury's acceptance of evidence of reduced demand for plaintiff's works was reasonable. Nor did double recovery result from award of "reasonable use royalty," attempting to measure harm to plaintiff from reduced value of copyright, in addition to award of defendants' profits. Defendants were not entitled to corresponding deduction from profits because they never actually paid such a royalty, and if they had, other direct costs already deducted might not have been incurred. Moreover, royalty award was not used as substitute for defendants' profits from infringement. Court finds no plain error in jury instruction that overhead expenses could not be deducted from their profits if infringement was willful. Finally, court rejects defendants' challenge to instruction allowing jury to award "value of use" in determining amount of actual damages. Where infringement did not produce gain to infringer, and losses to copyright owner are difficult to quantify, such use of market value of plaintiff's work to measure damage from infringement is justified.

Jones Associates, Inc. v. Nino Homes, 4 U.S.P.Q.2d 1391 (E.D. Mich. 1987)

Actual damages and profits awarded to plaintiff in lawsuit for copying of copyrighted architectural drawings. Because defendants were engaged in direct competition with plaintiff in construction and sale of houses in geographical proximity, damages measured by net profit plaintiff would have made if seven houses sold had been plaintiff's instead of defendants'. Although it was not certain that plaintiff would have sold same number of houses if not for defendants' infringement, copyright owner need only establish existence of

causal relationship between infringement and loss of revenue with reasonable probability. Burden then shifts to defendants to show this damage would have occurred even without their taking of copyrighted expression. Defendants here failed to meet this burden.

Regents of the University of Minnesota v. Applied Innovations, Inc., 5 U.S.P.Q.2d 1689 (D. Minn. 1987)

In suit by owners copyright in psychometric test against creator of computer program designed to score test, plaintiffs awarded actual damages, determined by net profits plaintiffs would have earned but for infringement. Court calculates lost profits as reasonable net profit percentage, measured by defendant's projected one-year profit objective, of average yearly per customer revenue multiplied by number of customers lost, times average period of years customer would use current computer system.

CBS Inc. v. Casino Record Distributors of Florida, Inc., 654 F. Supp. 677 (S.D. Fla. 1987)

Court awarded statutory damages for willful infringement under § 504(c) against seller of parallel import phonorecords. Court concluded defendant's experience in industry, coupled with sale of unauthorized imported phonorecords after receipt of cease and desist letter and failure to keep records of sales, constituted at minimum "reckless disregard for plaintiff's rights" and therefore willfulness.

Rick Hall Music, Inc. v. Phinney, Civ. No. 87-4158-S (D. Kans. Mar. 31, 1988)

In suit for unauthorized public performance on jukeboxes of plaintiffs' musical compositions, statutory damages set at \$1,000 per violation. Court rejects defendant's argument that minimum penalty should be imposed because of his precarious financial situation and his subsequent purchases of ASCAP licenses, finding substantial penalty is in order based on defendant's repeated and willful past disregard of copyrights licensed to ASCAP.

Original Appalachian Artworks, Inc. v. J.F. Reichert, Inc., 658 F. Supp. 458 (E.D. Pa. 1987)

In action for unauthorized importation of plaintiff's "Cabbage Patch Kids" dolls, defendant found to be neither willful nor innocent infringer under § 504(c)(2). Court defines willfulness as actual knowledge or reckless disregard as to whether conduct infringed plaintiff's copyright. Here, willfulness negated by defendant's attempts to learn whether his actions violated law or interfered with anyone's rights. However, innocence defense unavailable because plaintiff's copyright notices should have caused defendant to investi-

gate further. Minimal amount of statutory damages awarded based on defendant's lack of profit, plaintiff's lack of losses, defendant's efforts to investigate and unfamiliarity with nuances of Copyright Act, and fact that defendant immediately ceased infringing conduct upon being informed it violated plaintiff's copyright.

Golden Torch Music Corp. v. Lichelle's, Inc., 2 U.S.P.Q.2d 1795 (W.D. Tex. 1987)

Plaintiffs sued bar owners for unauthorized public performance of copyrighted songs. Noting willful nature of infringement, court awarded statutory damages of approximately twice what defendants would have had to pay for ASCAP license, in order to teach that it cost less to obey copyright laws than to violate them.

Merrill v. The County Stores, Inc., 669 F. Supp. 1164 (D.N.H. 1987)

Statutory damages of \$750 per infringement awarded to plaintiffs in suit for unauthorized public performances in hardware store of radio broadcasts of copyrighted songs. Given numerous contacts by ASCAP and substantial size and nature of defendants' business, store manager's disavowal of knowledge of copyright laws was disingenuous. In addition, in order to give reason to obey copyright law, total damages set at amount two and one-half times what defendants would have paid in fees to ASCAP over six years.

BMI v. Xanthas, Inc., 674 F. Supp. 553 (E.D. La. 1987)

Jukebox owner who failed to register jukeboxes with Copyright Office pursuant to § 116 found liable for willful infringement of copyrighted musical compositions. Because infringements were willful, given defendant's past registration history and continuing refusal to register, proper measure of damages was three times amount of unpaid registration fees.

International Korwin Corp. v. Kowalczyk, 665 F. Supp. 652 (N.D. Ill. 1987)

Statutory damages awarded to plaintiffs in suit against restaurant owner for unauthorized public performance of copyrighted songs. Two primary factors in setting amount of statutory damages are willfulness of defendant's conduct, and deterrent value. Here, given defendant's repeated refusals to obtain ASCAP license, conduct clearly willful. In order to ensure that defendant does not profit from violating copyright laws, statutory damages awarded in total amount three times what he would have paid for ASCAP license.

B. Attorney's Fees

Original Appalachian Artworks, Inc. v. McCall Pattern Co., 825 F.2d 355 (11th Cir. 1987)

Court affirmed award of \$100,000 attorney's fees to prevailing defendant. Defendant not required to show plaintiff's bad faith or frivolous claim. Although finding of good faith or a colorable claim could justify denial of fees, such circumstances did not require denial of fee award which is within discretion of trial court. Here, court noted weak nature of plaintiff's case and a ruling against plaintiff on major issues of case, justifying exercise of trial court's discretion in favor of defendant.

Sherry Manufacturing Co. v. Towel King of Florida, Inc., 822 F.2d 1031 (11th Cir. 1987)

Court vacates fee award to prevailing defendant because district court did not articulate reasons underlying its decision. Standard for fee award in Eleventh Circuit is same for prevailing plaintiff or defendant and does not require finding of bad faith or pressing of frivolous claim by losing party, although such factors can justify denial of fee award in exercise of trial court's discretion. On other hand, magistrate's finding below, if accepted by trial court, that plaintiff initiated "predatory" suit for commercial gain would justify award for defendant. District court on remand is directed to apply standard and state reasons for decision reached.

Casella v. Morris, 820 F.2d 362 (11th Cir. 1987)

Court vacated and remanded district court's denial of attorney's fees to plaintiff. District court had found infringement of plaintiff's copyrighted songs to be willful. Although finding of willfulness in and of itself does not mandate fee award, it is an important factor to be considered. Because district court gave no reasons for denial of fees, appellate court remands to allow district court to reconsider question and to articulate reasons for decision.

