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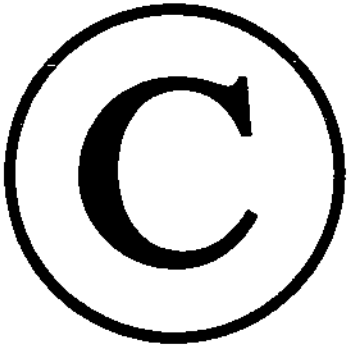
of the USA



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PART I

ARTICLES

1. UNITED STATES ADHERES TO THE BERNE CONVENTION

On October 31, 1988, President Reagan signed into law H.R. 4262 (P.L. 100-568), enabling legislation permitting the United States to adhere to the Berne Convention for the Protection of Literary and Artistic Works. The Senate ratified the treaty on October 20, 1988, which enters into force with respect to the United States on March 1, 1989. The enabling legislation is effective the same day. The U.S. will adhere to the Paris (1971) text of Berne.

In order to provide the legislative materials to readers of the Journal as quickly as possible, we have highlighted those few provisions of Title 17 amended by P.L. 100-568, and have reproduced in full the law as well as the floor statements and explanatory memoranda. This latter material may well take on heightened significance due to the lack of a conference (and therefore conference report).

No doubt, future Society seminars will flesh out the details of this historic event.

THE EDITORS

HIGHLIGHTS OF P.L. 100-568

A. Section 1.* Short Title.
Explanation: Title of the Act is given as "Berne Convention Implementation Act of 1988."

B. Section 2. Declarations.
Explanation: Part 1 states that Berne is not self-executing under the Constitution and the laws of the United States.

Part 2 states that the obligations of the U.S. under Berne may be performed only pursuant to appropriate domestic law.

Part 3 states that the amendments made by the Act satisfy the U.S.'s obligations in adhering to Berne and that no further rights or interests shall be recognized or created for the purpose of adherence.

C. Section 3. Construction of the Berne Convention.
Explanation: By stating that the provisions of Berne are not enforceable under the Convention itself, this section reinforces Section 2, *supra*. This section adds, however, that in addition to Title 17, the provisions of

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*The consecutive section numbers here refer to sections of P.L. 100-568.

Berne may also be given effect under "any other relevant provision of Federal or State law, including common law;" this is further mentioned in Part (b) of the section, which states that rights to claim authorship, or to object to any distortion, mutilation of, or other derogatory action that would prejudice the author's honor or reputation are neither "expanded or reduced by virtue of, or reliance upon, the provisions of the Berne Convention, adherence of the United States thereto, or the satisfaction of United States obligations thereunder."

D. Section 4. Subject Matter and Scope of Copyrights.

Explanation: This section amends the definition of "pictorial, graphic, and sculptural works" in Section 101 of Title 17 to include architectural plans (but not architectural structures). The section also amends Section 101 by providing the following definition of a "Berne Convention work:"

> "A work is a 'Berne Convention work' if,—
>
> "(1) in the case of an unpublished work, one or more of the authors is a national of a nation adhering to the Berne Convention, or in the case of a published work, one or more of the authors is a national of a nation adhering to the Berne Convention on the date of first publication;
>
> "(2) the work was first published in a nation adhering to the Berne Convention, or was simultaneously first published in a nation adhering to the Berne Convention and in a foreign nation that does not adhere to the Berne Convention;
>
> "(3) in the case of an audiovisual work—
>
> "(A) if one or more of the authors is a legal entity, that author has its headquarters in a nation adhering to the Berne Convention; or
>
> "(B) if one or more of the authors is an individual, that author is domiciled, or has his or her habitual residence in, a nation adhering to the Berne Convention; or
>
> "(4) in the case of a pictorial, graphic, or sculptural work that is incorporated in a building or other structure, the building or structure is located in a nation adhering to the Berne Convention.
>
> For purposes of paragraph (1), an author who is domiciled in or has his or her habitual residence in, a nation adhering to the Berne Convention is considered to be a national of that nation. For purposes of paragraph (2), a work is considered to have been simultaneously published in two or more nations if its dates of publication are within 30 days of one another."

Tracking Article 5(4) of the Paris text of Berne, the section also amends Section 101 by providing that the United States is the country of origin

of a Berne Convention work, for purposes of Section 411, under the following circumstances:

> "(1) in the case of a published work, the work is first published—
>
> "(A) in the United States;
>
> "(B) simultaneously in the United States and another nation or nations adhering to the Berne Convention, whose law grants a term of copyright protection that is the same as or longer than the term provided in the United States;
>
> "(C) simultaneously in the United States and a foreign nation that does not adhere to the Berne Convention; or
>
> "(D) in a foreign nation that does not adhere to the Berne Convention, and all of the authors of the work are nationals, domiciliaries, or habitual residents of, or in the case of an audiovisual work legal entities with headquarters in, the United States;
>
> "(2) in the case of an unpublished work, all the authors of the work are nationals, domiciliaries, or habitual residents of the United States, or, in the case of an unpublished audiovisual work, all the authors are legal entities with headquarters in the United States; or
>
> "(3) in the case of a pictorial, graphic, or sculptural work incorporated in a building or structure, the building or structure is located in the United States.
>
> For the purposes of section 411, the 'country of origin' of any other Berne Convention work is not the United States."

As in Sections 2 and 3 of the bill, this section contains a provision declaring that no rights or interests may be claimed under the Convention directly, but rather solely under Title 17, other federal or state statutes, or common law. The section concludes by providing a new Section 116A in Title 17 encouraging negotiated jukebox licenses. At the end of the first year following U.S. adherence to Berne, the Copyright Royalty Tribunal is to determine whether voluntarily negotiated or arbitrated licenses are in effect "so as to provide permission to use a quantity of musical works not substantially smaller than the quantity" performed on jukeboxes during the previous year. If the CRT determines that the requisite number of works are not available for licensing, existing Section 116 shall apply with respect to works not the subject of negotiated licenses. The provisions of the negotiated licenses supersede rates set by the CRT.

E. Section 5. Recordation.

Explanation: Section 205(d) of Title 17, which currently requires recor-

dation as a prerequisite to the institution of an infringement action, is abolished, regardless of the nationality of the plaintiff.

F. **Section 6. Preemption With Respect to Other Laws Not Affected.**
Explanation: Section 301 of Title 17 is amended by adding a new subsection (e):

> "The scope of Federal preemption under this section is not affected by the adherence of the United States to the Berne Convention or the satisfaction of the obligations of the United States thereunder."

G. **Section 7. Notice of Copyright.**
Explanation: The mandatory notice provisions of the Act are eliminated. New subsections (d) are added to Sections 401 and 402, stating that, except as provided in the last sentence of 17 USC Sec. 504(c)(2) (concerning certain nonprofit institutions) an innocent infringer defense asserted in mitigation of damages shall be given no weight where the defendant had access to a copy of a work bearing the specified notice. These new subsections are, however, inapplicable to works consisting predominantly of one or more works of the United States government unless "a statement identifying, either affirmatively or negatively, those portions" embodying protected material is included.

Section 404 (notice for contributions to collective works) is also tied to the revised innocent infringer provisions of new subsections 401(d) and 402(d).

The provisions in Section 405(a) regarding curative steps for omission of notice are amended to apply to distributions before the effective date of the Act, as is the innocent infringer provision of Section 405(b).

H. **Section 8. Library of Congress Deposit.**
Explanation: 17 USC Sec. 407(a) which requires deposit of copies of a work published in the United States with a notice of copyright is revised by deleting the requirement of publication with notice.

I. **Section 9. Copyright Registration.**
Explanation: Section 411, which currently requires registration (or a refusal to register) before institution of an infringement action, has been substantially revised by establishing a two-tier system. Under this system, "works of the Berne Convention" (as defined earlier) whose "country of origin" is the United States (as also defined earlier) will still have to comply with the registration procedures. Works of the Berne Convention whose country of origin is not the United States are, however, exempt from the Section 411 requirements. The incentives for registration found in Section 412 (statutory damages and attorneys fees) remain applicable to all works.

J. **Section 10. Remedies.**
Explanation: 17 USC Sec. 504(c) is amended by doubling the minimum

statutory damages from $250 to $500, the maximum nonwillful statutory damages from $10,000 to $20,000, the maximum willful statutory damages from $50,000 to $100,000, and the floor for innocent infringer remission from $100 to $200.

K. **Section 11. Copyright Royalty Tribunal.**
Explanation: This section provides guidance for the new Section 116A negotiated jukebox licenses.

L. **Section 12. Works in the Public Domain.**
Explanation: This section states that "no copyright protection is provided for any work that is currently in the public domain in the United States."

M. **Section 13. Effective Date: Effect on Pending Cases.**
Explanation: Part (a) of this section provides that the legislation takes effect on the day on which the Berne Convention enters into force with respect to the United States. (March 1, 1989). Part (b) provides that any action arising under Title 17 before the effective date of the legislation is governed by the provisions of Title 17 in effect when the cause of action arose.

THE EDITORS

P.L. 100-568

SECTION 1. SHORT TITLE AND REFERENCES TO TITLE 17. UNITED STATES CODE.

(a) SHORT TITLE.—This Act may be cited as the "Berne Convention Implementation Act of 1988".

(b) REFERENCES TO TITLE 17. UNITED STATES CODE.—Whenever in this Act an amendment or repeal is expressed in terms of an amendment to or a repeal of a section or other provision, the reference shall be considered to be made to a section or other provision of title 17, United States Code.

SEC. 2. DECLARATIONS.

The Congress makes the following declarations:

(1) The Convention for the Protection of Literary and Artistic Works, signed at Berne, Switzerland, on September 9, 1886, and all acts, protocols, and revisions thereto (hereafter in this Act referred to as the "Berne Convention") are not self-executing under the Constitution and laws of the United States.

(2) The obligations of the United States under the Berne Convention may be performed only pursuant to appropriate domestic law.

(3) The amendments made by this Act, together with the law as it exists on the date of the enactment of this Act, satisfy the obligations of the United States in adhering to the Berne Convention and no further rights or interests shall be recognized or created for that purpose.

SEC. 3. CONSTRUCTION OF THE BERNE CONVENTION.

(a) RELATIONSHIP WITH DOMESTIC LAW.—The provisions of the Berne Convention—

(1) shall be given effect under title 17, as amended by this Act, and any other relevant provision of Federal or State law, including the common law; and

(2) shall not be enforceable in any action brought pursuant to the provisions of the Berne Convention itself.

(b) CERTAIN RIGHTS NOT AFFECTED.—The provisions of the Berne Convention, the adherence of the United States thereto, and satisfaction of United States obligations thereunder, do not expand or reduce any right of an author of a work, whether claimed under Federal, State, or the common law—

(1) to claim authorship of the work; or

(2) to object to any distortion, mutilation, or other modification of, or other derogatory action in relation to, the work, that would prejudice the author's honor or reputation.

SEC. 4. SUBJECT MATTER AND SCOPE OF COPYRIGHTS.

(a) SUBJECT AND SCOPE.—Chapter 1 is amended—

(1) in section 101—

(A) in the definition of "Pictorial, graphic, and sculptural works" by striking out in the first sentence "technical drawings, diagrams, and models" and inserting in lieu thereof "diagrams, models, and technical drawings, including architectural plans";

(B) by inserting after the definition of "Audiovisual works", the following:

"The 'Berne Convention' is the Convention for the Protection of Literary and Artistic Works, signed at Berne, Switzerland, on September 9, 1886, and all acts, protocols, and revisions thereto.

"A work is a 'Berne Convention work' if—

"(1) in the case of an unpublished work, one or more of the authors is a national of a nation adhering to the Berne Convention, or in the case of a published work, one or more of the authors is a national of a nation adhering to Berne Convention on the date of first publication:

"(2) The work was first published in a nation adhering to the Berne Convention, or was simultaneously first published in a nation adhering to the Berne Convention and in a foreign nation that does not adhere to the Berne Convention;

"(3) in the case of an audiovisual work—

"(A) if one or more of the authors is a legal entity, that author has its headquarters in a nation adhering to the Berne Convention; or

"(B) if one or more of the authors is an individual, that author is domiciled, or has his or her habitual residence in, a nation adhering to the Berne Convention; or

"(4) in the case of a pictorial, graphic, or sculptural work that is incorporated in a building or other structure, the building or other structure, the building or structure is located in a nation adhering to the Berne Convention. For purposes of paragraph (1), an author who is domiciled in or has his or her habitual residence in, a nation adhering to the Berne Convention is considered to be a national of that nation. For purposes of paragraph (2), a work is considered to have been simultaneously published in two or more nations if its dates of publication are within 30 days of one another."; and

(C) by inserting after the definition of "Copyright owner", the following;

"The 'country of origin' of a Berne Convention work, for purposes of section 411, is the United States if—

"(1) in the case of a published work, the work is first published—

"(A) in the United States;

"(B) simultaneously in the United States and another nation or nations adhering to the Berne Convention, whose law grants a term of copyright pro-

tection that is the same as or longer than the term provided in the United States;

"(C) simultaneously in the United States and a foreign nation that does not adhere to the Berne Convention; or

"(D) in a foreign nation that does not adhere to the Berne Convention, and all of the authors of the work are nationals, domiciliaries, or habitual residents of, or in the case of an audiovisual work legal entities with headquarters in, the United States;

"(2) in the case of an unpublished work, all the authors of the work are nationals, domiciliaries, or habitual residents of the United States, or, in the case of an unpublished audiovisual work, all the authors are legal entities with headquarters in the United States; or

"(3) in the case of a pictorial, graphic, or sculptural work incorporated in a building or structure, the building or structure is located in the United States.

For the purposes of section 411, the 'country of origin' of any other Berne Convention work is not the United States.";

(2) in section 104(b)—

(A) by redesignating paragraph (4) as paragraph (5); and

(B) by inserting after paragraph (3) the following new paragraph:

"(4) the work is a Berne Convention work; or";

(3) in section 104 by adding at the end thereof the following;

"(c) EFFECT OF BERNE CONVENTION.—No right or interest in a work eligible for protection under this title may be claimed by virtue of, or in reliance upon, the provisions of the Berne Convention, or the adherence of the United States thereto. Any rights in a work eligible for protection under this title that derive from this title, other Federal or State statutes, or the common law, shall not be expanded or reduced by virtue of, or in reliance upon, the provisions of the Berne Convention, or the adherence of the United States thereto."; and

(4) by inserting after section 116 the following new section;

"§ 116A. Negotiated licenses for public performances by means of coin-operated phonorecord players

"(a) APPLICABILITY OF SECTION.—This section applies to any nondramatic musical work embodied in a phonorecord.

"(b) LIMITATION ON EXCLUSIVE RIGHT IF LICENSES NOT NEGOTIATED.—

"(1) APPLICABILITY.—In the case of a work to which this section applies, the exclusive right under clause (4) of section 106 to perform the work publicly by means of a coin-operated phonorecord player is limited by section 116 to the extent provided in this section.

"(2) DETERMINATION BY COPYRIGHT ROYALTY TRIBUNAL.—The

Copyright Royalty Tribunal, at the end of the 1-year period beginning on the effective date of the Berne Convention Implementation Act of 1988, and periodically thereafter to the extent necessary to carry out subsection (f), shall determine whether or not negotiated licenses authorized by subsection (c) are in effect so as to provide permission to use a quantity of musical works not substantially smaller than the quantity of such works performed on coin-operated phonorecord players during the 1-year period ending on the effective date of that Act. If the Copyright Royalty Tribunal determines that such negotiated licenses are not so in effect, the Tribunal shall, upon making the determination, publish the determination in the Federal Register. Upon such publication, section 116 shall apply with respect to musical works that are not the subject of such negotiated licenses.

"(c) NEGOTIATED LICENSES.—

"(1) AUTHORITY FOR NEGOTIATIONS.—Any owners of copyright in works to which this section applies and any operators of coin-operated phonorecord players may negotiate and agree upon the terms and rates of royalty payments for the performance of such works and the proportionate division of fees paid among copyright owners, and may designate common agents to negotiate, agree to, pay, or receive such royalty payments.

"(2) ARBITRATION.—Parties to such a negotiation, within such time as may be specified by the Copyright Royalty Tribunal by regulation, may determine the result of the negotiation by arbitration. Such arbitration shall be governed by the provisions of title 9, to the extent such title is not inconsistent with this section. The parties shall give notice to the Copyright Royalty Tribunal of any determination reached by arbitration and any such determination shall, as between the parties to the arbitration, be dispositive of the issues to which it relates.

"(d) LICENSE AGREEMENTS SUPERIOR TO COPYRIGHT ROYALTY TRIBUNAL DETERMINATIONS.—License agreements between one or more copyright owners and one or more operators of coin-operated phonorecord players, which are negotiated in accordance with subsection (c), shall be given effect in lieu of any otherwise applicable determination by the Copyright Royalty Tribunal.

"(e) NEGOTIATION SCHEDULE.—Not later than 60 days after the effective date of the Berne Convention Implementation Act of 1988, if the Chairman of the Copyright Royalty Tribunal has not received notice, from copyright owners and operators of coin-operated phonorecord players referred to in subsection (c)(1), of the date and location of the first meeting between such copyright owners and such operators to commence negotiations authorized by subsection (c), the Chairman shall announce the date and location of such meeting. Such meeting may not be held more than 90 days after the effective date of such Act.

"(f) COPYRIGHT ROYALTY TRIBUNAL TO SUSPEND VARIOUS ACTIVI-

TIES.—The Copyright Royalty Tribunal shall not conduct any ratemaking activity with respect to coin-operated phonorecord players unless, at any time more than one year after the effective date of the Berne Convention Implementation Act of 1988, the negotiated licenses adopted by the parties under this section do not provide permission to use a quantity of musical works not substantially smaller than the quantity of such works performed on coin-operated phonorecord players during the one-year period ending on the effective date of such Act.

"(g) TRANSITION PROVISIONS; RETENTION OF COPYRIGHT ROYALTY TRIBUNAL JURISDICTION.—Until such time as licensing provisions are determined by the parties under this section, the terms of the compulsory license under section 116, with respect to the public performance of nondramatic musical works by means of coin-operated phonorecord players, which is in effect on the day before the effective date of the Berne Convention Implementation Act of 1988, shall remain in force. If a negotiated license authorized by this section comes into force so as to supersede previous determinations of the Copyright Royalty Tribunal, as provided in subsection (d), but thereafter is terminated or expires and is not replaced by another licensing agreement, then section 116 shall be effective with respect to musical works that were the subject of such terminated or expired licenses,"; and

(b) TECHNICAL AMENDMENTS.—(1) Section 116 is amended—

(A) by amending the section heading to read as follows:

> "§ 116. Scope of exclusive rights in nondramatic musical works; Compulsory licenses for public performances by means of coin-operated phonorecord players";

(B) in subsection (a) in the matter preceding paragraph (1), by inserting after "in a phonorecord," the following; "the performance of which is subject to this section as provided in section 116A,"; and

(C) in subsection (e), by inserting "and section 116A" after "As used in this section".

(2) The table of sections at the beginning of chapter 1 is amended by striking out the item relating to section 116, and inserting in lieu thereof the following:

> "116. Scope of exclusive rights in nondramatic musical works: Compulsory licenses for public performances by means of coin-operated phonorecord players.
>
> "116A. Negotiated licenses for public performances by means of coin-operated phonorecord players."

SEC. 5. RECORDATION.

Section 205 is amended—

(1) by striking out subsection (d); and

(2) by redesignating subsections (e) and (f) as subsections (d) and (e), respectively.

SEC. 6. PREEMPTION WITH RESPECT TO OTHER LAWS NOT AFFECTED.

Section 301 is amended by adding at the end thereof the following:

"(e) The scope of Federal preemption under this section is not affected by the adherence of the United States to the Berne Convention or the satisfaction of obligations of the United States thereunder.".

SEC. 7. NOTICE OF COPYRIGHT.

(a) VISUALLY PERCEPTIBLE COPIES.—Section 401 is amended—

(1) in subsection (a), by amending the subsection heading to read as follows:

"(a) GENERAL PROVISIONS.—";

(2) in subsection (a), by striking out "shall be placed on all" and inserting in lieu thereof "may be placed on";

(3) in subsection (b), by striking out "The notice appearing on the copies" and inserting in lieu thereof "If a notice appears on the copies, it"; and

(4) by adding at the end the following:

"(d) EVIDENTIARY WEIGHT OF NOTICE.—If a notice of copyright in the form and position specified by this section appears on the published copy or copies to which a defendant in a copyright infringement suit had access, then no weight shall be given to such a defendant's interposition of a defense based on innocent infringement in mitigation of actual or statutory damages, except as provided in the last sentence of section 504(c)(2).".

(b) PHONORECORDS OF SOUND RECORDINGS.—Section 402 is amended—

(1) in subsection (a), by amending the subsection heading to read as follows:

"(a) GENERAL PROVISIONS.—";

(2) in subsection (a), by striking out "shall be placed on all" and inserting in lieu thereof "may be placed on";

(3) in subsection (b), by striking out "The notice appearing on the phonorecords" and inserting in lieu thereof "If a notice appears on the phonorecords, it"; and

(4) by adding at the end thereof the following new subsection:

"(d) EVIDENTIARY WEIGHT OF NOTICE.—If a notice of copyright in the form and position specified by this section appears on the published phonorecord or phonorecords to which a defendant in a copyright infringement suit had access, then no weight shall be given to such a defendant's interposition of a defense based on innocent infringement in mitigation of actual or

statutory damages, except as provided in the last sentence of section 504(c)(2).".

(c) PUBLICATIONS INCORPORATING UNITED STATES GOVERNMENT WORKS.—Section 403 is amended to read as follows:

"Sections 401(d) and 402(d) shall not apply to a work published in copies or phonorecords consisting predominantly of one or more works of the United States Government unless the notice of copyright appearing on the published copies or phonorecords to which a defendant in the copyright infringement suit had access includes a statement identifying, either affirmatively or negatively, those portions of the copies or phonorecords embodying any work or works protected under this title.".

(d) NOTICE OF COPYRIGHT: CONTRIBUTIONS TO COLLECTIVE WORKS.—Section 404 is amended—

(1) in subsection (a), by striking out "to satisfy the requirements of sections 401 through 403", and inserting in lieu thereof "to invoke the provisions of section 401(d) or 402(d), as applicable"; and

(2) in subsection (b), by striking out "Where" and inserting in lieu thereof "With respect to copies and phonorecords publicly distributed by authority of the copyright owner before the effective date of the Berne Convention Implementation Act of 1988, where".

(e) OMISSION OF NOTICE.—Section 405 is amended—

(1) in subsection (a), by striking out "The omission of the copyright notice prescribed by" and inserting in lieu thereof "With respect to copies and phonorecords publicly distributed by authority of the copyright owner before the effective date of the Berne Convention Implementation Act of 1988, the omission of the copyright notice described in";

(2) in subsection (b), by striking out "omitted," in the first sentence and inserting in lieu thereof "omitted and which was publicly distributed by authority of the copyright owner before the effective date of the Berne Convention Implementation Act of 1988,"; and

(3) by amending the section heading to read as follows:

"§ 405. Notice of copyright: Omission of notice on certain copies and phonorecords"

(f) ERROR IN NAME OR DATE.—Section 406 is amended—

(1) in subsection (a) by striking out "Where" and inserting in lieu thereof "With respect to copies and phonorecords publicly distributed by authority of the copyright owner before the effective date of the Berne Convention Implementation Act of 1988, where";

(2) in subsection (b) by inserting "before the effective date of the Berne Convention Implementation Act of 1988" after "distributed";

(3) in subsection (c)—

(A) by inserting "before the effective date of the Berne Convention Implementation Act of 1988" after "publicly distributed"; and

(B) by inserting after "405" the following: "as in effect on the day before the effective date of the Berne Convention Implementation Act of 1988"; and

(4) by amending the section heading to read as follows:

"§ 406. Notice of copyright: Error in name or date on certain copies and phonorecords".

(g) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 4 is amended by striking out the items relating to sections 405 and 406 and inserting in lieu thereof the following:

"405. Notice of copyright: Omission of notice on certain copies and phonorecords.

"406. Notice of copyright: Error in name or date on certain copies and phonorecords.".

SEC. 8. DEPOSIT OF COPIES OR PHONORECORDS FOR LIBRARY OF CONGRESS

Section 407(a) is amended by striking out "with notice of copyright".

SEC. 9. COPYRIGHT REGISTRATION

(a) REGISTRATION IN GENERAL.—Section 408 is amended—

(1) in subsection (a), by striking out "Subject to the provisions of section 405(a), such" in the second sentence and inserting in lieu thereof "Such";

(2) in subsection (c)(2)—

(A) by striking out "all of the following conditions—" and inserting in lieu thereof "the following conditions.";

(B) by striking out subparagraph (A); and

(C) by redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively.

(b) INFRINGEMENT ACTIONS.—

(1) REGISTRATION AS A PREREQUISITE.—Section 411 is amended—

(A) by amending the section heading to read as follows:

"§ 411. Registration and infringement actions":

(B) in subsection (a) by striking out "Subject" and inserting in lieu thereof "Except for actions for infringement of copyright in Berne Convention works whose country of origin is not the United States, and subject"; and

(C) in subsection (b)(2) by inserting, "If required by subsection (a)." after "work".

(2) TABLE OF SECTIONS.—The table of sections at the beginning of chapter 4 is amended by striking out the item relating to section 411 and inserting in lieu thereof the following:

"411. Registration and infringement actions.".

SEC. 10. COPYRIGHT INFRINGEMENT AND REMEDIES

(a) INFRINGEMENT.—Section 501(b) is amended by striking out "sections 205(d) and 411." and inserting in lieu thereof "section 411.".

(b) DAMAGES AND PROFITS.—Section 504(c) is amended—

(1) in paragraph (1)—

(A) by striking out "$250", and inserting in lieu thereof "$500"; and

(B) by striking out "$10,000", and inserting in lieu thereof "$20,000"; and

(2) in paragraph (2)—

(A) by striking out "$50,000.", and inserting in lieu thereof "$100,000."; and

(B) by striking out "$100.", and inserting in lieu thereof "$200.".

SEC. 11. COPYRIGHT ROYALTY TRIBUNAL

Chapter 8 is amended—

(1) in section 801, by adding at the end of subsection (b) the following: "In determining whether a return to a copyright owner under section 116 is fair, appropriate weight shall be given to—

"(i) the rates previously determined by the Tribunal to provide a fair return to the copyright owner, and

"(ii) the rates contained in any license negotiated pursuant to section 116A of this title."; and

(2) by amending section 804(a)(2)(C) to read as follows:

"(C)(1) In proceedings under section 801(b)(1) concerning the adjustment of royalty rates as provided in section 115, such petition may be filed in 1990 and in each subsequent tenth calendar year, and at any time within 1 year after negotiated licenses authorized by section 116A are terminated or expire and are not replaced by subsequent agreements.

"(ii) If negotiated licenses authorized by section 116A come into force so as to supersede previous determinations of the Tribunal, as provided in section 116A(d), but thereafter are terminated or expire and are not replaced by subsequent agreements, the Tribunal shall, upon petition of any party to such terminated or expired negotiated license agreement, promptly establish an interim royalty rate or rates for the public performance by means of a coin-operated phonorecord player of nondramatic musical works embodied in phonorecords which had been subject to the terminated or expired negotiated license agreement. Such interim royalty rate or rates shall be the same as the last such rate or rates and shall remain in force until the conclusion of proceedings to adjust the royalty rates applicable to such works, or until superseded by a new negotiated license agreement, as provided in section 116A(d).".

SEC. 12. WORKS IN THE PUBLIC DOMAIN

Title 17, United States Code, as amended by this Act, does not provide copyright protection for any work that is in the public domain in the United States.

SEC. 13. EFFECTIVE DATE: EFFECT ON PENDING CASES.

(a) EFFECTIVE DATE.—This act and the amendments made by this Act take effect on the date on which the Berne Convention (as defined in section 101 of title 17, United States Code) enters into force with respect to the United States.

(b) EFFECT ON PENDING CASES.—Any cause of action arising under title 17 United States Code, before the effective date of this Act shall be governed by the provisions of such title as in effect when the cause of action arose.

LEGISLATIVE MATERIALS

[S 14544]

CONGRESSIONAL RECORD — SENATE — OCTOBER 5, 1988

Berne Convention Implementation Act of 1988

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now proceed to the consideration of S. 1301, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 1301) to amend title 17, 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.

The Senate proceeded to consider the bill, which had been reported from the Committee on the Judiciary with an amendment to strike all after the enacting clause and insert in lieu thereof, the following:

[omitted]

[S 14551]

Mr. LEAHY. Mr. President, this is an important day for American artists, authors, and other creators whose ingenuity and imaginativeness is reflected in works protected by copyright. It is an important day for publishers, motion picture studios, computer software firms, and other copyright proprietors who market the fruits of American creativity throughout the world. And it is an important day for all who are concerned about the precarious position of American industry in world trade. Today, with the passage of my bill, S. 1301, we take a giant step toward strengthening copyright protection for American works, by moving toward U.S. adherence to the Berne Copyright Convention.

Recent debates in the Senate on trade legislation reflected diverse views within this body about trade policy. But we all agreed that the overall picture of recurring trade deficits is gloomy.

Fortunately, there are a few bright spots in the gloom. Among them, is one sector of our economy that constantly outsells the foreign competition and boasts a $1.5 billion trade surplus. Those who sell American ingenuity and vision, America's copyright community, are setting a standard for American industry.

The world's appetite for American books, computer software, records, movies, and other copyright materials appears to be insatiable. We are the world's largest exporter of copyrighted works because of the skill, inventiveness, and imagination of American authors, musicians, filmmakers, and software creativity will continue to flourish only if we act to preserve the environment that fosters it.

Too many times we have counted on goodwill and fairness in trade rela-

tions, and too many times we have seen American products victimized by discriminatory trade practices or plain old piracy.

S. 1301 will enable us to join the most prominent and effective mechanism for defending copyrights in the global marketplace: The Berne Convention for the Protection of Literary and Artistic Works.

For over 100 years, the Berne Convention has provided the framework for international copyright relations among nearly all the industrialized and developing countries. Today, 79 nations are member [sic] of the Berne Convention. Each Berne member nation is required to extend to works from all other member states the same copyright rules it applies to its own citizens. Berne also establishes minimum copyright standards that each member must meet. This combination—guarantees [S 14552] of equal treatment and of high standards—adds up to a powerful incentive for fair international trade in copyrighted materials.

For most of a century, differences between U.S. law and Berne Convention standards have kept our Nation from joining the convention. However, in the last two decades, changes in American law and in the Berne standards have narrowed that gap. S. 1301 makes the last few changes needed for the United States to join Berne.

When I introduced S. 1301 last May, I characterized it as following the minimalist approach. I encouraged my colleagues to make only those changes to our laws which are necessary in order to comply with Berne. I did not want to disrupt the assumptions now governing relations among creators, publishers, distributors, and consumers of copyrighted works.

The best illustration of my minimalist approach is in the area of moral rights. I believe Congress should reexamine the protections afforded American artists by current law to prevent improper alterations of their works. Some argued that we should use this legislation as a vehicle for that initiative. At the same time, others urged us to take this opportunity to freeze the development of our law in this area. But, after studying this question, I became convinced of two things. First, no change in our law on artist's rights is needed to meet Berne's standards. Second, the debate over this issue would not have advanced the vital goal of Berne adherence, which is the only object of this legislation. I am glad that my colleagues in the Senate and the House agreed that the only way the United States could join Berne this Congress was to leave the moral rights debate for another day.

The measure before us also reflects the principles underlying my original bill on the question of copyright formalities. Berne forbids the governments of members states from imposing formalities as conditions of "the enjoyment and the exercise" of copyright. I have consistently maintained that the requirement of copyright registration as a precondition to any lawsuit to enforce copyright is a formality prohibited by Berne. This view is supported by most American and European copyright experts who have examined the

question in depth. The measure before us, representing a consensus among the principal Senate sponsors, is fully consistent with this approach. It makes the minimal change needed to overcome this obstacle to Berne adherence, by excepting only works originating in other Berne countries from the registration prerequisite. In the view of the Judiciary Committee, as reflected in our report on S. 1301, this is what Berne requires us to do; but this is all that Berne requires us to do with respect to this formality.

The approach reflected in the measure before us is workable, and sends the right message to current and potential Berne members who may be tempted to erect registration barriers to enforcement of copyright in American works. I believe that it also satisfies the concerns of the Library of Congress about the possible detrimental effect on the Library's collection of a flat repeal of the registration prerequisite. I do not expect this bill to harm the Library's acquisition efforts in any way, for the reasons stated in the report accompanying S. 1301. However, if the Library demonstrates that the changes to the registration requirement have some unanticipated detrimental impact on acquisitions, I will work with the Library to correct the problem.

The measure before us also contains several minor technical and clarifying amendments to S. 1301 as reported by the Judiciary Committee. I ask unanimous consent that my detailed analysis of the measure be printed in the RECORD at the conclusion of these remarks.

Mr. President, Berne membership is vital to U.S. interests. In the world markeplace [sic] of the 21st century, copyrights and other intellectual property will play a leading role. Explosive developments in technology—the office copier, the computer, the video recorder—foster new forms of creativity and advance American business every day.

America's reliance on these technologies is one of the reasons that a wide range of American industry supports our efforts to join Berne, including many firms not usually involved in copyright legislation. During our hearings, representatives of IBM, Pfizer, Inc., and other companies testified in support of Berne adherence. The Senate report contains the name [sic] of over 80 business groups and individual companies that support the action the Senate is taking today.

Finally, Mr. President, I would like to express my appreciation to the chairman and ranking member of the Patents, Copyrights and Trademarks Subcommittee, Senators DECONCINI and HATCH. They have worked long and hard to fashion a consensus bill that fine tunes our copyright law and makes those changes necessary for us to join Berne. I would also like to thank my friend from the other body, Representative ROBERT KASTENMEIER. Under this [sic] leadership, the House Judiciary Subcommittee on Courts, Civil Liberties and the Administration of Justice compiled a valuable hearing record that greatly assisted us in our deliberations. And as the principal House sponsor of Berne implementing legislation, he contributed

many valuable ideas that are reflected in the measure before us today. In addition, the hard work and perseverance of several dedicated Senate staffers has helped to make Berne adherence a reality. I would note particularly the contributions of my own staff, Steve Metalitz, and Matt Gerson; Randy Rader who was sworn in as a judge of the U.S. Claims Court last week after working for many years for Senator HATCH; Ed Baxter with Senator DECONCINI; Diana Huffman with Senator BIDEN. Let me also thank Chairman RODINO and Chairman KASTENMEIER and members of their staff, Ginny Sloan, Mike Remington and David Beier for their hard work in the House on this important legislation.

Mr. President, I urge the Senate to pass the Berne Convention Implementation Act of 1988. I call on the House of Representatives to act promptly on this legislation so that it can be signed by the President as soon as possible. I note also that the resolution of ratification of the treaty establishing the Berne Convention has been reported favorably by the Committee on Foreign Relations, and is now pending on the Executive Calendar. I look forward to speedy Senate approval of this resolution, which will complete the proccess [sic] of bringing the United States into full participation in the world copyright system of the decades ahead.

Mr. President, I yield to the distinguished Senator from Arizona.

The PRESIDING OFFICER (Mr. BREAUX). The Senator from Arizona is recognized.

Mr. DECONCINI. Mr. President, I thank the Senator from Vermont for his leadership in this endeavor. He initiated this process in the last Congress and very successfully has brought this legislation a long distance.

Mr. President, I rise today in support of S. 1301, a bill to provide for adherence by the United States to the Berne Convention for the Protection of Literary and Artistic Works. S. 1301 will bring the United States into the mainstream of international copyright law and will help assure U.S. citizens of protection of their copyright interests by most foreign nations.

As chairman of the Subcommittee on Patents, Copyrights and Trademarks, I heard extensive testimony concerning both the benefits and drawbacks associated with the adherence to the Berne Convention. From these hearings, I have concluded that adherence to Berne will greatly benefit the United States.

The Berne Convention was adopted over 100 years ago and currently has over 75 member nations. Berne provides the guidelines which govern the copywright [sic] relations between member nations. The specific provisions in Berne are designed to assure that the member nations grant nationals of other nations the same level of copyright protection provided to the members' own citizens. Although Berne has been the most important multilateral agreement governing international copyright policy, the United States has

failed to join Berne, and has instead been concerned with domestic copyright laws.

As an alternative to Berne, the United States helped create the Universal Copyright Convention in 1954. [S 14553] The UCC was designed to protect the copyright interest [sic] of American artists throughout the world. However, the treaty obligations under the UCC are general, and have not proven sufficient to protect our interests abroad. The United States does not occupy a strong position in international copyright matters. It is time to strengthen copyright protection for artists from the United States.

There are several reasons why adherence to the Berne Convention will benefit the United States. Initially, adherfence [sic] would establish copyright relations between the United States and 24 countries with which the United States currently has no copyright relations. This will provide a consistent basis upon which to build a copyright relationship. By establishing relations with these countries, the United States will assure itself of the opportunity to participate effectively in the establishment and management of international copyright policy.

Second, adherence to the Berne Convention would eliminate the need for U.S. copyright holders to employ the so-called back-door procedure for gaining copyright protection in Berne Convention nations. Currently, under provisions of the Berne Convention, the works of authors of non-Berne nations can be protected in member countries if the works are published simultaneously in the Berne nation. Recognizing the need to protect themselves from foreign copyright infringement, many larger scale producers have utilized this back-door provision. However, this process can be difficult and expensive, and there has been confusion over the definition of "simultaneously" in some nations. Adherence to Berne would save American authors from the expense and uncertainty attached to this back-door procedure by allowing for immediate protection in member nations.

Adherence to the Convention would also strengthen U.S. trade policy. Representative KASTENMEIER stated in his testimony before the subcommittee, and I quote:

> The relationship of Berne adherence to promotion of U.S. trade improvement is clear. Our popular culture and information products have become a precious export commodity of immense economic value. That value is badly eroded by international copyright piracy. Berne standards are both high, reasonable and widely accepted internationally. Lending our prestige and power to the international credibility of those standards will promote development of acceptable copyright regimes in bilateral and multilateral contexts.

In addition to strengthening our trade policy, the United States has

sought to formulate an intellectual property code within the General Agreement on Tariffs and Trade. A consistent, reliable copyright policy is crucial for any property code that would include a section on copyrights.

Berne Convention adherence will also help assure that the works of artists in the United States are effectively protected against piracy in foreign nations. It is clear that the works of U.S. artists are being exploited around the world. The subcommittee heard compelling testimony from various sources, describing the piracy taking place in foreign markets. The Under Secretary for Economic Affairs, Allen Wallis, testified that a 1985 study showed that piracy from only 10 countries cost U.S. industry 1.3 billion in lost sales annually.

> We have consulted with several foreign governments whose copyright policies were causing serious economic harm to U.S. copyright interests and pointed out the principal elements of a good copyright law which would provide "adequate and effective" protection for copyrighted works. During this exercise it has become clear that the provisions of Berne are the best standard on which to base that protection.

The United States failure to join Berne has made it more difficult for U.S. authors to gain protection against foreign pirates. An example of this difficulty can be found in Thailand, where, according to the Judiciary Committee report, Thai officials have reportedly pointed out the inconsistency in the United States position of trying to persuade the Thai Government to combat piracy, while at the same time the United States refuses to join Berne and work for further cooperation in the copyright area.

Mr. President, it is clear that adoption of the Berne Convention will benefit the United States in the areas I have discussed. There has been concern regarding the effect of compliance on existing and future copyright law. Let me take a moment to address the legitimate concerns raised by the provisions of the Berne Convention.

First, it is important to note that the provisions of the Berne Convention are not self-executing. This means the provisions are not directly enforceable in U.S. courts; instead, the private rights exist only to the extent provided for by U.S. law. Therefore, Berne will not allow foreign authors to assert rights superior to those afforded U.S. authors under U.S. law.

Another area of concern has been article 5(2) of the Berne Convention which states that "the enjoyment and the exercise of [copyright] shall not be subject to any formality." For many years, this provision was believed to be an absolute bar to U.S. compliance with Berne, because domestic U.S. copyright law has traditionally required "formalities" such as the copyright registration. However, the 1976 copyright law helped bridge the gap between U.S. law and the provisions of Berne. Today, the majority of experts believe that

current U.S. copyright law requiring mandatory copyright registration conflicts with this provision of Berne. S. 1301 resolves this conflict by creating a two-tier registration system under domestic copyright law. It does this by eliminating the mandatory registration requirement for foreign copyrights, replacing it with a voluntary registration system. After a careful study, the Judiciary Committee concluded that the modification of the registration requirement would not prove detrimental in enforcing copyright laws. The use of the voluntary system for foreign copyright holders does provide incentives for registration under domestic copyright law. These incentives would allow foreign copyright holders to prove the existence of their copyright, and discourage frivolous lawsuits. Thus, U.S. law regarding formalities can be brought within the boundaries specified by Berne without disrupting the existing structure of U.S. copyright law.

Perhaps the greatest area of concern surrounding Berne comes in the area of moral rights. Article 6*bis* of the Berne Convention requires the recognition that "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." There has been debate as to whether these "moral rights" already exist under U.S. laws, or whether new laws must be created ensuring these rights to artists before the U.S. law can become compatible with Berne. The subcommittee heard testimony from concerned artists such as Steven Spielberg asking for greater protection; it also heard from parties such as Donald Kummerfeld of the Magazine Publishers of America, who believed that adoption of the Berne Convention moral rights provisions would prove disastrous to the periodical and other industries. After careful consideration, the committee report concluded that protection adequate to conform to Berne is provided for under existing laws. These existing U.S. laws include various provisions of the Copyright Act and Lanham Act, various State statutes, and common law principles such as libel, defamation, misrepresentation, and unfair competition. All of these existing laws have been applied by courts to redress authors for injuries suffered as a result of the violation of their moral rights. Application of U.S. law in the area of moral rights has struck the proper balance between the rights of artists and industry.

Mr. President, the time has come for the United States to join the 20th century in the area of international copyright law. The Berne Convention offers the opportunity to allow for greater protection of U.S. copyright interests, while at the same time establishing a solid U.S. role in international copyright affairs. I hope that my colleagues will join me in support of this worthwhile measure.

Finally, I thank my distinguished colleague, Senator LEAHY. He had labored a long time on this effort. It has taken an immense amount of pa-

tience, persistence, and hard work to get this bill where it is today. His foresight and [S 14554] patience have really been the key to our success today.

Also, I thank my distinguished colleague from Utah, Senator HATCH, who has been instrumental in the formulation of this legislation. As the ranking minority member of the subcommittee, Senator HATCH cooperated immensely in making this a successful bipartisan effort.

I also thank the Senator from Mississippi, Senator COCHRAN, who has a very unique interest which he is going to discuss later. I share his concern and assure him that if I am again chairman of this subcommittee, we will address in all earnestness the particular area of his interest. He was very cooperative in permitting us to bring up this bill.

I thank the many staff members of the Judiciary Committee who labored long and hard; Matt Gerson; Steve Metalitz; Randy Rader, who is no longer with us; Abby Kuzma; Ed Baxter, my chief counsel, who has put in a tremendous amount of time and effort here; and Joe Kreamer.

I yield the floor.

The PRESIDING OFFICER. The Senator yields the floor.

The Senator from Vermont.

Mr. LEAHY. Mr. President, I commend the distinguished Senator from Arizona for his work as chairman of the subcommittee. If we had not had his cooperation, leadership, and effort, we could not be at this point.

Mr. President, I ask unanimous consent to have printed in the RECORD a joint explanatory statement on the Leahy-DeConcini-Hatch amendment to S. 1301.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

JOINT EXPLANATORY STATEMENT ON AMENDMENT TO S. 1301

The Leahy-DeConcini-Hatch amendment to S. 1301 makes one principal substantive change to the bill as reported by the Senate Judiciary Committee. It also makes minor clarifying, technical and corrective amendments. Full discussion of the portions of the bill not amended by this amendment may be found in Senate Report 100-352.

The principal change made by the amendment deals with existing section 411 of the Copyright Act, 17 USC 411. This provision establishes the general rule that a claim to copyright in a work must be registered with the Copyright Office before any lawsuit claiming infringement of the work may be initiated. Section 411(a) contains an exception in the case of a work as to which the Copyright Office has refused to issue a certificate of registration, but the fact remains that a review by the Copyright Office of the validity of a copyright claim is a necessary precondition for enforcement of copyright protection under current law.

The Senate Judiciary Committee concluded that existing section 411 is

incompatible with Article 5(2) of the Berne Convention, which states a principle that has been central to Berne almost since its inception: that "the enjoyment and the exercise of [copyright] shall not be subject to any formality." The Committee agreed with the view espoused by most experts who studied the question: the registration prerequiste established by section 411 is a formality prohibited by Berne. Accordingly, S. 1301, both as introduced and as reported by the Committee, eliminated the requirement of registration as a prerequisite to an infringement action. The Committee was convinced that the other, Berne-compatible, incentives for timely registration—including the prima facie evidentiary effect of registration, and the availability of statutory damages and attorneys' fees only in the case of successful infringement actions with respect to registered works—as strengthened by a doubling of statutory damages, were fully adequate to assure that the vase [sic] majority of works, whatever their provenance, would continue to be registered.

However, as the Committee noted in its report, the question before it was "whether the registration provisions of existing U.S. copyright law, *as applied to foreign works originating in states adhering to Berne*, constitute a prohibited formality. . . ." S. Rept. 100-352, at 13 (emphasis added). Berne does not restrict member nations from imposing formalities on works of domestic origin.

In other words, the elimination of section 411(a), as S. 1301 provides, is not, strictly speaking, the most minimal change that may be made in the Copyright Act in order to comply with Berne. All Berne requires is the elimination from U.S. law of formalities applicable to works originating in Berne countries other than the United States.

Following the Senate Judiciary Committee's approval of S. 1301, discussions continued among Senate and House staff, with expert assistance from the Copyright Office and copyright practitioners from the private sector. The goal was to craft a compromise on the issue of copyright registration, between the Senate's proposed elimination of the registration prerequisite contained in section 411, and the conclusion embodied in the House bill (H.R. 4262) that Berne required no change in that section.

The fruit of those discussions is embodied in the amendment to S. 1301 now before the Senate. It establishes a so-called "two-tier" system with respect to the requirements of section 411. Works whose country of origin is a foreign nation adhering to the Berne Convention are exempt from the registration prerequisite; infringement suits may be brought with respect to such works even if they have never been submitted for registration with the Copyright Office. All other works remain subject to existing section 411(a).

The amendment accomplishes four goals important to the effort to bring the United States into the Berne Convention.

First, it is fully consistent with the position embodied in S. 1301 as reported, which concludes that the registration prerequisite is a formality im-

posed on "the enjoyment and the exercise" of copyright, within the meaning of Article 5(2) of Berne. It thus avoids creating the undesirable precedent that would buttress other current or potential Berne adherents in arguing that they may impose truly onerous registration requirements on foreign works, including works of U.S. origin, without offending Berne standards.

Second, it establishes a workable test for determining which works may be the subject of infringement actions without prior registration with the Copyright Office. The amendment includes a provision clearly defining the circumstances under which the country of origin of a Berne Convention work is and is not the United States. This definitional provision tracks the definition of "country of origin" found in Article 5(4) of Berne.

This test is, of course, not as easy for the courts to apply as the corresponding provision of S. 1301 as reported. Under the committee-reported bill, the presence or absence of a registration certificate would be irrelevant to a plaintiff's right to sue for infringement, although of course the absence of a certificate would still have highly significant consequences for the plaintiff's ease of proof and for the relief the plaintiff could obtain. However, the amendment seeks to create the simplest possible two-tier system, in order to minimize the potential for disputes over whether or not registration is a prerequisite to a given lawsuit. Furthermore, since those cases in which registration is not a prerequisite to an infringement lawsuit are defined as an exception to the rule contained in section 411(a). It is the plaintiff's responsibility to plead and prove that his or her case comes within the exception for works originating in a foreign country adhering to Berne. It would remain the case, as contemplated by the Senate report, that copyright claimants would have strong business and legal incentives to register their claims to copyright protection in virtually every instance. However, the courthouse door would no longer be barred to any claimant who can demonstrate that the unregistered work he seeks to protect is one as to which registration is not required as a precondition of suit.

Third, this amendment further minimizes the policy objection asserted to the Committee-reported bill: that modification of the registration prerequisite will degrade the quality of the registration system and hamper the acquisition activities of the Library of Congress. While the Committee considered these concerns and rejected them as exceedingly unlikely to become reality (see S. Rept. 100-352 at 19-23), they appear even more unfounded under the amended version of the bill. The Copyright Office estimates that 95 percent of all registrations are made with respect to domestic works, a category which largely overlaps with the tier of works of United States origin as defined by this amendment. For these works, the incentives for registration are substantially increased, not decreased, by this bill, which maintains the registration prerequisite for infringement suits with respect to works of United States origin, and also doubles the statutory damages avail-

able to redress infringement. As the Committee report notes, "there is no basis for assuming that foreign publishers will be less eager to protect their works against infringement in this country than are domestic publishers." S. Rept. 100-352, at 23. Thus, while the Copyright Office advised the Congressional Budget Office that it anticipated a 5 to 10 percent decrease in the number of works registered if section 411(a) were repealed for all works, id. at 50, that estimate, even if valid, must be decreased by roughly 95 percent in light of the provisions of this amendment, which leave roughly that percentage of registrations unaffected. This calculation yields an estimated decrease in registrations of between one-quarter and one-half of one percent per annum. A registration dropoff of this small order of magnitude is unlikely to have any discernible effect either on the quality of the registry of works compiled by the Copyright Office, or on the ability of the Library of Congress to acquire works through registration deposit.

Finally, the two-tier system for registration embodied in this amendment achieves the goal of a reasonable compromise between the House and Senate positions on this question. It is anticipated that this compromise is fully acceptable to the House, and that the last remaining significant point of controversy between the [S 14555] bodies is thereby eliminated. In the view of the sponsors of this amendment, this consideration fully overcomes the reservations about a two-tier system which were pointed out by some of the witnesses before the Committee, and which led the Committee to reject a two-tier solution in favor of a simple elimination of section 411(a) as it currently exists.

The creation of a two-tier system with respect to the registration prerequisite of section 411(a) is not, and should not be regarded as, a precedent for establishing two-tiered approaches to any other area of copyright law in which the United States theoretically remains free, even after adherence to Berne, to treat copyright works differently based on their country of origin. In these other areas, a two-tiered approach might well be more complex to administer, and is completely unnecessary to avoid the establishment of potentially undesirable precedents with respect to interpretation of the Berne Convention.

With regard to the specifics of the amendment on registration, the two-tier system is established by making three amendments to the committee-reported bill. First, the repeal of existing section 411(a) is eliminated, in favor of an introductory phrase to the existing provision which makes it inapplicable to "actions for infringement of copyright in Berne Convention works whose country of origin is not the United States." Secondly, in section 411(b), dealing with works such as live broadcasts that are first fixed simultaneously with transmission, the amendment inserts after the reference to post-broadcast registration of the work the phrase "if required by subsection (a)." Finally, the amendment inserts in the definitional section of the Copyright

Act, 17 USC 101 a definition of "country of origin" of a Berne Convention work.

The definition of country of origin, while a new feature of U.S. copyright law, is a familiar principle to students of Berne. The definition contained in the amendment tracks the definition of this phrase contained in Article 5(4) of Berne. For the guidance of practitioners, and of the courts, the following observations may be in order.

First, the bill's definition of "country of origin" is significant only with respect to section 411, and in particular only with respect to the question of whether an infringement lawsuit may be brought with respect to a work which has not been submitted to the Copyright Office for issuance of a certificate of registration. The application of the definition of country of origin of a work is irrelevant under U.S. law for any other purpose. For example, eligibility for protection under 17 USC 104 of a work authored or first published outside the United States is to be determined under the provisions of that section, not under the provisions for determining country of origin of a Berne Convention work. Similarly, in the case of lawsuits with respect to registered works, their country of origin is irrelevant to whether the successful plaintiff may recover statutory damages and attorneys' fees (see 17 USC 412, 504(c), 505).

Second, the country of origin of a work is significant only for a work which is a Berne Convention work, as defined by the bill. Thus, for example, a work authored by a national of the Soviet Union and first published only in that country does not fulfill the definition of a Berne Convention work, because the Soviet Union does not adhere to the Berne Convention. The work is subject to protection under U.S. law (see 17 USC 104(b)(2)), because the Soviet Union is a member of the Universal Copyright Convention. But registration remains a prerequisite to intitiation of an infringement action with respect to such a work, as specified in section 411(a), because the exception created by this bill, as amended, applies only to Berne Convention works. Since the country of origin of a published work is relevant only if the work is a Berne Convention work, the test of simulataneous [sic] first publication set forth in the definition of a Berne Convention work is equally applicable to the determination of the country of origin of a work (i.e., first published in one country and published in another country or countries within thirty days of such first publication.)

Third, in the case of a Berne Convention work, it is not necessary in all cases to determine the precise country of origin of the work in order to know whether or not the registration prerequisite to suit applies. It is only necessary to determine whether the country of origin is or is not the United States. Thus, for example, a work authored by a French national, simultaneously first published in the United Kingdom and Canada, is not subject to the registration prerequisite, regardless of whether, under the provisions of Berne it-

self, its country of origin might be determined to be France, the United Kingdom, or Canada. It is sufficient that it fulfills the definition of a Berne Convention work, and that it cannot possibly be a work whose country of origin is the United States.

Fourth, for a published Berne Convention work, the situs of first publication determines whether or not its country of origin is the United States, with one exception. A work first published in a foreign nation not adhering to the Berne Convention—e.g., the Peoples Republic of China—may nevertheless be a Berne Convention work, under provisions of the committee-reported bill that are substantively unchanged by this amendment, if one or more of its authors is a national of a nation adhering to the Berne Convention on the date of first publication. Such a work is a work of United States origin if all of its authors are nationals of the United States. In such a case, the registration prerequisite must be satisfied. However, if one or more of the authors is not a U.S. national, the Berne Convention work first published in China is not a work of United States origin, and the exception to section 411(a) applies.

For all other published Berne Convention works, the situs of first publication determines whether or not the United States is the country of origin. Obviously, works first published in the United States are works of United States origin. So are works simulataneously [sic] first published in the United States and in a non-Berne country. Conversely, works first published solely in a foreign Berne member nation are not works of United States origin. The country of origin of works simultaneously first published in the United States and in another Berne member nation is determined by reference to the term of protection granted by the laws of the two nations to the class of work in question. If the term of protection granted by U.S. law is shorter or the same as the term granted by the other nation in question, the work's country of origin is the United States. Otherwise, the work's country of origin is not the United States. In all the instances described in this paragraph, the nationality of the author or authors is irrelevant to the determination of the country of origin.

Fifth, with respect to unpublished works, 17 USC 104(a) provides protection under U.S. law without regard to the nationality of the author, so long as the work remains unpublished. If none of the authors is a national of a Berne member nation (including the United States), the work, while unpublished, is not a Berne Convention work, and therefore the country of origin need not be determined; the registration prerequisite for intitiating an infringement suit applies in any event. If one or more of the authors of the unpublished work is a national of a Berne member nation, the work is a Berne Convention work, and the registration prerequisite does not apply unless all the authors are United States nationals, in which case the work's country of origin is the United States and the work must be registered before suit, as

specified in section 411(a). The definitional provision also incorporates the headquarters test for determining the nationality of a legal entity which is the author of a published or unpublished audiovisual work.

Sixth, if the work is a pictorial, graphic or sculptural work incorporated in a building or structure, the work is a Berne Convention work (under the definition of that term in the committee-reported bill) if the building or structure is located in a Berne member nation. If the situs of the building or structure is the United States, the work is of United States origin and must satisfy the registration prerequisite for suit.

Seventh, for every convention work, the country of origin either is or is not the United States. Unless a work is shown to be a work whose country of origin is not the United States, and therefore exempted from the requirements of section 411(a), then the work's country of origin is the United States, and section 411(a) must be satisfied. As the factors establishing the non-United States origin of the work (whether situs of publications or nationally [sic] of the author of [sic] authors) are likely to be peculiarly within the knowledge of the copyright claimant, and since the exemption for works of non-United States origin is an exception to the general rule imposing a registration prerequisite, it is the obligation of the claimant in a work in a work [sic] not submitted for registration to demonstrate the applicability of the exception.

Finally, the amendment leaves unaffected the current provisions of section 411(a) with respect to works as to which the Copyright Office has refused to issue a certificate of registration. Like the committee-reported bill, it also leaves unaffected the provisions granting *prima facie* evidentiary weight to a timely registration certificate, and conditioning statutory damages and attorneys' fees upon timely registration.

Most of the other changes to the Senate-reported bill made by this amendment are technical, drafting or clarifying in nature. They include the following:

1. The amendment includes a technical provision specifying that amendments to or repeals of sections refer to sections of Title 17 of the United States Code.

2. The amendment corrects a typographical error in the declarations section with respect to the date of signature of the Berne Convention.

3. The amendment clarifies that the provisions of Berne may be given effect under, *inter alia*, the provisions of the common law.

4. The provision specifying that certain rights (those specified in Article 6*bis* of Berne) claimed under U.S. law shall be neither expanded nor reduced by virtue of adherence to Berne has been redrafted to conform to the language adopted by the House, without substantive change. See S. Rept. 100-352 at 9-10, 38-39.

5. In the definition of a Berne Convention work, the amendment replaces the word "State" with "nation." The existing text of the Copyright

Act uses the term "State" (see, e.g., 17 USC 301) in the sense of one of the fifty States, and the term is explained [S 14556] in 17 USC 101 in the same context. The definition of a Berne Convention work in the committee-reported bill uses "State" in the sense of "nation." This amendment should prevent any unintended confusion between the two terms.

6. In the same definitional provision, the amendment replaces the term, "simultaneously published" with "simultaneously first published," in order to clarify that the situs of first publication, not of some publication occurring more than thirty days after first publication, is determinative in some circumstances of whether a published work is a Berne Convention work. See S. Rept. 100-352, at 40. Once thirty days have elapsed since the first publication of a work, simultaneous publication in two or more countires other than the country of first publication is irrelevant to the work's status as a Berne Convention work.

7. In the same definitional provision, the paragraph concerning pictorial, graphic or sculptural works incorporated in a building or other structure has been redrafted to clarify that the provision has no application to any other pictorial, graphic, or sculptural work. See S. Rept. 100-352 at 40.

8. A drafting change has been included in the amendment to section 104 to refer to "adherence of the United States" to Berne; rather than "United States adherence" thereto, to conform the language of this section to that adopted by the House.

9. The amendment to section 108 of the Copyright Act has been eliminated. The House bill did not change section 108, which deals with the circumstances under which a library or archives may reproduce and distribute a single copy of a work without incurring liability for infringement. The report accompanying S. 1301 indicated that retention of the provision in question, section 108(a)(3), which concerns the inclusion of a copyright notice on works and parts of works reproduced and distributed under the authority of this section might be confusing in light of the elimination of the notice requirement elsewhere in the Copyright Act. The sponsors of the amendment are persuaded that elimination of the provision might be more confusing and potentially disruptive of current practices than its retention, and that elimination of the provision is not clearly required in order to meet Berne standards. Accordingly, section 108(a)(3) has been retained.

10. The provision of the House and Senate bills on jukebox performances of nondramatic musical works are virtually identical in substance. See S. Rept. 100-352 at 41-42. However, as a matter of drafting, the committee-reported Senate bill repealed the current provisions on this topic, contained in 17 USC 116, and substituted new provisions which contemplate the negotiation of voluntary licensing agreements with respect to such works. The existing system of compulsory licensing at rates set by the Copyright Royalty Tribunal would have remained in effect during the one-year transitional pe-

riod during which licensing negotiations will take place, and thereafter in case of the lapse or expiration of such licensing arrangements. However, under these circumstances, jukebox performances would be governed by provisions that no longer appeared in the U.S. Code. The House drafting approach retained existing section 116, but made it subject to a new section 116A, which incorporate [sic] the mechanism for the recognition of voluntary licensing agreements. From a practical standpoint, this drafting approach, which leaves section 116 "on the books" for ready reference in circumstances in which it may govern, seems preferable and the amendment contains the necessary technical and conforming amendments to accomplish this. The amendment also makes other drafting and clarifying changes, as follows:

(a) The provisions of section 116A (a)(2) in the committee-reported bill, section 116 (a)(2)) have been redrafted to conform more closely to the House language, without substantive change. The provisions of sections 116(a)(c)(1) have been redrafted to track the House language. The sponsors of the amendment agree with the statements in the House Report on the generally procompetitive effects of collectively negotiated licensing agreements, *see* House Report 100-609, at 25-26; therefore a specific statutory antitrust exemption is unneeded.

(b) A drafting change to section 116A(g) clarifies that the back-up compulsory license applies to those works which were the subject of expired or terminated voluntary licensing agreements prior to such expiration or termination.

(c) The definitional provisons of section 116(h) of the committee-reported bill have been eliminated as surplusage. These terms are defined in section 116(e) of existing law, which is retained under the drafting approach embodied in the amendment.

11. The amendment to the preemption provisions of the Copyright Act, 17 USC 301, has been redrafted without substantive change to conform more closely to the House language. See S. Rept. 100-352, at 43.

12. The amendment contains minor drafting changes to section 7, which eliminates the mandatory notice requirement and replaces it with an incentive for voluntary notice. See S. Rept. 100-352, at 43-44. The principal clarifying change concerns the new section 401(d) (for works other than phonorecords) and 402(d) (for phonorecords). The quotation marks around the term, "innocent infringement" have been eliminated, and a specific reference to section 504(c)(2) has been incorporated from the House bill, to clarify that the presence of voluntary notice affects only the ability of a defendant to seek to mitigate damages under the second sentence of 17 USC 504(c)(2) (dealing with an infringer who was not aware and had no reason to believe that he was infringing), and not the ability of a library, archives, or public broadcasting defendant to seek remission of damages (as provided by the last sentence of

17 USC 504(c)(2)) under a reasonable belief that the fair use provision of 17 USC 107 applied.

13. The amendment embodies a compromise between the House and Senate Committee provisions amending chapter 8 of Title 17 to accommodate the voluntary licensing regime for jukebox performances. The amendment retains the provision of the committee-report bill that specifies factors to which the Copyright Royalty Tribunal (CRT) should give "appropriate weight," rather than seeking to bind the CRT more closely to these factors (see S. Rept. 100-352, at 47-49). However, the first such factor has been expanded to include not only the most recent CRT determinations, but all prior CRT determinations, since an earlier determination with respect to a similar grouping of works may be more relevant than the "most recent" determination if the latter concerns a grouping of works dissimilar to the works at issue when the CRT is called upon to set new rates. Furthermore, while the directive to the CRT to promptly establish an interim rate when the back-up compulsory licensing procedures are triggered has been retained, the authorization to make the final determined rate retroactive to the date of expiration of voluntary licensing agreements has been eliminated, since it is unlikely to be of great practical utility. The sponsors anticipate that the interim compulsory license rate will, absent unusual circumstances, correspond to the rate established by the expired or terminated negotiated license agreement.

14. In the effective date provision of section 13, the amendment makes a drafting change to specify that the Act will take effect on the "date on which" the Berne Convention enters into force with respect to the United States, rather than the "same day" as Berne enters into force. This amendment clarifies that the changes to U.S. law made by the Act take effect simultaneously with the official action that requires the United States to meet its obligations under Berne. In order to further insure the simultaneity of these two events, the sponsors of the amendment expect that the Federal Register notice to be issued by the State Department will specify not only the date, but also the precise hour, of the entry into force of Berne and the coming into effect of the amendments made by this Act. This procedure would avoid any gap between the time U.S. law is changed and the time Berne enters into force for the U.S. As noted in the Committee report, if such a gap occurred, it could create uncertainty and inequity, and even give rise to a claim that U.S. courts are obligated to enforce rights claimed directly under Berne in the absence of implementing legislation (see S. Rept. 100-352, at 26).

One of the recurring issues of this legislation is the question of self-execution: that is, whether adherence to Berne would automatically cause some changes in our copyright law. Virtually every expert with whom the Judiciary Committee has consulted believed that the Berne Convention is not self-executing. That means that adherence itself does not change U.S. copyright law in any way. The State Department, Patent and Trademark Office, Copy-

right Office, and copyright experts who testified before the Senate have assured us that the Berne legislation is in no way self-executing. See S. Rept. 100-352, at 38.

Of course, that means that no future revision to the Berne Convention will be self-executing either. This bill defines the "Berne Convention" to include future revisions of the treaty because, as a Berne member, the U.S. may be obligated to protect works originating in countries adhering to any new revision of Berne, just as we will be obligated to protect the works originating in countries that may join the current text of Berne after we do. But any revision of Berne will have no effect on our substantive copyright law. Our copyright law is controlled by what is written in the United States Code, as interpreted by the courts. The only way to change our copyright law is by an Act of Congress, passed by both Houses and signed by the President. Nothing in this bill changes this principle.

[End of Text]

Mr. LEAHY, Mr. President, Senator HATCH, who is the ranking member of the committee and Senator COCHRAN, are here. Just so Senators know what I would like to do, after those gentlemen speak on the bill, we will have a voice vote on the amendment, which I believe is going to be possible. I would then call for third reading on S. 1301 with a request for the yeas and nays.

With that, Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator's time has expired. He has yielded the floor.

The Senator for Utah controls 10 minutes. [S 14557]

The Senator from Utah is recognized.

Mr. HATCH. Mr. President, I want to compliment the distinguished Senator from Vermont, as well as the distinguished Senator from Arizona, for the work they have done on this very, very important bill.

The position of the United States in worldwide trade and intellectual property negotiations has continually been undercut by our failure to participate in the Berne Convention for the Protection of Literary and Artistic Works. The benefits to American artists and copyright holders, rather than our posture in international negotiations, is the primary reason for joining the convention. The Berne Convention extends copyright protections [sic] beyond our borders to the worldwide coverage provided by the 76 current signatories to the multilateral treaty.

In testimony before the House of Representatives on adherence to the Berne Convention, the late Secretary of Commerce, Malcolm Baldrige, noted that copyright industries earned a trade surplus of $1.2 billion in 1982. This means that the United States, more than most signatories to the convention, has an important stake in international copyright protections [sic]. The United States produces and exports a remarkable amount of property pro-

tected by copyright. Accordingly, Secretary Verity appeared before the Senate Judiciary Committee to highlight the need for membership in the Berne Union. He noted that in 1984 copyright industries lost as much as $1.3 billion to piracy in only 10 selected countries. Once again, this underscores the stake of the United States in the protections [sic] for intellectual property provided by the convention.

As ranking member of the Senate's Patents, Copyrights, and Trademarks Subcommittee, it has been my pleasure to meld the efforts of the Reagan administration with the expertise of the Judiciary Committee in order to implement the Berne Convention. At the outset of this process, I introduced on behalf of the Reagan administration, S. 1971, which embodied the administration's plan to put the Berne Convention into effect. After hearings and extensive negotiations, many aspects of S. 1971 were incorporated in the bill currently before the Senate, S. 1301. Due to the spirit of cooperation and mutual dedication to the benefits of ratifying Berne, S. 1301 in its current form won unanimous approval in the Senate Judiciary Committee and deserves the same treatment by the entire body of the Senate.

History of Berne Convention

The United States adopted its first copyright protection law pursuant to article I, section 8, of the Constitution in 1790, but that law did not provide protection for foreign works. Accordingly, when many nations gathered in 1886 to consider a multilateral treaty on copyright protections [sic], the United States did not participate. United States copyright protections [sic] were extended to foreign works a few years later in 1891, but instead of joining the Berne Treaty, the United States decided to seek bilateral agreements with other countries. The primary benefit of Berne was that it allowed a foreigner to enter the courts of another signatory state and allege piracy of his artistic work with a guarantee that remedies would be available.

After World War I, the foreign market for U.S. goods grew rapidly. This prompted some U.S. businesses to suggest the benefits of ratifying Berne to give U.S. copyright holders more remedies against foreign piracy. Unfortunately this did not happen because the revisions necessary in U.S. law fell behind other priorities.

In 1928, this effort was doomed by the Rome revision of Berne, which added moral rights as a new obligation. Publishers and movie producers quickly voiced apprehensions that moral rights could disrupt existing copyright relationships. Moreover, U.S. law now included the manufacturing clause—raising tariff barriers to works published outside the United States which was incompatible with Berne.

To compensate for failure to join Berne, the United States worked to create a new international copyright protection mechanism under the aus-

pices of UNESCO. The result was the UCC—Universal Copyright Convention—which was ratified by the United States in 1954.

Recent Changes Calling For Ratification of Berne

In recent years, several developments have dictated the wisdom of reconsidering membership in Berne. The obstacles to joining the Berne Union have nearly disappeared and the incentives for international protection of copyrights have grown. I will list only a few of these recent changes encouraging the United States to join Berne:

First, the United States withdrew from UNESCO, thus our input into the funding decisions and adminstration of the UCC was terminated.

Second, during trade and intellectual property negotiations, the United States has heard repeatedly that our failure to join Berne is an indication that the United States is not fully committed to protection of copyrights internationally—even though our protections are in many ways more comprehensive. As this issue complicated GATT talks, pressure grew for ratification.

Third, piracy of U.S. copyrighted properties abroad has mushroomed. Billions of dollars are lost each year due to foreign piracy of U.S. films, books, and more. Without the Berne Convention, enforcement of U.S. rights abroad is difficult.

Fourth, U.S. law is now more compatible with Berne. The manufacturing clause has expired and other provisions of U.S. law can be, and are in this bill, easily restructured to comply with the Berne Convention.

Fifth, international legal scholars, as well as the U.S. State and Commerce Departments, now agree that existing U.S. law is sufficient to satisfy the moral rights requirements of Berne. Thus, the few changes in U.S. law necessary to comply with Berne are found in S. 1301. In exchange for these few changes, which in many ways improve administration of U.S. law, the United States gains the many benefits of Berne membership.

Moral Rights

Mr. President, as I have stated earlier, one of the reasons that the Berne Convention has not been ratified earlier is the confusion over any incorporation of the "moral rights" concept into American common law. This was expected to be an obstacle to approval of S. 1301 in this Congress as well, but the remarkable cooperation that accompanied this bill overcame all concerns and forged language that prevented the problem from arising.

The term "moral rights" embraces two concepts: the right of paternity—the right to be acknowledged as the author of a particular work—and the right of integrity—the author's right to object to modification of artistic works. The rights have their origin in French law. If enforced in the United States, these moral rights would drastically alter current copyright relationships. The right of paternity could alter the work for hire doctrine whereby

an author is paid to produce a work whose copyright is held by the author's employer, not the author. The right of integrity would make a magazine's or a movie producer's efforts to edit a written article or a film very difficult. At a minimum, moral rights would cause mountains of litigation if applied to the United States.

This difficulty was avoided by recognition that most international scholars now agree that current Federal and State laws provide adequate protections for an author's rights to constitute compliance with Berne. Accordingly, S. 1301's promise to neither "expand or reduce" existing copyright protections [sic] was sufficient to comply with Berne's moral rights provisions.

Mr. President, at the outset of this legislative process, I was concerned that U.S. adherence to Berne could have a deleterious effect on the development of copyright law here at home. When I introduced S. 1971 back in December, I expressed the view that we should render concerns about moral rights through Berne adherence "fully unfounded," that we should enact a high wall to prevent disruptive moral rights concepts from creeping into U.S. law. For that reasons, I submitted at the subcommittee's hearing in March a discussion proposal to ensure no change in the treatment of moral rights because of Berne. I intended at the time that the amendment [S 14558] would stimulate "a constructive discussion of this important subject." The discussions that ensued produced a series of compromises acceptable to all the concerned Senators.

This compromise simply built on the premise accepted by those supporting Berne from the beginning, namely, that U.S. implementing legislation should be neutral on the issue of moral rights. This was accomplished by recognizing and reinforcing the current delicate balance of rights between U.S. authors and copyright owners. In this context, while existing U.S. law satisfies U.S. obligations under article 6*bis* of Berne, our judicial system has consistently rejected causes of action denominated as "moral rights" or arising under the moral rights doctrine. The following case excerpts illustrate this point:

The conception of "moral rights" . . . has not yet received acceptance in the laws of the United States . . . what plaintiff in reality seeks is a change in the law of this country to conform to that of certain other countries . . . we are not desposed [sic] to make any new law in this respect. *(Vargas* v. *Esquire, Inc.,* 164 F.2d 522, 528 (7th Cir. 1947)).

In the present state of our law the very existence of the right is not clear. *(Shostakovic* [sic] v. *Twentieth Century-Fox Film Corp.*, 196 Misc. 67, 70-71, 80 N.Y.S. 2d, 575, 578-79 (N.Y. Sup. Ct. 1948))

The doctrine of moral right is not part of the law in the United States except insofar as parts of that doctrine exist in our law as specific rights—

such as copyright, libel, privacy and unfair competition. (*Geisel* v. *Poynter Products, Inc.*, 295 F. Supp. 331, 340 n.5 (S.D.N.Y. 1968))

Declining to accept plaintiff's claim of moral rights violation, but granting relief on other grounds. (*Granz* v. *Harris*, 198 F.2d 588, 590-91 (2d Cir. 1952))

Under S. 1301, none of these cases would be decided differently post-Berne, except if based upon factors not related to United States adherence to Berne.

Thus, to maintain this status quo on moral rights, the compromise made several modest adjustments to the bill. They included language to assure that Berne has no impact on specifically the rights of paternity or integrity, section 3(b), more generally on rights claimed for works protected under title 17, section 4(c), or the scope of Federal preemption of copyrights [sic] law, section 6. With these changes in addition to the strongly expressed instruction that Berne is not self-executing, section 2, it is my belief that Berne under our bill will be moral rights neutral.

The Coalition to Preserve the American Copyright Tradition and the Magazine Publishers Association, which originally opposed Berne due to a concern over moral rights, helped craft the compromise and now feel comfortable enough about United States adherence to Berne to no longer oppose S. 1301. Their decision to participate in the process of compromise was constructive and beneficial.

In the future there will no doubt be substantial efforts to expand moral rights in the United States. You can already see that beginning to happen with hearings that will be held in the other body later this month on colorization and moral rights for fine artists. While I continue to entertain some significant reservations about the concept of moral rights, the discussion will be wholly on the merits of this difficult policy question. Moral rights will not come in, if you will, [sic: by] the back door by virtue of our adherence to Berne. I look forward to the debate whenever it should come and expect to play a very active role, indeed.

Self Execution and Effective Date

This an issue that arises with nearly every treaty. By the terms S. 1301, the Berne Convention is explictly not self-executing. This means that its terms can only become U.S. law through enactment of implementing legislation. Thus, for instance, the French concept of moral rights could only become law if enacted by Congress.

S 1301 ensures that the treaty will not be self-executing in two ways, first, by stating clearly that the treaty is not self executing in section 2(f) of the bill; second, by making the implementing legislation go into effect at the same time that the treaty goes into effect thus ensuring that the treaty does not take precedence by virture [sic] of timing. Thus, all rights under the

Berne Convention are derived and governed exclusively by domestic law found in S. 1301 and preexisting State and Federal law.

JUKEBOXES

One aspect of United States law which requires some change in order to comply with the requirements of Berne are in provisions governing relations between jukebox operators and music copyrights holders. This relationship has been governed in title 17 by a compulsory license. The Berne Convention prohibits some forms of compulsory license, including the jukebox license provisions of current law.

Article 11(1) of the Berne Convention states that "[a]uthors of . . . musical works shall enjoy the exclusive right of authorising the public performance of their work." This exclusive right extends to public performance "by any means or process." Accordingly, the public performance provision of the Berne Convention encompasses performance by means of recordings. Thus, on its face, article 11(1) does not accommodate the jukebox compulsory license in the United States Code.

Although article 11(1)'s public performance provisions condemn compulsory licenses, other provisions of the Convention, such as those in article 11*bis* governing broadcasting rights, expressly permit some compulsory licenses. Article 11*bis* permits those compulsory licenses which guarantee "authors of literary and artistic works" an "equitable remuneration . . . fixed by a competent authority" and which have no extraterritorial application and no prejudicial effects on moral rights. Article 11*bis*(2). Accordingly, the committee's conclusion that the jukebox licensing provisions must be changed to comply with Berne does not mean that other compulsory licenses need to be altered. The cable compulsory license at 17 U.S.C. 111, for instance, is governed by the provisions of article 11*bis*(2) of Berne. Similarly, the mechanical license in section 115 of the Copyright Act is governed by article 13(1) of Berne which permits some compulsory licenses to record specified musical works. The Berne Convention permits some compulsory licenses while condemning others. Berne's provisions governing public performances establish the need for a change in U.S. compulsory licensing for jukeboxes.

Thus, S. 1301 replaces the compulsory license in current law with provisions adequately protecting the domestic jukebox industry, but also complying with Berne. S. 1301 allows copyright owners and the jukebox operators to negotiate voluntary licensing agreements. As long as the parties negotiate suitable agreements, through voluntary negotiations, the new licensing agreements are to be given effect. If the parties cannot agree, the Tribunal is again authorized to institute a compulsory arrangement.

FORMALITIES

The Berne Convention prohibits any signatory from creating formalities which might present an obstacle to copyright protections [sic]. In order to comply with this requirement, for instance, S. 1301 eliminates the requirement that copyrighted material be marked with a small "c" in a circle.

In the United States, copyright laws [sic] require registration as a prerequisite to an author's lawsuit to seek redress for infringement. Thus, under section 411(a) of the current law, judicial enforcement of a copyright may not be obtained prior to registration. To the extent that this registration requirement makes the exercise or the enjoyment of a copyright subject to a formality, section 411(a) is incompatible with 5(2) of Berne.

Based on its conclusion that mandatory registration did create an incompatibility, the Judiciary Committee repealed section 411(a). At the same time, the committee strengthened incentives for voluntary registration [sic: to] include:

Retention of the *prima facie* evidentiary value of the certificate of registration, which shifts the burden of proof to the benefit of the copyright holder in any potential infringement litigation;

Enhancement of the statutory damages for infringement of copyrighted works to ensure that technical violations are discouraged by mandated statutory damages; and

Retention of the shifting of attorney fees to the infringer in the event a [S 14559] copyright holder is obliged to defend successfully a registered copyright.

These incentives for wholly voluntary compliance with the registration procedures are likely to ensure that copyright holders continue to seek registration as a matter of course. Accordingly, the courts will be able to continue to rely on the registration system to streamline copyright litigation.

The committee also proposed to repeal section 411(a) for another reason. Retaining mandatory registration could cause other nations to consider imposing onerous formalities on U.S. copyright owners who seek to enforce their rights abroad. For instance, U.S. copyright owners could be required to endure lengthy waiting periods or to translate their works into foreign languages or to jump through other procedural hoops before enforcing their legitimate rights abroad. In order to preclude any retaliation or to prevent any foreign nation from using U.S. registration requirements as an excuse to impose more onerous formalities, the Judiciary Committee voted unanimously to repeal 411(a).

In the spirit of minimalism—meaning making the fewest possible changes in United States law to comply with Berne—the proponents of S. 1301, Senators DECONCINI, LEAHY, and I, are now asking the Senate to approve an amendment which does not fully repeal section 411(a) but still fully removes any taint of a formality. The groundwork for this compromise with

the House was laid by the Ad Hoc Committee on Berne Compliance which testified in the 99th Congress that "section 411 is . . . not compatible with Berne to the extent that it requires registration of a work of which the United States is not the country of origin."

In other words, as long as foreign copyright holders are not required to comply with the registration requirement, the United States is free to impose stricter procedural requirements on its own nationals. Because foreign copyrights are not burdened with additional requirements, no country can claim any justification for imposing formalities on U.S. copyright holders who attempt to enforce their rights abroad.

Thus, S. 1301, as it will pass the Senate a little later today, will create a two-tiered registration system. The United States Code will continue to require U.S. authors to register as a prerequisite to enforcing a copyright. The United States Code will not, however, require foreign authors or copyright holders to register prior to instituting a suit to protect their rights in this country. This clearly satisfies the requirements of article 5(2) of Berne. I still have doubts about treating U.S. citizens more harshly than foreign authors, but as I have stated earlier, S. 1301 contains incentives ensuring that practically every U.S. author would choose to register anyway.

This formalities issue was the major difference with the House. With the compromise version of section 411(a) in place, this bill is expected to be acceptable to the House of Representatives and ready for the President's desk.

Other Changes

S. 1301 also contains several other changes in U.S. copyright law in order to comply with the convention. For example, the bill codifies the protection of architectural plans. Current U.S. copyright law protects architectural blueprints and similar plans, but it has not been expressly stated in American copyright law. S. 1301 will ensure continued protection for architectural plans, but copyright protection will not be extended to the architectural structure, itself. Duplication of a building will still be permissible if done by visual observance of the structure without the use of the copyrighted blueprints.

Conclusion

For years the United States has been missing important benefits from Berne membership. As a member of the convention, the United States will gain for its authors more international protections [sic] for the rights of U.S. copyright owners in foreign lands. Because the United States is the world's foremost exporter of copyrighted material, this Nation has the most to gain from adherence to the Berne Convention. In addition, Berne membership will position the United States to negotiate further international protections [sic] for intellectual property.

Accordingly, adoption of S. 1301 will be a momentous event for the protection of U.S. intellectual property. I am very pleased to be a part of this moment. I would particularly like to express my appreciation for the spirit of cooperation which has prevailed throughout Senate consideration of this bill. Although Chairman DECONICINI, Senator LEAHY, and I have had differences of procedure and substance with regard to this bill, those differences were always secondary to the course which would secure passage of a bill and further U.S. intellectual property interests. I have appreciated that spirit of cooperation, mutual trust, and dedication to common objectives. It is a credit as well to the entire Patents Subcommittee and the full Judiciary Committee of the Senate. As I have said earlier, I am proud to be a participant in this process.

Again, I wish to compliment both Senators LEAHY and DECONCINI for the work they have done on this bill. Senator DECONCINI has done a terrific job in chairing this particular subcommittee, and it has been a pleasure to serve with him as well as the distinguished Senator from Vermont.

I reserve the remainder of my time.

The PRESIDING OFFICER. The Senator has 8 seconds remaining.

Mr. HATCH. I yield back my time.

The PRESIDING OFFICER. The Senator yields back the remainder of his time.

The Senator from Mississippi.

Mr. COCHRAN. Mr. President, is it correct that under the order previously entered, the Senator from Mississippi has 10 minutes?

The PRESIDING OFFICER. The Chair will state to the Senator from Mississippi that under the order there were to be 20 minutes divided on technical amendments to be offered and after that was disposed of, there was additional time allocated to the Senator from Mississippi of 30 minutes, and 20 minutes equally divided between the Senator from Arizona and the Senator from Vermont.

Mr. LEAHY. Mr. President, if the Senator from Mississippi would yield a minute, I think I know how the unanimous-consent agreement is set in. Maybe we could work it out there if Senators had no objection, if we voice voted the subsitute amendment. Then I think that opens the time for the Senator from Mississippi.

I was not on the floor when it was taken up.

Mr. COCHRAN. Mr. President, I do not want to cut the Senator off, but we entered an order and I happened to be the acting leader on our side of the aisle when the order was entered.

Unless it was modified after it was entered, it is my recollection that 10 minutes were to be given to the Senator from Utah, Mr. HATCH, 10 minutes to the distinguished Senator from Arizona, Mr. DECONCINI, 5 minutes to the

distinguished Senator from Vermont, Mr. LEAHY, and 10 minutes to this Senator.

The PRESIDING OFFICER. The Chair will state that the order would have allowed for 30 minutes to the Senator from Mississippi, and 20 minutes to be equally divided by the Senator from Arizona and the Senator from Utah with an additional 5 minutes to the Senator from Vermont on the bill and we had a 20-minute time limitation in addition on the technical amendments which we have just now completed.

The Senator may use his time at the present, the Chair would observe, or he may wait until after we dispose of the technical amendments.

Mr. COCHRAN. I thank the Chair.

Mr. WILSON. Mr. President, will the Senator yield for a question?

Mr. COCHRAN. I am happy to yield to the distinguished Senator.

Mr. WILSON. I thank my friend from Mississippi.

My question is, since I would like to make a brief statement in support of the legislation, if the Senator does not contemplate using all 10 minutes, I would be happy to be recipient of some of his time, if not, it would be my intention to ask unanimous consent for about 4 or 5 minutes to make a brief statement.

[S 14560]

Mr. COCHRAN. Mr. President, I do not intend to use 30 minutes. I wish to use about 10 minutes to discuss the legislation and an amendment which I am going to have printed in the RECORD. After I have used that time I will be happy to yield the necessary time to the Senator from California.

I also understand the Senator from Pennsylvania would like to speak on the bill for a few minutes. I hope his interest in speaking can be accommodated and I would be happy to yield time to him.

The PRESIDING OFFICER. The Senator may yield time if he desires and use his time at the present time.

The Senator from Mississippi is recognized.

Mr. COCHRAN. Mr President, I rise today to voice my concern about the failure of this legislation to address a fundamental issue affecting creators' rights under the Copyright Act.

S. 1301 does not make any changes in the "work made for hire" doctrine of the Federal copyright law. Under that doctrine, the rights of authorship and of copyright ownership vest not in the creator, but rather in his employer or in the party that commissions him. This doctrine is an exception to the basic copyright principle that the "author" and copyright owner of an original creation is the creator of that work.

The interpretation of the work for hire doctrine by the courts, and its operation in the marketplace where creative work is commissioned have broadened its scope far beyond the original intent and purpose. The effect of

that expansion has been to deprive artists and other creators of all the rights that the copyright laws were intended to provide them.

The Berne Convention itself does not mention the work for hire doctrine. But, the convention was intended to protect the authorship rights of creators. It requires member States to recognize the right to claim authorship and the right to object to certain acts that affect the integrity of the work or the reputation of the author.

While Berne seeks to protect the rights of "authors," it does not define that critical term. The absence of such a definition has provided the rationale for avoiding the work for hire issue on the ground that it is beyond the scope of Berne. Proponents of this approach also cite the divergence of Berne member nations in defining who should be considered an author. Some nations recognize only natural persons as authors, while others allow corporate entities to assume that status.

This argument misses the point. The question is not whether the Berne Convention explicitly requires changes in our work for hire doctrine; it obviously does not. Instead, the question ought to be whether the rights proclaimed by Berne are protected by U.S. copyright law. In a very real and practical way, our current copyright statutes [sic] force artists into relinquishing many of their rights as a condition of being hired.

I have no quarrel with the view that the passage of this bill will enable U.S. copyright owners to better protect their intellectual property. But I believe that view is deficient to the extent that it neglects the need to encourage creativity at home. Work for hire is putting many creators out of business and is forcing many others to live at a subsistence level hardly conducive to the development of their creative talents. If the impact of work for hire is not addressed, the attractiveness and demand for works created in the United States will decline as the size and diversity of domestic creative talent diminishes.

Most important, enactment of Berne legislation without addressing the concerns of creators ignores the constituency that our copyright laws were designed to protect. No one has ever argued that our copyright laws were intended to reward investors or those with the resources to buy talent. Their purpose is to stimulate creativity and to strike a balance between creators' interests in exploiting their works and the public interest in using and enjoying them.

In short, the right to claim authorship of one's own works under the Berne Convention is an academic one if the legal and practical effects of our own copyright laws undermine that right.

The insufficiency of current U.S. copyright law to protect artists in the area of work for hire is similar to the problem of moral rights, which was discussed during hearings on the Berne legislation both in the Senate and in the other body.

The concerns of creators over this issue are also based on the lack of protection for the integrity of an artist's work. Unlike the issue of work for hire, U.S. copyright law does not explicitly provide for moral rights. The committee has concluded that the entire body of U.S. law, including State law, case law, common law and Federal trademark statutes, provides sufficient moral rights protection and that explict treatment is unnecessary in order to meet Berne's minimum standards.

Others disagree with this view and believe that U.S. law should provide explicitly for moral rights protection in order to comply with the standards set by the Berne Convention. In addition to work for hire, this is another issue of fundamental importance to artists that should be addressed if we are to make our laws consistent with an international treaty for the protection of artists' rights.

The unfair and burdensome operation of work for hire agreements, and the court's expansive interpretation of the concept of "employee", have severely diminished the benefits to creators under the copyright laws. If a creator prepares a work made for hire, he or she is no longer the author, for copyright purposes. Rather, the Copyright Act vests initial copyright in that work in the employer or the commissioning party, who receives all future income that may be derived from any use of the work in any medium.

Under the work for hire arrangement, creators have no further relationship to their own creative output; they have no right to display it, to reproduce it, to distribute it, or to create other works based on it. Artists cannot even use works for hire in their own portfolios without the permission of the party that commissions them, and they cannot insist that they be identified as the author of their works.

Under current law, the client can change the art and use it again without limitation, without benefiting the true author. In addition to losing all these rights, the creator receives none of the normal employee benefits such as unemployment insurance, health insurance, sick pay, pension benefits, or disability. Nor are they provided with a workplace or materials.

The livelihoods of freelance artists, photographers, and writers depends on their ability to claim "authorship" for the pieces they produce. They build their reputation, and therefore their ability to attract clients, on the basis of past performance. Their careers succeed or fail by their skill and style in translating through their own creative expression the ideas and messages society needs to disseminate.

The adverse effects of work for hire extend beyond creators to our society as a whole. In our system, the copyright laws are intended to foster dissemination of diverse ideas, and to facilitate conversion of those ideas into tangible form by providing incentives and rewards for creators. When those incentives and rewards are eroded as they are by work for hire, the public interest in the free flow of information is thereby diminished.

An example of a practical problem that arises from the vague and uncertain rights of artists is a case involving a photographer in Chicago. The photographer, Stan Malinowski, was commissioned to take photographs for a magazine, but no written agreement assigning copyright ownership in the photographs to the publisher was ever signed. Instead, a form work for hire agreement was stamped on the back of the checks issued to Malinowski after his work was completed, so that when he endorsed the checks he would also be agreeing to a work for hire arrangement.

To prevent Malinowski from crossing out this language, the back of the checks provided that any alteration of the work for hire legend would void the check. Malinowski struck out that legend anyway, and cashed the checks. He then sued the publisher for copyright infringement, whereupon he was charged with fraud and racketeering for altering the checks. While the judge has dismissed these charges, Malinowski [S14561] faces prolonged litigation over whether he should be considered an "employee" of the magazine, and over other work for hire questions.

The current definition of work for hire invites this sort of litigation, and it is by no means certain that artists will ultimately prevail. In fact, many creative artists since the 1976 Copyright Act went into effect have been on the losing end of work for hire cases, even when they operate as independent contractors and decline to sign work for hire agreements.

Most work for hire abuses never see the light of day in the courtroom. In 1982, at the only hearing ever held on work for hire legislation since enactment of the 1976 act, Robin Brickman, a Rhode Island illustrator and member of the Graphic Artists Guild, testified about another example of the destructive effect of work for hire on creators' careers and income.

Ms. Brickman had signed a work for hire contract with Doubleday to provide 28 drawings for use in the interior of a book. For a modest fee, she produced a series of drawings which the publisher found acceptable. In fact, the publisher liked the work so much that one of the drawings was altered and used as the front jacket for the book.

The illustrator received no additional payment for the use of her illustration on the jacket. Nor was she able to complain about the fact that the drawing had been altered. Nor would she have been able to complain if the publisher had chosen not to give her credit as the illustrator who did the art.

Why does not the creator simply refuse to sign the work for hire contract? Assignments are offered on a take-it-or-leave-it basis. If the artist, writer, or photographer asks for a limited transfer of rights, the publisher selects a different creator to do the assignment.

It is important to recognize that most independent artists, photographers, or writers working in highly competitive fields simply cannot negotiate effectively with corporate art buyers. Confronted with such superior bargaining power, most artists have no choice but to accept work for hire contracts.

By cutting creators off from potential reuse fees and control of their work, work for hire makes it unlikely that their bargaining positions will be strengthened as their careers progress.

No creator is safe from work for hire abuses. A member of the American Society of Magazine Photographers who has been a professional photographer for 30 years relates an unfortunately typical example. In many of his advertising jobs, he is presented with work for hire language after the negotiations are completed and the work is underway. While this particular photographer refuses to give up all authorship and copyright rights under a work for hire arrangement, he has lost much of his business as a result. Even this well-established artist finds it difficult to survive when the prevailing industry practice is to insist upon work for hire agreements, or refuse to use any artist who declines that invitation.

To rectify the worst of these problems, I have prepared an amendment, which I will not call up, but which I will request be printed in the RECORD along with an explanatory statement. I believe this amendment, which is far less comprehensive than my bill, S. 1223, would ensure improved safeguards for artists' rights. I will not offer the amendment at this time because of the assurances given to me by the Senator from Vermont [Mr. LEAHY], the manager of the bill, and the distinguished chairman of the Copyrights Subcommittee [Mr. DECONCINI].

Mr. President, I ask unanimous consent that a copy of my amendment and the explanatory statement be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

PROPOSED AMENDMENT TO S. 1301

Sec. 4. Subject Matter and Scope of Copyrights.

Chapter 1 of title 17 of the United States Code is amended—

(1) in section 101—

(C) in subdivision (1) of the definition of "work made for hire" by adding at the end thereof the following: "only if the employee receives all employment benefits due under applicable State and Federal law, and the employer withholds taxes from the compensation paid to the employee and remits such taxes to the Internal Revenue Service."

(D) in subdivision (2) of the definition of "work made for hire"—

(1) by inserting between "atlas," and "if" the word "only"; and

(2) by inserting after "written instrument signed by them" the following: ", prior to commencement of any physical or intellectual effort related to the specially ordered or commissioned work,"

(E) in the definition of "joint work," by adding to the following sentence:

"For a specially ordered or commissioned work to be a joint work coowned by the specially ordering or commissioning party, the work must

meet the foregoing definition, and for each such work all coowners must expressly agree in a separate written instrument, signed by them prior to the commencement of any physical or intellectual effort related to the work, that it shall be considered a joint work."

EXPLANATION OF PROPOSED AMENDMENT TO S. 1301

The proposed amendment to S. 1301 would make four changes to section 101 of the Copyright Act that are designed to improve the ability of independent creators to protect their authorship and copyright rights in their own works.

1. *Definition of "Employee" Under Subdivision (1) of Work For Hire Definition:*

In enacting a definition of "work made for hire" in the 1976 Copyright Act, Congress determined that any work prepared by an "employee" in the scope of his or her "employment" would be considered a work made for hire even without a written instrument so providing. 17 U.S.C. § 101 (subdivision (1) of the definition of "work made for hire"). While the legislative history of the 1976 Act strongly suggests that Congress intended the concept of employment to extend only to salaried employees,* Congress did not expressly define the term "employee" in the definition of work made for hire.

The lack of an express definition in the language of the statute has led to years of disagreement in the courts of appeals over the meaning of this key statutory term, and indeed over the proper interpretation of the significance of the 1976 revisions to the work made for hire doctrine. *Compare Community for Creative Non-Violence* v. *Reid,* No. 87-7051 (D.C. Cir. May 20, 1988), and *Easter Seal Society for Crippled Children and Adults of Louisiana, Inc.* v. *Playboy Enterprises,* 815 F.2d 323 (5th Cir. 1987), *cert. denied,* 56 U.S.L.W. 3666 (Mar. 29, 1988), *with Aldon Accessories Ltd.* v. *Spiegel, Inc.,* 738 F.2d 548 (2d Cir.), *cert. denied,* 469 U.S. 982 (1984), *Brunswick Beacon, Inc.* v. *Schock-Hopchas Publishing Co.,* 810 F.2d 410 (4th Cir. 1987), *and Evans Newton Inc.* v. *Chicago Sys. Software,* 793 F.2d 889 (7th Cir.), *cert. denied,* 107 S. Ct. 434 (1986). Under one view adopted by the District of Columbia and Fifth Circuits, the determination whether a creator is an "employee" is guided by the rules of agency law set forth in the Restatement (Second) of Agency § 220 (1958). *See Reid,* slip op. at 19; *Easter Seal,* 815 F.2d at 335-36 n. 20. Under this view, if consideration of the Restatement factors leads to

*For example, the publishing industry acknowledged at the time an early version of the work for hire language was drafted that the concept of employment was intended to apply only to salaried employees: "Works for hire—in which copyright is by law owned by the employer—would be redefined to include only work done by a salaried employee in the scope of his regular duties . . . ." Statement of the American Book Publishers Council to the Register of Copyrights, November, 1963, W. Patry, *Latman's The Copyright Law* 120 n. 28 (6th ed. 1986).

the conclusion that the creator of a commissioned work is not an "employee," the work cannot be a work made for hire unless it meets the criteria established in subdivision (2) of the definition of that term. That subdivision provides that a commissioned work qualifies as a work made for hire only if there is a written agreement so providing, and the work falls within one of nine enumerated categories of works. *See* 17 U.S.C. § 101 (subdivision (2) of definition of "work made for hire").

Under the approach embraced by the Second, Fourth and Seventh Circuits, and [sic] "employee" for work for hire purposes is determined by reference to principles developed under the 1909 Copyright Act, which posited that the right to supervise and direct the creator's work, together with the degree to which that right was actually exercised, were the guiding criteria. *Aldon*, 738 F.2d at 552. Thus, *Aldon* held that even independent contractors working on commission could be classified as "employees" if the court found that the requisite degree of supervision and control was exercised by the commissioning party over the creator's work.

The amendment's proposed definition of "employee" is intended to resolve the conflict in the courts by establishing two objective and yet flexible employment criteria. First, no creator can be classified as an "employee" unless he receives "all employment benefits due under applicable State and Federal law." The amendment does not attempt to identify the employment benefits necessary to warrant a finding that a creator is an "employee" because State law varies with respect to the indicia of employment, and both State and Federal law on [S 14562] that issue will change over time. It is nevertheless anticipated that the categories of employment benefits for a true "employee" under amended clause (1) may include: (1) payment of a salary or other form of regular compensation; (2) payment of overhead expenses by the employer (*e.g.*, rent, utilities, support staff, office and material expenses); (3) availability of a regular workplace for the employee; (4) paid vacation and sick leave; (5) coverage under a health and disability insurance program if such a program has been established by the employer; (6) eligibility for pension benefits if the employer has established a pension plan for employees; (7) coverage under the federal social security system and the payment of obligations thereunder; (8) eligibility for unemployment insurance and payment of unemployment taxes by the employer; and (9) eligibility for workman's compensation benefits and payment of workman's compensation insurance premiums by the employer if required by law. The place of employment will determine which state law governs for purposes of ascertaining the applicable state employment benefits. If only some, but not all, of the applicable employment benefits are extended to the purported "employee," the works created by such person cannot be considered "made for hire" under amended clause (1) of the definition.

Second, the employer must withhold taxes from the payments to the em-

ployee, and must remit those taxes to the IRS, in order for the creations of the purported employee to be considered works made for hire under clause (1). This requirement is intended to ensure that a creator is treated as an employee for copyright purposes only if the employer itself takes action through withholding which clearly shows that the employer considers the creator to be an employee. Although the statute refers to taxes without specifying their precise nature, only federal income taxes are subject to withholding and are then paid to the IRS. Thus, the reference to taxes in the bill is intended to refer only to federal income taxes.

It is important to note that both of the employment criteria added by the proposed amendment must be satisfied in order to classify a creator as an "employee" under subdivision (1) of the work made for hire definition. Accordingly, it is not enough for the purported employee to receive all applicable employment benefits; the alleged employer must also withhold federal income taxes and remit them to the IRS in order for a work to be classified as an employee work made for hire. Conversely, it is not enough for the purported employer to withhold taxes and remit them to the IRS; the "employee" must also receive all applicable employment benefits in order to satisfy clause (1).

2. *Changes to Subdivision (2) of Definition of Work Made for Hire:*

The proposed amendment would make two changes to subdivision (2) of the work made for hire definition, which covers certain categories of specially ordered or commissioned works. First, the amendment would provide that the nine enumerated categories of commissioned works could qualify as works made for hire "only if the parties expressly agree in a written instrument signed by them. . . ." (emphasis on added word). The purpose of this amendment is to make absolutely clear that the nine categories of commissioned works set out in subdivision (2) cannot be works made for hire unless there is a written agreement to the effect. The amendment is intended to prevent courts from concluding that the commissioned works listed in subdivision (2) can still qualify as "employee" works made for hire under subdivision (1) if the prerequisites of subdivision (2) are not satisfied. Thus, the proposed amendment provides that the subdivision (2) categories of works can be classified as works made for hire only if the writing requirement is met.

The second modification to subdivision (2) of a work made for hire definition builds upon the first. It would provide that in order for a commissioned work falling within one of the nine categories to be a work made for hire, the parties must not only agree in writing, they must do so "prior to commencement of any physical or intellectual effort related to the specially ordered or commissioned work. . . ." The purpose of this proposal is to prevent abusive practices of commissioning parties that undermine the protection that the writing requirement was intended to give creators. The objective

of that requirement was to ensure that both parties, particularly the creator who most often finds himself in the weaker bargaining position, makes a reasoned and independent determination to enter into a work made for hire arrangement. Unfortunately, some commissioning parties have forced creators to sign work for hire agreements by proposing such an agreement after the work is well underway or is completed but before the creator has been paid. In these situations, the creator must sign the agreement in order to get paid, or else undertake expensive litigation. The most egregious of these practices consists of stamping form work for hire language on the back of a check which the creator must then endorse in order to get paid.

The proposed amendment would prevent this and any other after-the-fact use of work made for hire agreements. In order to be enforceable under the amendment, such an agreement must be negotiated and executed before any effort, physical or intellectual, is expended on the project. With the knowledge that commissioned work made for hire agreements meeting the standards of subdivision (2) must be signed up front, the parties must decide at the outset of their relationship whether such an agreement would be in his [sic] best interests. If the commissioning party desires to acquire all or some of the creator's copyright rights after the commencement of physical or intellectual effort on the project, it can do so only through an assignment agreement and not by a work made for hire contract. Any work made for hire contract signed after commencement of physical or intellectual effort would be void and unenforceable.

3. *Definition of Joint Work:*

Finally, the proposed amendment would change the definition of "joint work" in section 101 by establishing a new objective test for determining whether a specially ordered or commissioned work constitutes a joint work in which the co-authors own the copyright as tenants in common. As owners of the copyright, the co-authors of a joint work have an undivided interest in the work as a whole, and each co-author enjoys an independent right to exploit or license the copyright, as long as the co-author exercising that right accounts to the other co-author for the profits earned. *See Oddo* v. *Ries,* 743 F.2d 630, 633 (9th Cir. 1984); *Pye* v. *Mitchell,* 574 F.2d 476, 480 (9th Cir. 1978).

Under present law, the touchstone for determining whether a work is joint work is the intention of the parties. Section 101 currently provides that a "joint work" is "a work prepared by two or more authors with the intention that their contributions be merged into inseparable [as in a painting] or interdependent [as in a motion picture] parts of a unitary whole." 17 U.S.C. § 101 (definition of "joint work"). It is not enough merely for the parties to intend to create a joint work; each co-author must in fact make a genuine contribution to the creation of the joint work. *See Whelan Associates, Inc.* v. *Jaslow Dental Laboratory, Inc.*, 609 F. Supp. 1307, 1318-19 (E.D. Pa. 1985), *aff'd*, 797 F.2d 1222 (3d Cir. 1986), *cert. denied*, 107 S. Ct. 877 (1987) (the

"general assistance and contributions" to the project by the commissioning party did not make him the co-author of the work).

The bill proposes to supplement this "intention of the parties" test only with respect to specially ordered or commissioned works. Artists and other independent contractors have been faced with *post hoc* claims that works created on commission, for which no written agreement regarding copyright ownership or work made for hire status exists, are joint works because the parties somehow "intended" them to be such. The evidence of intent frequently is not probative one way or another, particularly when the claim of joint authorship arises after-the-fact. Indeed, commissioning parties have frequently asserted a "joint authorship" claim as a back-up defense in cases in which their primary assertion is that they are the sole owners under the work for hire doctrine. *See, e.g., Reid,* slip op. at 19-20; *Schmid Bros., Inc.* v. *W. Goebel Porzellanfabrik KG.,* 589 F. Supp. 497, 501 (E.D.N.Y. 1962) (ceramic figurines held to be joint works); *Mister B. Textiles, Inc.* v. *Woodcrest Fabrics, Inc.* 523 F. Supp. 21, 24-25 (S.D.N.Y. 1981) (fabric design held to a joint work).

To eliminate any possibility of nebulous or illusory after-the-fact claims of joint authorship of specially ordered or commissioned works, the amendment would change the definition of "joint work" to provide that the parties "must expressly agree in a separate written instrument signed by them prior to the commencement of any physical or intellectual effort related to the work, that it shall be considered a joint work." Thus, the parties must still intend that their contributions "be merged into inseparable or interdependent parts of a unitary whole"; but in order for their work to be legally considered a joint work, they must memorialize that intention in a written instrument before the project begins.

If this proposal is adopted, the contributions to a commissioned work would not be merged into a joint work unless the writing requirement was satisfied. If that requirement was not complied with, the copyright in the contribution of each author would be owned by that author alone. Thus, if two or more contributing authors decided to enter into a joint work agreement after beginning work on the project, such an agreement would be void and unenforceable. The copyrights in their respective contributions would be separately owned by each individual author, much like copyright ownership is determined with respect to a contribution to a collective work. *See* 17 U.S.C. § 201(c) (copyright in each separate contribution to a collective work vests intitially in the author of the contribution).

Mr. COCHRAN. Mr. President, I would like to take a few moments to ask the cosponsors of the Berne bill, Senator LEAHY, and the chairman of the subcommittee responsible for copyright matters, Senator DECONCINI, a few questions concerning my work for hire bill, S. 1223.

First, I ask the distinguished Senator from Vermont whether he believes

that Congress should take another [S 14563] look at the work for hire statutes [sic] and their impact on artists' rights?

Mr. LEAHY. I would support efforts by this subcommittee to look into this issue to determine if legislative action is necessary to provide proper guidance to the courts and to ensure that artists' rights are being protected in this area. We have not reviewed work for hire since October 1982, during the 97th Congress, and would undoubtedly benefit from another look at the issue.

While I am not convinced of the merits of all of the proposals contained in your bill, S.1223, I believe it is a starting point for discussion and debate among the members of the Copyrights Subcommittee.

Mr. COCHRAN. I appreciate the comments of the Senator from Vermont. Now, I would like to ask the chairman of the Patents, Copyrights, and Trademarks Subcommittee whether he will bring this matter before the subcommittee in the next Congress?

Mr. DeCONCINI. As I have informed my colleague from Mississippi, it was my intent to schedule a hearing on your work for hire bill during this Congress. Unfortunately, because of the lengthy Supreme Court confirmation process and consideration of the Berne Treaty and other parts of our agenda, it was not possible to do so.

If I am chairman of the subcommittee in the 101st Congress, I will schedule a hearing on work for hire legislation early in the first session. I have heard great concern voiced about work for hire arrangements throughout the creative industry, particularly from photographers, artists, and other free-lance professional creators who work as independent contractors. I agree with my friends from Mississippi and Vermont that a full exploration of the issue is warranted. I therefore give the Senator from Mississippi my commitment to hold hearings on his work for hire bill promptly in the next Congress if it is in my authority to do so.

Mr. COCHRAN. I thank the chairman of the Copyrights Subcommittee and I look forward to working with you, along with other members of the subcommittee, toward the goal of enacting work for hire reform legislation next year.

Mr. President, I thank the distinguished Senators for their cooperation in assuring that this issue will receive attention in the early part of the next Congress and that we will get around to addressing this very important and unfair application of our copyright laws to independent artists.

Mr. President, may I inquire what the situation is with respect to the time on the bill?

The PRESIDING OFFICER. The Senator from Mississippi has 16½ minutes remaining.

Mr. COCHRAN. Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. The Senator from Vermont has 5 minutes allocated to him.

Mr. LEAHY. Mr. President, I believe the Senator form Pennsylvania, Senator SPECTER, wanted to speak.

I wonder if we might do this while we are waiting: I said earlier that I was going to ask for a voice vote on this amendment. Would it be in order to ask for that at this point?

The PRESIDING OFFICER. The Senator is correct.

Mr. COCHRAN. Will the Senator yield for a question?

MR. LEAHY. Of course.

Mr. COCHRAN. I have been advised that Senator WILSON, who was on the floor previously, would like to be heard for a few minutes on the subject of the bill. I would agree to the Senator's request, with the understanding that his right to speak will not be cut off.

Mr. LEAHY. Yes. I just thought, while we have the time, that if we went to a voice vote now we would still have third reading on the overall bill and give everybody a chance to speak before that.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 3411) was agreed to.

Mr. LEAHY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HATCH. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LEAHY. Mr. President, I do not want in any way to preclude anybody who wishes to speak, but would it be in order now to ask for the yeas and nays on S. 1301, as amended?

The PRESIDING OFFICER. The Senator is correct.

Mr. LEAHY. Mr. President, I ask for the yeas and nays on S. 1301, as amended.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. LEAHY. I yield the floor.

Mr. HATCH. Mr. President, I do not intend to delay this debate or the final vote on this matter except a minute or so.

Let me just make a few comments on the work-for-hire issue that has been raised.

It is critical to reiterate that S. 1301 is neutral on the issue of moral rights and therefore, also on the issue of work for hire. The bill acknowledges that current Federal and State laws provide adequate protections for an author's rights to constitute compliance with Berne. The bill states that it will neither "enlarge or diminish" existing copyright protections.

The term "moral rights" embraces two concepts: The right of paternity—the right to be acknowledged as the author of a particular work—and

the right of integrity—the author's right to object to modification of artistic works. As stated previously, if moral rights were enforced in the United States, these rights would drastically alter current copyright relationships.

Specifically, the right of paternity would abrogate the work for hire doctrine whereby an author is paid to produce a work whose copyright is held by the author's employer, not the author. The right of integrity would make a magazine's or movie producer's efforts to edit a written article or a film very difficult.

For example, in the context of a movie, it would be difficult even to decide which artist, given a host of players such as a number of actors and a director, should be given the editing rights—particularly in the event the artists disagree as to how the film should be edited. At a minimum, moral rights in the work for hire context would cause mountains of litigation if applied to the United States.

Moreover, alteration of the work for hire doctrine would be problematic in the publishing context. Given the strict deadlines in the publishing industry, questions have been raised as to the practicability of altering the work or [sic: for] hire doctrine in this area.

So those comments just need to be said, and with that we are prepared to vote on the bill.

The PRESIDING OFFICER. Who yields time?

Mr. HATCH. Has the other side yielded back its time?

The PRESIDING OFFICER. The Senator from Arizona has 10 minutes remaining; the Senator from Utah has 5 minutes.

Mr. HATCH. I am prepared to yield back my time if the Senator from Vermont is prepared to yield back his time.

Mr. LEAHY. Mr. Pesident, I am prepared to yield back my time. However, the Senator from Mississippi has noted that the Senator from California, Senator WILSON, wishes to speak. The Senator from Pennsylvania, Senator SPECTER, also wishes to speak on the bill. If we are going to yield back time, I would ask unanimous consent that their statements be allowed to be printed in the RECORD prior to the vote. But I am perfectly willing to do whatever my colleagues would like on the other side. It is two colleagues on the other side. It is two colleagues on the other side who wish to speak. I want to be sure, if it is possible, to give Senators WILSON and SPECTER their opportunity to speak.

Mr. HATCH. Mr. President, I would suggest the absence of a quorum and see if we can get these two Senators the opportunity to speak; if not, then we will yield back.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. COCHRAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered. [S 14564]

Mr. COCHRAN. Mr. President, I yield such time as he may consume to the distinguished Senator from California [Mr. WILSON].

Mr. WILSON. Thank you, Mr. President. And I thank my distinguished friend from Mississippi.

Mr. WILSON. Mr. President, I am very pleased that the Senate is moving ahead with legislation necessary to bring us into compliance with the Berne Convention.

The Berne Convention is the major international agreement on copyright protection. Indeed, its formal title is the Berne Convention for the Protection of Litarary [sic] and Artistic Works.

American authors and artists, composers and filmmakers, photographers and musicians, and others who brighten our lives with entertainment and educational works deserve to have their creations protected. If we fail to act, we will deny to these people the fruits of their labors. And while, undoubtedly, many would continue to create, the lack of a fair, protected market for their works will certainly keep them from broad public dissemination. If that occurrs, then we all will suffer for it.

Mr. President, our Nation has long protected the rights of our citizens to own property, both real and personal. We have undertaken efforts to assert those rights throughout the world. And, we have a Federal program, OPIC, that insures the property of U.S. businesses overseas. However, it is only in recent years that we have taken strong steps to protect the rights of our citizens in intellectual property—such as copyright, trademarks, patents.

The passage of omnibus trade legislation included provisions significantly strengthening the protection of U.S. intellectual property rights. Among these provisions, legislation that I introduced, the Anti-Piracy and Market Access Act, was included in this massive bill. This new law directs the U.S. Trade Representative's office to take an even more aggressive stance in responding to international piracy and barriers to U.S. products and services that rely fundamentally on intellectual property protection.

The enactment of the Berne Convention legislation now before us will bring to American authors and artists greater international protections that they truly deserve. With these protections, it is hoped that we will be able to attain needed benefits without confrontation, such as through the section 301 trade process or through the Wilson Act.

Mr. President, I applaud the Judiciary Committee for its dedication to expanding the rights of American copyright holders. This is a complex subject, and they have done a workmanlike job.

I especially want to commend my two good friends who have been leaders on this and other issues of importance to intellectual property holders, Senator HATCH and Senator DECONCINI. They are the ranking member and

the chairman of the Subcommittee on Patents, Copyrights, and Trademarks, and they have done outstanding work deserving of commendation from us all. I also want to commend Senator LEAHY for his important work on this legislation.

Also I would be remiss if I were to fail to commend and thank my friend from Mississippi, Senator COCHRAN, both for his statement this morning and for the work he has done in securing needed hearings early in the next session on the important problem of work for hire.

Mr. President, I urge passage of this legislation and hope to see its final enactment soon.

The ACTING PRESIDENT pro tempore. The Senator from Mississippi has 13 minutes remaining.

Mr. COCHRAN. Mr. President, I yield such time as he may consume to the distinguished Senator from Pennsylvania.

The ACTING PRESIDENT pro tempore. The Senator from Pennsylvania is recognized.

Mr. SPECTER. Mr. President, I thank my distinguished colleague from Mississippi. I shall not take long. I want to compliment my colleagues for moving this legislation on the Berne Convention forward.

It is long past due that the Congress of the United States should act here to protect important U.S. property rights overseas. The reasons have been outlined in detail. They have come through the subcommittee under the chairmanship of the distinguished Senator from Arizona, Senator DECONCINI, and ranking member, the distinguished Senator from Utah, Senator HATCH. Senator LEAHY also has contributed to this bill.

The reasons have been articulated on this floor. The issues have come through the Judiciary Committee on which I sit and I think it is a very important matter for the welfare of individual property rights and I urge my colleagues to support this bill when it comes up for the rollcall vote.

I thank the Chair and yield the floor.

The PRESIDING OFFICER. The Senator from Mississippi has 12 minutes remaining.

Mr. COCHRAN. Mr. President, is there other time remaining for other Senators under the order on the bill?

The PRESIDING OFFICER. The Senator from Mississippi controls 12 minutes. The Senator from Utah has 5 minutes and 25 seconds, and the Senator from Arizona, Senator DECONCINI, has 10 minutes. The Senator from Vermont has 5 minutes.

Mr. COCHRAN. Mr. President, I know of no other requests from Senators who want to speak. As I understand it, the yeas and nays have been ordered. I would be prepared to yield back the remainder of time if other Senators would be also willing to yield back.

Mr. LEAHY. If the Senator would yield for just a moment, I am per-

fectly willing to do that. I am able to yield back the time of Senator DECONCINI. I understand from the Parliamentarian we have some difficulty doing what we originally intended to do and upon yielding back—I just wanted to make sure with the Chair I am right on this—we would have to have a voice vote first on the Leahy-DeConcini-Hatch amendment? And then the roll call would be, then, on the bill as amended? Am I correct?

The PRESIDING OFFICER. The Chair will state to the Senator from Vermont that the pending question is the substitute to the committee bill, which has not been amended by the Leahy-DeConcini-Hatch technical amendments which have already been adopted. The yeas and nays have been ordered on the passage of the bill, as amended.

Mr. LEAHY. We would still have to have the vote on the amendment before we went to final passage?

The PRESIDING OFFICER. The Senator is correct.

Mr. THURMOND. Mr. President, I rise in support of S. 1301, the Berne Convention Implementation Act of 1987. This bill amends the copyright law so that the United States may become an adherent to the Berne Convention for the Protection of Literary and Artistic Works.

The Berne Convention is a multilateral copyright treaty which provides standards for the international protection of copyright. Currently 76 countries are adherents to the convention. However, the United States is not an adherent.

In order to become an adherent to the convention, the copyright laws of a country must meet the standards outlined in the convention. It is generally agreed that if the Berne Convention is ratified, the provisions would not automatically become a part of our law or, in other words, the Berne Convention is not self-executing. Therefore, in order for the United States to adhere to Berne, Congress must make the necessary changes to our copyright law.

The issue of joining the Berne Convention has been the subject of much discussion since the convention came into being in 1886, and especially since the copyright law was revised in 1976. During the last Congress, the Patents, Copyrights, and Trademarks Subcommittee of the Judiciary Committee held two hearings on this issue. In this Congress, the Patents Subcommittee also held hearings. As a result of these hearings, the committee approved a bill that takes the "minimalist" approach. In other words, the minimum amount of changes were made to our copyright law so that we may become adherents to the convention. One issue raised during consideration by the committee was with regard to moral rights. [S 14565]After examination of this issue, the committee determined that the current law provides the protection required by Berne. However, language was added to the bill to make it clear that adherence to Berne would not create any new rights or interests with regard to the issue of moral rights.

The bill approved by the Judiciary Committee differs from the measure

previously passed by the House in the areas of copyright registration, jukebox compulsory licensing, and the effective date. I am confident that these differences will be worked out so that the Congress may pass this important legislation.

Mr. President, I am pleased that the Senate is passing this vital measure which is stongly supported by the administration and the intellectual property community. Further, passage of this legislation will clear the way for the Senate to consent to the ratification of the Berne Convention. As a cosponsor, I urge my colleagues to vote for this important bill.

Mr. PELL. Mr. President, I am pleased to join in supporting S. 1301 (H.R. 4262) and the Senate amendment thereto, to implement the Berne Convention for the Protection of Literary and Artistic Works.

This legislation represents a historic step in our efforts to provide international protection for copyrighted works. The United States has talked about joining the Berne Convention for over 100 years and today we will be taking a first step by amending our copyright laws [sic] to conform to the Berne standards.

It is my hope that the final and formal step to joining the convention; namely, the advice and consent of the Senate on the treaty itself, will be considered in the Senate as soon as this enabling legislation is approved by the House.

As chairman of both the Committee on Foreign Relations and the Joint Committee on the Library, I have special appreciation of the need to protect U.S. works from piracy—which presently costs U.S. industries billions of dollars annually.

Since domestic laws must be amended in order to adhere to this treaty, it is important to weigh the benefits of the protection it affords against the costs of taking this action.

Joining Berne enables us to negotiate in the world community on copyright issues important to the United States with other countries also party to the treaty, some 24 nations with whom we do not presently have comparable multilateral relations in this area. And the prestige with [sic: which] U.S. membership will add to Berne will hopefully encourage other countries to join, in the knowledge that they will be afforded high standards of protection and share in the benefits of the U.S. domestic copyright system.

The costs of joining Berne must be calculated in terms of the impact of the implementing legislation on our domestic copyright system, especially with respect to its institutional base, the Library of Congress. And here I would assert that international copyright considerations, however, important, cannot justify paying a price which would damage our viable and valuable copyright system, which plays such an important role in expanding the collections of the Library.

Happily, the price need not be that high. That is why I support the

"minimalist approach" to joining Berne, making only those changes to our domestic copyright laws [sic] necessary for compliance with the clear obligations of the convention.

One of the principal differences between the House and Senate versions of the Berne implementation bill was over the question of whether we would need to change our current registration system. From the viewpoint of the Joint Committee on the Library, I was very concerned that the bill reported from the Senate Judiciary Committee would have changed the requirement of registration of copyrightable works as a precondition to the bringing of an infringement suit.

I was especially mindful, too, that the registration process, with its companion requirement of free deposit to the Library of Congress of each copyrighted item, lies at the core of the Library's acquisition program.

The differences between the House and Senate centered on section 411(a) of the current law which requires a party bringing an infringement suit, first to register, or attempt and be refused registration for the copyrighted work.

It is apparent that there was strong disagreement among copyright experts as to whether changes to the current registration system would be needed in order to comply with Berne. The Senate Judiciary Committee took the position that it would be necessary to delete section 411(a). The House, however, took the opposite view when it passed its version of the bill which, under the minimalist theory, made no changes to section 411(a).

Without clear agreement on the issue of section 411(a), I believe it is the wiser course not to make changes other than those which are absolutely necessary, especially when the consequences of a change could be adverse to the Library of Congress and the copyright registry.

I am very pleased that a compromise has now been worked out in the form of the Senate amendment which we are considering today, making the minimal changes necessary to our registration system. I think all parties can agree that the changes made by this compromise amendment are clearly compatible with the Berne Convention. Just as important, the changes are adapted to the unique American system of copyright registration so as to maintain with minimal disruption, our copyright system and our national library system.

The Senate amendment, which I understand has been agreed to by the House Members working on this issue, creates a two-tiered approach to section 411(a) and seems to protect all of the Library's interests, both as to library acquisitions and copyright administration.

The mechanics of the amendment, as I understand it, would work as follows. It would exempt Berne Convention works from the requirement of having to register as a prerequisite to filing a lawsuit. It would leave unchanged the requirements of registration for authors whose works are first

published in the United States, and for the unpublished works of U.S. authors.

In these latter two cases, these authors would still have to register their works under section 411(a) just as they have to register now. The Senate amendment also specifies which works would have to be registered in the case of simultaneous publication in two countries or of unpublished works of authors of different nationalities.

I ask the distinguished Senator from Arizona, who is chairman of the Subcommittee on Patents, Copyrights and Trademarks and who also serves on the Joint Committee on the Library, if I have correctly described the amendment.

Mr. DECONCINI. The Senator has correctly stated the thrust of the Leahy-DeConcini-Hatch amendment. For example, it would not change the current registration system for works of any author whose works were first published in the United States, or subject to certain conditions, to works first published here and abroad, or for unpublished works of U.S. authors. It would exempt from the registration requirements works which are first published in other Berne Convention countries or for unpublished works of nationals of Berne Convention countries other than the United States.

As you have described, there are special rules set out for works simultaneously published in two countries one of which is the United States or by more than one author where one of the authors is a U.S. national, domiciliary or resident.

Mr. PELL. Mr. President, I understand that the distinguished Senator from Vermont, as a member of the Subcommittee on Patents, Copyrights and Trademarks, fully supports the two-tiered approach, and I wonder if he would care to comment on my concern that we maintain the current registration system at least for domestic works, for the reasons I have outlined.

Mr. LEAHY. Mr. President, I agree with my colleague that we need to maintain a comprehensive registration system to keep a public record of registrations, to preserve and protect our national library system today and in the future and to promote efficiency [S 14566] in our courts. I would add that in the Judiciary Committee's views, as detailed in the report on S. 1301, these important interests would not have been harmed by elimination of the section 411(a) requirements as a whole. But sharing with Senator PELL strong support for the Library, I believe this compromise should dispell any lingering anxieties.

As we stated in our committee report on the Berne Convention Implementation Act, we agree with the Copyright Office that the present system of registration benefits all participants in the copyright system, as well as the general public. We agreed that the system provides a useful public record and an efficient acquisition system for the Library of Congress.

While we are making changes in the system for other Berne Convention

published works or authors, we need not change the system for works of U.S. origin—that is, generally speaking, works first published in this country or by U.S. authors.

In addition, we have maintained and strengthened the other current incentives for registration for all works, including registration as a prerequisite to the awarding of statutory damages and attorneys' fees in infringement actions. In fact, we have doubled the level of statutory damages for infringement of registered works, which should increase the incentives for registration. In addition, we have not changed the section 410 provisions providing for *prima facie* evidentiary results in infringement actions. Because of these incentives, and because of the advantages in registering, I anticipate that there will be no changes in registrations of domestic works and very few if any changes in the registration of foreign works.

Mr. PELL. In view of the possibility, hopefully remote, that the Library of Congress could be faced with some added costs in acquiring foreign works, I am wondering if the distinguished Senator from Arizona, as a member of the Appropriations Committee, can keep a watchful eye on this situation so that the Library will not find itself in a financial shortfall, unable to acquire such works.

Mr. DECONCINI. As the Senator knows, I am not in a position to make any binding commitments to my colleague, but I can assure the chairman of the Joint Committee on the Library that we on the Appropriations Committee would look at how the changes imposed by this bill today affected the financial status of the Library. I would not anticipate any other costs to the Library than what was estimated by the Congressional Budget Office in the House bill, because I believe the two-tier amendment would be closer to the House than the Senate in its cost implications of the Library's acquisitions, with the exception of certain foreign deposits. In this area, certainly we would not want the Library, which I too, as a member of the Joint Committee on the Library, am very concerned about, to experience any unexpected lost revenues as a result of the United States joining Berne. I agree with your analysis that when we weigh the costs of joining Berne in the private and public sectors, against the benefits, that it is something we want to do. But I do not expect, and would not want, the Library of Congress nor the Copyright Office to bear, any unanticipated costs in our adherence to the Berne Convention, especially if it meant that by adopting our amendment on two-tier, the Library's acquisitions were to drop off significantly.

Mr. PELL. I thank the Senators for their very helpful responses and in view of their assurances. I ask unanimous consent that my name be added as a cosponsor of the bill.

The PRESIDING OFFICER. without objection, it is so ordered.

Mr. SIMPSON. Mr. President, I rise to join with my colleagues on the Judiciary Committee to urge Senate passage of the Berne implementation bill.

This legislation will make possible the United States' joining the Berne Convention, which will provide significant additional international protection of our exported copyrighted works. Because we are the leading exporter of copyrights, it is clearly in the national interest to become a part of the Berne union and enjoy "national protection" for our copyrights in the other countries that are members of Berne.

A broad, diverse array of groups supported this bill as it moved through the Judiciary Committee, and a bipartisan coalition on the committee emerged in response. While difficult issues arose, they were equitably and sensibly addressed. In particular, I would like to commend Senators LEAHY, DECONCINI, and HATCH for the processing of the legislation.

Mr. President, I am a cosponsor of the legislation. I believe it will serve our creative people and our Nation well, and I urge my colleagues to give it their approval.

Mr. LEAHY. Mr. President, I yield back my time and Senator DECONCINI's time.

Mr. HATCH. Mr. President, I yield back my time.

Mr. COCHRAN. I yield back my time.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Mr. President, let me, by unanimous consent, indicate we have a very important luncheon today in SR-325 honoring our majority leader. I urge all my colleagues after the vote to head for SR-325.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, as amended.

The committee amendment, as amended, was agreed to.

Mr. LEAHY. Mr. President, I move to reconsider the vote by which the committee amendment, as amended, was agreed to.

Mr. HATCH. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The clerk will report the bill for a third time.

The bill was ordered to be engrossed for a third reading and was read the third time.

The PRESIDING OFFICER. The bill having been read a third time, the question is, Shall it pass? The yeas and nays have been ordered.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Texas [Mr. BENTSIN], the Senator from Florida [Mr. CHILES] and the Senator from Illinois [Mr. SIMON] are necessarily absent.

Mr. SIMPSON. I announce that the Senator from Minnesota [Mr. BOSCHWITZ], the Senator form New York [Mr. D'AMATO], the Senator from Minnesota [Mr. DURENBERGER], the Senator from New Hampshire [Mr.

HUMPHREY], the Senator from Nebraska [Mr. KARNES], the Senator from Indiana [Mr. QUAYLE] and the Senator from Connecticut [Mr. WEICKER] are necessarily absent.

I further announce that, if present and voting, the Senator from Minnesota [Mr. DURENBERGER] and the Senator from Connecticut [Mr. WEICKER] would each vote "yea."

The PRESIDING OFFICER. (Mr. SHELBY). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 90, nays 0, as follows:

[Rollcall Vote No. 350 Leg.]

YEAS—99

Adams	Gore	Moynihan
Armstrong	Graham	Murkowski
Baucus	Gramm	Nickles
Biden	Grassley	Nunn
Bingaman	Harkin	Packwood
Bond	Hatch	Pell
Boren	Hatfield	Pressler
Bradley	Hecht	Proxmire
Breaux	Heflin	Pryor
Bumpers	Heinz	Reid
Burdick	Helms	Riegle
Byrd	Hollings	Rockefeller
Chafee	Inouye	Roth
Cochran	Johnston	Rudman
Cohen	Kassebaum	Sanford
Conrad	Kasten	Sarbanes
Cranston	Kennedy	Sasser
Danforth	Kerry	Shelby
Daschle	Lautenberg	Simpson
DeConcini	Leahy	Specter
Dixon	Levin	Stafford
Dodd	Lugar	Stennis
Dole	Matsunaga	Stevens
Domenici	McCain	Symms
Evans	McClure	Thurmond
Exon	McConnell	Trible
Ford	Melcher	Wallop
Fowler	Metzenbaum	Warner
Garn	Mikulski	Wilson
Glenn	Mitchell	Wirth

NOT VOTING—10

Bentsen	Durenberger	Quayle
Boschwitz	Humphrey	Simon
Chiles	Karnes	Weicker
D'Amato		

So the bill (S. 301), as amended, was passed.

[S 14567]

Mr. LEAHY, Mr. President, I move to reconsider the vote by which the bill, as amended, was passed.

Mr. MELCHER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LEAHY. Mr. President, I ask unanimous consent that the remainder of the order be executed.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LEAHY, Mr. President, I thank all Senators as I have earlier, on both sides of the aisle who made this historic piece of legislation possible.

I yield the floor.

Implementation of the Berne Convention for the Protection of Literary and Artistic Works

The PRESIDING OFFICER. Pursuant to the previous order, the Senate will proceed to the consideration of H.R. 4262, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 4262) to amend Title 17, United States Code, to implement the Berne Convention for the Protection of Literary and Artistic Works, as revised at Paris on July 14, 1971, and for other purposes.

The Senate proceeded to consider the bill.

The PRESIDING OFFICER. Under the previous order, all after the enacting clause of H.R. 4262 is stricken, and the text of S. 1301 is inserted in lieu thereof.

Mr. LEAHY. Mr. President, the amendment now before the Senate simply takes the text of S. 1301, the Senate bill to implement the Berne Convention, which we have just passed, and substitutes it for the text of the Berne bill passed by the House, H.R. 4262.

Since the text of this amendment is identical to the measure we have just passed, my remarks about S. 1301 are equally applicable to H.R. 4262. This applies as well to the explanatory material which I inserted in the record during our consideration of S. 1301.

Mr. President, I believe that this amendment is acceptable on both sides of the aisle. I urge my colleagues to support it and to send this measure back to the other body, which I anticipate will concur in it promptly.

Mr. President, as I noted previously, many Senators have contributed to the work on this important legislation. Once again, I would like to thank the chairman of the Subcommittee on Patents, Copyrights and Trademarks, Senator DECONCINI; the ranking member of the subcommittee, Senator HATCH; and our committee chairman, Senator BIDEN, whose efforts have made possible today's action by the Senate to bring U.S. copyright law into harmony with the Berne Convention. I also thank the majority and minority leaders for their cooperation in scheduling time on the Senate floor for consideration of the Berne Convention Implementation Act of 1988. Let me offer my thanks to the chairman of the Foreign Relations Committee, Senator PELL, and pledge my support to him in bringing to this floor the resolution of ratification of the treaty establishing the Berne Union, which is now pending on the Executive Calendar. Once we have ratified that treaty, the congressional process, for bringing the United States into the Berne Convention will be complete.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The bill (H.R. 4262), as amended, was passed.

Mr. LEAHY. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BYRD addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

CONGRESSIONAL RECORD—HOUSE—OCTOBER 12, 1988 [H10091]

Berne Convention Implementation Act of 1988

Mr. KASTENMEIER. Mr. Speaker, I move to suspend the rules and concur in the Senate amendment to the bill (H.R. 4262) to amend title 17, 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.

The Clerk read as follows:

[omitted]

[H10093]

The SPEAKER pro tempore. Is a second demanded? [H10094]

Mr. MOOREHEAD. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. The gentleman from Wisconsin [Mr.

KASTENMEIER] will be recognized for 20 minutes and the gentleman from California [Mr. MOORHEAD] will be recognized for 20 minutes.

The Chair recognizes the gentleman from Wisconsin [Mr. KASTENMEIER].

Mr. KASTENMEIER. Mr. Speaker, I yield myself such time as I may consume. (Mr. KASTENMEIER asked and was given permission to revise and extend his remarks.)

Mr. KASTENMEIER. Mr. Speaker, on May 10 when the House of Representatives first considered my bill (H.R. 4262) to pave the way for United States adherence to join the Berne Copyright Convention, I observed that it was a historic occasion. The full House never before had considered implementing legislation to allow the United States to join the Berne Convention for the Protection of Literary and Artistic Works, the world's most prestigious copyright treaty. On that day, we made history by passing H.R. 4262 by a recorded vote of 420 to 0.

Today we can complete the concluding legislative chapter by considering—and endorsing—the Senate amendment to H.R. 4262. The Senate passed H.R. 4262, as amended, on October 5, 1988 by a recorded vote of 90 to 0. The amendment is a compromise between the House-passed bill and the bill favorably reported by the Senate Committee on the Judiciary—on May 20, 1988. Between May and October, the House and Senate worked together on a bipartisan basis to draft an acceptable compromise, with input from the Copyright Office and the administration. I commend the Senate amendment to you and ask that it be approved.

The Senate amendment dovetails nicely with the House-passed bill. In most regard, [sic] the amendment respects the proposition that United States adherence to the Berne Convention can be accomplished with only minimal changes to American law. As you recall, minimalism was the fundamental basis for H.R. 4262, as passed by the House of Representatives.

Many people should be recognized for their hard work on the measure. My success is their success. First and foremost, is the ranking minority member of the subcommittee, the gentleman from California [Mr. MOORHEAD]. We have worked well together in this Congress and so have our staffs. We will be appearing together on other measures during the next couple days, and we will jointly reap the fruits of our labors. But the Berne bill will be our most important success. In this regard, Mr. MOOREHEAD was the original cosponsor of my initial bill and the sponsor of the administration's bill. From the beginning, he has played a pivotal role in processing the Berne Convention Implementation Act of 1988.

Three other members of our Berne team the gentleman from California, [Mr. BERMAN], the gentleman from New York [Mr. FISH], and the gentleman from Illinois [Mr. HYDE] should be mentioned. They participated in the several days of consultations with foreign experts which were so impor-

tant in deciding how to draft minimalist legislation. Further, the efforts of several other members of my subcommittee who cosponsored the legislation, including Mr. SYNAR, Mrs. SCHROEDER, Mr. CROCKETT, Mr. BRYANT, Mr. CARDIN, Mr. DEWINE, Mr. COBLE, and Mr. SLAUGHTER of Virginia, should be underlined.

Without strong leadership in the other body, the measure would not be before us today. I thank my friends and sister subcommittee chairmen, Mr. LEAHY and Mr. DECONCINI, for their diligence, hard work, and cooperation. From the outset, the House and Senate bills were remarkably similar, and although several differences required resolution, the Senators and their excellent staffs kept their eyes on the ball, placing United States adherence to Berne before any single difference in the bills. The resulting compromise—acceptable to the House, as I previously mentioned—is before us now.

Last, but certainly not least, I would like to recognize the contributions of Dr. Arpad Bogsch, the Director General of the World Intellectual Property Organization. Dr. Bogsch has been of enormous assistance in understanding the Berne Convention and the administration of the convention by the WIPO. Beginning with his testimony before the Senate Judiciary Committee and up to our European consultations, his expert advice has been unequaled.

On March 16, 1987, when I introduced my original bill (H.R. 1623) I noted in the RECORD that even under the best of circumstances, Berne adherence faced a long. uphill climb. We have achieved what I thought to be impossible. As Members will readily concede, it often takes many years to enact legislation. In a year and one-half, with interbranch cooperation and a bipartisan spirit, Congress has nearly attained the summit. House passage of the measure before us today will send it directly to the President for his signature.

Shortly thereafter, and hopefully in the next day or two, the Senate can give its advice and consent and ratify the treaty itself. After we pass the bill today, I will call the chairman of the Senate Committee on Foreign Relations, Mr. PELL, and inform him of our action so that he might process the treaty.

I, of course, cannot speak for the President. But I can predict a Presidential signature. I recently received a letter from the U.S. Department of State in strong support for the legislation. The letter, dated July 7, 1988, from Assistant Secretary J. Edward Fox—states in part:

> The Administration strongly supports U.S. adherence to the Berne Convention. We agree unreservedly with your statement on May 10, 1988 * * * that this convention is the most important copyright treaty in the world. Evidence of the excellent preparatory work regarding the legislation carried out by you and your Subcommittee is the unanimous approval of the House. The Department would like to take this opportunity to express our appreciation for your leadership on this issue.

In conclusion, H.R. 4262 is one of the most important bills that will be considered by the 100th Congress. The unanimity of support enjoyed by the legislation should not decrease its importance. Ask authors and creators in the motion picture industry, the recording industry, book publishing, computer software and others about the importance of Berne membership to United States interests. Ask trade experts. Ask copyright lawyers and professors.

They will tell you that the benefits of the legislation will be numerous. The United States will establish multilateral copyright relations with 24 countries with whom such relations do not currently exist. U.S. membership in the Berne Union is a part in the larger picture of reform of our trade laws, as the Berne standards may ultimately serve as standards for the General Agreement on Tariffs and Trade [GATT]. Since the United States runs a positive balance of trade for copyrighted items, Berne membership will contribute to a continuation of that net advantage. The United States can join the union while maintaining a strong and vibrant Library of Congress, which of course serves the public by being a depository of our cultural heritage. Finally, by placing American copyright law on a footing similar to most other countries, especially in the industrial world, our domestic law as well as the international legal system are [sic] improved. The net benefits will flow to American authors and to the American public.

I strongly recommend House passage of the Senate amendments to H.R. 4262. Let us send this bill to the President.

Mr. Speaker, I reserve the balance of my time.

Mr. MOORHEAD. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 4262 is historic and important legislation that as the gentleman from Wisconsin [Mr. KASTENMEIER] noted, passed the House on the Suspension Calendar by a vote of 420 to 0 on May 10, 1988. I want to personally commend the gentleman from Wisconsin [Mr. KASTENMEIER] [H10095] for his leadership on this issue, as well as the gentleman from New York [Mr. FISH] for his work and leadership that help make this legislation possible. H.R. 4262 is strongly supported by the adminstration and the copyright community. The late Secretary of Commerce, Malcolm Baldrige, the U.S. representative, Clayton Yeutter, and Under Secretary of State Alan Wallace, [sic] all testified that United States adherence to Berne was in the best interests of this country and urged Congress to act quickly. By the same token, President Reagan highlighted the importance of United States adherence to Berne in his State of the Union Address.

The Berne legislation was the subject of several days of very extensive and thorough hearings held by the House Judiciary Subcommittee on Courts, Civil Liberties and the Administration of Justice. Working in conjunction with the World Intellectual Property Organization [WIPO] which adminis-

ters the Berne Convention, the Courts Subcommittee also held 2 days of hearings in Geneva, Switzerland. During those hearings members were able to explore the ramifications of United States adherence to Berne with expert witnesses representing 11 different countries who are members of Berne. The subcommittee also received valuable input from the director general of WIPO, Dr. Arpad Bogsch, and we are indeed grateful and appreciative for his assistance. We are hopeful that we can receive similar assistance from WIPO on another important issue, the design patent legislation.

I urge support for H.R. 4262.

Before I yield back the balance of my time I have a question for the gentleman from Wisconsin. Could he briefly explain the substance of the Senate amendment to H.R. 4262?

Mr. KASTENMEIER. If the gentleman will yield yes, I would be pleased to describe the Senate amendment.

As I previously noted, and as Senators LEAHY and DECONCINI observed in their floor remarks, the House passed bill and Senate Judiciary Committee approved bill were remarkably similar. From the outset, we agreed on such key subjects as self-execution, the public domain and retroactivity, the "moral rights" of authors, and architectural works. There were some drafting differences in these sections, but reconciliation of the differences was quite easy.

The major difference in the House and Senate approaches was in the area of formalities, particularly as relates to registration and recordation as a prerequisite to lawsuit. The House passed bill left current law intact, finding that current recordation and registration are not formalities prohibited by Berne. The Senate Judiciary bill eliminate [sic] both registration and recodation [sic] as prerequisites to lawsuits, finding that they were Berne incompatible. The Senate amendment is a compromise, creating a two-tier solution to the registration issue. Registration is continued as a prerequisite to suit by domestic authors. Only foreign origin works are excepted from the registration requirement. Further, recordation is eliminated, although it will continue to be encouraged. Last, in order to promote voluntary registration, current statutory damages are doubled.

The changes on registration and recordation were politically necessary in order to compromise; they should not be considered as a congressional finding that they are minimally mandated by the convention itself. Nothing in the compromise signifies that any future amendments in these areas to return them in the direction of current law would be deemed as Berne incompatible.

The Senate amendment makes other changes to the House-passed bill, regarding the definition of the Berne Convention, the jukebox compulsory license and the Copyright Royalty Tribunal, and the effective date. These changes, however, were all minor.

As the gentleman form California well knows, we have drafted a joint explanatory statement on the Senate Amendment to H.R. 4262. Rather than

reading this statement into the RECORD in its entirety, I will place it in the RECORD.

JOINT EXPLANATORY STATEMENT ON HOUSE-SENATE COMPROMISE INCORPORATED IN SENATE AMENDMENT TO H.R. 4262 (BERNE CONVENTION IMPLEMENTATION ACT OF 1988)

[References to the House bill are to H.R. 4262, as passed by the House of Representatives on May 10, 1988; references to the Senate bill are to S. 1031 as reported by the Senate Committee on the Judiciary on May 20, 1988; and references to the Senate amendment are to the House-Senate compromise embodied in H.R. 4262, as passed by the Senate on October 5, 1988.]

SECTION 1. Short Title and References to Title 17, United States Code [section 1 and 2 of the House bill].

The House and Senate provisions relating to the short title of the proposed legislation—the Berne Convention Implementation Act of 1988—are identical.

The House bill provides that whenever in the Act an amendment or repeal is expressed in terms of an amendment to or repeal of a section or other provision, the reference shall be considered to be made to a section or other provision of Title 17, United States Code. The Senate bill does not have a comparable provision.

The Senate amendment accepts the House provision on references to Title 17, United States Code.

Sec. 2 Declarations [section 3 of the House bill].

The House and Senate bills are similar, but have two differences.

First, the House bill refers to the Berne Convention as being all acts, protocols, and revisions thereto, up to and including the revision done at Paris, France, in 1971. The Senate bill covers all acts, protocols and revisions (including future ones). The House recedes to the Senate on the question of whether the Berne Convention refers to future revisions. Both bills clearly state that the Convention is not self-executing under the Constitution and laws of the United States. This proposition applies to future revisions.

Second, the drafting of the House and Senate bills differ [sic] on language describing the effect that U.S. adherence will have on rights and interests. Both specify that no rights or interests in addition to those arising under the Act or existing law shall be recognized if created for the purpose of satisfying such obligations. The bills were identical in terms of intended effect. The Senate amendment adopts the language of the Senate bill.

Sec. 3. Construction of the Berne Convention [Section 4 of the House bill].

The House and Senate bills are similar in substance, but contains [sic]

drafting differences. The Senate amendment incorporates drafting suggestions from both bills, with no changes in meaning from either bill: (a) the provisions of the Berne Conventions shall only be given effect under title 17, United States Code, and shall not be enforceable in any action brought pursuant to the provisions of the Convention; and U.S. adherence to the Convention does not expand or reduce any right of an author of a work to claim authorship of the work or to object to any distortion, mutilation of, or other derogatory action in relation to the work that would prejudice the author's honor or reputation.

One of the fundamental features of both bills concerns the implementation of United States obligations under the Berne Convention and the relationship between implementation and the fact that the treaty is not self-executing under United States law. Every witness, including representatives of the Executive Branch, who testified before the House and Senate Committees confirmed that the Berne Convention, as is the case for other intellectual property treaties, is not self-executing. The House and Senate bills confirm this proposition.

In hearings and in consultations with foreign copyright law experts, it was agreed that whether the Berne Convention can be self-executing depends entirely upon the Constitutional law of each State of the Berne Union and the decisions of States in this matter are not reviewable internationally. While many experts view the Convention as not expressly intended to be self-executing by the contracting parties, that issue is not free of doubt and practices of countries have varied.

There is no doubt, however, under the express provisions of the Senate amendment, that the Convention—including future revisions—will not be self-executing in the United States. This reflects a judgment that transcends in importance the particular concerns regarding moral rights and preemption which have made non-self-execution of Berne an important element of the compromises in this bill. That consideration is that Article I, Section 8 of the Constitution, by conferring expressly the power to legislate copyright protection upon the Congress, necessarily calls into serious question whether the Supremacy Clause can ever function in the copyright filed. In short, for any act of the Berne Union to be effectively implemented in the United States will depend upon Congress so legislating.

Sec. 4 Subject Matter and Scope of Protection [Sections 5, 6 and 7 of the House bill].

Section 4 of the Senate amendment contains several House provisions: (1) definitions; (2) national origin; and (3) the jukebox compulsory license. It does not contain another provision found in the Senate bill relating to reproduction by libraries and archives.

[H 10096]

The Senate amendment reflects a drafting compromise on organizational

format, providing one section for definitions, national origin, preemption and the jukebox compulsory license. The Senate amendment adopts the House position on the matter relating to libraries and archives. No change in the present practices of libraries is contemplated.

The House bill defines "Berne Convention" as all acts, protocols, and revisions thereto, up to and including the revision done at Paris, France, in 1971. The Senate bill similarly defines Berne Convention, but also includes future revisions. The Senate amendment defines the Berne Convention as including future revisions.

However, no future revisions of the Berne Convention can be self-executing. The amendment defines the Convention to include future revisions of the treaty because the United States, as a Berne member, may be obligated to protect works originating in countries adhering to any new revision of Berne after the United States already has joined. But, no future revision of Berne can have any effect on American copyright law. Our law is controlled by what is passed by the House of Representatives and the Senate and then signed by the President. Nothing in this definition changes that fundamental principle.

The House and Senate bills are virtually the same on the definition of a Berne Convention work. The Senate amendment replaces the word "State" with "nation". No change of meaning is intended.

In the same definitional provision, another amendment replaces the term "simultaneously published" with "simultaneously first published", clarifying that the site of first publication, not of some publication occurring more than thirty days after first publication, is determinative in some circumstances of whether a published work is a Berne Convention work.

The Senate bill, as reported, amends section 108 of the Copyright Act, relating to reproduction of works by libraries and archives. The Senate bill repeals subsection (a)(3)—which requires notice of copyright for reproduction and distribution of copyrighted works—finding that such notice requirement is no longer necessary in light of other changes in the bill regarding notice. The House has no comparable provision. The Senate amendment adopts the House approach because elimination of the mandatory notice requirement is not required to meet Berne standards. The burden is on users rather than authors and copyright holders.

The House and Senate bills are virtually identical as related to national origin. The Senate amendment accepts the House drafting.

The House and Senate bills are similar in terms of substantive treatment of the jukebox compulsory license. Both create a negotiated licensing system, with the current compulsory license used as a fall-back if negotiations fail.

The bills use different drafting approaches: the House bill creates a new section 116A of title 17, United States Code, with current section 116 left in the statute books; the Senate bill repeals section 116, establishing a new sec-

tion 116 and holding old section 116 in reserve if the statutory conditions arise. The Senate amendment adopts the House approach on organizational format and drafting. From a practical standpoint, leaving old section 116 "on the books" is preferable. Potential reliance on section 116, whch could well occur in future years if negotiations fail, will not necessitate a search through old statute books for its contents.

The Senate amendment basically tracks the language of the House bill and does not contain a specific antitrust exemption. In this regard, the House-Senate compromise is contingent on agreement with language in the House Report (H. Rep. No. 100-609 at 25-26) regarding the procompetitive effects of collectively negotiated licensing agreements.

SEC. 5. Recordation.

The House bill does not change the recordation provisions in the Copyright Act. The Senate bill eliminates recordation as a prerequisite to a lawsuit for copyright infringement.

The Senate amendment adopts the provisions of the Senate bill and therefore recordation will no longer be a precondition to suit. Recordation, however, will continue to be encouraged through the constructive notice provisions which remain unchanged.

SEC. 6. Preemption with Respect to Other Laws not Affected [Section 5 of the House bill].

Both bills contain amendments to section 301 of title 17, United States Code, regarding preemption with respect to other laws not being affected—that is, these laws are neither expanded or reduced—by the adherence of the United States to Berne Convention or the satisfaction of United States obligations thereto. There is no difference of meaning in the two bills.

The Senate amendment essentially adopts the House language.

SEC. 7. Notice of Copyright [Section 8 of the House bill].

Visually perceptible copies; phonorecords of sound recordings. The House and Senate bills are similar in terms of eliminating mandatory notice of copyright as a condition for maintaining copyright for works published after the effective date of the Act. To encourage use of notice, both bills create incentives to use notice, specifying that in the case of defendants who have access to copies bearing proper notice, courts shall not give any weight to a claim of innocent infringement in mitigation of damages.

The compromise adopts provisions of secondary importance from both bills in provisions affecting (1) visually perceptible copies; and (2) phonorecords of sound recordings. The Senate amendment reflects this compromise.

Publications incorporating United States Government works. The Senate amendment incorporates the provisions of the Senate bill relating to notice and publications incorporating United States Government works, providing that the section 403 notice is subject to the same voluntary incen-

tives that apply to all other published works. It is expected that the Copyright Office will provide guidance as to the content and position of the statement contemplated by this section.

Omission of notice. The House and Senate bills are essentially the same. The current mandatory notice requirement is eliminated and replaced with an incentive for voluntary notice. The Senate bill specifies that this section does not apply to works publicly distributed without notice by authority of the copyright owner before the effective date of the Act. The Senate amendment adopts a provision from the House bill, to clarify that the presence of voluntary notice affects only the ability of the defendant to seek mitigation of damages and not the ability of a library, archives, or public broadcasting defendant to seek remission of damages under a reasonable belief that "fair use" is present.

Sec. 8. Deposit of Copies or Phonorecords for Library of Congress [Section 9 of the House bill].

The House and Senate bills are virtually identical and the Senate amendment reflects this agreement.

Sec. 9. Copyright Registration [Section 10 of the House bill].

The House and Senate bills differ on this important issue. The House bill maintains current law regarding copyright registration as a prerequisite to lawsuit. The Senate bill eliminates registration as a prerequisite to a lawsuit. The House found this registration requirement compatible with Berne under the minimalist approach taken in this legislation. The Senate Committee on the Judiciary, while recognizing that its conclusion is not free from doubt, decided on the record before it that existing section 411(a) of title 17, United States Code, is a prohibited formality under Berne and therefore eliminated the requirement.

Both the House and Senate approaches recognize that any possible incompatibility is limited to a certain class of works: those whose country of origin is a Berne member country other than the United States. The House and Senate agreed on a compromise that would exempt such "foreign origin" works from the requirement of section 411(a).

The compromise involves a new definition of "country of origin" in section 101 of title 17, United States Code, to exempt the relevant foreign works; and a conforming amendment to section 411(a) of title 17, United States Code, to exempt the relevant foreign origin works from the ongoing registration requirement.

The House would have preferred to make no change in section 411, for the reasons given in the House Report (H. Rep. No. 100-609 at 40-42). The Senate bill eliminated the requirement of registration as a prerequisite to suit for all works, domestic and foreign. Such total elimination of the registration requirement for all works is clearly not necessary to make American law compatible with Berne, as the Senate Judiciary Committee recognized in its

report (S. Rep. No. 100-352 at 13). Since the Senate amendment changes 411 only to the extent necessary to make it compatible with Berne even under the strictest interpretation, a compromise between the House and Senate bills was possible.

The amendment to section 411 constitutes an exception to the general principle of our law that registration should be attempted and granted or denied by the Copyright Office before suit for copyright infringement can be maintained. It is the plaintiff's responsibility to plead and prove that his or her case comes within the exception for works originating in a foreign country adhering to Berne. Unless a work is shown to be a work whose country of origin is not the United States, and therefore exempted from the requirements of section 411(a), then the work's country of origin is the United States and section 411(a) must be satisfied. As the factors establishing the non-United States origin of the work (whether situs of publication or nationality of the author or authors) are likely to be peculiarly within the knowledge of the copyright claimant, and since the exemption for works of non-United States origin is an exception to the general rule imposing a registration prerequisite, it is the obligation of the claimant in a work not submitted for registration to demonstrate the applicability of the exception.

Both the House and Senate bills leave unaffected the provisions of existing law granting prima facie evidentiary statutory damages and attorneys' fees upon timely registration of claims to copyright in order to assure a strong, accurate, and effective public record and deposit of works for the [H 10097] benefit of the Library of Congress. Furthermore, these provisions are designed to relieve the evidentiary burden placed on Federal judges who must adjudicate copyright controversies.

The two-tier solution is a reasonable compromise for American authors and their attorneys because of their familiarity with the American justice system and Copyright Office procedures. There is no real discrimination against American authors because foreign authors must also register in order to obtain the important benefits of the presumption of validity and statutory damages. In essence, all authors are treated equally.

The courthouse door is not barred to American authors because they maintain the right to litigate even upon a denial of registration.

In conclusion, the compromise should not be considered as the first step towards elimination of registration for all authors. To the contrary, it reaffirms the importance of registration—to the public, the Library of Congress, the judiciary, and the copyright community—and its ongoing validity.

SEC. 10. Copyright Infringement and Remedies.

In order to promote voluntary registration, the Senate bill doubles statutory penalties (which were last set in the Copyright Reform Act of 1976). The House bill has no comparable provision.

The Senate amendment adopts the provisions of the Senate bill. This

compromise on statutory damages is related to the compromise, discussed above, on creation of a two-tier solution to the registration issue. Standing alone, there is nothing in the Berne Convention that would have mandated any changes in statutory damages.

The new statutory damages will only apply to registrations made on or after the effective date of the Act.

SEC. 11. Copyright Royalty Tribunal [Section 11 of the House bill].

The provisions in both bills relating to the Copyright Royalty Tribunal are necessitated by changes to the jukebox compulsory license. *See* section 8 of the House bill and section 4(2) of the Senate bill. Both bills set forth procedures to be followed by the Tribunal if negotiations for the new voluntary license fail.

In this regard, there are three differences between the bills.

Deference given to previous rates. In determining whether a rate is fair, under the House approach the Tribunal must give "substantial deference" to previous rates. Under the Senate bill, the Tribunal must give "appropriate weight". The Senate amendment opts for the approach of the Senate bill.

The authority of the Tribunal to establish interim royalty rates. The House bill is silent on whether the CRT can set an interim rate while it engages in a new ratemaking process. The Senate bill specifies that the CRT can establish an interim rate. The Senate amendment sets forth a compromise on this difference, specifying that the CRT can set an interim royalty rate which continues in effect the current rate.

The authority of the Tribunal to establish retroactive royalty rates. The House bill does not confer authority on the CRT to establish retroactive rates. The Senate bill confers such authority. The Senate amendment does not authorize the CRT to engage in retroactive decision-making.

SEC. 12. Works in the Public Domain [Section 12 of the House Bill].

The House and Senate bills are indentical. [sic] As noted in the House Report (H. Rep. No. 100-609 at 51-52), the public domain is neither expanded nor reduced by the Act.

SEC. 13. Effective Date; Effective [sic] on Pending Cases [Section 13 of the House Bill].

The bills are essentially the same with one difference. The House bill provides that the Act takes effect on the day after the date on which the Berne Convention enters into force with respect to the United States. The Senate bill provides that the Act takes effect on the same day that the Convention enters into force. The Senate amendment makes a drafting change to specify that the Act will take effect on the "date on which" the Berne Convention enters into force with respect to the United States.

The amendment clarifies that the changes made to American law by the Act take effect simultaneously with the official action that requires the United States to meet its Berne obligations. The executive branch is urged to seri-

ously consider specifying in the instrument of accession with the Director General of the W.I.P.O. not only a date certain but also a precise hour for the coming into force of the Convention for the United States in accordance with Articles 29(2)(b) of the Convention. Pursuant to Article 29, the date of entry into force of a new member country is three months after the Director General of the W.I.P.O. notifies other member countries of its accession, unless some later date is indicated. This procedure would avoid any gap between the time that American law is amended and the time that Berne enters into force for the United States. Establishing a date certain in advance would provide certainty in the law. Moreover, clarity and predictability among authors and users, both domestic and foreign, would commend such an approach.

In determining whether to amend and how to amend American copyright law, the goal of the Berne Convention Implementation Act of 1988 is to place American law in compliance with the provisions of the Berne Convention. As noted in the House Report (H. Rep. No. 100-609 at 20), "the approach used in all sections of the bill, including the findings and declarations, is the same; to modify American law minimally to place it in compliance with the provisions of the Berne Convention while respecting the constitutional provisions that apply to all such legislative endeavors." The House bill remained true to this "minimalist" approach. The Senate bill basically agreed with this approach, but proceeded upon a more expansive theory of Berne requirements in the areas of registration and recordation.

By reconciling differences between the House bill and the Senate bill, and therefore in drafting the compromise embodied in the Senate amendment, the strict minimalism in the House bill was admittedly weakened. Specifically, the compromise provisions on registration and recordation go further than that required by the minimalist approach. They were politically necessary to ensure passage of a bill by both Houses of Congress, but were not necessitated by the Berne Convention.

These compromise provisions therefore should not and cannot be considered as a congressional finding that they are minimally mandated by the provisions of the Berne Convention. The view of the House of Representatives continues to be that expressed in the House legislative history. The Convention does not require changes to current law regarding registration and recordation. Nothing in the compromise signifies that any future amendments in these areas to return them in the direction of current law—although not expected at this time—would be deemed as Berne incompatible.

ROBERT W. KASTENMEIER.

CARLOS MOORHEAD.

Mr. MOORHEAD. Mr. Speaker, I thank the gentleman from Wisconsin for his explanation. My name appears on the explanatory statement, and I note that it accurately describes the House-Senate compromise.

I have a second question for the gentleman from Wisconsin. Last November when we held our consultations at the World Intellectual Property Organization, we learned that the United States was in arrears in its annual contributions as a member state of intellectual property treaties. Our arrearages raise significant questions about us joining another international organization and then not paying our dues. You and I—with Mr. BERMAN, Mr. FISH, and Mr. HYDE—wrote to the State Department inquiring about the situation. Has the problem been solved?

Mr. KASTENMEIER. In response to the gentleman's question, the problem has only been partially solved. I have written several letters to the State Department, following our earlier letter. Some of our arrearages have been paid, and others have not.

As regards the U.S. contributions for the Berne membership, the State Department has requested adequate funds for fiscal years 1988 and 1989. I expect—and sincerely hope—that when we join the Berne Union that we will pay our dues.

This treaty is very important to the creative interests in the United States, and to the balance of trade. We should join Berne with our heads held high and assume a position of leadership, rather than coming in through the back door.

Mr. MOORHEAD. I agree whole-heartedly with the gentleman's response. As the ranking minority member of the subcommittee, I can assure him that we will continue to work together not only to pay all of our arrearages but also to ensure that we pay our Berne membership contributions in whole and on time.

Mr. Speaker, I yield such time as he may consume to the gentleman from New York [Mr. FISH].

(Mr. FISH asked and was given permission to revise and extend his remarks.)

Mr. FISH. Mr. Speaker, I rise in support of H.R. 4262, the Berne Convention Implementation Act of 1988, which is truly landmark legislation. I would like to commend the chairman of the Subcommittee on Courts, Civil Liberties and the Administration of Justice, the gentleman from Wisconsin, BOB KASTENMEIER, and the ranking minority member, the gentleman from California, CARLOS MOORHEAD, for their leadership on this important issue.

It was 102 years ago on September 9, 1886, that 10 nations formed the Berne Convention. Today 76 countries are members of the Berne Convention. However, the United States is not a member. This is despite the fact that [H 10098] almost all of the countries that are the major consumers of our copyrighted works are members of Berne.

While the debate over whether or not the United States should join Berne has ebbed and flowed over the last century, two important points stand out. First, Berne provides the highest level of copyright protection to its

member nations. Second, the United States is the largest exporter of copyrighted works in the world and as such would substantially benefit by becoming a member of Berne. With the enactment of H.R. 4262 the United States will end over 100 years of debate and finally become a member of Berne, thus taking its rightful place in the international copyright community.

Once the United States adheres to Berne we will receive its higher levels of protection in 24 countries where currently we receive varying degrees of protection or no protection at all for our copyrighted works. This is because these 24 countries are members of Berne, but not the UCC to which the United States is a signatory. Clearly, the individuals and businesses in the United States that rely on copyrighted [sic] protection for their creative works will reap substantial benefits as a result of having a new and stronger relationships [sic] with these 24 additional countries.

In his testimony before the Courts Subcommittee, the late Secretary of Commerce, Malcolm Baldrige testified that the copyright industries have made significant contributions to the U.S. economy and our balance of trade. For example, in a 1984 study, the Copyright Office estimated that in 1982 the copyright and information-related industries contributed over $153 billion to the U.S. economy and employed 2.2 percent of the civilian labor force. Also, in 1984 the International Trade Commission estimated that in 1982 the copyright industries earned a trade surplus of over $1.2 billion. As compelling as these numbers are, they would be even better if piracy of copyrighted materials was not such a major problem.

In a recent report prepared by the International Trade Commision entitled "Foreign Protection of Intellectual Property Rights and the Effect on U.S. Industry and Trade." [sic] It was pointed out that: "Piracy, particularly of audio and video tapes and computer software, is probably the most easily accomplished large-scale violation of an intellectual property. This vulnerability, and its high profit potential, combine to make such piracy the most widespread violation in the world." In 1985, the international intellectual property alliance estimated that in 1984 the copyright industries lost $1.3 billion to piracy in only 10 selected countries.

One of the major impediments to obtaining stronger copyright protection for U.S. copyrighted works overseas is the fact that we are not a member of the Berne Convention. Ambassador Clayton Yeutter, United States Trade Representative, highlighted this point his testimony before the Courts Subcommittee. "Too often we have found that our non-adherence to Berne is the basis for resistance to making changes in their inadequate laws. * * * Achieving meaningful results in negotiations requires leverage. In this area, the leverage comes from setting the right example for the rest of the world, and that requires adherence to the Berne Convention."

This legislation along with what we have completed in the trade bill on

process patents is going to be very helpful in our dealings with our trading partners. I urge my colleagues' support for the bill.

Mr. KASTENMEIER. Mr. Speaker, I yield myself 30 seconds.

I wanted to state that the President did list that U.S. adherence to the Berne Convention is one of his priorities. I well remember the subcommittee's hearing when the administration presented its position in support of the legislation. It was Secretary of Commerce Malcolm Baldrige who appeared, and it was his last Hill appearance before he met his untimely death in a freakish rodeo accident.

In part, this bill should be considered as a tribute to the memory of Secretary Baldrige, and I should underline the unceasing, unwavering efforts of another Cabinet official, United States Trade Representative Clayton Yeutter, for this measure.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. MOORHEAD. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Wisconsin [Mr. KASTENMEIER] that the House suspend the rules and concur in the Senate amendment to the bill, H.R. 4262.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the Senate amendment was concurred in.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. KASTENMEIER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the Senate amendment to the bill, H.R. 4262, just concurred in.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

2. COLORS IN CONFLICTS: MORAL RIGHTS AND THE FOREIGN EXPLOITATION OF COLORIZED U.S. MOTION PICTURES

By JANE C. GINSBURG*

This article explores an international aspect of the current debate over colorized motion pictures. Under the present U.S. copyright law, most film directors and other creative contributors to an audiovisual work are unlikely to obtain injunctive relief from a U.S. court against the exhibition or dissemination of color-encoded versions of black and white originals. The difficulty is not simply that the U.S. copyright law does not recognize a specific moral right of integrity independent of economic rights.[1] The director's poor domestic prospects are largely due to U.S. copyright law's work-made-for-hire doctrine. Most contributors to an audiovisual work are employees for hire under the Act; the "author" and initial copyright holder in such circumstances is the producer.[2] As a result, the director has no domestic copyright interest to enforce against the producer or its grantee. Moreover, to the extent that state common law or legislation might afford rights in audiovisual

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I wish to thank Professors Robert A. Gorman and Henry P. Monaghan for most helpful comments and suggestions.

[1] Integrity interests may receive some protection through the right under copyright to make or authorize derivative works, 17 U.S.C. § 106(2) (1978). *See e.g., Gilliam v. ABC*, 538 F.2d 14 (2d Cir. 1976); Note, *An Author's Artistic Reputation Under the Copyright Act of 1976*, 92 Harv. L. Rev. 1490, 1501-06 (1979). Directors and other creators of audiovisual works (hereafter referred to collectively as directors), however, generally are not copyright owners. *See infra*, text at note 2.

While directors are unlikely to prevent color-encoding altogether, they may be able to obtain an order pursuant to section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), requiring that the film be labelled to disclose the color alteration. On the rights of U.S. directors to protect the integrity of their work against colorization, see generally Ginsburg, *The Right of Integrity in United States Audiovisual Works* in MELANGES JOSEPH VOYAME (1988); Note, *The Colorization of Black and White Films: An Example of the Lack of Substantive Protection for Art in the United States*, 63 Notre Dame L. Rev. 309 (1988); Note, *Moral Right Protections in the Colorization of Black and White Motion Pictures: A Black and White Issue*, 16 Hofstra L. Rev. 503 (1988); Note, *Black and White and Brilliant: Protecting Black-and-White Films from Color-Recoding*, 9 Comm/Ent 523 (1987); Note, *A Film of a Different Color: Copyright and the Colorization of Black and White Films*, 5 Cardozo Arts & Entertainment L. Rev. 497 (1986).

[2] 17 U.S.C. § 101 (1978).

works equivalent to the continental moral right of integrity, these prerogatives, if not preempted, are probably waivable.[3] Indeed, contracts in the film industry often include a generalized surrender of moral rights.

In many foreign countries (particularly on the European continent), by contrast, authors of audiovisual works enjoy a personal moral right to prevent material alterations to their creations. Although this right is part of the author's bundle of copyright rights in the work, it is clearly separate from rights of economic exploitation; it is available to film directors and other creators despite their status as employees; and it remains available even when the domestic copyright law provides for automatic or presumptive transfer of economic rights to the producer.[4] Moreover, in some countries, the right to preserve the integrity of the author's work is inalienable. As a result, in many foreign nations, a local director could prevent his producer from locally creating or exploiting a colorized version of the director's black and white film.[5]

When one combines the disparate recognition of directors' rights on either side of the Atlantic with the world-wide market for U.S. motion pictures, the following question arises: May a U.S. director invoke in a foreign forum that nation's moral rights guarantees against the holder, for that territory, of broadcast or distribution rights in the colorized motion picture?[6] This is a problem of international conflicts of law. In the first instance, it

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[3] See the remarks of Representative Kastenmeier accompanying his bill to modify the U.S. copyright law to facilitate U.S. adherence to the Berne Convention; the bill would have recognized the moral right of integrity, but would also have made the right alienable, 33 BNA Patent, Trademark & Copyright Journal 555, 558 (March 26, 1987) (asserting that, according to traditional property rules, all intellectual rights must be alienable).

[4] *See, e.g.*, France, Law of March 11, 1957, arts. 6, 14, 16, 63-1; Italy, Law of April 22, 1941, arts. 20, 22, 44, 45; Spain, Law of November 11, 1987, arts. 14.4, 88, 93.

[5] *See* Dreier & von Lewinski, *Colorization and Related Technologies: The Legal Situation Under the International Conventions and Under German and French Law* (paper prepared by Max Planck Institute for Foreign and International Patent, Copyright, and Competition Law for Copyright Office Hearings on New Technology and Audiovisual Works, Sept. 8, 1988).

Cf. Fabiani, *The Inclusion of Advertising Spots During the Broadcasting of Cinematographic Works on Television in Relation to the Protection of Authors' Moral Rights*, in ASSOCIATION LITTERAIRE ET ARTISTIQUE INTERNATIONALE, PROBLEMES ACTUELS DE DROIT D'AUTEUR DANS LE DOMAINE DE LA RADIODIFFUSION 105 (1987) (discussing Italian court decisions finding violations of directors' moral rights through insertion of commercials in television broadcasts of plaintiff's films).

[6] This article assumes that the defendant will be the foreign licensee, and not the original U.S. producer. As to the producer, its contract with the director may well have specified a choice of forum (in the U.S.). The question whether a foreign court would enforce such a clause should the director seek relief against his producer abroad is beyond the scope of this article.

calls for analysis of the pertinent international copyright treaties. Such an analysis, however, reveals that the international copyright treaties do not answer the question clearly or completely. This article, therefore, also reviews the application of general international conflicts of laws principles to the U.S. director's moral rights claim. Finally, the article considers the U.S. director's moral rights in light of some recent judicial developments in France.