McCulloch v. Albert E. Price, Inc., 823 F.2d 316 (9th Cir. 1987)

Court reverses and remands award of attorney's fees to prevailing plaintiff so that district court can apply standard articulated by Ninth Circuit. Court differentiates standard for fee award to a prevailing defendant which can be predicated only upon a finding of bad faith or frivolity on part of plaintiff, and for fee award to prevailing plaintiff which should take account of Act's intent to deter infringement and to encourage assertion of colorable claims. Ninth Circuit follows Third Circuit's position in *Lieb v. Topstone Industries, Inc.*, 788 F.2d 151 (3rd Cir. 1986), and finds prevailing plaintiffs should not automatically be entitled to fee award. Considerations which, in the district court's discretion, could justify denying an award include: com-

plex or novel issues; defendant's status as innocent infringer; plaintiff's bad faith prosecution; and defendant's good faith attempt to avoid infringement. Court remands to district court for express findings concerning basis of award.

Reader's Digest Association, Inc. v. Conservative Digest, Inc., 821 F.2d 800 (D.C. Cir. 1987)

Court affirms denial of attorney's fees to plaintiff and defendants with respect to Reader's Digest copyright infringement claims concerning its cover layout and anecdotes. Although Reader's Digest prevailed on cover layout claim with respect to Conservative Digest and its editor, court ducked question of whether deliberate infringement is preconditioned to fee award because under either standard, Reader's Digest was not entitled to fees since infringement was not deliberate and no other factor strongly indicated an award. District court also properly denied fees for individual defendants cleared of copyright infringement of cover layout, as well as fees for all defendants who were found not to infringe "Reader's Digest's" anecdotes, because claims were neither frivolous nor brought in bad faith.

RCA/Ariola International, Inc. v. Thomas & Grayston Co., 6 U.S.P.Q.2d 1692 (8th Cir. 1988)

In suit by record companies for unauthorized copying of musical tapes on cassette duplicating machines in retail stores, court upholds amount of attorney's fees awarded to plaintiff. District court did not abuse discretion in awarding low fee, as record showed plaintiffs' trade association would use fee to finance similar litigation, and court could properly be concerned over such assaults on scarce judicial resources.

Hartman v. Hallmark Cards, Inc., 833 F.2d 113 (8th Cir. 1987)

Eighth Circuit finds it unnecessary to decide appropriate standard for award of attorney's fees to a prevailing defendant, since under any of standards applied by courts, district court's denial of fee award to defendant was not abuse of discretion. District court had found that plaintiff's suit was not brought in bad faith or frivolous. Such facts were sufficient to support denial of award.

Warner Bros. Inc. v. Dae Rim Trading, Inc., 677 F. Supp. 740 (S.D.N.Y. 1988)

In suit against small business and its employee for selling dolls that infringed plaintiff's copyright in characters from movie "Gremlins," court awards costs and attorney's fees to defendants despite judgment of infringement. In circumstances of case, defendants and not plaintiff were prevailing

party. Long before trial, defendants had conceded infringement and consented to permanent injunction. Defendants had prevailed on remaining issues of statutory damages and question of willfulness, as well as on their counterclaim against unlawful temporary restraining order. Even if plaintiff had been prevailing party, court would exercise discretion to deny it attorney's fees. Public policy of assuring access to courts and providing economic incentive to challenge infringement had little relevance to party of plaintiff's size and financial resources, and punitive aspect of award not served by penalizing innocent infringer. Plaintiff should be required to pay cost of its copyright enforcement program out of large profits from its film and merchandise licensing; defendants' infringement was innocent; case was commenced without reasonable inquiry in violation of Rule 11; there was no evidence of any damages to plaintiff; plaintiff continued to press case long after defendants agreed to relief against infringement; plaintiff had obtained series of illegal *ex parte* search and seizure orders; and plaintiff caused confusion to court and prejudice to defendants by treating copyright and trademark law as interchangeable. Attorney's fees awarded to defendants on grounds that plaintiff continued to litigate claim after it clearly became unreasonable, and acted vexatiously and for oppressive reasons.

Silverman v. CBS, Inc., 675 F. Supp. 870 (S.D.N.Y. 1988)

Court had earlier granted summary judgment to defendant on its counterclaim for infringement of copyrights in "Amos 'n Andy" radio programs. As prevailing party, court awarded \$10,000 fee to defendant instead of requested \$185,000 because most of defendant's legal fees were incurred in defending against plaintiff's action which raised "unique legal issues" and because "reasonable" fees should bear some relationship to amount recovered, in this case about \$9,400 based on counterdefendant's profits.

RCA Records v. All-Fast Systems, Inc., Copyright L. Rep. (CCH) ¶26,191 (S.D.N.Y. 1987)

Attorney's fee award to prevailing plaintiff was set well below actual time and expenses claimed in view of facts that inexperienced associate did much of work, some of which may have been necessitated by unfamiliarity of associate, and some expenses were questionable. Additionally, court noted that although plaintiff had demonstrated no damages, \$25,000 statutory damages had already been awarded, a sum sufficient to serve deterrence purpose of statute in view of relatively small commercial operation of defendant.

Bourne Co. v. MPL Communications, Inc., 678 F. Supp. 70 (S.D.N.Y. 1988), *modified*, 678 F. Supp. 70 (S.D.N.Y. 1988)

After holding that plaintiff music publisher owned all rights in post-termination copyright term of song, court denies its application for costs and

attorney's fees. Given novelty of issues and lack of any bad faith on defendants' part, court exercises discretion not to make such an award.

Sigler v. National Network of Asian and Pacific Women, Copyright L. Rep. (CCH) ¶26,144 (D.D.C. 1987)

Attorney's fees awarded to defendants in infringement suit where plaintiff's claim of copyright ownership held lacking in substance, and where plaintiff had attempted retroactively to create documents showing she had conceived copyrighted work. Where a plaintiff acts willfully and deliberately in claiming copyright interest to which it is not entitled, such an award to defendant is justified.

International Korwin Corp. v. Kowalczyk, 665 F. Supp. 652 (N.D. Ill. 1987)

Reasonable attorney's fees awarded to plaintiffs in suit for unauthorized public performance of copyrighted songs, given defendant's willful infringement and lack of good-faith basis for asserting defense. Amount of fees requested, however, reduced substantially. Court deletes as inconsistent with appropriate billing practices time listings found vague or attributable to general overhead. In addition, various listings of time spent on discovery, motions and trial preparation stricken as excessive, redundant, imprecise or premature.

Original Appalachian Artworks, Inc. v. J.F. Reichert, Inc., 658 F. Supp. 458 (E.D. Pa. 1987)

Attorney's fees awarded to prevailing plaintiff in action for unauthorized importation of copyrighted dolls. Under Third Circuit standard set forth in *Lieb v. Topstone Industries, Inc.*, 788 F.2d 151 (3d Cir. 1986), award of fees is within court's discretion. Here, award appropriate because although defendant was not a willful infringer, neither was he an innocent infringer. In addition, because of minimal amount of statutory damages awarded, considerations of compensation required award of fees to plaintiff.

Ford Motor Co. v. B & H Supply, Inc., 2 U.S.P.Q.2d 1870 (D. Minn. 1987)

In making award of attorney's fees to prevailing plaintiff, court reduced amount requested. Because plaintiff had succeeded only on two of its three claims, those for which an award of fees was authorized by statute, and because it did not prevail against all of defendants, amount reduced by 30%. Further \$10,000 deduction warranted by unnecessary duplication of effort by lead and local counsel. Finally, award reduced by additional \$5,000 because

plaintiff's counsel spent more time than necessary in preparation of summary judgment motion and pretrial and posttrial materials.