FRAMING THE PROBLEM

The success of the U.S. director's moral rights claim abroad will depend on several elements. First, the foreign court must determine that a foreign claimant may invoke the forum's moral rights regime despite the absence of moral rights in the United States. Second, the court must then rule that the claimant is entitled to authorship status in the forum even if she is a non-author under the law of the country of origin. Determination of authorship status is critical to recognition of standing to assert moral rights, because these rights are personal to "authors." Third, an outcome favorable to the director may be contingent upon the foreign court's ruling that the director's at home surrender (implicit or explicit), of moral rights does not bind her in the foreign forum should she subsequently seek to protect the work's integrity abroad. To what extent do the leading international copyright treaties, the Berne and Universal Copyright Conventions, respond to each of these issues, either by themselves supplying a supranational substantive rule, or by designating the applicable national law?[7]

Both the Berne Convention and the Universal Copyright Convention are essentially choice-of-law treaties. Rather than imposing a complete system of supranational substantive rules, these conventions primarily designate which law or laws apply to a work protected under the treaty.[8] As a general rule,

[7] The United States is now a member of both the Universal Copyright Convention and the Berne Convention. This article therefore examines U.S. directors' moral rights abroad in light of both treaties.

A forum with whom the U.S. has copyright relations, but which is not party to either Berne or the UCC would apply its own conflicts rules.

[8] The criteria for a work's inclusion in the treaties' ambit are essentially the same in both the Berne and Universal Conventions. A work will qualify for protection under the treaties if its country of origin is a signatory. The notion of country of origin is generous: the Conventions set forth many points of contact, so as to increase the possibility of a work's inclusion. In general, country of origin is determined according to the author's citizenship or residence, or according to the country of first publication. A work will come within the treaties if, whether published or unpublished, its author is a national or resident of a member country. It will also be protected if it is first published in a member country. Under both conventions, moreover, "first" publication encompasses publication in a member country within thirty days of actual initial publication, if that act occurs in a nonsignatory country. Finally, a cinematographic work may also be protected under the Berne Convention if its producer's "ha-

the treaties adopt the principle of national treatment: they provide that member countries shall afford other member countries' authors and their successors in title the same protection as they grant their nationals. That is, the "extent of protection as well as the means of redress" are determined by the law of the country where protection is claimed, generally, the law of the forum.[9] Thus, of the three issues posed above, the treaties appear to offer a straightforward response to the first matter raised, namely, the ability of a claimant from a country that does not recognize moral rights to assert moral rights in a forum that does. The principle of national treatment is most sensibly read as a direction to employ the *domestic* law of the forum.[10] Under that principle, copyright protection for foreign works in a member country exists independently of its existence in the country of origin.[11] Accordingly, the latter's failure to recognize certain forms of protection, or indeed its denial of any copyright protection to certain classes of works, does not, of itself, disable a claimant from availing herself of the more generous protection of another member country's law.[12]

The principle of national treatment, however, is not all-encompassing. The treaties do not explicitly designate the forum's domestic law to resolve *every* question raised in the course of an infringement action. In some instances, the duration of copyright may be governed by the law of the forum; in others, by that of the country of origin.[13] Most importantly for purposes of this comment, the treaties afford insufficient guidance as to the law applica-

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bitual residence" is in a member country. *See* Berne, arts. 3, 5; UCC, arts. II, IV.

9 *See* Berne, art. 5, and UCC, art. II for statements of the principle of national treatment.

In some instances, plaintiff may choose a forum not because the alleged infringement occurred in that territory, but because defendant has assets there against which judgment may be levied. *See generally* H. DESBOIS, A. FRANÇON & A. KEREVER, LES CONVENTIONS INTERNATIONALES DU DROIT D'AUTEUR ET DES DROITS VOISINS 153 (1976) (indicating that in such an instance the forum should apply the law of the place of the alleged infringement). For purposes of this article, however, it will be assumed that the forum coincides with the place of alleged infringement.

10 While one might view the national treatment rule as requiring application of the forum's *whole* law, including its choice of law rules, this view seems out of harmony with the spirit of the treaties: foreign works might not receive the same substantive treatment as local works if the forum applied not its substantive law, but its conflicts law, to a foreign author's infringement claim.

11 Berne, art. 5.2.

12 *See, e.g., Hasbro-Bradley Inc. v. Sparkle Toy Inc.*, 780 F.2d 189 (2d Cir. 1985) (denial of copyright protection to toys under law of country of origin—Japan, does not bar application of favorable U.S. copyright law; court interprets UCC art. II as requiring only that work originate in a member country and be protectable under *forum* country's copyright law).

13 *See* Berne, art. 7.8; UCC, art. IV.4.

ble to contracts of transfer of rights under copyright,[14] and particularly, to designation of authorship status.[15] In short, they do not comprehensively mandate use of the domestic law of the forum.

Where the treaty effects no explicit choice of law (nor prescribes a substantive rule), one must inquire whether the principle of national treatment (domestic law of the forum) serves as a residual choice of law designation, assigning to the forum's domestic law all areas for which the treaties fail to specify an applicable law other than the forum's. This is a question of interpretation of the treaties, which each forum will make for itself. If the forum concludes that the treaties do not require such a domestic role, the forum will apply its own conflicts rules. But application of these rules may result in the application of the forum's domestic law.

AUTHORSHIP

The Berne and Universal Copyright Conventions' treatment of authorship identification is, at best, ambiguous. Neither Convention defines the term, and the Universal Convention appears to offer no help at all. The terminology of the Berne Convention requires some parsing to determine whether that treaty offers at least some clues to the international resolution of authorship status. In the context of cinematographic works, the Berne Convention refers to three different figures: authors, "makers," and copyright owners. A "maker" is defined as "the person or body corporate whose name appears on a cinematographic work in the usual manner."[16] This proviso is the only instance in which the Convention explicitly refers to corporate entities as creative actors; with respect to literary and artistic works generally, the treaty appears to contemplate natural persons.[17]

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[14] Several scholars have discussed the Conventions' failure to resolve questions of contract validity and transfer. *See, e.g.*, Nimmer, *Who is the Copyright Owner When the Laws Conflict?*, 5 IIC 62, 63 (1974) ("neither Convention tells us who may qualify as the author's successor in title, or as the copyright proprietor in place of the author"); Françon, *Les droits sur les films en droit international privé*, in TRAVAUX DU COMITE FRANÇAIS DE DROIT INTERNATIONAL PRIVE 1971-73 39, 53 (contracts concerning the exploitation of films, *i.e.*, the relationship between producers, distributors, and theaters, are not at all governed by the international copyright conventions). *See also* E. ULMER, INTELLECTUAL PROPERTY RIGHTS AND THE CONFLICT OF LAWS (1978) (study prepared for the EEC including a proposed international treaty supplying conflicts rules regarding initial title to and transfers of ownership of rights under copyright).

[15] *Cf.* Ginsburg, *Les conflits de lois relatifs au titulaire initial du droit d'auteur*, 5 Revue du droit de la propriété industrielle 26, 27-29 (1986) (treaties inadequately address designation of initial titleholder of copyright).

[16] Berne, art. 15.2. The French text of the treaty uses the term "producteur." "Producer" might have been a happier locution in the English text.

[17] *Id.*, art. 15.1 ("In order that the author of a literary or artistic work protected by

Does this mean that all Berne signatories are to deem corporate entities "authors" of cinematographic works? Not necessarily. The inclusion of "makers" was to accommodate member countries (particularly the U.K.) which vest initial ownership in corporate film producers.[18] But nothing in the Berne treaty suggests that beyond those countries' borders, film producers were to be so favored. The drafters of the Convention's provisions on cinematographic works do not appear to have intended a supranational definition of authorship. A different provision of the Berne Convention states: "Ownership of copyright in a cinematographic work shall be a matter for legislation in the country where protection is claimed."[19] Just as the Convention does not require that other member countries accept the country of origin's ownership designation, it seems that other members need not adhere to the country of origin's identification of authorship. Indeed, the drafters of the cinematographic works provisions believed that it was so clear that each member nation was free to deem "makers" authors or not, a specific statement to that effect was "unnecessary."[20]

If Berne members are free to deem "makers" "authors" or not, it would follow that they are free to deem actual creators "authors" or not. Nonetheless, one may argue that the treaty implicitly views the creative contributors of a cinematographic work as "authors." Article 14*bis*, which sets forth spe-

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this Convention shall, in the absence of proof to the contrary, be regarded as such, . . . it shall be sufficient for his name to appear on the work in the usual manner. This paragraph shall be applicable even if this name is a pseudonym, where the pseudonym adopted by the author leaves no doubt as to his identity.").

See S. RICKETSON, THE BERNE CONVENTION 159 (1987) ("a reading of [the Berne Convention's] provisions indicates that it is to be understood that 'author' refers to natural persons").

18 In his recent and exhaustive treatise on the Berne Convention, Professor Ricketson states that the reference to the "maker" of a cinematographic work "makes specific allowance for those systems where the author (or 'maker') may be a corporate person." *See* S. RICKETSON, *supra* note 17, at 159.

19 Berne, art. 14*bis*.2(a). This same disposition, however, sets forth certain presumptions of transfer of economic rights from authors to producer.

20 *See* BUREAU INTERNATIONAL POUR LA PROTECTION DE LA PROPRIETE INTELLECTUELLE [hereafter BIRPI], INTELLECTUAL PROPERTY CONFERENCE OF STOCKHOLM, 1967, PROPOSALS FOR REVISION THE SUBSTANTIVE COPYRIGHT PROVISIONS 58 (1966).

The authors of another leading analysis of the Berne Convention lament the treaty's failure to resolve authorship status in cinematographic works. Professors Desbois and Françon and Judge Kéréver contend that the treaty reflects an awkward attempt to compromise between countries vesting film producers with initial copyright and those reposing rights initially in actual authors. They charge that where the Berne Convention should have supplied a substantive supranational rule, or at least a single conflicts rule, it has introduced confusion. *See* DESBOIS, FRANÇON, KÉRÉVER, *supra* note 9, at 216-21.

cial supranational contact rules (as well as choice of law rules) governing cinematographic works, refers to the creative contributors, including directors, screenwriters, and composers of the soundtrack, as "authors." One can grant that the "maker" is a relevant concept with respect to the attribution of rights of economic exploitation, and yet maintain that the creative contributors toward the cinematographic work enjoy authorship status for purposes of claiming moral rights.[21] The treaty's "legislative history" lends some credence to this reading. The drafters of the Berne Convention's dispositions on cinematographic works considered, but declined to add, a provision addressing "conflicts of interest which might arise between authors and makers regarding the exercise of the right provided for in article 6*bis* [*e.g.*, moral rights] of the Convention."[22] The drafter's inability to agree on a solution permits the argument that the treaty assumes that authors, that is, actual creators, must have moral rights, otherwise there could be no conflict with the producer's interests.

The Berne Convention thus spawns several conceivable but inconsistent interpretations: 1. Initial copyright owners, be they corporate entity "makers" or actual creators, are the "authors" of cinematographic works; however, the law of the country where protection is sought determines who is an initial owner, and thereby who enjoys authorship status. The "author," therefore, may be a different person or entity, depending on where a claim is pursued. The U.S. film director's status would be correspondingly variable; 2. Actual creators are the "authors" of cinematographic works; they enjoy that status no matter who is the initial copyright owner. This is a supranational, substantive directive. The U.S. film director would accordingly be an "author" in all Berne countries; 3. As in #2, "authors" of cinematographic works and initial copyright owners are separate concepts, but unlike #2, the Berne Convention defines neither term (not even implicitly). With regard to choice of law, the treaty provides a conflicts rule for initial ownership of cine-

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21 Berne, art. 14*bis* (2)(b) & (3). This raises the question whether any and all contributors to the cinematographic work are entitled to object to colorization, or other material alterations to the film. Under art. 14*bis*, all contributors are "authors," but some authors are more fortunate than others, at least with respect to economic rights. The text establishes a presumption of transfer of exploitation rights from the cinematographic work's author-contributors to its "maker" (art. 14*bis* (2)(b)), but exempts from this presumption "authors of scenarios, dialogues and musical works created for the making of the cinematographic work, or the principal director" (art. 14*bis* (3)). These authors may perhaps be best situated to claim authorship status under the Berne Convention. The enhanced economic position of the named contributors, however, does not necessarily preclude or prejudice the moral interests of nonlisted contributors (notably, cinematographers).

22 BIRPI, *supra* note 20, at 64-66.

matographic works, but fails to designate which law governs determination of authorship status.

If one adopts the third interpretation (or if the governing treaty is the Universal Copyright Convention[23]), the question becomes whether the domestic law of the forum applies by virtue of the treaties' general principle of national treatment; or, does the forum apply its own choice of law rule either because the treaty so intends, or because the treaty has nothing to say and the issue is therefore governed by normal choice of law provisions? As we have seen, application of the forum's domestic law to the determination of authorship will prove favorable to U.S. directors seeking relief in countries (including most of continental Europe) in which the actual creator of an audiovisual work is considered an "author," regardless of his employment situation.

If, however, one assigns the determination of authorship status to local choice of law rules, the outcomes may vary. Under the conflicts of laws approach employed by most continental European countries, the forum would first characterize the claim of authorship (for example, as a question of personal status or as arising out of the employment agreement), and then would apply the choice of law rule associated with that characterization (for example, for personal status, the law of plaintiff's nationality or domicile). In this instance, many of the likely characterizations and accompanying choice of law rules would lead to application of U.S. law, and thus to the probable defeat of the director's claim.[24] However, if the forum characterizes authorship status as a matter of individual rights, and hence, when the claimant is foreign, as falling under the rubric "treatment of foreigners," the forum might forego further choice of law inquiry, and simply assimilate foreign authors to nationals.[25] The U.S. director's claim to be an "author" would then

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[23] When the country of protection and the country of origin are members of both the Berne Convention and the Universal Copyright Convention, the Berne Convention applies. *See* UCC art. XVII and appendix declaration para. (c).

[24] Even the more flexible points of contact approach might well here lead to the designation of U.S. law.

[25] *See, e.g., Huston v. La Cinq*, Paris Court of Appeals, June 27, 1988 (discussed *infra*), where the court applied the general French principle that, absent a specific law to the contrary, foreigners in France enjoy the same rights as nationals. Several scholars of private international law, however, would contend that courts directly applying French law under this principle have misapprehended its meaning, and have confused the notion of "enjoyment of rights" with conflict of laws. According to these writers, the "enjoyment of rights" principle simply means that a foreigner is entitled to invoke the same categories of rights as French nationals; the *content* of the rights will be determined according to choice of law rules. For example, French law authorizes dissolution of marriage by divorce. A foreign couple may be able to obtain a divorce in France, but it does not follow that the French court will always apply French law. *See* Civil Code art. 310 (choice of law rules governing divorces). *See generally* H. BATIFFOL & P. LAGARDE, 1 DROIT INTERNATIONAL PRIVE 168-69 (7th ed.

meet a warmer reception.

WAIVER OF MORAL RIGHTS

If the U.S. director fails in his claim of authorship, his suit to prevent colorization (or, more often, to prevent exhibition of a colorized film) abroad will go no further. If the director is deemed an author, we have already established that he will also be entitled to invoke the forum's moral rights regime. In this event will a foreign forum recognize as a dispositive defense a U.S. director's contract with the producer that includes a waiver of any moral rights, in the U.S. or abroad?

As a first level of analysis, one again turns to the treaties. Does either convention set forth rules regarding the validity of a waiver of moral rights, or for that matter, regarding the validity of contracts of transfer generally? Because the Universal Convention includes no general guarantee of moral rights,[26] it is not surprising that it also fails to address this specific issue. By contrast, the Berne Convention states: "Independently of the author's economic rights, and even after the transfer of the said rights, the author shall have the right 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."[27] Under Berne, it is clear that a grant of economic rights does not, of itself, entail a surrender of moral rights.

It is, however, far less clear that the treaty envisages the case of an explicit grant, or waiver, of moral rights. Unlike certain national laws, the Berne Convention does not state that moral rights are "inalienable."[28] Comparing the Berne text with more strongly worded national provisions, a leading commentator concludes that "there is nothing . . . which prohibits national laws from allowing authors to assign their moral rights either temporarily or permanently."[29] But the treaty's possible tolerance of grants or waivers of moral rights does not entail a *requirement* that the domestic laws

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1981); P. LOUSSOUARN & P. BOUREL, DROIT INTERNATIONAL PRIVE 753-54 (2d ed. 1980).

26 *But see* Dietz, *Les éléments d'une protection du droit moral dans la Convention universelle sur le droit d'auteur*, XXI UNESCO Bulletin du droit d'auteur 88 (1987) (pointing out the presence of moral rights guarantees with respect to the translation right, and suggesting that, in the future, protection of moral rights will be necessary for compliance with the treaty's general requirement of "adequate and effective" protection of authors' rights).

27 Berne, art. 6*bis*.1.

28 Compare France, Law of March 11, 1957, art. 6.

29 S. RICKETSON, *supra* note 17, at 465. *See also* C. MASOUYE, GUIDE DE LA CONVENTION DE BERNE 46-47 (1978) (local courts enjoy under the Berne Convention "some freedom of action" in evaluating the legitimacy of a waiver of moral rights).

The drafters of the provisions on cinematographic works realized that "the question arises of the extent to which the authors are entitled to renounce their

of member countries permit such grants or waivers; signatories have the option of rejecting them under their own domestic law. More significantly, the treaty does not indicate whether one member country is bound to honor a waiver of moral rights effected pursuant to the law of another party to the convention.

In the absence of an authoritative supranational substantive rule regarding contractual surrender of moral rights, one again inquires whether the treaties provide a pertinent choice of law rule. Do the treaties specify that this issue is for the domestic law of the forum, or do they either compel or permit[30] the forum to invoke its choice of law rules? In assessing the role of the treaties in resolving this question, the response again depends in part on the issue of characterization. Would the forum consider transferability a question of the scope or content of the author's moral rights, or would it classify the issue as pertaining to contract rights? If the forum ranks the issue as going to the content or scope of protection of a copyright right, the treaties would be called into play. The treaties clearly supply a choice of law designation for the content of rights under copyright: the domestic law of the forum.[31] That law is likely to prove favorable to the U.S. director's moral rights claim. A country that brackets questions of alienation of moral rights together with their content may well be highly protective of moral interests.

One commentator's analysis of the German and Austrian copyright laws is particularly pertinent here. The commentator highlights the prohibition in the law of both countries of transfers of moral rights, and then concludes: "These rules of untransferability of authors' rights must not in fact be linked to the contract status, but to the material rights, that is to say to the legislation of the country of protection [usually, the forum]. As for the author's moral right, the question of its transferability is so closely related to that of its content that only the application of the legislation of the country of protection may seem suitable."[32]

Suppose, however, that the forum would analyze waiver of moral rights as an issue pertaining to contract law. One would then inquire whether the

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moral rights," but failed to deal further with the problem. *See* BIRPI, *supra* note 20, at 64-66.

30 As previously pointed out, text after note 15, "permission" may come directly from the treaty, or the matter may be wholly beyond the treaty, and thus governed by the "ordinary" law of the forum, which would include its choice of law rules.

31 Berne, art. 5.2 provides "the extent of protection, as well as the means of redress afforded to the author to protect his rights, shall be governed exclusively by the law of the country where protection is claimed."

32 Walter, *Contractual Freedom in the Field of Copyright and Conflicts of Laws*, Revue Internationale du Droit d'Auteur [hereafter RIDA], Jan. 1976, 45, 74. *Accord*, E. ULMER, INTELLECTUAL PROPERTY RIGHTS AND THE CONFLICT OF LAWS 39 (1978).

treaties dictate choice of law rules regarding the validity of contractual transfers of copyright interests. The Berne Convention sets forth special rules regarding contracts between creative contributors and producers of cinematographic works. These rules appear to contemplate use of the forum's domestic law to govern both the form and the content of such agreements.[33] The Universal Copyright Convention includes no such designations. Where that treaty applies, the forum would probably look to its own choice of law rules. A leading trend in European conflicts analysis assigns the primary regulating role to the law of the country where protection is sought,[34] or at least to the country of the headquarters of the grantee of foreign exploitation rights.[35] In these instances, if the relevant domestic law prohibits waivers of moral rights, the U.S. director may anticipate a hospitable reception.

One might object that the foregoing analysis assumes that the pertinent instrument is the U.S. producer-foreign distributor contract, rather than the agreement between the U.S. director and the U.S. producer. Perhaps the proper contract to examine is the latter one—that is, the agreement that purports to effect the moral rights waiver. The former agreement simply transfers the benefits of the waiver. And everything about the director-producer contract: the parties, the place of the work's creation and first publication, points to the application of U.S. law.

But, this contention addresses only half the problem. Assuming that the forum determines that the director-producer contract is ruled by U.S. law,

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[33] *See* Berne, art. 14*bis*, whose dispositions include various substantive rules, regarding transfer of economic rights, designed to produce uniformity of result between countries in which the contributor to the cinematographic work either lacks copyright *ab initio* (as in the U.K.), or is presumed to have granted exploitation rights to the producer (as, for example, in France and Spain), and those countries making no provision for automatic transfer between contributor and producer; if the law of the country of origin of the work were normally competent under the treaty, it would not be necessary to harmonize the forum's law with that of the film exporter: a contributor-oriented forum would accept the exporting country's designation of the producer as rightsholder. If the treaty imposes supranational presumptions of transfer to producers, that is because the treaty assumes that the normally competent law would otherwise be the forum's, and application of forum law would, in certain cases, lead to rejection of the foreign producer's ownership claims.

[34] *See* Ulmer, *Rules Proposed in Relation to Intellectual Property Rights, for Inclusion in a Convention on Private International Law in Member States of the European Economic Community*, art. F, in INTELLECTUAL PROPERTY RIGHTS AND THE CONFLICT OF LAWS 99, 100 (1978).

[35] *See, e.g.*, Walter, *supra* note 32, at 58. Professor Dessemontet has sharply criticized application of the law of the foreign transferee; the law of the principal place of business of the transferor would better assure effective international commerce in works of intellectual property. *See* Dessemontet, *Les contrats de licence en droit international privé* in MELANGES GUY FLATTET 435 (1985).

that would not answer the question whether the producer-distributor contract should be so governed. What gives the problem its extraterritorial aspect is the producer's agreement with the foreign distributor. The producer may, as a matter of his own law, possess the rights he claims to transfer but this does not automatically mean that the foreign distributor is entitled to receive in the foreign territory all the rights his cocontractant purports to give him. The forum may well determine that the grant of foreign rights is governed by the law of the country where those rights are to be exploited.

In any event, these designations of the forum's law should probably be understood to apply only in those situations where the contract does not itself contain a choice of law provision.[36] As a general rule of international conflicts of law, the parties to the contract enjoy considerable liberty to select the applicable law.[37] Absent some particularly strong local policy, foreign fora generally apply the law designated in the contract. The question therefore becomes whether the forum would find the U.S. director's waiver of moral rights so offensive to local public policy ("ordre public") that the contractually chosen substantive law would be rejected in favor of application of the forum's law.

One might surmise that the forum's public policy would be less offended by a foreign author's surrender of moral rights,[38] although this may not always be the case. One might suppose a small likelihood that the forum would have proceeded so far in its conflicts analysis as to have held the law of the contract competent, yet applied local law in its place. If moral rights are particularly valued in the forum, the court may already have linked the question of waiver together with that of substantive copyright rights, and thus have applied its own law directly without having to consider whether some other law, normally competent, should be displaced. In any event, the forum's "ordre public" may represent a further element of uncertainty regarding the fate of the U.S. director's claim against his producer's local grantee.

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[36] *See, e.g.*, Treaty No. 80/934/ECC of June 19, 1980 on the Law Applicable to Contractual Obligations, Official Journal of the European Community No. L 266, Oct. 9, 1980, art. 4 (rules to apply in the absence of an express or implied choice of law by the parties to the contract).

[37] *See, e.g., id.*, art. 3.1 ("A contract shall be governed by the law chosen by the parties").

[38] *Cf. Constant v. Warner Bros.*, Trib. Gr. Inst. Paris, May 30, 1984, RIDA, Oct. 1984, p. 220 (declining to enforce U.S. contract's waiver of moral rights by French composer who furnished theme of sound track of U.S. film: the court determined that French law directly governed questions of the French author's rights regarding the French distribution of the film).

AN ALTERNATIVE APPROACH: LIMITING THE DIRECTOR'S CONTRACT TO EXPLOITATIONS KNOWN AT THE TIME OF CONTRACTING

Invocation of moral rights may furnish only one of the U.S. director's weapons against exploitation of colorized films abroad. Depending on the applicable law, the U.S. director may be able to assert economic rights as well. Several countries, including France and Germany, provide that whatever the purported scope of the grant, the copyright grantee receives only the rights to exploit the work in media known at the time of contracting, or by means particularly set forth in the contract.[39] The colorization technique was probably unknown at the time at which most now aggrieved directors contracted; by the same token, it is unlikely the contracts specifically provided for exploitation of a colorized version. If the laws referred to above apply, the U.S. directors would be deemed to have retained rights to exploit their films in color; the foreign broadcasters or distributors would therefore be infringing the directors' economic rights in the works.

However, under U.S. law, if they were employees for hire, the directors had no rights to retain. The producer owned the entire copyright *ab initio*. How, then, can the U.S. directors be deemed the beneficiaries of retained or withheld rights, when they had no rights to retain or withhold? The answer turns on the forum's conflict of laws rules regarding initial copyright ownership and its transfer. In his influential work on Intellectual Property Rights and the Conflict of Laws, the leading German copyright scholar, Professor Eugen Ulmer, stated: "If for example a work made for hire in the USA is to be exploited in Germany, the principle is that the copyright belongs to the employer. In Germany, however, the acquisition of copyright can only be interpreted as an agreement [as opposed to occuring automatically by operation of law]. It is therefore effective only within the limits in which a grant of rights of use is permissible according to German law: the author's moral right and the rights relating to types of uses which were still unknown at the time of conclusion of the contract remain the property of the author."[40] In other words, the U.S.-law characterization of the producer as initial copyright owner gives it standing to assert copyright ownership in Germany, but the German domestic law defines the scope of what is owned. The producer's "ownership" bundle in Germany would not include forms of exploitation unknown at the time of contracting with the director.

Professor Ulmer's analysis warrants further exploration. Suppose that a German company acquired from a U.S. producer the German broadcast rights to a colorized film. The grantee would have entered into an agreement

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[39] *See* France, Law of March 11, 1957, art. 30 (a purported grant of all reproduction or performance rights is limited to those means set forth in the contract); Ulmer, *supra* note 32, at 39.

[40] Ulmer, *supra* note 32, at 39.

with a grantor who, under its own law, possessed the rights to exploit a colorized version. Nonetheless, under the approach outlined above, in the German courts the German grantee would not own the pertinent rights *for German exploitation* because the relevant law is not that of the grantor, but of the grantee.[41] This preference for domestic law (or for the grantee's law) effects an apparent twist on a familiar contract principle. It is usually assumed that the grantee cannot assert more rights than the grantor had to give.[42] In this case, the grantor cannot transfer more rights than the local grantee could claim had the transfer been a purely domestic German transaction. Of course, the Ulmer analysis presupposes a highly territorialistic conception of copyright and attendant contracts. The results of such an approach may seem logical and appropriate if viewed from within any given country's borders. But from an international perspective, the approach may appear not only parochial, but detrimental to the multinational commerce in copyrighted works.[43]

RECENT FRENCH CASELAW

With these principles in mind, it is now appropriate to examine two recent cases in which French appellate courts confronted a conflict between a U.S.-law (or English-law) contract, and the U.S. author's invocation of moral

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[41] This analysis does not work in reverse. It is implausible that a U.S. court would hold valid a grant from a German film producer to a U.S. company to colorize a German film, if under German law the producer lacked colorization rights. The absence of rights in the country of origin would seem to be a key missing piece, which the more favorable position of the grantee's law would not suffice to replace. *See infra* note 42.

[42] *See e.g., Gilliam v. ABC*, 538 F.2d 14 (2d Cir. 1976) (U.S. broadcaster-grantee of U.K. producer-grantor could not exercise a right which U.K. grantor had not itself acquired from the authors). *Cf.* Batiffol, note on *Lancio v. Soc. Editrice Fotoromanzi Internazionali*, Cour de Cassation, April 29, 1970, Revue Critique de Droit International Privé 270, 272 (1971) (discussing law to apply to a transnational grant of copyright in an Italian work: "If plaintiff had acquired under Italian law rights which France does not recognize, French law would apply in France. But, in the opposite case, it seems obvious that French law cannot protect rights which plaintiff did not acquire [under Italian law].").

[43] Accord Dessemontet, *supra* note 35 (criticizing the application of the law of the grantee on the ground that it impedes international commerce in intellectual property). *See infra* TAN 51-54.

Art. 16 of the French copyright law, as amended in 1985, states: "Any modification of the [final version of the audiovisual work] by addition, removal, or alteration of any element requires the agreement of [the work's co-authors, including the director]." Even if this disposition applied beyond the context of internal French producer-director contracts, it is most likely not retroactive, and thus would probably not afford most U.S. directors a further basis to combat colorization.

rights. The most recent of the two decisions concerned the French broadcast of a colorized U.S. film.

In *Huston v. La Cinq*,[44] the Paris Court of Appeals upheld the grant of preliminary relief to the children of the late John Huston to restrain broadcast on French television of a colorized version of *The Asphalt Jungle*. Defendants, the French broadcaster and its U.S. grantor, challenged plaintiffs' standing to seek relief, arguing that domestic French law should not determine the ownership and authorship status of works created in the U.S. by U.S. citizens pursuant to contracts validly executed in the U.S. The court rejected these contentions, stating: "While it is clear that the contracts entered into by Huston and the film production companies are governed by U.S. law, article 1 of the French copyright law—whose invocation in France by a foreign author is authorized by article 11 of the Civil Code [interpreted by the courts to mean that, in the absence of laws specifically to the contrary, all foreigners enjoy the same rights in France as do French citizens][45] — establishes a moral right personally attached to that author, and thus attached to his heirs."

The moral rights enjoyed by French authors include the right to prevent alterations detrimental to the work's integrity. Unquestionably, colorization alters the film's character. Indeed, the parties appear not to have seriously disputed the merits of the moral rights claim; the case at this stage turned primarily on standing. The court treated Huston as an author, applying the French-law characterization, and thus implicitly rejected arguments that the U.S.-law definition of authorship should have applied either because the U.S. was the country of origin, or by virtue of the contract. Another implicit feature of the court's invocation of domestic French law concerns the validity of a moral rights waiver. If Huston is to enjoy all the same rights as French authors, it follows that any waiver of moral rights that he may have effected binds neither him nor his heirs in France.

While the court's decision seems to indicate total disregard for U.S. contractual arrangements in favor of the direct application of local moral rights guarantees, the court did not go so far as to state that the U.S. film director's moral rights would prevail over *any* contrary contractual provision. Rather, after acknowledging John Huston's clearly stated opposition to colorization, the court expressed what might be deemed a second holding. The court noted that, as of the date of Huston's contract, the colorization technique was unknown and could not have been included among the rights granted by Huston to M.G.M. At this point, the court seems to have treated the director-producer contract as though it were governed by French law, at least with respect to those aspects of the contract that exceeded the scope of rights

[44] Paris Court of Appeals, 14th chamber, June 25, 1988 (unpublished).
[45] *See* Cour de Cassation, Civil chamber, July 27, 1948, D.1948.535.

which French parties might locally acquire by contract.[46]

Alternatively, the court's reference to the state of technology at the time of Huston's contract might be viewed as relevant to the question whether Huston waived his moral rights. Assuming that the court were to accord some deference to the parties' contract, it would nonetheless inquire closely into whether the director had clearly renounced his moral rights. This approach implies the court's rejection of arguments that, as a matter of contract, the producer's initial ownership of all economic rights in itself qualified or foreclosed the director's enjoyment of moral rights abroad. This is consistent with the practice of the French courts. Because article 6 of the French copyright law declares moral rights inalienable, French courts seem loath to find contractual waivers, and they tend to champion any ambiguity in the contract that will permit a conclusion that no waiver occurred.[47]

Under any of the three approaches: direct application of French law, modification of the U.S.-law contract by the forum's substantive contract rules, and restrictive interpretation of U.S.-law contract, the U.S. director's claim against foreign exhibition of a colorized motion picture prevails.

On the other hand, two years earlier, a different chamber of the Paris Court of Appeals gave an English-law contract precedence over the U.S. author's attempt to claim moral rights in France. In *Rowe v. Walt Disney*,[48] plaintiff was a U.S. citizen, domiciled in France. While in the U.K., he wrote a screenplay called the "Aristocats," subsequently made into a very successful animated motion picture by Walt Disney. Plaintiff entered into an agreement with an agent in the U.K., who in turn contracted with Disney's U.K. subsidiary. Plaintiff's contract provided that it was governed by English law.

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[46] In other words, the court seems to have applied the Ulmer approach discussed *supra*, TAN 40-43.

[47] *See, e.g.*, Françon & 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. Art. & the Law 381, 393-94 (1985) (discussing an instance of French courts' tendency to strain the contract's interpretation to avoid waivers of moral rights). *But cf. Etat gabonais v. Antenne* 2, Cour de cassation, first civil chamber, April 7, 1987, RIDA Oct. 1987, p. 197, Comment, Françon, 41 Revue Trimestrielle de Droit Commercial 224 (1988) (because moral rights do not preexist the work, an author may undertake, prior to a commissioned work's creation, to restrict his artistic freedom and to agree to devise the work in the manner desired by his cocontractant; Prof. Françon points out the inconsistency of this decision with the text of the law, and with prior judicial decisions, that moral rights attach, not to any particular work, but to the author himself; in any event the decision would not seem to limit an author's ability to invoke moral rights protection against changes made *by the cocontractant* to the work *after* its completion and acceptance).

[48] Paris Court of Appeals, 4th chamber, Feb. 6, 1986, *Revue du droit de la propriété industrielle* No. 4 (1986).

When the film came to be exploited in France, plaintiff commenced an action for violation of his moral right of attribution. Although the film credits included plaintiff's name, the labels on various spin-off merchandise, for example, books and records, did not credit plaintiff's authorship role.

The French court determined that the contract was governed by English law; that under the law of the contract plaintiff would have no moral rights claim; and finally, that strong policy reasons relating to international commerce required rejection of plaintiff's attempt to invoke the forum's "ordre public" to substitute French law for the normally competent law of the contract. The court appeared particularly sensitive to the consequences of applying local law in place of the law of the contract: "The legal security afforded by contracts would be a deception if one party were permitted to disengage itself from obligations undertaken pursuant to one country's law by subsequently taking advantage of another country's contrary law. Such an attack on the principle of the autonomy of the contract would entail consequences whose shocking character it is not necessary to dwell upon." The court distinguished a foreign plaintiff's ability to invoke French moral rights against a third-party infringer[49] from the foreigner's invocation of French moral rights against its own cocontractant: "While the Universal Copyright Convention may require France to accord to an American, in the context of his extracontractual relations, the same protection accorded a French citizen, none of the treaty's provisions undermine the principle consecrated in France that contracts passed in another country form the law of the parties to the agreements."

Despite their different outcomes, there is some consistency to the two decisions' analyses. One may interpret both cases as turning on the courts' treatment of the contracts. The *Aristocats* court left the agreement's provisions untouched (including its waiver of moral rights), while the *Huston* court effectively rewrote the contract to leave future forms of exploitation uncovered (and appurtenant moral rights thus unwaived). In *Artistocats,* however, the exploitations at issue were neither novel nor unanticipatable. The *Aristocats* facts, moreover, may have a special bearing on the apparent vigor of the court's refusal to apply local moral rights law. In *Artistocats*, there was no issue of mutilation or alteration of the plaintiff's artistic endeavors. Rather, the court may have suspected that plaintiff's invocation of the right of attribution with respect to spin-off merchandise was in fact an attempt to use

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[49] French courts have long admitted the principle that a U.S. author may charge a third-party infringer with violation of his moral rights in France, even though the author may enjoy no moral rights in the U.S. *See, e.g., Sté. Roy Export & Charlie Chaplin v. Sté. Les Films Roger Richebé*, Paris Court of Appeals, April 29, 1959, JCP 1959 II 11134 (suit by Charlie Chaplin alleging violation of his moral rights by unauthorized addition of a sound track to film "The Kid").

moral rights as leverage to secure a more favorable economic return.[50] In any event, the two decisions may well illustrate a spectrum of possible foreign court responses to a U.S. director's attempts to prohibit foreign exhibition of colorized versions of U.S. audiovisual works.

CONCLUSION

This analysis of the potential treatment of the U.S. film director's resort to foreign fora suggests that her prospects of forestalling exploitation of colorized motion pictures abroad are somewhat better than at home. However, not all means to the end the director seeks are equally desirable (even if effective). Resolution of the director's claims should fit within a sensible and reasonably predictable system of international copyright and conflicts of law.

As a general matter, a conflicts analysis that produces disruption in international commerce should be presumptively disfavored. International commerce in works of authorship may not thrive if the initial copyright owner, or a subsequent acquiror, lacks exploitation rights once the work crosses an international border, or finds her ownership variously modified each time another country's frontiers are traversed.[51] As a result, conflicts approaches that look elsewhere than the country of origin to determine initial title, or that submit the contract to the law of the foreign grantee (when that is not the law chosen by the parties), clash with the important principle of maintaining continuity of ownership. Accordingly, one should not hurriedly embrace a solution that, however favorable to U.S. directors, threatens to undermine the ready international dissemination of works of authorship.

On the surface it seems inconsistent to reject a conflicts analysis that provokes insecurity with regard to ownership of exploitation rights, but to

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[50] The court stressed the extravagance of plaintiff's demands: plaintiff sought not merely relief in France, but argued that the French court should apply French law to find a violation of plaintiff's attribution right worldwide ("plaintiff makes a ringing demonstration [of the "shocking character" of his demands] to the extent that, not content to assert the substitution of French law for that of the contract, he demands the application of French law not only in France, but in the entire world").

[51] This observation suggests that the role of the law of the country of origin should receive more attention; that the law of the forum is too often applied beyond its appropriate confines. Fuller examination of the respective roles of the law of the forum and of the country of origin, however, is beyond the scope of this article. On this question, see generally Koumantos, *Sur le droit international privé du droit d'auteur*, L Diritto di Autore 456 (1979).

The problem of shifting scopes of ownership of both economic and moral rights in films becomes particularly acute when the international exploitation is not merely seriatim (as in the distribution of motion pictures to theaters), but simultaneous (as in cable television, and especially satellite, broadcasts) e.g., a satellite broadcast of a colorized U.S. film originating in the U.K., but capable of being received in the Netherlands, Belgium, and France.

favor application of potentially disruptive local moral rights guarantees. However, it may be appropriate to treat the moral rights problem as presenting a special case, and to accord considerable deference to local moral rights regimes, despite their potential to undermine contractual relationships. Such an approach would acknowledge a distinction familiar on the continent, but less so in the U.S., between authorship and ownership of exploitation rights. Continental copyright systems recognize that even where the law may denote a person or entity other than the creator the initial owner of economic rights,[52] the creator continues to enjoy certain prerogatives of "authorship" with respect to the work, including, most importantly, moral rights.[53]

Ultimately, however, any defense of the discontinuity produced by the conflicts analysis advocated here will turn on one's view of the respective significance of economic and moral rights. At bottom, an approach that would preserve moral rights claims simply assigns more moment to art than to profit: when the two clash, moral rights are more important. Certainly that is the professed view of those copyright systems that root the author's

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[52] Audiovisual and collective works, such as encyclopedias and periodicals, are characteristic examples. *See, e.g.*, France, Law of March 11, 1957, arts. 13, 63-1; Spain, law of November 11, 1987, arts. 8, 88.

[53] Another example of the relevance of the initial title/author distinction concerns economic interests. An increasing number of foreign countries have inaugurated some variety of home taping royalty system. Typically, the sums collected are divided among authors and producers of sound recordings and audiovisual works (and frequently also among performers). In at least some instances, the authors' royalties appear to accrue to them by virtue of their status as creators: the laws divide the sums into shares and specify royalty recipients by class description, rather than by reference to copyright ownership. *See, e.g.*, France, Law of July 3, 1985, arts. 31, 36. Were royalties awarded on the latter basis, authors might be excluded: in general the authors (and performers) are not in fact economic rights holders in the sound recordings or audiovisual works, either because they have granted these rights by contract, or because local law has established a presumptive transfer of these rights to the producer.

If entitlement to home taping royalties turns on authorship status, U.S. creators might be entitled to claim their designated share abroad. *See generally* Ginsburg, *Reforms and Innovations in Authors' and Performers' Rights in France: Commentary on the Law of March 3, 1985*, 10 Colum.-VLA J. Law & the Arts 83, 98-104 (1985). But, home taping royalties might be characterized as economic, rather than as status, rights. The royalties compensate a form of copyright exploitation. Home taping is a means of reproduction. Reproduction is clearly an economic right. Arguably, certain royalty schemes' division of benefits into author/producer/performer shares is designed to protect local creators' economic position, just as are legislated requirements that producers of audiovisual works compensate their creative employees separately with respect to each mode of exploitation. *See, e.g.*, France, Law of March 11, 1957, art. 63-2. It does not necessarily follow that these protections and obligations extend to foreign creators and producers.

rights in natural rights: there the primary right, at least in theory, is the moral right.[54] An analysis that generally favors the law of the grantor, but that reserves the intervention of local moral rights regimes thus responds to the most strongly maintained of local public policies, while preserving the security of most transnational transactions in economic rights.

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[54] *See, e.g.*, H. DESBOIS, LE DROIT D'AUTEUR EN FRANCE 469-71 (3d ed. 1978) (French copyright law awards first place to the intellectual and moral attributes of authors' rights).

PART II

LEGISLATIVE AND ADMINISTRATIVE DEVELOPMENTS

United States of America and Territories

3. U.S. CONGRESS. SENATE.

S. 2529. A bill entitled the "Cable Compulsory License Nondiscrimination Act of 1988." Introduced on June 16, 1988; and referred to the Committee on the Judiciary. (100th Congress, 2d Sess.).

This bill would amend section 111, title 17 U.S. Code "to condition the availability of cable television's compulsory license by a reasonable local station carriage requirement." Additionally, the legislation proposes a halt to the practice of some cable systems whereby some local stations are moved from long held cable channels and assigned different and undersirable channel numbers. S. 2529 also extends the copyright free may-carry zone or the area of dominant influence [ADI] as determined by the major rating services, to assure that no local station is deemed a distant signal within its home market.

4. U.S. COPYRIGHT OFFICE.

37 C.F.R., Part 202. Copyright registration for colorized versions of black and white motion pictures. Final regulation. *Federal Register*, vol. 53, no. 153 (Aug. 9, 1988), pp. 29887-90.

The Office has adopted a final regulation governing the deposit requirements for the registration of the colorized version of black and white films. The regulation requires the deposit of a copy of the colorized motion picture, a description of its contents, and a print of the black and white version of the film.

5. U.S. COPYRIGHT OFFICE.

37 C.F.R., Part 202. Registration of claims to copyright mandatory deposit of machine-readable copies; proposed rulemaking. Notice of proposed rulemaking. *Federal Register*, vol. 53, no. 153 (Aug. 9, 1988), pp. 29923-25.

The Copyright Office is proposing to amend its regulations with respect to certain machine-readable works. The proposal calls for limiting the mandatory deposit exemption for machine-readable copies to automated databases available only online. It also recommends requiring the deposit of one copy of works published in the IBM or Macintosh formats and two copies in those cases where a copy-guard system is used.

6. U.S. DEPARTMENT OF COMMERCE. PATENT AND TRADEMARK OFFICE.

37 C.F.R., Part 150. Requests for Presidential proclamations under the Semiconductor Chip Protection Act of 1984. Final rule. *Federal Register*, vol. 53, no. 125 (June 29, 1988), pp. 24444-48.

The PTO has adopted final rules to implement the Presidential proclamation provisions of the Semiconductor Chip Protection Act. The new rules establish a regime of protection for foreign mask works in the United States, provided the country requesting the Presidential proclamation adequately protects mask works of U.S. origin. They include procedures for handling recommendations for issuance, revision, suspension, or revocation of a Presidential proclamation declaring protection for foreign mask works. The regulations also prescribe the conditions for initiating the evaluation of such recommendations, for submitting requests, for making evaluations and for setting the terms and conditions of duration of the proclamation.

7. U.S. FEDERAL COMMUNICATIONS COMMISSION.

47 C.F.R., Parts 73 and 76. Cable television services; program exclusivity in the cable and broadcast industry. Final rules. *Federal Register*, vol. 53, no. 138 (July 19, 1988), pp. 27167-73.

The Commission has revised its program exclusivity rules to (1) extend exclusivity protection to broadcasters who purchase syndicated programming, by simplifying the exclusivity rules to promote fair and efficient competition among all of the video programming delivery systems from which viewers may select; (2) modify the network non-duplication rules, making them similar to the syndicated exclusivity rule provisions where possible and extending their scope to any retransmissions of network programming; and (3) modify the territorial exclusivity rule to allow broadcasters to acquire national exclusivity rights to non-network programming.

PART V

BIBLIOGRAPHY

A. BOOKS AND TREATISES

United States Publications

8. GADBAW, MICHAEL R. and TIMOTHY J. RICHARDS. Intellectual property rights: global consensus, global conflict? Boulder & London: Westview Press (1988) 412 p.

This book examines the intellectual property rights policies in seven developing nations—Argentina, Brazil, India, Mexico, the Republic of Korea, Singapore, and Taiwan. For each nation, the authors assess the level of protection provided, the economic impact of violations, the position taken by private sector groups and government, the prospects for change, and the position each nation is likely to take in the Uruguay Round of multilateral negotiations being held under the auspices of GATT.

B. ARTICLES FROM LAW REVIEWS AND COPYRIGHT PERIODICALS

1. United States

9. GARON, JON. Director's choice: The fine line between interpretation and infringement of an author's work. *Columbia—VLA Journal of Law and the Arts*, vol. 12, no. 2 (Winter 1988), pp. 277-307.

This article discusses the rights of playwrights to reproduce and perform their work. The author states that once a play has been published and is no longer being produced with hopes of a profitable New York City run, the economic incentive of protecting the integrity of an author's work begins to diminish. Mr. Garon questions whether it is enough to protect the author's artistic vision simply because the play was the author's creation and whether it should be subject to manipulation without consent. He discusses infringements and actions in which claims may succeed. The author also states that the only way out of this problem is to define what the playwright licenses when he gives performance rights.

10. HARDY, I. T. An economic understanding of copyright law's work-made-for-hire doctrine. *Columbia—VLA Journal of Law and the Arts*, vol. 12, no. 2 (Winter 1988), pp. 181-229.

The author discusses the problems of freelancers and independent contractors in maintaining their copyright. The problem tends to be economic with unseen uses of a work involving a tremendous amount of profit either for the creator of the work or the publisher. The current work-for-hire doctrine

is investigated along with several photography cases which had opposite outcomes—those of *Peregrine v. Lauren Corp.* and *Sygma Photo News, Inc. v. Globe International, Inc.* The author hopes that in the future Congress will more affirmatively favor creators with a narrowed work-for-hire doctrine.

11. HEBALKAR, PRAKASH G. Semiconductor chip protection: a report on the WIPO expert committee deliberations on a proposed international treaty. *International Computer Law Advisor*, vol. 2, no. 4 (Jan. 1988), p. 19.

This article discusses the proposed codicil to the Berne Convention that would extend copyright protection to chip designs but for a shorter period of ten years. It includes the text of the codicil.

12. HOBERMAN, HENRY S. Copyright and the first amendment: freedom or monopoly of expression? *Pepperdine Law Review*, vol. 14, no. 3 (1987), pp. 571-601.

This article discusses the first amendment, fair use, and the copyright law. The author states that courts and legislators have fashioned a variety of limitations on copyright law including the fair use doctrine and the idea expression dichotomy. The author proposes the formulation of a principled first amendment approach.

13. RAIVELY, SUSAN D. Copyright infringement suits against states. Is the eleventh amendment a valid defense? *Cardozo Arts and Entertainment Law Journal*, vol. 6, no. 2, (1988), pp. 501-538.

The main issue of this article is whether states can be sued for copyright infringement in federal court. The question is important to authors and artists who could have their copyrighted work infringed by the states or state agencies that contract for use of their works. The author analyzes whether state sovereign immunity is enshrined in the eleventh amendment. The final sections of this article are devoted to the Supreme Court's interpretation of the eleventh amendment.

14. RUSSO, JACK AND TIMOTHY C. HALE. Developments in copyright protection of computer software. *International Computer Law Advisor*, vol. 2, no. 4 (Jan. 1988), p. 9-12.

This article discusses four recent computer software decisions: *Whelan Associates, Inc. v. Jaslow Dental Laboratory, Inc.*, 797 F.2d 1222 (3d Cir. 1986), *Broderbund Software, Inc. v. Unison World, Inc.*, 648 F. Supp. 1127 (N.D. Cal. 1986), *Plains Cotton Cooperative Ass'n of Lubbock, Texas v. Goodpasture Computer Service, Inc.*, 807 F.2d 1256 (5th Cir. 1987), and *Digital Communications Associates, Inc. v. Softklone Distributing Corp.*, 659 F. Supp. 449 (N.D. Ga., 1987). It also examines the status of the Copyright Office's

formulation of a policy for registration of claims to copyright in computer software.

15. SHIPLEY, DAVID E. Copyright law and your neighborhood bar and grill: recent developments in performance rights and the section 110(5) exemption. *Arizona Law Review*, vol. 29, no. 3 (1987), pp. 475-517.

Mr. Shipley analyzes performance rights and the copyright law. He states that the Copyright Act provides clear guidelines to show how copyrighted works can be publicly performed without infringing rights of copyright owners.

16. THEA, PETER. Statutory damages for the multiple infringement of a copyrighted work; a doctrine whose time has come again. *Cardozo Arts and Entertainment Law Journal*, vol. 6, no. 2 (1988), pp. 463-501.

The author provides a history of the copyright law and highlights copyright cases that involve damage awards for infringement. He discusses the multiplicity doctrine which involves statutory minimum awards for the multiple infringement of a copyrighted work. Cases discussed include *L.A. Westermann Co. v. Dispatch Printing Co., Select Theatres Corp. v. The Ronzoni Macarono Corp., Davis v. E.I. DuPont de Nemours and Co.*, and *Sid and Marty Krofft Television Prods., Inc. v. McDonald Corp.* In the final sections of this study, the author analyzes the effectiveness of the time and heterogeneity tests in determining statutory damage awards.

2. Foreign

17. DAVIES, GILLIAN. New Spanish legislation on intellectual property. *EIPR*, vol. 10, no. 6 (June 1988), pp. 188-189.

Assistant Director General Gillian Davies reports on the two new laws in the intellectual property field adopted by the Spanish Parliament in November and December of 1987. The laws update authors' rights in the area of cinematography and phonograms and introduce for the first time rights for performers, producers of videograms, and broadcasting organizations, as well as affording protection for computer programs. The new laws also take a strong stand against piracy.

18. HOFFMAN, GARY M. AND GEORGE T. MARCOU. Intellectual property issue in the new trade bill. *EIPR*, vol. 10, no. 5 (May 1988), pp. 130-135.

This article discusses the U.S. Congress' attempts to take action against foreign unfair competition and to give greater protection to intellectual property owners in the U.S. Discussed in this article are amendments to section 337 of the Tariff Act of 1930 to improve protection of intellectual property

rights and the new right to sue for overseas infringement of U.S. process patents.

19. MARTINO, TONY AND DEXTER MOSELEY. PPL and performance rights organizations: half-sisters in copyright partners in anti-trust? *EIPR*, vol. 10, no. 5 (May 1988), pp. 150-156.

This article discusses the British Government's investigation of the Phonographic Performance Limited (PPL) for antitrust violations. PPL is the organization that negotiates and collects the music industry's payments. The author differentiates between copyright in musical compositions and copyright in sound recordings using the case of *Gramophone Company v. Carwadine* as an example.

20. VERLINDE, WILFRIED AND JEAN-PHILIPPE ART. The new legal framework for broadcasting in Belgium. *EBU Review*, vol. XXXIX, no. 3 (May 1988), pp. 28-36.

Since its constitutional revision of 1971-1981, Belgium has had three communities—the Flemish Community, the French Community, and the German-speaking Community—each having its own legislative body. In examining broadcasting in Belgium, this article focuses on national broadcast legislation as well as the laws of the Flemish and French Communities. It also reports on recent media developments, including developments in the cable and pay television industries.

21. AUSTRALIA. COURT, JOANNE. The national bargain approach to the determination of equitable remuneration for compulsory licenses: a comment on four decisions of the Copyright Tribunal. *The Sydney Law Review*, vol. 11, no. 2 (March 1987), pp. 348-374.

This article investigates remuneration for compulsory licenses as determined by the Copyright Royalty Tribunal. It discusses four decisions of the Copyright Tribunal and several cases such as *WEA Records Pty. Ltd. v. Stereo FM*, and *Copyright Agency Ltd. v. Department of Education*. The article also includes standards and guidelines formulated by the Copyright Tribunal.

22. GREAT BRITAIN. DE FREITAS, DENIS. The copyright designs and patents bill. *EIPR*, vol. 10, no. 5 (May 1988), pp. 143-145.

Mr. De Freitas discusses the music industry and the implication that the copyright, designs and patent bill will have in Great Britain. The author states that this bill has no provisions for dealing with home taping and enters into a lengthy analysis of the government's White Paper on the issue. A chapter of this bill is involved with licensing of rights to be exercised either by a Copyright Tribunal or by the Secretary of State.

23. SWITZERLAND. TROLLER, KAMEN. The legal protection of owners of industrial property rights and of copyrights in Switzerland against violation of their rights. *EIPR*, vol. 10, no. 5 (May 1988), pp. 135-138.

Dr. Troller points out the four main laws protecting industrial and intellectual property in Switzerland: the Patent Law, the Trademark Law, the Model and Design Law and the Copyright Law. If there are violations of any of these laws, sanctions are imposed. There are both civil and criminal sanctions and the author describes the legal procedure in both instances.

24. UNITED KINGDOM. DAVIES, GILLIAN. The rental right in UK copyright bill. *EIPR*, vol. 10, no. 5 (May 1988), pp. 127-130.

This article discusses the proposed levy on blank tapes and also a proposed amendment that would grant a limited rental right to producers of phonograms. The rental would be controlled for one year. The author discusses the effect this would have on the recording industry and on the copyright law itself.

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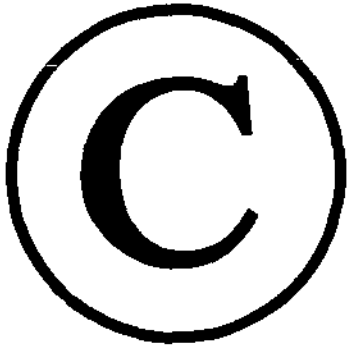

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25. THE IRON LAW OF CONSENSUS: CONGRESSIONAL RESPONSES TO PROPOSED COPYRIGHT REFORMS SINCE THE 1909 ACT

By THOMAS P. OLSON[1]

Our copyright law is unjust—or inefficient—in a variety of ways. So say copyright owners (such as the recording industry), copyright users (such as broadcasters), and an array of academic commentators. Since our copyright law is the creature of statute, it is natural to look to Congress to correct these flaws. And Congress is regularly so exhorted.[2] To take only a few examples:

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[1] Attorney, Wilmer Cutler & Pickering, Washington, D.C.; Counsel, Subcommittee on Patents, Copyrights, and Trademarks of the Senate Judiciary Committee, 1983-1984. The author was one of the attorneys for Capital Cities/ABC in the litigation against Satellite Broadcast Networks described in this article. He wishes to thank William Patry for his encouragement and suggestions, and Carol Lee, Michael Remington, Jocelyn Samuels, David Seipp, Kent Weaver, and Natalie Wexler for their comments and criticisms.

[2] For a sampling of academic commentary urging legislative reform of the Copyright Act, see Note, *The Performance Exemption Under Section 110(5): Time for a Change*, 22 Duquesne L. Rev. 669 (1984) (advocating amendment of Section 110(5) to exempt retailers from any liability for performance of musical compositions on radio stations tuned in by the retailer); Note, *The Sony Impact on Home Video Recording: Time for a Legislative Solution*, 3 N. Ill. U.L. Rev. 383 (1983); Hathaway, *American Law Analogues to the Paternity Element of the Doctrine of Moral Right*, 30 ASCAP Copyright Law Symposium 121, 155 (1983) ("The time has come for Congress to recognize the important contributions of American creative artists and to provide them with protection, long overdue, that is truly comparable to that provided by the moral right doctrine."); D. Linder & J. Howard, *Why Copyright Law Should Not Protect Advertising*, 62 Oregon L. Rev. 231 (1983) (arguing that it is wasteful for federal judges to adjudicate "advertising rows of no importance," and that "Congress should eliminate copyright protection for advertising"); Note, *Toward a Unified Theory of Copyright Infringement For An Advanced Technological Era*, 96 Harv. L. Rev. 450 (1982) (advocating "enactment of a statutory structure" for determining whether a particular use of a copyrighted work is infringing); D'Onofrio, *In Support of Performance Rights in Sound Recordings*, 29 U.C.L.A. L. Rev. 168, 170 (1981) ("Congress should not hesitate to legislate [the] long overdue performance right" for sound recordings); Note, *Regulatory Versus Property Rights Solutions for the Cable Television Problem*, 69 Calif. L. Rev. 527, 559 (1981) ("Congress should intervene and impose full copyright liability [on cable operators]"); Ladd, Schrader, Leibowitz, and Oler, *Copyright, Cable, the Compulsory License: A Second Chance*, Communications and the Law (Summer 1981) at 3 (advocating congressional repeal of most aspects

- The recording industry urges Congress to require that recording artists be compensated for home taping of their works, and for the public performance of their works on television and radio;
- Artists ask Congress to grant them a "moral right" to prevent misuse of their works, and a right to share in the royalties from the resale of their works;
- Broadcasters seek congressional help in changing the system for licensing of rights to perform musical compositions;
- The Federal Communications Commission advocates repeal of the cable compulsory license, under which cable systems can retransmit television broadcast signals without obtaining the permission of copyright owners;[3]
- Independent artists and writers ask Congress to revise the "work made for hire" provisions of the 1976 Copyright Act, in order to improve their bargaining position in dealing with corporate clients;[4] and
- The Copyright Office recommends that Congress revise the Copyright Act to improve the enforcement of restrictions on library photocopying.[5]

Many commentators assume that Congress is in the business of devising wise solutions to copyright dilemmas, based solely on considerations of good public policy. Thus, one author argues that although radio broadcasters have expressed "powerful opposition" to performance rights for sound recordings, Congress should promptly create those rights "now that [it] has before it an *objective analysis* of the desirability of granting such a performance right."[6] Similarly, the Office of Technology Assessment ("OTA"), a research arm of Congress, recently published a thick report advising Congress about how to

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of the cable compulsory license); Warren, *Droit De Suite: Only Congress Can Grant Royalty Protection for Artists*, 9 Pepperdine L. Rev. 111 (1981), *reprinted in* 1982 Intell. Prop. L. Rev. 417, 436 ("It is time that the United States Congress recognize that fine artists need greater copyright protection to put them in a position comparable to authors and recording artists").

[3] Federal Communications Commission, Gen. Dkt. 87-25, *reprinted in* Copyright Law Reporter (CCH) ¶ 20,512 (1988) (statements of Commissioners Patrick and Dennis).

[4] *See infra* pp. 128-129.

[5] Register of Copyrights, *Library Reproduction of Copyrighted Works* 362 (1983) (recommending revision of 17 U.S.C. § 108(d) and (e) to exclude unpublished works).

[6] D'Onofrio, *In Support of Performance Rights in Sound Recordings*, 29 U.C.L.A. L. Rev. at 170 (emphasis added). The analysis referred to is the 1978 report by the Register of Copyrights, prepared pursuant to Section 114(d) of the 1976 Copyright Act. *See* 43 Fed. Reg. 12,763 (1978) (Register's summary of report).

develop solutions to the problems created by new information technologies.[7] For example, the OTA report recommended that despite "strong disagreements" among industry groups about whether to require compensation for private reproduction of copyrighted works, Congress should resolve that issue based on policy judgments about "the goals [of] copyright law" and "where . . . the benefits of new technologies should be allocated."[8]

The thesis of this article is that contrary to the assumptions of these and other commentators, Congress is generally not in the business of satisfying abstract concerns about "good copyright policy."[9] Rather, Congress is an intensely political body, loath to impose one-sided losses on legitimate interest groups. Since "good copyright policy" would often require precisely such one-sided losses, copyright reforms may languish for decades before being enacted, or may simply be abandoned. The classic case is the exemption of the jukebox industry from copyright responsibilities, which survived, naked of any theoretical justification, from 1909 until 1976, because of Congress' unwillingness to incur the wrath of jukebox owners for changing the law.

Changes in the Copyright Act have almost always been enacted with the consent of all "respectable" interest groups that would be affected by the change. Since the 1909 Act, virtually all revisions of the Copyright Act have fallen into one of three categories: (1) technical changes that did little net harm to any interest group, (2) provisions attacking "pirates" (or other entities lacking political resources), and (3) substantive changes to which all respectable interest groups had consented. It has been rare indeed that Congress has made a significant change to the Copyright Act over the protests of a respectable interest group.

The 100th Congress, which met during 1987 and 1988, illustrates these points. That Congress proved to be one of the most productive in recent memory on copyright issues, approving five different bills with some bearing on domestic copyright law:

> • In the Berne Convention Implementation Act of 1988, Congress made a number of changes to the Copyright Act to make it compatible with the Berne Convention;[10]

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[7] Office of Technology Assessment, U.S. Congress, *Intellectual Property Rights in an Age of Electronics and Information* 285-95 (1986).

[8] *Id.* at 290.

[9] Of course, many legislators (including the current generation of copyright leadership in Congress) are very thoughtful about copyright policy matters. *See, e.g.*, Kastenmeier & Remington, *The Semiconductor Chip Protection Act of 1984: A Swamp or Firm Ground*, 70 Minn. L. Rev. 417, 440-42 (1985) (describing four-part test for assessing proposals to create new intellectual property rights). However, even the most thoughtful legislators must operate in an environment hemmed in by political constraints.

[10] Pub. L. No. 100-568, 102 Stat. 2853 (Oct. 31, 1988).

- The Satellite Home Viewer Act of 1988 created a new compulsory license to permit the retransmission of television broadcast stations by satellite to certain owners of home satellite dishes;[11]
- Congress extended by eight years a previously-enacted statute that bars unauthorized commercial rental of sound recordings;[12]
- The National Film Preservation Act of 1988 provides for the mandatory labeling of certain films if they are "colorized" or materially altered without the consent of the original filmmakers;[13]
- The Intellectual Property Bankruptcy Protection Act of 1988 provides new protections for licensees of copyrighted works when the licensor goes into bankruptcy.[14]

But although the 100th Congress was unusually productive, many proposals for copyright reform remained on the cutting room floor. To take only one example, a proposal to create new "resale rights" for visual artists was killed in Subcommittee,[15] and a related proposal to establish a regime of moral rights for certain visual artists made it no farther than Subcommittee.[16] Numerous other proposals for reform met a similar fate.[17]

What distinguished those bills that made it through the legislative process is that members of Congress and their staffs were able to obtain the blessing of all "legitimate" interest groups that had a stake in each of these bills. To make that possible, it was necessary to jettison features of the bills that attracted sustained opposition, such as a proposal to explicitly recognize moral rights for most authors as part of the Berne Convention implementing legislation.[18] Similarly, while film directors initially sought a broad ban on any material alteration (including "colorization") of films, the political necessity to reach a consensus with their political opponents required the directors to settle for a remedy that offers more symbolism than substance.[19]

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11 Pub. L. No. 100-667 (adding new § 119 to Title 17), 102 Stat. 3935 (Nov. 16, 1988).

12 Pub. L. No. 100-617, 102 Stat. 3194 (Nov. 5, 1988).

13 Pub. L. No. 100-446, 102 Stat. 1774 (Sept. 27, 1988).

14 Pub. L. No. 100-506, 102 Stat. 2538 (Oct. 18, 1988).

15 36 (BNA) Patent, Trademark & Copyright J. 707 (Oct. 20, 1988).

16 *Id.*

17 *See infra* pp. 125-130.

18 *See* Copyright Law Reports (CCH) ¶ 20,483 (1988) (reporting introduction of revised Berne Convention implementing legislation, which eliminated moral rights provisions contained in prior version); R. Brown, *Adherence to the Berne Copyright Convention: The Moral Rights Issue*, 35 J. Copyright Soc. 196, 205 (April 1988) (discussing same).

19 The National Film Preservation Act does not bar any copyright owner from colorizing or materially altering any film. It requires only that if certain films deemed to be of special merit are colorized or otherwise materially altered,

Based on the record of both the 100th Congress and all of its predecessors since the 1909 Act, many of the copyright reform proposals now under discussion seem unlikely ever to make their way into the United States Code. Although these proposals might make the rules of copyright fairer and better from the perspective of disinterested observers, they would impose concentrated losses—whether real or perceived—on respectable interest groups. Absent a major change in circumstances, prospects for enactment of such changes seem remote.

Although Congress is seldom inclined to impose one-sided losses on copyright interest groups, other federal decisionmakers, including the federal courts, the Federal Communications Commission, and the Copyright Royalty Tribunal, have been considerably more receptive. Although resort to these "undemocratic" forums is not always successful, or even possible, courts and agencies have often been bolder than Congress in making basic changes in the ground rules of copyright.

Part A of this article describes Congress' performance in dealing with four long-running copyright controversies during this century. Part B analyzes why Congress found these issues so hard to resolve, and contrasts those issues with the copyright problems that Congress has been more prompt in addressing. Part C reviews the outlook for future congressional action on current copyright issues, and Part D discusses the role of non-legislative bodies (such as federal courts and agencies) in changing the rules of copyright.

A. CONGRESS' RESPONSE TO FOUR OLD CONTROVERSIES

For long periods during this century, Congress was preoccupied with four now-settled controversies. The first three arose from long-standing "gaps" in copyright protection for particular activities: (a) performance of copyrighted songs by jukeboxes, (b) duplication of sound recordings, and (c) retransmission of broadcast signals on cable television. From a theoretical perspective, each of these activities presented a compelling case for copyright protection: in each case, a commercial business profited from the wholesale dissemination of copyrighted works owned by others.[20] Yet Congress' response to each of these problems was glacial.

The fourth controversy concerned the "manufacturing clause," which, for many decades, required many authors to have their work printed in the United States in order to enjoy full copyright protection. Despite the virtu-

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viewers of those films must be informed of that fact through labeling. *See generally* Schwartz, *The National Film Preservation Act of 1988: Copyright Case Study in the Legislative Process* [*infra* this issue].

[20] *See* Sony Corp. of America v. Universal City Studios, Inc., 464 U.S. 417, 449 (1984) (if videocassette recorders "were used to make copies for a commercial or profit-making purpose, such use would presumptively be unfair.").

ally unanimous view that the manufacturing clause was an unjustifiable anomaly, Congress allowed it to remain in force for nearly a century.

1. Jukeboxes

In a well-known piece of copyright lore, Congress decided in 1909 to create a complete exemption for a then-infant industry: coin-operated machines that play musical compositions, or jukeboxes.[21] Soon afterwards, the jukebox business mushroomed, and by 1961, "[t]he jukebox industry [was] among the largest commercial users of music, with an annual gross revenue of over a half-billion dollars."[22] Although the jukebox exemption in the 1909 Act came to be viewed as "one of the most striking inequities of the present law,"[23] and as an "indefensible windfall" for the jukebox industry,[24] it proved extraordinarily hardy. Senator Charles McC. Mathias recently described the battle over the jukebox exemption as follows:

> I have never seen such a legislative track record as the jukebox has. In the old days, Chairman Celler, of the House Judiciary Committee, would write a jukebox bill. The committee would report it favorably to the House of Representatives. The House Rules Committee would grant it a rule for debate and then it would just disappear. Year after year after year, no voice was raised, no hand was seen; the bill just disappeared. So any industry that can perform such miracles has to be taken seriously.[25]

Indeed, at one point the "unyielding opposition of the jukebox operators and manufacturers" to any reform threatened to bring down the entire copy-

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[21] 1909 Act, § 1(e) ("[the] reproduction or rendition of a musical composition by or upon coin-operated machines shall not be deemed a public performance for profit unless a fee is charged for admission to the place where such reproduction or rendition occurs"). In a decision they lived to regret, the music industry agreed to the jukebox exemption. In the words of one music publisher at the time, "the so-called 'penny parlor' [is] of first assistance as an advertising medium." House Report on 1909 Copyright Act, Rep. No. 2222, 60th Cong., 2d Sess. (1909), *reprinted in* 4 M. Nimmer, *Nimmer on Copyright*, Appendix 13 at 13-12 (1978).

[22] Copyright Law Revision, Part 1: Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law, 87th Cong., 1st Sess. at 32 (Comm. Print 1961) (hereinafter "Report of the Register").

[23] 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, 89th Cong., 1st Sess. 61 (Comm. Print 1965) (hereinafter "Supplementary Report of the Register").

[24] 2 M. Nimmer & D. Nimmer, *Nimmer on Copyright* § 8.17, at 8-174 (1980).

[25] *U.S. Adherence to the Berne Convention*, Hearings Before the Subcomm. on Patents, Copyrights, and Trademarks of the Senate Judiciary Comm., 99th Cong., 1st & 2d Sess. 400 (1986).

right revision effort in the 1960s.[26] The jukebox industry was ultimately able to enjoy its wholesale exemption from copyright responsibilities for nearly 70 years, until the enactment of Section 116 of the 1976 Act, which imposed a modest degree of copyright liability on jukebox operators.

2. Duplication of Sound Recordings

Today we take for granted that unauthorized commercial duplication of another's sound recording is a copyright infringement. Yet that principle was not established until nearly a century after Thomas Edison's invention of the sound recording in 1877.[27] The first efforts to create federal protection for sound recordings began in 1906,[28] and those efforts intensified as record piracy became more common.[29] Yet now arcane doubts about constitutional issues, combined with political squabbling, kept sound recordings entirely outside of the world of federal copyright until 1971.[30]

3. Cable Television Retransmissions

The first commercial cable television system opened for business in the hills of Pennsylvania in 1950,[31] and by 1964 the cable industry had more than $100 million in revenues.[32] At that time, the core business of cable systems was the retransmission of broadcast signals, which, of course, contained copyrighted programming. In 1965, the Copyright Office reached the conclusion, which today seems self-evident, that the retransmission of broadcast programming by cable systems "represents a performance to the public," and that "the performance can have damaging effects upon the value of the copyright."[33] Yet it was not until nearly thirty years after the birth of the cable

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[26] Supplementary Report of the Register, *supra*, note 23 at 60-61.

[27] Diamond, *Sound Recordings and Phonorecords: History and Current Law*, 1979 University of Illinois Law Forum 337, 337 (1979), reprinted in 1981 Intellectual Property Law Review 415, 415.

[28] "No [fewer] than 31 bills [were] introduced in Congress between 1906 and 1951 to treat sound recordings as subject to copyright protection." *Prohibiting Piracy of Sound Recordings*: Hearings Before Subcomm. No. 3 of the House Judiciary Comm., 92d Cong., 1st Sess. 68, 72 (1971) (testimony of Thomas Truitt).

[29] *See* Note, *Piracy on Records*, 5 Stan. L. Rev. 433 (1953) (record piracy became commonplace in the 1920s).

[30] Before federal legislation was enacted, state law provided significant protection to creators of sound recordings. For a superb discussion of efforts to protect sound recordings up to 1957, see former Register Barbara Ringer's study, *The Unauthorized Duplication of Sound Recordings* (1957), Study No. 26 in *Copyright Law Revision*: Studies Prepared for the Subcomm. on Patents, Trademarks, and Copyrights of the Senate Judiciary Comm., 86th Cong., 2d Sess. 1 (1961).

[31] M. Hamburg, *All About Cable* at 1-6 (1981).

[32] Supplementary Report of the Register, *supra* note 23, at 40-41.

[33] *Id.* at 42. Congress ultimately concluded that retransmission of distant, non-network programming (although not of local or network programming) causes

industry, and an enormous political struggle, that any cable system was required to pay a penny in copyright royalties for the retransmission of broadcast programming.

4. The Manufacturing Clause

Beginning in 1891, U.S. copyright law required publishers, as a condition of copyright protection (or of particular remedies), to publish their works in the United States.[34] This provision, known as the "manufacturing clause," was a classic specimen of protectionism: it ensured a captive market for U.S. printers, at the expense of publishers and authors. The clause was bitterly criticized by our treaty partners, who pointed out that no other nation had a similar requirement.[35] And it was little more popular domestically. As the Copyright Office observed in 1961, "[w]ith the possible exception of the printers themselves, all groups concerned appear to agree that copyright should not be conditioned on manufacture in the United States."[36]

Nevertheless, the manufacturing clause survived, in some form, for nearly 100 years until its expiration in 1986. Unlike the jukebox exemption, the manufacturing clause was gradually eroded over the course of the 20th century, rather than disposed of all at once.[37] To the end, however, the clause continued to offer substantial protectionist benefits to the U.S. printing industry.

B. THE SOURCE OF THE PROBLEM

What makes it so difficult for Congress to "correct" inequities in the copyright law? This article argues that Congress' difficulty in dealing with controversial copyright issues flows from its deeply felt reluctance to impose concentrated losses on any "respectable" interest group, even if "good policy" dictates that result.[38] As Professor Kent Weaver of the Brookings Insti-

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harm to the copyright owner. Congress' rationale was that the importation of programming that would not otherwise be available in a local market would impair the ability of copyright owners to sell that programming to local broadcasters. *See* H.R. Rep. No. 1476, 94th Cong., 2d Sess. 90 (1976).

[34] *See* Report of the Register, *supra* note 22, at 119.

[35] *Id.* at 120.

[36] *Id.*

[37] *Id.* at 122 (discussing amelioration of the impact of the manufacturing clause since 1891).

[38] *See* R. Kent Weaver, *The Politics of Blame Avoidance*, J. Pub. Pol., Vol. 6, No. 4 (1986).

Two caveats about "respectability:"

(1) Even the most respectable interest group can suffer defeats in Congress if it is inattentive or fails to be vocal in its opposition. Such lapses, however, have been rare in copyright legislation over the past few decades;

(2) Whether an interest group wears a black hat depends not only on the moral status of its activities, but also on its size and its political re-

tution has recently pointed out, "when push comes to shove, most officeholders seek above all not to maximize the credit they receive but to minimize blame."[39] This attitude derives in part from the fact that voters and interest groups react asymmetrically to gains and losses: "persons who have suffered losses are more likely to notice the loss, to feel aggrieved and to act on that grievance, than gainers are to act on the basis of their improved state."[40]

Congress' instinctive aversion to action on controversial copyright issues is exacerbated by the "multiple veto points" that are built into our political system. (Anyone who has ever sought to navigate a bill through the maze of House and Senate subcommittees, committees, floor debates, conference committees, and last minute "holds" can attest to this phenomenon.)[41] This fact helps to explain the Washington folk wisdom that it is much easier to defeat a bill than to get one passed.

It is particularly easy for Congress to let copyright issues slide, since external events rarely impose any deadline on Congress to deal with those issues. By contrast, Congress cannot avoid deciding each year how much to spend on foreign aid, cruise missiles, and housing programs. Thus, a whiff of controversy is often all that is necessary to ensure that a proposed copyright reform will not be enacted.

The copyright legislation that Congress has enacted since the 1909 Act confirms this point. The overwhelming bulk of legislation enacted during the past eight decades has consisted of (1) amendments designed to punish copyright "outlaws," (2) technical corrections, and (3) compromises engineered among private parties.[42] By contrast, when a legitimate interest group is given a powerful advantage by the existing status quo, that party typically enjoys a practical veto on any one-sided legislative "reform."

Congress' reliance on consensus in recent years can also be explained in part by the philosophy of key congressional leaders who have sought to foster that approach to legislation. The most important of these is Rep. Robert Kastenmeier, who was the principal House drafter of the 1976 Act, and has had a leading role in all copyright legislation enacted since that time. Since Congress' reluctance to impose one-sided losses on interest groups long pre-

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sources. For example, the record rental industry in the United States was very small when the Copyright Act was amended in 1984 to effectively outlaw that business. (*See infra* pp. 118-119.) Had that industry been a substantial one at the time, as it is today in Japan, it might have been able to present a more "respectable" face to the world and prevent any change in the law.

[39] *Id.* at 372.

[40] *Id.* at 373.

[41] *See generally* E. Redman, *The Dance of Legislation* (1974).

[42] Needless to say, members of Congress and their staffs often play a major role in nurturing these compromises.

dates the current generation of congressional leaders, however, it cannot be explained as simply the product of the views of individual legislators.

1. Legislation Designed to Deal with "Outlaws"

With some exceptions, Congress has been willing to punish "black hats" who carry out egregious copyright abuses. Indeed, the existence of such abusers often creates an enviable political opportunity: to win credit by championing the cause of an identifiable interest group (typically, copyright owners), while suffering no real political downside. Congress has taken advantage of several such "Mom and apple pie" opportunities over the past two decades:

- As discussed above, Congress in 1971 belatedly extended copyright protection to duplication of sound recordings, thus bringing record pirates within the reach of federal law for the first time.
- In 1982, Congress approved a variety of amendments that strengthened penalties for piracy and counterfeiting of films, records, and tapes.[43] Since no legitimate interest group stood up to defend piracy or counterfeiting, Congress was able to score points with copyright owners at virtually no political cost.
- In 1984, Congress created a new form of intellectual property protection for semiconductor chip designs.[44] Although there were disputes about whether copying of chip designs fell through the cracks of the existing Copyright Act, there was virtually universal agreement that such copying was unfair and should be made unlawful. Again, Congress suffered little political fallout (and enjoyed substantial credit) from doing "the right thing."
- Also in 1984, Congress banned the unauthorized commercial rental of sound recordings.[45] That legislation was the product of an astute campaign by the record industry, which successfully painted the few record rental firms then in existence as outlaws. As Professor Nimmer summarized the evidence: "It was obvious that virtually everyone obtaining phonorecords by rental did so for the sole purpose of making audio tape reproductions of the rented material."[46] In 1988, Congress extended the Record Rental Amend-

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[43] Piracy and Counterfeiting Amendments of 1982, Pub. L. No. 97-180, 96 Stat. 91 (May 24, 1982).

[44] Act of November 20, 1984, Pub. L. No. 98-620, 98 Stat. 3335, §§ 301-04, *codified at* 17 U.S.C. § 901 *et seq.* (1984).

[45] Record Rental Amendment of 1984, Pub. L. No. 98-450 (1984) (amending Sections 109 and 115 of the 1976 Act).

[46] 2 M. Nimmer & D. Nimmer, *Nimmer on Copyright* § 8.12[B][7], at 8-130.2 (1987). One rental outlet advertised, "Never, every buy another record!" Cong. Rec. S11,673 (daily ed. Oct. 21, 1984) (statement of Sen. Mathias). The

ment for another eight years.[47]

- During the 1980s, Congress repeatedly passed legislation designed to penalize foreign countries for failing to rein in infringers operating within their borders.[48]

Congress has also been reasonably responsive in going after extreme abuses of other types of intellectual property. For example, Congress in 1984 approved legislation to combat counterfeiting of trademarks.[49] As illustrated by the many decades that passed before Congress barred the duplication of sound recordings, however, even action against "black hats" can be long in coming.

2. Technical Amendments

The great bulk of the copyright amendments that have been enacted since 1909 are essentially technical in nature. Examples of these amendments include the following: addition of motion pictures to the category of copyrighted works (1912);[50] revision of Copyright Office procedures (1913, 1914, and 1956);[51] transfer of jurisdiction over prints and labels to the Copyright Office (1939);[52] increase in fees for copyright registrations (1928, 1948, and 1965);[53] clarification of rights in nondramatic literary works (1952);[54] amendments to conform U.S. copyright law to the Universal Copyright Convention (1954);[55] amendments concerning filings that fall due on weekends or holidays (1954);[56] and establishment of a statute of limitations for copyright

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recording industry was also concerned that the advent of compact disk technology would make rental of sound recordings a much more commercially attractive business.

47 Pub. L. No. 100-617, 102 Stat. 3194 (Nov. 5, 1988).

48 Most recently, Congress approved amendments that increase the leverage of U.S. trade negotiators in dealing with foreign countries that fail to provide adequate protection for intellectual property. *See* P.L. 100-418, 102 Stat. 1107 (August 23, 1988), discussed in 36 BNA Patent Copyright & Trademark Journal 400-01 (Aug. 18, 1988).

49 Trademark Counterfeiting Act of 1984, Pub. L. No. 98-473, ch. 15, 98 Stat. 2178-83 (Oct. 12, 1984).

50 Pub. L. No. 303, 37 Stat. 488, ch. 356 (Aug. 24, 1912).

51 Pub. L. No. 405, 37 Stat. 724, ch. 97 (March 2, 1913); Act of March 28, 1914, 38 Stat. 311, ch. 47; Pub. L. No. 452, ch. 109, 61 Stat. 656 (March 29, 1956).

52 Pub. L. No. 244, 53 Stat. 1142 Ch. 396 (July 31, 1939).

53 Pub. L. No. 478, 45 Stat. 713, ch. 704 (May 22, 1928); Pub. L. No. 501, 62 Stat. 202, ch. 236 (April 27, 1948); Pub. L. No. 89-297, ch. 923, 79 Stat. 1072 (July 17, 1952).

54 Pub. L. No. 575, 66 Stat. 752, ch. 923 (July 17, 1952).

55 Pub. L. No. 743, 68 Stat. 1030, ch. 1161 (Aug. 31, 1954). The principal controversy arising out of these amendments concerned a weakening of the manufacturing clause, which is discussed below.

56 Pub. L. No. 331, 68 Stat. 52, ch. 137 (April 13, 1954).

actions (1957).[57] Most recently, Congress made innumerable technical changes as part of the 1976 Copyright Act,[58] approved noncontroversial amendments clarifying the status of low-power television stations carried by cable systems (1986),[59] and increased the level of statutory damages (1988).[60]

3. Compromises Among Affected Interest Groups

When Congress has made substantive changes to the Copyright Act that affected legitimate interest groups, it has almost always obtained the consent of those groups beforehand. The numerous compromises embodied in the 1976 Act are among the most important examples of this phenomenon. In addition to the compromises on cable television, jukeboxes, and the manufacturing clause, numerous other portions of the 1976 Act reflect inter-industry bargains achieved through congressional "mid-wifery."[61] The "fair use" provisions of the 1976 Act, for example, represent a carefully crafted—and ultimately ambiguous—compromise among authors, publishers, and educators.[62] The sections of the 1976 Act dealing with copyright ownership, including provisions concerning works for hire, the right of reversion, and the like, were the product of another grand compromise among the affected industries.[63] And Congress' decision to make such fundamental changes as abolishing common-law copyright,[64] and creating a specific copyright regime for computer programs,[65] were also enacted with the concurrence of the affected

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57 Pub. L. No. 85-313, 71 Stat. 633 (Sept. 7, 1957).

58 For example, the 1976 Act simplified the rules governing awards of statutory damages. *See* 17 U.S.C. § 504(c).

59 100 Stat. 848 (Aug. 27, 1986).

60 Although no increase in statutory damages was required to make U.S. law consistent with the Berne Convention, the Berne Convention Implementation Act was revised shortly before passage to include a provision doubling the amounts of statutory damages specified in Section 504(c). *See* Cong. Rec. H10097 (daily ed. Oct. 12, 1988) (explanatory statement on final Berne bill).

61 *See* Litman, *Copyright, Compromise, and Legislative History*, 72 Cornell L. Rev. 857 (1987).

62 For a discussion of the legislative history of the fair use provisions, see W. Patry, *The Fair Use Privilege in Copyright Law* 213-315 (1985).

63 *See* Litman, 72 Cornell L. Rev. at 888-93.

One counterexample should be mentioned: in 1982, Congress approved an amendment, sponsored by the late Senator Zorinsky, that created a copyright exemption for certain uses of musical works by nonprofit veterans' or fraternal organizations. Pub. L. 97-366, 96 Stat. 1759, *codified at* 17 U.S.C. § 110(10). This amendment, which has been characterized as a "midnight raid" by Senator Zorinsky, was a one-sided loss for performing rights organizations such as ASCAP and BMI. However, the practical impact of the exemption is modest.

64 17 U.S.C. § 301.

65 Pub. L. No. 96-517, Sec. 10, 94 Stat. 3028-29 (Dec. 12, 1980). The 1980 computer software amendments largely adopted the recommendations of the Commission on New Technological Uses of Copyrighted Works ("CONTU") about

industries.

Two of the copyright amendments enacted in 1988 represent "inter-industry compromises" of this type. First, the Berne Convention Implementation Act of 1988 made a number of significant changes to U.S. copyright law.[66] Some of these changes are of considerable significance: for example, after the Berne bill goes into effect, authors will no longer be at risk of losing their works to the public domain because of the omission of copyright notice.[67] In addition, certain foreign authors will no longer be required to register their works before filing suit for infringement.[68] The Act also eliminates the requirement for recordation of transfers prior to filing suit, and makes certain cosmetic changes relating to the jukebox compulsory license.[69] These revisions to the Act are the product of a successful effort, spanning several years, to achieve a consensus among representatives of all affected interest groups. To make that consensus possible, the Berne bill was stripped of those provisions that threatened major interest groups.[70]

Another recent example of a compromise among affected interests is the

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protection for computer programs. Although two members of CONTU dissented, their somewhat theoretical concerns do not appear to have been shared by the affected industries.