BMI v. Triple L Vending, Inc., Copyright L. Rep. (CCH) ¶26,178 (W.D. Tex. 1987)

Court awards successful plaintiff in infringement action \$13,093 in attorney's fees, the full amount sought. Court finds that services rendered by lead and local counsel were not duplicative, that the amount of time spent and hourly fees charged were reasonable, that the total amount sought was reasonable in light of the \$15,000 statutory damages award, and that lead counsel was known for its expertise in intellectual property law. In addition, although case was not novel, defendants made it more difficult than normal because of their failure to answer interrogatories and unreasonable contention that they were innocent infringers.

C. Injunctive Relief

Concrete Machinery Co. v. Classic Lawn Ornaments, Inc., No. 87-1491 (1st Cir. April 5, 1988)

In vacating denial of preliminary injunction and remanding for reconsideration, First Circuit states that four factors in determination of whether to issue preliminary injunction are not separately considered in copyright infringement case but are heavily influenced by findings concerning likelihood of success on merits factor. Irreparable harm usually is presumed if likelihood of success on merits is shown. Public policy also normally favors issuance of preliminary relief in such circumstances since "it is virtually axiomatic that the public interest can only be served by upholding copyright protection." Finally, balance of hardships factor must be weighed against strength of plaintiff's likelihood of success on merits. Where likely success is strong, injunction should issue even if defendant will be more heavily burdened or even put out of business, since probable infringer "should not be allowed to continue to profit from its continuing illegality at the copyright owner's expense." Where likelihood of success is weaker, then greater hardship to defendant should cause denial of injunction.

Forry, Inc. v. Neundorfer, Inc., 837 F.2d 259 (6th Cir. 1988)

Court of appeals upholds grant of preliminary injunctive relief where plaintiff did not sue until nearly two years after first accusing defendant of copyright infringement. Although unreasonable delay between first learning of infringing acts and filing suit may rebut presumption of irreparable harm in copyright infringement case, delay here was not unreasonable, as plaintiff did not have actual evidence of infringement until shortly before bringing suit.

Sidwell Co. v. Real Estate Data Inc., 5 U.S.P.Q.2d 1369 (N.D. Ill. 1987)

Preliminary injunction denied to plaintiff, who had created land parcel tax maps for County, in suit against company authorized by County to copy and distribute the maps. Plaintiff demonstrated more than negligible chance of success on merits based on copyright certificate, despite language of agreement giving County unlimited rights of use, reproduction, sale and distribution, and agreeing to pay it royalties. Because plaintiff's lost sales could be calculated by determining amount of defendant's sales for same maps, however, plaintiff had adequate remedy at law. No presumption of irreparable harm was warranted, as plaintiff had not established clear case of infringement. Even without presumption, no irreparable harm existed. Because of limited and unvarying nature of market for tax maps, and identical nature of maps distributed by both parties, plaintiff could be made whole by reestablishing its monopoly of market and receiving quantifiable damages. Given these facts, balance of hardships favored defendant, whose reputation would be substantially damaged by grant of injunction. Finally, public policy weighed against injunction, which would deny County its contractual rights and severely curtail competition.

Southwestern Bell Media, Inc. v. Trans Western Publishing, Inc., 670 F. Supp. 899 (D. Kans. 1987)

Preliminary injunction granted to plaintiff in suit against competing publisher for infringement of yellow pages telephone directory. Plaintiff's delay in filing suit until four months after obtaining copy of defendant's directory held not to constitute laches barring preliminary injunctive relief. First, plaintiff had no reason to believe that defendant had not done independent canvass in preparing directory. Second, because of cosmetic changes, defendants' directory was not so obvious a copy as to put plaintiff on notice of infringement. Once plaintiff discovered infringing nature of defendant's directory, it filed suit within two months. This was not inordinate amount of time, given unsettled status of law in this area. As to irreparable injury, plaintiff would suffer financial damage from publication of defendant's directory that could not practically be measured, as well as irreparable damage to its credibility. This damage outweighed potential harm to defendant, which would not be driven out of market completely but merely set back. Nor would public interest bar issuance of injunction, as public would still be served by plaintiff's directory, and loss of ads for one year for certain percentage of area business not harmful enough to outweigh injustice caused by defendant's conduct. Finally, plaintiff was not precluded from equitable relief by its own similar acts of copying dominant directories in other geographical areas. Unclean hands defense did not apply, as plaintiff's alleged misconduct did not have direct relation to present dispute between parties.

Merton Co. v. Tony Trading of Hong Kong Ltd., 6 U.S.P.Q.2d 1156 (S.D.N.Y. 1987)

Preliminary injunction granted to plaintiffs in suit for infringement of snow globe novelty item. Defendants' use of sample copied from plaintiffs' work to solicit orders was an infringement of copyright and caused irreparable harm. Court rejects defendants' argument that effect of infringement was undone by their subsequent delivery of altered, non-infringing globes. Plaintiffs lost substantial opportunity to sell their works, and defendants' second globe also infringed plaintiffs' copyright. Plaintiffs' application for recall denied, however, conditional on defendants posting security, because of potential harm to innocent third-party customers of defendants and disruption of marketplace. Moreover, plaintiffs could have avoided need for recall in last days before Christmas by moving earlier to bar defendants' shipments.

Religious Technology Center v. Scott, 660 F. Supp. 515 (D.C. Cal. 1987)

In suit alleging copying of religious documents belonging to the Church of Scientology by members of a schism church, plaintiffs' motion for preliminary injunction denied. Court found plaintiffs had shown only possibility of success on copyright infringement claim. In addition, balance of hardships favored defendants. Plaintiffs were unable to make the very strong showing of hardship necessary to justify issuance of injunction which was likely to interfere with defendants' constitutional right to practice their religion.

Trust Company Bank v. Putnam Publishing Group Inc., 5 U.S.P.Q.2d 1874 (C.D. Cal. 1988)

In lawsuit alleging that French novel "the Blue Bicycle" infringed copyright in book "Gone With The Wind," preliminary injunction denied. First, plaintiffs failed to establish strong likelihood of success on merits. Presumption of irreparable harm was therefore inapplicable, and was in any event rebutted by plaintiffs' three-year delay in seeking injunctive relief. Plaintiffs' only potential harm, a potential loss of sales due to purchases of defendants' book, could be compensated by monetary damages. Moreover, balance of hardships tilted heavily in defendants' favor, as an injunction would jeopardize their substantial investment and projected sales, disrupt their publishing schedule, put shelf space at risk, and damage their goodwill. In addition, an injunction would not serve public interest favoring publication of books. Finally, plaintiffs were barred by laches from obtaining preliminary injunctive relief, as their unreasonable delay in bringing suit prejudiced defendants.

House of Hatten, Inc. v. Baby Togs, Inc., 668 F. Supp. 251 (S.D.N.Y. 1987)

Preliminary injunction denied to plaintiff in infringement suit who

waited over five months to assert claim. Plaintiff's lack of diligence mitigates against finding of irreparable harm necessary to justify extraordinary relief of preliminary injunction. Moreover, excusing plaintiff's delay would be particularly inappropriate here, because defendant was not notified of plaintiff's claim and acted to its detriment by ordering and manufacturing allegedly infringing quilts.

D. Impoundment

Warner Bros. Inc. v. Dae Rim Trading, Inc., 677 F. Supp. 740 (S.D.N.Y. 1988)

In suit for sale of infringing dolls, court holds seizure and impoundment order illegal and unconstitutional. While § 503(a) of Copyright Act provides for impounding of claimed infringing articles, it does not authorize search of defendant's premises or impounding of documents and records. In addition, order violated Supreme Court's Special Copyright Rules, which set forth detailed procedure to enforce statutory remedy of impounding. Court holds Rules still in effect and not superseded by general provisions of § 503.

VIII. PREEMPTION

Del Madera Properties v. Rhodes and Gardner, Inc., 820 F.2d 973 (9th Cir. 1987)

Court affirms verdict that developer's copyright in development map, though valid, was not infringed by defendants' use of map in completing development when developer lost property after bankruptcy was declared. Court also affirms that developer's misappropriation and unfair competition claims were preempted to extent they were based on effort in creating map, but not to extent based on effort in obtaining subdivision approval. Latter claims, however, were found not supported by facts.

Strauss v. Hearst Corp., Copyright L. Rep. (CCH) ¶126,244 (S.D.N.Y. 1988)

Court held that plaintiff's conversion, quantum meruit and unjust enrichment claims arising out of defendant's republication of plaintiff's photograph in advertising supplement were preempted. Conversion claim relied upon same facts as copyright claim and did not allege any additional elements such as interference with plaintiff's control over work and thus was equivalent to rights protected by copyright. Because quantum meruit and unjust enrichment claims relied upon reproduction of photograph and not on failure of defendant to pay for plaintiff's services (defendant had paid plaintiff for original publication of photograph), these claims were also equivalent to rights protected by copyright and thus were preempted.

Ippolito v. Ono-Lennon, Copyright L. Rep. (CCH) ¶26,253 (N.Y.S. Ct., N.Y. Co. 1988)

Musician sued Yoko Ono Lennon for unauthorized use of video tape of charity rock concert in which he performed as member of back-up band. Plaintiff's claims for misappropriation and conversion held preempted, as both were based on rights equivalent to those under Copyright Act. Misappropriation claim sought protection against copying, and conversion claim related to plaintiff's property rights in work rather than physical object. Plaintiff's three other claims, however, held not preempted. Legislative history of § 301 of Copyright Act made clear that invasion of privacy, fraud and passing off claims involved additional elements beyond rights under Copyright Act.

Selmon v. Hasbro Bradley, Inc., 669 F. Supp. 1267 (S.D.N.Y. 1987)

Summary judgment granted to defendants on claim for unjust enrichment based on alleged misappropriation of plaintiffs' fanciful animal characters. To extent claim was derived from misappropriation of materials covered by copyright protection, it was preempted by Copyright Act. Nor did plaintiffs offer any evidence distinguishing claim from copyright by showing that defendants were unjustly enriched by material beyond copyright protection.

Boeing Co. v. Sierracin Corp., 108 Wash.2d 38, 738 P.2d 665 (Wash. 1987) (en banc)

Boeing's trade secret claim involving aircraft cockpit windows held not preempted by copyright law given fact that trade secrets law, unlike copyright law, protects ideas. Court affirmed damage award in excess of \$3 million and reversed award to defendant based on antitrust counterclaim.

Motown Record Corp. v. George A. Hormel & Co., 657 F. Supp. 1236 (C.D. Cal. 1987)

In suit for unauthorized use of image of singing group "The Supremes" and music to song "Baby Love" in a television commercial for beef stew, plaintiffs' state law claims held preempted. Because essence of complaint derived from unauthorized use of copyrighted work, unfair competition claim not qualitatively different from copyright. Claims for negligent and intentional interference with prospective business advantage also contained no qualitatively different elements; enjoyment of benefits from use were too bound up with copyright itself, and elements of awareness or intent might alter scope of action but not its nature. Claim under California statute prohibiting unauthorized use of another's name, voice or likeness held preempted on these facts. Basic act constituting infringement was unauthorized use of plaintiffs' composition; statute's requirement that use be in connection

with product advertising was not qualitatively different element. Finally, claims for constructive trust and accounting preempted as equivalent to rights and remedies provided by copyright law, and rooted primarily on contentions of infringement of copyrighted work.

Acorn Structures, Inc. v. Swantz, 657 F. Supp. 70 (W.D. Va. 1987), *rev'd in part*, 6 U.S.P.Q.2d 1810 (4th Cir. 1988)

Defendant bought copyrighted architectural plans from plaintiff and gave them to another architect, who modified them and used them to build a house. Plaintiff's claims of unjust enrichment and breach of contract held preempted by the Copyright Act. Any unjust enrichment of defendant was accomplished through unauthorized copying of plans and preparation of a derivative work, and therefore was preempted under § 301. Breach of contract claim preempted as conflicting with goals of federal copyright law under *Sears-Compco* doctrine. Court reasoned that construction of object depicted in copyrighted plan or drawing does not infringe copyright. And because use of plaintiff's copyrighted expression was necessary to employ ideas it contained, it could not be an infringement under *Baker v. Selden*, 101 U.S. 99 (1880). Accordingly, although contract expressly prohibited challenged use of plaintiff's plans, enforcing it would impermissibly extend protection to ideas. Court of Appeals reversed finding of preemption with respect to breach of contract claim, finding it not within subject matter of copyright.

Dodd v. Fort Smith Special School District No. 100, 666 F. Supp. 1278 (W.D. Ark. 1987)

High school teacher and her students claimed book they had written was revised and printed without their consent and without giving them proper credit as authors. Plaintiffs' claim of deprivation of property under 42 U.S.C. § 1983 dismissed for lack of subject matter jurisdiction. Gravamen of complaint was premised on violation of exclusive rights granted copyright holder under Copyright Act: creation, reproduction and intended distribution of derivative work. Congress' clear intent was to bring all copyright actions within provisions of Copyright Act, which makes registration prerequisite to infringement action. Comprehensive enforcement scheme provided by Act may not be bypassed by bringing suit under § 1983, avoiding registration requirement.

IX. MISCELLANEOUS

A. Cable/Satellite Transmissions

Cablevision Systems Development Co. v. Motion Picture Association of America, Inc., 836 F.2d 599 (D.C. Cir. 1988)

Court reversed lower court's invalidation of Copyright Office's regulations concerning what constitutes "gross receipts" of cable systems "for the

basic service of providing secondary transmission" under § 111 for purposes of calculating compulsory license fee. Congress defined neither term "gross receipts" nor "basic services," and court found that Congress did not contemplate present cable marketing situation with complex tiers of services mixing retransmission of broadcast programming with cable-originated programming. Court reasoned that Register of Copyrights was authorized to promulgate regulations concerning cable compulsory license fees and that Copyright Office's interpreting regulations were reasonable and consistent with statutory language. Regulations provide that cable systems must include in gross receipts all revenues received from any tier of service which includes retransmission of broadcast programming. Court also reversed lower court's dismissal of defendants' counterclaims for copyright infringement and remanded for reconsideration in light of appellate court's opinion.

B. Antitrust

United Telephone Co. of Missouri v. Johnson Publishing Co., 671 F. Supp. 1514 (W.D. Mo. 1987)

In suit for infringement of copyrighted telephone directory, defendant claimed that plaintiff improperly attempted to extend its existing monopoly by requiring defendant to obtain license for facts already in defendant's possession. Court rejects this copyright misuse defense, choosing to follow line of cases holding antitrust defenses inapplicable to copyright infringement actions.