Like the 1909 Act's exemption of the jukebox industry, the 1980 amendments about computer software have had effects that no one anticipated at the time. Section 117, which was rewritten in 1980, gives software owners a statutory right to make a backup (or "archival") copy of a computer program. Since that time, a robust market has developed in devices that enable owners of popular computer software to defeat "copy protection" of that software. These devices are believed to be widely used to make illegal copies of software. When accused of contributory infringement, however, the sellers of these devices clutched § 117 to their breasts, claiming that their real business was helping people to exercise their statutory right to make back-up copies. Under the standard for contributory infringement set forth in the *Sony* case, the sellers of these devices have prevailed. *See* Vault Corp. v. Quaid Software Ltd., 847 F.2d 255 (5th Cir. 1988).

66 Pub. L. No. 100-568, 102 Stat. 2853 (Oct. 31, 1988).

67 The revision of Section 401 of the Act to eliminate mandatory notice will bring to an end a favorite stratagem of defendants: putting the copyright owner on trial for the alleged inadequacy of its efforts to place a notice on his works. *See, e.g.,* Beacon Looms, Inc. v. S. Lichtenberg & Co., 552 F. Supp. 1305 (S.D.N.Y. 1982) (company producing "knockoffs" of curtains obtained preliminary injunction barring creator of curtain from enforcing its copyright, in light of deficiencies in notice).

68 *Id.* (amending Sections 401 and 411 of the 1976 Act).

69 Under new Section 116A, the jukebox industry is directed to negotiate with copyright owners about the terms and rates of royalty payments. If these negotiations fail, however, the compulsory license in Section 116 will remain in place.

70 *See* note 18, *supra*.

Satellite Home Viewer Act of 1988.[71] That Act creates a new compulsory license that permits satellite carriers, under certain circumstances, to retransmit television broadcast stations to owners of backyard satellite dishes.[72] The Act was tailored to address the concerns of all affected interests: satellite carriers, broadcasters, cable systems, the motion picture industry, and home dish owners. It was enacted while litigation was pending about whether satellite retransmissions to home dishes were permitted by existing law.[73] The incentives to reach a legislative compromise were clear: each party knew that if it failed to accept a "half a loaf" compromise in Congress, it could be faced with a total loss in court.

On the other hand, when the status quo is firmly tilted in favor of a particular interest group, as existing law favored the jukebox, cable, and printing industries, those groups may have little incentive to consent to any change in their privileged position. This section discusses how the recalcitrance of these three industries was finally overcome.

a. Cable Television and Jukebox Copyright

The establishment of limited copyright liability for the cable and jukebox industries in 1976 appears to have been the product of several special circumstances. First, the policy arguments in favor of a change in the law were exceptionally strong. The interest groups "harmed" by the change in law (cable systems and jukebox operators) were commercial businesses, not schools or private individuals, and each interest group profited from the wholesale dissemination of entire copyrighted works. Under traditional copyright principles, their continued exemption from copyright liability was inexplicable.

Second, Congress "bribed" both the cable and jukebox industries when it ended their free rides. Congress provided each industry with a special compulsory license, and set very low royalty fees in the statute.[74] Congress

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[71] Pub. L. No. 100-667 (creating new § 119 of the Copyright Act), 102 Stat. 3935 (Nov. 16, 1988).

[72] Under newly enacted Section 119, satellite carriers may retransmit network stations only to viewers in "unserved households," that is, households that do not receive a viewable signal over the air and that have not recently subscribed to a cable system.

[73] Led by Capital Cities/ABC, all three of the major commercial television networks filed lawsuits in 1987 against a firm, Satellite Broadcast Networks, Inc. ("SBN"), that retransmitted the signals of network affiliate television stations, via satellite, to owners of backyard dishes. SBN claimed to be a "cable system" entitled to a compulsory license for this activity under Section 111 of the 1976 Act. The networks contended that SBN was ineligible, on several grounds, for the compulsory license. In the only ruling on the issue to date, a federal district court endorsed the networks' position. *See* Pacific & Southern Co. v. SBN, Copyright Law Reporter (CCH) ¶ 26,314 (N.D. Ga. 1988).

[74] 17 U.S.C. §§ 111, 116.

shrewdly delegated to an administrative agency, the Copyright Royalty Tribunal, the politically treacherous task of raising rates in the future.[75] Thus, the cable and jukebox industries each remained better off than other businesses that use copyrighted works: each could continue to perform copyrighted works without obtaining the consent of the author, provided that they paid a modest annual fee for doing so.

Third, there is strong evidence that the cable industry accepted the termination of its exemption only because its consent was "coerced" by a force outside of copyright: the Federal Communications Commission. Beginning in 1966, the FCC promulgated regulations that had the practical effect of freezing most further expansion of the cable industry.[76] As the FCC acknowledged at the time, these regulations were intended to protect broadcasters from the "unfair competitive advantage" that cable enjoyed in retransmitting broadcast programming without permission or payment.[77] Only when cable agreed to accept copyright liability as part of a 1971 "Consensus Agreement" with the motion picture and broadcasting industries did the FCC agree to lift these restrictions.[78]

Finally, political blundering may have contributed to Congress' willingness to end the jukebox's industry's special status. For example, Representa-

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[75] *Cf.* R. Kent Weaver, *supra*, J. Pub. Policy, Vol. 6, No. 4 at 386-87 ("Independent regulatory commissions are delegated responsibility for many of the most sensitive economic conflicts that pit one firm or industry's interests directly against others (e.g. mergers, rate-making)").

Although the Copyright Royalty Tribunal has been bombarded with criticism for its raising of compulsory license royalty rates, particularly its 1982 decision raising cable royalties, the courts have almost always upheld the Tribunal's decisions. *See, e.g.,* National Cable Television Ass'n v. Copyright Royalty Tribunal, 724 F.2d 176 (D.C. Cir. 1983) (upholding CRT 1982 cable royalty decision).

[76] *See* United States v. Southwestern Cable Co., 392 U.S. 157, 159 n.2 (1968) (discussing FCC's freeze on importation of broadcast signals by cable systems in the 100 largest markets).

[77] *See* Copyright Law Revision—CATV, Hearings Before the Subcomm. on Patents, Trademarks, and Copyrights of the Senate Judiciary Comm., 89th Cong., 2d Sess. 78 (1966) (testimony of Rosel Hyde, Chairman of the FCC).

[78] *See Cable Television Report and Order*, 36 F.C.C.2d 143 (1972), *aff'd sub nom.* American Civil Liberties Union v. FCC, 523 F.2d 1344 (9th Cir. 1975). The Consensus Agreement is reprinted in the *Report and Order*, 36 F.C.C.2d at 284-86. For a discussion of the role of the FCC and of the Office of Telecommunications Policy in brokering the Consensus Agreement, see S. Brotman, *Communications Policymaking at the Federal Communications Commission: Past Practices, Future Direction* 33-37 (Annenberg Washington Program in Communications Policy Studies, 1987).

The fact that the cable industry was ultimately brought to heel is remarkable, since it had triumphed in its efforts to escape liability under existing copyright law. *See* Teleprompter Corp. v. CBS, Inc., 415 U.S. 394 (1974); Fortnightly Corp. v. United Artists Television, Inc., 392 U.S. 390 (1968).

tive Edwin Willis told his colleagues that he was originally a "friend[] . . . of the jukebox operators as against ASCAP and BMI."[79] However, Rep. Willis' "enthusiasm [was] blunted" when jukebox representatives "literally slammed [the door]" in the face of a staff member sent by the House Judiciary Committee to attend negotiations between the jukebox industry and the performing rights societies.[80]

b. The Manufacturing Clause

How was Congress able to change the ground rules so as to take away a "plum"—the manufacturing clause—from the printing industry? First, as with the cable and jukebox industries, there was virtually universal recognition, as a policy matter, that the law should be changed.[81] Second, Congress eased the manufacturing clause out of existence over a period of decades, thus reducing the marginal impact of any particular change in the law.[82] Third, Congress in 1976 employed an ingenious procedural device to wean the printing industry from its reliance on the manufacturing clause: it retained the clause as part of the Act, but provided that it would cease to be effective as of a date certain in the future (July 1, 1982).[83] Although the printing industry succeeded in pushing back the expiration date for an additional four years (until 1986),[84] it failed to obtain any further extension of the clause.[85]

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[79] 113 Cong. Rec. H8586 (April 6, 1967).

[80] *Id.*

[81] For example, the Copyright Office observed in 1975 that the manufacturing clause "has never been defensible on principle, and of the many blots on our international copyright escutcheon it has traditionally been the biggest and the dirtiest." Register of Copyrights, Second Supplementary Report on the General Revision of the U.S. Copyright Law 378 (1975).

[82] For example, the 1954 amendments to conform U.S. law to the requirements of the Universal Copyright Convention largely stripped away manufacturing requirements for works by foreign authors. *See* Pub. L. No. 743, 68 Stat. 1030, 1031, ch. 1161 (Aug. 31, 1954). Although the printing and binding trades unions of the American Federation of Labor opposed this change, the Congress of Industrial Organizations supported the U.C.C. amendments. *See* A. Goldman, *The History of U.S.A. Copyright Law Revision From 1901 to 1954* (1955), Study No. 1 in *Copyright law Revision*: Studies prepared for the Subcomm. on Patents, Trademarks, and Copyrights of the Senate Judiciary Comm., 86th Cong., 1st Sess. (Comm. Print 1960).

[83] *See* 17 U.S.C. § 601. *See* pp. 132-133, *infra* (discussing political impact of sunset provisions).

[84] *See* Pub. L. No. 97-215, 96 Stat. 178 (July 13, 1982) (extending manufacturing clause until 1986). Congress overrode President Reagan's veto of the four-year extension.

[85] Several bills were introduced in 1986 to extend the manufacturing clause still further, but none came close to being approved by Congress. *See* H.R. 3465 (introduced by Rep. Frank); S. 1822 (introduced by Senator Thurmond), S. 1938 (introduced by Senator Metzenbaum), 99th Cong., 2d Sess. (1986). Extension

In short, Congress' ability to impose significant losses on the jukebox, cable, and printing industries depended on one or more of the following factors: (1) virtually universal policy consensus; (2) the existence of political leverage from outside of the world of copyright; (3) slow and gradual elimination of special privileges; and (4) "bribes" to ease the transition of an industry to a new regime.

C. *OTHER RECENT EFFORTS AT COPYRIGHT REFORM*

Since enactment of the 1976 Act, there has been a proliferation of proposals to amend the copyright laws. Many of these proposals may well constitute "good copyright policy" from the perspective of detached observers. However, because most of these proposals would impose significant losses on respectable interest groups, without offering them commensurate benefits, their prospects for enactment seem remote.

This section first discusses a variety of proposals that are under a political cloud, and then discusses one proposal that may be "passable" under the criteria described in this article. The article then discusses the possibility of resolving inter-industry conflicts through "package deals," and the use of sunset provisions to prevent legislative changes of unclear merit from becoming permanent through political inertia.

1. *Politically Troublesome Proposals*

a. *Home Taping*

For many years, copyright owners have been concerned that home taping of records and films by consumers is undercutting the market for sale of those works. In particular, the recording industry has sought for several years to obtain legislative relief on this front, in the form either of royalties to compensate for home taping or the mandatory use of "anti-copying chips."[86] But these efforts have been met with ferocious resistance from hardware manufacturers, who believe (whether correctly or incorrectly) that any benefit to the recording industry would come at the expense of the electronics industry.[87] To date, none of these proposals have come close to being enacted.

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of the clause would have made it impossible for the United States to adhere to the Berne Convention, and was vigorously opposed by our trading partners.

[86] *E.g.*, H.R. 2911 (introduced by Rep. Morrison), S. 1739 (introduced by Sen. Mathias), 99th Cong., 1st Sess. (1985). The proposal to install anti-copying chips in tape recorders was criticized as unworkable in a report prepared by the National Bureau of Standards in 1988. *See* U.S. Department of Commerce, National Bureau of Standards, National Engineering Laboratory, *Evaluation of a Copy Prevention Method for Digital Audio Tape Systems* (1988), *reported in* Copyright Law Reporter (CCH) ¶ 20,481 (1988).

[87] Ironically, the Office of Technology Assessment found, based on interviews and surveys, that "many people would be reasonably disposed" to the imposition of a royalty on blank audio and video tapes. Office of Technology Assessment,

As of this writing, the recording industry has at least temporarily achieved a modicum of bargaining power in this dispute. Because most record companies have declined to release recordings in the new digital audio tape ("DAT") format, they have been able to deter, for the moment, large-scale importation of DAT machines.[88] Whether this leverage will continue, and whether it can be exploited to achieve legislative gains on the home taping issue, remains to be seen.

b. Source Licensing

Since 1985, broadcasting interests have pushed for an amendment that would force performing rights organizations such as ASCAP and BMI to offer broadcasters more favorable terms in licensing the use of musical compositions on television programs.[89] Not surprisingly, ASCAP and BMI have vigorously opposed such a change in the law. Again, because this change would impose substantial losses on a respectable political interest group—songwriters, if not the performing rights societies themselves—passage of such a proposal would require extraordinary circumstances.

c. Performance Rights in Sound Recordings

Owners of copyright in sound recordings do not now enjoy the right to control public performances of their works. The principal impact of this rule is that record companies, unlike songwriters, cannot collect royalties from radio and television stations for the broadcast of sound recordings.

The recording industry has long sought reversal of this rule. In 1976, Congress deferred consideration of the issue, and called for the Register of Copyrights to prepare a report on the subject.[90] In 1978, the Register released a report supporting the creation of a performance right for sound recordings.[91] Although Congress held extensive hearings on the subject in the wake of the Register's report,[92] the opposition of a powerful interest group

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Intellectual Property Rights in an Age of Electronics and Information 289 (1986). Such a royalty system would have the benefit, for many people, of "allow[ing] them the freedom to copy, without making them personally responsible for making judgments about the propriety of their actions." *Id.* But "[u]nlike consumers . . . hardware producers are adamantly opposed to options that would add a surcharge to their products." *Id.*

88 The record industry is concerned that the ability to make premium quality tapes on DAT machines will greatly increase the harm to record companies from home taping.

89 *E.g.*, S. 698 (introduced by Sen. Thurmond), H.R. 1195 (introduced by Rep. Boucher), 100th Cong., 1st Sess. (1987).

90 17 U.S.C. § 114(d).

91 43 Fed. Reg. 12,763 (1978) (Register's summary of report).

92 *E.g., Copyright Issues: Cable Television and Performance Rights*: Hearings Before the Subcomm. on Courts, Civil Liberties, and the Administration of Justice of House Judiciary Comm., 96th Cong., 1st Sess. (1979); *see* H.R. 997, 96th

(broadcasters) has blocked efforts to change the law, and seems likely to continue to do so in the future.

d. Video Rental

Unlike the recording industry, which was able to persuade Congress to banish a relatively marginal record rental industry, the motion picture industry was thwarted in its effort to achieve any control over the video rental business.[93] One important reason for the difference was that unlike the record rental bill, the proposal to control video rentals would have imposed costs on a business that had become strong and respectable, the videocassette rental business.[94] Particularly since VCR manufacturers were willing to fund a massive grassroots campaign led by "Mom and Pop" video dealers, the efforts of the motion picture industry proved fruitless.

e. Abolition of the Cable Compulsory License

Ever since the cable industry was given a compulsory license as part of the 1976 Act, copyright owners and broadcasters have urged elimination of that arrangement and movement to a full free market system.[95] The FCC has recently endorsed such a repeal.[96] However, so long as the cable industry continues to oppose such a change, its enactment seems unlikely. Any movement to eliminate the cable compulsory license is likely to succeed only if it is part of an inter-industry "peace treaty" in which the compulsory license is traded away in return for other concessions.

f. Artist Resale Royalties

Senator Kennedy, among others, has proposed legislation that would entitle artists, under certain circumstances, to a percentage of the resale price of their works.[97] The intention of this legislation is to help artists enjoy the

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Cong., 1st Sess. (1979) (introduced by Rep. Danielson) (bill to create performance right for sound recordings), *reprinted in* [1977-1986 Transfer Binder] Copyright Law Reporter (CCH) ¶ 20,022.

93 For an excellent discussion of these events, *see* J. Lardner, *Fast Forward* (1987).

94 The video rental bill was not principally aimed at controlling unauthorized taping, but at permitting the motion picture studios to market video cassettes at different prices for home use and for commercial rental.

95 *See* Eastern Microwave, Inc. v. Doubleday Sports, Inc., 691 F.2d 125, 133 n.18 (2d Cir. 1982) (describing the "disenchantment" of various private and public entities with the compulsory license), *cert. denied*, 459 U.S. 1226 (1983); *see also* H.R. 3843, 99th Cong., 1st Sess. (1985) (introduced by Rep. Frank) (calling for repeal of compulsory license), *reprinted in* Copyright Law Reporter (CCH) ¶ 20,348 (1986).

96 *See* note 3, *supra*.

97 *E.g.*, S. 1619, 100th Cong., 1st Sess. (1987), *reprinted in* Copyright Law Reporter (CCH) ¶ 20,454 (1987); S. 2796, 99th Cong., 2d Sess. (1986), *reprinted in* Copyright Law Reporter (CCH) ¶ 20,391 (1986).

benefit of large increases in the value of works they have sold, often at low prices. Because such a change in the law would impose concentrated losses on a vocal interest group—art dealers and collectors—its prospects of enactment seem dim, even if it may represent a desirable policy change from some "neutral" point of view.[98]

g. Moral Rights

The issue of moral rights arose in three different forms in the 100th Congress. First, one early draft of Berne implementing legislation would have created a formal regime of moral rights, but that proposal was dropped in recognition of political realities.[99] Second, film directors aggressively lobbied to stop Ted Turner and others from colorizing their works, but ultimately settled for a modest set of labeling requirements.[100] Finally, visual artists made modest forward progress in their drive to have Congress create a limited set of moral rights for certain works of fine art.[101] However, that effort could well stall if significant opposition develops.

h. Work Made For Hire

The "work made for hire" provisions of the 1976 Act set forth rules about who owns copyright in works that are prepared by employees and independent contractors.[102] Representatives of individual writers and artists, whose cause has been championed by Senator Thad Cochran, have sought to rewrite the work made for hire provisions of the 1976 Act to make them more favorable to individual artists and writers.[103] For example, Sen. Cochran's bill in the 100th Congress would have reversed a number of court decisions giving an expansive reading to the term "employee" in the definition of a

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98 Not surprisingly, the resale royalty proposal was rejected in 1988 by both the House and Senate subcommittees with jurisdiction over copyright issues. *See* 36 (BNA) Patent, Trademark & Copyright Journal 707 (Oct. 20, 1988).

99 *See* R. Brown, *Adherence to the Berne Copyright Convention: The Moral Rights Issue*, 35 J. Copyright Soc. 196, 207 (April 1988) (noting that Rep. Kastenmeier's 1987 proposal to codify moral rights "inflamed opponents of [Berne] adherence").

100 *See* National Film Preservation Act of 1988, Pub. L. No. 100-446, 102 Stat. 1774 (Sept. 27, 1988).

101 *See* 36 BNA Patent, Trademark & Copyright Journal 707 (Oct. 20, 1988) (reporting that House and Senate Subcommittees approved a version of the Visual Artists Moral Rights Act of 1988). Such bills have been introduced for many years. *See, e.g.*, H.R. 288, 96th Cong., 1st Sess. (1979) (introduced by Rep. Drinan), *reprinted in* [1977-86 Transfer Binder] Copyright Law Reporter ¶ 20,021.

102 17 U.S.C. § 101 (definition of "work made for hire"); § 201(b).

103 *E.g.*, S. 1223, 100th Cong., 1st Sess. (1987) (introduced by Sen. Cochran), *reprinted in* Copyright Law Reporter (CCH) ¶ 20,442 (1987). For a spirited exposition of the views of independent artists and authors on this issue, see 134 Cong. Rec. S14,560 (daily ed. Oct. 5, 1988) (remarks of Sen. Cochran).

"work made for hire," and barred work made for hire status for many types of works created by independent contractors.[104] Although it may be possible to accomplish the former result in court, since the Supreme Court has agreed to rule on the construction of the statute,[105] it is improbable that either of these proposals could command the political consensus that is ordinarily required to change the Copyright Act.

i. Public Lending Right

There have occasionally been proposals to permit copyright owners to enjoy the right to prevent unauthorized lending of their works by libraries.[106] Because such proposals might impose very substantial costs on libraries, however, they seem utopian absent extraordinary political developments.

j. Reimposition of Manufacturing Clause

During the 100th Congress, a Senator introduced legislation that would have reinstated a limited version of the manufacturing clause, applicable, however, only when imports reached a level four times as high as that in 1986.[107] Since opposition by the publishing industry (among others) to such future measures is virtually guaranteed, the proposal seems unlikely to make much progress.[108]

k. Reversal of Mills Music

In 1985, Senator Specter and Rep. Berman introduced bills to reverse the Supreme Court decision in *Mills Music v. Snyder*,[109] which ruled in favor of music publishers in a Goliath-against-David battle with songwriters. Specifically, the *Mills Music* Court interpreted Section 304(c)(2) of the 1976 Act to permit music publishers to continue to receive royalties for the licensing of songs to record companies even after the songwriters had exercised their statutory right to terminate their grants to the music publishers. The bills proposed by Sen. Specter and Rep. Berman would restore these royalties to the songwriters. Because this proposal is certain to be resisted by music publish-

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104 *See* S. 1223, 100th Cong., 1st Sess. (1987), *reprinted in* Copyright Law Reporter (CCH) ¶ 20,442 (1987).

105 *See* Community for Creative Non-Violence v. Reid, 845 F.2d 1483 (D.C. Cir. 1987), *cert. granted*, 1988 U.S. Lexis 4980 (Nov. 7, 1988).

106 *See* S. 658, 99th Cong., 1st Sess. (1985) (introduced by Sen. Mathias) (proposal to fund study of public lending right); E. Seeman, *A Look at the Public Lending Right*, 30 ASCAP Copyright Law Symposium 71 (1983).

107 S. 1785, 100th Cong., 1st Sess. (1987) (introduced by Sen. Dixon), *reprinted in* Copyright Law Reporter (CCH) ¶ 20,459 (1987).

108 Reimposition of the manufacturing clause would also be inconsistent with the United States' new obligations as a member of the Berne Convention.

109 469 U.S. 153 (1985). *See* S. 1384, 99th Cong., 1st Sess. (1985) (introduced by Sen. Specter); H.R. 3163, 99th Cong., 1st Sess. (1985) (introduced by Rep. Berman).

ers, it is a long shot at best.[110]

2. Potentially Feasible Amendments

One currently pending copyright revision proposal, to bar the unauthorized rental of computer programs, could potentially satisfy the political criteria discussed above.[111] That proposal, like the already-enacted prohibition of unauthorized record rentals, is meant to prevent unscrupulous entrepreneurs from profiting by encouraging the unauthorized copying of copyrighted material. Depending on the size of the software rental industry, and on whether it can claim to serve a legitimate function, such an amendment may be politically feasible.

3. A Special Case: State Sovereign Immunity

Over the past few years, copyright owners have repeatedly sparred with state governments about whether a state can defeat a copyright infringement action for damages by claiming sovereign immunity. Until recently, the lower federal courts were sharply divided about this issue.[112] However, in its 1985 decision in *Atascadero State Hospital v. Scanlon*,[113] the Supreme Court laid down a stringent standard for determining whether Congress intended to abrogate state sovereign immunity under the Eleventh Amendment. Since then, the lower courts have unanimously concluded that the Copyright Act does not satisfy the *Atascadero* standard for abrogation of sovereign immunity.[114] Although it remains possible to sue individual state government employees for injunctive relief,[115] the inability of copyright proprietors to sue for

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110 At hearings on these bills, questions were also raised about whether a retroactive transfer of rights determined to exist by the Supreme Court would be unconstitutional.

111 *See, e.g.*, S. 3074, 98th Cong., 2d Sess. (1984) (introduced by Sen. Mathias), *reprinted in* Copyright Law Reporter (CCH) ¶ 20,279 (1984); H.R. 1743, 100th Cong., 1st Sess. (1987) (introduced by Rep. Schroeder), *reprinted in* Copyright Law Reporter (CCH) ¶ 20,431 (1987).

112 *Compare* Mills Music, Inc. v. Arizona, 591 F.2d 1278 (9th Cir. 1979) (sovereign immunity inapplicable) *with* Mihalek Corp. v. Michigan, 595 F. Supp. 903 (E.D. Mich. 1984) (state immune from damages under Eleventh Amendment), *aff'd on other grounds*, 814 F.2d 290 (6th Cir. 1987); *see* W. Patry, *Latman's The Copyright Law* 272 n.70 (1986) (collecting authorities).

113 473 U.S. 234 (1985).

114 *See, e.g.*, BV Engineering v. UCLA, No. 87-5920 (9th Cir. October 3, 1988) (overruling Mills Music v. Arizona); Richard Anderson Photography v. Brown, 852 F.2d 114 (4th Cir. 1988).

115 *See Ex Parte Young*, 209 U.S. 123 (1908); Register of Copyrights, *Copyright Liability of States and the Eleventh Amendment* 54-55, 79 & n.286 (June 1988) (hereinafter "*Copyright Liability of States*"). The Register's study was prepared at the request of Reps. Kastenmeier and Moorhead of the House Subcommittee on Courts, Civil Liberties, and the Administration of Justice.

damages makes it virtually impossible, as a practical matter, to enforce copyrights against state governments.

In the wake of *Atascadero*, the Register of Copyrights has recommended that Congress rely on one of two methods for making state governments liable in damages for copyright infringement. First, Congress could amend the Copyright Act to make its abrogation of sovereign immunity more explicit.[116] (Whether Congress has the power to do so is currently an open question, which the Supreme Court is expected to resolve soon.)[117] Second, Congress could amend Title 28 of the United States Code to authorize copyright proprietors to sue state governments for damages in *state court*.[118]

The political qualities of the sovereign immunity battle are unprecedented. Because of their recent victories in court, state governments today are in the same position as the jukebox industry during most of this century: as a practical matter, they enjoy a license to exploit copyrights owned by other people without paying for them. And state governments are, of course, pre-eminently respectable political actors. For that reason, one would expect states to be able to block any prompt reform by Congress.

On the other hand, a wholesale exemption from copyright liability for state governments is unconscionable as a policy matter. The immunity that state governments now enjoy dwarfs that extended to the jukebox or cable industries earlier in this century: state governments can exploit not merely one category of copyrighted works in one particular way, but *all* works by *all* authors in *any* way. Short of raising the Jolly Roger above the state Capitol, it is difficult to imagine a greater provocation to the community of copyright owners. Nevertheless, since a number of state governments have aggressively defended sovereign immunity in court, they may be willing to do so in Congress as well.[119]

At the close of the 100th Congress in October 1988, Senators Wilson and DeConcini served notice that they intend to press for prompt enactment of legislation to impose full liability on states for copyright infringement.[120] It

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116 Register of Copyrights, *Copyright Liability of States* at 104-05.

117 In United States v. Union Gas Co., 832 F.2d 1343 (3d Cir. 187), *cert. granted sub nom.* Commonwealth v. Union Gas Co., 107 S. Ct. 865 (1988), the Supreme Court is expected to decide whether Congress has the power to abrogate state sovereign immunity under Article I of the Constitution. Several copyright interests filed *amicus curiae* briefs with the Supreme Court on this issue. *See, e.g.*, Brief, *Amici Curiae* of the Association of American Publishers and the Association of American University Presses, Inc., in Support of Respondent, Commonwealth v. Union Gas Co., No. 87-1241 (filed July 11, 1988).

118 Register of Copyrights, *Copyright Liability of States* at 104-05.

119 *See generally* Lee, *The Political Safeguards of Federalism? Congressional Responses to Supreme Court Decisions on State and Local Liability*, 20 Urban Lawyer 301 (1988).

120 Cong. Rec. S16,975 (daily ed. Oct. 20, 1988).

remains to be seen whether the states will seek to thwart that effort, and if so, whether any member of Congress will stand up to be counted in their defense.

4. Package Deals

In theory, some of the politically difficult copyright problems discussed above could be solved through "grand compromises" among the relevant interest groups, akin to the compromises in the 1976 Act concerning fair use, works made for hire, and the like. In the patent area, for example, such a compromise was achieved in 1984 between the brand name drug industry and the generic drug industry: the former obtained an extension of their patent terms to compensate for delays at the Patent Office, and the latter obtained a swifter approval process for their products.[121] The recent compromise among the broadcast, motion picture, satellite carrier, and cable industries in the Satellite Home Viewer Copyright Act of 1988 is another example of this phenomenon.

In many cases, however, the interest group seeking to make a major change in existing law has little or nothing to trade away in return. For example, had the film industry prevailed in the *Sony* case, and imposed liability on VCR manufacturers for copyright infringement by home tapers, the film industry could have used its court victory as bargaining leverage in seeking to persuade the electronics industry to agree to home taping legislation. Because of the Supreme Court's 5-4 ruling against the copyright owners, however, the film industry lost the bargaining power that it had won through its victory in the Ninth Circuit. The suggestion by the *Sony* majority that Congress could deal with home taping after the Court's decision thus reflects a failure to appreciate political realities.[122]

Of course, over time the bargaining leverage of any given interest group may improve, whether because of success in litigation, favorable regulatory changes, or helpful economic developments. Absent such changes, however, many potentially desirable copyright reforms are likely to wither on the vine.

5. Sunset Provisions

When Congress creates a new right or exemption that is "suspect" as a policy matter, it can combat the effect of political inertia by making such changes temporary. Sunset provisions of this type eventually force the proponents of the rule to return to Congress to try to keep it alive, a considerably more difficult task than blocking repeal of a permanent rule. Congress used

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[121] Drug Price Competition and Patent Term Restoration Act, Pub. L. No. 98-417, 98 Stat. 1585 (Sept. 24, 1984).

[122] *See Sony Corporation of America*, 464 U.S. at 456 (1984). Justice Blackmun's dissent correctly noted that the Court's decision "provides little incentive for congressional action." *Id.* at 457 (Blackmun, J., dissenting).

that device successfully in extending the manufacturing clause in 1976.[123] More recently, Congress included a sunset provision both in the original Rental Record Amendments of 1984, which bars the unauthorized commercial rental of sound recordings, and in the extension of that Act in 1988.[124] The new compulsory license for certain retransmissions of television signals to home dish owners similarly contains a six-year sunset date.[125]

The sunset device is a powerful one: had the 1909 Congress made the jukebox exemption temporary, for example, that exemption might have persisted for only five or ten years, rather than for 70. But the usefulness of sunset provisions is obviously far greater in dealing with newly created copyright rules than with rules already permanently embedded in the law.[126]

D. CHANGING THE RULES WITHOUT GOING TO CONGRESS

As described above, parties seeking to persuade Congress to make major changes in the copyright status quo have frequently been frustrated. By contrast, interest groups have found considerable (although far from universal) success in changing the rules in their favor by seeking relief in other forums: federal agencies (such as the Copyright Royalty Tribunal and the FCC) and the federal courts.

These forums have very significant advantages over Congress for a party seeking to achieve a major change in applicable rules: they are less directly subject to political pressure, and are ostensibly motivated only by considerations of law, "good policy," or both.[127] In addition, because courts and agencies can (unlike Congress) be forced to act on a reasonably prompt schedule, it is possible to get a decision on matters that Congress would simply let slide.

In some instances, parties have been content simply to enjoy the fruits of their victories in court or in federal agencies. However, such victories also provide parties with bargaining chips in their efforts to negotiate "package deals" in Congress.

1. The FCC's Freeze on Cable

As discussed above, in 1966 the FCC effectively froze the further expan-

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123 *See* p. 124, *supra*.

124 *See* Pub. L. No. 98-450, 98 Stat. 1727, § 4; Pub. L. No. 100-617, 102 Stat. 3194 (Nov. 5, 1988).

125 Pub. L. No. 100-667, § 207, 102 Stat. 3935 (Nov. 16, 1988).

126 Congress' imposition of a sunset date on the manufacturing clause in 1976 shows that it is at least sometimes possible to place a time limit on the continuation of rules that are already in place.

127 Federal judges, who enjoy lifetime tenure, are as insulated from "blame-generating" interest groups as one can be in our system of government. And although agency officials lack lifetime tenure, the fact that they do not face periodic elections gives them a modicum of freedom to implement "good policy" even in the face of political opposition.

sion of cable systems in the 100 largest markets. That decision, which used discretionary regulatory authority to put intense pressure on the cable industry, proved crucial in forcing the cable industry to accept at least some copyright liability for cable retransmissions.[128]

2. "Must Carry" Requirements

For many years, the FCC required cable systems to carry certain local television stations whether they wished to do so or not.[129] Although not a part of copyright law, these "must carry" rules have been important to broadcasters, and have been a major part of the bargaining leverage of broadcasters in dealing with the cable industry on copyright matters. In two different Court of Appeals cases over the past few years, however, the cable industry has persuaded the courts that the must carry rules (at least as currently written) violate the First Amendment.[130] Through litigation, the cable industry thus appears to have achieved a one-sided victory that could surely not have been achieved through the legislative process.

3. Compulsory License Royalty Rates

Parties representing copyright owners have persuaded the Copyright Royalty Tribunal to raise compulsory license rates by very large amounts.[131] Most notably, the Tribunal in 1982 increased cable retransmission royalties to a degree that the cable industry complained was virtually confiscatory.[132] It is inconceivable that Congress itself would have raised royalties to this extent—and the members of the Tribunal would surely have been defeated if they had run for election shortly after this decision. Nevertheless, the Tribunal's decision survived the firestorm of criticism from cable operators and Congress, and was ultimately upheld by the D.C. Circuit.[133]

4. Antitrust Attacks on Performing Rights Societies

Over several decades, both broadcasters and the Justice Department have used litigation in an effort to limit the power of performing rights socie-

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128 *See* p. 123, *supra*.

129 *E.g.*, 47 C.F.R. § 76.56-67 (1986).

130 Quincy Cable TV, Inc. v. FCC, 768 F.2d 1434 (D.C. Cir. 1985), *cert. denied*, 106 S. Ct. 2889 (1986); Century Communications Corp. v. FCC, 835 F.2d 292 (D.C. Cir. 1987), *cert. denied*, 108 S. Ct. 2014 (1988).

131 *See* Amusement and Music Operators Association v. Copyright Royalty Tribunal, 676 F.2d 1144 (7th Cir.) (upholding increase in yearly jukebox royalty fees from $8 to $50), *cert. denied*, 459 U.S. 907 (1982).

132 National Cable Television Ass'n v. Copyright Royalty Tribunal, 724 F.2d 176, 184 (D.C. Cir. 1983) (quoting arguments by cable industry that "[t]he rate set by the Tribunal far exceeds the value of additional signals to cable operators").

133 *Id.*

ties such as ASCAP and BMI.[134] Through these actions, ASCAP and BMI have been placed under permanent consent decrees that (among other things) limit their discretion over pricing of music performance royalties.[135] More recently, broadcasters have (temporarily) won through litigation other major victories against the performing rights societies.[136]

5. Work Made for Hire

Litigation over the meaning of the work made for hire provisions of the 1976 Act has led to highly disparate interpretations of the extent to which an entity may claim work made for hire status for work done by persons who are not regular employees.[137] The Supreme Court has now agreed to decide this question.[138] As with other controversial Supreme Court decisions of recent years, such as *Sony* and *Mills Music*, it seems likely that the interest groups that prevail in court will be able to protect their victory from legislative reversal.

Of course, efforts to change the ground rules of copyright through judicial or administrative action have not always been crowned with success. For example, efforts by broadcasters to persuade the courts to enjoin cable retransmissions under the 1909 Act were twice rebuffed.[139] In a number of other instances, however, parties have enjoyed at least temporary success in attempting to transform the rules of copyright through litigation. The cable industry recently came close to slashing its compulsory license royalty payments roughly in half through a challenge to Copyright Office regulations on "tiering;"[140] film producers were temporarily victorious in their bid to strike

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134 *See* Rifkind, *Music Copyrights and Antitrust: A Turbulent Courtship*, 4 Cardozo Arts & Enter. L.J. 1 (1985).

135 *See* United States v. ASCAP, 1950-51 Trade Cas. (CCH) ¶ 62,595 (S.D.N.Y. 1950); United States v. BMI, 1966 Trade Cas. (CCH) ¶ 71,941 (S.D.N.Y. 1966).

136 *See* Buffalo Broadcasting Co. v. ASCAP, 546 F. Supp. 274 (S.D.N.Y. 1982) (enjoining ASCAP and BMI from licensing non-dramatic music performing rights to local television stations for syndicated programming), *rev'd*, 744 F.2d 917 (2d Cir. 1984).

137 *Compare* Aldon Accessories Ltd. v. Spiegel, Inc., 738 F.2d 548 (2d Cir.), *cert. denied*, 469 U.S. 982 (1984) (outside author qualifies as "employee" if his or her work is "sufficiently supervised and directed" by hiring party) *with* Easter Seal Society for Crippled Children and Adults, Inc. v. Playboy Enterprises, Inc., 815 F.2d 323 (5th Cir. 1987), *cert. denied*, 108 S. Ct. 1280 (1988) (outside author is "employee" only if he or she is an employee under agency law); Community for Creative Non-Violence v. Reid, 846 F.2d 1483 (D.C. Cir. 1987) (same).

138 On November 7, 1988, the Supreme Court granted certiorari in Community for Creative Non-Violence v. Reid, 1988 U.S. Lexis 4980 (1988).

139 Teleprompter Corp. v. CBS, Inc., 415 U.S. 394 (1974); Fortnightly Corp. v. United Artists Television, Inc., 392 U.S. 390 (1968).

140 Cablevision Co. v. Motion Picture Association of America, Inc., 641 F. Supp.

back at home taping through the courts;[141] medical publishers enjoyed temporary success in obtaining relief from library photocopying;[142] and a defiant bar owner briefly succeeded in erecting an ingenious procedural barrier to enforcement actions by ASCAP.[143] Even where such efforts have ultimately failed, they illustrate the possibility of making fundamental changes in the rules of copyright through non-legislative means.

CONCLUSION

Copyright reform often requires cajoling one or more interest groups to give up privileges they have long enjoyed. The success of the jukebox, cable, and manufacturing clause reform efforts show that the resistance of private interest groups can, at least occasionally, be overcome. Yet the price of those successes was high: reform of jukebox copyright and of the manufacturing clause required decades of effort, and ending cable's free ride required the *deus ex machina* of FCC intervention.

The history of these reform efforts, and of many others over the past eight decades, suggests several lessons for those seeking to change the Copyright Act in ways that harm the interests of other groups. First, before one can achieve results in Congress, it may be necessary to change the status quo,[144] or at least create doubt about it,[145] through agency or court proceed-

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1154 (D.D.C. 1986) (rejecting Copyright Office interpretation, which was supported by copyright owners), *rev'd*, 836 F.2d 599 (D.C. Cir. 1988) (endorsing Copyright Office interpretation).

141 *See* Universal City Studios v. Sony Corporation of America, 659 F.2d 963 (9th Cir. 1981), *rev'd*, 464 U.S. 417 (1984).

142 Williams & Wilkins Co. v. United States, 172 U.S.P.Q. (BNA) 670 (Ct. Cl. 1972), *rev'd*, 487 F.2d 1345, 1347 (Ct. Cl. 1973), *aff'd by an equally divided Court*, 420 U.S. 376 (1975).

143 *See* Ocasek v. Hegglund, [1987] Copyright Law Dec. (CCH) ¶ 26,150 (D. Wyo. 1987). In *Ocasek*, the defendant, a bar owner, sought to depose the nominal plaintiffs in the action, prominent rock stars such as Bruce Springsteen and Billy Joel. A magistrate agreed that the defendant had the right to do so. The district judge, however, reversed the magistrate, observing that if defendants in ASCAP enforcement cases were permitted to depose songwriters who are merely nominal plaintiffs, "the enforcement procedure [would become] so costly and burdensome as to preclude the vindication of the principle of copyright." *Ocasek*, [1987] Copyright Law Dec. at 21,259.

144 For example, the Copyright Royalty Tribunal's increases in the rates paid by cable systems under the compulsory license (*see supra* p. 134) have diminished the attractiveness of that license to the cable industry, and made them more willing to consider trading it away.

145 The litigation filed by the major television networks against Satellite Broadcast Networks, *see supra* p. 122, had precisely this effect. Unless a lawsuit were filed, SBN would have had little reason to agree to legislative restrictions designed to protect the networks' interests. But the existence of the lawsuits created an intolerable degree of uncertainty for SBN, and forced it to come to the congressional bargaining table.

ings.[146] Second, it is much easier to impose pain on an interest group when it is in its cradle that when it has grown to maturity.[147]

Third, although efforts to press Congress for bold reforms are often frustrating in the short run, they can serve a valuable function by educating members of Congress to the merits of a particular policy position. When one's bargaining position improves,[148] the groundwork will have been laid for exploiting what may be only a temporary advantage. In the meantime, however, a perfect Copyright Act remains a chimera.

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[146] The FCC's "syndicated exclusivity" rules provide another example of this phenomenon. Although cable systems enjoy a compulsory license to retransmit broadcast programming under Section 111 of the 1976 Act, they may do so only if their retransmissions are "permissible under the rules, regulations, and authorizations of the Federal Communications Commission." 17 U.S.C. § 111(c)(1), 111(c)(2)(A). Both in 1980 and in 1988, the FCC has changed its regulations about cable retransmissions in ways that dramatically altered the bargaining power of the affected parties. In 1980, the Commission tilted in favor of the cable industry by abolishing its "syndicated exclusivity" rules, Federal Communications Commission, Report and Order in Dockets 20988 and 21284, 79 F.C.C.2d 663 (1980). These rules were designed to protect the ability of local television stations to purchase non-network programming on an exclusive basis, and to prevent cable systems from importing the same programming on the signal of a distant station. In 1988, however, the Commission, acting largely on its own initiative, decided to reinstate the syndicated exclusivity rules, albeit in a somewhat different form. Report and Order, 3 F.C.C. Rcd. 5299 (July 15, 1988). If the Commission's recent change of heart survives petitions for reconsideration and court challenges, it will significantly improve the bargaining leverage of broadcasters and copyright owners in their dealings with the cable industry.

[147] The Record Rental Amendment of 1984, enacted at a time when the record rental business was in its infancy, is a notable recent example.

[148] For example, the recording industry has recently gained at least some leverage on the home taping issue, because its members have declined to release recordings in the new DAT format unless progress is made on the home taping issue. *See supra* p. 126.

26. THE NATIONAL FILM PRESERVATION ACT OF 1988: A COPYRIGHT CASE STUDY IN THE LEGISLATIVE PROCESS

By ERIC J. SCHWARTZ[1]

On September 27, 1988, President Reagan signed into law the Interior Appropriations Act for fiscal year 1989,[2] containing the annual appropriations for the Interior Department and related agencies. Included in this year's funding for America's parks and forestry service was a nongermane amendment (the so-called "Mrazek-Yates amendment") containing $250,000 for each of the next three years, to establish a National Film Preservation Board, in order to select up to 25 films a year for inclusion in a newly created National Film Registry.[3]

Judged as a percentage of the overall spending levels in the Act ($9.9 billion), the National Film Preservation amendment would appear to an outside observer to be a minor amendment. It was not. Disagreements over this amendment held up the entire Act's progress through the legislative process. In addition, consider the importance of the issues and the context in which the amendment was introduced and finally adopted—moral rights, colorization and material alteration to audiovisual works, the Lanham Act, and even, United States adherence to the Berne Convention. Neither can the provisions which were finally adopted be dismissed as inconsequential. This article will examine the legislative history of the "Mrazek-Yates amendment," and what was finally enacted in September 1988. Most of the focus will be on the House of Representatives, because this is where the battle was fought until the last stages.

The Mrazek-Yates amendment was the only provision on the subject of

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[2] Public Law 100-446 (H.R. 4867, introduced on June 20, 1988).

[3] The National Film Preservation Act amendment became known as the "Mrazek-Yates amendment," named for its sponsors Congressman Robert J. Mrazek (Democrat, N.Y.) and Congressman Sidney R. Yates (Democrat, Ill.), both members of the House Committee on Appropriations. Rep. Yates is the Chairman of the Subcommittee on Interior, and therefore, introduced the bill, H.R. 4867, making appropriations for the Department of the Interior and related agencies for fiscal year 1989. He also managed the bill on the floor of the House.

film colorization and the material alteration of audiovisual works to survive the legislative process in the 100th Congress. It was not by any means at the center stage on these issues, until it was clear, that for the time being legislatively, there would be no other activity.

In previous years, the controversial issue of moral rights had been extensively examined in the context of the United States adherence to the Berne Convention.[4] Except for the creative artists involved (principally the Directors Guild of America), the legislative strategy of all of the other parties was to keep the issue of moral rights, or at least the inclusion thereof, separate from the enabling legislation permitting United States adherence to the Berne Convention, in order to ensure that the controversy would not prevent the United States from joining Berne.

This effort was successful, for when late in the 100th Congress, our domestic copyright law was amended to adhere to Berne,[5] and the Senate ratified the treaty,[6] moral rights had been consigned to a provision declaring that the legislation neither expanded nor reduced the rights of authors, "whether claimed under Federal, State, or the common law—(1) to claim authorship of the work; or (2) to object to any distortion, mutilation, or other modification of, or other derogatory action in relation to, the work, that would prejudice the author's honor or reputation."[7] However, Congress continued to keep the issue of moral rights alive (and not just for the film industry).

In late February 1988, Rep. Robert Kastenmeier (Democrat, Wisc.) and Rep. Carlos Moorhead (Republican, Calif.), the chairman and ranking minority member of the Committee on the Judiciary subcommittee with copyright jurisdiction, asked the Copyright Office to conduct a study on the issues of colorization and other material alterations to audiovisual works by new technologies.[8] They requested completion of the study by early in 1989.

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[4] Hearings before the Subcommittee on Patents, Copyrights and Trademarks of the Senate Committee on the Judiciary, May 16, 1986 and April 15, 1986 (S. Hrg. 99-982); Hearings before the Subcommittee on Technology and the Law of the Senate Committee on the Judiciary, May 12, 1987 (S. Hrg. 100-391); Hearings before the Subcommittee on Patents, Copyrights and Trademarks of the Senate Committee on the Judiciary, February 18, 1988 and March 3, 1988 (S. Hrg. 100-801); Berne Convention Implementation Act of 1987, H.R. 1623, Hearings before the Subcommittee on Courts, Civil Liberties and the Administration of Justice of the House Committee on the Judiciary, June 17, July 23, September 16 and 30, 1987 and February 9 and 10, 1988 (printed as a single document). This list of hearings is not meant to be exhaustive.

[5] Public Law 100-568, enacted October 31, 1988 (H.R. 4262).

[6] On October 31, 1988, President Reagan signed the implementing legislation to enable the United States to become party to the Berne Convention for the Protection of Literary and Artistic Works. The United States Senate ratified the treaty on October 20, 1988. Adherence becomes effective on March 1, 1989.

[7] Section 3(b), Public Law 100-568, enacted October 31, 1988 (H.R. 4262).

[8] Letter of February 25, 1988 to Ralph Oman, Register of Copyrights, U.S. Copy-

In addition, moral rights legislation for film artists, known as the Film Integrity Act of 1987 (the "Gephardt bill"), was introduced in the 100th Congress, with hearings scheduled before the Mrazek-Yates amendment was even conceived.[9] As it turned out, hearings on this bill in the Subcommittee on Courts, Civil Liberties and the Administration of Justice of the Committee on the Judiciary occurred during the consideration of the Mrazek-Yates amendment in the Committee on Appropriations.[10] Similar legislation for visual artists, which was on a separate legislative track, came close to passage in the waning days of the 100th Congress, and will most likely be on the agenda early in the 101st Congress.[11]

The Mrazek-Yates amendment may not have fleshed out most, or even many of the issues in these larger legislative battles. However, it did indicate how volatile these issues are and especially what can happen when a confrontational legislative strategy is used. This is not to say anything inherently extraordinary happened, for nongermane amendments are offered and often successful in appropriation bills, even when a consensus does not exist.[12] But

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right Office, from Robert W. Kastenmeier and Carlos Moorhead from the Subcommittee on Courts, Civil Liberties and the Administration of Justice. In addition, the Patent and Trademark Office of the Department of Commerce was also asked by Chairman Kastenmeier and Rep. Moorhead to do a similar but more limited study on how these issues might be resolved in the context of the Lanham Act.

[9] H.R. 2400 introduced by Rep. Richard A. Gephardt (Democrat, Mo.) on May 13, 1987.

[10] Rep. Kastenmeier issued a press release on March 15, 1988 announcing that his Subcommittee on Courts, Civil Liberties and the Administration of Justice would hold hearings on moral rights and specifically on H.R. 2400 and H.R. 3221. He said that "having previously focused on artists rights in the context of the Berne treaty, there is considerable interest among subcommittee members in the issue as separate from the need for the U.S. to become a member of the Berne Convention." He made reference to the Berne bill he had introduced, H.R. 1623, on March 16, 1987 (with Rep. Moorhead, the ranking Republican member), which would have "granted artists certain rights to control alterations of his or her works after they are completed and displayed in public." The subcommittee's hearings were held on H.R. 3221 on June 9, 1988 and on H.R. 2400 on June 21, 1988.

[11] H.R. 3221, introduced by Rep. Edward J. Markey (Democrat, Mass.) on August 7, 1987 and its Senate companion bill, S. 1619, introduced by Senator Edward M. Kennedy (Democrat, Mass.) introduced on August 6, 1987, would have created moral rights for authors of pictorial, graphic and sculptural works.

[12] Nongermane amendments (known as "legislative amendments") are common in omnibus spending bills (known as "continuing appropriations" bills), and are less common in the annual general appropriations bills. Legislative amendments in the House are considered any amendments which "change existing law." These amendments are subject to a point of order unless a waiver of clause 2 rule XXI of the standing rules of the House of Representatives is granted either by unanimous consent or in the Committee on Rules. *Rules of*

in this case, drastic changes in copyright law were proposed in the Committee on Appropriations, over the objections of many of the key members of the Committee on the Judiciary—the committee of jurisdiction for copyright matters.

The level of emotion was high, and the intensity of the lobbying was, to say the least, overwhelming. The resulting legislative product, modified considerably from the early proposals, left many participants and nonparticipants disappointed. Given the complexity of the subject matter, and the legislative process it endured, it is no wonder that the end result left so many unhappy. In its wake, many of the key issues were left unresolved. Indeed, the chief sponsor of the amendment, Rep. Mrazek, conceded that what was enacted was only "a first step."

Eventually, the issues of moral rights, colorization and the material alteration of audiovisual works will be handled by the Judiciary Committee. All the parties have admitted this. Before that occurs, the Copyright Office study on colorization and other technologies in the film industry will be completed. But the subject of this article is what was enacted in Public Law 100-446, The National Film Preservation Act.

What is probably the most surprising of all is that the four Members of Congress, (Reps. Mrazek and Yates and Senators Patrick Leahy (Democrat, Vt.) and Dennis DeConcini (Democrat, Ariz.)) who worked the hardest on the amendment, were able, in the face of huge opposition, to enact anything at all. It has often been said that the two things people should not see being made are sausages and the law. Some would say this should surely be true in the case of the Mrazek-Yates amendment. There were so many participants (especially from the outside) and so many drafts in the creation of the final product that a chronological legislative history is the only way to understand what happened.

A Legislative History of PL 100-446, The National Film Preservation Act

The starting point of what will later be known as the Mrazek-Yates amendment was a "discussion draft" in late May 1988, which Rep. Mrazek drafted and circulated privately but never introduced in the House. Any doubts that the fight was about copyright law were silenced by the fact that the original bill amended title 17, creating in a new chapter 10, a free standing National Film Commission and providing for the establishment of a National Film Registry.[13]

The bill would have created a new section 119 limitation on exclusive

the House of Representatives, 100th Congress, adopted January 6, 1987 (House Resolution 5).

[13] May 26, 1988 "Discussion Draft" of Rep. Mrazek. Future drafts of the amendment, however, were changed so as to facially avoid direct jurisdictional con-

rights to prevent the public performance, distribution, leasing or sale of any "materially altered" motion picture as determined by the Commission. This right would have vested in the principal director or principal screenwriter. In addition, the proposed section 119 would have required that any colorized film (originally released in black and white) use a new title, different from the one under which it was originally released.[14] This bill was the genesis of provisions which, though substantially changed over the next four months, eventually became law.

On June 8, 1988, the Subcommittee on Interior of the Committee on Appropriations held its mark-up of the fiscal year 1989 appropriations bill for the Department of Interior and related agencies. Rep. Mrazek, a member of the Appropriations Committee, but not a member of this subcommittee, privately convinced Interior subcommittee Chairman Yates to offer an amendment along the lines of his May "discussion draft" bill.

With a minimal amount of discussion at the mark-up, Chairman Yates explained that he had an amendment for a $500,000 film commission that related to issues of film colorization. The committee staff later explained that the purpose of the commission was to list films that are culturally, historically and aesthetically significant, and to grant protection to these films by disclosing alterations and restricting some of their uses. But at that time, according to the staff, "only the concept of a film commission was agreed to" in the subcommittee by a voice vote, because no printed amendment was offered.[15]

The Interior Appropriations subcommittee finished marking up the bill on June 8, and sent its recommendations on the entire bill to the full Appropriations Committee. Not until June 16, when the subcommittee printed its recommendations in the full committee print, making appropriations for the Interior Department for FY 1989, was the Mrazek-Yates amendment language revealed.

The Mrazek-Yates amendment, called the "National Film Preservation Act of 1988," as reported by the subcommittee would have:

> (1) contained in its findings, the declaration that "motion pictures are being defaced by technologies that directly threaten the integrity of motion pictures and fundamentally alter artistic vision of the artists who created these works;"
>
> (2) authorized and appropriated $500,000 to create a National Film Commission within the National Foundation on the Arts and the Humanities;

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flict with the Committee on the Judiciary, by taking the amendment out of title 17.

[14] Ibid.

[15] Phone conversation with Committee on Appropriations staff November 16 and December 14, 1988.

(3) constituted a Commission of four people, each appointed by the Chairmen of the Endowment for the Arts and the Endowment for the Humanities and one person appointed by the President (also designating that the 8 persons appointed by the chairmen shall come, two each, from the following four organizations: the Directors Guild of America (DGA), the Writers Guild of America (WGA), the National Society of Film Critics, and the Society for Cinema Studies);

(4) required that the Commission pick films (the bill refers to "theatrical motion pictures" only) that are "culturally, historically, or esthetically significant" for inclusion in a National Film Registry;

(5) required that the Commission determine the content and form of labeling to disclose "material alterations" in *any* film (the Commission was required to determine what a material alteration was, but no definition was provided in the bill). The label designed by the Commission was also to include information that "the principal director or principal screenwriter of the film desires to be disassociated from the materially altered version of the film" (the bill provided that for directors or screenwriters who are dead, the Commission can decide whether they would have desired inclusion of this information);

(6) created a new section 119 of title 17 to make it unlawful to "publicly perform, distribute, sell or lease a motion picture" which the Commission decided had been materially altered without the proper labeling and disclosures, and to do the same using the original title of a film originally released in black and white which had been colorized;

(7) provided that remedies for violations of this new section 119 be those found in sections 502 through 505 of title 17;

(8) required the Copyright Office to notify the Directors Guild of America and the Writers Guild of America of any films selected into the National Film Registry (the Copyright Office would have been notified by the Commission of the films it selected).[16]

On June 8, the subcommittee reported the amendment to the full committee and caught the opponents of the amendment off guard. This was, in fact, the legislative strategy of the proponents of the Mrazek-Yates amendment, chiefly the Directors Guild of America. The Guild later explained that

[16] U.S. House of Representatives, Committee on Appropriations, Full Committee Print, June 16, 1988, making appropriations for the Department of Interior for fiscal year 1989, pages 73-82.

its reason for moving the amendment through the Appropriations Committee and not the Judiciary Committee was its fear of being beaten in Judiciary by the motion picture and publishing industries, who opposed moral rights. The Guild also felt that if the opposition had enough time, they would be able to stop the provisions even in the Appropriations Committee and so designed a fast-track strategy.

On June 15, Rep. Mrazek held a press conference in Rep. Thomas S. Foley's (Democrat, Wash.) Capitol office. Rep. Foley, as Majority Leader of the House, played a key role in the eventual success of the amendment, and at the press conference, though absent, he was described as a supporter of the amendment. Actor Jimmy Stewart appeared at the press conference, and stated that he had talked to President Reagan about stopping the colorization of films and the President was "very positive." Ironically, Nancy Reagan, in 1985, had sent a letter to Colorization, Inc., the Toronto based company which colorized a number of the first motion pictures, expressing her and the President's delight after their screening of the colorized version of *Topper*.

Also on June 15th, a letter was sent from Office of Management and Budget Director James C. Miller III to House Appropriations Committee Chairman Jamie L. Whitten (Democrat, Miss.) stating the Administration's opposition to the Mrazek-Yates provision because "no hearings have been held on this agency, there is no known compelling need for it, and the resources are clearly only a small beginning for what could well become a massive and intrusive new Federal regulatory authority."[17]

The next day, June 16, the public had its first view of the amendment printed in preparation for the day's full Appropriations Committee mark-up of the Interior bill. At the mark-up, Rep. Vic Fazio (Democrat, Calif.) moved to strike the Mrazek-Yates amendment from the Interior Appropriations bill. Rep. Fazio noted that nongermane amendments in the House Appropriations Committee were rare, especially when the committee of jurisdiction, in this case, the Judiciary Committee, had not refused to move the legislation.

In fact, Rep. Fazio observed that the Judiciary Committee had agreed to schedule hearings on the issue and the Copyright Office was moving forward with its study on colorization and related issues. Chairman Whitten agreed with Rep. Fazio that the legislation should be dealt with in the Judiciary Committee.[18]

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[17] Letter dated June 15, 1988, reprinted in the Congressional Record, June 29, 1988, page H 4867.

[18] Rep. Fazio's position on the Mrazek-Yates amendment turned out to be crucial, because, when, in its final form, the National Film Preservation Board was created, it was established within the Library of Congress, which receives its annual appropriations from Chairman Fazio's Appropriation's subcommittee on Legislative [sic].

Ultimately, however, Reps. Yates and Mrazek carried the vote, with the aid of Jimmy Stewart (present in the Appropriations Committee room), defeating the Fazio motion on a division (an unrecorded show of hands) by a vote of 20-25. In part, Rep. Mrazek was successful because he predicted in his remarks to the Committee, that the legislation would not be approved at the next legislative step, the House Committee on Rules. It is up to the Rules Committee to waive the standing House rule (clause 2 of rule XXI) which prohibits the House from considering legislation in an appropriations bill. Waiver was required before the Mrazek-Yates amendment could be considered by the full House, or the amendment would be stricken on the House floor.

Rep. Mrazek argued that the Appropriations Committee should approve his amendment and "show Jimmy Stewart and the American people that they care about American movies." Rep. Yates said that he was unaware of any objections by Rep. Kastenmeier, and that if the amendment was opposed by the Judiciary Committee, he would offer an amendment to take care of those objections. These arguments proved convincing and on June 20, the Appropriations Committee reported H.R. 4867, the Interior Appropriations Act for FY 1989, including intact the Mrazek-Yates amendment as reported from the subcommittee. The Committee report summarized in three paragraphs the provisions of the amendment, stating that films would be selected for the National Film Registry that are "culturally, historically or esthetically significant," and would be "granted protections requiring disclosure of alterations and restriction on [their] use if chromatically altered."[19]

The next day, in accordance with his announcement several weeks earlier, Chairman Kastenmeier's Judiciary subcommittee on Courts, Civil Liberties and the Administration of Justice, held a hearing on the issue of moral rights in motion pictures. Specifically, the hearing was on H.R. 2400, the Film Integrity Act of 1987, introduced by Rep. Gephardt in May 1987. H.R. 2400 proposed to:

> (1) amend the 1976 Copyright Act to include a new section 119 limiting the exclusive rights of copyright owners of motion pictures. Under new section 119, the owner of a copyright in a published motion picture could not materially alter the work without the written consent of the "artistic authors" of the work. The bill specifically provided that colorization is a material alteration;
>
> (2) provide for the transferability of the artistic author's right to consent to a material alteration both inter vivos and post mortem;
>
> (3) provide that the artistic author's right to consent to mate-

[19] House Report 100-713, pages 113-114.

rial alterations would not expire when the copyright in the work expired;

(4) provide that the artistic authors would be considered the "legal or beneficial owners of an exclusive right under a copyright." Also, unauthorized derivative works would be ineligible for copyright protection;

(5) give the Copyright Office a new duty of establishing regulatory procedures for directors and screenwriters to be formally designated as the artistic authors of motion pictures they create.

In testimony at the hearing, Register of Copyrights Ralph Oman testified to several reservations he had about the provisions in H.R. 2400, including the Constitutional and practical problems these new provisions might create. The written testimony of the Register provided a lengthy explanation of the provisions in the bill and noted some of the problems.[20] His written testimony also detailed the provisions of a related bill, H.R. 3221, the Rep. Markey bill (and its Senate companion S. 1619 introduced by Sen. Kennedy)[21] known as the Visual Artists Right Act of 1987. This bill would have created explicit moral rights of paternity and integrity for visual artists.

In his oral testimony, Mr. Oman testified that issues of moral rights for the authors of any works, including films, should be considered in the Judiciary Committee. He discussed the Mrazek-Yates amendment stating a preference for a form of labelling over a statutory moral right as a better starting point than the Mrazek-Yates approach. He also stated a preference for an all film labelling approach.

On June 21, a private meeting was held in Rep. Foley's Majority Leader's Office with Foley, and Reps. Yates, Mrazek, House Majority Whip Tony Coelho (Democrat, Calif.), Fazio and representatives of the Directors Guild and the Motion Picture Association of America (MPAA) present. No members of the Judiciary Committee attended. Rep. Mrazek presented his case, and Jack Valenti, President of the Motion Picture Association, offered to label all films but said he opposed the idea of a Film Commission, citing objections to Mrazek's provision calling for a change in the title of colorized or materially altered films. Mrazek said he wanted to provide a disincentive to altering films.

Rep. Coelho said that an industry-wide body should be deciding these issues, especially in coming up with definitions for material alterations. After allowing both sides to present their cases, Foley, who chaired the meeting, told the MPAA and the DGA to reach an agreement in order to let the legislation proceed successfully.

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[20] Hearings before the Subcommittee on Courts, Civil Liberties and the Administration of Justice of the House Committee on the Judiciary, June 21, 1988.

[21] The Kastenmeier subcommittee had held hearings on H.R. 3221 on June 9, 1988.

On June 22, Rep. Kastenmeier introduced a bill containing his solution, at least so far as film labeling was concerned. The bill, H.R. 4897, was called the "Film Disclosure and Preservation Act of 1988." The bill proposed to:

> (1) amend the Lanham Act to create a new section 43(c) to require that *all* films (defined as a "theatrical motion picture after its first publication") that are materially altered (including colorized) be labeled;
>
> (2) include on the label a description of the alteration and the objections of up to four "aggrieved parties;"
>
> (3) define the aggrieved parties as: the principal director, principal screenwriter, principal editor and the principal cinematographer of a film;
>
> (4) provide for penalties under the Lanham Act for failure to properly label films, including statutory damages of up to $100,000 plus punitive damages for violations;
>
> (5) establish a National Film Preservation Commission made up of 6 individuals appointed by the President from the film industry and the Librarian of Congress, the Chairman of the National Endowment for the Arts and the Chairman of the National Endowment for the Humanities;
>
> (6) require the Commission to: (a) encourage the restoration and preservation of films, (b) annually report to Congress on the effectiveness of the new Lanham Act section 43(c), and (c) report to Congress on whether other categories of audiovisual works other than films should be brought into the disclosure requirements.

On June 23, The House Rules Committee began its consideration of the Interior Appropriations bill containing the Mrazek-Yates amendment. It heard testimony from Appropriations Committee members Reps. Yates and Mrazek, among others. In light of criticism the Appropriations Committee heard privately from Judiciary and other committee members on the bill, and following up from the Foley meeting two days earlier, Chairman Yates proposed an amended version of the Mrazek-Yates provision (from the June 20th version). The June 23rd Yates' amendment would:

> (1) authorize and appropriate $100,000 for the creation of a National Film Registry in the Department of the Interior, to be administered by the Secretary of Interior;
>
> (2) require that films (defined as theatrical motion pictures) which are "culturally, historically, or esthetically significant" be included in the Registry and given a seal;
>
> (3) require the Secretary, after consultation with a National Film Registry Advisory Board, to determine which films shall be included and removed from the Registry; establish criteria for de-

termining when a film has been "materially altered (including colorization)" (but no definitions were provided in the amendment); and determine the content and appropriate form of labeling for films that are materially altered;

(4) require the Secretary to establish a nine member Board to hold hearings and advise him about including and removing films from the Registry; the Board members were to come from nine organizations designated in the bill (and in all cases are the Presidents/Chairmen of the organizations);

(5) seek to obtain, by gift, where possible, films designated for inclusion in the Registry.

Rep. Yates explained the key reason he amended his original version of the bill was because the legislation authorizing the Film Commission within the National Foundation for the Arts was within the jurisdiction of the House Administration Committee chaired by Rep. Frank Annunzio (Democrat, Ill.), who objected to the provisions of the bill.

Chairman Yates testified that House Interior Committee Chairman Morris K. Udall (Ariz.), who had jurisdiction over the Interior Department, did not object to the Film Registry's inclusion there. Chairman Udall's endorsement, however, was at best lukewarm, and more akin to being equivocal, due to his reluctance to offend the Judiciary Committee.

Chairman Whitten, in a letter to the Rules Committee and in his testimony, opposed the request of subcommittee Chairman Yates that rule XXI be waived.[22] Also at the House Rules Committee hearing, Judiciary Committee members, including Chairman Peter W. Rodino Jr. (Democrat, N.J.), Rep. Jack Brooks (Democrat, Tex.), and Rep. Kastenmeier all objected to both the original and the second draft of the Yates amendment claiming it was within their jurisdiction to amend the copyright laws (title 17), and that provisions in the amendment change the section 106 exclusive rights of copyright owners. They further argued that their Committee's jurisdiction over the Lanham Act would be infringed upon by film labeling.

Rep. Kastenmeier testified that his copyright subcommittee had just begun to hold hearings (noting the June 21 hearings) on the issues involved in the amendment and that he had introduced his own version of a film labeling bill (H.R. 4897). He also mentioned that the Copyright Office was in the process of studying the issues of colorization, and would issue a report for use by Congress in drafting future legislation. Rep. Hamilton Fish, Jr. (Republican, N.Y.) also testified in support of Kastenmeier's position.

Rep. Mrazek replied that these were controversial issues but that this session of Congress would not see a bill out of the Judiciary Committee with

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[22] Letter to Members of the House Committee on Rules dated June 21, 1988.

all of these issues resolved, which is why he wanted to move ahead with his amendment.

The Rules Committee decided not to take action on the bill on June 23 and scheduled a meeting for June 28 to resolve the issue. Over the next few days, at least five or six other versions of the bill were drafted and "floated," both on and off the Hill, moving the jurisdiction over the Film Commission into and then out of the Interior Department, the Smithsonian Institution, the Patent and Trademark Office, the National Endowment for the Arts, and finally the Library of Congress.

Rep. Don Edwards (Democrat, Calif.), Chairman of the Judiciary subcommittee on Civil and Constitutional Rights, wrote to the Rules Committee members on June 27, 1988, out of concern that provisions in the bill had serious First Amendment implications and "smack[ed] of censorship." A letter was also sent to the Rules Committee members from ten of the Judiciary Committee members including Chairman Rodino, and subcommittee chairmen Brooks and Kastenmeier, amplifying the testimony of the Judiciary Committee members before the Rules Committee and urging the Rules Committee not to grant the rule XXI waiver.[23]

The letter stated that: (1) it was bad precedent to have the Film Registry determining whether a film had or had not been materially altered especially if such a determination conflicts with the Copyright Office's examination for registration purposes of the colorized or altered work; (2) the Mrazek-Yates amendment would upset the copyright balance between competing interests of proprietors and artists; (3) the Mrazek-Yates amendment could provide a substantive defense to a claim of trademark infringement (using *Gilliam v. American Broadcasting Co. 538 F.2d 14 (1976)*); and (4) the "new" Mrazek-Yates amendment, although attempting to avoid the jurisdiction of the Judiciary Committee, (i.e. by not expressly amending copyright or trademark laws), nevertheless had the practical effect of doing just that.

Private sector lobbying was now in full swing. The Turner Broadcasting Company sent a letter dated June 27, 1988 to all of the Rules Committee members stating its opposition to the Mrazek-Yates amendment and its support for the Judiciary Committee members' position. The letter stated that Turner would voluntarily abide by an all film label for all color-converted videotapes, including information "where applicable, that the original director or cinematographer did not participate in the color conversion." The let-

[23] Letter dated June 27, 1988 from Reps. Peter W. Rodino, Jr., Robert W. Kastenmeier, Jack Brooks, Don Edwards, Patricia Schroeder (Democrat, Colo.), Benjamin L. Cardin (Democrat, Mary.), Howard L. Berman (Democrat, Calif.), Hamilton Fish, Jr., Carlos Moorhead and Bruce A. Morrison (Democrat, Conn.) to Rep. Claude Pepper (Democrat, Fla.), Chairman, Committee on Rules.

ter said nothing about the rights of the other creative participants in motion pictures, nor did it mention anything about material alterations.

In a letter dated June 27, 1988 from the Coalition to Preserve the American Copyright Tradition (CPACT) to the Rules Committee members outlined their opposition to the Mrazek-Yates amendment and their support for the MPAA position on this issue.[24] The broadcast, airline and advertising industry also lobbied against the Mrazek-Yates provisions because of fears that their current use of films would be disrupted.

On June 28, the Rules Committee met to receive a third draft of the Mrazek-Yates amendment presented by its two chief sponsors. By a voice vote, the Committee agreed to make the amendment in order and reported out the rule (H. Res. 485) on the bill H.R. 4867. Under House floor procedures, the House first has to consider the rule and agree to it by a majority vote before getting to the bill's substantive provisions. However, a recorded vote was not necessary in the Rules Committee itself because Reps. Mrazek and Yates apparently had eight of the thirteen Rules Committee members agree to allow their amendment to be considered on the House floor, and because of Rep. Foley's directive to have many of the parties opposed to the original provisions work toward a final draft they could agree with. The newly drafted amendment did, in fact, contain the work of many of the parties on all sides of the issues who were brought together, however reluctantly, by Chairman Yates, Rep. Mrazek, and a few other members, including some previously opposed Judiciary Committee members.

The actual provisions of the new Mrazek-Yates amendment were printed in the Rules Committee report on the bill H.R. 4867.[25] The rule on the bill (H. Res. 485) made in order the Mrazek-Yates amendment waiving all points of order against it, allowing for one hour of debate on the amendment; however, it did not allow for any amendments to the amendment when it was considered on the floor. When the House finally considered the June 28th draft of the Mrazek-Yates amendment, only a motion to strike the amendment in toto would be in order. Failing this, when the House passed the Interior bill, the Mrazek-Yates amendment would also be passed.

The June 28th draft of the Mrazek-Yates amendment, which passed the next day in the House:

> (1) authorized and appropriated $100,000 for the creation of a National Film Preservation Board in the Department of the Interior, to be administered by the Secretary of Interior;
>
> (2) required that films (defined as theatrical motion pictures)

[24] CPACT is comprised of many of the nation's largest publishing (and a few broadcasting) companies, including magazine, book, newsletter and software publishing, and broadcasting and video programming companies.

[25] House Report 100-737.

that are "culturally, historically, or esthetically significant" be selected for inclusion in the National Film Registry and given a seal;

(3) required that the Secretary establish a 13 member Board (made up of all the members of the June 23rd draft of the bill but adding the MPAA, the National Association of Broadcasters (NAB), the Association [sic] of Motion Picture and Television Producers,[26] and the Screen Actors Guild);

(4) required that the Secretary, "as empowered by the Board" establish criteria for selecting films and for determining which films have been materially altered;

(5) required that the Secretary, in consultation with the Board, (a) determine which films shall be included and removed from the Registry (no more than 25 a year could be selected); and (b) establish criteria for determining when a film has been "materially altered (including colorization)" (Unlike the June 23rd draft, a definition was provided for material alterations. These included "fundamental changes in the film such as colorization, substitution of characters' bodies and faces, significant changes in theme, plot and character");

(6) required that all films that are materially altered contain the specified label and provided that the labelling requirement could be changed by a two-thirds majority vote of the Board;

(7) stated that films designated for inclusion in the Registry are to be obtained, where possible by gift, by the Secretary of Interior, and stored in "an appropriate place to be determined by the Secretary" (in consultation with the General Services Administration);

(8) fixed the effective date so that the provisions of the amendment did not apply to any film materially altered prior to the effective date of the Interior Appropriations bill (thereby grandfathering all previously colorized or materially altered films).

On June 29, the House of Representatives considered the rule, H. Res. 485, on the Interior Appropriations bill, H.R. 4867, and passed the rule by a vote of 342-57, making the Mrazek-Yates amendment in order.[27] The House then moved to consider and pass the bill by a vote of 361-45 with the June 28th Mrazek-Yates amendment intact.[28]

Several Members of the Appropriations and Judiciary Committees spoke

[26] Although at one time called the Association of Motion Picture and Television Producers, the organization is now known as the Alliance of Motion Picture and Television Producers and the authors' intent here is clearly to name the Alliance to the Board. This error will repeat itself into the enacted law.

[27] Congressional Record, June 29, 1988, page H 4853.

[28] Congressional Record, June 29, 1988, beginning at page 4857.

on the bill, including Reps. Yates, Mrazek, Fazio, Berman. Although the House passed version of the bill (the June 28th draft) was written with the input of Rep. Brooks of the Judiciary Committee, and with the MPAA's agreement not to fight its passage, Ted Turner and others continued to fight for its defeat. In addition, other Judiciary Committee members, including Rep. Kastenmeier, did not agree to the draft and voted against the rule, presumably for this reason. Nevertheless, the amendment was described by some as a compromise agreed to by the Judiciary Committee in part because of the participation Rep. Brooks, the ranking Democrat on the Committee and Rep. Rodino's successor as chairman beginning in the 101st Congress.

The next day, Rep. Kastenmeier inserted a written statement in the Congressional Record which discussed the issue of moral rights for film directors and screenwriters both in the context of the Berne Convention and separately in H.R. 2400, the Gephardt bill. He stated that now that the Yates amendment had been inserted into the Interior bill: "I am glad that the various interested parties have found language that seems to satisfy them, and so far as I am concerned, the matter of moral rights in the motion picture context is settled for the foreseeable future." He also said that he "look[ed] forward" to the Copyright Office's study on colorization which he and Rep. Moorhead requested.[29]

For the time being, that was the final word on the debate in the House and the focus shifted to the Senate. Although not required by the rules of the House or Senate, traditionally the Senate Committee on Appropriations waits until the House has passed an appropriation bills before the Senate committee reports its version of the same bill.[30]

A fight over the Mrazek-Yates provision never ensued in the Senate Appropriations Committee. The most likely explanation for this is that the proponents of the Mrazek-Yates amendment feared that it would only be further watered down in the Senate Committee (or for that matter on the floor of the Senate), in part because of resistance to it from key Appropriation Committee Senators. As a result, both proponents and opponents passively awaited Senate passage of the Interior bill, and set their sights on the smaller arena of the House-Senate conference committee.

On July 6, the Senate Appropriations Committee reported the Interior Appropriations bill, with Senate amendments to the House-passed provisions. There were no provisions contained in the Senate version on film colorization, a film commission, or anything resembling the Mrazek-Yates amendment. In

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29 Congressional Record, June 30, 1988, page E 2242.

30 There are 13 regular appropriation bills which must be enacted by Congress before the end of the fiscal year on September 30. When the individual appropriation bills are not enacted, in years past, several have been grouped together into so-called "continuing appropriation" bills, which are then enacted as one.

fact, the Senate Appropriations Committee adopted the Subcommittee on Interior's recommendation to strike the Mrazek-Yates amendment.

One week later, on July 13, the full Senate passed the Interior Appropriations bill by a vote of 92-4.[31] The Senate, in passing the Interior bill, also agreed to the committee amendment (number 38) to delete the Mrazek-Yates provisions altogether.[32] There were never any votes of any kind up to this point in the Senate on the Mrazek-Yates provision. The subcommittee recommendation to delete the Mrazek-Yates provisions had been contained in a package of Senate amendments which the full Committee accepted without discussion or votes in its committee mark-up.

Clearly the issue of the Mrazek-Yates provisions needed to be resolved in the House-Senate conference committee. The Senate asked for a conference and appointed its conferees on July 13. The House did not agree to a conference until August 2 when it appointed its own conferees to resolve the differences with the Senate bill.[33]

During the end of July there was other activity which had an impact on the final legislative product. Dr. James H. Billington, the Librarian of Congress, sent a letter to Rep. Yates updating him on the Library's efforts in the areas of film preservation and the Copyright Office's ongoing study for Rep. Kastenmeier on colorization and related issues.[34]

The letter highlighted the Copyright Office's action on the registration requirement for colorized films,[35] and included a copy of the proposed deposit requirement requiring a black and white copy for all colorized works registered with the Copyright Office. (The final rule was not issued until August 9).[36] Dr. Billington complimented Rep. Yates on his film labelling pro-

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31 Congressional Record, July 13, 1988, page S 9582.

32 See the Congressional Record of July 13, 1988 at page S 9450, which begins with the Senate agreeing to the Senate Appropriation's Committee amendments.

33 The Senate conferees appointed were: Democrats Robert C. Byrd (W. Va.), J. Bennett Johnston (La.) Patrick J. Leahy, Dennis DeConcini, Quentin N. Burdick (N. Dak.), Dale Bumpers (Ark.), Ernest F. Hollings (S. Car.), Harry Reid (Nev.), and Chairman John C. Stennis (Miss.). The Republicans were: James A. McClure (Id.), Ted Stevens (Alas.), Jake Garn (Utah), Thad Cochran (Miss.), Warren Rudman (N. Hamp.), Lowell P. Weicker, Jr. (Conn.), Don Nickles (Okla.) and Mark O. Hatfield (Oreg.).

The House conferees appointed were: Democrats Sidney R. Yates, John P. Murtha (Penn.), Edward P. Boland (Mass.), Les AuCoin (Oreg.), Tom Bevill (Ala.), and Chairman Jamie L. Whitten. The Republicans were: Ralph Regula (Ohio), Joseph M. McDade (Penn.), Bill Lowery (Calif.) and Silvio O. Conte (Mass.).

34 Letter dated July 25, 1988.

35 Notice of Registration Decision issued June 22, 1987 in Vol. 52, number 119 of the Federal Register pp. 23443-46.

36 Final Rule on Copyright Registration for Colorized Versions of Black and White

posal and offered the suggestion that all films that are colorized or materially altered be labelled.

The letter also addressed the National Film Preservation Board legislation. It stated that to establish a preservation collection anywhere outside of the Library of Congress would be a duplication of governmental efforts and might impede the Library's current preservation programs. The Library's collection consists of 75,000 titles and is the largest motion picture collection in the U.S., and one of the largest collections in the world.[37] Rep. Yates, in response, suggested moving the film collection of the Film Registry into the Library of Congress.

In the same week, a Congressional Research Service memo from the American Law Division to Rep. Kastenmeier was completed (at the request of Rep. Kastenmeier) on the constitutionality of the provisions of the House passed Mrazek-Yates amendment.[38] The memorandum raised serious doubts about whether the Mrazek-Yates amendment, as passed by the House, could pass constitutional muster. Specifically, it raised issues dealing with the Constitution's appointments clause, the delegation of authority to private groups, separation of powers problems, the rulemaking authority of the Board, and finally First Amendment concerns about a government body making content-based restrictions on film.

On August 2, the Interior Appropriations bill conference formally began to resolve the differences between the House and Senate passed bills, although staff discussions had already occurred, as is common. The Mrazek-Yates amendment (now formally called amendment number 38) was considered to be in technical disagreement since the Senate had moved to strike the House passed provisions.[39]

On August 1, 1988, the Office of Management and Budget Director James Miller sent a letter to Senate Minority Leader Robert Dole (Republican, Kan.) outlining the Administration's position on the entire Interior Appropriations bill in preparation for the conference. The letter reiterated the Administration's opposition to the House passed Mrazek-Yates amendment, noting the Judiciary Committee's jurisdiction over this matter and the Copyright Office and Patent and Trademark Office's ongoing studies on the issues of colorization and new technologies in the motion picture industry.

The letter added that the Mrazek-Yates amendment "would impair efforts to effect a balanced resolution of this issue (the 'material alteration' of motion pictures through the use of new technologies, such as colorization),

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Motion Pictures issued August 9, 1988 in Vol. 53, number 153 of the Federal Register pp. 29887-90.

[37] Ibid.

[38] Congressional Research Memo dated July 26, 1988.

[39] H.R. 4867 was reprinted on July 13, 1988, the day the Senate passed the bill, with the Senate amendments numbered and included in the bill.

after study by the government agencies charged with administration of the relevant federal laws."[40] It also noted the Administration's "considerable concerns" with the enforcement provisions in the Mrazek-Yates amendment requiring the Patent and Trademark Office Commissioner to bring actions, for violations of the labelling requirements.[41]

Finally, on August 10, an agreement was reached between the House and Senate conferees on the entire Interior Appropriations bill including the Mrazek-Yates amendment. The final draft of the Mrazek-Yates amendment was negotiated in closed door sessions by four Members of Congress and their staffs, and then agreed to by the other members of the conference committee. On the House side, Rep. Yates and Rep. Mrazek (even though he was not officially a conferee), negotiated the final deal with Senators Leahy and DeConcini. Both Senators served on the conference committee as members of the Appropriations Committee, but they also both happen to be members of the Judiciary Committee, serving on the Subcommittee on Patents, Copyrights and Trademarks, which Sen. DeConcini chairs.

At the beginning of the conference, it seemed possible that the Senate position would prevail and that the Mrazek-Yates amendment would die. But the persistence of the House Members and an agreement with the Senators to adopt major changes in the provisions allowed the Mrazek-Yates amendment to live. In the final agreement, many changes in the House passed amendment were made, including moving the entire Film Board and Registry into the Library of Congress. And, in a major concession, the House Members agreed that all of the provisions of the Mrazek-Yates amendment will be sunsetted after 3 years, so that the provisions of the amendment will no longer be in effect unless Congress, by an act of law, reconstitutes it.[42]

The final Mrazek-Yates amendment had many significant differences from the House-passed version. First, it moved the National Film Preservation Board and the Film Registry from the Interior Department into the Library of Congress and transferred the powers to the Librarian of Congress. Second, all of the provisions of the amendment expire after 3 years, with the Board/Librarian choosing no more than 25 films a year for inclusion in the Registry. Thus, only a total of 75 films will be affected by the provisions of the amendment. The amount of money was halved from the House-passed bill to no more than $250,000 a year.

Third, films are not eligible for selection to the Film Registry until 10

[40] Letter dated August 1, 1988, page 10.

[41] Ibid., page 10-11.

[42] The final Mrazek-Yates amendment is printed in the conference report for the bill H.R. 4867 (H. Rept. 862) on August 10 and is reprinted the same day in the Congressional Record on page H 6801. There are however, several typos in the agreed to text which were not corrected until the final bill was enacted into law in September.

years after their first theatrical release and no film can be removed from the Film Registry once it is selected for inclusion. Fourth, the labeling requirement cannot be changed at a later time by the Board; it is fixed in the bill, with exceptions to the labelling requirements provided for videos already in distribution or on the shelves of video dealers (for rental or sale). But films already colorized or materially altered are subject to the provisions of the amendment retroactively (except for copies owned for personal use or videocassettes distributed or in the inventory of retailers or wholesalers).

Fifth, a new definition of "material alteration" is provided in section 11, stating, in relevant part, that this includes alterations made "to colorize or to make other fundamental post-production changes in a version of a film for marketing purposes but does not include changes made in accordance with customary practices and standards and reasonable requirements of preparing a work for distribution or broadcast." Excluded from this definition are "practices such as the insertion of commercials and public service announcements for television broadcast." Finally, the Librarian is to endeavor to obtain archival quality copies of the films selected for the Registry and shall keep them in a special collection in the Library of Congress. All of these provisions were part of the substantial amount of compromising that took place to enact the final version of the Mrazek-Yates amendment.

At this point, it may be helpful to briefly summarize the provisions of the amendment.

SUMMARY OF THE FINAL MARZEK-YATES AMENDMENT

* Creates a National Film Preservation Board within the Library of Congress for 3 years (all the provisions of the Act expire after 3 years unless Congress reenacts them);

* Authorizes (and appropriates for FY 1989) $250,000 for each of the three years for any and all of the purposes of the Act;

* Directs the Librarian of Congress to establish guidelines and criteria for the selection of films into a National Film Registry—up to 25 films a year are selected for inclusion in the Registry by the Librarian after consultation with the Film Board;

* Stipulates that films selected for inclusion in the Film Registry be given a seal (designed by the Librarian) which can be used to promote the films so designated;

* Consists of a Film Board composed of thirteen individuals selected from each of thirteen designated organizations that choose three candidates for the Board. The Librarian picks one individual from each of the thirteen groups to sit on the Board (and one alternate from each group). The Librarian then selects a Chairperson for the Board from the

individuals picked. All members of the Board sit for a single three year term;

* Requires that the Film Board meet at least twice a year (the first meeting must take place before January 29, 1989) to nominate to the Librarian up to 25 films a year for inclusion in the Film Registry;

* Limits inclusion of films in the Film Registry until ten years after they have been theatrically released. There are no other restrictions on the films that can be selected except that they must meet the guidelines and criteria set out by the Librarian and the purpose of the Film Registry to register films that are "culturally, historically, or aesthetically significant."

* Requires that, while films selected for inclusion in the Film Registry can be colorized or materially altered, they must be labelled if they are colorized or if they are materially altered (defined as beyond the "customary practices and standards and reasonable requirements of preparing a work for distribution or broadcast");

* Specifies that the label for colorized or materially altered films (beyond the "customary" alterations) must be contained on all copies of the film including videotapes and its packaging materials.

* Provides enforcement provisions to prevent misuse of the Film Registry seal and to ensure proper labelling, with the remedies geared toward adding the proper labels before any criminal or civil penalties are sought;

* Instructs the Librarian to obtain by gift, archival quality copies of all the films selected for inclusion in the Film Registry and to keep the films in a special collection available to the public in the Library of Congress;

* Directs the Librarian to establish a special 4 member panel (separate from the Board) to make recommendations, when necessary, to Congress to change the definition of "material alteration" contained in the Act.

On September 8, the House passed the conference report containing the Mrazek-Yates amendment by a vote of 359-45. The House agreed to recede from its disagreement to Senate amendment number 38 (Mrazek-Yates) and concurred with an amendment (the agreed to "final draft" of the amendment) by a voice vote.[43]

Reps Mrazek and Yates had a colloquy about the changes adopted by the conferees, including a discussion of how they interpreted the new definition of "material alteration." They stated that the definition includes editing for television, time compression and colorization, but not panning and scan-

[43] Congressional Record, September 8, 1988, beginning at page H 7222. The Mrazek-Yates amendment is reprinted at pages H 7244-6.

ning.[44] Rep. Fazio, in his own statement, disagreed that the conference agreement was as restrictive as described in the colloquy. In addition, there was a disagreement over the placement of the label.[45]

In the Senate, Senator DeConcini (with the concurrence of Senator Johnston) stated that panning and scanning, time compression or expansion, and the customary editing to meet time formats common in the industry are excluded from the definition of material alteration.[46] The Senate passed the conference report and passed the Mrazek-Yates amendment as passed by the House (concurring in the House amendments), by a voice vote.[47]

Finally, on September 27, the President signed the Interior Appropriations Act for FY 1989 containing the Mrazek-Yates amendment as agreed to by the conferees in the conference report of August 10, 1988. The Act became Public Law 100-446.

CONCLUSION

The Librarian of Congress, in consultation with the newly established National Film Preservation Board, will begin in 1989 to select no more than 25 films "culturally, historically or aesthetically significant,"[48] for inclusion in the National Film Registry. The conflicting House and Senate colloquys about what films need to be labelled leave it clear that the Film Board and the Librarian of Congress will have to make some tough decisions about the film labelling provisions in the absence of future congressional guidance.[49]

In the final analysis, after months of legislative fights, the worth of what was enacted will be judged in time. Certainly the Film Board can encourage and educate the public to appreciate certain films as "art," and one can hope that this broadens the public's appreciation for film, something of value to both copyright owners and users.

The labelling provisions can be used to educate the public (and Congress) about practices, both good and bad, in the film industry, after a film is theatrically released. In addition, the Board can bring significant publicity to the plight of film preservation and the problems associated with the wide dissemination of some of our culturally significant films which have been forgot-

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[44] Ibid., page 7246.

[45] Ibid., pages 7246-7.

[46] Congressional Record, September 8, 1988, beginning at page S 11994, with the DeConcini-Johnston colloquy on pages S 12009-10. The amendment is reprinted at pages S 12011-12.

[47] Ibid., page S 12016.

[48] Section 2, Public Law 100-446, enacted September 27, 1988 (102 Stat. 1782).

[49] For its part, the Turner Entertainment Company has agreed as a company policy matter to label all colorized films and film packages (including video cassettes) to contain the label required by section 4 of Public Law 100-568, the National Film Preservation Act of 1988, even for films not selected for inclusion in the Film Registry.

ten or abandoned. Whether this legislation helps the parties involved in film colorization or the material alteration of films to reach some agreement is not likely except, in a very limited sense, for no more than 75 films.

In conclusion, the legislative history of the Mrazek-Yates amendment sheds some light on the legislative process when actual consensus building is not attempted except in the rush to "legislate something" even if it is a "first step." That is not meant to be critical of the parties who used this legislative strategy unless it causes Congress pause in enacting future legislation that would resolve the tougher issues of moral rights, colorization, and the material alteration to films because of a feeling on the part of some in Congress that they had somehow already resolved these issues when they have not.

PART II

LEGISLATIVE AND ADMINISTRATIVE DEVELOPMENTS

United States of America and Territories

27. U.S. CONGRESS. HOUSE OF REPRESENTATIVES

H.R. 4897. A bill to amend the Act entitled "An Act to provide for the registration and protection of trade-marks used in commerce, to carry out the provisions of certain international conventions, and for other purposes," enacted July 5, 1946 (popularly known as the Lanham Act), to require certain disclosures relating to materially altered films and to establish a National Film Preservation Commission. Introduced by Mr. Kastenmeier on June 22, 1988; and referred to the Committee on the Judiciary. (100th Congress, 2d Sess.).

Entitled the "Film Disclosure and Preservation Act of 1988," this bill would amend section 43 of the Lanham Act by adding a new section (c)(1)(A) providing that "each public exhibition of a materially altered film, that has been colorized, and all promotional activity and rental activity relating to the film, shall include a clear and conspicuous disclosure of the following:

"(i) that the film has been materially altered from the form in which it was first released to the public.

"(ii) the nature of that alteration.

"(ii) the fact of objection, if any, and any aggrieved party to any such alteration.

28. U.S. CONGRESS, SENATE.

S. 2727. A bill to amend title 17, United States Code, the Copyright Act to protect certain computer programs. Introduced by Mr. Hatch; and referred to the Committee on the Judiciary. (100th Congress, 2d Sess.).

Entitled the Computer Software Rental Amendments Act of 1988, the bill would amend the Copyright Act section 109, to include the owners or licensees of copyright in a computer program. Thus, unless authorized by the copyright owner or licensee, no person in possession of a particular copy of a computer program would be permitted, for the purposes of direct or indirect commercial advantage, to dispose of the possession of that computer program by rental, lease, lending, or by any other act or practice in the nature of a rental lease, or lending. Such violations would be subject to the remedies provided in the Copyright Act.

29. U.S. COPYRIGHT OFFICE.

Policy decision on copyrightability of digitized typefaces. Notice of policy decision. *Federal Register*, vol. 53, no. 189 (Sept. 29, 1988), pp. 38110-13.

The Copyright Office has concluded that typefaces created by a computer-aided digitization process are uncopyrightable because they exhibit no creative authorship apart from the utilitarian shapes that are formed to compose letters or other font characters. The Office has also concluded that while the original computer program used to control the generic digitization process is protectible, the data fixing or depicting a particular typeface or typefont or any algorithms created as an alternative means of fixing the data are not protectible as works of authorship. Thus, the Office will not register digitized typefaces nor data that merely represent an electronic depiction of a particular typeface or individual letterform. Registration applications for computer programs used to control the digitization process must disclaim copyright in any data the programs include to depict a particular typeface or individual letterforms.

30. U.S. COPYRIGHT ROYALTY TRIBUNAL.

Final determination of the distribution of the 1986 jukebox royalty fund. Notice of final determination. *Federal Register*, vol. 53, no. 181 (Sept. 19, 1988), pp. 36362-65.

In the controversy over the 1986 jukebox royalty distributions, the CRT has concluded that the Association de Compositores y Editores de Musica Latinoamericana (ACEMLA) was a copyright owner and not a performing rights society and that it was entitled to .07% of the royalties. Accordingly, the Tribunal awarded .07% of the 1986 jukebox royalty fund to ACEMLA as the assumed name of Latin American Music Co., Inc. The CRT awarded the remainder of the fund to joint claimants ASCAP/BMI/SESAC.

31. U.S. DEPARTMENT OF COMMERCE. PATENT AND TRADEMARK OFFICE.

Initiation of evaluation concerning the issuance of a Presidential proclamation granting protection under the Semiconductor Chip Protection Act for mask works of nationals, domiciliaries and sovereign authorities of Japan. *Federal Register*, vol. 53, no. 180 (Sept. 16, 1988), pp. 36087-89.

The PTO has initiated a proceeding to evaluate the propriety of recommending issuance of a Presidential proclamation under section 902(a)(2) of the Semiconductor Chip Protection Act extending mask work protection to nationals, domiciliaries, and sovereign authorities of Japan. Japanese mask works are currently protected in the U.S. under a section 914 interim order which expires May 31, 1989.

32. U.S. DEPARTMENT OF COMMERCE. PATENT AND TRADEMARK OFFICE.

Initiation of evaluation concerning the issuance of a Presidential proclamation granting protection under the Semiconductor Chip Protection Act for mask works of nationals, domiciliaries and sovereign authorities of Sweden. *Federal Register,* vol. 53, no. 180 (Sept. 16, 1988), pp. 36087-89.

The PTO has initiated a proceeding to evaluate the propriety of recommending issuance of a Presidential proclamation under section 902(a)(2) of the Semiconductor Chip Protection Act extending mask work protection to nationals, domiciliaries, and sovereign authorities of Sweden. Swedish mask works are currently protected in the U.S. under a section 914 interim order which expires May 31, 1989.

33. U.S. FEDERAL COMMUNICATIONS COMMISSION.

47 C.F.R., Part. 76. Cable television; regulations to eliminate the prohibition on common ownership of cable television systems and national television networks. Proposed rule. *Federal Register,* vol. 53, no. 180 (Sept. 16, 1988), pp. 36080-81.

The FCC is soliciting comments on the validity of its network-cable cross-ownership rule. The rule prohibits the ownership of cable television systems by the national television networks. The Commission believes that a number of relevant developments in the cable and national broadcast industries indicate that there may no longer be any basis for the rule.

PART V

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This publication contains 425 pages of appendices which include both the 1976 Act and the 1909 Act, as amended. In addition to the Copyright Royalty Tribunal rules and regulations, it also contains forms, information circulars, lists of revision studies, reports, bills, hearings, and selected excerpts from congressional committee reports, a bibliography, tables of authorities and an index.

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1. United States

35. CHANG, CHING-NING S. Computer software protection in the Republic of China (Taiwan). *Computer Law Journal*, vol. VII, no. 4 (Fall 1987), pp. 455-468.

This article presents the difficulties the Chinese courts faced prior to the amendment of the Chinese Copyright Law, the legal debates concerning measures of computer software protection, and the problems remaining after the 1985 Amendment.

36. JONES, SUZANNE R. Whelan Associates v. Jaslow Dental Laboratory: copyright protection for the structure and sequence of computer programs. *Loyola of Los Angeles Law Review*, vol. 21, no. 1 (November 1987), pp. 255-305.

The author provides a technical background for the layperson on computers and computer programs and how a programmer develops a program. Ms. Jones then provides an overview of copyright law and discusses the idea/expression dichotomy. She discusses substantial similarity tests and their application, and reviews such cases as *Arnstein v. Porter, Sid & Marty Krofft Television Products v. McDonald's Corp.*, and *Echevarria v. Warner Brothers Pictures*. She devotes the final sections to CONTU's (National Commission on New Technological Uses of Copyrighted Works) reports on the problems and issues of new technology and copyright.

37. LEVENFELD, BARRY. Copyright protection for computer software in Israel. *Computer Law Journal*, vol. VIII, no. 1 (Winter 1987), pp. 23-41.

This article reviews Israel's statutory and case law relevant to the copyright protection of computer software, comparing Israeli law with the law of other jurisdictions where appropriate. In particular, this article examines works protected by copyright, the scope of protection afforded protected works, and copyright ownership.

38. OUTLOOK: TO COLORIZE OR NOT TO COLORIZE? *Communications Lawyer*, vol. 6, no. 3 (Summer 1988), pp. 3-5, 27.

This column presents opposing views on the motion picture colorization issue. The pro side of the issue is by Roger Mayer of the Turner Entertainment Co. and the con by Arthur Hiller of the Directors Guild of America, Inc. Both views are excerpted from congressional testimony on H.R. 2400, the "Film Integrity Act of 1987," introduced by Representative Richard Gephardt.

39. PENCHINA, ROBERT. The creative commissioner: commissioned works under the Copyright Act of 1976. *New York University Law Review*, vol. 62, no. 2 (May 1987), pp. 373-404.

This study discusses the history of the work-made-for-hire doctrine. The author treats commissioned works as either those eligible to become works made for hire or those not eligible. He concluded that the work-made-for-hire provisions in the 1976 Act represent Congress' desire to protect the independent contractor and to grant incentives to the party at whose economic risk the work was created. The author states that the current law regarding works made for hire is confusing and in need of revision.

2. Foreign

40. **Book Review**—TIERNEY, MARTIN. Irish trademarks law and practice. Gill and MacMillan, Ltd., 178 pp. *EIPR*, vol. 10, no. 4 (Apr. 1988), p. 124 (reviewed by Alison Firth).

The work provides a historical account of trademark law in Ireland including a discussion of the Irish Trade Marks Act of 1963. The book also discusses United Kingdom decisions and provides accounts of Irish decisions.

41. GIELEN, CHARLES. New copyright law of Indonesia—implications for foreign investment. *EIPR*, vol. 10, no. 4 (April 1988), pp. 101-108.

Mr. Gielen not only discusses the counterfeiting problem in Indonesia and Indonesia's new copyright law. He provides the history of copyright in Indonesia from 1912 until 1982. The author analyzes Article 48 of the new

act which recognizes the rights of foreign copyright owners whose works are first published in Indonesia.

42. KARJALA, DENIS S. The first case on protection of operating systems and reverse engineering of programs in Japan. *EIPR*, vol. 10, no. 6 (June 1988), pp. 172-178.

The author discusses Japanese copyright protection in computer programs. He also analyzes the Japanese approach to software protection and provides a detailed look at the case of *Microsoft Corporation v. Shuuwa System Trading KK*, which involved disassembly of the object code representation of a BASIC interpreter.

43. PURI, KANWAL. Librarians and copyright law. *Victoria University of Wellington Law Review*, vol. 17, no. 3 (July 1987), pp. 227-244.

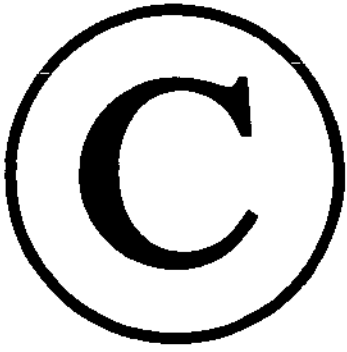
This article discusses a librarian's responsibility to copyright owners for photocopying on library machines. It reviews the "*Moorhouse*" case, the first copyright infringement case against a library. The author suggests that librarians display signs and notices to protect themselves from liability for any infringing use of photocopying machines located on library premises.

Journal

of the

Copyright Society

of the USA



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EDITORS' NOTE:

The opinions of the Second Circuit in *Salinger v. Random House* and *New Era Pub. v. Henry Holt & Co.*, represent recent and controversial approaches to an old problem: fair use. *Salinger's* reversal of Judge Leval's decision not to issue an injunction against the alleged infringing biography was greeted with some alarm in the publishing industry. The Seventeenth Annual Donald C. Brace lecture, delivered by Floyd Abrams,[1] was devoted, in the main, to an attack on Judge Newman's *Salinger* opinion. Others, however, believed the Second Circuit had correctly decided *Salinger*.[2] Judge Miner's opinion in *New Era*, while affirming Judge Leval's refusal to issue an injunction against publication of the allegedly infringing biography, did so on the ground of laches, not fair use. Judge Miner, in fact, went to some length to state his disagreement with Judge Leval's fair use analysis, a length surpassed only by Judge Oakes' concurring opinion, in which Judge Leval's analysis was strongly defended.

We had originally planned to publish, in this volume, a short article by Judge Jon O. Newman on fair use; however, the petition for rehearing en banc in the *Hubbard* case has complicated matters. We hope to be able to publish Judge Newman's remarks in the next issue. We believe Judge Leval's stands on its own as a thoughtful, provocative look at fair use that may cause some to reassess their positions, and thus, we did not wish to delay publication any further.[3]

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[1] *First Amendment and Copyright*, 35 J. COPR. 1 (1987).

[2] See Zissu, *Salinger and Random House: Good News and Bad News*, 35 J. COPR. SOCY 13 (1987); *Salinger and Random House Part II: Fears and Misreading of Opinion Result From Misreading of Decision*, 35 J. COPR. SOCY 189 (1988).

[3] The Editor-in-Chief confesses that he has already undertaken a reexamination of a number of his positions and found them wanting. For example, he has confesses to mechanically reciting the adage "there is no fair use of unpublished works," thereby failing to adequately take into account the different types of unpublished works and uses thereof; he has also mechanically recited the adage "harm is presumed when a prima facie case of infringement has been made out," thereby inviting precisely the kind of confusion between substantive law and remedy Judge Leval perceptively notes.

PART I

ARTICLES

44. FAIR USE OR FOUL? THE NINETEENTH DONALD C. BRACE MEMORIAL LECTURE[1]

By PIERRE N. LEVAL[2]

A. THE GOALS OF COPYRIGHT AND FAIR USE

Members of the Jury: Defendant contends she is not liable for copyright infringement because her quotations made fair use of the plaintiff's writings. It is now my duty to explain to you what we mean by fair use. And do you know what, ladies and gentlemen of the jury, I can't. No one can. We don't know.

Our statute and our judge-made law talk around the subject. They mention factors, but give no standard. And those factors are stated in an opaque and uninformative way. We are told for example to look at the purpose and character of the secondary use and at the nature of the copyrighted work. "What about them?," you may ask. We are not told. We are told to look at the amount of the taking and the effect on the market. "How much is too much?" We are not told.

It is not surprising then to find that judges share very little consensus as to what the doctrine means. Reversals are commonplace. Looking at five leading cases over the last years, we find reversal at every stage.

> In *Rosemont*[3]—the Howard Hughes case—a district court injunction was reversed on appeal.
>
> In *SONY Beta Max*,[4] the district court found for the defendant; the

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[1] This lecture was delivered on April 25, 1989 at New York University Law Center, New York, N.Y.

[2] © 1989 Pierre N. Leval. The author is a United States District Judge in the Southern District of New York. Judge Leval was the trial judge in the *Salinger, Hubbard* and *Craft* cases.

[3] Rosemont Enterprises, Inc. v. Random House, 265 F. Supp. 55 (SDNY), *rev'd*, 366 F.2d 303 (2d Cir. 1966), *cert. denied*, 385 U.S. 1009 (1967).

[4] Sony Corp. v. Universal City Studios, Inc., 464 U.S. 417 (1984). In two outings before Sony, the Supreme Court split four to four. See Loew's Inc. v. CBS, Inc., 131 F. Supp. 165 (S.D. Cal. 1955), *aff'd sub. nom.* Benny v. Loew's Inc., 239 F.2d 532 (9th Cir. 1956), *aff'd by an equally divided Court*, 356 U.S. 43 (1958); Williams & Wilkins Co. v. United States, 172 U.S.P.Q. (BNA) 670 (Ct.

Court of Appeals reversed, and was in turn reversed by the Supreme Court.

In *The Nation*,[5] the district court awarded damages, was reversed by the Court of Appeals which in turn was reversed by the Supreme Court.

In the J.D. Salinger[6] and L. Ron Hubbard[7] biography cases, this district judge's findings of fair use were overturned on appeal. (It has been exhilarating to find myself present at the cutting edge of the law, even though in the role of the salami.)

Writers, publishers and their legal advisers can only guess and pray as to how litigation will turn out. The disagreement among judges is pale in comparison to the disagreement among writers. Novelists, poets, playwrights are appalled at the thought that their writings might be quoted without permission (except perhaps as part of an adulatory review). Journalists, historians and critics are equally appalled that they might be barred from quoting letters, drafts, diaries or any document of public interest for informative purposes.

Our understanding of the doctrine has made very little progress over 300 years. The first statute to attempt to codify it, our 1976 Copyright Act, after extensive study ended up formulating the doctrine practically in the same vague words as Justice Story used in 1841 in *Folsom v. Marsh*.[8]

We judges I think are largely unaware of how rudderless we are. Each has preconceptions of what is fair and what is foul. We apply those preconceptions to resolve the dispute. Then we find support among the opaque factors.

Examination of the decisions scattered through centuries reveals a persistent instinctive suspicion—a tendency toward moral opprobrium—of one who would use the creations of another. I will suggest that this suspicion is ill-founded and results from a faulty understanding of a doctrine which our law has accepted but never explained.

It is my thesis that we can sharpen our understanding and reduce unpredictability by focussing on the governing purposes of the copyright law. Those governing purposes are the utilitarian goals of stimulating progress in the arts and intellectual enrichment of the public. They are expressed in the ancient British Statute of Anne and in our Constitutional empowering clause.

Cl. 1972), *rev'd*, 487 F.2d 1345 (Ct. Cl. 1973), *aff'd by an equally divided Court*, 420 U.S. 376 (1975).

[5] Harper & Row, Pub., Inc. v. Nation Enterprises, 471 U.S. 539 (1985).

[6] Salinger v. Random House, Inc., 650 F. Supp. 413 (S.D.N.Y. 1986), *rev'd*, 811 F.2d 90 (2d Cir.), *cert. denied*, 108 S. Ct. 213 (1987).

[7] New Era Pub., Int. v. Henry Holt & Co., 695 F. Supp. 1493 (S.D.N.Y. 1988); *aff'd on other grounds*, 873 F.2d 576 (2d Cir. 1989).

[8] 9 Fed. Cas. 343 (C.C.D. Mass. 1841) (No. 4,901).

The Statute of Anne of 1710 is entitled "An Act for the Encouragement of Learning." The preamble states as a purpose, to "Encourage[] learned Men to compose and write useful Books."[9]

Our constitutional clause similarly provides: "Congress shall have the power: "To promote the progress of Science and useful Arts by securing . . . to Authors and Inventors the Exclusive Right to their Respective Writings and Discoveries."[10]

The copyright law embodies a recognition that creative intellectual activity is vital to the well being of society—and that such creative activity will be stimulated by giving to Authors and Artists the right to reap the benefits and profits of their work. The Supreme Court has repeatedly espoused this utilitarian, public-enriching concept of the purpose of copyright.[11]

Copyright is not a moral or natural right vested in an artistic creator.[12] It is a pragmatic measure by which society confers monopoly exploitation benefits on the artist or author with the objective of thereby obtaining intellectual enrichment for itself.

Much confusion in fair use analysis, I believe, has resulted from the temptation of judges to import extraneous, often sentimental considerations that are not a part of the goals of the copyright law. Clear focus on the objectives of the copyright law is crucial to the understanding of fair use—for its objectives are the same.

The fair use concept has its first justification in the recognition that all intellectual creative activity is in part derivative. Not since Athena sprung from the head of Zeus has an artist emerged fully formed. There is no such thing as a wholly original thought. Every idea takes a substantial part from what has gone before. Intellectual man, like biological man, displays the genes of his forebears. Titian's Venus and Goya's Maja are both present in Manet's Olympia. Cezanne's geometric reductions are found in Picasso's cubism. T.S. Eliot tells us that while lesser writers borrow, great writers steal.

Second, important parts of intellectual activity are explicitly referential. Philosophy, criticism, history, journalism continually engage in the reexamination of yesterday's intellectual events. This vital process of reexamination cannot occur unless the law places limits on the artist/author's monopoly, permitting others to make productive use. This serves a vital role in informing and educating society.

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[9] 8 Anne c. 19 (1710).

[10] U.S. Const. art. I, § 8, cl. 8.

[11] Mazer v. Stein, 347 U.S. 201, 219 (1954); Goldstein v. Calif., 412 U.S. 546, 555 (1973); Twentieth Cent. Music v. Aiken, 422 U.S. 151, 156 (1975); Sony Corp. v. Universal City Studios, 464 U.S. 417, 429 (1984) (Blackmun, J., dissenting); Harper & Row, Pub. v. Nation Enterprises, 471 U.S. 539, 546 (1985).

[12] Wheaton v. Peters, 33 U.S. (8 Pet.) 591 (1834).

Thus, the governing purpose of the copyright law—the promotion of the progress of the Arts—the advancement of learning—justifies both the artist's monopoly and the limitations on that monopoly in favor of the fair user. I submit they are equally important to the objective. We must not consider fair use as a bizarre, occasionally tolerated exception to the grand design of the copyright monopoly. To the contrary, it is a necessary part of that grand design. Each of the numerous issues that arise in the consideration of a fair use defense must be assessed in the light of this governing purpose of the copyright law.

B. THE FAIR USE FACTORS

Factor 1. *The purpose and character of the use.* This factor examines justification. Is this the type of use that justifies the fair use exception? The question we face is whether the secondary work is merely a repackaging or republication or whether the quoted matter is used as a *raw material* for the creation of new information—new understandings.

To the extent the secondary work merely exhibits the primary copyrighted work, it is powerfully disfavored by this factor. To the extent, however, that the quoted passages are a raw material, utilized for a new intellectual creation of the fair user—to the extent this is a creative or productive use—it is the type of activity intended to benefit from the fair use doctrine for the intellectual enrichment of society.

This issue is the heart of the fair user's affirmative case, the core of the doctrine. It is here that she shows how her use promotes the progress of art or learning, how her use advances the objectives of the copyright law.

The issue must be explored for every quotation. The question is not properly addressed by simply appraising the merit of the overall work. The writing of a book of overall scholarly and educational value does not furnish a license to infringe under the fair use doctrine. Regardless of the value of the secondary work, each of its takings must be separately justified by its productive quality to determine whether *that* taking is a fair use or an infringement.

I believe this first factor, purpose and character, has been undervalued. Its significance should approach (if not equal or exceed) the market impact factor which the Supreme Court has labelled as most important.[13] What is involved is the balancing of *justification* against *harm*.

In the context of this vitally important first factor, I must mention the opinions of the Court of Appeals in *Salinger* and *Hubbard*. I hope my remarks will not be misconstrued.

Let me begin by confession of error. In *Salinger*, in retrospect, I now believe I was mistaken in making an overall finding of fair use. Some of the quotations took Salinger's artistic expression for the artistic expression.

[13] *Harper & Row, supra*, 471 U.S. at 566 (1985).

These were not productive uses. Indeed, my opinion acknowledged that certain quotations were infringements. I thought they were minimal, and excused by the overall usefulness of the book. The Court of Appeals disagreed. As to some of the quotations, I concede that Judge Newman was right: They were not fair use. (It does not follow necessarily that the biography should have been enjoined. More on that later.)

Unfortunately, the Court of Appeals did not stop there. It suggested a far-reaching rule: That unpublished matter is off-limits to the fair user, regardless of justification.[14] While *Salinger*'s suggestion was guarded and flexible, the *Hubbard* opinion sets the rule in stone: Never mind justification. Unpublished matter simply may not be quoted. "[N]ormally," both courts declared, "unpublished works enjoy complete protection against copying any protected expression."[15]

I believe this declaration points in a direction which is contrary to the objectives of copyright. Both opinions make a point to stress that the educational value of quotation does not entitle it to any special consideration.[16] They accord no recognition to the value of accurate quotation as a tool of the historian or journalist. A biographer who quotes his subject is considered simply a parasite, a free rider. If he copies "more than minimal amounts," the *Salinger* opinion declares, "he deserves to be enjoined."[17] He may not enhance "accuracy" by quoting his subject's expression. Nor, according to the opinion, does this restriction "interfere with the process of . . . history . . . [because] the facts may be reported" without infringing.[18]

I believe this misunderstands the historical process and has done it considerable injury. Can it be seriously disputed that history, biography, and journalism, benefit from accurate quotation of source documents, in preference to a rewriting of the facts (always subject to the risk that the historian twists the facts in rewriting them)? Can an idea be correctly reported or challenged when the commentator is obliged to change the words? The subject will of course reply, "That's not what I said."

Is it not also clear (as Judge Oakes' separate opinion in *Hubbard* recognized)[19] that at times it is the subject's very words that are the facts? If a newspaper wishes to report that last year a political candidate wrote a personal letter demeaning a race or religion or proclaiming ideals directly con-

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[14] *See* 811 F.2d at 97.

[15] *Salinger, supra*, 811 F.2d at 97; *Hubbard, supra*, 873 F.2d at 583.

[16] If this meant nothing more than that educational value is not a license to infringe, I agree with it. It seems, at least in *Hubbard*, however, to mean far more: that the productive, informative, educational use of the quotation does little to qualify it as a fair use. In my view, nothing is more important to the issue.

[17] 811 F.2d at 96.

[18] *Id.*, at 100.

[19] 873 F.2d at 592.

trary to those now stated in his campaign speeches, how can it fairly do this without quotation? If a biographer wished to show that her subject was cruel, dishonest, jealous, boastful, pompous, crazy, can we seriously contend she should be limited to giving the reader those adjectives, withholding the words that support the conclusion? How then may the reader judge whether to accept the biographer's characterization?

The problem was amusingly illustrated in the fall-out of *Salinger*. After the decision, the biographer rewrote his book, this time without quotations. He resorted to adjectives, describing certain of Salinger's youthful letters as "self promoting . . . boastful . . . buzzing with self-admiration." A reviewer who had access to the letters disagreed and proclaimed that the letters were in fact "exuberant, self-deprecating and charged with hope." Where does that leave the reader? What should the reader believe? Does this battle of adjectives serve knowledge and the progress of the arts better than simply allowing the readers to judge for themselves by reading revelatory extracts?

A second problem arising from these decisions is their establishment of a new powerful potentate in the politics of intellectual life—the *widow censor*. For 50 years after death, an historian who wishes to quote personal papers of deceased public figures now must satisfy heirs and executors. When permission is requested, the answer will be, "Show me what you write. Then we'll talk about permission." The manuscript had better be all admiration, or permission will be denied. I gather that publishers are making few advances for such books.

To quote is not necessarily stealing. Quotation can be vital to the fulfillment of the public enriching goals of copyright law. The first fair use factor calls for a careful evaluation whether the particular secondary use is of the creative, productive type that advances knowledge and the progress of the Arts or whether it merely repackages, free riding on another's creations. And the answer should bear importantly on the resolution of the fair use question.

Factor 2. *The nature of the Copyrighted Work*. The nature of the copyrighted work is a factor which has been little discussed and, I believe, little understood. The necessary implication of listing it as a factor is that certain types of copyrighted material are more amenable to secondary use than others.

Copyright protection is available to very broad categories. If it be of my own authorship—*i.e.*, not copied from someone else—and recorded in a fixed medium, it is protected by the copyright. Thus, whether I write the great American novel, or leave a note on my debtor's door saying, "Pay me by Friday or I'll break your goddamn arms," both "works" are protected by my copyright.

I do not argue that such a note should be denied copyright protection. But, when it comes to fair use, I suggest there is a meaningful difference between writings created for publication—and writings serving as a message,

and a memo, never intended for publication. One is at the heart of the purpose of copyright—the public edification. The other is an incidental beneficiary.

Everyone has written letters, notes and memos. But everyone is not for that reason an author. Virtually anyone who has led a life of sufficient public interest to be the subject of a biography has left a trail of information about his personality in such communicative messages. They are likely to reveal wit or humorlessness, vanity or modesty, selfishness or loyalty, vacillation or decisiveness. Such revelations are not what the copyright law seeks to protect.

With the rarest of exceptions, such memos, messages and letters are unpublished and will forever remain so. They were never intended for publication, furthermore. Should the fact that they are unpublished have an important bearing on their amenability to fair use?

The Supreme Court in *The Nation* accorded considerable significance to the fact that President Ford's memoir was unpublished. *Salinger* and *Hubbard* make this fact virtually conclusive. The Ford memoir was, of course, on its way to press at the time of *The Nation's* gun jumping scoop. I agree completely with the principle of strong protection for an as yet unpublished work that is written for publication and on its way, when the secondary user sneaks in first. Such a practice unreasonably diminishes the rewards of authorship and is therefore contrary to the copyright purpose. The Supreme Court further explained that the writing of memoirs by important figures of State was valuable to society and would be discouraged if, in their cases, such gun jumping practices were tolerated because of newsworthiness. I agree with that analysis. It carries out the purposes of copyright—as stated by the Statute of Anne—to encourage learned writers to compose and write useful books.

But I believe the Court went too far in suggesting that the unpublished nature of a document *inevitably* disfavors fair use. It is one thing to bar the scooping of a text headed for publication. But compare such a manuscript to letters or memos, written as private communications, some of them as much as 40-60 years prior to the secondary use, which can be expected even after the death of the author to be withheld from publication by executors or assignees for 50 further years of copyright protection.

When we place all unpublished private papers under lock and key, immune from any fair use, for periods of 50-100 years, we have turned our backs on the Copyright Clause. We are at cross-purposes with it. We are using copyright to achieve secrecy and concealment instead of public illumination.

A copyrighted text being created for publication presents a far stronger case for protection against fair use than letters, memos, or diary entries, never intended for publication. This is all the more true when the materials are held in secrecy, or publication is forbidden. The longer non-publication has

continued and will continue, the weaker the case for protection against fair use.

Factor 3. *The amount and substantiality of the portion used in relation to the copyrighted work as a whole.* This factor is probably significant only as a clue to the final factor—market impact. Of course, presumptively, the more taken, the greater the likely impact on the copyrighted work's market. Such a quantitative analysis is not, however, reliable.

In the case of President Ford's memoir, a very small taking of the "heart of the book" caused cancellation of the first serialization contract and seriously impaired the book's market. On the other hand, one can easily imagine quotation of 100% of a copyrighted work without the smallest effect on its market. Suppose for example a 50-page article by a Yale deconstructionist critic on a poem (or popular song), which, in the course of the article, here and there, quotes every word, but never consecutively in such fashion as to permit it to be read through. One hundred percent has been quoted, but with no detrimental effect on the market for the original.

The quantity factor futhermore is subject to manipulative argument in the characterization of the copyrighted work as a whole. Is a single letter a work for purposes of this test, or should it be considered a small fragment of the writer's overall correspondence? Suppose the biographer has quoted a note left on the pillow. "Dear Jack, Buzz off you bastard, and don't come back. Sincerely, Jill." In her suit to enjoin publication of the biography, Jill will argue that the biographer took not only the heart but the whole of her copyrighted work. However, if the work is not realistically likely to be published as a separate work, such a measure is a distortion; and, if the copyrighted work is not realistically marketable for publication *at all*, there is *no effect* on its market and the comparative quantity test should be of little importance.

Factor 4. *The effect of the use upon the potential market for the copyrighted work.* Consistent with my perception of the meaning and purpose of the copyright and the fair use privilege, I agree with the Supreme Court's observation that this is an important factor.[20] The point is, once again, that copyright is not a natural right inherent in authorship. If it were, the effect on market values would be irrelevant; any unauthorized taking would be obnoxious. This is a privilege, primarily commercial, conferred for the purpose of stimulating artistic activity for the public benefit. Authors are promised the opportunity to harvest the rewards of their labors to encourage them to labor. If a secondary use interferes significantly with their incentives or rewards, that subverts the aims of the copyright law. It diminishes the incentive to labor on works of public enrichment. (This reasoning assumes that the copyrighted work was created as a work of art or of public edification. It is

[20] *Harper & Row, supra*, 471 U.S. at 566 (1985).

hard to see how such purposes apply to Jill's note left for Jack on the pillow, or the note about the broken arms.)

It is important also to recognize that not every type of market impairment will qualify. A book review impairs a book's market when it criticizes the book. A biography may impair the market for books by the subject if it exposes him as a fraud, or simply satisfies the public's interest in that person. Such market impairments are not relevant to the fair use determination. This factor disfavors a finding of fair use only when the market is impaired because the quotation is a substitute for the original. Only to that extent are the purposes of copyright implicated.

On the other hand, if the secondary use is in the nature of a substitute for the authorized publication and is thus capable of causing substantial market impairment, it should not escape liability because in the particular circumstances, it enhances rather than diminishes the value of the author's copyright.

The Court of Appeals opinions in *Salinger* and *Hubbard* so diluted the market test that the fair user virtually cannot win. They count this "most important" test in the plaintiff's favor if the court can imagine any small loss of copyright value.[21] By definition every fair use involves some loss of royalty revenue because the fair user has not paid royalties. To allow a speculative, insignificant effect on the market to swing the most important factor is effective destruction of the fair use privilege.

C. *FALSE FACTORS*

The fair use statute does not pretend that its four listed factors are the only pertinent ones.[22] I had long assumed that there were other significant factors that the statute failed to mention. But the more I have studied the question of fair use the more I have come to respect the statute, whose fault, I believe, is opacity, rather than incompleteness.

I now tend toward the conclusion that additional factors, which I and others have believed to be relevant, are in fact not relevant. They are false factors. They may be relevant to the issue of remedy. They may be relevant in connection with some other body of law that does exist or arguably should exist. But I doubt that they are relevant to the question of fair use.

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[21] Although the *Salinger* opinion acknowledged that the biography "would not displace the market for the letters," it counted this factor in the plaintiff's favor because "some impairment seem[ed] likely." This potential impairment, furthermore, resulted not from the copying of Salinger's words but from the readers' mistaken belief, based on the biographer's use of phrases like "he wrote," "said Salinger," "Salinger declares," that they had read Salinger's words. 811 F.2d at 99.

[22] Section 107 itself uses the terms "including such use by;" "for purposes such as," Section 101 states that: "The terms 'including' and 'such as' are illustrative and not limitative."

(1) Moral Factors

(a) *Good faith of user.* Most prominent among these are elements of morality—for example, the good or bad faith of the secondary user. Since early times, judges have been tempted to explain rejection of the fair use defense by finding bad faith. This has been an understandable temptation. We judges think we understand good and bad faith and how to deal with them. Copyright is more confusing. But the temptation is misguided and produces anomalies. I submit it is wrong.

The morality of the secondary user has nothing to do with whether she has made a creative use that enriches public knowledge and thus serves the ends of the copyright law. Nor does it bear on whether the use has harmed the value of the plaintiff's copyright, thus defeating the aims of the copyright law. Those are the issues we should look to.

Recently, the temptation to confuse good faith with fair use has been bolstered by a piece of misinformation handed down authoritatively from opinion to opinion, incorrectly labelling fair use as an "equitable rule of reason."[23] In fact, it originated in the law courts[24] as a utilitarian limit on the author's monopoly. That is how it should be understood.

Issues of morality may nonetheless play a role. If the defendant has stolen a copy of the plaintiff's manuscript to get access to it, she may be prosecuted criminally or sued for conversion. Furthermore, if there is infringement, bad faith conduct may make the defendant more liable to injunction and increased statutory damages. These are separate questions. They should not be confused with whether the character of the secondary publication advances or impairs the objectives of copyright.

(b) *Good faith of copyright owner.* I had wondered for a time whether the morality of the copyright owner was a factor to be considered. If, for example, the court concludes that the copyright owner is using the suit not as a good faith effort to protect his copyright interest from erosion but to suppress criticism, should that influence a judgment whether the secondary use qualifies as a fair use?[25] Once again I think not. It is the public interest in the stimulation of progress that determines the limits of the copyright owner's monopoly. Like a proprietor of land, or an owner of contract rights, the copyright owner may sue to protect what he owns, regardless of his motivation. What he doesn't own—in other words, fair use of his material—is beyond his power. Motivation is irrelevant. Once again, however, if infringement is shown, the motivations of the copyright owner may affect the remedy.

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[23] *See, e.g., Sony Corp., supra*, 464 U.S. at 448. *See also* S. Rep. No. 94-473, 94th Cong., 1st Sess. 62 (1975); H.R. Rep. No. 94-1476, 94th Cong. 2d Sess. 65 (1976).

[24] *See* Patry, *The Fair Use Privilege in Copyright Law* 3-5 (1985).

[25] *See Hubbard, supra*, 695 F. Supp. at 1527 n.14.

(2) Artistic Integrity

There are many who deplore the absence in our law of provisions for the protection of artistic integrity.[26] French law enforces the concept of the *droit moral d'artiste*, covering among other things a right of paternity (the right to be acknowledged as author of the work), the right to preserve a work from mutilation or change, the right to withdraw or modify a work already made public, and the right to determine whether or not a work shall be published.

Those who would adopt similar rules in U.S. law understandably seek to find a place for them in the copyright law. It is not my purpose to oppose our adoption of such rights for artists. That is a complicated question. What is inappropriate and ultimately full of unintended mischief is, by a wave of a judicial magic wand, to convert our copyright law into droit moral. Our copyright law is not the appropriate container. It has developed over hundreds of years for a very different purpose and accordingly with incompatible rules and consequences.

The copyright privilege, remember, belongs not only to Ernest Hemingway but to anyone who has ever written an interoffice memo. It belongs also to one who has designed a computer program or composed a dunning letter. It would be preposterous to permit all of these to claim as an incident to copyright the right to public acknowledgment of authorship, the right to prevent publication, the right to modify a published work, and to prevent others from altering their work of art. Worse than preposterous, it carries the capacity for extraordinary mischief.

If we wish to create such rights for the protection of artists, good. We should draft them carefully with appropriate definitions (which will not be easy) as to who is an artist and what is a work of art. It is not appropriate simply to expand copyright to include them.

In this context, the Supreme Court in *The Nation* injected unnecessary confusion into the law of fair use by its discussion of the right not-to-publish. Although the copyright law undoubtedly includes the right not-to-publish a work, the right to prevent any fair use involves different considerations. The issue of the right not-to-publish, furthermore, had no place in that case. President Ford was not seeking to prevent publication of his work. To the contrary, his licensed publication was to take place a week hence.

Had the case really involved a question of the right to bar publication, I believe the analysis of the fair use question might have been different. If President Ford had kept secret diaries which he did not want published, that would of course be his right—and an unauthorized effort to publish them

[26] P.L. 100-568, 100th Cong., 2d Sess. (Berne Convention Implementation Act of 1988), declares that existing U.S. law, including copyright, Lanham Act, and state statutory and common law is sufficient to permit the U.S. to join the Berne Convention and comply with Article 6*bis* thereof, which mandates certain moral rights.

would have been subject to injunction. If, on the other hand, a reporter had gotten access to a copy of this secret information and had written an expose including quotations, I think it unlikely that the Supreme Court would have taken the same view. The copyright law is not an instrument designed for the suppression of information. Under such circumstances, the balance of fair use factors would have been very different: The informative value of the secondary use would have been far greater and the harm to the copyright owner's market much less. Depending whether creative use was made, I believe the Supreme Court might have found fair use in those circumstances, and would have discarded its discussion of the right not-to-publish.

What has happened is that phrases written to protect the literary entitlements of an autobiographer have been later converted into instruments for concealment and suppression of criticism—objectives at odds with the goals of copyright.

(3) Privacy

Also misguided in my view is the occasional attempt to read protection of privacy into the copyright law. This, of course, has a respectable antecedent in British opinions of the 19th Century. But those opinions arose out of circumstances that distinguish the British law from ours—particularly the absence from British law of two of our doctrines. Although British society placed a higher value on privacy than we do, English law did not have, as we do, an explicit right of privacy. Nor was British law governed by a policy equivalent to our First Amendment principle of free speech. Under those circumstances, it was not surprising that the aristocratic British judiciary should devise notions of privacy protection to shield respectable society from the intrusions of tabloid journalism.[27] This judicial activism was disguised by using the existing label of copyright to create the new rights.

In this country, we have a right of privacy, explicitly developed to serve that goal. Furthermore, we have a First Amendment that sharply disfavors muzzling speech, unless good reasons exist.

Serious distortions will occur if we permit our copyright law to be twisted into the service of privacy interests. First, it will destroy the delicate balancing of interests achieved under privacy law. For example, the judgment that, in the public interest, the privacy right should terminate at death is overcome by the additional 50 years tacked onto copyright protection. And the policy judgment developed under privacy law denying its benefits to persons who have successfully sought public attention would be destroyed. What is more, because of the preemption provisions of the copyright statute,

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[27] Similar conerns were expressed by Warren and Brandeis in their seminal article The Right to Privacy, 4 HARVARD LAW REV. 193 (1890). The difference, of course, is that in American law, these concerns gave rise to a new body of law expressly designed for the protection of privacy interests.

state laws of privacy might be nullified if we construed the copyright law as entering that field. Finally the copyright law is grotesquely inappropriate to serve as the defense of privacy and obviously was not fashioned to do so. Copyright does not protect the facts revealed, only the expression. Thus, it would fail to protect the main matter deserving protection. And, since a copyright generally cannot be enforced without a public filing in the Library of Congress, the very act required to preserve privacy would insure its violation.

D. INJUNCTION

Perhaps the most important part of what I have to say addresses the issue whether the rejection of fair use necessarily implicates the grant of an injunction. It should not.

Legal rhetoric has dulled our thought on this subject. Long ago we were told, "Irreparable injury is presumed in a case of copyright infringement." We judges have become accustomed to let fall the injunctive guillotine automatically upon finding infringement. Often it is justified. Many infringements are plain and simple piracy. Infringers use technology to market cheap copies of books, videos, fabric designs, toys. They incur no risk, no development cost, no advertising cost. They free-ride on the copyright owner's advertising, undercut his market and deprive him of the rewards of his art. It is easy to justify enjoining such activity. We wouldn't need a presumption to find irreparable harm and entitlement to an injunction.

But that is worlds apart from other kinds of infringements. Biographers, critics, scholars and journalists quote from copyrighted work for purposes of analysis, evaluation, education or public information. Whether such takings will pass the fair use test depends, as we have seen, on a variety of factors, as well as on the widely varying perceptions of different judges. Under *Salinger/Hubbard*, the mere fact that the material has not been previously published will bar a finding of fair use. The secondary use may nonetheless serve a valuable productive function. The copyright owner's interest may be fully protected by damages. We should think twice before burning informative books, even if we conclude they contain quotations that exceed fair use.

Once again we should look to the basic function of the copyright. An infringement is an injury to a primarily commercial right to reap the rewards of artistic activity in the interest of enriching society. If an injunction would impoverish society, and the copyright owner can be appropriately protected by money damages, an injunction should not be granted.

I note that the overly automatic injunction can cause harm to all sides. The risk of harm to the public and the secondary user who is found to have gone a little farther than permissible is obvious. There is also a harm to copyright interests, which may be denied deserved royalty compensation because of the court's reluctance to find infringement-ergo-injunction.

An example of such judicial confusion, I confess is my own opinion in *Salinger*. I think in retrospect, my conviction that this book should not be burned made me too disposed to find fair use in quotations that were not particularly productive uses. If the case arose before me afresh today, I think I would find some infringement—not because the letters were unpublished, but because there was a taking of protected expression for insufficiently creative or productive usages. In view of the small quantity of the takings and the negligible harm to the market, I would nonetheless deny an injunction. In this fashion I would protect the copyright owner's entitlements, while preventing the misuse of the copyright law for the protection of secrecy and the suppression of valuable information.

I refrain from invoking First Amendment notions in support of my argument limiting the use of injunctions. It is unnecessary to call on it for support. Reference simply to the public-enriching goals of the copyright clause and to the compensability of the copyright owner is quite sufficient to support the distinction between cases where injunction is appropriate and those where it is not. Furthermore, apart from our reluctance to reach constitutional questions unnecessarily, I have noted that the importation of extraneous doctrine into copyright analysis invariably confuses more than it clarifies.

CONCLUSION

A question to consider in conclusion is whether imprecision—the absence of a standard—in the fair use doctrine is a strength or a weakness. The case that it is a weakness is easy to make. Writers, publishers, other would-be fair users are without a reliable guide as to how to govern their conduct. The case against is somewhat more abstract. Perhaps the abundance of disagreement reflects the difficulty of the problem. Justice Story said in 1841 that it is "not easy to lay down general principles applicable to all cases."[28] That was an understatement. A test that spoke with a definite standard would champion predictability at the expense of justification, and do injury to intellectual activity to the detriment of the copyright objectives. We should not adopt a clear standard unless it were a good one—and we don't have a good one.

We can nonetheless gain a better understanding of fair use, more consistency, and predictability of court decisions by a disciplined focus on the utilitarian, public-enriching objectives of the copyright law—by resisting the impulse to import extraneous policies. This involves a recognition that fair use is not a grudgingly tolerated exception to the copyright owner's rights of private property. Fair use is a fundamental policy of the copyright law. The stimulation of creative thought and authorship for the benefit of society depends assuredly on the protection of the author's monopoly. But it depends equally on the recognition that the monopoly must have limits.

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[28] Folsom v. Marsh, 9 F. Cas. 342, 344 (C.C.D. Mass. 1841) (No. 4,901).

Let me suggest an illustrative parable. The Grand Designer called in his most talented architect and entrusted her with a commission of highest importance—a temple for the instruction of mankind, the Temple of Copyright. Two elements were provided: First, a massive roof—shaped like the roof of the Parthenon bearing the great statutory and Constitutional inscriptions: To Encourage the Learned to Compose and Write Useful Books; To Promote the Progress of Science; For the Encouragement of Learning. The second element was a single massive column, consisting of the Author's exclusive right over his works.

From those two elements the architect was to build the temple. She went to her drawing board and tried a thousand designs, but none would succeed. There was no way the single column would hold up the roof. At last, inspiration came to her. "That column includes materials that should not belong to the Author. I will take them away from the Author's monopoly and use them to make more columns." And so she divided the great column into four, one for each corner:

> —The first column, representing the Author's Monopoly, included his creative artistic expression.
>
> —Facts, however, are not the Author's creation, even if he discovered them. They should not be privately owned. She removed facts from the Monopoly and used the public ownership of facts as the second column.
>
> —New ideas grow out of old ideas; free discussion of old ideas is necessary to the growth of new ones. To hold up the roof, we should free ideas from the Monopoly. She used the public ownership of ideas for the Third column.
>
> —And for the fourth column, you guessed it: The right in others to make creative fair use of an author's material for the public benefit.

The Temple of Learning thus stood firm on four well-proportioned columns. The Grand Designer was overjoyed. "I will entrust its maintenance to the Judges," he declared. And he did.

By my assessment, The Temple is not in great shape today. A vital column has been damaged and needs repair.

48. A CRITICAL ANALYSIS OF *WEST PUBLISHING COMPANY v. MEAD DATA CENTRAL, INC.*

By LAWRENCE A. LOCKE[1]

INTRODUCTION

West Publishing Company ("West") was founded in 1876 with the publication of a monthly newsletter containing excerpts of decisions from Minnesota courts. By 1890, West developed its American Digest System of indexing decisions by subject matter through use of "keynumbers" (corresponding to various points of law) and "headnotes" (brief summaries of judicial rulings relevant to those points of law). By the same time, West had expanded into a comprehensive national system and had become the only publishing company to report all state and federal appellate cases. Due to the comprehensive nature of its National Reporter System and to the utility of its indexing system, West enjoyed increasing favor in the legal community. Its many regional competitors dropped out of the picture due to buy-outs or bankruptcies. Today, West stands virtually alone in the field, challenged only by a few relatively specialized competitors. Lawyer's Co-op, for example, selectively publishes only those cases it deems important; in addition, official state reporters exist for some, but not all states.[2]

West is presently indispensable to the legal world. It is the *de facto* official reporter for many courts and, until recently, provided the only reasonable access to large sections of American case law. Such is the stature of West that judges, lawyers and academics *must* cite to its publications, according to court rules, or for proper "Blue Book" form. But sets of West publications are extremely expensive. Even keeping them current is costly; a large firm might spend $25,000 to $40,000 annually to keep its set up to date. A Law School library may spend twice that to maintain its more comprehensive set.[3]

It was fortunate, therefore, especially for small law firms and other less affluent groups, that an alternative to West's National Reporter System was

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[1] Associate, Stoel Rives Boley Jones & Grey, Portland, Oregon; J.D., Yale Law School, April, 1989; B.A., Reed College, 1979. I am very grateful to Professor Ralph S. Brown, Professor Morris L. Cohen and Fred R. Shapiro of Yale Law School, and to Professor Robert P. Merges of Boston University Law School for comments on earlier drafts of this article.

[2] See Abramson, Kennedy and Pollock, *West Publishing Company: The Empire's New Clothes*, Student Lawyer, (January, 1984). See also, Berring Affidavit, West Publishing Company v. Mead Data Central, Inc., 616 F. Supp. 1571 (D.C. Minn. 1985).

[3] Abramson, Kennedy and Pollock, *supra* note 2, at 19.

developed in the early 1970's. In 1973, Mead Data Central ("MDC") introduced LEXIS, a full-text computerized service with which a user could research case law by entering relevant search terms, phrases, or numbers. LEXIS is far from cheap—annual costs for the service can approach the annual cost of keeping sets of West volumes up to date. With LEXIS, however, users can avoid the sizeable initial investment required for even basic sets of West volumes and can avoid the costs of the floor space needed to contain them. LEXIS thus became the first viable alternative to West's system. Due to the rapid and obvious success of LEXIS, within two years West introduced its own computerized system, Westlaw.[4]

There was a problem for a LEXIS user, however. A LEXIS user could locate relevant cases just as well as a user of West's system, but could not, without seeking out the appropriate West volume, correctly cite to the proper West page number for a passage within a case.

On June 24, 1985 MDC announced plans to solve this problem: it would add "star pagination," page numbers keyed to the text of West's case reports. This feature involved the insertion of West page numbers into the LEXIS text at the points where the text ended at each page in the corresponding West volume. The reporting industry, including West, had long used pagination keyed to the volumes of other companies' reporters.[5] After MDC added this feature, LEXIS users would no longer need to seek out West volumes for specific West page citations.

West was not pleased. Relations between West and MDC had been stormy from the beginning. During the development of LEXIS, MDC accused West of using its considerable influence against MDC and with interfering with MDC's acquisition of a database. In 1976, MDC brought an antitrust suit against West, asking the Court to declare West an illegal monopoly. This suit was later dropped when MDC continued to grow and prosper.[6]

In response to MDC's announcement, West sued for a preliminary injunction, claiming that MDC's use of its pagination constituted copyright infringement.[7] West argued that because LEXIS users would no longer have to seek out West volumes for citation purposes, it would be irreparably harmed: the demand for its volumes would be decreased. Additionally, West argued that MDC's appropriation of its page numbers amounted to commercial theft of its entire comprehensive arrangement of case reports. The District Court agreed and granted the injunction. The Eighth Circuit affirmed: MDC was

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[4] Id. at 40.

[5] West Publishing Company v. Mead Data Central, Inc., 799 F.2d 1219, 1222, (8th Cir. 1986). See also, MDC Reply Brief at 19-21.

[6] See Abramson, Kennedy and Pollock, *supra* note 2, at 40-41.

[7] West Publishing Company v. Mead Data Central, Inc., 616 F. Supp. 1571 (D.C. Minn. 1985).

enjoined from introducing its star pagination feature pending a trial on the merits.[8]

The decision to enjoin the LEXIS star pagination feature should not have been made lightly. Without the citating ability provided by star pagination, LEXIS remained an incomplete alternative to the relatively expensive West Reporter System. And MDC stood to lose heavily from a preliminary injunction: not only the profits it must forgo pending trial on the merits, but, should it prevail, from a decrease in its share of the market for the feature. MDC would lose its head start; West could play "catch up" and develop its own system for Westlaw.[9]

In July of 1988, prior to final judgment in the trial on the merits, the case was settled. Under the terms of the settlement, MDC acknowledged the validity of the disputed copyrights and agreed to pay very substantial license fees. In return, West granted MDC a license to use star pagination keyed to West volumes and, in addition, granted MDC a license to add West's compilations of the statutes of various states to LEXIS.[10] No doubt the court decisions relevant to the preliminary injunction heavily influenced MDC's inclination to settle. The opinions espoused a line of reasoning that was problematic for MDC and indicated that MDC was almost certain lose on the merits.

Yet, the opinions are fraught with difficulties. Even a casual reading suggests that the theory upon which they are based is inappropriate. Closer scrutiny reveals faulty arguments, bizarre justifications and a profusion of conceptual problems. The fact that there will be no decision on the merits means that these problems remain unresolved. And, although the issues might be settled as far as MDC and West are concerned, the decisions and their rationale stand as precedent for future disputes, at least in the Eighth Circuit. LEXIS users must now, at least indirectly, pay for the convenience of not having to seek out West volumes when they merely wish to obtain obligatory West page citations. The customers of future West competitors may be faced with this prospect as well.

This article is a critical analysis of the court of appeals opinion in *West Publishing Co. v. Mead Data Central, Inc.*[11] The focus of the analysis is on the logic and coherence of the opinion, especially concerning the "case arrangement" theory upon which it relies. I discuss relevant case law and copy-

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[8] West Publishing Company v. Mead Data Central, Inc., 799 F.2d 1219 (8th Cir. 1986).

[9] Id., MDC Brief at 44-47. (West, in fact, announced and implemented its own star pagination system by mid-1988).

[10] Joint press release of July 21, 1988. See also, articles in New York Times and Wall Street Journal, July 19, 1988, based on premature press release of July 18, 1988.

[11] *Supra*, note 8.

right theory only to the extent necessary for the analysis. Recent, more comprehensive commentary regarding the *West Publishing Co.* court's application (or non-application) of relevant case law and copyright theories can be found elsewhere.[12] The Eighth Circuit (majority) opinion is essentially a restatement of that of the court below, with augmentation designed to demonstrate that the lower court did not err. Therefore, although the Circuit Court will be the focus of this article, the arguments advanced frequently apply to both opinions. The article is organized as follows:

In *Section One*, I list the holdings of the District Court and briefly state their rationale. I do this as background for a discussion of the reactions and the subsequent strategies of both parties as revealed in their briefs on appeal. *Section Two* consists of an outline of the Circuit Court majority opinion. In *Section Three* I observe that the Court granted the preliminary injunction against the use of West's page numbers on the basis of four contentions: (1) the potentially copyrightable entity in the case is West's arrangement of cases; (2) the relevant West arrangements are worthy of copyright protection; (3) MDC's proposed star pagination feature would infringe West's arrangements; (4) the likelihood that West would win on the merits at trial, in conjunction with the threat of irreparable harm to West, outweighed the harm to MDC and to the public interest. I conclude that each of these contentions is highly problematic and that both justice and the public interest would have been better served by denying the preliminary injunction.

SECTION ONE

I. The District Court Opinion

In *West Publishing Co. v. Mead Data Central, Inc.*, 616 F. Supp. 1571 (D.C. Minn. 1985), the District Court granted West's motion for a preliminary injunction. This injunction stayed MDC's proposed introduction of star pagination into LEXIS pending a trial on the merits.

In order to grant the preliminary injunction, the Court considered four factors set out in *Dataphase Systems Inc. v. C.L. Systems, Inc.*, 640 F.2d 109 (8th Cir. 1981):

(1) The probability that West would succeed on the merits;

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[12] See, for example: Comment, West Publishing Co. v. Mead Data Central, Inc. (LEXIS), 14 RUTGERS COMPUTER & TECHNOLOGY LAW JOURNAL 359 (1988); Kemp, Copyright Protection for Law Reporter Page Numbers: The Realization of the Protectionist Thread in Fact Works: West Publishing Co. v. Mead Data Central, 2 SOFTWARE LAW JOURNAL 125 (1988); Comment (written by W.L. Anderson), Copyright Protection for Citations to a Law Reporter: West Publishing Co. v. Mead Data Central, Inc. 71 MINNESOTA LAW REVIEW 991 (1987); Note, *Copyrighting the Book of Numbers—Protecting the Compiler*, 20 CREIGHTON LAW REVIEW 1133 (1987).

(2) the threat of irreparable harm to West if the preliminary injunction were denied;
(3) the balance between this harm and the harm a preliminary injunction would cause MDC if granted; and,
(4) the public interest in granting or denying the preliminary injunction.

After consideration of the *Dataphase* factors, the District Court held, first, that there was a substantial likelihood that West's case arrangements and pagination were protected by copyright.[13] The Court found that arrangements of public domain material such as court opinions were copyrightable subject matter provided that sufficient labor, talent or judgment is involved in the arrangement. The court delineated West activities relevant to the arrangement of its National Reporter System and found them to easily meet this requirement.[14] The Court also found that West's page numbers were protected by copyright since MDC's proposed use of them would entail access to West's "copyright-protected overall arrangement" and would supplant a part of the normal market for that arrangement.[15]

Second, the Court held that MDC's proposed use of West's page numbers would constitute an infringement of West's copyrights. In this regard, the Court found that star-pagination keyed to West volumes would essentially reproduce West's entire copyrighted arrangement.[16]

Third, the Court held that this infringement was not a "fair use" under 17 U.S.C. 107. The Court found that it was not a fair use since the use was commercial in nature, was qualitatively and quantitatively substantial, and would be likely to harm the market for West's books.[17]

Fourth, the Court held that the balance of harms, should the preliminary injunction be granted or denied, was weighted in West's favor.[18] As to West, irreparable harm could be presumed as a matter of law from its *prima facie* showing of infringement; additionally, even without this presumption, West had showed that a substantial use of its books would be supplanted, causing harm. As to MDC, its claims of harm from an injunction were found to be either speculative or the result of infringing behavior and so not deserving of protection.

Finally, the District Court held that the public interest was best served by granting, rather than denying, the preliminary injunction. Without copyright protection, the public might lose the benefit of socially desirable works. And it was not absurd, the Court found, to believe that West might abandon

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13 *West Publishing Co.*, 616 F. Supp. at 1579.
14 Id. at 1575.
15 Id. at 1579.
16 Id. at 1580.
17 Id. at 1580-81.
18 Id. at 1581-82.

its socially beneficial enterprise should the need for its books be lost.[19]

Based on this analysis of the *Dataphase* factors, the District Court granted the preliminary injunction.

II. West's Brief to the Circuit Court

West, of course, was happy with the District Court's decision. And, in spite of statements in its original complaint claiming a copyright interest in its page numbers,[20] West was entirely ready to accept the fact that the Court relied on the appropriateness of copyright protection for compilations and arrangements in order to enjoin the use of its page numbers by MDC. In fact, after MDC appealed the decision, West's brief to the Circuit Court was devoid of any defense of its page numbers *except* in the context of their relation to its arrangements of case reports. This is illustrated by the Statement of the Issues from the brief:

> (1) Whether the District Court correctly concluded that copyright law protects West's arrangements of case reports in its copyrighted compilations.
>
> (2) Whether the District Court correctly concluded that MDC's "star pagination" infringes West's copyrights by duplicating the arrangements of West case report compilations in an electronic medium.
>
> (3) Whether the District court correctly concluded that West will be irreparably harmed if MDC is permitted to copy and display West's arrangements during the pendency of this action.[21]

In this manner, West characterized its concern to the Eighth Circuit as being not for its pagination per se but rather for its "comprehensive arrangement of case reports." It is not surprising that West should choose this focus for its brief to the Circuit Court since West's purpose on appeal was primarily to show that the District Court did not err with *its* focus on case arrangements. It was also plainly in West's interest to join, as much as possible, the two elements of "page numbers" and "arrangements of cases." West would face great conceptual difficulties in arguing for the protection of page numbers as distinct copyrightable subject matter, for as MDC was to insist, how could they possibly meet the statutory standards of being the original writings of an author?[22] But, said West, in a statement to which MDC would strongly

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[19] Id. at 1582-83.

[20] *West Publishing Co.*, 799 F.2d 1219 (MDC Reply Brief at 5). See also statement of West editor in chief, Arnold Ginnow: "We claim copyright on our compilation and editorially added features . . . . down to the pagination." Abramson, Kennedy and Pollock, *supra* note 2, at 20.

[21] Id., West Brief at vi.

[22] Id., MDC Brief at 25-33. See also Oliver Dissent at 1236-37.

object:[23]

> West has never claimed copyrights *solely* in its pagination. But (MDC's intended use of them) communicates West's arrangement of its case reports. These arrangements are protectible expression . . .[24]

Along with this characterization of its interests, West took the "arrangements" rationale a step further. It contended that MDC was primarily interested in its arrangements as well. According to West, MDC was not merely interested in copying West's page numbers for its star pagination feature but was after West's arrangement of cases.

Whatever the overall equities of the situation, this depiction by West of what MDC was up to is entirely misleading. As will be discussed below,[25] MDC has no real interest in West's "overall arrangement of case reports." What West was doing with its focus on "arrangements" is clear. Claiming that MDC's star pagination infringes copyrights in case arrangements is a back-door method of curtailing the use of West's page numbers to West's detriment.[26]

III. MDC's Brief to the Circuit Court

MDC's view of the situation differs considerably from that of West. As to the equities, MDC depicted itself as copying but one thing, West's page numbers; it did this to provide a socially desirable service—star pagination to *de facto* official sources of judicial opinions,[27] in order to support the admirable goal of greater access to the law;[28] furthermore, it did this in reliance upon clearly supportive precedent and upon the fact that star pagination to other's publications had long and widely been used in the industry, even by West itself.[29]

On the issue of its alleged infringement, MDC essentially used a two-part argument. First, much effort in its briefs centered around the claim that page numbers could not be the subject of copyright protection.[30] In spite of the clear focus of the District Court opinion on case arrangement as the infringed entity, MDC declared "[w]hether the District Court erred in concluding that the page numbers in West-published volumes are the 'original' writings of an

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23 Id., MDC Reply Brief at 1-2.

24 Id., West Brief at 11. But see *supra* n.20.

25 Infra at 27.

26 MDC insists on this point. MDC Reply Brief at 1-3, *West Publishing Co.*, 799 F.2d 1219.

27 *West Publishing Co.*, 799 F.2d at 1226.

28 Id. (MDC Reply Brief at 12-21).

29 Id. (MDC Reply Brief at 19-21).

30 Id., MDC Reply Brief at 3-10. Also, MDC Brief at 25-33.

'author' " to be a primary issue in the appeal.[31] There are several reasons for this. Language in the opinion supported it:

> But this case turns on whether or not the succeeding page numbers themselves are protected by copyright, even if the overall arrangement is a copyrightable entity. This court holds that they are so protected.[32]

Additional reasons for MDC's focus on page numbers can be gleaned from its Statement of the Case. Here MDC broadly complains of what it perceives to be an erroneous analysis of the issue by the District Court and a corresponding shift in legal theories by West. "This action began as a straight-forward dispute over MDC's intended use of page numbers."[33] MDC felt that it was in a good position regarding such a dispute. Copyrighting mere page numbers is arguably problematic.[34] Moreover, the term "page numbers" was not listed on any West (copyright) Certificate of Registration as material "added to the volume and in which copyright is claimed."[35]

To MDC's dismay, "page numbers" took a back seat to "arrangements" in the District Court's opinion. MDC claimed that this was erroneous in two ways. It ignored the copyright claims in West's Registration Certificate (the term "arrangement" was also absent from the certificate) and in West's original complaint. And, to the extent "overall arrangement" referred to anything external to any particular West volume, then it was error to find it protected by copyright, since West obtains copyrights on the individual volumes only and not on the National Reporter System as a whole.[36]

Now, MDC complained, page numbers have also taken a back seat in West's brief to the Circuit Court; its theory has shifted from that of a claimed infringement of copyrighted page numbers to the claim that the use of page numbers will infringe its arrangements.[37]

As a further argument that the case is really about page numbers, MDC pointed out that the preliminary injunction itself makes no mention of case arrangements but, rather, just enjoins the use of page numbers.[38]

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[31] Id. (MDC Brief at xi).

[32] *West Publishing Co.*, 616 F. Supp. at 1579.

[33] *West Publishing Co.*, 799 F.2d 1219, (MDC Brief at 8).

[34] Id. (MDC Brief at 8).

[35] Id. (MDC Brief at 6). But what West claims copyright in its Certificate of Registration is not an exclusive list (". . . including but not limited to . . ."). MDC Brief at 6.

[36] Id. (MDC Brief at 8). This turns out to be a promising argument, also briefly mentioned in the dissent (at 1233). See *infra* at 35. It is curious that MDC did not develop it. I speculate that MDC put too much faith in its other arguments.

[37] Id. (MDC Brief at 8-10).

[38] Id. (MDC Reply Brief at 1). However, the District Court could have been intending to protect case arrangements by enjoining the use of page numbers.

MDC believed that this first argument—that page numbers were the real issue in the case and were not the proper subject matter of copyright protection—ought to suffice. However, as the second part of its defense against West's allegations of copyright infringement, MDC purported to meet the infringement of arrangements issue "head on."[39] Its strategy was: (a) to argue that the pagination of West's volumes is independent of (and so does not express or communicate) any purported West arrangement,[40] and, (b) to argue especially that it would be "literally impossible" to use the proposed star pagination feature to perceive or reproduce West's arrangement on LEXIS.[41]

The first part of MDC's argument against the District Court's holding of infringement was problematic. That argument was that the Court had erred in holding page numbers were copyrightable subject matter. The problem with the argument is that the Court did not hold page numbers were copyrightable subject matter at all but merely that they were entitled to copyright "protection" since their use entailed an infringement of West's "copyrighted arrangement."[42] The second part of MDC's argument was also problematic. The problem with it was that MDC placed too much faith in two claims: (1) that West's pagination was independent of its arrangements; and, (2) especially, that it was literally impossible to use the proposed star pagination system to reproduce or perceive West's arrangements on LEXIS. MDC figured that the latter claim itself should suffice to defeat any claim based on alleged infringement of West's arrangements:

> If there is any magic to the chronological, Circuit, headnote or other purported "arrangements of reports" in West-published volumes, West is welcome to them. They are totally irrelevant and extraneous to LEXIS. The absence of any capacity on LEXIS to display or perceive the purported "arrangements of reports" in West-published volumes precludes absolutely any finding of infringement of those arrangements.[43]

MDC placed all of its eggs in one small basket with this strategy of argumentation. If the Circuit Court agreed with MDC's reasoning, then much discussion of the "arrangement" theory would stand unchallenged, yet would be irrelevant and so MDC would win. But, in fact, the Court did not agree and MDC was left with much of what is wrong with the "arrangements" theory undiscussed.

In sum, MDC's strategy of argumentation, that page numbers are not copyrightable and that an "arrangement" argument was logically irrelevant,

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39 Id. (MDC Reply Brief at 13).
40 Id. (MDC Brief at 33-36).
41 Id. (MDC Brief at 36-39).
42 *West Publishing Co.*, 616 F. Supp. at 1579.
43 *West Publishing Co.*, 799 F.2d 1219 (MDC Brief at 39).

led to disregard or meager treatment of several promising arguments against the manner in which the District Court relied on the "case arrangements" theory in reaching its decision. Perhaps more importantly, this disregard or meager treatment left the Circuit Court free to follow the District Court's rationale. If MDC had really met the arrangement of cases theory "head on" and addressed its inherent problems, then perhaps MDC would have fared better with its appeal. However, MDC substantially sidestepped the issue.

In the next section, I summarize the majority opinion of the Circuit Court. It will be apparent that MDC's strategy fared poorly indeed. The opinion by Judge Oliver, dissenting in part, will not be summarized in that section but will be discussed in relevant part in the subsequent analysis.

SECTION TWO

II. The Circuit Court Opinion

The Eighth Circuit's approach to the case consisted primarily of determining whether the Court below had clearly erred in its balancing of the *Dataphase* factors.[44]

As a result of the issues raised by MDC in its briefs, the Circuit Court opinion was almost entirely concerned with the first of these factors, whether or not West was likely to succeed on the merits. The Court noted that MDC's principal contention was that there was *no* likelihood West would win.

In response to MDC, the Court first disposed of the argument that West's real claim was for copyright in its page numbers with a simple "we do not agree."[45] The Court then addressed the issue of whether copyright protection could be extended to arrangements of cases.

Copyright protection can be provided for "original works of authorship fixed in any tangible medium of expression."[46] To qualify as an original work of authorship there must be "creative intellectual or aesthetic labor involved."[47] The standards for both originality and creativity are minimal. Accordingly, copyright protection can be extended to "compilations" of preexisting materials "selected, coordinated, or arranged in such a way that the resulting work as a whole constitutes an original work of authorship."[48] MDC's argument was that mere arrangements of cases in a case reporter could not meet this standard as a matter of law.

The Eighth Circuit disagreed with MDC, finding *Callaghan v. Meyers*,[49] a case upon which West heavily relied, supportive of the opposite position. In

[44] *Supra* at 7.
[45] *West Publishing Co.*, 799 F.2d at 1223.
[46] Id. at 1223.
[47] Id. at 1223.
[48] Id. at 1224.
[49] 128 U.S. 617 (1888).

Callaghan, the plaintiff owned copyrights for several volumes of Illinois Supreme Court decisions. Like West reporters, the volumes contained much original material such as headnotes, statements of facts, indices, etc. The defendant in *Callaghan* was a competitor who copied from this material as well as copying the arrangement and pagination of some volumes. The Supreme Court affirmed the trial court findings of valid copyright and infringement.[50]

The Court duly noted that (as MDC claimed in its briefs) a finding of infringement of case arrangement and pagination was not crucial to the *Callaghan* decision since the defendant had made use of such material as headnotes and case summaries. However, the court found the *Callaghan* discussion of what "may" be subject to copyright protection in court reporters instructive. In addition to headnotes, statements of facts, etc., the *Callaghan* Court included "the order and arrangement of cases, the division of cases into volumes, [and] the numbering and paging of the volumes" in its list of what might qualify for protection.[51]

The Court also noted, however, that the Supreme Court in *Callaghan* quoted with approval the following language of the Circuit Court below:

> Undoubtedly, in some cases, where are involved labor, talent, judgement, the classification and disposition of subjects in a book entitle it to a copyright. But the arrangement of law cases and the paging of a book may depend simply on the will of the printer, of the reporter, or publisher, or the order in which the cases have been decided, or upon other accidental circumstances.[52]

The *Callaghan* Circuit Court held that the case arrangement and pagination in the plaintiff's volumes required little effort and so found that the defendant's copying of those arrangements and page numbers did not constitute a separate infringement.[53]

Although the Court confessed that the teaching of *Callaghan* with respect to the present case seemed unclear, it concluded that *Callaghan* at least established there is no per se rule against case arrangements qualifying for copyright protection but, rather, that "in each case the arrangement must be evaluated in light of the originality and intellectual-creation standards."[54]

Whereas West relied on *Callaghan* for the proposition that case arrangements and pagination were proper subjects of copyright protection, MDC relied on *Banks Law Publishing Co. v. Lawyer's Co-Operative Publishing Co.*[55]

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[50] See *West Publishing Co.*, 799 F.2d at 1224.

[51] Id. at 1224.

[52] Id. at 1224.

[53] Id. at 1225.

[54] Id. at 1225.

[55] 169 Fed. 386 (2d Cir. 1909) (per curiam), appeal dismissed by stipulation, 223 US 738 (1911).

Banks was a slightly later case than *Callaghan* and seemed, to MDC, precisely on point. The plaintiff in *Banks* also owned copyrights on volumes of court opinions. His sole claim was, however, that the defendant had infringed the copyrights by directly copying the case arrangements and by star paginating to plaintiff's volumes. The *Banks* court refused to find copyright infringement, concluding that "no valid copyright for these elements or details alone can be secured to the official reporter."[56]

MDC argued that the basis for the *Banks* holding was that case arrangement and pagination in volumes of court opinions were mere details of publishing which could not meet originality and creativity standards[57] but the Circuit Court joined the court below in disagreeing. The Court found that the *Banks* decision turned on the fact that the author of the volumes was the official reporter for the US Supreme Court and was required by statute to produce the volumes. Such efforts as were absolutely necessary to produce the volumes therefore became part of the public domain. It was for this reason, the Court concluded, that no valid copyright for case arrangement could be "secured to the official reporter" in *Banks*.[58] So *Banks* would apply only if West were an "official" court reporter; it was, therefore, found distinguishable.

The Eighth Circuit thus determined that there was no per se rule which disqualified case arrangements from copyright protection. Its next step was to examine the District Court finding that West's case arrangements do, in fact, meet the originality and creativity requirements.

Following the lead of the District Court, the Circuit Court examined the "originality and intellectual creativity" involved in West's case arrangements by considering a lengthy set of West activities relevant to its National Reporter System as a whole.[59] The Court found that the process involved considerable labor, talent, and judgment. It concluded that since copyright eligibility only requires minimal originality and creativity, that West's arrangements of cases easily meet the standard and are entitled to copyright protection.[60]

The Court concluded this first section, in which it addressed MDC's contention that nothing copyrightable was at issue, by reiterating its disagreement with MDC's claim that all West sought to protect was page numbers. If that were true, then, said the Court, MDC would win, but West did not seek protection for the numbers for their own sake. Rather, protection was sought against the effects that use of the numbers would have. "The key to this case then, is not whether numbers are copyrightable, but whether the copyright on

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[56] See *West Publishing Co.*, 799 F.2d at 1225.
[57] Id. at 1225.
[58] Id. at 1225.
[59] See *infra* at 34-35.
[60] *West Publishing Co.*, 799 F.2d at 1226.

the books as a whole is infringed by the unauthorized appropriation of these particular numbers."[61]

Having found that West's arrangements of cases were indeed protected by copyright, the Eighth Circuit next addressed MDC's contention that, even so, its proposed star pagination feature would not infringe that copyright.

The Court first addressed MDC's most forceful claim—that it would be literally impossible for a LEXIS user, even with the proposed star pagination feature, to use LEXIS to discern West's arrangements of cases.

MDC reasoned that there is no "order" in the way cases are stored in a computer which could possibly correspond to West's arrangement; that when cases are displayed on LEXIS they are generally part of a set containing similar 'search terms' grouped in reverse chronological order, and so are unrelated to West's arrangement by date of court decision; and that, when looking at an individual case, one cannot look back past its first page or forward past its last page in order to see what case came before or after in the corresponding West volume. Therefore, MDC reasoned, a LEXIS user would not be able to use star pagination to discern how West's cases were arranged and infringement of those arrangements could not be found.[62]

Based on a scenario West presented at oral argument, the Court discounted this "literal impossibility" defense entirely. It found that one could use LEXIS with star pagination to discern West's arrangement of cases as follows: A LEXIS user could summon up the first case of any West volume by simply using the "Lexsee" function in conjunction with the first numbered page of the volume. (When given the first page citation of any case, "Lexsee" causes LEXIS to display that case.) The user could page through the case to its end and star pagination would provide the West page number for the last page of that case. The user would then know the first page number for the next case in West's volume, could summon it up with "Lexsee," see what it was, and so on through all the cases in the volume. The court found that MDC's proposed star pagination feature would allow a LEXIS user to discern, in this manner, West's copyrighted arrangement of cases.[63]

It did not matter to the Court that this might be an entirely impractical thing to do. "An author's rights in a copyrighted work protect the author not only against infringing works less expensive than the original, but against more expensive works as well."[64]

In addition, the Court said that it would have found infringement even if it were *not* possible to use LEXIS to page through cases as West had arranged them. The Court reasoned that even without this knowledge, star pagination keyed to West volumes would still allow a LEXIS user to discern the location

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[61] Id. at 1227.
[62] Id. (MDC Brief at 33-39).
[63] Id. at 1227.
[64] Id. at 1227.

within West's arrangement of the portion of the opinion being viewed, and that revealing this location was precisely the intent of the feature. This would adversely affect West's market position "[s]ince knowledge of the locations of opinions within West's arrangement is a large part of the reason one would purchase West's volumes." And this, the Court found, would normally entail infringement.[65] In this manner, the Court discounted MDC's other main infringement defense: that West's pagination is independent of, and so does not reflect or communicate, any arrangement of West cases.

The Court did not agree with MDC that enjoining its use of West's page numbers was tantamount to giving West a copyright on the Arabic numbering system. The copyright recognized, it said, was not in West's numbering system, but in its arrangement.

The Court concluded this section of its opinion by quickly disposing of MDC's contention that citations to page numbers were "pure facts" and so could not be copyrighted.[66] It argued that while this may be true for isolated incidents, the use of too many of such "pure facts" would constitute a major inroad on a copyright and must be prevented.[67]

Based on these arguments, the Circuit Court held that "West's arrangements of cases in its National Reporter System publications is entitled to copyright protection and that the LEXIS Star Pagination feature infringes the West copyright in the arrangement."[68] So, as to the first *Dataphase* factor, it found West was likely to succeed on the merits at trial.

The strength of its belief that West would win on the merits at trial encouraged the Court to only briefly consider the District Court's findings regarding the other three *Dataphase* factors[69] before holding they were not in error. In addition, MDC mentioned them only perfunctorily in its briefs, focusing instead on the likelihood of West winning on the merits.[70] So the Circuit Court opinion regarding these three factors was limited to a brief restatement of the District Court rationale outlined above[71] and the *Dataphase* balance remained in West's favor. This concluded the Eighth Circuit's review and affirmation of the decision below.

SECTION THREE

The Eighth Circuit's opinion in *West Publishing Co.* can be divided into four major contentions, each of which is problematic. They are:

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65 Id. at 1228.

66 E.g., MDC would claim that it is just a "fact" that the sentence "On the basis of the present record, it is probable that West will succeed on the merits at trial" appears at 799 F.2d at 1228.

67 *West Publishing Co.*, 799 F.2d at 1228.

68 Id. at 1228.

69 See 640 F.2d 109, 114 (8th Cir. 1981).

70 *West Publishing Co.*, 799 F.2d 1219 (MDC Brief at 42-49).

71 *Supra* text at notes 13-19.

First, the potentially copyrightable subject matter in this case is West's arrangements of cases. Second, West's arrangements are entitled to copyright protection. Third, MDC's proposed star pagination feature would infringe West's arrangements in two ways: (a) it would allow a user to "page through" cases as West arranges them and so to discern their arrangement; and, (b) it would allow a user to discern where a passage of text is located within that arrangement. Fourth, for these reasons, there is a strong probability that West would succeed on the merits at trial, and so the District Court did not err when it balanced the *Dataphase* factors and determined that an injunction should issue.

In this section these contentions will be examined in turn.

I. The Arrangement of Cases Theory

As outlined above, the District Court did not rely on a finding of a copyright in page numbers for its holding that MDC's star pagination feature would entail copyright infringement. Rather, it was said that West's page numbers deserved copyright "protection" since their use would mean an infringement of West's copyrighted arrangement of cases.[72]

In view of this, West abandoned any direct claim for copyrights in its pagination when preparing its brief for the Eighth Circuit. West depicted MDC's proposed star pagination feature as a blatant market strategy to copy West's arrangements of cases, the intent of which was to allow LEXIS users to obtain the benefits of that arrangement without having to purchase West volumes. West went so far with this as to say that MDC was attempting to provide the functional equivalent of a West library by "superimposing those arrangements upon the reports in its LEXIS database."[73]

The Eighth Circuit concurred with the District court opinion on this and with West's arguments, although it did not extend the implications as far as West did. The Circuit Court was content to find that the "key to the case" was not whether West's pagination was copyrightable, but whether use of the pagination by MDC would infringe on the copyright West held in the case arrangements.[74]

The problem with this "arrangements of cases" theory is conceptual in nature. No LEXIS user, and, in fact, no West National Reporter System user, is likely ever to have the slightest interest in West's case arrangement. For all the reasons why one would want to use West volumes, it is hard to even imagine one where the arrangement of cases in a volume would be of concern. West volumes are internally arranged either merely by date of decision (e.g. Supreme Court Reporter and Federal Supplement) or by date of decision with further subdivision by Circuit (e.g. Federal Reporter, Second

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[72] *West Publishing Co.*, 616 F. Supp. at 1579.

[73] *West Publishing Co.*, 799 F.2d 1219 (West Brief at 8).

[74] Id. at 1227.

Series).[75] As a practical matter, whether the user be lawyer, judge, or academic, when one has an interest in a case in any West volume, one would have no interest in what case was printed before or after in that volume and would have no interest in the arrangement of cases within the volume as a whole.[76]

What West is concerned about preventing, and what MDC wants to obtain for its customers, is the ability to cite to West books without physically using them.[77] But there is, at most, a very tenuous relationship between the ability of LEXIS users to cite to West volumes and the fact that, through use of star pagination and heroic efforts, a user might discern how West arranged cases in that volume. This can be seen from the fact that without the LEXIS "Lexsee" function,[78] LEXIS users could still use star pagination to cite to West volumes but could not possibly discern how (or what) cases were arranged in that volume. As will be discussed below,[79] the ability to discern West's arrangements of cases is more clearly a function of such LEXIS features as "Lexsee" than of the proposed star pagination feature.