Disenos Artisticos E Industriales, S.A. v. Work, 676 F. Supp. 1254 (E.D.N.Y. 1987)

Court dismissed defendant's antitrust counterclaims to copyright infringement suit to extent counterclaims were based on misuse of copyrights. Plaintiffs sued for copyright infringement of numerous Lladro figurines. Defendants contended that plaintiffs falsely marked uncopyrightable figurines with copyright notice, and misused any valid copyrights by bringing and threatening to bring copyright infringement suits and by using copyrights to force others to agree not to import or resell figurines. Although court held that plaintiff's copyrights in figurines were invalid due to omission of notice and failure to cure, court found no fraudulent intent by plaintiffs to create false impression that Lladro figurines were copyrighted. Rather, court found that plaintiffs had good faith belief that copyrights in figurines were valid. Court further noted that general rule under *Noerr-Pennington* doctrine is that plaintiffs are immune from liability for bringing suit unless suit is brought without profitable cause or in bad faith. Here, defendant did not show that suit was brought without cause or in bad faith. Court accordingly granted counter-defendants' motion for summary judgment with respect to copyright misuse counterclaims.

Hutchinson Telephone Co. v. Fronteer Directory Co. of Minnesota, 4 U.S.P.Q.2d 1968 (D. Minn. 1987)

Court dismisses defendant's antitrust counterclaims as a matter of law. Defendant published telephone directories which copied white page listings from plaintiff's directory. When defendant requested a license, plaintiff responded with a \$10 per listing offer which was less favorable than that offered to another directory publisher which did not compete with plaintiff. Court dismissed § 1 Sherman Act claim because there was no evidence that plaintiff contracted, combined or conspired with another to restrain trade. Court dismissed § 2 Sherman Act claim because defendant failed to show that plaintiff used copyright in white pages with specific intent to destroy competition. Court reasoned that there was no indication lawsuit had been brought in bad faith. Fact that plaintiff offered more favorable white page listing license to a noncompetitor than to defendant was disregarded, as court found plaintiff's offer was a reaction to defendant's blatant infringement rather than evidence of specific intent. Because antitrust counterclaims were dismissed, court also dismissed defendant's copyright misuse defense as a matter of law.

C. *Copyright Royalty Tribunal*

ACEMLA v. Copyright Royalty Tribunal, 835 F.2d 446 (2d Cir. 1987)

Second Circuit denies petition for review of final determination of Copyright Royalty Tribunal distributing juke box royalty fees for 1984, which concluded that petitioner was not a performing rights society as defined in § 116(e)(3) and awarded it 0.06% of fees as a copyright owner, but not a performing rights society. Court first rejects argument that Tribunal did not give petitioner notice of standards to be used in determining performing rights society status, as relevant factors were spelled out in Tribunal's determination of consolidated 1982/83 proceedings, to which petitioner was party. Court further finds no error in application of standards to petitioner. Finally, ample evidence supported percentage of fees awarded.

D. *Constitutional Issues*

Fantasy, Inc. v. Fogerty, 664 F. Supp. 1345 (N.D. Cal. 1987)

Court denied defendants' First Amendment defense to infringement of song copyright as a matter of law. One of defendants composed both copyrighted song which was transferred to plaintiff's predecessors and allegedly infringing song. Defendants argued that First Amendment protected songwriter's style. Court rejected argument that there is an independent First Amendment defense.

United Christian Scientists v. Christian Science Board of Directors, 829 F.2d 1152 (D.C. Cir. 1987)

In suit brought by dissenting branch of church, court holds unconstitutional private law enacted by Congress granting First Church of Christ, Scientist, new and extended copyrights in all editions of its central theological text, "Science and Health with Key to the Scriptures." Although religious works are eligible for protection under general copyright laws, law confers unusual measure of copyright protection by unusual means, in manner interjecting federal government into internal church disputes over authenticity of religious texts. Under establishment clause test of *Lemon v. Kurtzman*, 403 U.S. 602 (1971), law offends fundamental principles of separation of church and state. First, none of congressional purposes found to be clearly secular. Protection of perceived needs of orthodox Christian Science worshippers, and preservation of "purity and integrity" of statement of Church's religious teachings, are not legitimate secular purposes, as government may not under First Amendment attempt to establish religious truth by fiat. Similarly, protection of public from confusion over authentic version of text is not permissible purpose, as it is tantamount to endorsement of First Church's version of Christian Science doctrine, and amounts to little more than prior restraint. Statute also fails second prong of test, as its effect is to advance Church's cause. Benefits to Church clearly not merely incidental. Grant of private copyright both rare, and exceptional in scope and duration, extending protection for one edition of text still under copyright and reviving it for numerous editions in public domain. Moreover, statute confers on Church authority to veto any publication decisions, and to control public access to different editions of text.

PART V

BIBLIOGRAPHY

A. BOOKS AND TREATISES

1. *United States Publications*

197. PATRY, WILLIAM F. *Latman's the copyright law*. 6th ed. Bureau of National Affairs, Washington, D.C. (1986) 687 p.

This publication is the sixth edition in a series entitled "The Copyright Law" and is published in honor of the late Alan Latman, the author of the fourth and fifth editions.

B. ARTICLES FROM LAW REVIEWS AND COPYRIGHT PERIODICALS

1. *United States*

198. ALCABES, ELISA A. Unauthorized photographs of theatrical works: do they infringe the copyright? *Columbia Law Review*, vol. 87, no. 5 (June 1987), pp. 1032-1047.

The author discusses unauthorized photographing of concerts, and theatre productions. Ms. Alcabes states that copyright owners of theatrical works enjoy the exclusive right to photograph their works and that all unauthorized photographs violate that exclusive right. She discusses copyright in general and the concept of derivative works. She argues that unauthorized photographs should be labeled as derivative works but held liable under an infringement standard rather than a copyrightability standard. Ms. Alcabes discusses the term "substantial similarity" as it applies to photographs of theatrical works.

198. BATSON, JAY AND JOHN T. SOMA. The legal environment of commercial data base administration. *Jurimetrics*, vol. 27, no. 3 (spring 1987), pp. 297-315.

This article looks at copyright protection of databases, including legislation and recent cases such as *Eckes v. Card Prices Update*, *West Publishing Co. v. Mead Data Central, Inc.* and *Koontz v. Jaffarian*. Computer crime is also discussed along with some of the risks of information publishing including possible bases of liability for publication of certain types of data.

200. BELVIS, GLEN P. Computer, copyright and tying agreements; an argument for the abandonment of the presumption of market power. *Boston College Law Review*, vol. XXVIII, no. 2 (March 1987), pp. 265-296.

This article examines the three requirements for establishing the illegality of a tying agreement—separate products, market power, and a substantial effect on commerce. The author states that courts should not presume market power where a computer program is copyrighted because such a presumption will deter individuals from seeking copyright protection for computer programs. He explores the antitrust ramifications of a company selling its software and hardware as an integrated package.

201. BENDEKGEY, LEE. Copyright protection for computer software visual displays: protecting a program's look and feel. *Software Protection*, vol. VI, no. 8 (Jan. 1988), pp. 1-7.