Clearly, MDC is not, as West argued to the courts, trying to copy the *arrangements* so that its customers can obtain all the benefits of those arrangements. At most, MDC is trying to copy a *benefit* of those arrangements, and that is the ability to cite to cases within them. However, it is not even clear that the ability to cite to specific portions of text is a "benefit" of any arrangement. Using page numbers (and the title) from any book, you can cite to a passage within it.[80] But this is independent of any particular arrangement the book might have and, in fact, is consistent with a completely random arrangement. Only sequential numbers and a title are required.

It is clear what West is trying to do with its arguments. It is trying to prevent LEXIS users from citing to its volumes without physically using them. West is being disingenuous when it characterizes MDC's intent as a blatant strategy to steal its entire copyrighted arrangement of federal case reports. West is being far more disingenuous when it characterizes MDC's star pagination as the attempt to provide a LEXIS user with a "complete West library" by superimposing its arrangements on the LEXIS database. Using the proposed star pagination feature, a LEXIS user could never scan or print out anything like a West volume.[81] First, West proofreads, verifies and

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[75] See, e.g., volumes 105 S. Ct. & 777 F.2d. See also *West Publishing Co.*, 799 F.2d 1219 (Oliver dissent) at 1247.

[76] See also Anderson, *supra* note 12, at 1021 (note 110).

[77] Anderson, *supra* note 12, discusses this issue at 1003 et seq.

[78] Discussed *supra* text following n.61.

[79] *Infra* text at notes 108-110.

[80] MDC makes this point in a different context. *West Publishing Co.*, 799 F.2d 1219 (MDC Reply Brief at 4).

[81] Kemp, *supra* note 12, makes this point at 157-158.

corrects the text of cases, while MDC does not.[82] Second, West volumes come complete with indices, headnotes, the "key number" system, case synopses, etc. Hundreds of pages would be missing and many more would differ in substantial ways if a LEXIS user were to try to scan or print out a West volume. The *only* thing a LEXIS user could discern might be what cases were included in the volume and how they were arranged. And, as a practical matter, this information is virtually useless.

This calls into question the whole focus of both the Circuit Court and the District Court below on this case arrangement theory of protecting West's pagination. It is hard to see how West's case arrangements are relevant to what is of real concern in this case.[83] Perhaps the Courts were swayed by West's disingenuous arguments.

However, there is a reason why the courts might have based their decisions on case arrangements in spite of the apparent irrelevancy. This is because it might not *matter* that no one really cares about West's arrangements of cases. The reasoning might go as follows: West's arrangements are copyrightable entities. West's page numbers probably are not. But use of West's page numbers entails the display or copying of West's copyrightable arrangements and "irreparable harm" results. Since we have unauthorized display or copying of copyrighted material and we have damages, then we have all we need to justify a preliminary injunction. The problem with this is that West is not damaged by the display or copying of its arrangements; rather, it is dam-

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[82] See *West Publishing Co.*, 799 F.2d 1219 (Berring Aff. at 8).

[83] Anderson, *supra* note 12, accordingly, suggests an alternative theory. In his note 14, Anderson distinguishes two kinds of reference works. One kind refers a user to another publication; an index is an example. The other kind contains locatable information in itself; a law reporter is an example of this kind of reference work.

Anderson relies on New York Times Co. v. Roxbury Data Interface, Inc., 434 F. Supp. 217 (D.N.J. 1977) for the proposition that the copyrightable entity in reference work cases (and thus in *West Publishing Co.*) is "the correlation between its information and the citations referencing that information." Anderson, at 1007.

However, the *New York Times* case may be distinguishable. *New York Times* involved the alleged copyright infringement of an *index* to the New York Times. The correlations between that index and the items in the New York Times it referred to were said to be copyrightable. But an index case is different from a case involving Anderson's second kind of reference work, such as *West Publishing Co.*, which involves law reporters. In *West Publishing Co.*, as in other cases involving Anderson's second kind of reference work, there is nothing involved which is equivalent to the index in the *New York Times* case. Rather, there is just the convention of referring to West volumes. It is a large and perhaps invalid step to say that a case which stands for the proposition that the correlations between an index and its referents are copyrightable also stands for the proposition that the correlations between general citations to West volumes and their referents are copyrightable.

aged by the ability of LEXIS users to cite to its volumes without physically using them. Therefore, under this theory, there would be no "causal nexus" between the damages and the copyrighted work. To warrant a preliminary injunction, such a causal nexus is required.[84]

There is at least one way for West to try to get around this argument, and that is to claim that the pagination is an essential *part* of its arrangements. In fact, West argued at length that the ability to cite provided by its pagination is an important part of its arrangements.[85] The District Court agreed, finding that the really ingenious feature of West's case arrangements is its "self-indexing" characteristic.[86] The Circuit Court concurred, holding that West's arrangements, "an important part of which is internal page citations," were entitled to protection.[87]

However, although the courts agreed with West on this, it is not at all clear that they should have. When the arguments behind these statements are examined, they boil down to virtually nothing.

As was argued above, the ability to cite to a particular West case on LEXIS would be independent of any particular West arrangement, and would be compatible with an entirely random arrangement.[88] It is hard, therefore, to understand how the ability to cite provided by the pagination, or the "internal page citations," can be an essential part of West's arrangements. Similarly, the "self-indexing" feature of West's arrangements does not seem so ingenious when scrutinized. What this feature consists of is just the fact that a case can be "indexed" by following its name with its volume, series and page numbers. The problem is that the volume and series numbers just constitute the *title* of the book, and there does not seem to be anything extraordinary about the fact that you can index something by use of a title and page number.[89] In fact, there seems to be no more connection between West's pagination and its arrangements than there is between the pagination of *any* book and its contents. Perhaps the pagination is more important to West and to the legal community than usually is the case, but that does not entitle West to copyright protection. As the Circuit Court dissent points out, the title of a

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[84] See 19th Donald C. Brace lecture by Judge Pierre Leval, reproduced in this issue. See also, Harper & Row, Publishers, Inc. v. Nation Enterprises, 105 S. Ct. 2218 (1985). Both the majority and dissenting opinions suggest that the market effect (or damage) must be causally related to infringement of copyrightable elements.

[85] *West Publishing Co.*, 799 F.2d 1219 (West Brief at 7-11).

[86] *West Publishing Co.*, 616 F. Supp. at 1578.

[87] *West Publishing Co.*, 799 F.2d at 1227.

[88] *Supra* text at notes 79-80.

[89] MDC mentions this point. *West Publishing Co.*, 799 F.2d 1219 (MDC Brief at 5). See also MDC Reply Brief at 4.

book is one of its most important features, yet it cannot be copyrighted.[90]

II. The Rationale for the Extending Copyright Protection to West Arrangements

The Eighth Circuit agreed with West and with the District Court that there was no per se rule against extending copyright protection to arrangements of cases. The Court concluded that *Callaghan* established, and *Banks* did not bar, (at least) the principle that "in each case the arrangement must be evaluated in light of the originality and intellectual-creation standards."[91]

That conclusion will not be challenged here. Arguably, the cases at least establish that a copyright may be obtained for case arrangements if no statute requires publication and if minimal originality and creativity, above and beyond that found in a typical law reporter, is evident.[92] What will be challenged, however, is the Court's evaluation of West's arrangements in light of the originality and creativity standards.

Following the court below, the Circuit Court set out a long list of West activities relevant to the National Reporter System in general:

> West publishes opinions not from just one court, but from every state and all the federal courts in the United States. As it collects these opinions, West separates the decisions of state courts from federal-court decisions. West further divides the federal opinions and the state opinions and then assigns them to the appropriate West reporter series. State court decisions are divided by geographic region and assigned to West's corresponding regional reporter. Federal decisions are first divided by the level of the court they come from into district court decisions, court of appeals decisions and Supreme Court decisions; Court of Claims and military court decisions are also separated out. Before being assigned to a reporter, district court decisions are subdivided according to subject matter into bankruptcy decisions, federal rules decisions, and decisions on other topics. After an opinion is assigned to a reporter, it is assigned to a volume of the reporter and then arranged within the volume. Federal court of appeals decisions, for example, are arranged according to circuit within each volume of West's Federal Reporter, Second series, though there may be more than one group of each circuit's opinions in each volume.[93]

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[90] *West Publishing Co.*, 799 F.2d 1219 (Oliver dissent at 1234). See also MDC Reply Brief at 4-5.

[91] Id. at 1226.

[92] Anderson, *supra* note 12, at 1012-15. But see: *West Publishing Co.*, 799 F.2d 1219, (Oliver dissent at 1238 et seq.) for the view that the majority decision was based on an erroneous analysis of *Callaghan* and *Banks*.

[93] *West Publishing Co.*, 799 F.2d at 1226.

Not surprisingly, the Court found that all this involved considerable labor, talent and judgment. What *is* surprising is that the Court found it all to be relevant. Almost the entire passage quoted above is concerned with matters which have nothing to do with the internal arrangement of a West volume. West's National Reporter System as a whole may indeed be complicated, but it is a system, or a way of doing business, and as such is not copyrightable. Therefore, if West's arrangements are indeed subject to copyright, it must be because the internal case arrangement of individual volumes are entitled to copyright. The complexity, originality and creativity of those aspects of National Reporter System which are extraneous to individual volumes should not be attributed to the arrangements within the volumes.[94]

If West activities which are extraneous to a volume are removed from consideration, then what is left of West arrangement activities does not seem so original or complicated. Individual West volumes are admittedly complex, containing tables, indices, headnotes, synopses, etc. but none of that complexity is relevant. There is no contention that MDC is attempting to copy, reveal, or infringe in any way upon those aspects of West volumes. The only thing properly of concern is the manner in which cases are arranged within an individual West volume.

The actual manner in which cases are arranged is merely by date of decision or by date of decision and circuit.[95] This makes copyright protection for West's arrangements much more problematic; although originality and creativity requirements are minimal, this modicum might not suffice. If *Banks*[96] controlled, it would certainly not suffice: Sequential arrangement, pagination and distribution into volumes were considered mere details of publishing and not worthy of copyright protection.[97] *Banks* was distinguished by the courts, but even *Callaghan*,[98] which figured strongly in both opinions,[99] creates problems. As noted above,[100] the Supreme Court in *Callaghan* quoted with approval language suggesting that a simplistic arrangement could not qualify for copyright protection.[101]

Since it is not legitimate to consider all of West's activities relevant to its National Reporter System when assessing its case arrangements, and since the Court, in fact, did this, then the Court may have erred.[102] It is probable

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94 Id. (MDC Brief at 8). See also Oliver dissent at 1233. Though both mention this argument, neither develops it. The argument is also missing from MDC's petition for certiorari to the U.S. Supreme Court.

95 See *supra* note 75.

96 *Supra* note 55.

97 See *West Publishing Co.*, 799 F.2d at 1225.

98 *Supra* note 49.

99 *West Publishing Co.*, 616 F. Supp. at 1576; 799 F.2d at 1224.

100 *Supra* text at notes 51-54.

101 See *West Publishing Co.*, 799 F.2d at 1224-25.

102 MDC perfunctorily makes this claim. Id. (MDC Brief at 8).

that a merely chronological case arrangement does not warrant copyright protection. It is possible that the additional arrangement by circuit in some West reporters may warrant protection, but that is far from certain.

III. The Circuit Court Rationale for Finding Copyright Infringement

The Eighth Circuit found two ways to justify its holding that the use of West's pagination by MDC would entail copyright infringement. First, the star pagination feature would allow a user to "page through" cases as West arranges them in its volumes, and thus to discern their order.[103] Second, the star pagination feature would allow a user to discern where a passage was located *within* a West arrangement.[104] There are problems with both justifications.

(A) Justification Based on Discerning West's Arrangement

As mentioned above, the Circuit Court outlined a method by which a LEXIS user was said to be able to use star pagination in conjunction with the LEXIS "Lexsee" function and discern the order in which cases had been arranged in a West volume.[105] This justification is fraught with problems.

First, it is entirely impractical and contrived. It is contrived because no LEXIS user is likely ever to be interested in what case follows what throughout a West volume. It is impractical because, as MDC pointed out, it would be far easier and cheaper to physically use West volumes than to use this method.[106]

The second problem is that, even if star pagination were installed today, you could not use this method. It would not work.[107] For any case in a West volume (call it #X) star pagination would provide the first page citation to #(X+1). Then a user must rely on "Lexsee" to get *to* case #(X+1). The problem is that "Lexsee" will not *allow* a user to go from case #X to #(X+1) or to case #(X−1). If a user tries to "Lexsee" the second case from the first case in a volume, the words "Lexsee cannot retrieve the citation you requested from the point you requested it" appear on the screen. So the method described by the Court would not work.

There is, however, the possibility that a LEXIS user could have used this method at the time the Court wrote its opinion. Perhaps MDC installed the "blocking" function just to counter the repeated use of this argument at trial. Even if that were true, there would still be a problem. A LEXIS user could

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103 *West Publishing Co.*, 799 F.2d at 1227.

104 Id. at 1227-28.

105 See *supra* at notes 61-64 for a description of this method.

106 See *West Publishing Co.*, 799 F.2d at 1227.

107 Based on a LEXIS session using various F.2d volumes. Assumed true for other West reporters. "Today" means at least as late as Spring, 1988, when this article was researched.

have discerned West's order of cases even *without* star pagination. This could have been done as follows: Summon up the first case in a West volume using "Lexsee," then try the "Lexsee" function on each succeeding page (e.g. "Lexsee" 790 F.2d 2, "Lexsee" 790 F.2d 3, and so on); the words "Lexsee has found no document with the citation you transmitted" would appear on each try until the next case was reached. Then "Lexsee" would have produced that case. Each step would have taken about five seconds, not too much longer than using the "next page" key.[108]

There is a final consideration which makes the Court's argument problematical. A LEXIS user can, in spite of the above described blocking feature, use "Lexsee" *today* to page through cases as West has arranged them.[109] The blocking feature only works to prevent a LEXIS user from going from case #X to case — #(X +/−1). A user can easily use the above alternative method to discern the location and identity of case numbers (X +/− 2), (X +/− 3), etc. throughout the whole West volume. A slight detour is all that is necessary to discern the identity (the user would already know the location) of case #(X +/− 1). When LEXIS tells the user that he or she can't (in effect) 'get there from here', the user simply goes somewhere else. For example, to get from 790 F.2d 1 to 790 F.2d 5 (the second case), the user simply asks to "Lexsee" a 'dummy' case (e.g. 444 U.S. 1); from there the user can "Lexsee" 790 F.2d 5 without problems. The detour takes about 25 seconds.

This means that the Court was wrong when it said that MDC's proposed star pagination feature allowed a LEXIS under to page through cases as West arranged them. That ability is a function more of such features as "Lexsee" than of star pagination. The star pagination feature would not add this ability to LEXIS; it was and is already there.[110]

(B) Justification Based on Discerning the Location of a Passage Within West's Arrangement

As discussed above in the outline of its opinion, the Eighth Circuit

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[108] Anderson, *supra* note 12, suggests an alternative method which produces the same result (at his note 138). This would involve the use of the LEXIS "Autocite" feature and working backwards through the text. Determining the last case in the volume would be cumbersome, however. Another alternative might be provided by the LEXIS "CITE" segment search feature.

[109] Kemp, *supra* note 12, states that this is possible but does not indicate how.

[110] MDC did not raise these objections either in its briefs to the Circuit Court, or in its petition for certiorari to the U.S. Supreme Court. (Perhaps MDC was afraid that West would then use the "discerning of arrangements" argument to enjoin the further use of such features as "Lexsee" and "Autocite" (see *supra* note 104)). Note that it now appears even more surprising that MDC, in its briefs to the Circuit Court, relied so heavily on the "literal impossibility of using LEXIS to discern West's case arrangements. See *supra* text at notes 27-35.

claimed that it would have found infringement even if it were not possible to use LEXIS to "page through" cases as West had arranged them. Even without this knowledge, it was said, a user could use star pagination to discern the location within West's arrangements of the passage being viewed since West's pagination "reflects and expresses" that arrangement. This location was said to be important to users, so the feature would cut into West's market and thus constitute infringement.[111]

Where the Court said that knowledge of the locations of portions of opinions within West's arrangements is important, there is an ambiguity. The Court might either be referring to the arrangement of the National Reporter System as a whole or to the arrangement of cases within an individual volume.

It is easy to see why the location of a portion of an opinion within the National Reporter System is important to a LEXIS user. For proper form, a user must cite to a volume and page within that "comprehensive arrangement." However, as has been mentioned, there is no copyright on the system as a whole, only on individual West volumes.[112] So it should not be a copyright violation for MDC to use numbers which "reflect and express" the system as a whole.

On the other hand, if the Court means that there would be infringement because West's numbers reflect and express the arrangement of cases within individual volumes, then other problems emerge. Most of these have been discussed above and so will be merely mentioned here: The ability to cite to a portion of an opinion within a West volume is independent of any particular arrangement of cases the volume may contain and is consistent with a purely random arrangement;[113] there is no more connection between West's pagination and its case arrangement than between the pagination of any book and its contents;[114] and, there is no causal nexus between revealing West's internal arrangement and any damages since no one is likely to care how or what cases are arranged within a volume.[115]

MDC used a somewhat different argument from the one referred to above in contending that West's pagination was independent from its arrangements. MDC claimed that the independence of West's pagination from its case arrangement was demonstrated by the fact that West uses the same pagination system (sequential numbers) in all of its volumes yet uses different systems of arranging cases in the various reporters.[116] The Court rejected this argument and responded that MDC's star pagination was precisely

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111 See *supra* text at notes 62-64.
112 *Supra* text at notes 93-94.
113 *Supra* text at notes 79-80.
114 *Supra* text at notes 88-90.
115 *Supra* text at notes 84-87.
116 *West Publishing Co.*, 799 F.2d 1219 (MDC Brief at 33-34).

designed to let LEXIS users know where a specific portion of text is located within a West arrangement.[117] Here the Court is confusing the terms "arrangement" and "volume." A West volume is an entirely different thing than a West arrangement of cases.[118] Properly speaking, what MDC's star pagination is designed to do is to let a LEXIS user know the location of a portion of text within a West *volume*. As to the effect on the arrangement of cases within a volume, my arguments above apply.

IV. The Circuit Court Conclusions Regarding the Remaining Three Dataphase *Factors*

MDC contended that the District Court had not assessed and weighed the remaining three *Dataphase* factors: The threat of irreparable harm to West, the relative harm to MDC, and the public interest.[119] The Circuit Court held that West would probably succeed on the merits at trial and its opinion indicates that it considered this probability to be very high. For this reason perhaps, the Court paid mere lip service to the remaining three *Dataphase* factors, disposing of them in less than half of a page while affirming the District Court.[120]

It is apparent that the meager treatment afforded these factors was due to the Court's confidence that West would win on the merits at trial. A *Dataphase* analysis is a balancing act, which determines whether a preliminary injunction should issue, and if a court is certain that a party will win at trial, then the balance must come out in that party's favor. If the arguments I make throughout this paper are right, then it is not so certain that West would or should have won on the merits at trial.[121] In that case, the Eighth Circuit was too cavalier with its treatment of the other *Dataphase* factors.

Without the "strong" claim for copyright infringement, West would not be entitled to the presumption of irreparable harm and would have to demonstrate its probability. This might not have been easy for West to do in light of the apparent lack of a causal nexus between the harm it claimed it would suffer and the entity for which copyright was claimed. Additional problems for West in this regard would result from the recent addition of star pagination (keyed to West volumes) to West's own computerized legal research system, Westlaw. West would not add this system if such a system would ruin

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[117] Id. at 1227-28.

[118] *Callaghan, supra* note 49, upon which the Court and West so heavily rely, lists case arrangement as one of any features of a case reporter volume which "may" be the subject of copyright. See *West Publishing Co.*, 799 F.2d at 1224.

[119] *West Publishing Co.*, 799 F.2d 1228.

[120] See *supra* text at notes 67-71. For District Court rationale see *supra* text at notes 13-18.

[121] However, MDC's dogmatism does not instill confidence that it raised these arguments at the trial on the merits.

the market for its books.[122] Clearly, the risk of irreparable significant damage to West from interim use of the LEXIS star pagination feature was slight. The ability to use West's page citations is but a small part of the totality that West offers to the legal community.

In addition, if it is not so certain that West would have won on the merits at trial, then it is not so certain that the substantial losses of market share and interim revenues that MDC suffered as a result of the preliminary injunction were due to an infringing activity.

Finally, were the Court not so certain that West would win on the merits at trial, then it might have taken the public interest arguments advanced by MDC more seriously. Again, West is at least the *de facto* official reporter for many courts. The legal community is required to cite to West volumes, a set of which, and their maintenance, is extremely expensive. Not only is citing to West required for proper Blue Book form, but, often, by court rules. There is, therefore, a clear and significant public interest in access to West citations. It is unfair, without powerful justification, for the courts, which require West citations, to grant West a monopoly on them. It is unfair not only to MDC, but to future competitors of West, which now face the *West Publishing Co.* decisions (and the license fees) as precedent. The court could have better served the public interest by refusing to issue the preliminary injunction. If the court desired to protect West, it had other options available.[123]

CONCLUSION

There is no doubt that West's page numbers have value. The entire legal community must use them to refer to West volumes. There is also no doubt that West had reason to be upset when MDC announced its plans to star paginate to West volumes. That would mean that LEXIS users would no longer have to physically use West volumes to obtain the correct West citation. MDC's star pagination feature was bound to cut into West's market at least to some extent.

However, the fact that an entity has value and the fact that some of that value is appropriated does not necessarily entail copyright infringement. The entity must be worthy of copyright protection. It is not at all clear that page numbers or pagination, per se, are worthy of copyright protection. Perhaps for this reason, the *West Publishing Co.* courts used the alleged infringement

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[122] West might argue that, while it has the right to adversely affect the market for its books, MDC does not. Yet the fact that West has introduced this feature into Westlaw belies the claim that such a service would so reduce the demand for its books that substantial harm would result.

[123] For example, the Court could have denied the injunction, allowing West leave to renew and amend its motion at any time it could demonstrate that significant losses of revenue were resulting from the LEXIS star pagination feature.

of West's case arrangements as their theory when finding that MDC's proposed star pagination feature infringed West's copyrights.

It is clear that the courts were reaching out to protect West with this case arrangement theory. But their reach stretched beyond the bounds of reason. The theory itself was inappropriate, its use was contrived and the arguments justifying its application were wholly problematic.

PART II

LEGISLATIVE AND ADMINISTRATIVE DEVELOPMENTS

United States of America

46. U.S. CONGRESS. SENATE.

S. 2881. A bill to amend the copyright laws to permit the unlicensed viewing of videos under certain conditions. Introduced on October 12, 1988 by Mr. Roth; and referred to the Committee on the Judiciary. (100th Congress, 2d Sess.)

This bill would amend the copyright law to exempt the performance or display of a work by means of a video cassette recorder and a television set from copyright infringement, provided the performance or display occurs in a hospital, hospice, nursing home, or other group home providing health or health-related care and services to individuals on a regular basis, and provided that no direct charge to see or hear such performance or display and that no further transmission of the performance or display is made to the public.

47. U.S. COPYRIGHT ROYALTY TRIBUNAL.

37 C.F.R., Part 304. Cost of living adjustment for performance of musical compositions by public broadcasting entities licensed to colleges and universities. Final rule. *Federal Register*, vol. 53, no. 231 (Dec. 1, 1988), pp. 48534-35.

The CRT has amended its rules to reflect a 4.25% cost-of-living increase in the public broadcasting royalty rates paid by colleges, universities, or other nonprofit educational institutions that are not affiliated with National Public Radio for the use of copyrighted published nondramatic musical compositions. In dollar terms, the adjustment means $39 for the use of musical compositions in the SESAC repertory and $166 each for the use of ASCAP and BMI music.

48. U.S. COPYRIGHT ROYALTY TRIBUNAL.

37 C.F.R., Parts 301, 302, 305, 308. Modification of rules of procedure. Notice of proposed rulemaking. *Federal Register*, vol. 53, no. 210 (Oct. 31, 1988), pp. 43899-905.

The Tribunal has proposed amending several of its rules and procedures relating to the copyright royalty rate adjustment and distribution proceed-

ings. The purpose of the proposed amendments is to increase efficiency or, in some instances, to effect conformance with certain legislative changes.

49. U.S. COPYRIGHT ROYALTY TRIBUNAL.

1987 Jukebox royalty distribution proceeding. Notice of controversy; notice of commencement of proceedings; notice of partial distribution. *Federal Register*, vol. 53, no. 237 (Dec. 9, 1988), p. 49731.

The Tribunal has announced a partial distribution of the 1987 jukebox copyright royalty fund and that a controversy exists over distribution. Ninety percent of the fund was distributed to ASCAP and BMI and 10% retained pending resolution of the claims of SESAC and ACEMLA.

50. U.S. DEPARTMENT OF DEFENSE.

48 C.F.R., Parts 227 and 252. Federal Acquisition Regulation Supplement; patents, data, and copyrights. Interim rule and request for comments. *Federal Register*, vol. 53, no. 209 (Oct. 28, 1988), pp. 43698-718.

The Department has revised the interim rule it issued April 1, 1988 to implement certain changes in the Defense FAR Supplement. The new interim rule includes a clarification of the government's policy to protect technical data pertaining to a privately developed commercial item. It eliminates a provision giving the government unlimited rights in any data not listed in government contracts and simplifies the process for establishing rights in data. It also revises the definition of "required as an element of performance under a government contract or subcontract" to clarify language which could have been interpreted to give the government unlimited rights in technical data resulting from private development.

51. U.S. FEDERAL COMMUNICATIONS COMMISSION.

47 C.F.R., Part 73. Availability of broadcast television signals on cable television systems. Order reopening docket for additional comment. *Federal Register*, vol. 53, no. 237 (Dec. 9, 1988), p. 49693-94.

The Commission reopened its inquiry into the availability of broadcast television signals on cable television systems in order to allow interested parties to comment on the "Cable System Broadcast Signal Carriage Survey Report" and the "Broadcast Station Carriage Survey."

52. U.S. FEDERAL COMMUNICATIONS COMMISSION.

47 C.F.R., Parts 73 and 76. Program exclusivity rules. Proposed rule. *Federal Register*, vol. 53, no. 209 (Oct. 28, 1988), pp. 43736-37.

The Commission is seeking further comment and information regarding its network and non-network territorial exclusivity as well as its new syndicated exclusivity rules. With respect to syndicated exclusivity, the FCC desires additional comment on changes in the geographic limits applicable to the rules and modified network non-duplication rule in the context of the

agency's further consideration of eliminating or modifying the non-network territorial exclusivity rule. It also desires comment on a proposal to adopt a consistent set of geographic limits for all program exclusivity rules for network and non-network programming carried by over-the-air and cable tv. Additionally, the Commission is proposing to revise each of the program exclusivity rules so that all stations covered by the scope of its television rules are entitled to bargain for and exercise program exclusivity against other broadcast stations that may be available either over-the-air or through cable.

PART IV

JUDICIAL DEVELOPMENTS IN LITERARY AND ARTISTIC PROPERTY

DECISIONS OF U.S. COURTS

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

By DAVID GOLDBERG,* MARY L. KEVLIN,** and Sheri L. Rosenfeld***

I. JURISDICTION AND PROCEDURAL ISSUES

A. Jurisdiction and Venue

Malinowski v. Playboy Enterprises, Inc., *706 F. Supp. 611 (N.D. Ill. 1989)*

Photographer's action against Playboy Enterprises for unauthorized reproduction of photographs in magazine was dismissed because court found action did not arise under copyright law. Photographer accepted two assignments to take photographs for "Playboy Magazine." At time assignments were accepted, ownership of copyright in photographs was not discussed. On summary judgment motion, court found that it was undisputed that plaintiff had agreed to take photographs which could be published in "Playboy Magazine" and which were in fact published. Fact that dispute concerning ownership of copyrights in photographs later developed did not confer subject matter jurisdiction on court for what was essentially claim for nonpayment of fees. Court also dismissed pendent quantum meruit claims.

Davidson v. Vohann of California, Inc., *Copyright L. Rep. (CCH) ¶ 26,315 (S.D.N.Y. 1988)*

Court denied defendant's motion to transfer action to California. Plaintiff designer met defendant in New York and designed line of ceramic bathroom accessories for defendant, which were shown at a trade show, but not sold commercially. Plaintiff discovered defendant's line of potentially infringing ceramic accessories at New York Bath Show following year and brought copyright infringement and unfair competition action in New York. Court found that venue for copyright infringement is proper in New York because corporate defendant, which introduced new line in New York, transacted

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business in New York. Venue proper as to president of corporate defendant because he committed tortious act in New York. Factor that tipped balance on transfer was plaintiff's representation by pro bono counsel. Additional expense of finding pro bono counsel in California would hinder plaintiff from pursuing her claim.

B. Discovery

Reebok International Ltd. v. Jemmett, *Copyright L. Rep. (CCH) ¶ 26,290 (S.D. Cal. 1988)*

In infringement action based on defendant's unauthorized reproduction of four copies of plaintiff's copyrighted sneaker catalog, defendant moved for protective order to preclude plaintiff from conducting discovery. Defendant based its argument on declarations asserting that all infringing copies of catalog were accounted for and that, in any event, no sales resulted from defendant's use of catalog. Court rejected defendant's argument, holding that plaintiff should be given opportunity to substantiate defendant's declarations as well as to investigate whether any profits directly or indirectly resulted from use of catalog. Court further rejected defendant's request for *in camera* review, holding that court can assure equivalent level of protection through grant of confidentiality order.

C. Miscellaneous

Minucci v. Agrama, *868 F.2d 1113 (9th Cir. 1989)*

Appellate court reversed stay of copyright claim proceedings by district court pending resolution of pendent claims in state court. District court had dismissed pendent state claims and then granted stay of proceedings on copyright claim. Appellate court found that stay was not supported by *United Mine Workers v. Gibbs*, 383 U.S. 715 (1966), or by "wise judicial administration" doctrine. *Gibbs* involved federal jurisdiction over state claims, *not* over federal claims. Wise judicial administration doctrine was held inapplicable because federal courts have exclusive jurisdiction over copyright claims.

In re Amfesco Industries, Inc., *Copyright L. Rep. (CCH) 26,363 (E.D.N.Y. 1988)*

Court denied Animal Fair's application to withdraw claim against company involved in chapter 11 reorganization from consideration by bankruptcy court. Under 28 U.S.C. § 157(d), district court should withdraw matter only when case raises issues requiring "significant interpretation" of non-title 11 laws. Because body of case law concerning copyright claim existed, significant interpretation of copyright law was not required and bankruptcy court could deal with claim as effectively as district court. Animal Farm could challenge any decision by bankruptcy court on appeal.

II. COPYRIGHTABILITY

A. Fact Based Works

Nash v. CBS, Inc., *691 F. Supp. 140 (N.D. Ill. 1988)*, later opinion, *704 F. Supp. 823 (N.D. Ill. 1989)*

Plaintiff's books which explicate theory that bank robber John Dillinger was not killed by FBI in 1934 as claimed held copyrightable as historical nonfiction. Plaintiff's books describe elaborate theory of how different person than Dillinger was killed, how FBI covered up killing wrong man and how Dillinger lived on West Coast for many years thereafter. Plaintiff sued for copyright infringement, and defendants moved for summary judgment on ground that plaintiff's works were not copyrightable. Court rejected plaintiff's claim that books were works of "fancy and speculation," finding that plaintiff's claims on book covers to be factual accounts estopped plaintiff from denying works were factual. Reviewing Seventh Circuit cases, however, court concluded that interpretive theories in historical nonfiction are copyrightable. Plaintiff's Dillinger story as expressed in books was thus protectible albeit idea Dillinger did not die and historical facts used by plaintiff in support of theory were not protected.

B. Compilations

United Telephone Co. of Missouri v. Johnson Publishing, *855 F.2d 604 (8th Cir. 1988)*

District court's finding that white pages section of plaintiff's telephone director is copyrightable compilation affirmed. Court found plaintiff's arrangement of names, addresses, and telephone numbers of new subscribers has sufficient authorship to merit protection. Accordingly, defendant who had directly copied plaintiff's data into its computer system found to have infringed plaintiff's protected expression, notwithstanding defendant's independent verification of data.

BellSouth Advertising & Publishing Corp. v. Donnelley Information Publishing Inc., *Copyright L. Rep. (CCH) ¶ 26,350 (S.D. Fla. 1988)*

Plaintiff's classified advertising directory is copyrightable work of authorship under both "sweat of the brow" test and "selection, coordination and arrangement" test. Using preexisting material, plaintiff arranges and coordinates names, addresses, and telephone numbers under particular classified headings. Court found plaintiff's acts constituted sufficient authorship and found defendant, who had reproduced plaintiff's compilation, including thirty-seven erroneous telephone listings both in preparing its own directory and in preparing sales leads sheets, guilty of infringement.

C. Pictorial, Graphic and Sculptural Works

National Theme Productions, Inc. v. Jerry B. Beck, Inc., *696 F. Supp. 1348 (S.D. Cal. 1988)*

Court adopted Professor Denicola's test of conceptual separability to find artistic features of novelty masquerade costumes copyrightable subject matter. Court affirmed previous ruling that costumes, as garments which may be worn, are utilitarian; thus, to be copyrightable, design elements of costumes must be found to be works of art independent of costume (garment) function.

Court distinguishes its application of Denicola test from that employed by Second Circuit majority in *Brandir International, Inc. v. Cascade Pacific Lumber Co.*, 834 F.2d 1142 (2d Cir. 1987). In court's view, proper application of Denicola test requires court to look to designer's creative process and decisions to determine "extent to which the work reflects artistic expression uninhibited by functional considerations. Where design elements can be identified as reflecting the designer's artistic judgment exercised independently of functional influences, conceptual separability [and, hence, copyrightability] exists." Court disagreed with *Brandir* majority's focus on chronology of design decisions as tending to cause determinations on copyrightability to turn on "largely fortuitous circumstances" (citing Judge Winter's dissenting opinion in *Brandir*). Tigress, rabbit in a hat, dragon and dog costumes found copyrightable as applied art where they did not function well as clothing since other garments had to be worn with them, and costumes' configuration and expression reflected original artistic conception.

Sunset Lamp Corp. v. Alsy Corp., *698 F. Supp. 1146 (S.D.N.Y. 1988)*

Banana leaf designs for table and floor lamps held conceptually separable and sufficiently original to be copyrightable works. Court concluded that "it takes no great feat of ratio-cination to separate the concept of the banana leaves from the concept of the lamps." Because banana leaves were not copies of such leaves as found in nature, but were longer and intertwined with stylized veins and notches, court also found that designs met "modest quantum of originality" standard.

Gund, Inc. v. Smile International, Inc., *691 F. Supp. 642 (E.D.N.Y. 1988)*

In action seeking to enjoin defendant's version of a plush stuffed toy dog, court found for defendant, holding that similar features of two dogs, such as floppy ears, splayed paws, and raised rump, are not expressions of authorship worthy of copyright protection.

D. Computers

NEC Corp. v. Intel Corp., *10 U.S.P.Q.2d 1177 (N.D. Cal. 1989)*

In case of first impression, computer microcode held copyrightable as

literary work. Same conclusion also had been reached in earlier opinion which was vacated after judge recused himself. Microcode is series of instructions telling microprocessor which transistors to activate. Court rejected argument that microcode fits squarely within Act's definition of a computer program. Court also rejected idea/expression merger argument, finding that any merger should be considered in determining infringement question, not copyrightability question. In any event, court found that Intel had forfeited copyrights in microcode at issue through unexcused omission of copyright notice and that NEC's microcode was not substantially similar to Intel's.

Pearl Systems, Inc. v. Competition Electronics, Inc., *8 U.S.P.Q.2d 1520 (S.D. Fla. 1988)*

In declaratory judgment action, court found that plaintiff had infringed defendant's pistol shooting timer device. Defendant's device incorporated microprocessor and copyrighted software which enabled device to perform specific functions. Protection of software not limited to text of source code or object code, but extends to separate subroutines which are protectible expression of idea. Court found that plaintiff not only had access to defendant's device but had copied total concept and feel of defendant's copyrighted work. Court was further persuaded by fact that, while other devices were available on market, crucial aspects of plaintiff's design were nearly identical to defendant's design.

E. Derivative Works

Silverman v. CBS Inc., *870 F.2d 40 (2d Cir. 1989)*

"Amos 'n' Andy" characters held protectible to extent that further delineation of characters was added to that already existing in pre-1948 radio scripts which were in public domain. Plaintiff brought action for declaration that pre-1948 "Amos 'n' Andy" radio programs were in public domain and that he had right to use characters, character names and plots in musical play he was writing. CBS counterclaimed for copyright and trademark infringement. District court found that scripts for pre-1948 programs were in public domain because copyrights had not been renewed, that CBS owned copyrights in scripts for post-1948 radio programs, that Silverman's first script for his musical infringed post-1948 script because it contained substantial portions of dialogue, and that distribution of "Amos 'n' Andy" tv programs to affiliated and non-affiliated stations did not constitute general publication and thus visual representations of characters in telecasts were protectible. District court could not rule on substantial similarity of characters until Silverman's characters were seen on stage. District court found that "Amos 'n' Andy" title and names and appearances of "Amos 'n' Andy" characters were protectible trademarks which had not been abandoned.

Appellate court reversed district court finding that "Amos 'n' Andy"

trademarks had not been abandoned. With respect to copyright issues, appellate court found record insufficient to determine whether CBS's system for broadcasting tv programs constituted general publication. Protection for post-1948 radio and television scripts (which are derivative works), however, extended only to incremental additions to earlier works. Second Circuit affirmed dialogue taken from one post-1948 script was infringement. To extent "Amos 'n' Andy" characters were delineated in pre-1948 scripts, characters were in public domain. Copyright protected only "any further delineation of the characters contained in the post-1948 radio scripts and the television scripts and programs [if determined ultimately that latter were still protected]." Race of characters and other physical features adequately delineated in pre-1948 scripts were not protected. Injunction thus should be modified to prohibit copying only of additional expression contained in post-1948 radio scripts, tv scripts and possibly tv programs.

Weissmann v. Freeman, *868 F.2d 1313 (2d Cir. 1989)*

Divided Second Circuit reversed district court's finding that medical research paper based on parties' jointly authored earlier papers contained insufficient new material to constitute separately copyrightable derivative work. Weissmann and Freeman had co-authored series of papers on nuclear medicine. Weissmann prepared new version which she published in her name only. Divided Second Circuit found numerous differences in new work, including: selection and arrangement of photo illustrations with captions; references to recent reports; selection, condensation and description of additional source material; new textual additions; rearrangements of manner and order of presentation and addition of revised treatment of one topic. Majority found that district court's conclusion ignored protection of selection and rearrangement of material. Instead, majority found new version constituted separately copyrightable derivative work.

Mirage Editions, Inc. v. Albuquerque A.R.T. Co., *856 F.2d 1341 (9th Cir. 1988), cert. denied*, 109 S. Ct. 1135 (1989)

Plaintiffs, owners of copyright in artist's work, brought action against defendant who removes select pages of book containing reprints of artist's work, mounts them individually on ceramic tiles and sells tiles. In affirming summary judgment for plaintiffs, Court held that, by incorporating plaintiff's work into his own work, defendant had created unlawful derivative work. Court also rejected defense based on first sale doctrine, holding that doctrine applies only to right of alienation of particular copy of work defendant purchased and nothing else.

F. Originality of Authorship

Atari Games Corp. v. Oman, *693 F. Supp. 1204 (D.D.C. 1988)*

Court upheld Register's refusal to register copyright in plaintiff's

BREAKOUT video game as audiovisual work. Register based refusal on insufficient originality of work which displayed common geometric shapes (rectangular, paddle and circular ball) and four bands of colored rectangles and which sounded three tones when ball struck objects on screen. Court accorded deference to Register's determination and found Register had not abused discretion. Court reasoned that Register could have reasonably concluded that work was "little more than a stock description of a paddle-and-ball game."

III. OWNERSHIP

*A. Work for Hire**

Dumas v. Gommerman, *865 F.2d 1093 (9th Cir. 1989)*

Ninth Circuit adopted formal employee test of whether work is one made for hire and affirmed preliminary injunction against defendants' reproduction and marketing of 4 works of art at issue. Patrick Nagel, a graphic artist and commercial illustrator created 4 paintings for ad agency on behalf of agency's client. Purchase order did not mention work for hire or transfer of copyright ownership. Agency determined content of 3 paintings and some aspects of design, borders and figure placement. Defendant acquired lithographs made from paintings as well as any copyrights ad agency client might own in works. Defendant made and marketed posters from lithographs. Artist's widow sued, and district court, applying *Aldon* test of "supervision and control," concluded that works were not made for hire and granted preliminary injunction. Ninth Circuit affirmed, but rejected both *Aldon* test and agency law test adopted by D.C. Circuit and Fifth Circuit in *Community for Creative Non-Violence v. Reid*, 846 F.2d 1485 (D.C. Cir.), *cert. granted*, 109 S. Ct. 362 (1988), and *Easter Seal Society v. Playboy Enterprises*, 815 F.2d 323 (5th Cir. 1987), *cert. denied*, 108 S. Ct. 28 (1988), respectively. Ninth Circuit concluded that in order to be employee within first prong of work for hire definition in § 101(1), person must be formal salaried employee. Court reasoned that such result was more consonant with negotiated compromise of industry representatives underlying change in 1976 Act and with intent to create greater certainty.

Hays v. Sony Corp., *847 F.2d 412 (7th Cir. 1988)*

Although merits of dismissal of statutory infringement claim were not appealable for lack of timely appeal, Seventh Circuit considered viability of teacher exception to work-made-for-hire rule in determining frivolousness of plaintiffs' case as basis for Rule 11 sanctions imposed on plaintiff's attorney. Plaintiffs, high school teachers, prepared manual for students to operate word processors which school district later gave to defendant to modify for use

*See Addendum for the Supreme Court's decision in *Community For Creative Non-Violence v. Reid.*

with defendant's word processors. District court dismissed claim on ground that teachers did not own copyright in manual which was a work made for hire. Seventh Circuit, however, noted that prior to 1976 Act there was a recognized "teacher exception" to work made for hire rules "whereby academic writing was presumed not to be made for hire." Reasons for this exception included that colleges or universities normally do not supervise faculty preparing writings and that such institutions are not well-equipped to exploit faculty writings. Although 1976 Act "is widely believed" to have abolished teacher exception, Seventh Circuit stated that if required to decide issue, it might conclude exception had survived 1976 Act. Section 201(b) language that work must have been prepared *for* employer may provide statutory basis for decision. High school teachers, unlike college professors, may not be expected to do writing and thus plaintiffs' manual may not have been prepared in scope of their employment. In any event, statutory infringement claim was not frivolous though count for common law infringement was frivolous as were claims for certain remedies.

Blum v. Kline, *8 U.S.P.Q.2d 1080 (S.D.N.Y. 1988)*

Defendant corporation that designs, manufactures and distributes women's clothing retained photographer to take picture of model wearing clothes designed by defendant. Photographs were later used, without photographer's permission, in an advertisement for defendant. Court followed test of *Aldon Accessories Ltd. v. Spiegel, Inc.*, 738 F.2d 548 (2d Cir.), *cert. denied*, 469 U.S. 982 (1984), and denied summary judgment based on its finding that material issue of fact existed as to roles played by two parties at time of photo session.

B. Transfer of Ownership

Mellencamp v. Riva Music, Ltd., *698 F. Supp. 1154 (S.D.N.Y. 1988)*

Plaintiff songwriter entered into written publishing agreement assigning copyrights in songs and compositions to publishing company. Plaintiff contended that in oral agreement copyrights in works were to be reassigned to him and that he was released from providing songwriting and composing services. On motion to dismiss for failure to state a claim because agreement was within Copyright Act Statute of Frauds, court noted that under § 204(a) any such agreement reassigning copyrights to songwriter had to be in writing. Court also stated that § 1-206 of Uniform Commercial Code also is applicable to sale of copyrights. Nevertheless, court could not determine from face of complaint that there was no sufficient note or memorandum executed subsequently which might satisfy statute of frauds provisions. Court, however, granted summary judgment to defendants on this claim based upon lack of binding agreement among parties.

Kenbrooke Fabrics, Inc. v. Soho Fashions, Inc., *690 F. Supp. 298 (S.D.N.Y. 1988)*

In order to support its claim as assignee of rights in fabric design, plaintiff submitted letter and invoice, both signed by purported agent of assignor, evidencing transfer. Court held that plaintiff had raised issue of fact to defeat summary judgment. If signature were that of assignor's agent, letter and invoice would satisfy requirements of § 204(a) in that documents would be either instrument of transfer or note or memorandum of transfer.

C. Joint Works and Co-Ownership

Weissmann v. Freeman, *868 F.2d 1313 (2d Cir. 1989)*

Divided Second Circuit reversed finding that medical research paper done by one author, though based upon previous series of jointly authored articles, was joint work. Weissmann and Freeman had collaborated in series of papers concerning nuclear medicine. Weissmann prepared new version of syllabus which she published in her own name only. Freeman planned to use this syllabus in connection with review course he was conducting. District court found for Freeman, reasoning that work, based on previous papers, was joint work, that there was insufficient new material to constitute separately copyrightable derivative work and that in any event Freeman's use was fair use. Majority disagreed and found that syllabus was separately copyrightable and not joint work. Majority found that Weissmann did not intend her new contribution to paper to be merged as part of joint work as evidenced by her publication in her own name and by her absence of seeking Freeman's comments as she had on previous papers. Judge Cardamone, writing only for himself, also reasoned that Freeman had not contributed any of new material to paper and thus could not be its joint author.

Boggs v. Japp, *9 U.S.P.Q.2d 1040 (E.D. Va. 1988)*

Defendant conceived of a storybook-cookbook for children and met with plaintiff to discuss proposed book. Plaintiff later submitted sketches and handwriting sample to defendant, but was not selected as book's illustrator. Plaintiff sued for declaration that she was joint author of work. Court concluded that there was no joint laboring in furtherance of common design and that at best plaintiff had nonprotectible idea. Moreover, fact that there was no express or implied intention to make defendant joint author made clear that defendant could not be considered joint author of work.

Olan Mills, Inc. v. Eckerd Drug of Texas, Inc., *No. CA3-88-0333-D (N.D. Tex. Dec. 14, 1988)*

In action to preliminarily enjoin photofinishing laboratories from reproducing plaintiff's copyrighted portrait photographs without authorization, court rejected defendant's argument that photographer and portrait subject were co-workers of works. Court found no case law to support defendant's

contention that interaction between photographer and subject gave rise to presumption of co-ownership.

Mountain States Properties, Inc. v. Robinson, *Copyright L. Rep. (CCH) ¶ 26,354 (Colo. Ct. App. 1988)*

Plaintiff and defendant prepared notebook regarding real estate listing, which was then distributed to prospective buyers. In suit for one-half of fee paid for use of notebook to sell property, trial court held plaintiff failed to prove entitlement to common law copyright protection. State appeals court reversed, holding that notebook was prepared jointly to promote sale of property and parties were joint owners of notebook. Defendants ordered to account for profits made from sale of notebook. Court further held that action was properly in state court as plaintiff sought accounting of profits from joint owner, not infringement claims.

D. Contracts and Licenses

Video Trip Corp. v. Lightning Video Inc., *866 F.2d 50 (2d Cir. 1989)*

Defendant had obtained from plaintiff an exclusive license to manufacture, market and promote certain travel video cassettes. License provided that defendant had exclusive license in copyrights of videos for term of agreement. Parties later amended agreement whereby defendant was to sell off all inventory and to furnish final accounting with accounts receivable and whereby copyrights were to revert to plaintiff. Reversion was revocable if plaintiff failed to pay monies due under accounting. Plaintiff then contracted with another to distribute videos. Defendant rendered accounting late and did not include accounts receivable. Plaintiff sued for copyright infringement and accounting. Defendant counterclaimed for copyright infringement and moved for preliminary injunction. Appellate court affirmed denial of preliminary injunction, reasoning that real question of copyright ownership turned on contractual obligations of parties. Because fact issues prevented finding probability of success on contractual issues and balance of hardships was even, preliminary injunction was properly denied.

Apple Computer, Inc. v. Microsoft Corp., *No. C-88-20149 (N.D. Cal. March 20, 1989)*

Court found that visual displays in Microsoft's windows 2.03 software were not covered by license agreement with Apple Computer. Apple Computer, as part of settlement of dispute, granted to Microsoft license to use visual displays contained in Microsoft's Windows 1.0 software and in certain named applications programs which Microsoft acknowledged were derivative works based on Apple's works. Microsoft contended license included enhancements to Windows 1.0 embodied in Windows 2.03 version and thus that Apple's copyright infringement claims should be dismissed as matter of law. Grant in license was for use of derivative works "in present and future

software programs." Apple's release went only to Windows version 1.0. Court found language in grant for use "in present and future software programs" was limited by specification of subject matter of license as enumerated derivative works. Thus, Microsoft was only permitted to use visual displays which existed in Windows 1.0 version. Court also found that visual displays in Windows 2.03 were fundamentally different from those contained in Windows 1.0, especially change from tiled to overlapping windows. Overlapping windows are a major feature in Apple's Macintosh operating environment. Court concluded that license agreement thus was not complete defense to Apple's infringement action, but found that infringement question would need to be resolved on fuller record.

Worldvision Enterprises, Inc. v. Lorimar Productions, Inc., *No. 86 Civ. 8308 (S.D.N.Y. Nov. 2, 1988)*

Court denied cross-motions for summary judgment concerning parties' rights under license agreement and under agreement concerning film "Cabaret." Defendant had licensed to plaintiff exclusive "television distribution rights" to most of defendant's productions broadcast on network tv during a certain period of time for areas outside those covered by three networks. Plaintiff then licensed shows to Benelux cable television representative. Plaintiff contended "television distribution rights" included cable television; defendant claimed that such rights included only broadcast television stations. Because term was not unambiguous when viewed in light of trade custom and practice, court denied both parties' summary judgment motions on issue. Court also denied parties' summary judgment motions concerning parties' rights in film "Cabaret" because reasonable interpretations of contractual language supported both parties' contentions.

Cheever v. Academy Chicago, Ltd., *690 F. Supp. 281 (S.D.N.Y. 1988)*

Court preliminarily enjoined publication of collection of Cheever short stories pending resolution of publishing contract dispute by state court. Cheever's widow signed publishing agreement with defendant to publish a number of husband's short stories previously uncollected in book form in which Cheever's widow was designated as author who would provide manuscript. Defendant prepared galleys of large number of uncollected Cheever stories, most from early years, which Cheever and family had considered inferior. Cheever's widow did not furnish manuscript and claimed she had right to decide which stories to include. She claimed that publishing agreement was obtained fraudulently as she believed collection would be much more modest. Defendant commenced action in state court for declaration of rights. Cheever's widow and three children subsequently brought federal action for copyright infringement. Federal court noted that whether rights of Cheever's widow under publishing agreement were violated could only be de-

cided by state court since agreement provided interpretation should be rendered by Illinois court. Court noted, however, that Cheever's widow would probably prevail on contract claim because agreement appeared to contemplate that as author she would have control over which stories would be included. Court also noted that Cheever's widow and children would probably prevail on copyright claims as well since it was "unreasonable to conclude that the intent of the publishing agreement was that Mrs. Cheever would license all of the uncollected short stories of John Cheever to defendant for publication" as defendant contended. Mrs. Cheever alone was registered owner of renewal copyrights of stories at issue. Although children were also beneficial owners under Act, court noted in dicta that it was better to treat registered copyright owner as holder of legal title for purposes of conveying rights to others. Joinder of children as plaintiffs in federal action was thus insufficient basis for federal relief. Court preliminarily enjoined publication of short story collection until state court determination on contract issues, in order to preserve status quo. After such determination, further relief could be applied for if necessary, on basis of copyright claims.

Silva v. MacLaine, *697 F. Supp. 1423 (E.D. Mich. 1988)*

As alternative ground to finding no substantial similarity between plaintiff's book and Shirley MacLaine's book "Out On A Limb," court found plaintiff had granted MacLaine oral non-exclusive license to use material from his book. Prior to writing her book MacLaine had travelled with plaintiff in Peru. She sent him a copy of her manuscript prior to publication to which he replied with comments and advice for changes. He did not object until six years later. Court found these circumstances amounted to an oral license and laches.

Society of Survivors of the Riga Ghetto v. Huttenbach, *Copyright L. Rep. (CCH) ¶ 26,353 (N.Y. Sup. Ct. 1988)*

Plaintiff and defendant entered into series of agreements whereby plaintiff would pay defendant $9,000 and grant defendant exclusive rights to use of archive material through 1991 in exchange for defendant's writing a book on history of Riga Ghetto during Holocaust. Under terms of contracts, plaintiff retained copyright in manuscript. The relationship deteriorated and plaintiff sued for breach of contract and damages. Although court refused to find defendant in breach, as it was plaintiff's actions that made performance of contract impossible, court refused to order publication of book or insist that parties work together. Instead, court permanently enjoined both parties from publishing any of defendant's work product without express consent of other party in light of fact that publishing work without defendant's consent would constitute a violation of author's "moral rights," and publishing work without plaintiff's consent would constitute breach of contract.

SAPC, Inc. v. Lotus Development Corp., *699 F. Supp. 1009 (D. Mass. 1988)*

Under terms of Asset Purchase Agreement for computer programs, defendant Lotus agreed to purchase "all intellectual property embodied in, related to or underlying [defendant's VisiCalc] computer programs." Plaintiff then brought copyright infringement action against defendant based on cause of action which arose prior to transfer of rights. In deciding whether assignment includes prior causes of action for copyright infringement, court held that contract language unambiguously assigns not only copyright in computer programs but also any then existing claims for infringement. Court, persuaded by references throughout contract to threatened liability and outstanding claims, stated: "It would be unreasonable to find that Lotus acquired every other right associated with . . . VisiCalc [except] a possible claim that the seller (SAPC) had against the buyer. . . ."

Guskin v. Guralnik, *Copyright L. Rep. (CCH) ¶ 22,317 (S.D.N.Y. 1988)*

In 1974, plaintiff, a scriptwriter, and defendant, pianist and actor, entered into written contract under which plaintiff was to receive 10% of gross revenues from defendant's public performance of work entitled "Chopin Lives." In 1977, plaintiff and defendant entered into oral agreement with similar terms for work titled "Tonight Franz Liszt." While plaintiff and defendant were co-owners of Chopin piece, plaintiff was sole copyright owner of Liszt script. Although defendant continued to perform both works, he stopped paying royalties to plaintiff in 1984. Court found defendant in breach, and determined that 25% of defendant's profits with respect to Liszt were attributable to infringement of plaintiff's script. In addition, court awarded plaintiff ten percent of revenues received since 1984 for performance of Chopin work.

IV. FORMALITIES

A. Notice

Abend v. MCA, Inc., *863 F.2d 1465 (9th Cir. 1988)*

Court affirmed that blanket copyright notice of magazine in which story was published in 1940s was valid to protect rights of story's author. Although only limited rights were granted to magazine publisher, court reasoned that doctrine of indivisibility under 1909 Act did not invalidate publisher's notice and registration to protect author of contribution to a periodical.

Vane v. The Fair, Inc., *849 F.2d 186 (5th Cir. 1988), cert. denied*, 109 S. Ct. 792 (1989)

Advertising agency incorporated plaintiff's copyrighted work into a television commercial. Plaintiff failed to place copyright notice on any of mate-

rial, which consisted of photographs and slides he had supplied to agency's client. Court affirmed district court's finding that advertising agency, as opposed to client, was innocent infringer misled by absence of copyright notice and upheld judgment in favor of agency.

NEC Corp. v. Intel Corp., *10 U.S.P.Q.2d 1177 (N.D. Cal. 1989)*

Intel's copyrights in microcode held forfeited because of unexcused omission of copyrights notice. Omission of notice from nearly 3 million copies representing over 10% of distributed copies found more than "relatively small number" under § 405(a)(1). Intel's failure to take action with respect to licensee's failure to use notice for two to three years, coupled with failure to offer to defray costs of adding notice to copies in distribution chain when Intel must have known it would otherwise not be done, held to not be reasonable efforts to cure omission under § 405(a)(2).

Manufacturers Technologies, Inc. v. Cams, Inc., *706 F. Supp. 984 (D. Conn. 1989)*

Court enjoined infringement of screen displays of plaintiff's computer program "Costimator" notwithstanding fact that two of plaintiff's brochures contained pictorial versions of screen displays published without copyright notice. Court found plaintiff's corrective efforts with respect to brochure in which seventeen screen displays were published adequate to prevent forfeiture of copyright protection where plaintiff disseminated stick-on labels with appropriate copyright notice to all 112 recipients of brochure after learning of omission. Though court considered notice omission from brochure featuring seven screen displays sent to more than 28,000 prospective purchasers and dealers over three year period "somewhat closer question," court found plaintiff's efforts reasonable to cure defective notice where plaintiff corrected latest versions of brochure but made no effort to correct brochures previously distributed. Court considered *de minimis* plaintiff's publication of seven screen displays out of some 300, and noted that even if court had held that plaintiff forfeited rights to seven displays, such forfeiture would not have invalidated protection in remainder of screens containing copyrightable expression.

Klauber Brothers, Inc. v. Westchester Lace Inc., *No. 87 Civ. 7370 (S.D.N.Y. March 30, 1989)*

Lace manufacturer sought permanent injunction and damages against competitor for alleged infringement of two copyrighted designs. Competitor argued that manufacturer's method of affixing copyright notice was not reasonable where: 1) spools sold to garment manufacturers and containing 200 linear yards or more of lace had only one notice affixed to lace at the open end of spool and may or may not have borne notice on spool; and 2) lace sold to jobbers always had copyright notice affixed when lace left plaintiff's control, but notice was routinely removed when lace was resold by jobbers. Court

termed issue "not strictly one of first impression [but] never finally resolved," and significant for lace industry. Court noted that plaintiff's method of giving notice did not conform precisely to regulations promulgated under § 401(c) of Act, but that section was not exhaustive. Thus, Court framed issue as whether plaintiff's method was reasonable. Court declined to apply teaching of *Greeff Fabrics, Inc. v. Malden Mills Indus.*, 412 F. Supp. 160 (S.D.N.Y. 1976), that in fabric case, "outer limit within which . . . copies must bear . . . notice" is set by length of material deposited with Copyright Office. Court reasoned that practical considerations attendant to differences between printed fabric containing a salvage and lace containing no salvage necessitated disparate requirements for copyright notice. Plaintiff's method of affixation deemed reasonable. However, complaint dismissed because accused designs found not substantially similar to plaintiff's.

Jackson v. MPI Home Video, *694 F. Supp. 483 (N.D. Ill. 1988)*

Prior to delivery of Jesse Jackson's speech at Democratic National Convention, Democratic National Committee distributed between 100-150 written copies of the speech to press. Although copies did not bear copyright notice, they did contain statement "NOT FOR PUBLIC USE UNTIL DELIVERED." Approximately 10 days after distribution, plaintiff filed for copyright registration of the speech. In suit to enjoin sale of video cassettes of speech, defendant claimed that plaintiff had abandoned its rights to speech by not filing earlier for copyright registration. Court rejected defendant's arguments, finding no intent to abandon and held that "inaction for ten days is too slight to establish abandonment." Although court found some merit in defendant's claim for forfeiture through publication without copyright notice, it found defendant's efforts to add notice to already distributed copies likely to be reasonable under S 405(a)(2).

Wabash Publishing Co. v. Flanagan, *No. 89 C 1923 (N.D. Ill. March 31, 1989)*

Court denied plaintiffs' motion for preliminary injunctive relief based on alleged infringement of racetrack guides. Where at least 710 daily issues of plaintiffs' 28,000 guides were published since 1925 without copyright notice, court found omission was not as to sufficiently small number of copies under Section 21 of 1909 Act or § 405(a)(1) of present Act to avoid invalidation of copyright. Court, therefore, concluded that plaintiffs had failed to satisfy burden of establishing likelihood of success on the merits, and their motion was denied.

Sunset Lamp Corp. v. Alsy Corp., *698 F. Supp. 1146 (S.D.N.Y. 1988)*

Omission of notice from table lamps with banana leaf design was not excused under § 405. Evidence showed that approximately 3% to 10% of plaintiff's table lamps did not possess labels on lamp bases bearing copyright

notice. Some notices apparently were destroyed by plaintiff's shrink wrap packaging process. Court found that number of omissions was not relatively small or excused by reasonable efforts of plaintiff. Although plaintiff sent labels with notices to retailers, court found that plaintiff's failure to alter its inspection process to check for omission of labels followed shrink wrap process barred plaintiff's reliance on reasonable efforts cure provision. Court also rejected that use on lamp of hangtags with copyright notice was sufficient because regulations confine use of hangtags to situations where labels on product would be impossible or highly impracticable. Court did find, however, that defendant's placement of its own copyright notice on floor lamps which were substantially similar to plaintiff's table lamps constituted a false designation of origin under § 43(a) of Lanham Act. Court found that plaintiff's banana leaf design on floor lamps (which were not shrink-wrapped and thus bore requisite copyright notice) were willfully infringed by defendant's similar floor lamp designs.

B. Registration

Gaste v. Kaiserman, *863 F.2d 1061 (2d Cir. 1988)*

Court relied upon registration for song "Pour Toi" issue in 1957 as prima facie evidence of validity of song's copyright. Although 1909 Act, unlike 1976 Act, does not specifically provide that registration of copyright within five years of publication constitutes *prima facie* evidence of copyright's validity, court followed line of judicial decisions which so hold. Court thus found it unnecessary to determine whether first publication of song in foreign film without notice would invalidate copyright since registration created presumption of compliance with statutory requisites which defendant did not overcome. Evidence was unclear whether sheet music rather than film were first published, and copy of videotape of film without notice was not shown to be same as commercially distributed film.

KCNC-TV, Inc. v. Broadcast Information Service, Inc., *9 U.S.P.Q.2d 1732 (D. Colo. 1988)*

Plaintiff tv station sued for infringement based on sales by defendant of videotaped portions of plaintiff's news broadcasts. Defendant moved for partial summary judgment denying plaintiff's right to statutory damages and attorneys' fees, since infringement preceded registration. Issue turned on whether program was published. If so, plaintiff registered within 3 months and came within § 412(2). If not, infringement of unpublished work prior to registration meant no award under § 412(1). Court held program was not published even though plaintiff had subsidiary which video-taped programs for sale to general public. Two "flaws" in publication argument according to court were that: (1) plaintiff had not offered videotapes of its news stories for sale where buyer always initiated contact, and (2) purpose of such sales was

not further distribution, public performance or public display. Likewise, statutory damages and attorneys' fees held unavailable under § 411(b) because plaintiff's pre-taped news story was "fixed" prior to, and not simultaneously with, broadcast transmission. Court would not allow plaintiff to thwart Congress' intent and bootstrap pre-taped segment into live performance lead-in to avail itself of that section.

C. Renewal

Abend v. MCA, Inc. *863 F.2d 1465 (9th Cir. 1988)*

Ninth Circuit reversed grant of summary judgment for defendants who were sued for re-releasing Hitchcock film "Real Window" during renewal term of underlying story on which film was based. Cornell Woolrich wrote story "It Had To Be Murder" in 1940s, assigned rights to make movie based on story and also agreed to renew copyright in story and assign same movie rights for renewal term. Highly successful film "Real Window" was made in 1954. Woolrich died prior to expiration of initial copyright term, and his executor renewed copyright in "It Had To Be Murder" story and assigned it to plaintiff. "Rear Window" was re-released in 1980, and plaintiff sued for copyright infringement of underlying story. District court granted summary judgment for defendants, relying on *Rohauer v. Killiam Shows, Inc.*, 551 F.2d 484 (2d Cir.), *cert. denied*, 431 U.S. 949 (1977). In *Rohauer*, film "Son of the Sheik" was based on novel. Author of novel assigned motion picture rights in novel and agreed to obtain renewal copyright in novel and to assign motion picture rights during renewal term. Author died prior to obtaining renewal which was instead obtained by author's daughter, statutory heir to renewal right. Second Circuit found, however, that renewal copyright in novel could not prevent owner of copyright in film from using so much of underlying novel as was embodied in film during renewal term. Second Circuit reasoned that new property right was created when derivative work was made and that equities favored derivative work owner who had created original work of his own.

Divided Ninth Circuit rejected *Rohauer* decision. Ninth Circuit relied on *Miller Music Corp. v. Charles N. Daniels, Inc.*, 362 U.S. 373 (1960), which held that statutory successors to renewal copyrights take free and clear of purported assignments of renewal rights when author dies prior to obtaining renewal. Since derivative work copyright only protects material added to underlying work, exploitation of derivative work during renewal term can infringe renewal copyright of underlying work where author dies before obtaining renewal copyright. Ninth Circuit also noted that policy considerations underlying renewal term to give authors and families a second chance to reap benefits of work would be subverted by *Rohauer* view. Thus, Ninth Circuit concluded exploitation of "Rear Window" during renewal term of underlying story infringed plaintiff's copyright. Court remanded case for

consideration of equitable defenses. Because of strong equitable considerations favoring defendants, however, court stated that injunction would create "great injustice" and thus that monetary compensation would be appropriate remedy should defendants fail to prevail on various defenses.

Ninth Circuit rejected challenge that renewal copyright owned by plaintiff was defective. Underlying story was originally published in magazine covered by blanket copyright notice in magazine's name. Fact that author's executor rather than magazine renewed copyright did not invalidate renewal. Court construed § 24 of 1909 Act, as amended, to permit author (or statutory successors) to renew work published as contribution to another work whether or not initially registered in author's name.

Frederick Music Co. v. Sickler d/b/a/ Second Floor Music, *Copyright L. Rep. (CCH) ¶ 26,402 (S.D.N.Y. 1989)*

Song was registered as unpublished work on March 11, 1952 and as published work on June 5, 1952. Plaintiff claimed through an assignment dated March 3, 1952 from Jimmy Forrest, a co-author of composition. Defendant claimed through an assignment dated July 11, 1987 from Jimmy Forrest's widow. Jimmy Forrest died on August 27, 1980, after plaintiff effected renewal of both copyrights. Court stated issue was one of first impression: (1) whether renewal right vests in author or author's assignee when copyright is renewed during statutory period for renewal and author alive, or (2) whether renewal right vests at commencement of renewal term, provided author survives into that term. Court found plain meaning of § 304(a) of Act, weight of commentators' analyses and "significant" Second Circuit dicta supported conclusion that renewal rights vest upon registration for renewal during author's lifetime and within statutorily prescribed renewal period; no justification for requirement of author's survival into renewal term found. Accordingly, judgment rendered for plaintiff.

D. Recordation

Villeroy & Boch, S.a.r.l. v. THC Systems, Inc., *Copyright L. Rep. (CCH) ¶ 26,377 (S.D.N.Y. 1989)*

Plaintiff's copyright application erroneously designated work in issue as work made for hire, although proper basis of plaintiff's ownership was by virtue of an assignment which was not recorded until three years after institution of lawsuit. Notwithstanding that recordation of transfer is jurisdictional prerequisite to infringement action under § 205(d) of Act, plaintiff granted leave to supplement complaint. Defendant's motion for summary judgment denied notwithstanding expiration of statute of limitations. Proper recordation under § 205(d) after filing of complaint cures initial defect and, where no unfair prejudice to defendant, courts freely allow plaintiffs to supplement complaints to allege proper recordation. No unfair prejudice to defendant

found in instant case where defendant was apprised of facts for several years and defendant had conducted substantial discovery with no apparent difficulty in accumulating germane evidence.

Kenbrooke Fabrics, Inc. v. Soho Fashions, Inc., *690 F. Supp. 298 (S.D.N.Y. 1988)*

Instead of formal assignment, plaintiff filed letter with Copyright Office advising Register that copyright in fabric design had been assigned to plaintiff. Court held plaintiff's letter sufficient record notice of transfer, finding that "although the state [§ 205(d)] omits the wording 'or a note or memorandum of the transfer', found in § 204(a), such a document would satisfy the recordation requirement. . . ."

Marina B Creation, S.A. v. de Maurier, *685 F. Supp. 910 (S.D.N.Y. 1988)*

Plaintiff MBI, exclusive licensee of Marina B. Creations ("Creation") in United States, failed to record instrument of transfer until after judgment was rendered in infringement action. In supplementary objection to Magistrate's report, defendant claimed court lacked subject matter jurisdiction as plaintiff licensee failed to record license properly under § 205(d). Since licensor Creation retained ownership of copyright and was also plaintiff in action on its own behalf, court held action was properly before it regardless of licensee's failure to record.

Hulex Music v. Santy, *698 F. Supp. 1024 (D.N.H. 1988)*

Court denied defendant's motion to dismiss four counts of copyright infringement based on unauthorized public performance of plaintiffs' musical compositions, but granted motion as to one count. With respect to four counts, court found that recordation of ownership transfer by plaintiffs after defendant's motion was filed related back and was sufficient to confer standing to sue. Court dismissed one count, however, where plaintiff had not recorded transfer at all.

V. INFRINGEMENT

A. Access and Copying

Keller Brass Co. v. Continental Brass Co., *862 F.2d 1063 (4th Cir. 1988)*

Fourth Circuit held that independent creation is not affirmative defense and affirmed judgment for defendant. Plaintiff owned copyright on drawings of drawer pull and made out *prima facie* case of copying of such drawings by defendant by showing access and substantial similarity. Defendant had burden of rebutting *prima facie* case by going forward with testimony of independent creation. Burden of proof, however, did not shift to defendant. Once defendant met burden of production, district court should have consid-

ered evidence as whole as to whether plaintiff had met burden of persuasion on copying issue. Here, testimony that drawings were not copied or used during design process as well as dissimilarities between two drawer pulls were sufficient to support district court's finding of no copying.

Gaste v. Kaiserman, *863 F.2d 1061 (2d Cir. 1988)*

Court found that composer of song "Pour Toi" adequately proved access by defendant composer of hit song "Feelings". Plaintiff had composed "Pour Toi" in 1956 for French film which was commercially unsuccessful. Defendant composed "Feelings" in 1973 in Brazil. Evidence that owner of defendant's publisher had received copy of "Pour Toi" in 1950s was not insufficient evidence as matter of law from which jury could find access. Court also upheld jury instructions on access. Reasonable opportunity for access "adequately states appropriate standard." Moreover, court's instruction that jury may infer access from striking similarity upheld where district court stated issue was whether plaintiff's proof as whole precluded any reasonable possibility of independent creation. Court noted that jury was *permitted* to infer access from striking similarity, not that such finding was mandated. Court found sufficient evidence for jury to infer access based on striking similarity of two songs. Evidence included renditions of songs and expert testimony that every measure of "Feelings" could be traced back to "Pour Toi," including unique evaded resolution at identical places in two songs.

Glanzmann v. King, *8 U.S.P.Q.2d 1594 (E.D. Mich. 1988)*

In action alleging that Stephen King's book "Christine" infringes copyright of plaintiff's story, "The Side Swiper," summary judgment granted for defendants. Plaintiff's copyrighted manuscript had been rejected some 9 years earlier by Columbia Pictures, eventual producers of motion picture version of "Christine." Court rejects plaintiff's claim of access, finding that King's relationship to Columbia Pictures developed *after* "Christine" was written. Moreover, mere fact that Columbia received plaintiff's manuscript was insufficient to establish access between King and Columbia. Court further finds no evidence of similarity of expression between two works.

B. Substantial Similarity

Data East USA, Inc. v. Epyx, Inc., *862 F.2d 204 (9th Cir. 1988)*

Appeals court reversed district court's finding of substantial similarity between two computer games depicting two men in karate match. Ninth Circuit applied extrinsic/intrinsic analysis and determined that idea of two games was virtually identical. In applying intrinsic similarity test, however, appellate court cautioned that no protection can be afforded where idea and expression merge or where expression necessarily follows from ideas such as in scenes a faire. Here, similarities were with respect to such unprotectible elements. Only protectible elements of games' expression, i.e. background

and scoreboard, were either different or similarities were inconsequential. Appellate court concluded that purchaser would not regard works as substantially similar.

Narell v. Freeman, *10 U.S.P.Q.2d 1596 (9th Cir. 1989)*

Ninth Circuit affirmed summary judgment that defendant's romance novel did not infringe plaintiff's historical work about San Francisco's Jewish community. Defendant admittedly consulted plaintiff's book in preparing her novel which was story of heir of large, wealthy Jewish family set partly in San Francisco. Plaintiff pointed to copying of about 300 words in phrases and paraphrases. Appellate court reasoned that defendant took mainly unprotected factual information. Moreover, most of copied phrases were commonly used expressions not protectible by copyright. Paraphrasing did not take expression, but only factual details. As alternative holdings, majority of panel concluded that works were not substantially similar and that defendant's use was fair use as matter of law. Under "extrinsic test," only similarity was fact that both works touched on movement of Jews from Europe to San Francisco and social relations of families in Bay Area. "Neither the mood, pace or sequence of the two works is alike." Under intrinsic test, plaintiff's historical work bore "no resemblance at all" to concept, theme or mood of defendant's romantic novel. Further, similar passages were neither quantitatively nor qualitatively significant.

Olson v. NBC, Inc., *855 F.2d 1446 (9th Cir. 1988)*

District court's j.n.o.v. finding of no substantial similarity between plaintiff's television series pilot entitled "Cargo" and defendant's television series "The A-Team" affirmed. Although both stories featured trio of Vietnam veterans in comic, upbeat, and fast-paced adventure series, court found few similarities in terms of overall plot, sequence, dialogue, or setting. In addition, court found plaintiff's characters, as defined by brief four line summaries, too thinly drawn to merit copyright protection.

United Telephone Co. of Missouri v. Johnson Publishing Co., Inc., *855 F.2d 604 (8th Cir. 1988)*

Defendant used plaintiff's telephone directory to obtain names, addressed, and telephone numbers of recent telephone subscribers, and then independently verified data. Listings copied from plaintiff's directory totalled approximately 20% of plaintiff's entire work. Court affirmed summary judgment, holding plaintiff's arrangement of phone books with new and updated listings is protected expression of pre-existing names, addresses wholesale copying constituted unlawful taking of plaintiff's protected expression.

Ring v. Estee Lauder, Inc., *702 F. Supp. 76 (S.D.N.Y. 1988),* aff'd per curiam, *No. 89-7043 (2d Cir. May 4, 1989)*

In 1984, plaintiff conceived of idea of videotaping cosmetic makeovers. Although defendant rejected plaintiff's ideas, in 1986, defendant began videotaping its customer's makeovers. District court granted defendant's motion for summary judgment on breach of fiduciary duty and misappropriation of idea claims. Court also held that defendant's videotapes did not infringe plaintiff's. Second Circuit affirmed finding that defendant's videotapes did not use any protectible expression. Only similarities were use of unprotectible idea of filming a cosmetician applying make-up to a customer. Further, similarities in camera position, angle and closeness were not infringing because these similarities reflected "the ordinary means of implementing the underlying idea."

Nelson v. PRN Productions, Inc., *No. 88-5193 (8th Cir. May 3, 1989)*

Court affirmed finding that lyrics in defendant's song "U Got the look" were not substantially similar to plaintiff's lyrics in "What's Cooking in This Book" as matter of law. Court noted that test in Eighth Circuit is two-step extrinsic/intrinsic similarity analysis used in Ninth Circuit, and that district court properly determined that works were not substantially similar.

Silva v. MacLaine, *697 F. Supp. 1423 (E.D. Mich. 1988)*

Shirley MacLaine's book "Out On A Limb" held not substantially similar to plaintiff's book "Date With The Gods" as a matter of law. Plaintiff's book described his travels in Peru, his meetings with an extraterrestrial woman named Rama, his experience of astral projection and spiritual teachings of Rama. MacLaine's book described her "voyage of self discovery . . . and her quest for spiritual understanding," including experiences with mediums and astral projection, her travels throughout world and theory of reincarnation. Before writing her book, MacLaine had travelled with plaintiff in Peru. Part of her book recounted this trip and conversations with plaintiff, referred to as "David" in book. MacLaine sent copy of her manuscript to plaintiff, and he sent her comments. Court found that passages relied upon by plaintiff did not establish substantial similarity of two books. Although there were some similarities in physical descriptions of extraterrestrial woman Rama (in plaintiff's book) and Mayan (in defendant's book), MacLaine was entitled to describe her interviews with plaintiff in which he described Rama. To extent both works discussed atomic structure and its connection with spiritual world, court noted that scientific facts "lend themselves to a very limited manner of expression and do not create an inference of copying." Description of matter between atomic components which is what both authors stated spirit is made of and use of terms such as "third force" "soul" and like were similarities only of idea. Only similarity in both parties' description of astral

projection (where spirit leaves body) was silver cord connecting spirit and body. Court noted that this phenomenon had been recognized in other metaphysical literature and was not copied expression from plaintiff. Court found that descriptions in books in which bracelet is given by Rama to plaintiff and in which David gives MacLaine bracelet given to him by Mayan were similar only as to idea of giving bracelet to someone. Court found MacLaine's book did not take "total concept and feel" of plaintiff's work and granted MacLaine's motion for summary judgment.

Nash v. CBS, Inc., *704 F. Supp. 823 (N.D. Ill. 1989)*

Court concluded that episode from defendant's "Simon and Simon" TV show was not substantially similar to plaintiff's works which asserted theory that bank robber John Dillinger was not killed by FBI in 1934. In comparing two works, court looked only to similarities with protected portions of plaintiff's work. Court found plot, characters, tone, time period and mood of works have almost nothing in common." Only similarities apart from unprotectible idea that Dillinger did not die was discussion of some of same physical discrepancies between Dillinger and autopsy report cited by plaintiff in his books, and TV character's suggesting that Dillinger moved to West Coast. Alleged use of 4 photographs which were reproduced in plaintiff's book did not infringe selection or arrangement of photographs as they did not appear in same order and were used for different purpose applying both "abstractions" and "patterns" tests, court concluded that works were not substantially similar as matter of law.

Quaker Oats Co. d/b/a Fisher-Price v. Mel Appel Enterprises, Inc., *703 F. Supp. 1054 (S.D.N.Y. 1989)*

Preliminary injunction granted to plaintiff on claim that its "Smooshees" line of original soft-sculpture dolls sold with accessories into and out of which dolls could be stuffed was infringed by defendant's competing product line, "Lil Stuffers." Court rejected defendant's contention that, while inspired by plaintiff's dolls, defendant had consciously differentiated its dolls sufficiently to avoid infringement. Court distinguished facts before it from *Mattel, Inc. v. Azrak-Hamway International Inc.*, 724 F.2d 357 (2d Cir. 1983), relied upon by defendant, which involved competing five and one-half inch toy muscleman dolls. In case *sub judice*, court found defendant's rendition of its humanoid dolls indistinguishable from plaintiff's under lay observer test; court found that similarities in defendant's dolls did not emanate from similarity of subject matter since plaintiff's work was not a version of a standard doll genre, but rather, an abstract, entirely original work entitled to a high degree of protection; and court found credible plaintiff's evidence of direct copying of its doll patterns. Substantial similarity found where "total concept and feel" of dolls was same despite differences in details.

Conan Properties, Inc. v. Mattel, Inc., *No. 84 Civ. 5799 (S.D.N.Y. April 19, 1989)*

Summary judgment denied on plaintiff's copyright claim that defendant's He-Man doll infringes comic book stories featuring plaintiff's character possessed of a "uniquely styled masculature" sufficiently original and nontrivial to withstand defendant's attack on copyright validity, court concluded no reasonable trier of fact could find substantial similarity between two works (relying on *Mattel, Inc. v. Azrak-Hamway International, Inc.*, 724 F.2d 357 (2d Cir. 1983) (per curiam)). Distinct differences found in protectible expression due to far greater overall mascularity of defendant's doll.

National Theme Productions, Inc. v. Jerry B. Beck, Inc., *696 F. Supp. 1348 (S.D. Cal. 1988)*

Defendant's novelty masquerade costumes found substantially similar to plaintiff's where defendant made only minor variations in rendition of designs. Court concluded that defendant had captured total concept and feel of plaintiff's protected expression, rejecting defendant's argument that plaintiff's costumes of a rabbit in a hat, a female tiger, a dragon and a puppy presented idea only of those generic forms and not protectible expression. Court, conversely, found plaintiff's costume designs "impressionistic," "arbitrary" and "fanciful" where, in court's view, ideas of those generic forms could be expressed in a multitude of ways and plaintiff had not chosen standard, stereotypical means.

Cory Van Rijn, Inc. v. California Raisin Advisory Board, *697 F. Supp. 1136 (E.D. Cal. 1987)*

Court dismissed suit for failure to state claim where court found defendant's raisin characters were not substantially similar to plaintiff's raisin characters. Court applied standard which assumed copying, for purposes of motion. Court applied two-part extrinsic/intrinsic similarity test and found that there was no similarity between two works other than idea of anthropomorphic raisins and that overall feel of two works was completely different.

Hukafit Sportsweak Inc. v. Carizia International Ltd., *9 U.S.P.Q.2d 1414 (S.D.N.Y. 1988)*

Defendant's sweater pattern, which was virtually identical to plaintiff's pattern of four connected shapes, held substantially similar to plaintiff's. Fact that defendant's pattern was on larger scale was not sufficient to avoid infringement. Statutory damages and attorneys' fees were not available to plaintiff because registration was subsequent to infringement and not within 3 months of publication. However, court awarded defendant's profits of over $33,000 to plaintiff.

York Wallcoverings, Inc. v. Coloroll, Inc., *681 F. Supp. 1004 (E.D.N.Y. 1987)*

Court denied preliminary injunction finding defendant's wallpaper design did not infringe plaintiff's wallpaper design. Court noted that copyright protection did not extend to plaintiff's colorways, so that defendant's use of same colorways was not infringing. Court also found that designs of two patterns were not substantially similar. Plaintiff's flower trail pattern was crowded unlike defendant's open design. Similarity and shape of flower buds and leaves in two designs were common on examples of other designs in record. Court concluded that ordinary observer would not regard aesthetic appeal of two weeks as same.

Business Trends Analysts, Inc. v. The Freedonia Group, Inc., *700 F. Supp. 1213 (S.D.N.Y. 1988)*

Robotics Industry study produced by former employee of plaintiff's licensor found substantially similar to plaintiff's study, despite fact that studies were comprised of factual data. Thirty-three passages totalling hundreds of words were clearly evocative of plaintiff's work. Court was not persuaded by defendant's arbitrary word inversions or substitutions "designed to give the appearance of dissimilarity."

Cosgrove v. Warner Brothers, Inc., *No. 88-0999 (E.D.N.Y. March 28, 1989)*

Defendants' movie held not substantially similar to plaintiff's story as a matter of law. Court concluded no reasonable observer could find similarities between two works beyond generalized ideas, *e.g.*, theme of transformation and redemption. Moreover, use of similar characters was insufficient to demonstrate requisite similarity where total concept and feel was different. Court found plaintiff's characters were undeveloped whereas defendants' characters were developed and defined. Summary judgment granted to defendants dismissing plaintiff's complaint.

Guskin v. Guralnik, *Copyright L. Rep. (CCH) ¶ 22,317 (S.D.N.Y. 1988)*

Plaintiff created script based on life of Franz Liszt, which defendant performed for ten years. After falling out with plaintiff, defendant completely rewrote script and began performing new work. Court held historical interpretations are not copyrightable as matter of law and found no substantial similarity with respect to plaintiff's copyrightable material.

C. Public Performance

Columbia Pictures Industries, Inc. v. Professional Real Estate Investors, Inc., *866 F.2d 278 (9th Cir. 1989)*

Rental of movie videodiscs by guests in defendants' hotel for a $5-7.50

daily fee per disc held not to be public performance as a matter of law. Guests watch videodiscs in their hotel rooms, all of which are equipped with projection televisions and videodisc players. Looking both to legislative history and to plain language of § 101, court held that hotel guest rooms are not "public" within meaning of Act, as hotel rooms, once rented, are not open to the public, but rather are places where "individuals enjoy a substantial degree of privacy, not unlike their homes." Court further rejected plaintiffs' argument that defendants "communicate" plaintiffs' movies to public, as defendants fell outside the definitional scope of the transmit clause of § 101: "if any transmission and reception occurs, it does so entirely within the guest room, it is certainly not received beyond the place from which it is sent." Accordingly, court affirmed summary judgment that defendants' videodisc rental is not violative of Copyright Act.

David v. Showtime/The Movie Channel, Inc., *697 F. Supp. 752 (S.D.N.Y. 1988)*

Showtime/The Movie Channel's affirmative defense that its transmission of programs to local cable operators was not public performance of plaintiffs' works was stricken as matter of law. Defendant transmits programming to local cable operators which in turn transmit programs to subscribers. Defendant contended that its transmission to cable operators was not public performance under Act and thus not infringement of plaintiffs' rights. Court disagreed, finding that legislative history indicated that public performance definition should be broadly interpreted, encompassing "each step in the process by which a protected work wends its way to its audience." In addition to benefitting from transmission of programming, defendant selected which programming to show and when to schedule it. Court, however, denied plaintiffs' motion to strike certain other affirmative defenses.

Collins Court Music, Inc. v. Pulley, *704 F. Supp. 963 (W.D. Mo. 1988)*

Summary judgment granted to plaintiffs, composers and music publishers, for infringement by defendants' unauthorized broadcast of 20 songs on their radio station. *Prima facie* case of infringement made out where plaintiffs submitted copyright registrations for 20 compositions and defendants did not contest their broadcast without permission from individual copyright owners or payment of license fees. Court rejected defense that individual members of performing rights society should be foreclosed from asserting copyright violations since society had refused to grant licenses to defendants' radio stations. Though terming defense a "legal" one which would not raise fact issue to defeat summary judgment no matter how resolved, court found clear from orders in rate proceedings that performing rights society is not obligated to grant licenses to stations owing fees from earlier licensed periods.

Since it was undisputed defendants owed license fees at time their license expired, court concluded performing rights society had not wrongfully refused to grant licenses. Imposition of injunction, statutory damages and attorneys' fees' withheld pending evidentiary hearing.

BMI v. La Fourche Novelty Co. Inc., *No. 88-2805 (E.D. La. Feb. 28, 1989)*

Summary judgment granted to plaintiff for unauthorized juke box performance of 12 songs. Since, in court's view, defendants were uniquely in a position to know, court rejected defendants' claim that other juke box on defendants' premises which defendants did not own may have been one used in unauthorized performances. Court awarded minimum statutory penalty of $250 per infringement and nominal attorneys' fees and costs of $500 where defendants quickly registered juke boxes and paid registration fees, once on notice of statutory requirements.

Criterion Music Corp. v. Biggy's, Inc., *Copyright L. Rep. (CCH) ¶ 26,359 (D. Kan. 1988)*

Court granted summary judgment in favor of music publisher against night club and its president for infringement of performance rights in songs. Court found no issue of material fact presented by defendants' contention that performance of songs was not for profit where club never operated at a profit. Club admission charge and sale of alcoholic beverages on premises demonstrated that activity was one for profit; defendants' lack of success in their operation was not relevant to inquiry.

D. Computer Works

Vault Corp. v. Quaid Software Ltd., *847 F.2d 255 (5th Cir. 1988)*

Appeals court affirmed district court's denial of preliminary injunction. Plaintiff produces blank computer diskettes on which it places a protective device which prevents end users from making copies of programs placed on diskettes by software producers. Defendant sells diskette containing program which unlocks plaintiff's protective device, allowing user to create fully functional copy of a program placed on plaintiff's diskette. Court rejected plaintiff's claims that defendant directly infringed plaintiff's copyright. Defendant comes within § 117(1) exception because copy by defendant was created as essential step in utilization of plaintiff's program. Court refused to limit § 117(1) to require software users to restrict their use of software program to use intended by copyright owner. Moreover, because defendant's program is capable of substantial noninfringing uses, such as permitting purchasers to make archival copies of programs on plaintiff's diskette, court refused to find defendant, contributorily liable. Finally, court rejected plaintiff's state law claims of license violations, holding that such claims, brought under Louisi-

ana's License Act, touch upon area of federal copyright law, and, accordingly, are preempted by federal law.

NEC Corp. v. Intel Corp., *10 U.S.P.Q.2d 1177 (N.D. Cal. 1989)*

NEC's microcode held not substantially similar to Intel's microcode. Considered as whole, microcodes were not substantially similar. Although there were stronger similarities in some of shorter subroutines, court found most involved "simple, straightforward operations in which close similarity in approach is not surprising." Similarity of NEC's clean room microcode to NEC microcode at issue led court to believe that there were only limited ways in which to express underlying ideas of microcode. Because of constraints imposed by hardware which NEC was licensed to use, court concluded that protection could be granted to only virtually identical copying which was not present.

Manufacturers Technologies, Inc. v. Cams, Inc., *706 F. Supp. 984 (D. Conn. 1989)*

In suit for infringement of computer program used to generate cost estimates for metalworking, court found copyright in program extends protection to screen displays containing original authorship. Court found that Copyright Office's new policy of allowing only single registration for computer program and textual screens generated by program clarified somewhat ambiguity created by decision in *Digital Communication Associates, Inc. v. Softklone Distributing Corp.*, 659 F. Supp. 449 (N.D. Ga. 1987). *Softklone* held that registration of copyright in underlying program does not extend protection to screen displays. Although *Cams* court agreed that authorship in computer program and screen displays are different, it created legal fiction of two separate registrations—one which protects source and object codes, other which protects screen displays generated.

Court then undertook a bifurcated analysis to determine whether copyright in screen displays had been infringed. Court found that "external" aspects of screen displays—flow and sequencing—had been infringed, rejecting defendant's argument that particular sequencing of screens was compelled by functional considerations implicit in cost estimating. Court relied on plaintiff's experts who testified that process of cost estimating is unique to individual performing such estimate. With respect to "internal" aspects of screen displays, court found that plaintiff's screen "conventions," including placement of headings, program commands and selections, culled from a very limited range of possibilities, were not copyrightable. For same reason, plaintiff's navigational "conventions" for moving through screen displays, including use of computer keyboard, were found not protectible. However, court found protectible expression in plaintiff's method of identification of operations, departments and tools being used in metalworking, including as-

signment of alphanumeric designations. With respect to individual screens, court found protectible expression in screens containing sufficient originality in selection and arrangement of terms used and conveying sufficient information to defeat *Baker v. Selden*'s proscription against copyrightability of blank forms. Permanent injunction granted based on defendant's infringement of one of plaintiff's registered screen displays and copyright of screen displays subsumed within plaintiff's registration for program.

Telemarketing Resources v. Symantec Corp., *Computer Industry Lit. Rep. 8137 (N.D. Cal. August 9, 1988)*

Court denied plaintiff's motion for preliminary injunction in suit alleging infringement of computer program. Plaintiff owned copyright in program created by individual defendant. Plaintiff alleged individual defendant's later program created for corporate defendant infringed copyright in plaintiff's program. Court held "look and feel" of screens were not so similar as to justify granting a preliminary injunction and, while there were similarities as to functions, they were not so great as to demonstrate a likelihood of success on the merits. Further, court found that plaintiff could be compensated in money damages and balance of hardships tipped in favor of defendants where corporate defendant was involved in public offering.

Soft Computer Consultants, Inc. v. Lalehzarzadeh, *Computer Industry Lit. Rep. 8516 (E.D.N.Y. August 25, 1988)*

Permanent injunction granted based on infringement of two computer programs by former employees. Court found infringement notwithstanding fact that defendants' programs were written in different computer language where: (1) defendants had made unauthorized past use of plaintiff's confidential source code, and (2) manner in which data was stored and manipulated and sequence and organization of programs were held substantially similar. Defendants' arguments that program similarities emanated from identity of idea or functionality were rejected.

E. Mask Works

Brooktree Corp. v. Advanced Micro Devices, Inc., *705 F. Supp. 491 (S.D. Cal. 1988)*

In case of first impression under Semiconductor Chip Protection Act, court denied preliminary injunction for alleged infringement of two of plaintiff's mask works. Because defendant was able to show "paper trail" suggesting that it had performed reverse engineering on plaintiff's mask works, a permissible practice under 17 U.S.C. § 906, substantially identical rather than substantially similar standard for establishing infringement applied. Court concluded that plaintiff had failed to make showing of strong likelihood of success on merits. Because Ninth Circuit applies sliding scale analysis, requi-

site irreparable harm showing had to be high. Court found that plaintiff had failed to show that monetary damages would be insufficient or that balance of hardships sharply favored plaintiff.

F. Importation

Red-Baron-Franklin Park, Inc., Fun Factories of Ohio v. Taito Corp., *9 U.S.P.Q.2d 1901 (E.D. Va. 1988)*

Japanese corporation owning U.S. copyright for circuit boards for video arcade games manufactured, marketed, and sold in Japan, and its wholly owned U.S. subsidiary and exclusive licensee of copyright, claimed that importer violated § 602(a). Court held that application of § 602(a) is limited by first sale doctrine of § 109(a). Court extended holding of *Sebastian International Inc. v. Contact (Pty) Ltd.*, 847 F.2d 1093 (3d Cir. 1988), stating that, regardless of where goods are manufactured and sold, sale of a good protected by U.S. copyright extinguishes right of copyright holder to assert importation rights under § 602(a).

Neutrogena Corp. v. U.S., *7 U.S.P.Q.2d 1900 (D.S.C. 1988)*

Plaintiff's products, manufactured in the U.S., were indirectly sold to defendant in Hong Kong; defendant then shipped products back to U.S. Plaintiff brought action seeking to enjoin defendant under § 602. Court denied preliminary injunction, accepting defendant's argument that first sale doctrine of § 109 limits importation rights of § 602. Section 602 enacted to preclude importation of copyrighted works lawfully produced outside U.S. Here, goods were manufactured in U.S. and sold to defendant through third party, thus making first sale doctrine applicable.

G. Contributory or Vicarious Infringement

BMI v. Hartmarx Corp., *9 U.S.P.Q.2d 1561 (N.D. Ill. 1988)*

Court denied motion to dismiss suit against defendant for unauthorized performance of musical compositions in two stores. Defendant was a holding company which owned 100% of operating company of one store and 92% of operating company of other store. Court reasoned that defendant was vicariously liable as matter of law for any infringing performances. Defendant had direct financial interest in alleged infringement by virtue of its ownership of operating companies whose profits would be enhanced by background music. Defendant also had right and ability to supervise operating companies. Defendant selected Board of Directors of operating companies, and although recommendations were not always followed, defendant had ability to supervise management by control over Board of Directors. Court also rejected as frivolous argument that it was necessary to join operating companies as defendants. Since holding company would be jointly and severally liable, plaintiff may sue only such participants as it sees fit.

Telerate Systems, Inc. v. Caro, *689 F. Supp. 221 (S.D.N.Y. 1988)*

Developer and marketer of program which allowed subscribers to plaintiff's computerized financial information database to copy data held liable as contributory infringer. Plaintiff provided computerized financial information to subscribers and also leased computer terminals. Defendant's program allowed subscribers to receive plaintiff's data through own personal computer and to copy data onto disk and to analyze data. Court found that defendant's computer program had no "substantial noninfringing uses" under *Sony Corp. v. Universal City Studios, Inc.*, 464 U.S. 417 (1984). Fact that defendant's program enabled subscribers to use personal computer to analyze data received from plaintiff was not noninfringing because data had to be copied by program in order to use it. Court granted plaintiff's motion for preliminary injunction.

Demetriades v. Kaufmann, *690 F. Supp. 289 (S.D.N.Y. 1988)*, later opinion, *698 F. Supp. 521 (S.D.N.Y. 1988)*

In earlier ruling court preliminarily enjoined copying of architectural plans, but denied motion to enjoin construction of house. Court rejected plaintiff's argument that defendant real estate brokers who received fee for selling house to defendant Kaufmann were contributory infringers, finding defendants' involvement not substantial enough to impart liability. Although defendants were aware that infringers sought to build house of "substantially identical" design to plaintiff's house, court found no evidence to indicate that defendants directly assisted or expedited copying process. Court further refused to hold defendants vicariously liable, finding no evidence to suggest that defendants exercised any degree of control over direct infringers.

Jobete Music Co. v. Media Broadcasting Corp., *10 U.S.P.Q.2d 1449 (M.D.N.C. 1988)*

Both individual and holding company held vicariously liable as a matter of law for infringement of eight musical compositions performed by radio station. Individual was station's owner, president and general manager. As such she had right and ability to supervise infringing conduct and had financial interest in exploitation of works and thus was vicariously liable. Holding company which owned all of radio station's stock was vicariously liable and was also liable under North Carolina law which provides that corporation exercising actual control over another, operating other as mere instrumentality, is liable for other's torts. Court awarded statutory damages of $2,500 per infringement, and attorney's fees as well as permanent injunction.

Collins Court Music, Inc. v. Pulley, *704 F. Supp. 963 (W.D. Mo. 1988)*

Wife who with her husband owned radio station which broadcast musical compositions without authorization of copyright owners, found jointly lia-

ble for infringement. Court distinguished case from prior case in which wife was secretary of corporation but exercised no significant control. In present case, court found that in addition to wife's duties as bookkeeper of station, she was equal owner who shared management responsibilities with her husband. Thus, joint liability held appropriate.

Barnaby Music Corp. v. Catoctin Broadcasting Corp. of New York, *8 U.S.P.Q.2d 1942 (W.D.N.Y. 1988)*

In action for infringement of musical works, court granted plaintiff's summary judgment motion. Court rejected defendant's argument that willfulness is question of fact, finding that defendant's ASCAP license had been terminated for failure to pay requisite license fees. In addition, court imposed personal liability on President/General Manager of defendant radio station despite claims that he attempted to prevent infringement by instructing employees not to broadcast infringing works. According to court, defendant was only person responsible for policing activity of "primary infringers" and should be held accountable.

Rilting Music, Inc. v. Speakeasy Enterprises, Inc., *706 F. Supp. 550 (S.D. Ohio 1988)*

President of corporation which owned establishment where plaintiff's musical compositions were publicly performed without authorization held vicariously liable as matter of law. Although President did not own stock in corporation, court found requisite financial interest in infringing activity by employment as bartender at establishment. Although corporation leased operation of establishment, individual defendant was found to have right and ability to oversee infringing activity as he entered into leasing management agreements and could sanction managers, and as he was notified by plaintiffs of infringing activity but took no action.

Foreverendeavor Music, Inc. v. S.M.B., Inc., *Copyright L. Rep. (CCH) ¶ 26,330 (W.D. Wash. 1988)*

President of corporate owner of restaurant which publicly performed plaintiffs' copyrighted songs held jointly liable with corporation for willful infringement. President was responsible for day-to-day management of restaurant and called agent who hired bands. Court awarded $1,000 statutory damages per infringement of six songs as well as attorneys' fees and costs.

H. Criminal Infringement

Louisiana v. Tanner, *9 U.S.P.Q.2d 1898 (La. Ct. App. 1988)*

State appellate court upheld criminal conviction of defendants for violating state intellectual property law. Defendants, former employees of plaintiff, entered plaintiff's offices after hours and copied both plaintiff's copyrighted software and accompanying manuals. Defendants found guilty of violating

law which forbids unauthorized use, copying, taking, or accessing of intellectual property. In contrast to *Vault Corp. v. Quaid Software Ltd.*, 847 F.2d 255 (5th Cir. 1988), which found another Louisiana statute dealing with software preempted, issue of federal preemption was never raised in this case.

I. Miscellaneous

BMI v. Xanthas, Inc., *855 F.2d 233 (5th Cir. 1988)*

Court found that some of evidence proving that defendant owned jukeboxes involved in infringements was inadmissible hearsay and remanded case to district court to determine how many infringements were proved by admissible evidence. To prove its infringement claim, plaintiff relied on testimony of attorney who read responses to questionnaires that plaintiff had sent to proprietors of establishments with jukeboxes asking who owned jukeboxes in their establishments. Proprietors themselves did not testify. This evidence did not fall within exception making business records admissible, nor were proprietors' responses reliable enough to allow evidence in on basis of Fed. R. Evid. 803(24)'s "catch-all" exception. Court further rejected district court's wide discretion in fixing damages. Because decision is so discretionary, it is impossible to know how court would have ruled had it premised its decision on different number of infringements.

Sonja-Kaplan Productions, Inc. v. Zippi, *No. 87-5761 (E.D. Pa. Sept. 2, 1988)*, later opinion *(E.D. Pa. Jan. 31, 1989)*

Court dismissed copyright infringement suit based on defendants' use of plaintiff's recorded radio jingles in demonstration tape. Plaintiff was registered owner of copyrights in words and music to two jingles. After alleged infringement, plaintiff also obtained registration for copyright in sound recording of one jingle. Defendants' demonstration tape included recordings of plaintiff's two jingles and was distributed to prospective customers of defendants' sound recording and producing services. Court found that because plaintiff's sound recording copyright in one jingle had been obtained after alleged infringement, such copyright was not infringed. Additionally, court held that copyrights in underlying words and music were not infringed by recorded versions on defendants' demonstration tape, erroneously ignoring that owner of copyright in musical work has exclusive right under § 106(1) to reproduce copyrighted work in phonorecords and that sound recording is derivative work based on plaintiff's copyrighted works. Court also noted *in dicta* that such use for demonstration purposes only might have been fair use. In a later opinion, court awarded attorney's fees to defendants.

VI. DEFENSES/EXEMPTIONS

A. Fair Use

Weissmann v. Freeman, *868 F.2d 1313 (2d Cir. 1989)*

Divided Second Circuit reversed finding that professor's use of new ver-

sion of scientific paper based on previous papers which he had co-authored was a fair use. Weissmann and Freeman had co-authored series of papers on nuclear medicine. Weissman then published new version of paper which Second Circuit majority found to be separately copyrightable derivative work. Majority reversed district court's finding that Freeman's use of new version as handout for review course was fair use. Majority reasoned that purpose and character of use factor when viewed within context of academic works should be viewed more broadly than monetary profit, and should consider that authorship credit and recognition is what is valuable since "it so often influences professional advancement and academic tenure." Although scientific nature of work tilted toward defendant, majority found that permitting wholesale appropriation would obliterate incentives offered by copyright law to authors. Here, defendant merely changed title slightly and substituted his name as author. Majority felt this conduct severely undermined Freeman's entitlement to rely upon equitable doctrine of fair use. Removal of Weissman's authorship credit also impaired potential market for her paper since recognition is critical for academic success.

Abend v. MCA, Inc., *863 F.2d 1465 (9th Cir. 1988)*

Appellate court reversed summary judgment for defendants based on district court's finding that use of underlying story in film "Real Window" was fair use. Plaintiff was owner of renewal copyright in story on which film "Real Window" was based. Although motion picture rights for "Real Window" were granted during initial term of copyright in story, Ninth Circuit held that owner of renewal copyright had not authorized use of story in film during renewal term of copyright. Ninth Circuit also found that use of underlying story was not fair use. Court reasoned that use was commercial, that underlying work was creative and thus entitled to broader protection, that a substantial portion of story was used in film and that plaintiff's adaptation rights in story were adversely affected by re-release of film.

Narell v. Freeman, *10 U.S.P.Q.2d 1596 (9th Cir. 1989)*

Defendant's use in romance novel of approximately 300 words and paraphrases from plaintiff's historical work about San Francisco's Jewish community held fair use as matter of law. Defendant's commercial use of plaintiff's work strongly favored plaintiff. Court rejected that factor is softened where works do not serve same purpose. That doctrine is applicable in context of nonprofit educational or governmental uses. As historical work, however, scope of permissible fair use is broader. Taking was found insignificant both quantitatively and qualitatively, a factor strongly favoring defendant. Moreover, there was no evidence defendant's work would adversely affect plaintiff's work or that there were any concrete possibilities which would be affected. On balance, court found fair use was established.

United Telephone Co. of Missouri v. Johnson Publishing Co., *855 F.2d 604 (8th Cir. 1988)*

Court affirmed finding of infringement of plaintiff's telephone directory. Notwithstanding fact that defendant contacted new entries in plaintiff's book to verify listings, copying of information directly into defendant's database held to be infringement of plaintiff's compilation copyright. Defense of fair use rejected. Defendant copied plaintiff's telephone listing of its most recent subscribers, approximately 20% of plaintiff's entire work. Court found that although plaintiff's is a fact work, defendant's purpose was purely commercial, defendant had taken "heart" of plaintiff's work, and most significantly, defendant's work would have a devastating effect on plaintiff's potential market.

New Era Publications International, ApS v. Henry Holt & Co., *10 U.S.P.Q.2d 1561 (2d Cir. 1989)*

Second Circuit affirmed, on different grounds, district court's denial of permanent injunction to enjoin publication of unauthorized biography of Church of Scientology founder, L. Ron Hubbard. District court had attempted to distinguish earlier decision in *Salinger v. Random House, Inc.*, 811 F.2d 90 (2d Cir.), *cert. denied*, 108 S. Ct. 213 (1987), announcing that "[unpublished] works normally enjoy complete protection against copying . . . protected expression." In a detailed analysis, district court had found that, in contrast to *Salinger* facts, most allegedly infringing quotations from Hubbard's published and unpublished writings were necessary to demonstrate biographer's thesis concerning Hubbard's character, and constituted fair use. Second Circuit, however, disagreed with district court's analysis, and balancing of fair use factors and first amendment considerations. Instead, Second Circuit majority reiterated its earlier pronouncement that fair use doctrine encompasses all First Amendment considerations in copyright context and reaffirmed teaching of *Salinger*. Second Circuit's opinion noted that where use is made of unpublished materials, second fair use factor—nature of copyrighted work—had yet to be applied in favor of user, and majority declined to do so in case *sub judice*. Nevertheless, Second Circuit denied permanent injunctive relief leaving plaintiff to sole remedy of damages, based upon plaintiff's two year delay in bringing action. Lengthy concurring opinion agreed in large part with district court's reasoning, approving only specific result reached denying permanent injunction.

Love v. Kwitny, *706 F. Supp. 1123 (S.D.N.Y. 1989)*

Verbatim quotation in defendant's book of more than half of journalist's unpublished paper concerning 1953 overthrow of Iranian government held not fair use. Kenneth Love, who had been a "New York Times" correspondent in Teheran, wrote a paper in 1960s while a student at Princeton, describ-

ing events surrounding 1953 overthrow, including suggestion of CIA involvement, which had not been included in Love's earlier newspaper articles about events. One chapter in defendant's book "Endless Enemies," which criticized American foreign policy, quoted from over half of Love's unpublished paper, interspersed with descriptions of other events or asides, many of which derided Love. Kwitny's book was runner-up for Pulitzer prize. After rejecting Kwitny's contention that he had received Love's consent, court concluded that defendant was not entitled to rely on fair use defense. Court relied on maxim from Supreme Court's *Nation* decision that ordinarily right to control first publication outweighs fair use claim. Defendant had claimed that he needed to give readers "full flavor" of events and to lend "air of authenticity" to account. Court reasoned that under Second Circuit's *Salinger* decision, defendant could use underlying facts in plaintiff's work, but not its expression. Although nature of defendant's work fell within type potentially eligible for fair use, amount of taking, unpublished nature of Love's manuscript, and potential impairment of market for Love's work outweighed finding of fair use.

Jackson v. MPI Home Video, *694 F. Supp. 483 (N.D. Ill. 1988)*

Court enjoined defendant's sale of videocassettes of plaintiff Jesse Jackson's address to Democratic National Convention. Prior to speech, Democratic National Committee distributed 100-150 written copies to press. Defendant purchased a license to use a news archive of plaintiff's speech from film library for $6,750. Defendant then began to market videocassette of speech, packaging of which displayed among other items 1) photograph of plaintiff and his name, 2) two quotations from speech, 3) description of tape as containing "the entire . . . speech, uncut and unedited," and 4) defendant's name, MPI Home Video. In finding for plaintiff, court first rejected defendant's argument that videocassette is protected by First Amendment. Citing language of *Harper & Row v. Nation Enterprises*, 471 U.S. 539, 559 (1985), court found that public importance of subject matter does not diminish copyright protection. On defendant's fair use claim, court found that, on balance, factors tipped in plaintiff's favor. Although defendant's purpose was news reporting for profit, court found remaining factors favored plaintiff. Plaintiff's speech was an original literary work, defendant's videocassette was a derivative work embodying plaintiff's entire work, and market for plaintiff's copyrighted work was adversely affected by defendant's tape.

Telerate Systems, Inc. v. Caro, *689 F. Supp. 221 (S.D.N.Y. 1988)*

Court rejected fair use defense for defendant's computer program which allowed subscribers to plaintiff's computerized database to use own personal computers instead of terminals leased from plaintiff. Plaintiff provided subscribers with financial information and also leased terminals for receiving

such information. For an additional charge, plaintiff permitted subscribers to copy portions of database and to use own personal computers. In rejecting fair use defense, court found defendant's program which allowed copying and analysis of plaintiff's data to be commercial use. Although only a few pages of large database would be copied at a time, qualitatively such copying may be substantial given that data is designed to be used and read one page at a time. Most importantly, plaintiff's market for charging for privilege of copying information would be threatened by sale of defendant's program. Court issued preliminary injunction against manufacturing and distributing defendant's program.

Georgia Television Co. v. TV News Clips of Atlanta Inc., *9 U.S.P.Q.2d 2049 (N.D. Ga. 1989)*

Court found television station's news broadcasts were infringed by edited videotape versions of such broadcasts sold by defendants. Court rejected defendants' argument that television station's providing only limited access to its programs distinguished case from previous case involving defendants. Eleventh Circuit had held in previous case that defendants' activities violated copyright laws and that defendants' fair use and First Amendment defenses were without merit. *See Pacific and Southern Co., Inc. d/b/a/ WXIA-TV v. Duncan d/b/a TV News Clips*, 572 F. Supp. 1186 (N.D. Ga. 1983), *aff'd in part and rev'd in part*, 744 F.2d 1490, 1494-1499 (11th Cir. 1984), *cert. denied*, 471 U.S. 1004 (1985). Based on commercial nature of enterprise, court also rejected asserted defense that defendants were agents of individuals whose videotaping for personal use was approved by *Sony Corp. of America v. Universal City Studios*, 464 U.S. 17 (1984). Finally, court denied defendants' claim that U.S. adherence to Berne Convention would abolish protection for news reporting. Court found no indication that Article 2(a) of Berne Convention proscription against copyright protection for "news of the day" is incompatible with extant U.S. law protecting creative expression of facts in news programming but not underlying facts themselves. Preliminary injunction was granted.

New Line Cinema Corp. v. Bertlesman Music Group, Inc., *693 F. Supp. 1517 (S.D.N.Y. 1988)*

Court rejected that defendant's music video was permissible parody of plaintiff's "Nightmare" movies and Freddy character and granted preliminary injunction. Plaintiff's "Nightmare" movies featured vicious character Freddy (with burned face and raspy voice, wearing dirty red and green striped sweater and leather glove with knives) who slashes people to death. Films were set in abandoned house and movie series involved interaction of dreams and reality. Defendant had negotiated with plaintiff to produce rap music video to promote plaintiff's fourth "Nightmare" movie. When plaintiff

decided to have music video made by someone else, defendant went ahead and made music video featuring its own Freddy with many of his characteristics set in old house with elements of plot from "Nightmare" movies. Court had no difficulty finding substantial similarity of two works. Court rejected that defendant's music video was fair use parody of plaintiff's "Nightmare" movies. Court reasoned that purpose of music video was purely commercial, plaintiff's movies were creative works entitled to broader protection, amount taken by defendant far exceeded that necessary to "conjure up" plaintiff's works which were well-known, and defendant's music video would directly compete with music video commissioned by plaintiff to promote forthcoming "Nightmare" movie. Additionally, court noted that defendant's conduct was willful in view of negotiations with plaintiff and knowledge that plaintiff was releasing own music video. Court granted preliminary injunction.

BellSouth Advertising & Publishing Corp. v. Donnelley Information Publishing, Inc., *Copyright L. Rep. (CCH) ¶ 26,350 (S.D. Fla. 1988)*

Defendant, who had copied plaintiff's telephone directory, argued that actions were justified under doctrine of fair use. Court disagreed, citing that verbatim copying of compilation for commercial purpose strongly militates against finding of fair use. In addition, defendant's work would have significant impact on plaintiff's potential market. Court further rejected defendant's contention that such copying is typical in industry: "Industrial piracy of directories, even if widespread, should not be probative of whether such piracy is a fair use."

B. Sovereign Immunity

BV Engineering v. University of California, Los Angeles, *858 F.2d 1394 (9th Cir. 1988)*, cert. denied, *109 S. Ct. 1557 (1989)*

Court affirmed that Eleventh Amendment as a matter of law barred suit against University of California for reproducing copyrighted software and user's manual. Court found that California had not waived immunity by consenting to suit in federal court. Court also found that even if Congress has power to abrogate state's immunity pursuant to Article I powers (a question expressly reserved by Supreme Court), Congress had not exercised that power in enacting Copyright Act. Supreme Court's decision in *Atascadero State Hospital v. Scanlon*, 473 U.S. 234 (1985), requires that abrogation of states' immunity in federal statute be explicit and unambiguous. Fact that § 501 provides cause of action against "anyone" who infringes is not unequivocal statutory language required. Two provisions of Act which exempt states from liability with respect to certain importation of infringing goods can be interpreted as applying to individuals or public officials who import materials under government authority or for government use. Several provisions which

refer to "governmental bodies" can be interpreted as applicable "only to local governments or to actions by government officials." These possible interpretations undercut requisite clarity of Congress' intent. Although court noted that policies underlying states' immunity doctrine—prevention of drain on state treasuries and concern for balance of power between state and federal courts—are not implicated here, court concluded that only Congress can "remedy this problem."

Richard Anderson Photography v. Brown, *852 F.2d 114 (4th Cir. 1988)*, cert. denied, *109 S. Ct. 1171 (1989)*

Divided Fourth Circuit held that Eleventh Amendment bars damage liability of state educational institution, governing board and official sued in official capacity for infringement of plaintiff's copyrighted photographs. Without reaching issue of whether Congress has power under Copyright and Patent Clause of Constitution to abrogate state immunity, majority found that Congress had not exercised this power in 1976 Act. Under *Atascadero*, Congress must unequivocally express its intent to waive state immunity. Provision of right of action to "anyone" in § 501(a) held not sufficiently clear indication of intent to subject states to suit. Provisions of 1976 Act which refer to "governmental body" exceptions to Act were not such unequivocal expression since such language could refer to local bodies and thus not be superfluous. Language in § 601(a) (now lapsed) and § 602(a) exempting importation under authority of any state was also held insufficient indicator of Congress' intent to waive state immunity. Such exception could be read as exempting individuals or public officials acting in their individual capacity under governmental or for governmental use. Majority also found that under *Atascadero*, state waiver of immunity by participation in federal statutory scheme can only be demonstrated by unequivocal expression of Congressional intent to condition state participation under such waiver. Majority found no such clear expression in 1976 Act. Court, however, reversed district court's finding that state immunity statute exempted educational official acting in individual capacity from damage action. Any such state immunity statute violates Supremacy Clause and cannot protect state officials acting in individual capacity.

Lane v. First National Bank of Boston, *10 U.S.P.Q.2d 1268 (1st Cir. 1989)*

First Circuit decided Eleventh Amendment bars suits against states for copyright infringement. Court laid heavy reliance on *Atascadero State Hospital v. Scanlon*, 473 U.S. 234 (1985) and *Welch v. State Dep't of Highways*, 107 S. Ct. 2941 (1987) holdings that jurisdictional bar only may be abrogated when "Congress [has] express[ed] its intention [to do so] in unmistakable language in the statute itself." Court found no such intention in language of

Copyright Act. Further, while suggesting that review of legislative history would be antithetical to Supreme Court precedent, court found that such inquiry would not advance plaintiff's argument either. Court expressed concern that its decision would yield a copyright right without a remedy as to certain infringers, and stated that societal balance likely tipped in favor of abrogation. However, court concluded it was constrained by precedent and issue was for Congressional, rather than judicial, resolution.

C. Miscellaneous Exemptions

International Korwin Corp. v. Kowalczyk, *855 F.2d 375 (7th Cir. 1988)*

Court affirmed finding that defendant's restaurant did not qualify for small business exemption under § 110(5) for radio performances of plaintiffs' copyrighted musical compositions. Defendant's restaurant comprised over 2600 square feet and generated over $500,000 annually in gross revenues. Defendant's restaurant had receiver in office capable of driving 40 speakers with eight speakers dispersed throughout restaurant transmitting radio broadcasts. Appellate court affirmed that this system was not type commonly used in private homes, that radio broadcasts were further transmitted from receiver in office to speakers in restaurant and that defendant's restaurant was not small commercial establishment Congress intended to protect by § 110(5) exemption. Accordingly, defendant was not entitled to rely on exemption.

Merrill v. Bill Miller's Bar-B-Q Enterprises, Inc., *688 F. Supp. 1172 (W.D. Tex. 1988)*

In infringement action based on defendants' public performance of musical compositions without authorization, court found for plaintiff despite defendants' claims of exemption under § 110(5). Defendants, owners of chain of restaurants who had previously subscribed to Muzak background music service, installed receiver and speakers in each of their restaurants. Although defendants had earlier used equipment provided by Muzak to perform and retransmit radio broadcasts, defendant never obtained authorization from ASCAP to perform copyrighted works in public, either before or after terminating their relationship with music service. Court found exemption inapplicable because 1) defendants' equipment was not considered "home-type", 2) broadcasts were re-transmitted to public by virtue of fact that music was heard in room separate from where broadcasts were received, and 3) size of defendants' restaurant chain justified subscription to commercial background music service. In addition to permanent injunction, court ordered defendants to pay statutory damages as defendants could not have reasonably believed themselves exempt from liability.

Boz Scaggs Music v. Peppercorn Gourmet Goods & Cooking School, Inc., *Copyright L. Rep. (CCH) ¶ 26,376 (D. Colo. 1988)*

Performance of three copyrighted musical compositions in defendant's establishment held to be infringing. Court rejected that performance came within § 110(7) exemption which permits performance "where the sole purpose of the performance is to promote the retail sale of copies or phonorecords of the work." Defendant store played music as part of overall presentation of defendant's merchandise to public. Court concluded that in view of constitutional source of copyright law, exemptions to liability should "be read narrowly, almost literally." Court concluded that sole purpose of performance was not to promote retail sales of copies of works and thus defendants did not come within § 110(7) exemption. Court awarded statutory damages and attorney's fees.

Pacific & Southern Co. v. Satellite Broadcast Networks, Inc., *694 F. Supp. 1565 (N.D. Ga. 1988)*

Court granted plaintiffs' motion for partial summary judgment on claim that defendant's retransmission of plaintiffs' tv signals through satellite to owners of home satellite dishes infringed plaintiffs' rights in copyrighted programs. Court rejected argument that defendant was exempted by § 111(c) which grants compulsory license for retransmissions by cable systems. Court reasoned that defendant was not cable system because it had three facilities rather than one as required by court's reading of definition in § 111(f). Moreover, cable definition requires facility both to receive signals and to make secondary transmissions by cable, wires or other communications channels. Here, by contrast, satellite was not located in any state and could not be considered "other communication channel" as argued by defendant.

D. Statute of Limitations, Laches, Etc.

Stone v. Williams, *10 U.S.P.Q.2d 1624 (2d Cir. 1989)*

Second Circuit held district court had properly exercised discretion in dismissing plaintiff's complaint on grounds of laches. Where plaintiff's interest, if any, in renewal rights in songs arose as result of her status as out-of-wedlock child of Hank Williams, Sr., court found plaintiff's delay for period 1974-1980 excusable based on filial loyalty to adoptive parents, prevailing attitudes toward illegitimacy and fear of publicity. However, delay for period 1980 until 1985, when plaintiff instituted declaratory judgment action, found unreasonable where adoptive father in 1980 had communicated support of plaintiff's pursuit of claim. Prejudice to defendants by plaintiff's delay found where court "[could not] be sure . . . defendants would have struck the bargains they had" if they knew plaintiff might someday share in their profits. Summary judgment in defendants' favor affirmed.

Illinois Bell Telephone Co. v. Haines and Co., *No. 88 C 0026 (N.D. Ill. March 23, 1989)*

Plaintiff sued for infringement of copyrighted telephone directories, based on defendant's marketing of cross-reference directories which arrange telephone numbers sequentially and by address. Court held that defendant was collaterally estopped from denying liability. In another case, different judge had found defendant liable for infringement of plaintiff's prior year directories, holding that information was protectible and that defendant had copied information directly. Here, court applied doctrine of collateral estoppel. Fact that later directories or directories in different geographic areas were involved did not change any material facts on which earlier decision was based. Fact that earlier decision was interlocutory, involving only question of liability and not damages, did not change applicability of collateral estoppel. If defendant later successfully appealed earlier decision, defendant could make motion under Rule 60(b)(5).

VII. REMEDIES

A. Damages

Robert R. Jones Associates, Inc. v. Nino Homes, *858 F.2d 274 (6th Cir. 1988)*

Court affirmed damage award for infringement of architectural plans based on plaintiff's lost profits, but reversed additional award of defendants' profits as impermissible double recovery. Court affirmed findings that defendants had copied plaintiff's floor plan displayed in promotional brochure for plaintiff's Aspen house and had used infringing copies in constructing seven houses. Court reviewed analogous cases discerning rule that "one may construct a house which is identical to a house depicted in copyrighted architectural plans, but one may not directly copy those plans and then use the infringing copy to construct the house." District court found that but for defendant's use of infringing copies of plaintiff's plans, plaintiff would have sold seven houses sold by defendant. Appellate court affirmed award of profits plaintiff would have made on additional seven houses. Appellate court reversed additional award of defendant's profits on houses sold since amount was already taken into account and would constitute double recovery. Appellate court also reversed award of prejudgment interest since actual damages awarded sufficiently served compensation and deterrence policies of Act.

Cream Records, Inc. v. Joseph Schlitz Brewing Co., *864 F.2d 668 (9th Cir. 1989)*

Defendant's use of combination of musical notes in its television commercial held to infringe plaintiff's rights. As defendant failed to introduce evidence of deductible costs or elements of profits not attributable to infringement, court ruled that gross revenue from plaintiff's commercial was appro-

priate measure of damages. Court further found that infringing material contributed more than *de minimis* amount to defendant's work. Accordingly, lower court's award of 1% of defendant's profits found clearly erroneous and case was remanded for reassessment of damages.

Gaste v. Kaiserman, *863 F.2d 1061 (2d Cir. 1988)*

Court upheld jury award of $268,000 damages against publisher of infringing song "Feelings." Deduction of only 12% of revenues attributable to lyrics rather than musical composition was not unreasonable. Deduction of only 8% for publisher's costs also upheld as defendant publisher had not provided documentary evidence of greater costs attributable to song.

Vane v. The Fair, Inc., *849 F.2d 186 (5th Cir. 1988)*, cert. denied, *109 S. Ct. 792 (1989)*

Defendant retail stores infringed plaintiff's copyright in slides by using them in tv commercial. Plaintiff elected to seek actual damages and profits. Court affirmed award of damages representing value of use of slides in commercials. Court also affirmed lower court's refusal to base award on calculation of infringer's profits where plaintiff did not prove with certainty amount of profits attributable to the infringement. Despite plaintiff's use of expert witness and calculations involving intricate mathematical formulas, court dismissed plaintiff's results as speculative.

Connolly v. J.T. Ventures Ltd., *851 F.2d 930 (7th Cir. 1988)*

In a civil contempt proceeding, defendants who had violated settlement agreement embodied in final order in copyright infringement action, challenged court's award of defendant's profits obtained from sale of infringing goods as measure of plaintiff's damages. Court affirmed lower court's method of assessing damages based on profits despite fact that defendants neither admitted infringing nor were found to have infringed plaintiff's copyright. Although defendants argued that damages should be determined based on lost sales, court sustained district court's holding that profits are recoverable in absence of proof of lost sales to insure full compensation to injured party.

Walt Disney Co. v. Powell, *698 F. Supp. 10 (D.C.D.C. 1988)*

Defendant found guilty of willful and knowing infringement of plaintiff's copyright in its cartoon characters by selling t-shirts and sweatshirts to tourists in Washington. Defendant conducted most of its business in cash and did not keep normal business records, so it had no record of infringing sales. Finding defendant acted with "gross impropriety," court assessed damage award of $15,000 for each of six violations, for a total of $90,000, together with interest from date of judgment.

Tracy v. Skate Key, Inc., *697 F. Supp. 748 (S.D.N.Y. 1988)*

Plaintiff "graffiti artist" painted mural for defendant's skating rink, which defendants then reproduced onto t-shirts, jackets and other merchandise. Plaintiff's admission that he could not prove actual damages was not basis for summary judgment. Actual damages also encompass infringer's profits which plaintiff would be entitled to recover should plaintiff prevail on merits. Moreover court found plaintiff's claims as to similarity presented sufficient factual disputes to defeat defendant's summary judgment motion.

Business Trends Analysts, Inc. v. The Freedonia Group, Inc., *700 F. Supp. 1213 (S.D.N.Y. 1988)*

On reconsideration, court altered damage award to account for deductible expenses and found that infringing profit may be broader than mere cash profit. Defendant, who was earlier found to have infringed plaintiff's industry study, artificially lowered market price of infringing study from $1,500 to $150 in order to gain competitive edge in market while in direct competition with plaintiff. Using legislative history as guide, court held that all profits, cash or noncash, attributable to infringement and not remote or speculative, are recoverable. As defendants sold 37 infringing studies, court multiplied cost differential of $1,350 by copies sold and assessed actual damages at $49,950. However, court reduced award by $5,666.65 to account for defendant's salary expenses.

Kleier Advertising, Inc. v. Premier Pontiac, Inc., *698 F. Supp. 851 (N.D. Okla. 1988)*

Jury returned award of identical sum against each of 2 defendants. Plaintiff urged one award was for damages and other for profits. Court upheld award as against defendants, jointly and severally, holding that jury did not intend double recovery. Court further refused to award plaintiff pre-judgment interest, holding it not expressly authorized by Act.

Golden Torch Music Corp. v. Pier III Cafe, Inc., *684 F. Supp. 772 (D. Conn. 1988)*

In action for performing eight of plaintiff's musical works without authorization, court found defendants to be knowing and willful infringers and assessed statutory damages in amount of $1000 per violation. Amount, which is roughly five times fee defendants would have paid to ASCAP had they been properly licensed, thought appropriate to deter further violations of copyright laws.

Brockman Music v. Mass Bay Lines, Inc., *7 U.S.P.Q.2d 1089 (D. Mass. 1988)*

From 1982-84, defendant continued to publicly perform copyrighted musical works on its cruise lines without obtaining ASCAP license. Court

found that defendants, while knowledgeable of ASCAP policies as result of prior business dealings, systematically delayed compliance with those policies. To deter future infringers and "vindicate copyright policy," court assessed statutory damages at approximately four times amount defendant would have paid if properly licensed. To further deter possibility of future infringement, court enjoined defendant from unlicensed performance of any ASCAP licensed musical works.

BMI v. Golden Horse Inn Corp., *No. 87-1802 (E.D. Pa. Feb. 15, 1989)*

Plaintiff sought statutory damages of $6,000 plus interest computed at 9 percent, attorneys' fees of $3,529, costs of $475.72 and injunctive relief against juke box operators for unauthorized public performance of 8 songs. Defendants failed to plead or otherwise defend and default was entered against them. Court held defendants not willful infringers where no evidence that plaintiff tried more than once to induce defendants to obtain a license or that defendants continued to violate Copyright Act. Court awarded $4,000 plus post judgment interest computed in accordance with 28 U.S.C. § 1961, $2,886 as reasonable attorneys' fees and full costs of $475.72. Injunction denied where plaintiff failed to demonstrate substantial likelihood of further infringement by defendants.

Hulex Music v. Santy, *698 F. Supp. 1024 (D.N.H. 1988)*

Court awarded statutory damages of $1,250 for each of four infringements of musical compositions by unauthorized public performance. Court looked to amount of unpaid license fees, defendant's increased profits and defendant's willfulness in setting figure, which was larger than cost of license. Court also awarded attorney's fees for local counsel and for work done by ASCAP's counsel (at local counsel's rate) and refused to deduct any portion because one of five counts had been dismissed on technicality.

Coleman v. Payne, *698 F. Supp. 704 (W.D. Mich. 1988)*

Despite prior judgment against him, defendant continued to perform 10 copyrighted songs in ASCAP repertory without an ASCAP license and without permission from copyright owners. Court permanently enjoined defendant from performing songs, and ordered defendant to pay $5,000 per infringement as well as costs and attorneys' fees. Substantial award is compensation for loss by plaintiffs and serves to deter defendant and others from further copyright violations.

Gross v. Trinidad and Tobago Tourist Board, *No. 85 Civ. 7288 (S.D.N.Y. Oct. 21, 1988)*

Defendants failed repeatedly to produce documents or to comply with plaintiff's discovery demands aimed at assessing defendant's profits attributa-

ble to unauthorized use of brochure which contained photograph taken by plaintiff. To avoid under-compensating plaintiff, magistrate agreed to speculate as to defendant's profits, using plaintiff's calculations, although magistrate allowed defendants to offset plaintiff's gross revenue figure.

B. Attorney's Fees

Robert R. Jones Associates, Inc. v. Nino Homes, *858 F.2d 274 (6th Cir. 1988)*

Court reversed district court's award of attorney's fees in case in which defendant infringed copyright in plaintiff's architectural plans. Defendant built 7 houses using infringing copies of plaintiff's plans. Because plaintiff obtained registration for plans after 2 of 7 houses were completed, district court awarded 5/7 of plaintiff's attorney's fees. Appellate court reversed, finding that infringement occurred when plans were copied not when homes were constructed. Because registration occurred after 3 month grace period and after plans had been copied by defendants, appellate court reasoned that plaintiff was not entitled to any attorney's fees under § 412(2).

International Korwin Corp. v. Kowalczyk, *855 F.2d 375 (7th Cir. 1988)*

Court affirmed award of over $22,000 attorney's fees based on defendant's willful infringement of plaintiffs' copyrighted musical compositions by live or radio performances in defendant's restaurant. Appellate court affirmed finding of willfulness because ASCAP had repeatedly informed defendant that license was required to avoid infringement and because judge discredited defendant's testimony that he had honest belief that there was no infringement because he came within § 110(5) exemption. Court noted that this argument was not even made in defendant's brief until second brief in response to plaintiff's motion for summary judgment. Seventh Circuit found it unnecessary to determine what standard for award for attorney's fees should be, since defendant's willfulness was sufficient to support award.

Warner Brothers, Inc. v. Dae Rim Trading, Inc., *695 F. Supp. 100 (S.D.N.Y. 1988)*

In action to assess award of attorney's fees where counsel represented 8 defendants in 8 separate actions brought by same plaintiff, court allowed award in present action to be based on time charges accumulated in defense of 8 actions. Court justified award by pointing out that counsel's time and effort would have had to be expended regardless of whether counsel had to prepare for defense of one defendant or 8 defendants. Court provided however, that future actions to recover fees would have to take into account compensation awarded in present action.

Kahn v. Head, *9 U.S.P.Q.2d 1828 (D. Md. 1988)*

After jury verdict for defendant on copyright and unfair competition claims, defendant moved for award of costs, including attorneys' fees, under Rule 68, Fed. R. Civ. P., based on plaintiff's rejection of offer of judgment. Court awarded attorney's fees to defendant, but did not specify whether award was pursuant to Rule 68 or § 505 of Copyright Act, basing it on both. Court found evidence against defendant "virtually non-existent" and that plaintiff prolonged trial unnecessarily by insisting on reviewing catalogs page by page to point out similarities. In fact, similarities were either "negligible" or "unavoidable."

Sonja-Kaplan Productions, Inc. v. Zippi, *No. 87-5761 (E.D. Pa. Jan. 31, 1989)*

In earlier opinion, court dismissed copyright claims against defendants based on use of plaintiff's recorded radio jingles in demonstration tape. Defendant then moved for award of attorney's fees. Applying *Lieb v. Topstone Industries, Inc.*, 788 F.2d 151 (3d Cir. 1986), court found that although plaintiff's claim was not frivolous, certain evidence had been unreasonably obtained. Plaintiff's mother had contacted defendant on pretext and had obtained demonstration tapes and brochures. Another tape was procured by friend of plaintiff. Court reasoned that deterrence policy underlying fee awards should also extend to contrived evidence. Court awarded over $7,000 to defendants in attorney's fees.

Editions Group i and Bastien Music v. Anheuser-Busch, *Copyright L. Rep. (CCH) ¶ 26,298 (S.D.N.Y. 1988)*

Court denied defendants' application for attorney's fees and costs where plaintiffs' suit was dismissed after both sides rested at jury trial because plaintiffs failed to record transfer of copyright under § 205(d). Court reasoned that litigation was not baseless or brought in bad faith.

C. Injunctive Relief

Russell William, Ltd. v. ABC Display and Supply, Inc., *Copyright L. Rep. (CCH) ¶ 26,396 (E.D.N.Y. 1989)*

Court denied preliminary injunction where plaintiff waited two years after it was aware of possible infringement of its catalog and one year after commencing suit to make motion. Court found that presumption of irreparable harm is rebutted when moving party delays significantly in seeking preliminary relief. Defendant's alleged dilatory behavior earlier in lawsuit did not excuse plaintiff's delay.

D. Rule 11

Hays v. Sony Corp., *847 F.2d 412 (7th Cir. 1988)*

Appellate court affirmed $15,000 rule 11 sanction imposed upon plain-

tiff's attorney. Infringement claim based on common law copyright was frivolous because 1976 Act created unified system of copyright. Although appellate court found statutory claim for infringement of plaintiff's manual was not frivolous, claims for statutory damages and attorney's fees were, since copyright was not registered within three months of publication and before alleged infringement. In addition, plaintiff's attorney had not alleged infringement. In addition, plaintiff's attorney had not conducted adequate factual inquiry where a letter to defendant might have revealed that defendant had not sold allegedly infringing manual (and thus that there could be no recovery for profits) and where plaintiff's counsel presented no evidence that clients had plans or prospects to publish manual (and thus there was no basis for actual damages). Overbroad complaint and pressing frivolous claims after their groundless nature would have been obvious violated Rule 11. Rule 11 imposes negligence standard of whether "sanctioned party's conduct was reasonable under the circumstances." Although counsel here was general practitioner with no expertise in copyright, such lawyer must either associate self with expert in area or "bone up" on relevant law. Appellate court also noted that it believed that non-prevailing sanctioned party should be liable for attorney's fees of adversary on appeal, but that such fees must be awarded by district court.

Humphrey v. Columbia Records, *9 U.S.P.Q.2d 2064 (S.D.N.Y. 1989)*

Court awarded costs under Rule 11, Fed. R. Civ. P.; 17 U.S.C. § 505 and 28 U.S.C. § 1927 against attorney as sanctions for vexatious conduct and bad faith in prosecuting meritless claim. Distinguishing current copyright law from prior law which was mandatory, court noted discretionary nature of awards of attorney's fees and costs to prevailing party under present statute. Among factors justifying award court cited: attorney's failure and refusal to conduct factual investigations which would have apprised attorney of fraudulent nature of claim; attorney's failure to call expert at trial after requiring defendants to expend substantial sums in preparing voice exemplars for expert's use; and attorney's unprofessional conduct throughout litigation, including making of *ex parte* communications with court. In court's view, attorney's having elicited perjured testimony from her adolescent client alone provided sufficient basis for award. Court nevertheless denied assessment of attorney's fees against attorney where to do so would have forced her to close her practice. Court awarded total costs to defendants but allowed set-off of $45,000 settlement reached with attorney's co-counsel, resulting in net award of $61,959.09 against attorney.

VIII. PREEMPTION

Midler v. Ford Motor Co., *849 F.2d 460 (9th Cir. 1988)*

Bette Midler's claim for appropriation of distinctive part of her iden-

tity—her voice—in TV commercial using sound alike was held not preempted by Copyright Act. Defendants used sound-alike version of song made famous by Midler as background to tv commercial. District court dismissed claim as matter of law. Ninth Circuit reversed, finding basis in California's common law protection of distinctive elements of person's identity. Although appellate court noted that copyright law preempts much of area, quoting legislative history that "mere imitation of a recorded performance would not constitute a copyright infringement," court reversed dismissal of claim without further discussion of copyright preemption principles.

Nash v. CBS, Inc., *691 F. Supp. 140 (N.D. Ill. 1988),* later opinion, *704 F. Supp. 823 (N.D. Ill. 1989)*

Plaintiff's unfair competition claim based on Illinois' Uniform Deceptive Trade Practices Act held not preempted by § 301. Plaintiff's books set forth theory that bank robber John Dillinger was not killed by FBI in 1934. Defendant's episode of "Simon and Simon" tv show used idea that Dillinger was still alive. Court found that because Illinois deceptive practices statute required "confusion" as additional element of claim, and because goal of statute, unlike copyright law, was to protect consumers, that claim was not preempted by § 301. Claim for misappropriation, however, was preempted. Plaintiff's books came within subject matter of copyright. "Commercial immorality" aspect of misappropriation not element sufficiently different from elements of copyright action to constitute "additional" element and goals of misappropriation tort and copyright law are identical.

Galerie Furstenberg v. Coffaro, *697 F. Supp. 1282 (S.D.N.Y. 1988)*

In suit alleging reproduction and distribution of counterfeit Dali works, court upheld claim based on RICO (Racketeer Influenced and Corrupt Practices Act). Plaintiff's claims for misappropriation and unjust enrichment, however, held preempted under § 301, and dismissed pursuant to Rule 12(b)(6). Court reasoned that Dali works were within subject matter of Copyright Act and that causes of action were equivalent to exclusive rights protected by Copyright. Court also dismissed plaintiff's trademark claims which contended that Dali's unique and distinctive images were trademarks. Court concluded that plaintiff was stretching trademark law beyond its limits "to enforce what is at best a copyright claim."

Gladstone v. Hillel, *8 U.S.P.Q.2d 1097 (Cal. Ct. App. 1988)*

Jeweler's conversion, fraud and statutory state unfair competition claims were not preempted by § 301. Designer of unique jewelry who joined business venture with defendants was informed that arrangement was dissolved. Defendants retained plaintiff's molds and various items of jewelry. Defendants produced line of jewelry incorporating plaintiff's designs and used plaintiff's molds or jewelry to make simplified working models. Court affirmed

that plaintiff's fraud and conversion claims were not preempted since fraud requires extra element of misrepresentation, and conversion requires showing of wrongful possession. Court also affirmed that claims based on state statute prohibiting unlawful, unfair or fraudulent business practices was not preempted because claim required showing of palming off and likelihood of confusion. Court also found that claim based on California's plug molding statute was not preempted. Court followed decision in *Interpart Corp. v. Italia*, 777 F.2d 678 (Fed. Cir. 1985), which departed from "extra element" requirement interpretation of § 301. Court reasoned that prohibition on using another's product in making mold does not prohibit copying *per se* but only copying involving particular process considered unscrupulous. Statute, thus, does not interfere with copyright scheme. Court agreed, however, that injunction prohibiting use of plaintiff's designs "for any purpose" was too broad and narrowed injunction to prohibit use in direct molding process.

Maheu v. CBS, Inc., *7 U.S.P.Q.2d 1238 (Cal. App. 1988)*

Conversion claim based on letters written by Howard Hughes to plaintiff held preempted by § 301 to extent damages were claimed due to defendants' reproduction and distribution of letters in Hughes biography and magazine article. Court reasoned that letters fell within subject matter of Act and that rights were equivalent to extent conversion claims were based not on wrongful physical possession of letters but on unauthorized reproduction and distribution of letters. To extent claim was based on wrongful physical possession, court found claim barred by statute of limitations.

Demetriades v. Kaufmann, *698 F. Supp. 521 (S.D.N.Y. 1988)*

Defendants, who in earlier ruling were found to have copied and made unauthorized use of plaintiff's architectural plans, allegedly entered plaintiff's property to photograph interior of plaintiff's house in furtherance of their scheme of appropriation. Plaintiff also claimed that defendants' acts were wrongful acts of misappropriation cognizable under New York law of unfair competition. Defendants moved to dismiss. To extent claim derived from wrongful appropriation of plans, it was preempted. Unauthorized appropriation of property interest in interior features of house, however, was cognizable under expansive interpretation of "commercial immorality" under New York unfair competition law.

Pacific & Southern Co. v. Satellite Broadcast Networks Inc., *694 F. Supp. 1565 (N.D. Ga. 1988)*

Plaintiffs' claim for tortious interference with contract based on defendant's retransmission of tv signals via satellite held preempted by § 301. Court reasoned that tv programs are within subject matter of copyright law and that acts prohibited by both copyright law and tort claim were same. Fact that tort claim included willfulness finding held not sufficiently different to render

two causes of action to be meaningfully different. Court thus granted defendant's motion for partial summary judgment on this count.

Patsy Aiken Designs, Inc. v. Baby Togs, Inc. *701 F. Supp. 108 (E.D.N.C. 1988)*

Summary judgment granted to defendants where plaintiff's claims for unfair competition and unfair trade practices held preempted. Court found plaintiff's state claims, asserted after plaintiff had sent demand letter to defendant alleging copyright infringement and had subsequently been made aware that some of plaintiff's clothing designs were sold without copyright notice, did not contain "extra element"—beyond copying—necessary to survive preemption. No palming off found where only misrepresentation by defendants was inferential, resulting from defendant's copying of plaintiff's designs.

Gemcraft Homes, Inc. v. Sumurdy, *688 F. Supp. 289 (E.D. Tex. 1988)*

On grounds that defendant "stole, copied and plagiarized" architectural plans, plaintiff brought action in state court for breach of contract, breach of fiduciary duty, conversion and tortious interference with contract. Defendant removed action to federal court, claiming that plaintiff's claims were preempted by § 301 of Copyright Act and were thus claims arising solely under federal law. On plaintiff's motion to remand, court held that plaintiff's conversion claim was equivalent to rights protected by § 106 of Act and therefore was preempted. Claim of tortious interference with contract also was preempted as it was act of copyright infringement that resulted in tortious interference. Conversion and tortious interference claims thus properly removable as federal questions and plaintiff's remaining claims removable under pendent jurisdiction.

Macey v. R.L. Bryan Co., *Copyright L. Rep. (CCH) ¶ 26,281 (S.C. Ct. App. 1988)*

Plaintiff brought breach of contract action in state court alleging that defendant's failure to register plaintiff's book for copyright protection prevented plaintiff from recovering damages and attorneys fees in prior federal suit. Court held plaintiff's claims arise under Copyright Act, as construction of Copyright Act and specifically, whether registration is prerequisite to protection, was required to determine whether defendant breached contract. Relying on series of contract cases which, in essence seek copyright relief, court found plaintiff's claims preempted by Copyright Act, and dismissed case for lack of subject matter jurisdiction.

Tracy v. Skate Key, Inc., *697 F. Supp. 748 (S.D.N.Y. 1988)*

In infringement action where plaintiff claimed defendant skating rink unlawfully reproduced plaintiff's work without consent, court held plaintiff's

Lanham Act claim not preempted. Section 301 specifically exempts rights under other federal statutes. Court further held plaintiff's dilution claim and fraud claim not preempted as they contain elements not equivalent to copyright infringement. However, court dismissed plaintiff's claim under New York Artist Authorship Rights law as that law encompasses rights protected by Copyright Act.

IX. MISCELLANEOUS

A. Antitrust

A & M Records, Inc. v. A.L.W., Ltd., *855 F.2d 368 (7th Cir. 1988)*

Court affirmed judgment against defendants who rented records copyrighted by plaintiff record companies and affirmed dismissal of defendant's antitrust counterclaims as matter of law. After passage of Record Rental Amendment of 1984, defendants sought, but were refused, licenses from record companies to rent records. Defendants argued that plaintiffs conspired to refuse licenses in violation of antitrust laws. Court affirmed that no evidence of conspiracy existed and noted that no record company "would have an incentive to insure that its rivals do not harm themselves by allowing rental, and thereby illegal copying of their records."

B. Copyright Royalty Tribunal

ACEMLA v. Copyright Royalty Tribunal, *854 F.2d 10 (2d Cir. 1988)*

Court denied petition challenging nominal $1 award to ACEMLA by Copyright Royalty Tribunal in its 1985 distribution of cable retransmission of distant tv signals fund. Amount of fund attributable to Spanish-language music was awarded entirely to ASCAP, BMI and SESAC except for nominal $1 award to ACEMLA. Court rejected argument that evidence of actual performances on cable should be superior to other types of evidence which demonstrated dominance of three performing rights societies in licensing cable stations. Nominal award was not improper in view of relatively insignificant participation of ACEMLA in cable retransmission market.

ACEMLA v. Copyright Royalty Tribunal, *851 F.2d 39 (2d Cir. 1988)*

Court denied ACEMLA and Italian Book Corporation's petition for review of Copyright Royalty Tribunal's distribution of jukebox royalties for 1985. Tribunal had ruled that neither party was a performing rights society—"an association or corporation that licenses the public performance of nondramatic musical works." Tribunal reasoned that ACEMLA was neither association or corporation because it was not sufficiently independent of copyright owners, being indistinguishable from music publishing company. Court upheld Tribunal's interpretation as reasonable. Fact that Tribunal recognized SESAC as performing rights society despite fact that SESAC did small amount of music publishing held not to be arbitrary or capricious. Tribunal could properly have found SESAC, unlike ACEMLA, was sufficiently in-

dependent from copyright owners to be primarily a performing rights society. Court also upheld Tribunal's conclusion that as subpublisher Italian Book Corporation was not primarily a performing rights society.

NBC v. Copyright Royalty Tribunal, *848 F.2d 1289 (D.C. Cir. 1988)*

Court upheld Copyright Royalty Tribunal's ("CRT") award of royalties to syndicator of television program rather than show's creator. Act allows cable television operators to retransmit to their subscribers primary signals of network broadcasts upon payment of royalty fee to Register of Copyrights. Under § 111(d)(3) of 1976 Act, these royalties are then distributed by CRT to "copyright *owners* who claim their works were subject of secondary transmissions by cable systems." Looking to legislative history of Act, court agreed with CRT's assessment that Congress' concern was for owner whose interests are directly hurt by cable retransmission: typically, exclusive syndicator of program. Court emphasized however, that notwithstanding any statutory distribution by CRT, CRT has no authority to interpret contracts conveying copyrights, and that private litigation should determine parties' property and contractual rights as between NBC and syndicator.

C. *Constitutional Questions*

New York Chinese TV Programs, Inc. v. U.E. Enterprises, Inc., *Copyright L. Rep. (CCH) ¶ 26,398 (S.D.N.Y. 1989)*

Summary judgment granted to plaintiff in suit for infringement of Chinese language television programs originally broadcast in Taiwan. Taiwanese television companies assigned copyrights in U.S. in programs to plaintiff's licensor which duly recorded assignments. Edited versions of programs were registered with U.S. Copyright Office by plaintiff's licensor and copyrights in New York and New Jersey were subsequently assigned to plaintiff. Defendant's programs were copied in Taiwan from broadcasts. Magistrate deciding cross-motions for summary judgment, pursuant to 28 U.S.C. § 636(c), rejected defendants' complex contentions that Taiwan Relations Act ("TRA") is unconstitutional insofar as it confers copyright protection on Taiwanese nations under Treaty of Friendship, Commerce and Navigation ("FCN Treaty"). Magistrate relied in part on arguments presented by Department of Justice which submitted a Statement of Interest in response to Magistrate's invitation to appear in case pursuant to 28 U.S.C. § 517. Magistrate found that TRA, signed by President Carter in 1979 following de-recognition of Republic of China and recognition of People's Republic of China, constitutionally extended to Taiwan provisions of FCN Treaty respecting copyright protection despite cessation of formal diplomatic relations. Magistrate also rejected defendants' arguments that plaintiff's copyright in edited version did not protect unedited version copied by defendants. Because episodic divisions and other changes made by plaintiff's licensor were found trivial, magistrate

concluded defendants had copied and distributed registered works. Finally, magistrate rejected defendants' arguments that plaintiff's copyrights were invalid because license from plaintiff's licensor was champertous and plaintiff's licensor made misrepresentations of fact to Copyright Office. License agreement and assignment held not champertous under New York law where purpose went beyond bringing lawsuit and other rights conveyed were valuable. Enforceability of copyrights assigned to plaintiff not barred by fraud on Copyright Office where no evidence of fraudulent intent or that disclosure of full facts would have resulted in rejection of applications. Permanent injunction granted.

III. OWNERSHIP

A. Work for Hire

Community For Creative Non-Violence v. Reid, *No. 88-293 (Sup. Ct. June 5, 1989)*

In a unanimous decision, Supreme Court adopted "agency law" test of who is an employee under work-made-for-hire definition. Previously circuits were split and employed a variety of tests. Community for Creative Non-Violence conceived of idea for modern Nativity scene of three homeless people huddled over steam grate to dramatize plight of homeless. Reid sculpted human figures and cart containing their belongings with some consultation with CCNV. CCNV arranged for construction of steam grate pedestal. Supreme Court found that resulting sculpture was not work made for hire, applying "agency law" test developed by the Fifth and DC circuits to determine that Reid was not employee of CCNV. To make determination, Court looks for guidance to Restatement of Agency. Factors considered included: right to control manner and means of work's creation, skill required, source of instruments and tools, location of work, right to assign additional projects, extent of creator's discretion over when and how long to work, method of payment, creator's role in hiring and paying assistants, relationship of work to hiring party's regular business, provision of employee benefits and tax treatment of hired party.

Court reasoned that two-part work-made-for-hire definition distinguishes between employees on one hand covered in § 101(1) and independent contractors covered, if at all, under § 101(2). Court found that work-made-for-hire definition of statute reflected historic compromise reached in 1965 between authors and creators on one hand and marketers of copyrighted works on other. Court rejected "actual control" test adopted in *Aldon Accessories Ltd. v. Spiegel*, 788 F.2d 548 (2d Cir.), *cert. denied*, 469 U.S. 982 (1984), as well as "right to control" test as not consonant with statutory language and legislative history. Court also rejected "formal, salaried employee" test enunciated in *Dumas v. Gommerman*, 865 F.2d 1093 (9th Cir. 1989), reasoning that statutory language did not support such interpretation. Court

noted, however, that circuit had remanded case for consideration of whether CCNV was joint author of work. Because this issue was not before Supreme Court, case was remanded for determination of joint authorship issue.

PART V

BIBLIOGRAPHY

A. BOOKS, TREATISES AND CASSETTES
United States Publications

54. NIMMER, MELVILLE B. AND PAUL E. GELLER. *International Copyright Law and Practice*. 1 vol. looseleaf. N.Y.: Matthew Bender, 1988.

This looseleaf treatise has comprehensive coverage of the copyright laws, regulations, and procedures of over 20 countries. For each country, the standard for copyright protection, type of works protected, duration of copyright protection, right of transfer, protection of moral rights, and remedies available for infringement are discussed and analyzed.

B. ARTICLES FROM LAW REVIEWS AND COPYRIGHT PERIODICALS
1. United States

55. BROWN, RALPH S. Design protection: an overview. *UCLA Law Review*, vol. 34, No. 576 (June-August 1987), pp. 1341-1404.

Mr. Brown discusses copyright and patent protection for designs and states that unfair competition law is overtaking copyright and design patent law as a source of protection for designs. The author discusses how to tell whether a design is functional or non-functional and reviews two cases dealing with the functionality of design—*Sears, Roebuck & Co. v. Stiffel Co.* and *Compco Corp. v. Day-Brite Lighting, Inc.*

56. CLAPES, ANTHONY L., PATRICK LYNCH AND MARK R. STEINBERG. Silicon epics and binary bards: determining the proper scope of copyright protection for computer programs. *UCLA Law Review*, vol. 34, no. 5 & 6 (June-August 1987), pp. 1493-1595.

The authors discuss the role of software in the computer industry and programming as a business. They look at elements of programming with particular emphasis on the structure of a program including modularity, its code and data structure. The authors deal with infringement of computer programs and what they believe are appropriate tests to prove substantial similarity between computer programs.

57. DIVINEY, CATHERINE A. Guardian of the public interest: an alternative application of the fair use doctrine in *Salinger v. Random House, Inc. St. John's Law Review*, vol. 61, no. 4 (Summer 1987), pp. 615-628.

The author discusses the case of *Salinger v. Random House, Inc.*, in

which the Court of Appeals for the Second Circuit held that a biographer's use of an author's unpublished letters was not fair use. Ms. Diviney then analyzes the fair use doctrine with special attention to the elements of fair use (the amount and substantiality of the portion used and the effect on the market). She concludes that the injunction against the biography should have been lifted because the potential harm to Salinger from the biography was slight in comparison to the harm the injunction imposed on the public.

58. HOROWITZ, MICHAEL E. Artists' rights in the United States: toward federal legislation. *Harvard Journal on Legislation*, vol. 25, no. 1 (Winter 1988), pp. 153-213.

The author discusses moral rights, including distinct rights such as paternity, integrity, disclosure, and withdrawal. He discusses recent efforts to secure protection for artists within existing legal frameworks and remedies under existing federal copyright law along with a look at moral rights protection under section 43(a) of the Lanham Act. The author concludes that federal legislation is desirable and commends recent Congressional bills as an important step toward comprehensive federal protection of artists' rights.

59. KOHS, DAVID J. Paint your wagon—please!: colorization, copyright, and the search for moral rights. *Federal Communications Law Journal*, vol. 40, no. 1 (Feb. 1988), pp. 1-38.

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60. LEE, TED. D. AND ANN LIVINGSTON. The road less traveled: state court resolution of patent, trademark, or copyright disputes. *St. Mary's Law Journal*, vol. 19, no. 3 (1988), pp. 703-753.

The authors discuss state court suits involving patents, copyrights, or trademarks and the issues asserted in state court suits and defense alternatives.

61. LEVY, STEVEN MARK. Artists' moral rights: will federal legislation have any real impact in deterring the mutilation and destruction of artworks? *Los Angeles Lawyer*, vol. 11, no. 1 (Mar. 1988), pp. 11-17.

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62. MCCARTHY, J. THOMAS. Melville B. Nimmer and the right of publicity: a tribute. *UCLA Law Review*, vol. 34, no. 5 & 6 (June-August 1987), pp. 1703-1712.

Mr. McCarthy discusses the impact of Melville Nimmer's writings in the field of intellectual property. Special attention is focused on his writings concerning privacy law and the origins of the right of publicity and the fact that celebrity status is not a "waiver" of publicity rights.

63. MIDDLETON, ALAN S. A thousand clones: the scope of copyright protection in the "look and feel" of computer programs. *Washington Law Review*, vol. 63, no. 1 (January 1988), pp. 195-220.

The author discusses two types of computer programs—systems programs and application programs—and the user interface which is the means by which a computer and a user communicate with one another. He also delves into the copyright protection of command languages. Cases discussed include *Broderbund Software, Inc. v. Unison World, Inc.* and *Digital Communications Associates, Inc. v. Softklone Distributing Corp.*

64. OMAN, RALPH. Source licensing: the latest skirmish in an old battle. *Columbia-VLA Journal of Law and the Arts*, vol. 11, no. 2 (Winter 1987), pp. 251-281.

This article, which is based on statements made by the Register of Copyrights at the hearing on S. 1980 before the Senate Subcommittee on Patents, Copyrights and Trademarks on April 9, 1986, and the hearing on H.R. 3521 before the House Subcommittee on Courts, Civil Liberties and the Administration of Justice on March 19, 1986, addresses the problem of source licensing. Mr. Oman provides the history of licensing performing rights both in television and motion pictures along with a discussion of the bargaining powers of composers. *CBS v. ASCAP* and *Buffalo Broadcasting v. ASCAP* are among the cases analyzed. He devotes attention to proposed source licensing legislation which would amend title 17 of the U.S. Code and which would prohibit the transfer of performance rights without the right to perform the accompanying music. He also considers the arguments both for and against source licensing including criteria such as the stability of the marketplace and the quality of programming.

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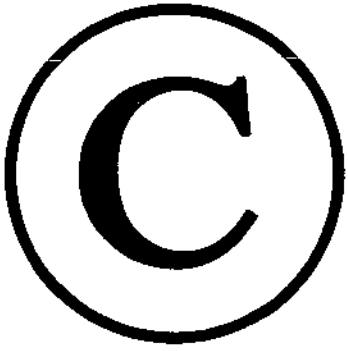

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PART I

ARTICLES

65. FRENCH COPYRIGHT LAW: A COMPARATIVE OVERVIEW*

By JANE C. GINSBURG

French copyright law has attracted considerable recent attention in the United States. Debate over the nature and scope of legislation permitting U.S. entry into the Berne Union for the Protection of Literary and Artistic Works spurred some of this interest: because France was a founding member of that Union, some participants in the Berne adherence process perceived "Berne level" copyright protection to be synonymous with "French" copyright protection.[1] As Congress continues to consider modifications to the U.S. copyright law, particularly in the area of moral rights,[2] France again supplies a leading example. And the on-going litigation in France concerning the attempted broadcast of a colorized version of the late John Huston's film *The Asphalt Jungle*[3] provides yet another source of publicity about French

*This comment is based in part on a presentation made at the Library of Congress symposium on Publishing and Readership in Revolutionary France and America, May 3, 1989.

[1] *See, e.g.* Statement of the "Coalition for Preservation of the American Copyright Tradition," in Hearings before the Subcommittee on Courts, Civil Liberties and the Administration of Justice of the House Judiciary Committee, on the "Berne Convention Implementation Act of 1987," 337.

[2] *See, e.g.* Visual Artists Rights Act of 1989, S. 1198 ("Kennedy bill"), H.R. 2960 ("Kastenmeier bill").

[3] The most recent decision in the *Huston* case was rendered by the Paris Court of Appeals on July 7, 1989 (unpublished), *reversing* Tribunal de Grande Instance of Paris, Judgment of November 23, 1988, 139 RIDA (January 1989) p. 205. Pending full hearing, the Paris Court of Appeals (differently composed), had by Judgment of June 25, 1988, 138 RIDA (October 1988) p. 309, applied French law to enter an interim order restraining the broadcast. After full hearing, the lower court had sustained the Huston heirs' claim, holding: (1) French law applied; (2) under French law, Huston was the "author" of the film, and by virtue of that status could invoke the benefits of French moral rights protections; and (3) colorization distorted the film's integrity. The Paris Court of Appeals in its July 1989 decision reversed both on choice of law grounds, and on the merits of the moral rights claim. The court held: (1) U.S. law applied; (2) under U.S. law Huston was not an "author" and therefore could not assert moral rights; (3) application of U.S. law did not violate French public policy

copyright law.

These and other developments suggest the desirability of a brief review not only of the general outlines of the French law (with appropriate parallels or contrasts to U.S. copyright law), but of some of the recent problems that have emerged.[4] The issues are of general relevance to the publishing community.

I.

The French revolutionary copyright laws of 1791 and 1793 served as the essential legal test until 1957. The French law of 1957, as amended in 1985,[5] states the present French copyright law. I will discuss the following questions under this statute and its judicial interpretation: Who is protected; What subject matter is protected; and What rights are protected?

A. Who is Protected?

Article 1 of the 1957 law reads:

> The author of an intellectual work shall, by the mere fact of its creation, enjoy an exclusive incorporeal property right in the work. . . . The existence or the conclusion by the author of an intellectual work of a contract to make a work, or an employment contract, shall imply no exception to the enjoyment of the right recognized in the first paragraph.[6]

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because even French law provides instances in which the actual creator is denied authorship prerogatives; and (4) even if French law applied, colorization would not violate Huston's moral rights because colorization produces an original derivative work.

For commentaries on earlier stages of the *Huston* case, *see, e.g.*. Françon, observations, 42 Rev. Trim. Dr. Com. 70-73 (discussing Paris trial and appellate court interim orders and Paris trial court decision of November 1988); Guabiac, note, 138 RIDA (October 1988) pp. 312-14 (discussing Paris Court of Appeals interim order); Ginsburg, *Colors in Conflicts: Moral Rights and the Foreign Exploitation of Colorized U.S. Motion Pictures*, 36 J. Copyr. Soc'y 81, 95-96 (discussing Paris Court of Appeals interim order).

[4] I do not propose to discuss moral rights cases in France in general, or the *Huston* case in particular here. There is an extensive U.S. law review literature concerning the first topic, see, e.g., Sarraute, *Current Theory on the Moral Rights of Authors and Artists under French Law*, 16 Am. J. Comp. L. 465 (1968); Merryman, *The Refrigerator of Bernard Buffet*, 27 Hastings L.J. 1023 (1976); DaSilva, *Droit Moral and Amoral Copyright: A Comparison of Artists' Rights in France and the U.S.*, 28 Bull. Copyr. Soc'y. 1 (1980). Concerning the second, the Paris Court of Appeals decision in *Huston* of July 6, 1989 is very likely to be appealed; a full or partial reversal by the Cour de cassation may well be anticipated.

[5] France, Law of July 3, 1985, *amending* Law of March 11, 1957.

[6] France, Law of March 11, 1957, art. 1 (UNESCO translation).

There are two important points to signal. *First*. The French law expresses a highly personalist view of copyright: the beneficiary of copyright is the author; she holds the copyright simply because she is a creator.[7] She enjoys the prerogatives of authorship regardless of employment status, and independent of formalities. Modern French copyright does not arise out of, or depend on, compliance with state-imposed conditions such as inclusion of notice of copyright on published copies, or deposit and registration of the work. Until the early 20th century, France conditioned the exercise of copyright upon compliance with the deposit formality, but it abandoned the condition as a result of its adherence to the Berne Convention for the Protection of Literary and Artistic works.[8] (By the same token, in light of its recent ratification of that same international copyright treaty, the U.S. has substantially muted the role of formalities in ensuring copyright protection.)[9]

In principle, French copyright devolves upon the author, the physical creator of the work. According to the personalist notion of copyright, a *personne morale*, that is, a fictitious legal person such as a corporation, cannot be an "author," and thus cannot enjoy initial copyright ownership.[10] One leading French copyright scholar evoked the personalist concept in particularly graphic, and Gallic, fashion: "One cannot dine with a *personne morale*."[11] By contrast, under U.S. copyright law, employers, and, under certain circumstances, commissioning parties, including corporate entities, are considered "authors" and initial copyright holders.[12]

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[7] On the personalist view of copyright, *see, e.g.*, C. COLOMBET, PROPRIETE LITTERAIRE ET ARTISTIQUE 17-22 (4th ed. 1988), and works cited therein.

[8] France was a signatory to the initial text of the Berne Convention promulgated in 1886. The 1908 Berlin revision eliminated all formalities as a condition on the exercise or enjoyment of copyright. *See, e.g.*, UNION INTERNATIONALE POUR LA PROTECTION DES OEUVRES LITTERAIRES ET ARTISTIQUES, ACTES DE LA CONFERENCE REUNIE A BERLIN DU 14 OCTOBRE AU 14 NOVEMBRE 1908 (Berne 1909); A. BOGSCH, THE FIRST HUNDRED YEARS OF THE BERNE CONVENTION FOR THE PROTECTION OF LITERARY AND ARTISTIC WORKS (Geneva 1986).

[9] The Berne Convention Implementation Act of 1988, Pub. L. No. 100-568, 102 Stat. 2853 (1988), eliminates the requirement that notice of copyright accompany all published copies of the work, and relieves foreign works originating in Berne Union countries other than the United States from the obligation to register and deposit copies of the work with the Library of Congress prior to initiating a suit for copyright infringement. *See generally* Ginsburg and Kernochan, *One Hundred and Two Years Later: The United States Joins the Berne Convention*, 13 Colum.-VLA J. Law & the Arts 1, 9-24 (1988).

[10] *See, e.g.*, A. FRANÇON, COURS DE PROPRIETE LITTERAIRE ARTISTIQUE ET INDUSTRIELLE, 64-66 (1980-81); Françon, observations, 40 Rev. Trim. Dr. Com. (Oct.-Dec. 1987) pp. 512-14.

[11] Remarks of Prof. André Françon, University of Paris II.

[12] 17 U.S.C. § 101 (works made for hire). The U.S. Supreme Court recently has

Second. The French principle of author-ownership in fact admits a number of exceptions. The coordinating entity, including a corporation, of a collective work, such as a newspaper, dictionary or encyclopedia, is considered the initial copyright holder.[13] This rule probably originates in a Napoleonic-era decision of France's highest civil law court, the Cour de cassation, in a controversy involving ownership rights in the *Dictionnaire de l'Academie française*.[14] There, demonstrating a less personalist orientation, the court sustained the government advocate's argument that: "The word [authors, as employed in the 1793 copyright law] designates not only those who have themselves composed a literary work, but also those who have had it written by others, and who have had the work done at their expense. . . . The rights which belong to the nation belong to it because it is the nation which itself instituted and paid the Académie française to compose this dictionary." Agreeing, the court held: "In the letter, as well as the spirit of the law, the true owner to compensate for the infringement is the owner of the original publication, that is, the publisher, because under the tort of infringement only the publisher's interests are harmed by the infringement of the original edition."

Another exception to the rule of author-ownership prevails in the domain of audiovisual works, where the existence of an employment contract gives rise to a presumption of transfer of exploitation rights from the creative participants to the producer.[15] The 1985 law extends a similar presumptive

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affirmed a restrictive construction of the 1976 Act's definition of commissioned works for hire. *Committee for Creative Non-Violence v. Reid*, 109 S. Ct. 2166 (1989).

The French analogue to a joint work is termed a "collaborative work." France, Law of March 11, 1957, art. 10. As in the U.S., such a work may result from the combination of interdependent contributions, for example, music and lyrics, or from the merger of inseparable contributions, for example jointly written text. (*See* 17 U.S.C. § 101.) By contrast, while in the U.S. a joint author may alienate rights in the work without her co-author's accord (subject to a duty to account), in France all joint authors must agree to grant rights in the work. In case of impasse, the statute authorizes the civil tribunals to determine whether the opposed grant should occur. *Id.*, art. 10, cls. 2 & 3. Clause 4 of this article provides that separable contributions may be exploited separately, without all other co-authors' agreement, so long as the exploitation does not prejudice the exploitation of the work as a whole.

[13] France, Law of March 11, 1957, art. 13.

Although the coordinating entity of a collective work is the initial copyright owner of the work in its ensemble, the authors of the component parts retain rights in their individual contributions. These they may exploit separately, so long as the exploitation does not prejudice the collective work. *Id.* art. 36, cl. 3.

[14] Cass. 7 prair. XI, Dev. & Car. 1791-An XII.1.806; J. Pal. An XI-Floréal-An XII.293, *Bossange c. Moutardier.*

[15] France, Law of March 11, 1957, *as amended* July 3, 1985, art. 63-1.

transfer rule to commissioned works created for advertising.[16] In both these cases, however, the statute requires the employer or commissioning party to compensate the author for the various modes of exploitation of the work. Finally, the recent amendment governing computer programs vests the prerogatives of authorship in the employers of software writers.[17]

The actual author retains primacy in the area of traditional book publishing: here, the 1957 law sets forth several mandatory contract provisions, guaranteeing the author proportional royalties, and settling rights in future modes of exploitation of the work.[18] In other words, subject to certain exceptions,[19] the publisher cannot proffer a lump sum payment and thereby alienate the author from further participation in the exploitation of the book.

B. What subject matter is protected?

Article 2 of the 1957 law proclaims the coverage of "all intellectual works, regardless of their genre, form of expression, merit or purpose." The law accommodates new media of expression, and thus permits copyright to adapt to new technologies, such as electronic publishing. The statute's exclusion of "purpose" as a limitation on the subject matter of copyright is a reflection of the doctrine of the "Unity of Art."[20] According to this doctrine, copyright protects not only works of "pure" art, but also the artistic components of useful objects. Thus, in France, unlike the United States, copyright may protect designs for furniture and household objects.[21]

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[16] Law of July 3, 1985, art. 14. For commentary on the legislative text, *see generally*, C. COLOMBET, *supra* note 7, at 354-56, and works cited at 354 n.1.
See also Court of Cassation, first civil chamber, Judgment of Feb. 4, 1986, 129 RIDA (July 1986) p. 128; Françon, observations, 40 Rev. Trim. Dr. Com. (April-June 1987) p. 198 (holding no conflict between the presumption of transfer of rights in works commissioned for commercials and art. 33 of the French copyright law's general prohibition on broad grants of rights in future works).

[17] France, Law of July 3, 1985, art. 45.

[18] France, Law of March 11, 1957, Title III (performance and publishing contracts, Chapter II (publishing contracts); see also *id.* arts. 30, cls. 3 & 4; 33; 37; 38 (general protections of authors against their grantees).

[19] *Id.* arts. 35, 36.

[20] *See generally* Y. GAUBIAC, LA THEORIE DE L'UNITE DE L'ART (Thesis, Paris, 1980).

[21] *See, e.g.*, Court of Cassation, decision of May 2, 1961, [1961] JCP II 12.242 (salad shaker). *Compare* 17 U.S.C. § 101 (restricting definition of copyrightable "pictorial, graphic or sculptural works" to those whose artistic elements are "separable" from their utilitarian features). U.S. courts have encountered some difficulty enunciating when art is "separable" from utility. *See, e.g.*, *Brandir Int'l. v. Pacific Cascade*, 834 F.2d 1142 (2d Cir. 1987), and cases cited therein.
France also protects the designs of useful objects under a design patent statute, Law of July 14, 1909. In France, a work may simultaneously enjoy copyright and design patent protection. *See generally* C. COLOMBET, *supra* note 7, at

By specifying that works enjoy protection regardless of their merit, the French law codifies a principle long enunciated by the courts. Copyright does not cast judges as literary critics or as censors. No matter how humble or outrageous the expression, it enjoys copyright. This is true on both sides of the Atlantic. For example, in both France and in the U.S., courts have rejected arguments that a pornographic work was not "worthy" of copyright protection.[22] To show that "plus ça change, plus c'est la même chose," I might add that a defendant unsuccessfully advanced the lack of merit defense before the late 19th-century French courts in an infringement action involving the allegedly licentious work, "Les Galanteries du Chevalier de Faublas."[23]

Although the 1957 law does not explicitly set forth the condition, copyright protects only "original" intellectual works.[24] What does "originality" mean in French copyright law? As in the U.S., and contrary to the lay meaning of the term, an "original" work need not be unique or new. Thus, unlike a patent, a copyrighted work need not manifest objective novelty or nonobviousness. Under the French copyright law, originality is a subjective notion: it is possible to have two identical protected works, so long as they were independently created. Each work is an expression of its author's conception and personality.[25] Moreover, a subsequent author may adopt her predecessor's ideas, so long as the form in which she expresses them is her own. The

96-101. *Compare*, Regulations of the U.S. Copyright Office, 37 CFR § 202.10(a) (". . .The potential availability of protection under the design patent law will not affect the registrability of a pictorial, graphic or sculptural work, but a copyright claim in a patented design or in the drawings or photographs in a patent application will not be registered after the patent has issued.").