This article discusses the current controversy regarding the protection of computer software visual displays. It summarizes the provisions of the Copyright Act of 1976 and applicable case law that provide the legal background for the current debate. The article also examines recent cases and disputes that involve protection of software visual displays, and it presents some thoughts on trends in the development of this area of copyright law. It concludes that software visual displays will continue to be protected as audiovisual works; however, decisions discussing the limitations that are likely to be placed on the scope of protection in terms of standard literary and artistic devices remain to be seen.

202. BRASELTON, JAMES T. Protecting computer software: lessons from the chip act. *Arizona State Law Journal*, vol. 1986, no. 2, pp. 337-361.

Mr. Braselton devotes much of this study to the question of why our copyright law is inadequate when applied to computer programs. He discusses various proposals for changes that have been made, including proposals by ADAPSO (The Association of Data Processing Service Organizations), Richard H. Stern's suggestion for amending the Copyright Act, and the Semiconductor Protection Act of 1984. The author believes that the Chip Act should be considered only as a starting point for comprehensive legal protection for computers and computer program development.

203. BROOKS, DAVID. The new look and feel of computer software protection. *Arizona Law Review*, vol. 29, no. 2 (1987), pp. 281-295.

This article analyzes the recent decisions increasing the level of copyright protection granted to computer software programs. Several cases are discussed, including *Nicholas v. Universal Pictures Corp.*, *Arnstein v. Porter*, *Sid and Marty Krofft Television Productions, Inc. v. McDonald Corp.* and *Whelan Associates, Inc. v. Jaslow Dental Laboratory, Inc.*

204. CABLE TELEVISION AND COMMUNICATIONS ISSUE. *Pace Law Review*, vol. 7, no. 1 (Fall 1986), 290 pp.

This entire issue is devoted to cable television and communications. Some of the topics discussed include: "Taxation of Cable Television Systems in New York State," "Cable Television: Local Governmental Regulation in Perspective," and "Creeping CANCOM: Canadian Distribution of American Television Programming to Alaskan Cable Systems."

204. CHAGARES, MICHAEL A. Parody or piracy: the protective scope of fair use defense to copyright infringement actions regarding parodies. *Columbia—VLA Journal of Law and Arts*, vol. 12, no. 2 (Winter 1988), pp. 229-249.

The author defines the term "parody" and looks at the development of copyright law and its application to parody. He discusses the fair-use doctrine and several cases, including *Loew's Inc. v. Columbia Broadcasting System*, *Columbia Pictures Corp. v. National Broadcasting Co.*, and *Walt Disney Productions v. Air Pirates, Inc.* An economic approach to resolving parody/copyright infringement conflicts is also explored.

205. CLINE, DENNIS. Copyright protection of software in the EEC: the competing policies underlying community and national law and the case for harmonization. *California Law Review*, vol. 75, no. 2 (March 1987), pp. 633-681.

This comment is divided into five parts. Part one is devoted to case law, part 2 defines software and highlights the issues involved in its protection, part 3 discusses protection in the European Community and parts 4 and 5 discuss a number of problems that may arise as the demand for sophisticated programming and telecommunications increase transnationally within the European Community.

206. DAILEY, MICHAEL ALAN. Digital Communications Associates, Inc. v. Softklone Distributing Corporation: the "look and feel" of copyrightable expression. *Software Protection*, vol. VI, no. 5 (Oct. 1987), pp. 11-17.

This article provides a discussion of *Digital Communications Associates, Inc. v. Softklone Distributing Corp.*, 2 USPQ2d 1385 (1987), a case in which the court held that computer screen displays, devoid of graphics or other pictorial representations, could alone constitute copyrightable expressions.

207. DAM, KENNETH W. The growing importance of international protection of intellectual property. *The International Lawyer*, (Summer 1987), vol. 21, no. 3, pp. 627-639.

The author discusses intellectual property as an international trade issue along with current international problems in protecting intellectual property.

He analyzes how Europe and the United States protect intellectual property and takes a look at several cases, including *Whelan Associates, Inc. v. Jaslow Dental Laboratory, Inc.* and *Broderbund Software, Inc. v. Unison World, Inc.* The author states that political consensus is important for strengthened international protection of intellectual property.

208. DONOHUE, JAMES P. The use of copyright laws to prevent the importation of "genuine goods." *North Carolina Journal of International Law and Commercial Regulation*, vol. 11, no. 2 (Spring 1986), pp. 183-205.

Mr. Donohue provides a discussion of "genuine goods," more commonly known as "grey market" goods, and why they are so successful on the American market. The price difference of these unauthorized imports is explained along with the problem of buying grey market goods—primarily that there is no warranty protection with the product. Distributors who have trademarks on goods sold in the U.S. are now trying to block unauthorized importation of goods having trademarks and are suing grey market distributors for infringement. The author states that U.S. distributors have not used copyright law to their advantage for protection.

209. GIVEN, KIM M. Unraveling copyrighted software from tying arrangement presumption: *3 P.M., Inc. v. Basic Four Corp.*, an alternative to *Digidyne Corp. v. Data General*. *Rutgers Computer & Technology Law Journal*, vol. 12, no. 2 (1987), pp. 447-471.

Tying agreements, the Sherman and the Clayton Acts as well as two cases involving tying arrangements—*3 P.M., Inc. v. Basic Four Corp.* and *Digidyne Corp. v. Data General Corp.*—are the basis for this article. The author looks at the background of each case, the three elements necessary to prove an antitrust violation, and why the court's ruling in the *3 P.M.* case was different from that issue in the *Digidyne Corp.* case. In the *3 P.M.* case, the court stated that the presumption of uniqueness given to copyrighted products is inappropriate when the tying product is computer software.

210. HAMILTON, MARCI A. Commissioned works as "works made for hire" under the 1976 Copyright Act: misinterpretation and injustice. *University of Pennsylvania Law Review*, vol. 135, no. 5 (June 1987), pp. 1281-1321.

Ms. Hamilton reviews the history of the "work-made-for-hire" provision including the 1909 Copyright Law and Section 101 of the 1976 Copyright Act containing the "work made for hire" provision. This provision is explained in detail along with a discussion of the cases *Aldon Accessories Ltd. v. Speigel, Inc.* and *Evans Newton Inc. v. Chicago Systems Software*. The author believes that the 1976 work-for-hire provision needs reform as it fails to "promote the policies of copyright law." The author believes it is important to

enact some of the amendments to the 1976 Act that have been proposed in Congress and particularly to better define the term "employee."

211. HAZEN, THOMAS LEE. Contract principles as a guide for protecting intellectual property rights in computer software: the limits of copyright protection, the evolving concept of derivative works, and the proper limits of licensing arrangements. *U.C. Davis Law Review*, vol. 20, no. 1 (Fall 1986), pp. 105-158.

The author discusses various ways of protecting intellectual property rights in computer software. This article reviews the concept of public domain as well as derivative works. Mr. Haze also explores contractual rights to fill in the gaps in the copyright law, but suggests that a license of computer software, which is really a disguised sale, should not be enforceable as a back door way of expanding the Copyright Act's protection.

212. HEMNS, THOMAS, M.S. AND SUSAN BARBIERI MONTGOMERY. The bankruptcy code, the Copyright Act, and transactions in computer software. *Computer Law Journal*, vol. VII, no 3 (Summer 1987), pp. 327-383.

The authors delve into the problem of bankruptcy by computer software vendors and how this effects software licenses and asset purchases. The Bankruptcy Code is examined in detail while the remainder of the article is devoted to a discussion of source code escrows, copyright deposits, and registration requirements and how they apply to computer software.

213. HICKS, JACK, B. Copyright and computer databases: is traditional compilation law adequate? *Texas Law Review*, vol. 65, no. 5 (April 1987), pp. 993-1029.

This note discusses computer databases and whether they are adequately protected under the copyright law. The second part of this discussion is devoted to compilations and what makes a compilation unique—arrangement, effort, and selection. The remaining sections review the copyright law and the views of congressional committees which are involved in the discussions of copyright protection for databases.

214. LAMBROUS, ALEXANDER. Sufficiently supervised commissioned workers: mythical beasts sculpted from old law. *Pepperdine Law Review*, vol. 14, no. 2 (1987), pp. 301-403.

This writing discusses the "work made for hire" provisions of the copyright law and whether a commissioned worker whose work does not fall under the categories of 17 U.S.C. section 101 could qualify as an employee for hire under the "work made for hire" definition. The author states that the courts do not necessarily give a commissioned worker the advantage when he is a party to an action. The cases discussed are *Peregrine v. Lauren Corp.*,

Mister B Textiles v. Woodcrest Fabrics and Aldon Accessories, Ltd. v. Spiegel Inc.

215. LAUN, MAX W. Improving the international framework for the protection of computer software. *University of Pittsburgh Law Review*, vol. 48, no. 4 (Summer 1987), pp. 1151-1185.

The author investigates the difficulty in protecting software primarily as it does not fit into simple categories to be protected by copyright law or by patent law. He discusses the two international organizations, Berne and the UCC, which afford copyright protection for software in the international marketplace. He gives attention to three areas—moral rights, national treatment and length of protection—and examines a WIPO proposal that would provide “sui generis” protection for computer software.

216. MANGEL, SHEILA B. Home satellite tv viewers: pirates or just aiming in the right direction. *Communications and the Law*, vol. 10, no. 1 (Feb. 1988), pp. 31-42.

Ms. Mangel discusses the legalities of home satellite ownership and use, the protection under section 605 of the Communications Act and the Cable Communication Policy Act of 1984, and possible violations of the Copyright Act of 1976. The article concludes that the cable industry recognizes that home satellite tv is a great potential threat to the cable business and its future because the home satellite industry and its technology could legally and substantially cut into profit margins and threaten the long-term viability of cable.

217. MANN, FRASER J. Comment on *Apple Computer v. Mackintosh Computer*. *McGill Law Journal*, vol. 32, no. 2 (March 1987), pp. 437-448.

The author discusses the holding by the Federal Court in the *Apple Computer, Inc. v. Mackintosh Computers, Ltd.* case that the law of copyright can be used to protect an operating system computer program. The author states that he feels the Canadian Copyright Act needs revision and goes on to discuss the decision of the Australian High Court in *Computer Edge Pty. Ltd. v. Apple Computer, Inc.* In this case, the Australian court reached the opposite decision of the Canadian court in the area of copyright protection.

217. MATHIAS, JR., MCC. CHARLES. Some unhurried reflections on copyright. *Cardozo Arts and Entertainment Law Journal*, vol. 6, no. 1 (1987), pp. 101-113.

Mr. Mathias writes of the Herculean task involved in revising the Copyright Act of 1909. He also writes of the role Congress has played in meeting some of the new challenges involving copyright, particularly in the area of trade, technology, and education. He also discusses the Berne Convention

and the progress of the hearings of the 98th Congress toward U.S. adherence to Berne.

218. MEYERSON, MICHAEL I. Cable television's new legal universe: early judicial response to the cable act. *Cardozo Arts & Entertainment Law Journal*, vol. 6, no. 1 (1987), pp. 1-36.

This and two other articles presented in this issue of the *Cardozo Arts & Entertainment Law Journal* provide a survey of the cable industry. The topics covered by the articles include judicial interpretation of the Cable Communications Policy Act of 1984, cable franchising and the first amendment, and antitrust and regulation in the cable tv industry. Along with the articles, is a commentary discussing *Preferred Communications, Inc. v. City of Los Angeles* and the question of whether cable operators want free speech or a free market.

219. MIKALONIS, LISA RYCUS. Preliminary injunctions, copyright, and the first amendment: does the presumption of irreparable harm infringe the speech interests of copyright defendants? *Oregon Law Review*, vol. 65, no. 4 (1986), pp. 765-88.

This comment is one of a collection of observations and articles dealing with intellectual property published in the *Oregon Law Review*. This comment and the other comments deal primarily with the area of copyright law while the articles focus on patent law. The topics discussed include the scope of patent protection, the patent owner's right to refuse to license, copyright and the first amendment, and semiconductor chip design protection.

220. NEMECKOVA, ZDENA. A new strategy for censorship: prosecuting pornographers as panders. *Cardozo Arts and Entertainment Law Journal*, vol. 6, no. 2 (1988), pp. 539-563.

This is a discussion of adult movies and whether California's anti-pandering laws, which were enacted in 1911, are applicable to producers who make explicit sex movies. After discussing historical attempts at censorship and the legislative history of the California Pandering Law, the author concludes that the law is not being properly applied and is vague and overbroad.

221. PRICE, MONROE E. Reexamining intellectual property concepts: a glimpse into the future through the prism of *Chakobarty*. *Cardozo Arts and Entertainment Law Journal*, vol. 6, no. 2 (1988), pp. 443-463.

Mr. Price discusses intellectual property rights and the contribution of Melville Nimmer to copyright law through his articles and treatises. In discussing the protection of creativity, the author analyzes the case of *Diamond v. Chakobarty*. In this case, the Court ruled on whether invented organisms that otherwise met the standard for patentability would be excluded from

protection because they were living. Both the major and dissenting views are discussed.

222. RACICOT, MICHAEL. Copyright reform in Canada—phase I legislation. *Software Protection*, vol. VI, no. 5 (Oct. 1987), p. 1-11.

This article discusses the Canadian government's efforts to modernize its Copyright Act (Revised Statutes of Canada 1970, ch. C-50), which has not been revised since 1924 when it came into force. The author includes the text of Revision Bill C-60 and notes that it is scheduled to become law sometime in 1988.

223. RASKOPF, ROBERT LLOYD. Negotiating a work for hire relationship under section 101 of the Copyright Act. *Software Protection*, vol. VI, no. 8 (Jan. 1988), p. 8-12.

Mr. Raskopf reports and analyzes Section 101 of the Copyright Act and relevant decisions and gives some guidance in negotiating agreements in light of those decisions. He concludes that while courts attempt to resolve problems presented by differing facts in the work for hire definition, legislation in some form or a firm definition by the Supreme Court is needed.

224. SAUNDERS, ELIZABETH A. Copyright protection for compilations of fact: does the originality standard allow protection on the basis of industrious collection? *Notre Dame Law Review*, vol. 62, no. 4 (1987), pp. 763-779.

Ms. Saunders reviews the history of copyright and how copyright law has evolved. She discusses the concept of "originality" along with several cases involving originality, namely *Bleistein v. Donaldson Lithographing Co.* and *Baker v. Selden*. She also talks about the industrious collection doctrine and the case of *Jeweler's Circular Publishing Co. v. Keystone Publishing Co.* in which the court upheld a copyright granted to a book containing a compilation of trademark illustrations that were themselves, not original or copyrightable.

225. SHUTE, WILLIAM H. A bird's eye view of international copyright: the piracy of satellite programming and the public transmission right. *Houston Journal of International Law*, vol. 9, no. 1 (Autumn 1986), pp. 133-153.

Mr. Shute takes a look at copyright protection in the U.S., Canada, and the U.K., particularly in the area of satellite signal piracy. He investigates in detail the Canadian Copyright Act of 1970, the Radio Act of 1935, and the British North America Act of 1867. He also gives attention to international copyright conventions, including the Berne and the Universal Copyright Conventions along with the International Telecommunications Conference and the Brussels Convention and examines the Public Transmission Right,

which allows "public dissemination of information while compensating authors for their labor." The author states that current copyright statutes and international treaties are inept in these areas.

226. SWANSON, BARRY J. The role of disclosure in modern copyright law. *Journal of the Patent and Trademark Office Society*, vol. 70, no. 4 (April 1988), pp. 217-236.

This article analyzes the necessity of disclosure in modern copyright law, specifically in the context of computer programming. It also discusses the role of economic protection in copyright law by examining the extension of protection to commercial and utilitarian subject matter and the codifying of these policies in the Copyright Act of 1976.

227. WADLEY, JAMES B. Copyright protection of computer programs and the Semi-conductor Chip Protection Act of 1984. *The Journal of the Kansas Bar Association*, vol. 55, no. 5 (July 1986), pp. 8-13.

In this brief article on computer software and its protection under the copyright law, the author discusses how computers work and reviews cases involving computer software, including *Apple Computer, Inc. v. Franklin Computer Corp.*, *Data Cash Systems, Inc. v. J.S.&A. Corp., Inc.*, *William Electronics, Inc. v. Artic International, Inc.* and *Videotronics, Inc. v. Bend Electronics*. He also deals with infringement in the use of computer programs and analyzes the Semiconductor Chip Protection Act.

2. Foreign

228. BOOK REVIEWS—BENT, STEPHEN A., RICHARD L. SCHWAAB, DAVID G. GAMLIN AND DONALD D. JEFFREY. Intellectual Property rights in biotechnology worldwide. *EIPR*, vol. 10, no. 3 (Mar. 1988), pp. 95-96.

This is a review of a 640-page book dealing with biotechnological innovations and the protection provided by patent laws in the U.S. and worldwide. The book discusses what is patentable and also provides in detail a summary of case histories in the U.S. and abroad.

229. BOOK REVIEW—DEAN, O.H. Handbook of South African Copyright Law. Kenwyn: Juta & Co., 1987, 135 pp. *EIPR*, vol. 10, no. 1 (Jan. 1988), p. 32 (Reviewed by Hugh Brett for *EIPR*.)

In this review, Mr. Brett explains how the author, O.H. Dean, has divided his handbook and what is contained in each part. Part I summarizes the South African Copyright Law, including information on ownership, duration and infringement of copyright; Part II has copyright decisions and Part III, the transitional provisions of the Copyright Act of 1978. Part IV deals

with the protection of South African copyright works in the U.S. and elsewhere.

230. BOYTHA, GYORGY. The development of legislative provisions on author's contracts. *Revue Internationale du Droit D'Auteur*, no. 133 (July 1987), pp. 41-109.

Mr. Boytha provides a historical perspective of the role of authors' contracts throughout the ages, along with a discussion about special provisions on authors' contracts in market-economy and developing countries. He also focuses on socialist copyright laws concerning authors' contracts, and author's rights under the Berne and Universal Copyright Conventions.

231. DESURMONT, THIERRY. The author's right to control the destination of copies reproducing his work. *Revue Internationale du Droit D'Auteur*, vol. 134 (October 1987), pp. 3-69.

The author defines the term "destination" to mean all the forms of use to which copies sold with the author's consent can be put to by the purchaser. This study examines various national rights and how each country views an author's right to control the use made of copies of his work. It investigates the copyright laws of Belgium, France and Switzerland.

232. THIRTY-FIFTH ANNIVERSARY OF THE UNIVERSAL COPYRIGHT CONVENTION. *Copyright Bulletin*, vol. XXI, no. 3 (1987).

This bulletin includes recent news regarding a notification for renewal and accession to international conventions and articles discussing the elements of moral right protection in the Universal Copyright Convention and the treaty's influence in Latin American and Caribbean countries. It also contains an article on the teaching of copyright law in Czechoslovakia.

233. XAVIER, ALBERT R. Interim measures to prevent infringement of intellectual property in Hong Kong. *EIPR*, vol. 10, no. 3 (March 1988), pp. 79-83.

Mr. Xavier discusses pirated works and how dealers are successfully transporting infringing goods out of the country for export. Interlocutory injunctions have been granted by Hong Kong courts to protect owners, but infringers have now moved their operations to the special Economic Zone in China.

234. AUSTRALIA. Historians and copyright. *Australian Copyright Council, Bulletin* 62 (1987), pp. 1-34.

This publication outlines the history of copyright in Australia and what areas of protection are provided through the copyright law. It provides a list of the materials that copyright protects, including literary works, films, and sound recordings, broadcasts, and published editions of works, including pub-

lisher's typesetting. Other topics discussed include requirements for protection, duration of copyright, infringement and exceptions to infringements, assignments and licenses, and historical societies and their marketing of souvenirs.

235. FRANCE. LE STANC, CHRISTIAN. The practical scope of the intellectual rights of the author in French law. *EIPR*, vol. 10, no. 3 (March 1988), pp. 88-90.

Mr. Le Stanc discusses the French copyright law and the rights that are provided to authors under this law. One peculiarity of the French law is that it allows an author, after his works have been published, to demand that copies currently in circulation be withdrawn. This article includes an analysis of the right of disclosure, which provides that the author alone has the right to disclose his work, authorship right, which allows an author to demand that his name appear on all copies of his work, and moral right, which allows an author to oppose any mutilation or alteration of his creation.

236. GERMANY. Platho, Rolf. "Colorization"—and the possibility of its prevention by the participants in a work of film. *GRUR*, Heft 7 (1987), pp. 424-431.

This article discusses who, of the many artists involved in making a film, might be able to stop a black and white film from being colorized. The author concludes that performers and authors of screenplays and novels could not stop colorization of a particular work but that film directors who use light and shade could.

237. GREAT BRITAIN. MARTINO, TONY. 'Popeye the Sailor': Man of letters—the copyright protection of literary characters. *EIPR*, vol. 10, no. 3 (March 1988), pp. 76-79.

Mr. Martino discusses copyright law both in the United Kingdom and the United States. He is particularly interested in whether nonvisual, literary characters are protected by the law of copyright. He states that the number of sequels of novels and films makes it sensible to consider characters apart from their settings in providing copyright protection.

238. GREAT BRITAIN. PUGH, EDWARD BRYN. Legal protection of computer software against misuse—feasibility or fond hope? *The Liverpool Law Review*, vol. IX, no. 1 (1987), pp. 45-67.

The author presents a case study of a hypothetical company, COMSOFT, situated within the legal jurisdiction of England and Wales. Mr. Pugh investigates what laws are provided to prevent COMSOFT's software from being copied without lawful authority. He discusses the 1986 Scottish Law Commissions report, "Consultative Paper on Interference with Computer Records," along with a British case, *Cox v. Riley*, which deals with the unau-

thorized interference with media which had computer programs encapsulated in it. The author then investigates the English law of Torts in the area of copyright protection.

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