22 *See, e.g., Mitchell Bros. Film Group v. Cinema Adult Theater*, 604 F.2d 852 (5th Cir. 1979); Court of Cassation, Criminal chamber, Judgment of May 6, 1986, 130 RIDA 149 (Oct. 1986), *Gérard Gil v. Sté. Vidéo Marc Dorcel.*

23 *Précis pour Edme Bidault libraire à Dijon, pour servir à sa requette présentée à la Cour de cassation*, at 3, 5 and 7 (1806) [Bn 4o Fm 2955] (arguing, *inter alia*, unsuitability of copyright for licentious work; defendant's advocate brands the work: "The most seductive and libertine work that one can imagine against the morals of both sexes"). The courts had already admitted the principle of protecting such works, by affirming the power of the State to bring a criminal infringement action for infringement of novels, including the amorous adventures of the Chevalier de Faublas, Cass. 27 ventôse IX, *Ministére Public c. Louvet*, Dev. & Car. 1791-An XII.1.439.

24 *Compare* 17 U.S.C. § 102(a).

25 *See, e.g.*, H. DESBOIS, LE DROIT D'AUTEUR EN FRANCE 5 (3d ed. 1978) (employing example of two painters who depict the same scene; the works will closely resemble each other, but each is "original" in the copyright sense). *Cf. Alfred Bell & Co. v. Catalda Fine Arts, Inc.*, 191 F.2d 99 (2d Cir. 1951) ("All that is needed to satisfy both the Constitution and the statute is that the 'author' contributed something more than a 'merely trivial' variation, something

French concept of originality covers a work's form, but excludes ideas and facts from protection.[26]

C. What rights are protected?

The French copyright law represents a dualist system of rights: the law protects both rights of economic exploitation, and rights related to the author's personal, artistic interest in the work, so-called "moral rights."[27] The U.S. copyright law, by contrast, sets forth essentially economic rights, although these may also serve as an indirect vehicle for the safeguard of certain moral interests.[28]

The economic rights protected under French law are the rights of reproduction and public performance. The reproduction right includes rights over "partial reproductions,"[29] or what U.S. law calls "derivative works," that is, works based on and incorporating some portion of a prior work, such as a film derived from a novel.[30] Economic rights generally endure for fifty years following the author's death, although the 1985 amendments conferred on musical works a special life-plus-seventy year term.[31]

Moral rights include the right of "divulgation," the right to make the work known to the public.[32] The U.S. right of first publication roughly corresponds to this right.[33] While both French and U.S. authors have the right to release the work to public scrutiny, French law includes a corollary unknown in the U.S.: in France the author also has to right to "repent" of that release, and to withdraw the work from distribution.[34] However, this right is almost entirely theoretical, because the law's requirement that the author in-

recognizably 'his own.' Originality in this context 'means little more than a prohibition of actual copying.' ").

26 *See, e.g.*, H. DEBOIS, *supra* note 25, at 22-31 (ideas are "de libre parcours"); Brossard & Durnerin, *L'absence de protection des idées par le droit d'auteur*, Gazette du Palais, January 27-28, 1988, pp. 4-7. *Cf.* 17 U.S.C. § 102(b).

27 France, Law of March 11, 1957, art. 1.

28 17 U.S.C. § 106 (setting forth exclusive rights under copyright). For a discussion of the use of economic rights to safeguard moral rights, see, e.g., Ginsburg & Kernochan, *supra* note 9, at 31-32.

29 France, Law of March 11, 1957, art. 40.

30 17 U.S.C. §§ 101, 106(2).

31 France, Law of March 11, 1957, as amended by law of July 3, 1985, art. 21. For collaborative works, the term is 50 (or 70) years following the last author's death; for anonymous, pseudonymous and collective works, the term is 50 or 70 years.

32 France, Law of March 11, 1957, art. 19.

33 17 U.S.C. § 106(3) (distribution right). In *Harper & Row Pubs. Inc. v. Nation Ents.*, 471 U.S. 539 (1985) the Supreme Court majority discussed author's personal and creative interests protected by the right of first publication in terms reminiscent of the French moral right of divulgation.

34 France, Law of March 11, 1957, art. 32.

demnify the publisher serves as a strong disincentive to exercise of the right of repentance.

The French law also addresses problems regarding divulgation of works unpublished at the time of their authors' deaths. The law permits a claim against the author's successors or heirs for "notorious abuse" of the disclosure right by publication of the work, as well as by refusal to publish it.[35] The law explicitly confers standing on the Minister of Culture to bring such a claim. In 1985, this provision of the law was expanded to cover abusive exercise of (or refusal to exercise) economic rights, for example reproduction rights, in the work.[36]

The principal moral rights, also set forth in the Berne Convention, are the rights of "paternity," and of integrity.[37] These rights remain with the author even after transfer of economic rights, and in France may be exercised against the grantee of economic rights.[38] In addition to stating the "inalienability" of the moral rights of paternity and integrity, the law also declares these rights to be "perpetual."

The "paternity" right, better labelled the right of attribution, ensures the author's right to be receive credit for the work she created.[39] The right of integrity allows the author continuing control over the work, to prevent its

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[35] *Id.*, art. 20. *See*, Tribunal de Grande Instance of Reims, Judgment of January 9, 1969, [1969] D. Jur. 569, note Desbois (holding abusive refusal to publish letters when facts indicated deceased author desired their publication); Tribunal de Grande Instance of Paris, Judgment of Dec. 1, 1982, 115 RIDA (Jan. 1983) p. 165, note Gautier (rejecting claim of abusive publication of letters when facts did not show deceased author's hostility to publication).

[36] For a decision applying the amended law, see Court of Appeals of Versailles, Judgment of March 3, 1987, 136 RIDA (April 1988) p. 160, *Dame Foujita v. S.A.R.L. Art Conception Réalisation, rev'd*, Court of Cassation, First Civil Chamber, Judgment of Feb. 23, 1989, 141 RIDA (July 1989), p.257 (discussed *infra*).

[37] Berne Convention for the Protection of Literary and Artistic Works, art. 6*bis*.

[38] France, Law of March 11, 1957, art. 6.

[39] A right of attribution is not yet a feature of U.S. copyright law, but analogous interests may to some extent be protected under U.S. doctrines of unfair competition. *See, e.g., Lamothe v. Atlantic Records*, 847 F.2d 1403 (9th Cir. 1988) (recognizing co-author's right under unfair competition portion of federal trademarks statute to claim attribution when all credit given to another co-author); *Follett v. New American Library*, 497 F.Supp. 304 (S.D.N.Y. 1980) (applying same federal statute to co-author's claim that he received *too much* authorship credit).

For an interesting discussion of the authorship status and attribution rights of ghostwriters in France, see, Gautier, *L'Oeuvre écrite par autrui*, 139 RIDA (January 1989) pp. 63-101. Professor Gautier concludes that under French law ghost writers are entitled to authorship status, but may—revocably—renounce their right to attribution. He also suggests that, under certain circumstances, publishers should be able to obtain damages from ghost writers who revoke their renunciation of authorship recognition.

alteration or mutilation. Examples of exercise of the right of integrity include artist Bernard Buffet's claim against the purchaser of a refrigerator whose panels Buffet had painted, when the purchaser dismembered and sought to sell the panels,[40] and Charlie Chaplin's claim against the French film distributor for the addition of a third-party's musical soundtrack to his silent film *The Kid*.[41]

II.

I turn now to certain recent developments in French copyright law that may be relevant to the publishing community. One concerns the new claim for the abusive refusal by successors of deceased authors to authorize the exploitation of economic rights. The others bear on private copying and electronic publishing.

A. Abusive Nonexploitation of Economic Rights

A 1987 decision of the Court of Appeals of Versailles applied the new claim for "notorious abuse" of economic rights in a controversy involving a biography of the Japanese/French painter Léonard Foujita.[42] Foujita's biographers had repeatedly and unsuccessfully sought his widow's permission to include reproductions of published artworks. The trial and appellate courts determined that Mme. Foujita's refusals were unjustified, and constituted a "notorious abuse" because no French biography of Foujita was available. Mme. Foujita had generally attempted to suppress biographies of her husband, and the evidence indicated that Foujita himself hoped for posthumous renown. The trial court ordered Mme. Foujita to permit the incorporation in the biography of 1200 reproductions of the late artist's published work, cautioning that her "right to royalties must be respected," but not setting a rate for the de facto compulsory license thus imposed.[43] The High Court held that the judges below had not established the existence of notorious abuse

[40] Paris Court of Appeals, Judgment of May 30, 1962 [1962] D. Jur. 570, *Buffet v. Fersing*. *See generally* Merryman, *The Refrigerator of Bernard Buffet*, 27 Hastings L.J. 1023 (1976).

[41] Paris Court of Appeals, Judgment of April 29, 1959, JCP 1959 II 11134, *Sté. Roy Export & Charlie Chaplin v. Sté. Les Films Roger Richebé*.
While U.S. copyright and other law may offer partial analogues to the right of integrity, proposals for full adoption of the doctrine have encountered fierce resistance from some sectors of U.S. copyright industries. *See generally* Ginsburg & Kernochan, *supra* note 9, at 27-31.

[42] Judgment of March 3, 1987, 136 RIDA (April 1988) p. 160, *Dame Foujita v. S.A.R.L. Art Conception Réalisation*.

[43] Tribunal de Grande Instance of Nanterre, Judgment of September 15, 1986, 131 RIDA (January 1987) p. 268. Professor Françon queries how Mme. Foujita's right to royalties can be "respected" when the decision deprives her of power to bargain over the reproduction of her late spouse's works, Françon, observations, 40 Rev. Trim. Dr. Com. (Jan.-March 1987) pp. 60, 63.

because Mme. Foujita had authorized a Japanese publisher to issue a collection of the painter's works (with the widow's collaboration), and there was no showing that the Japanese book would not be distributed in France.[44]

Although the French law is generally considered more protective than U.S. copyright law, the French statute's "notorious abuse" qualification of the post-mortem exploitation right and its judicial application may seem to forge an exception to copyright coverage far more drastic than the copyright exemptions in U.S. law. For example, however capacious Section 107 of the U.S. Copyright Act's fair use exception may at times seem,[45] it appears unlikely a court would apply it to compel the copyright owner to authorize the reproduction of *1200* works (even accompanied by some form of remuneration).[46] Indeed, while U.S. courts may be more apt to apply the fair use doctrine when it appears that the copyright owner is wielding its monopoly to prevent disclosure of information,[47] both the amount and the nature of the works sought to be copied in the *Foujita* affair seem to exceed even the admonitory reach of the fair use excuse. As a general matter, under U.S. law, copyright entitles its owner even unreasonably to withhold the work from exploitation.[48] Similarly, French copyright contains no general obligation to exploit a work, and the High Court reversal in *Foujita* suggests a very cautious, even begrudging, interpretation of the statutory prohibition of abusive nonexploitation.[49]

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[44] Court of Cassation, First Civil Chamber, Judgment of Feb. 28, 1989, 141 RIDA (July 1989) p. 257.

[45] *See, e.g., Sony Corp. of America v. Universal City Studios*, 464 U.S. 417 (1984) ("timeshifting" of broadcast television programs held fair use).

[46] *Cf. Belushi v. Woodward*, 598 F. Supp. 36 (D.D.C. 1984) (declining on general equitable grounds to enjoin infringing inclusion of a single photograph in biography).

[47] *See, e.g., Rosemont Ents. v. Random House*, 366 F.2d 303 (2d Cir. 1966), *cert. denied*, 385 U.S. 1009 (1967) (concerning use in unauthorized biography of magazine articles to which Howard Hughes held the copyrights). *But see New Era Pubs. v. Henry Holt & Co.*, 873 F.2d 576 (2d Cir. 1989) (rejecting biographer's fair use defense to quotations from Scientology founder L. Ron Hubbard's unpublished works despite evidence that Hubbard's successors sought to suppress unfavorable biography).

[48] *See, e.g., Fox Film Co. v. Doyal*, 286 U.S. 123, 127 (1932) ("The owner of the copyright, if he pleases, may refrain from vending or licensing and content himself with simply exercising the right to exclude others from using his property").

However, other limitations on this principle exist in addition to the fair use doctrine. *See, e.g.*, 17 U.S.C. §§ 111 (compulsory license for certain cable transmissions); 115 (compulsory license for making phonorecords); 116 (compulsory license for jukebox performances); 118 (compulsory license for public television broadcasts); 119 (compulsory license for certain secondary transmissions by satellite carriers).

[49] It is worth noting that the contract with the Japanese publisher on which the

Moreover, on further examination, the French law's limitation on copyright exclusivity becomes less startling. The subjects of "notorious abuse" are not authors, but their heirs or successors. The *author* may dispose, or decline to dispose, of her work as she wishes. The few decisions construing the "notorious abuse" proviso compare the copyright holder's conduct with the expressed or extrapolated wishes of the deceased author.[50] Where the copyright holder's acts are found to defeat the author's desire for privacy, or for publicity, the court may override the copyright holder's decision. In other words, in keeping with its general author-orientation, the French law endeavors to promote the creator's intentions, even beyond the grave.[51]

B. Private Copying and Electronic Publishing

In 1985, the French legislature amended the copyright law to impose a royalty on private copying of audio and audiovisual works, and provided explicit protection for computer programs.[52] Although the home taping royalty is not directly relevant to the publishing and library communities, I mention it because it represents a fairly successful, if limited, attempt to address the problem of private copying.[53] In 1985, the legislature recognized that private copying had become "a new mode of exploitation."[54] The prior law had exempted private copying, but in 1957, few anticipated that private reproduction would compete with commercial distribution of copyrighted works.[55] The home taping law imposes a surcharge on the copying material, that is, the blank tape. The sums collected are distributed by authors', performers' and producers' associations to their members. The French parliament recognized that private law methods of enforcement of copyright, by means of individual law suits, or even by collective licensing of large users such as broadcasters, does not respond to the problem of private copying because it presumes a middleman between the copyright owner and the ulti-

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High Court relied was entered into *after* the biographers initiated their claim of notorious abuse. For other observations about the contract and the High Court decision, see Françon, note following the decision, 141 RIDA (July 1989) at 259.

50 *See*, *supra* note 35.

51 *Cf.*, France, Law of March 11, art. 6, cl. 3 (moral rights are declared "perpetual").

52 France, Law of July 3, 1985, Title III "On Remuneration for Private Copying of Phonograms and Videograms," arts. 31-37.

53 On the French home taping measure, see generally Ginsburg, *Reforms and Innovations Regarding Authors' and Performers' Rights in France: Commentary on the Law of July 3, 1985*, 10 Colum.-VLA J.L. & the Arts 83, 92-104 (1985). The U.S. Congress in 1986 considered, but did not adopt, a home taping royalty applicable only to audio tape and equipment.

54 Assemblée Nationale, *Rapport de la commission des lois* No. 2235 at 12 (June 26, 1984).

55 See Ginsburg, *supra* note 53, at 93-94.

mate consumer. When the ultimate user is also the person creating the reproduction, the exploitation becomes so diffuse that some form of government intervention may become necessary. In the case of home taping, the least intrusive form involved, in effect, taxing the media of copying. As print works yield to digital format, one can envision that a similar compensatory technique may be applied to computer copying media, such as disks, printers, and optical scanners.

Another 1985 amendment explicitly extended French copyright coverage to computer software.[56] The legislators' action reflects a pragmatic response to business pressures, in the face of objections from the academy. France is Europe's largest producer of computer software. A substantial industry lobby sought to preserve the French advantage by securing surer coverage than the courts had yet afforded through interpretation of the 1957 text.[57] Some copyright scholars lamented the eruption of a "foreign body" into the artful edifice of French copyright. For these observers, copyright is about the *beaux arts*, not about prosaic, useful productions such as software.[58] In responding to economic compulsion, the legislature, I believe, was not only confirming copyright's adaptability to new technology, but was acting consistently with the principles underlying the inception of French copyright during the Revolution. The French sought from the start at once to reward authors, to improve public education, and to spread French achievements beyond France's borders. As a prosecutor in Year VII of the Republic emphasized: "It is to the wise men, . . . to all literary authors that we principally owe the uncontested superiority of the French language over all the languages of Europe. It is they who render all nations tributaries to our arts, to our tastes, to our genius, to our glory; it is through them that the principles and rules of a wise and generous liberty penetrate beyond our borders and sphere of activity."[59] Computer software, after all, not only represents a growing portion of the modern French publishing industry, but is a domain of creative expansion, whose further development the legislature

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[56] *Supra*, note 52. The term of protection, however, is only for 25 years. *Id.* Article 48.

[57] Sénat, *Rapport de la commission spéciale*, No. 212 vol. I at 70-72 (March 20, 1985). *See generally* Ginsburg, *supra* note 53, at 85-87.

Following enactment of the computer program amendments, the Full Assembly of the Cour de cassation held that the 1957 copyright law protected computer programs, so long as the programs were "original." Cour de casssation, full assembly, Judgment of March 7, 1986, [1986] D. Jur. 405, concl. Cabannes, note Edelman, 129 RIDA (July 1986) p. 136, note Lucas.

[58] *See, e.g.*, Desjeux, *Logiciel, jeux vidéo, et droit d'auteur*, Expertises, Nov. 1984, p. 277, and articles *cited in* A. LUCAS, LEDROIT DE L'INFORMATIQUE 212-13 & n.92.

[59] Bureau criminel, No. 5380. D.3, Paris, 21 Nivôse, year VII, *excerpted in* IV RIDA (July 1954) at 98-99.

seeks to encourage. Protecting and promoting computer software affords one means of making other nations "tributaries to the uncontested superiority of [French expertise]."

Finally, I will to address a recent high court decision concerning electronic publishing. The case, known as the *affaire Microfor*, involved the unauthorized preparation of a database index of *Le Monde* and *Le Monde diplomatique*.[60] Defendant Microfor's production consisted of an alphabetical index crossreferenced to a subject matter indices which also included summaries of *Le Monde* articles. The lower courts held that the indices, and particularly the summaries, constituted a "partial reproduction" in violation of *Le Monde*'s copyright. The lower courts then considered whether, under the French analogue to the U.S. copyright fair use doctrine, the summaries might be excused. The French law exempts from copyright liability "analyses and short quotations justified by the critical, polemical, pedagogical, scientific or informational character of the work in which they are incorporated," so long as the user identifies the author and title of the copied work.[61] The lower courts had held that Microfor's summaries of Le Monde articles could not be excused because Microfor's production, composed entirely of material drawn from Le Monde, was not the kind of independent work contemplated by the exemption.[62]

The Cour de cassation reversed. It first held that an index compiled for documentary purposes and consisting solely of references to the indexed work was not a reproduction within the meaning of the law, if the index did not substitute for consulting the complete articles.[63] Turning from the purely

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[60] Court of Cassation, plenary assembly, Judgment of Oct. 30, 1987, JCP 1988 II 20932, 135 RIDA (January 1988) pp. 78-94, concl. Cabannes. Commentaries on this decision include, Françon, observations in Revue Trimestrielle de Droit Commercial (January-March 1988), pp. 57-61; Kéréver, *Les arrêts Microfor*, 137 RIDA (July 1988) p. 17; Huet, *Pour une poignée de données*, observations in JCP 1988 II 20932; Vivant, *Pour une compréhension nouvelle de la notion de courte citation en droit d'auteur*, JCP 1989 I 3372.

[61] France, Law of March 11, 1957, art. 41, cl. 3.

[62] *See* Tribunal de grande instance of Paris, Judgment of Feb. 20, 1980, 108 RIDA (April 1981) p. 180, *aff'd*, Paris Court of Appeals, Judgment of June 2, 1981, 111 RIDA (Jan. 1982) p. 182, *rev'd*, Court of cassation, first civil chamber, Judgment of Nov. 9, 1983, 119 RIDA (Jan. 1984) p. 200, *on remand* Paris Court of Appeals, Judgment of Dec. 18, 1985, [1986] D. Jur. 273, note J. Huet, JCP 1986 II 20615, obs. Françon.

The case was twice decided by the Court of cassation because, under French principles of judicial organization and authority (if not always in fact) precedent is not binding. Accordingly, lower courts are not obliged to follow the ruling of the High court when it first reverses and remands an appellate decision. Although the appellate court to which the case is remanded generally does bend to the High court ruling, in this case, the Paris court of appeals on remand rebelled, and adhered to its original ruling.

[63] Court of cassation, first civil chamber, Judgment of Nov. 9, 1983, 119 RIDA (Jan.

referential component of Microfor's work to the synopses and excerpts of *Le Monde* articles, the court expressed a broader view than the lower courts of the kind of production entitled to the "short quotations" exemption. It ruled that summaries consisting entirely of the gathering and arrangement of quoted material, and which did not dispense the user from recourse to the source work, could be an "informational work" within the meaning of the statute.[64] The court thus indicated that a database may itself be a protected work of authorship. Partisans of the print community have not greeted the decision with enthusiasm, to say the least.[65] Advocates of electronic publishing and database producers, by contrast, have cheered the court's apparent consecration of "la libérté documentaire"—freedom to document.[66] It is indeed possible to read the *Microfor* decision as, on the one hand, allowing database producers reasonable, non-competitive, access to print works, and on the other hand, protecting databases against piracy by each other.

Equally significantly, the High Court appears to be expressing a conception of copyrightable works sufficiently generous to encompass the kinds of informational endeavors in which the compiler's "personality" is less than manifest. In other words, aspects of *Microfor*'s elaboration of the notion of "informational works" suggest a receptivity to "sweat of the brow" justifications for copyright. Thus, in endorsing defendant Microfor's argument that its index constituted a work of authorship, the government advocate's report to the High Court reminds the judges that copyright has already been extended to almanacs, telephone books, calendars and catalogues; why treat computerized indices differently?[67] The report goes further: it first observes that a long-standing principle recognized copyright protection for works whose elements have been "chosen with discernment,"[68] but then states that "the criterion [for copyright] consists in the assembly and organization 'in an ordered whole' of diverse nomenclatures, at the cost of much effort."[69] The report thus articulates a vision of copyright embracing not only subjective

1984) p. 200. The court first made this declaration in its initial reversal, in 1983. It reiterated this holding in the second, and final, reversal of the Paris court of appeals in 1987.

64 *See supra* note 60.

65 *See, e.g.*, Françon, *supra* note 60.

66 *See, e.g.*, Huet, *supra* note 60.

67 Report of the First Advocate General Jean Cabannes, in 135 RIDA (Jan. 1988) at 86.

68 *Id., citing* Court of cassation, criminal chamber, Judgment of Nov. 27, 1869, [1870] D. Jur. 186.

69 Report of First Advocate General Jean Cabannes, *supra* note 67, at 87. *But see*, First Civil Chamber, Judgment of May 2, 1989 (unpublished), in which the Court of Cassation reversed an appellate court decision which had recognized copyright on grounds of the labor invested in the work's creation; stating that labor alone did not suffice to confer protection, the High Court remanded for a determination of the originality of plaintiff's work.

compilations ("chosen with discernment"), but apparently also those in which the compiler's major contribution is the investment, rather than the inspiration, brought to the work.

The *Microfor* affair invites comparison with a U.S. decision involving indices of periodicals, *New York Times Co. v. Roxbury Data Interface*.[70] There, defendant sub-indexed the New York Times Index, creating a print-format "Personal Name Index to the New York Times Index." On fair use grounds, the court denied a preliminary injunction, finding that defendant copied information, but not expression; that "the personal name index will serve the public interest in the dissemination of information" and that the impact of defendant's index on the potential market for the New York Times Index "appears slight or nonexistent."[71] Both decisions thus show a disposition toward fostering the creation of works which enhance the dissemination of information, although the French decision addressed a greater degree of borrowing from the referenced work: the *Microfor* defendant summarized and quoted from *Le Monde* articles, while *Roxbury Data* simply retrieved page references and endowed them with an independent organization.

By contrast, in *West Pub. Co. v. Mead Data Central*,[72] the Eighth Circuit held the LEXIS electronic database's inclusion of references to internal pages of the West case reports an appropriation of the West print law reporters' "arrangement" of public domain material, and therefore copyright infringement. While one may contend that the *West/Lexis* court's ruling distorts the idea/expression dichotomy and privatizes the public domain of court decisions,[73] the court's disposition recalls the position of the Cour de cassation in *Microfor*: if the database's appropriation of material spares the user recourse to the referenced work, copyright infringement will be found. One consideration almost certainly underlying the *West/Lexis* dispute (in addition to competition between LEXIS and West's electronic database WESTLAW) was the concern that LEXIS' inclusion of West "jump cites" would eventually obviate LEXIS subscribers' need for acquisition of West print reporters. Ultimately, *West/Lexis* and *Microfor* demonstrate the permeability of both French and U.S. copyright law by unfair competition principles,[74] particularly in the realm of new information technologies.

This comment is not the place for an essay on the infusion of unfair

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[70] 434 F. Supp. 217 (D.N.J. 1977).

[71] 434 F. Supp. at 226.

[72] 799 F.2d 1219 (8th Cir. 1986), *cert. denied*, 107 S. Ct. 962 (1987).

[73] *See, e.g.*, Patterson & Joyce, *Monopolizing the Law: The Scope of Copyright Protection for Law Reports and Statutory Compilations*. 36 U.C.L.A. L. Rev. 719 (1989).

[74] *See also Worlds of Wonder, Inc. v. Vector Intercontinental, Inc.*, 653 F. Supp. 135 (N.D. Ohio 1986); *Worlds of Wonder, Inc. v. Veritel Learning Sys.*, 658 F. Supp. 351 (N.D. Tex. 1986) (holding infringement by cassettes independently produced for insertion in plaintiff's copyrighted Teddy Ruxpin dolls).

competition notions into copyright law, but some further comparative law observations may be worthwhile. The Cour de cassation's mode of determining the absence of "partial reproduction" in *Microfor* may be seen as an example of this phenomenon. By holding that a "partial reproduction" has not occurred when the borrowed material does not substitute for consultation of the original, the court in effect seems to be saying that copying is not "copying" in the legal sense, unless it produces the competitive effects of copying. To an American lawyer, this aspect of the French court's analysis conflates the questions of prima facie infringement and fair use. The collapsing of the issues of actionable copying and market harm, however, is not unique to France, as *West/Lexis* and other U.S. decisions finding infringement indicate.[75] Moreover, in the U.S., the equation of the two questions is not confined to analysis of plaintiff's claim. It can also be a technique used by defendants, particularly in the wake of the Supreme Court's decision in *Sony Corp. of America v. Universal City Studios*.[76] Following that decision, the fourth fair use criterion ("effect of the use upon the potential market for or value of the copyrighted work")[77] may be assuming inflated importance.[78] In any event, whether one approaches the problem either as one of proving actionable copying (prima facie infringement), or of excusing proven copying (fair use), one may wonder if the inquiry into the economic harm posed by defendant's use will not ultimately engulf all of copyright analysis.

To return to other consequences of the *affaire Microfor*, if a database is a protected work of authorship under French law, who is the author? Under certain circumstances, a database may be ranked a "collective work," in which case, current French law would vest the employer/producer with initial economic rights ownership. But, even though they may be created at a publisher's instance and expense, not all databases may fit the present French law definition of a collective work. Indeed, there are many other modern productions which represent a good deal more "investment" by a publisher or other *personne morale* than "authorship," at least in the romantic sense of that term perhaps implicit in the 1957 French law, but which fail to meet the statutory criteria of collective works. As a result, many French publishers

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[75] See *supra* note 74. Inferring infringement from evidence of economic harm is not a recent development in U.S. Eighteenth century jurists appear to have equated the two. See, e.g., *Drury v. Ewing*, 7 F.Cas. 1133 (C.C.S.D. Ohio 1862) (No. 4095) (citing *Story v. Holcombe*, 23 F. Cas. 171 (No. 13,497) (C.C.D. Ohio 1847)) ("[I]n the case of a copyright, if the work alleged to be a piracy is of a character to render the original 'less valuable by superseding its use in any degree, the right of the author is infringed.' ").

[76] *Supra* note 45.

[77] 17 U.S.C. § 107(4).

[78] *See, e.g., Harper & Row. Pubs. Inc. v. Nation Ents.*, 471 U.S. 539, 566 (1985) (fourth fair use factor is "undoubtedly the single more important element of fair use").

are today advancing their own claims to being "authors." Vincent Brugére-Trélat, Vice President of the Syndicat National de l'Edition [the French publishers' Union] asks: "May one extrapolate and recognize in all *personnes morales* who participate in the creation of a work the status of author? That could be the case of publishers who are tending more and more to play the role of a true creator, for example of how-to books, guide books, art books [sic]. . . ."[79] From the personalist perspective on copyright, this is an astonishing claim.[80] From a historical perspective, it recalls the assertion of the government advocate in the 1803 affair of the *Dictionnaire de l'Academie Française*.[81] Plus ça change . . .

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[79] Unpublished memorandum, April 1989.

[80] *Cf., Soc. Steiner v. Soc. Cinna*, Court of Cassation, commercial chamber, Judgment of April 7, 1987, 133 RIDA (July 1987) p. 192; observations Françon, 41 Rev. Trim. Dr. Com. (Oct.-Dec. 1987) p. 512 (rejecting "collective work" characterization of sofabed created on commission by design studio [recall that French copyright law protects the original designs of useful objects]; Professor Françon perceives a tendency of the High Court toward a restrictive characterization of collective works).

[81] Cass. 7 prair. XI, Dev. & Car. 1791-An XII.1.806; J. Pal. An XI-Floréal-An XII.293, *Bossange c. Moutardier*. See *supra* text at note 14.

66. UPDATE ON CANADA'S COPYRIGHT LAWS

By LESLIE E. HARRIS AND WANDA NOEL[1]

On June 8, 1988, a law amending the Canadian Copyright Act and certain other acts in consequence thereof entered into force.[2] The purpose of the amendment was to immediately address nine areas of concern to copyright owners and users, while leaving for the future amendments to the remainder of the law.

Background

The Canadian Copyright Act[3] was originally enacted in 1921, and was based on the Copyright Act 1911 (U.K.). The Act came into force on January 1, 1924 and has since then experienced only minor amendments. On May 27, 1987, Bill C-60, an Act amending the Canadian Copyright Act and amending other acts in consequence thereof was introduced in Parliament. This was the first time major revisions to the Copyright Act have been tabled in Parliament since 1924.

Not surprisingly, many say that the Bill is long overdue. The 1924 Act is, and has been for some time, out of touch with the present day economy and technology. The law speaks of "mechanical contrivance" and "perforated rolls" as used in piano players. It permits record producers to make their own recording of a musical work upon payment of a mere two cents per playing surface to the composer once the song has been initially recorded. The Act does not mention or deal with copyright problems created by computers, photocopying machines, satellites, cable television and video cassette recorders.

History of Revision

The Canadian Government is well aware that it has antiquated copyright laws. Several studies with a view to revision have been produced by and

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The views expressed herein are those of the authors and do not necessarily reflect those of the Canadian Government of any of its Departments.

[2] Can., Chapter 15, *An Act to amend the Copyright Act and to amend other Acts in consequence thereof*, Second Session, Thirty-third Parliament, 35-36 Elizabeth II, 1986-87 (hereinafter referred to as "the Bill".)

[3] R.S.C. 1970, c. C-30.

for the Canadian government over the past 20 years. In May of 1984, the government released *From Gutenbuerg to Telidon: A White Paper on Copyright*.[4] Because there was a change in the government shortly after release of the White paper its status became that of a document not necessarily embodying government policy.

On January 24, 1985, the then current government referred all issues of copyright revision to the Parliamentary Standing Committee on Communications and Culture. The Committee then established and delegated the appropriate powers to a Sub-Committee with representatives of all three Canadian political parties. This Sub-Committee received 300 written submissions and heard 111 representations from interested parties. Conclusions of their findings were compiled in the *Charter of Rights for Creators*[5] which was published in October 1985. In February 1986, the government briefly responded to each recommendation in the Charter.[6] The Charter and the government response to it were the basis for the provisions in the Bill.

The Phase Approach

The Canadian government is taking what may be called "the phase approach." Instead of one omnibus Bill amending the entire Act, it will introduce two less comprehensive bills which together will make all the intended changes to the Act. Phase I of the revision process resulted in Bill C-60.

The decision to proceed in phases was made to speed up the process of introducing some legislation immediately without being over-eager and to avoid quick, and possibly inadequate, drafting of the entire complex legislation.

History of Bill C-60

The durability of Bill C-60 was tested between the time it was introduced until it was passed. Since Canada has a Parliamentary system of government, each bill must go through three readings in, and be approved by, the House of Commons and the Senate before it may become law. This can be a speedy or lengthy process. In the case of Bill C-60, the process took over 12 months. Subject to proclamation of certain sections,[7] the bill received Royal Assent and became law on June 8, 1988.

The major issues addressed in the Bill are discussed below.

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[4] Can., *From Gutenberg to Telidon: A White Paper on Copyright* (1984).

[5] Standing Committee on Communications and Culture, *A Charter of Rights for Creators*, Report of the Sub-Committee on Revision of Copyright (1985).

[6] Can., *Government Response to the Report of the Sub-Committee on the Revision of Copyright* (1986).

[7] The Bill specifically requires that the provisions in it regarding collectives and the Copyright Board not come into effect immediately upon the passing of the Bill. This is intended to allow the prior Copyright Appeal Board time to finish its business and give the new Copyright Board time to be properly set up.

Choreographic Works

Under the 1924 Act, choreographic works are not defined. Such works come within the ambit of dramatic works; dramatic works is defined to include choreographic works. However, it is arguable that only those dramatic works which contain some dramatic action are protected by copyright. Thus, the only choreography that is protected under the Act is that which has a plot or, at least, a story line. The results in a lacuna in the law since some modern choreographic works are simple visual patterns without a plot or story line. In light of this situation, the dance community requested an amendment to ensure that all choreographic works be protected. The new law defines "choreographic work" to include any work of choreography, whether or not it has any story line.

Compulsory License for Making Records

The 1924 Act permits the making in Canada of any records, perforated rolls, or other contrivances, by means of which sounds may be reproduced and by means of which the work may be mechanically performed, provided such contrivances have previously been made and that the prescribed notice of intention to make the contrivance is made and the prescribed remuneration is paid. Thus, once a musical work has been recorded, any record company is entitled to record the work and pay a royalty of "two cents for each playing surface on each record and two cents for each perforated roll or other contrivance" to the copyright owner.

The compulsory licence originated in the 1920's when the recording industry was in its infancy. When recording technology was new, composers were seeking full rights to control the recording of their music. Record producers were worried that the grant of exclusive recording rights would result in powerful monopolies. The compulsory licence described above was a compromise solution which gave composers a right to be paid for a recording, but not a right to authorize who else could make their own recording.

There no longer seems to be a rationale for the compulsory licence. There are now competition laws to deal adequately with monopolies. In addition, other creators have the right to decide how their works are used and to share fairly in the economic benefits derived from their use. The new law abolishes this compulsory licence. Composers will now have full control over who records their music and under what circumstances. They will no longer be forced to sell at a price arbitrarily set by legislation. (A six-month transition period after the enactment of the new law will allow for the completion of recordings already in production under the old Act).

Exhibition Right

The new law grants copyright owners the right to present an artistic work at a public exhibition for a purpose other than sale or hire. Artists will,

accordingly, have the legal right to be paid a royalty when their work is exhibited to the public. Although this right is new to Canadian copyright law, it is not new to Canadian artists. Exhibition fees have been voluntarily paid for the exhibition of borrowed works which are not owned by the exhibitor. The new law will extend the exhibition fees to works whether or not they are owned by the exhibitor.

This right was introduced to meet the claim of artists that due to the nature of their works it is impossible for them to benefit from many of the rights under the Act from which other creators may benefit. For instance, artistic works cannot be translated, performed in public or converted into other forms. By providing a right of exhibition, the law acknowledges artists' claim. Certain works, however, are explicitly excluded from the exhibition right, including maps, charts or plans or certain non-dramatic films presently protected as photographs.

If an artist does not authorize an exhibition of his or her work, then no royalty will be paid. This should act as a natural safeguard against arbitrary refusals to exhibit a work, such as an artist prohibiting the exhibiting of his work with those of certain other artists. Further protection is given to exhibitors by the fact that the right can be purchased, cleared or waived at the time any work having the new right is acquired. Also, the right will only apply to artistic works created after June 8, 1988. Therefore, exhibitors will not be required to clear exhibition rights on works they have acquired before this new right became law.

Moral Rights

The phrase "moral rights" is not used in the 1924 Act although the concept of these rights is in the Act. This law grants authors the right of paternity, the right to claim authorship. It also grants the right of integrity, the right to restrain distortion, mutilation or modification of a work that would be prejudicial to the author's honour or reputation. However, the only remedy against the violation of these rights is an injunction.

Stronger and more explicit moral rights protection is provided in the new law. The new right of integrity allows an author, where reasonable under the circumstances, to be associated with his work as its author by name or under a pseudonym as well as the right to remain anonymous. The new law explicitly states that moral rights may not be assigned, but that the author may waive them in whole or in part. A waiver will not be deemed by the mere assignment of copyright in a work. Where a waiver of any moral right is made in favour of an owner or a licensee of copyright, it may be invoked by any person authorized by the owner or licensee to use the work, unless there is an indication to the contrary in the waiver.

Unlike the 1924 Copyright Act, the new law provides a specific term for

moral rights. The moral rights will subsist for the same term of copyright—generally fifty years following the death of the author.

In addition, the new law makes special provisions for the bequeathing of moral rights on the death of an author. The moral rights will pass to the person to whom they are specifically bequeathed. If the author makes no specific request of the moral rights, but dies testate in respect of the copyright in the work, the moral rights pass to the person to whom the copyright is bequeathed. If there is no bequeath of the moral rights or the copyright, then the moral rights pass to the person entitled to any other property in respect of which the author dies intestate.

Another section in the new law dealing with moral rights sets out how the moral rights can be infringed. Any action contrary to the moral rights is, in the absence of consent by the author, an infringement of the moral rights. Any distortion or mutilation of a work *or* any use of a work in association with a product, service, cause or institution, which is prejudicial to the honour or reputation of its creator violates the author's right of integrity. Note that the new protection against endorsements of products gives creators the right to decide whether they wish, even indirectly through the use of their works, to endorse a particular product, service, cause or institution.

Special treatment is given to certain works. With respect to paintings, sculptures and engravings, any distortion, mutilation or other modification will be deemed a violation. The intent of the "deemed prejudice" rule is to protect works of fine art which are one-of-a-kind, and if changed, could be permanently altered.

Two types of modifications to a work are not considered a violation of moral rights. First, where a work is being restored or preserved in good faith. Second, where there is a change in location of a work, or by the physical means by which a work is exposed or by the physical structure containing a work.

An important change in the law is that it now entitles an author to the same remedies for the enforcement of moral rights as are available for economic rights. In any moral rights infringement suit, the court may grant to the author an injunction, damages, accounts or delivery up or other such remedies which may be granted for the infringement of a right. This new provision replaces one which only entitled authors a right to an injunction for the infringement of their moral rights.

The Copyright Board

The 1924 Act provides for a Copyright Appeal Board. The sole function of this Board is to regulate the royalty rates submitted annually by copyright societies that manage performing rights for musical works. The new law amends the name of the tribunal to the Copyright Board since the Board does not deal with "appeals" at all. The new Copyright Board will continue to set

rates for performing rights societies, but it will be reconstituted and its jurisdiction will be enlarged under the new law.

One of the new functions of the Copyright Board will be to set royalty rates for collective societies other than musical performance rights ones. However, the Board will set these rates only when private negotiation fails between a collective and a copyright user and when one of these parties apply to the Board for arbitration. When an agreement containing a tariff is voluntarily filed with the Board, the Director of Investigation and Research appointed under the Competition Act[8] may ask the Board to examine it if the Director considers the agreement to be contrary to the public interest.

The Copyright Board will also have the power to license the use of works when the copyright owner cannot be located. Persons wishing to use such works must apply to the Board, demonstrate that reasonable efforts have been made to find the copyright owner, and undertake to pay the royalty prescribed by the Board if the copyright owner is located within a specified period after the termination of the license.

Collectives

The 1924 law mentions musical performing rights societies, but does not mention societies with respect to other types of rights. There is nothing in the Act which prohibits collectives from licensing other uses of works. There is a problem, however, namely that these other collectives are not subject to rate regulation as are the musical performing rights societies. Thus, these other collectives could charge the public any fee they desire. These collectives are, nonetheless, subject to anti-competition laws and possible prosecution under these laws has tended to discourage the formation of new collectives.

The Bill solves this dilemma by setting up a system of voluntary submission to regulatory review. If collectives privately negotiate their rates with users and either party files the agreement with the Copyright Board, it will benefit from a specific exemption from the Competition Act. Section 32 of that Act (which sets out the conspiracy provisions) will not apply in respect of any royalties or related terms and conditions arising under an agreement filed with the Board. However, once the agreement has been filed, the Director of Investigation and Research appointed under the Competition Act can request the Board to examine the tariff and its related terms and conditions to determine if they are in the public interest. The Board will then approve or alter the tariff, or related terms and conditions. A similar exemption will apply where the Copyright Board establishes rates when asked to do so by a collective or user.

If a licensing agreement is not filed with the Copyright Board, it will remain subject to the terms of the Competition Act. That Act will also con-

[8] *Competition Act*, R.S.C., C-23.

tinue to apply to matters that are not within the regulatory jurisdiction of the Copyright Board—matters not dealing with royalties, or terms and conditions related to royalties.

Computer Programs

Due to the antiquity of the 1924 law, it is difficult to interpret it to apply to new technologies such as computer programs. In recent years, the Canadian courts have strained to apply the law to such technologies that were not even envisaged at the time the law was enacted in 1924. It is a tribute to the drafters of a law written more than 60 years ago that it has served its purpose so well.

Even though computers were not even invented at the time the Act was drafted, the Canadian courts were able to apply its provisions to extend copyright protection to computer programs. In *Apple Computer Inc. v. MacIntosh Computers Ltd.*[9] the Federal Court of Canada, Appeal Division, cited sections of the 1924 Copyright Act to decide that computer programs are protected by copyright law. The Court declared that computer software is a creative work in either written form or machine language and on that basis is entitled to copyright protection. The software industry applauded this first court decision above the interlocutory stage to protect computer software. They urged Parliament, however, to pass legislation such as Bill C-60 which expressly protects computer software because the decision could be reversed on further appeal. Ironically, leave to appeal was granted the same week the Bill was passed.

In the Bill, computer programs are defined as literary works, regardless of the medium of expression. The term of protection is the life of the creator plus 50 years. There are two limitations on protection. The first allows those who own a computer program to alter it to suit their personal needs or to adapt it without infringing copyright. The second exception allows the making of one back-up copy. This second exception is necessary because the existing storage media for computer programs is very fragile and original programs are often damaged.

Computer programs will be protected by copyright even if they were created before Bill C-60 became law. However, any alleged civil infringement or criminal offence that occurred prior to the tabling of the amendment will be adjudicated on the basis of the law in force at the time of the alleged infringement.

Piracy

The 1924 copyright law contains provisions of a criminal nature, among other remedies, for unauthorized dealings in works protected by copyright—

[9] (1987) 16 C.I.P.R. 15 (F.C.A.).

commercial piracy. The dealings include knowingly selling, distributing, exhibiting and importing infringing copies of works. The fines are set at $10.00 (Canadian) for every copy, but cannot exceed $200 (Canadian) in respect of the same transaction. In the case of a second or subsequent offence, a term of imprisonment of two months is also possible.

Piracy is increasing in Canada as it is all over the world. In Canada, the penalties have not been considered severe enough to act as a deterrent. A $10 fine in 1924 may have had some meaning. In 1988, it represented no more than a small cost of doing business.

The new law increases the criminal remedies available to a significant extent. It provides that any person who sells, distributes, exhibits or imports for sale any infringing copy of a work is guilty of an offence. A convicted offender is liable on summary conviction to a maximum fine of $25,000 (Canadian) or to a prison term of up to 6 months, or both. For indictable offences the maximum fine is $1 million (Canadian), with imprisonment for up to 5 years, or both.

Industrial Design

The new law redefines the dividing line between where copyright protection is available and where industrial design protection will apply.

The 1924 law provides for a subjective test of the "intention" of the creator at the time the work was created. If the creator of an artistic work did not "intend" a work be used as a model or pattern to be multiplied by an industrial process, then the work is protected by copyright.

The "intention" test has been replaced in the new law by an objective one. Where the intention is to apply a design to a useful article and more than fifty copies of the article are made only industrial design protection is available. This "intention" test is replaced with an objective one—copyright does not subsist in designs applied to "useful" articles which are reproduced in quantities greater than 50. This provides a clearer definition of which kind of protection is available.

There are exceptions to this rule. A graphic or photographic representation applied to the face of an article (like a card or poster) remains the subject matter of copyright protection. So does material suitable for piece goods or surface coverings and representations of beings, events or places applied to an article. Articles, sold as a set (unless more than 50 sets are sold) will also continue to be protected by copyright. Similarly, artistic works used as trademarks or labels, on packaging, or in architecture will also be protected by copyright. Other works or articles can also be added to this list of exceptions by regulations to the law.

In addition, the new law makes it clear that there is no intellectual property protection for purely functional articles. Court decisions in Canada have arguably extended copyright to purely functional articles, a purpose for

which copyright protection was never intended. One trial court decision in particular[10] created the possibility that functional articles could be eligible for full copyright protection. Although the decision was overturned on appeal[11] it has nevertheless created a legal uncertainty requiring legislative clarification. Before this decision, it was thought that making a three-dimensional functional article would not infringe the copyright in the two-dimensional drawing on which it was based. Functional articles were not considered eligible for design protection because they were not normally decorative, nor were they normally sufficiently inventive to be eligible for patent protection. The new law reflects this principle by explicitly denying copyright protection to purely functional articles.

Conclusion

Bill C-60 is one of two bills to revise the 1924 Canadian Copyright Act. The second bill, currently under draft, will address those copyright issues not dealt with in Bill C-60. The Copyright Act was further amended on December 31, 1988 in legislation implementing a free trade agreement between Canada and the United States. This amendment gives copyright owners a new right of retransmission subject to a compulsory license under the jurisdiction of the Copyright Board. When the second bill becomes law, it will, along with Bill C-60 and the retransmission right, constitute the Canadian Copyright Act.

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[10] Bayliner Marine Corporation v. Doral Boats Ltd. (1985) 5 C.P.R. (3d) 289 (F.C.T.D.).

[11] Doral Boats Ltd. v. Bayliner Marine Corp. (1986) 10 C.P.R. (3d) 289 (F.C.A.).

67. SOME CURIOUS PROBLEMS CAUSED BY SEMI-CONDUCTOR CHIP PROTECTION: A EUROPEAN VIEW*

By PROF. HERMAN COHEN JEHORAM**

Can semi-conductor chips be compared with any other object of intellectual property protection?

In older literature, one stumbles time and again on the comparison between chips and computer software. A conspicuous example is to be found in the all too lengthy letter the Dutch government wrote on May 16, 1985 to the American Commissioner of Patents and Trademarks. The Dutch government wanted to prove that chips were already protected by Dutch copyright law, and it cited all Dutch decisions on the protection of . . . software, with only one addition.

Now, the association between chips and computer software is technologically understandable, but it is legally not correct. Computer software is really software, and as such, it can be compared—at least at first glance—to "writings," a classical object of copyright protection. I would rather not consider in this context that, after the first euphoria over copyright protection of software, one now speaks in the U.S. of a "welter of confusion and contradiction." Chips, however, are hardware; they are mini-computers, i.e., machines. In reality, one does not look for protection of these machines as such, but of their *design*, what is called a "mask work" in the U.S.; "topography of semiconductor products" in the Common Market; and, "the circuit layout of a semiconductor integrated circuit" in Japan. The WIPO treaty on the subject is the clearest, speaking of the "layout-designs of topographies."

Can industrial designs be protected by copyright law? The answer cannot be given as universally as it could in the case of "writings" and computer software. There is indeed no subject in the whole of intellectual property law where national systems diverge so widely as with the protection of designs. In countries like Italy and the United States there is virtually no room left for copyright protection of industrial design. As a consequence, sui generis design legislation has been proposed in the U.S. In other countries, like the Federal Republic of Germany and the Nordic countries, a certain degree of artistic merit is required for copyright protection of designs, which seems to rule out such protection for chip designs. Only in France, the Benelux-countries and England (from 1968 to 1989) is there an unrestricted possibility of

*Speech, held at the international conference "Chip Protection, A New Form of Intellectual Property," organised by the Centre for intellectual property Rights CIR in Leuven, Belgium, 6 March 1989.

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obtaining copyright protection for industrial designs. Of course, the design should meet the general copyright requirement of "originality," but this is certainly much less than "artistic merit."

I will give now the one really correct example of copyright protection in the letter of the Dutch government I have mentioned before, correct in the sense that it is somewhat comparable to protection of chip designs. The President of the High Court of Zwolle had to decide in 1983 on the imitation of a so-called cow recognition system. A small electronic device called a transponder, applied to the collar of a cow, sends signals to a receiver at the trough and to a connected computer, presumably concerning the state of the cow's stomach. This system was highly successful and, therefore, plagiarized. The President was of the opinion that it could not be denied that the electronic print with components showed a certain creative work of the designer. He thought it a fact of common knowledge that in electronics many roads lead to Rome. The one is not more obvious than the other. Therefore, it is easy—but not at all necessary—to follow the road chosen by another designer. He concluded that defendant had infringed the copyright on the electronic print. This is perhaps an extreme decision, but it could be evidence for potential copyright protection of semiconductor chip designs.

This, however, was a Dutch decision. In the United States, it would never have been handed down, because of the American rule that mere aesthetically pleasing designs of useful objects cannot be copyrighted. But it was the United Sates which first had to decide which road to follow for the protection of chip designs, because it was the first country to legislate on the subject. It is all the more interesting that in the first instance one did consider, also in the United States, the copyright road. The main reason seems to have been the association with computer software, which had been dealt with in the Copyright Act. But the Copyright Office objected to this because of the useful article-doctrine in American copyright. It would run counter to the legal system. Also other objections were voiced, by industry, which wanted restrictions to a new right, which would not fit in copyright, like freedom for reverse engineering and innocent infringers and a much shorter period of protection. But the decisive objection was, that copyright would force the U.S. to grant protection also to all foreigners who could rely on the Universal Copyright Convention. This tipped the scales in favor of the sui generis solution in the U.S. Semiconductor Chip Protection Act of 1984.

It was thus the international position which steered the U.S. away from copyright to a sui generis protection of chip designs. Curiously enough, exactly the reverse had taken place with software protection. Because of the national treatment rule of the Berne Convention and the UCC and the ensuing international protection one has everywhere opted for a copyright solution instead of a sui generis law on computer programs. But then, as already indicated, the case for national copyright protection of software seemed so

much easier than the same protection of semiconductor chip designs, given the curious law in some countries with respect to industrial designs in general. Especially in the U.S., copyright protection for industrial designs was unheard of and the Americans had reason to believe they were not the only ones.

Therefore, what the American Congress wanted to do was not only to legislate for internal American protection, one wanted to incite and press the whole industrialized world to follow the American example. Relying on copyright and on the national treatment rule of the UCC would not have brought about any change in foreign countries. Those which did have the possibility of copyright protection of semiconductor chip designs would indeed also apply this to American rights, but the others would remain as passive as they had always been with respect to designs and not grant copyright protection, not to their own nationals and not to Americans. In the mean time those foreign nationals would, however, profit from the copyright protection in the U.S., always an irksome result of the national treatment rule.

The U.S. Act of 1984 turned the tables. Not only did it avoid the national treatment rule of the UCC by distracting chip protection from copyright, it contained the very opposite reciprocity rule. If a foreign country was willing to enter into a (not yet existing) treaty*** which would give protection to Americans in that country, then indeed the U.S. would reciprocally grant protection to nationals of that country. Secondly, and less theoretically, the American protection could be extended by a Presidential proclamation for each foreign country, whenever the President finds that the foreign nation in question also protects Americans. Again a very clear reciprocity rule. Finally, the Act provides for interim orders extending U.S. protection to such foreign nations which are making good faith efforts and reasonable progress toward either entering into a treaty or enacting legislation that would correspond with the American semiconductor chip protection, and this then for a limited number of years.

The U.S. have quite rightly speculated on the pressure which in this way would build up in foreign countries with a national semiconductor chip industry. This industry would want protection, perhaps not even so much in their domestic market as well as in the U.S. The only way for them to obtain this would be to convince their own governments that they wanted a regime of national protection, which in second instance would trigger the desired reciprocity treatment in the U.S.

Indeed, a whole number of countries applied in this way for interim orders for U.S. protection of their own national industries: Japan, Sweden, Australia, the United Kingdom, the Netherlands, Canada and finally the Eu-

***Editors' Note: See Part III of this issue.

ropean Commission for all EC Member-States asked for and obtained such interim orders.

These requests implied that the nations involved promised the American government that they would legislate on the subject and indeed create a semiconductor chip protection, comparable to the already existing American one. Not without some resentful rumblings here and there the countries kept their promise and got their own Semiconductor Chip Protection Act, and in record time. These Acts were and had to be faithful copies of the American Act. All those curiosities like the restrictions for reverse engineering and innocent infringers were carried over in the national laws, which indeed provided for a sui generis and not a copyright protection of chip designs. The Dutch Act went so far as to expressly rule out any copyright protection. A cumulative protection as it exists in the Benelux-countries and France with designs in general would have been curiously out of order under the Pax Americana on semiconductor chip protection.

The European Commission issued a Directive on semiconductor chip protection, which in its main structure followed the American example of sui generis protection but which, in a rather veiled wording, also kept the road open to a completely different national system of copyright protection for semiconductor chips. In this way the Directive was anything but harmonising. In practice, though, all the Member-States of the EC seem to have been sensible enough *not* to choose the copyright road, which almost certainly would endanger the issuing of the so sought after American Presidential Proclamation.

The EC-Directive and the national European Acts in their turn also provided for a system of international reciprocity of protection instead of the traditional national treatment rule of the intellectual property treaties. As far as one had kept clear from copyright and the copyright treaties this was certainly possible. Another pressing question is, whether the sui generis chip protection Acts come under the notion of industrial property and therefore under the Paris Convention for the Protection of Industrial Property rights. This Convention also prescribes the national treatment rule. On this question hinges the whole Pax Americana, based as it is on the reciprocity-technique. It is a sobering thought that the only country which in its semiconductor chips protection Act has remained faithful to the Paris Convention and its national treatment rule, is Japan.

Why were the industrialized countries so quick to follow the American example? In the first place because of the interests of their national industry in the American market. The haste was further spurred on by the short term the American Act provided for obtaining interim orders for protection.

The direct interest of industry in the Netherlands was already shown by the fact that the Dutch governmental request for a U.S. interim order had as annexes a.o. two letters from Philips, a big European semiconductor chip pro-

ducer. Also later on Philips took an active part in the preparatory work of drafting the Dutch Semiconductor Chip Act, which entered into force November 7, 1987. I had my inklings, and a year later, on November 9, 1988, I asked the new Dutch Bureau for Topographies and Semiconductor Products how many semiconductor chip deposits had been made this first year. I got the answer I had expected: not a single one. European industry, via the detour of national legislation, only plays the U.S. market.

All these features of semiconductor chip protection give ample food for more general thoughts on the way intellectual property protection is going internationally. The rough American technique of turning the national treatment rule inside out in order to pressure other countries into a national protection system nobody really cares for is one such feature. Another one concerns the option between copyright or sui generis protection. One has been wavering between the two, and only for reasons of international pressure has chosen for the sui generis protection. In the case of computer software the choice has been reversed, and also mainly because of the international protection, which became thus available. This means that only international expediency has dictated the choices and not the real characteristics of the object one wanted to protect. This I think is a dangerous development, which should be stopped. Curiously enough, however, in the case of semiconductor chips one has, albeit mainly for the wrong reasons, opted for the right solution, a sui generis protection.

68. TYING, REFUSALS TO LICENSE, AND COPYRIGHT MISUSE: THE PATENT MISUSE MODEL

By THOMAS M. SUSMAN*

I. INTRODUCTION

> A copyright, like a patent, is a statutory grant of monopoly privileges. The rules which prohibit a patentee from enlarging his statutory monopoly by conditioning a license on the purchase of unpatented goods, or by refusing to grant a license under one patent unless the licensee also takes a license under another, are equally applicable to copyrights.[1]

Although written in the context of an antitrust challenge to a copyright blanket license arrangement,[2] Justice Stevens' remarks should signal well-deserved relief for copyright owners whose rights are challenged under the misuse doctrine. Under that doctrine, a patent or copyright cannot be enforced against an infringer so long as the patent or copyright holder continues conduct that attempts to extend his rights beyond the lawful scope of the patent or copyright.[3] Congress recently provided a new test for applying the misuse doctrine to patent tying arrangements and refusals to license patents.[4] The law of copyright misuse, which owes its origin to the patent misuse doctrine,

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[1] Broadcast Music Inc. v. CBS, 441 U.S. 1, 25 (1979) (Stevens, J., dissenting). While Justice Stevens' observation that the same rules apply to patents and copyrights is relevant to this article, his characterization of those rights as "monopoly privileges" is mistaken and outdated. See *infra* note 28.

[2] The *Broadcast Music* case, *supra* note 1, involved CBS's challenge to the blanket license arrangements of ASCAP and BMI as unlawful tying arrangements and a misuse of copyrights. CBS v. American Soc'y of Composers, Authors & Publishers, 400 F. Supp. 737 (S.D.N.Y. 1975). The court of appeals held that the blanket license constituted *per se* price fixing under section 1 of the Sherman Act and also a misuse of copyrights. 562 F.2d 130, 141 n.29 (2d Cir. 1977). The Supreme Court reversed, requiring analysis of the blanket license practice under the rule-of-reason standards. 441 U.S. 1 (1979) (*sub nom.*). Since the court on remand held that the blanket license did not violate section 1 under the rule of reason, 620 F.2d 930 (2d Cir. 1980), the misuse issue did not have to be resolved. *See also* text accompanying note 29 *infra*.

[3] The origin and application of the misuse doctrine to patents and copyrights are discussed below in parts II and III.

[4] Pub. L. No. 100-703 (amending 35 U.S.C. § 271(d)). *See infra* text accompanying note 83.

should be interpreted compatibly with these new changes.[5] To paraphrase Justice Stevens: "The rules which permit a patentee to . . . condition a license on the purchase of unpatented goods . . . are equally applicable to copyrights."

This should come as welcome news to copyright owners who sue to enforce their rights and are met by a misuse defense grounded on allegations that the copyright owner refused to license rights or tied the license of a copyright or the sale of a copyrighted work to the purchase of another product. One obvious application will be in cases involving infringement of a copyrighted computer program sold only as part of a system. Apple Computer, for example, has recently sued Hewlett-Packard alleging that a Hewlett-Packard computer program infringes Apple's copyright on its own software.[6] In its answer, Hewlett-Packard defends on the ground that Apple's copyright is unenforceable because Apple is "intentionally and improperly extending" its rights "beyond any lawful scope" and has otherwise misused its copyright.[7] The same misuse defense has been raised in other less well-known cases involving copyright, as well as patent, infringement claims.[8]

This article will examine the origin of the patent misuse doctrine and the copyright misuse principles that it spawned. It will then review judicial applications of the copyright misuse doctrine, the arguments opposing recognition of that doctrine, and Congress' recent reform of the patent misuse doctrine. The article concludes that the copyright misuse doctrine should be applied, if at all, only where the owner is guilty of misusing his copyright in a way that violates the antitrust laws. And where the antitrust violation involves a tying arrangement, the alleged infringer should have to prove that the copyright owner actually possesses market power in the relevant market for the copyrighted, or tying, product, consistent with the recently legislated reform of the patent misuse doctrine.

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[5] As will be explored below, many courts and commentators do not recognize the viability of the copyright misuse doctrine. This article plainly sides with the doctrine's critics who think that the doctrine should be applied to copyrights only under a rule-of-reason antitrust standard.

[6] Apple Computer, Inc. v. Microsoft Corp. & Hewlett-Packard Co., No. C-88-20149 RPA, (N.D. Cal., filed March 17, 1988).

[7] *Id.*, Answer and Counterclaims of Hewlett-Packard (filed July 13, 1988).

[8] *E.g.*, Data General Corp. v. Grumman Systems Support Corp., No. 88-0033-S, 1988 U.S. Dist. LEXIS [Genfed] 16427 (D. Mass. Dec. 29, 1988); Alpha Microsystems, Inc. v. d/Soft, Ltd., No. 87-05106DWW(Tx) (C.D. Cal., filed Aug. 4, 1987) (settled).

Comparable issues have arisen in cases involving patent rights. *See* Digital Equip. Corp. v. System Indus., Inc., Civ. 80-2551-K (D. Mass. filed Nov. 13, 1980), discussed in Susman & Krentzman *Congressional Reform of Patent Misuse Doctrine Benefits High Technology Innovators*, 5 Computer Lawyer 8, 9 (Dec. 1988).

II. ORIGIN OF THE COPYRIGHT MISUSE DOCTRINE

Since copyright misuse derives from the doctrine of patent misuse, a brief exploration of the patent misuse doctrine provides a necessary framework for understanding copyright misuse.[9]

A. The Patent Misuse Doctrine

The doctrine of patent misuse, from which copyright misuse developed, first emerged as a judicial response to the patent owner's practice of conditioning the sale or license of patented inventions upon the purchase or license of additional products. In the earliest cases this practice was approved by the courts, including the United States Supreme Court. In *Henry v. A.B. Dick Co.*,[10] for example, the Court upheld a patent owner's sale of a patented mimeograph machine upon the condition that the invention be used only with ink provided by the patent owner.

Shortly after *A.B. Dick*, however, the Supreme Court's attitude changed. Citing enactment of Section 3 of the Clayton Act[11] as evidence that tied sales were against public policy, the Court held that conditioned sales of patented products were unenforceable regardless whether they violated the Clayton Act. In *Motion Picture Patents Co. v. Universal Film Mfg. Co.*,[12] the owner of a patent for a film feeder used in the projection of motion pictures sought to license the feeder on the condition that the licensee show only films leased from persons approved by the patent owner. While the patented film feeder was dramatically superior to other film feeders on the market, giving the patent owner significant market power, the Court did not find an antitrust violation. The Court instead refused to enforce the patent on the basis that the effect of the condition would extend the patent owner's power beyond the scope of the owner's patent rights.[13]

Cases following *Motion Picture Patents* continued to expand the doctrine of patent misuse. In *Morton Salt Co. v. G.S. Suppiger Co.*,[14] where the term "patent misuse" appeared for the first time, the Court held that the misuse

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[9] For more thorough treatment of the doctrine of patent misuse, *see* Hoerner, *Patent Misuse*, 53 Antitrust L.J. 641 (1984). Comment, *Standard Antitrust Analysis and the Doctrine of Patent Misuse: A Unification Under the Rule of Reason*, 46 U. Pitt. L. Rev. 209 (1984); Note, *Giving the Patent Owner His Due: Recent Developments in the Antitrust/Patent Misuse Interface*, 12 Delaware J. Corp. L. 135 (1987); *see also* Oddi, *Contributory Infringement/Patent Misuse: Metaphysics and Metamorphosis*, 44 U. Pitt. L. Rev. 73 (1982); Note, *Vertical Territorial Restrictions as Patent Misuse*, 61 S. Calif. L. Rev. 215 (1987).

[10] 224 U.S. 1 (1912).

[11] 15 U.S.C. § 14. This section proscribes the conditioning of a sale of one commodity, "whether patented or unpatented," on the required purchase of another.

[12] 243 U.S. 502 (1917).

[13] *Id.* at 518.

[14] 314 U.S. 488 (1942).

defense was available even to a person who knowingly infringed a valid patent and who was not affected by the conduct later held to constitute misuse. The patent owner in *Morton Salt* had licensed its patented salt machine upon the condition that the licensee use the machine with salt tablets purchased from the patent owner. The Court held that this use of the patent exceeded the limited grant of the patent laws. The patent owner thus had misused the patent and was not entitled to the protection of the patent laws.[15] The Court found it unnecessary to determine whether the patent owner's action violated the antitrust laws.[16]

In *Morton Salt*, as in *Motion Picture Patents*, the Court ignored the antitrust issues presented and based its decision on public policy grounds. From this origin, courts have concluded that a claim of patent misuse need not be supported by proof establishing a violation of the antitrust laws, but only by a showing of some anticompetitive conduct.[17] In most jurisdictions, the basic principles of *Morton Salt* remain the established law of patent misuse.[18]

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[15] *Id.* at 491.

[16] *Id.* at 494.

[17] *See, e.g.*, Zenith Radio Corp. v. Hazeltine Research, Inc., 395 U.S. 100, 140-41 (1969); Duplan Corp. v. Deering Milliken, Inc., 444 F. Supp. 648 (D.S.C. 1977), *aff'd in relevant part*, 594 F.2d 979 (4th Cir. 1979), *cert. denied* 444 U.S. 1015 (1980).

[18] *See generally*, Section of Antitrust Law of the American Bar Association, *Antitrust Law Developments* (Second) 488-89 (1984), and cases cited therein. Other practices by a patent owner held to constitute misuse include the following: fixing the price at which the purchaser of a patented item could resell it (Bauer & Cie. v. O'Connell, 229 U.S. 1 (1913)); requiring a licensee to buy an unpatented staple item used with the patented device (Dawson Chem. Co. v. Rohm & Haas Co., 448 U.S. 176, *reh'g denied*, 448 U.S. 917 (1980)); requiring payment of royalties beyond the expiration of the patent (Brulotte v. Thys Co., 379 U.S. 29, *reh'g denied*, 379 U.S. 985 (1965)); measuring royalties by the sales of unpatented end products containing the patented items (Zenith Radio Corp. v. Hazeltine Research, Inc., 395 U.S. 100 (1969)); requiring licensees not to make any items competing with the patented item (Steward v. Mo-Trim, Inc., 192 U.S.P.Q. 410 (S.D. Ohio 1975)); requiring the licensee to take additional patents where the licensee seeks a license under only one patent (compulsory package licensing) (American Security Co. v. Shatterproof Glass Corp., 268 F.2d 679 (3d Cir.), *cert. denied*, 361 U.S. 902 (1959)); requiring the licensee to refrain from dealing in products that compete with the patented product (tie-outs) (National Lockwasher Co. v. George K. Garrett Co., 137 F.2d 255 (3d Cir. 1943)); imposing territorial restrictions on the sale of unpatented products made with a patented process (Robintech, Inc. v. Chemidus Wavin, Ltd., 628 F.2d 142 (D.C. Cir.. 1980)); charging licensees differing royalty rates (Laritram Corp. v. King Crab, Inc., 244 F. Supp. 9, *modified*, 245 F. Supp. 1019 (D. Alaska 1965)), rates that are "exorbitant and oppressive" (American Photocopy Equip. Co. v. Rovico, Inc., 359 F.2d 745 (7th Cir. 1966)), or refusing to license a patent that had been licensed to others (Allied Research Prods., Inc. v. Heatbath Corp., 300 F. Supp. 656 (N.D. Ill. 1969)).

Recently, however, the Court of Appeals for the Federal Circuit, vested with plenary appellate jurisdiction in patent cases, appears to be attempting to retreat from inflexible or *per se* application of the patent misuse doctrine. In its *Windsurfing Int'l* decision,[19] the court moved to unify the patent misuse doctrine generally under the umbrella of antitrust rule-of-reason principles. Thus the court in *Windsurfing* held:

> To sustain a misuse defense involving a licensing arrangement not held to have been per se anticompetitive by the Supreme Court, a factual determination must reveal that the overall effect of the license tends to restrain competition unlawfully in an appropriately defined relevant market.[20]

At the same time, the Federal Circuit has considered itself constrained by Supreme Court precedent from using the rule-of-reason approach where a patent tie-in is challenged. In *Senza-Gel Corp. v. Sieffhart*[21] the court affirmed a misuse holding because the owner of a patented process had made the process available to others only with the purchase of a machine that performed the steps of the process. The court recognized that "commentators and courts have questioned the rationale appearing in Supreme Court opinions dealing with misuse in view of recent economic theory and Supreme Court decisions in non-misuse contexts." But it considered itself "bound . . . to adhere to existing Supreme Court guidance in the area until otherwise directed by Congress or by the Supreme Court."[22]

B. The Copyright Misuse Doctrine

M. Witmark & Sons v. Jensen,[23] was one of the first cases to apply the misuse doctrine to copyrights; it involved an infringement action brought by members of the American Society of Composers, Authors and Publishers ("ASCAP") against movie theater operators who used copyrighted music on movie soundtracks without paying performance royalties. The theater owners defended the infringement claim on the basis that ASCAP's refusal to license its performance rights apart from its recording rights constituted an unlawful extension, and therefore a misuse, of the copyrights. The court agreed, citing *Morton Salt* by way of analogy for the proposition that an infringement suit should be barred where a copyright owner attempts to extend the copyright monopoly beyond its "proper scope." The court concluded that, in view of its finding "that the copyright monopoly has been extended, it

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[19] Windsurfing Int'l, Inc. v. AMF, Inc., 782 F.2d 995 (Fed. Cir. 1986).

[20] 782 F.2d at 1001-02.

[21] 803 F.2d 661 (Fed. Cir. 1986).

[22] *Id.* at 665 n.5.

[23] 80 F. Supp. 843 (D. Minn. 1948), *appeal dism'd sub nom.* M. Witmark & Sons v. Berger Amusement Co., 177 F.2d 515 (8th Cir. 1949).

is not necessary to determine whether anti-trust violations alone would deprive plaintiffs of the right of recovery."[24]

The Supreme Court has lent support to the development of the copyright misuse defense in two antitrust cases involving motion picture block-booking practices, where the Court relied on and emphasized the analogy between patents and copyrights based upon the apparent market or monopoly power conferred by both. In *United States v. Paramount Pictures, Inc.*,[25] the Court held that block-booking, the practice of licensing certain motion pictures on the condition that the licensee accept additional motion pictures from the licensor, violated the antitrust laws. In affirming the holding of the lower court, the Court stated: the "enlargement of the monopoly of the copyright was condemned below in reliance on the principle which forbids the owner of a patent to condition its use on the purchase or use of patented or unpatented materials."[26]

In *United States v. Loew's, Inc.*[27] the Court again considered the legality of block-booking practices, this time in the context of television programming. At issue in the government's antitrust action against Loew's was whether the defendant had sufficient market power to have violated the antitrust laws through a tying arrangement. In holding that it did, the Court stated:

> The requisite economic power is presumed when the tying product is patented or copyrighted [citing *International Salt* and *Paramount Pictures*] . . . . This principle grew out of a long line of patent cases which had eventuated in the doctrine that a patentee who utilized tying arrangements would be denied all relief against infringements of his patent [citing, *inter alia*, *Motion Picture Patents* and *Morton Salt*].[28]

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[24] *Id.* at 850.

[25] 334 U.S. 131 (1948).

[26] *Id.* at 157.

[27] 371 U.S. 38 (1962).

[28] *Id.* at 45-46. The presumption of market or monopoly power in antitrust cases involving patents and copyrights has been criticized by courts, commentators, and the Congress. *See, e.g.*, Jefferson Parish Hosp. Dist. No. 2 v. Hyde, 466 U.S. 2, 37 n.7 (1984) (O'Connor, J., concurring); Schenck v. Nortron Corp., 713 F.2d 782, 786 n.3 (Fed. Cir. 1983); Lavey, *Patents, Copyrights and Trademarks as Sources of Market Power in Antitrust Cases*, 27 Antitrust Bull. 433, 437-38, 455 (1982); Scherer, *The Value of Patents and Other Legally Protected Commercial Rights*, 53 Antitrust L.J. 535, 546-47 (1985); Note, *The Presumption of Economic Power for Patented and Copyrighted Products in Tying Arrangements*, 85 Colum. L. Rev. 1140 (1985); The Intellectual Property Antitrust Protection Act of 1989, S. Rept. No. 101-8, on S. 270, at 2-8, 10-11 (March 13, 1989). In light of this criticism, some courts have pointedly rejected applying the presumption in antitrust cases involving intellectual property rights. *E.g.*, A.I. Root Co. v. Computer/Dynamics, Inc., 806 F.2d 673,

The Court's language thus plainly approved the application of patent misuse law to copyright cases and provided added foundation for the growth of the doctrine of copyright misuse.

While the Supreme Court has never explicitly recognized a copyright misuse defense, the Court may have implicitly done so in *Broadcast Music, Inc. v. Columbia Broadcasting System, Inc.*, where it reversed and remanded for further proceedings under a rule-of-reason antitrust standard both a *per se* antitrust judgment "and the copyright misuse judgment dependent upon it."[29] Moreover, *Paramount Pictures* and *Loew's* support the proposition that misuse may be a valid defense to a copyright infringement action and that the defense should be determined by reference to cases on patent misuse.

Several federal district and appellate courts have since recognized and applied the defense of copyright misuse, but they have done so inconsistently, usually requiring an antitrust violation to support a finding of copyright misuse.[30] Others have refused to recognize the viability of the misuse doctrine as applied to copyrights.

III. APPLICATION OF THE COPYRIGHT MISUSE DOCTRINE

Commentators appear to disagree over whether the copyright doctrine is viable. One author, writing in 1981, observed that "commentators considering the issue have uniformly suggested that the misuse defense can properly be applied in copyright cases."[31] Yet only a year later other writers opined of

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676 (6th Cir. 1986); *see* Nobel Scientific Indus., Inc. v. Beckman Instruments, Inc., 670 F. Supp. 1313, 1328 (D. Md. 1986). Others, however, continue blindly to apply the presumption. *E.g.*, Digidyne Corp. v. Data General Corp., 734 F.2d 1336, 1341-42 (9th Cir. 1984) (market power presumed from copyrighted computer operating system); Outlet Communications, Inc. v. King World Productions, Inc. v. 685 F. Supp. 1570, 1577 (M.D. Fla. 1988) (copyright on syndicated television program sufficient to establish requisite market power).

Legislation has been introduced in both the House (H.R. 469, 101st Cong.) and the Senate (S. 270) to eliminate the presumption of market power accorded patents and copyrights antitrust litigation. S. 270 was approved by the Senate in March 1989. 135 *Cong. Rec.* S3190-93 (daily ed. March 17, 1989).

[29] 441 U.S. 1, 24 (1979); *see supra* note 2.

[30] Department of Justice and Department of Commerce representatives have jointly observed that "there does not appear to be any tendency by the courts to deprive copyright owners of their intellectual property on grounds related to competition because of licensing practices that would survive antitrust scrutiny." *Hearing on Patent Licensing Reform Act of 1988*, before the Subcomm. on Courts, Civil Liberties, and the Admin. of Justice, Comm. on the Judiciary, 100th Cong., 2d Sess. 76 (May 11, 1988) (letter to Cong. Robert Kastenmeier, Aug. 15, 1988).

[31] Note, "Redefining Copyright Misuse," 8 Colum. L. Rev. 1291, 1305 (1981), and *see* articles cited *id.* at 1305 n.76.

copyright misuse that "at present its ultimate scope is in doubt."[32] The next year yet another author conceded that "there has been considerable controversy over the application of the misuse doctrine to copyright law."[33] Even Nimmer's well-known treatise does not deal satisfactorily with the issue.[34]

Likewise, courts have disagreed on both whether copyright misuse is a valid defense to a claim of copyright infringement and, if it is, when the defense is available.

A. Courts Refusing to Recognize Copyright Misuse

In *Alfred Bell & Co. v. Catalda Fine Arts, Inc.*,[35] decided before *Loew's*, a dealer in copyrighted mezzotints sued a lithographer who sold color lithographs of the same mezzotints. Bell sued for copyright infringement and Catalda cross-claimed, alleging copyright misuse. The district court held that although Bell had violated the antitrust laws by combining with other dealers to maintain prices, the court would *not* extend the theory of patent misuse, as developed in *Morton Salt*, to the copyright case before it.

On appeal, the Second Circuit affirmed but applied a different analysis. The court stated: "We have here a conflict of policies: (a) that of preventing

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[32] E. Kintner & J. Lahr, *An Intellectual Property Law Primer* 450 (1982).

[33] Comment, *Copyright Misuse and Cable T.V.*, 35 Fed. Comm. L.J. 347, 354 (1983).

[34] 3 *Nimmer on Copyright* ("*Nimmer*,") states that "those cases which have ruled on" the question whether a violation of the antitrust laws constitutes a valid copyright misuse defense in an infringement action "have in the main held that no such defense may be claimed." § 13.09[A], at 13-142. Nimmer fails to distinguish between pre- and post-*Loew's* precedents and, among the cases cited in support of this general statement, includes three of doubtful applicability. Those cases, cited in *Nimmer*, at 13-142-143 n.3, are: Midway Mfg. Co. v. Artic International, Inc., 211 U.S.P.Q. 1152 (N.D. Ill. 1981) (court pays lip service to "general view . . . that a violation of the antitrust law is not a defense to a copyright infringement action" [citing *Nimmer*] but continues that "plaintiff's defense of 'unclean hands' is recognized 'only rarely, when the plaintiff's transgression is of serious proportions and relates directly to the subject matter of the infringement action' " [again citing *Nimmer*]); Supermarket of Homes v. San Fernando Valley Bd., 786 F.2d 1400, 1408 (9th Cir. 1986) (court assumes that copyright misuse would be a defense, citing *Tempo Music*, note 54 *infra* and accompanying text, but finds no evidence of misuse); Foreign Car Parts, Inc., of New England v. Auto World, Inc., 366 F. Supp. 977, 979 (M.D. Pa. 1973) (court observes that "it is doubtful that an anti-trust violation creates a defense in a copyright infringement action" but concludes that "in any event, defendant has provided absolutely no factual substantiation of this allegation").

Nimmer, goes on to cite a number of cases holding to the contrary and concludes with a discussion of *Loew's* and the observation that this "may well suggest a tacit approval by the Court of an analogy between patents and copyrights with respect to the issue of antitrust misuse as a defense in an infringement action." *Nimmer* at 13-144.

[35] 74 F. Supp. 973, 978 (S.D.N.Y. 1947), *aff'd*, 191 F.2d 99 (2d Cir. 1951).

piracy of copyrighted matter and (b) that of enforcing the anti-trust laws."[36] The court's analysis balanced the copyright and antitrust considerations and also took into account the respective culpability of the parties. The court ruled in favor of the copyright holder, reasoning that, given the infringer's more culpable behavior, copyright considerations should outweigh antitrust considerations.[37]

In the *Loew's* case, it should be recalled, the Supreme Court suggested that the law developed in patent misuse cases should be applied to copyright cases as well.[38] Nonetheless, even after *Loew's* many courts have been hesitant to embrace this suggestion.

In *Edward B. Marks Music Corp. v. Colorado Magnetics, Inc.*,[39] the Tenth Circuit expressed doubt over whether even an antitrust violation would give rise to a copyright misuse defense. Marks sued Colorado Magnetics, a sound tape producer, for infringement of copyrighted musical compositions. Colorado Magnetics raised the defense of copyright misuse based on Marks' pricing policies and other actions alleged to violate the antitrust laws. The court held that "assuming *arguendo* that an antitrust violation is a defense in a copyright infringement action," the record did not support a finding of misuse.[40] The court applied a balancing analysis, citing *Alfred Bell and Co.*,[41] and concluded that: "Marks is not precluded from relief because of any possible misconduct on its part."[42] The court noted that one seeking equitable relief need not come into court with "spotless hands," but it did not address the question of how clean his hands must be.[43]

Similarly, in *Orth-O-Vision v. Home Box Office*,[44] the district court noted that the Supreme Court "has not expressly held that a court of equity ought to decline to enjoin infringement where the copyright owner is engaged in . . . anticompetitive activity."[45]

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[36] 191 F.2d at 106.

[37] *Id.* Other cases decided before *Loew's* (1962) have rejected the notion that a violation of the antitrust laws by the plaintiff would constitute a defense to an action for copyright infringement. *See, e.g.*, Peter Pan Fabrics, Inc. v. Candy Frocks, Inc., 187 F. Supp. 334, 336 (S.D.N.Y. 1960) (citing *Alfred Bell*); Harms, Inc. v. Sansom House Enterprises, Inc., 162 F. Supp. 129, 135 (E.D. Pa. 1958) ("it is settled that such defense [of violating the antitrust laws] is not permitted in a copyright infringement action," citing several earlier decisions). *Cf.* M. Witmark & Sons v. Jensen, *supra* note 23 and accompanying text.

[38] *See* text accompanying notes 27-28 *supra*.

[39] 497 F.2d 285 (10th Cir. 1974), *cert. denied*, 419 U.S. 1120 (1975).

[40] 497 F.2d at 290.

[41] *See supra* note 35 and accompanying text.

[42] 497 F.2d at 291.

[43] *Id.*

[44] 474 F. Supp. 672 (S.D.N.Y. 1979).

[45] *Id.* at 686. The court continued: "Even if the rationale of *Mercoid* [*Corp. v. Mid-*

In *Broadcast Music, Inc. v. Grant's Cabin, Inc.*,[46] BMI sued Grant's Cabin for infringement of copyrighted music by unauthorized performance. Grant's Cabin raised the defense of copyright misuse, but the court denied the defense, stating that "an allegation that a plaintiff has violated the antitrust laws has been found to be an insufficient defense to a claim of copyright infringement."[47]

More recently, a district court in Kansas explicitly refused to recognize the copyright misuse doctrine in a case involving an infringement action against a publisher who used entries in a copyrighted directory as a basis for a second directory. In *Rural Tel. Serv. Co. v. Feist Publ., Inc.*,[48] the court found that Feist had infringed RTSC's copyrighted directory and noted that Feist had sought "to extend the 'patent misuse' doctrine to the facts of this case . . . by alleging that RTSC is an antitrust violator and, thus, should not be able to obtain relief in a copyright infringement action." Citing various lower court precedents, the court stated bluntly that "antitrust violations do not constitute a defense to copyright infringement."[49]

Last year a district court issued a preliminary injunction against Grumman Systems prohibiting continuing infringement of Data General's ADEX software copyright in the face of Grumman's copyright misuse defense claim. Grumman had alleged that DGC was "misusing its copyrights in ADEX to effectuate tying arrangements, to leverage its monopoly over ADEX, to deny competitors an essential facility, and to monopolize the DGC service market."[50] The court observed that:

> The likelihood that these two as yet not fully developed concepts [copyright misuse and judicial estoppel] will be resolved in favor of the defendants (upon whom the burden of proof falls with respect to its affirmative defense) does not seem to me to be sufficiently strong to overcome the countervailing factors establishing that the plaintiff's likelihood of success is strong.[51]

Continent Investment Co., 314 U.S. 488 (1944)] and *Morton Salt* were extended to copyrights, Orth-O-Vision has failed to establish its antitrust defense . . . ."

[46] 204 U.S.P.Q. 633 (E.D. Mo. 1979).

[47] *Id.* at 634.

[48] 663 F. Supp. 214 (D. Kan. 1987).

[49] *Id.* at 220. Another post-*Loew's* case refusing to recognize a copyright misuse defense is Broadcast Music, Inc. v. T&D Enterprises, Inc., 1983-1 Trade Cas. (CCH) ¶ 65,411 (E.D. Mo. 1983). In a brief opinion the court struck T&D's affirmative defense that BMI's cause of action for copyright infringement should be barred because of BMI's violation of section 1 of the Sherman Act. It accepted without analysis BMI's argument that "as a matter of law, an allegation that plaintiff has violated the antitrust law is not a defense to a claim for copyright infringement," citing *Orth-O-Vision* and *Grant's Cabin*.

[50] *Supra* note 8, at 8.

[51] *Id.* at 10.

Without any discussion of the law, the court later remarked on "the uncertainty of the copyright misuse defense."[52]

A. Courts Recognizing Copyright Misuse

Contrary to those courts that have refused to recognize a copyright misuse defense, others—beginning with *M. Witmark & Sons*[53]—have not only recognized the principles of copyright misuse but have applied them to deny relief for copyright infringement. A few cases, following the patent misuse analogy, even suggest that activity need not violate the antitrust laws to constitute copyright misuse; others confine misuse to only certain classes of antitrust violations.

In *Tempo Music, Inc. v. Myers*[54] Tempo sued Myers, a supper club owner, for copyright infringement based on the unauthorized performance of copyrighted songs. The court held that the copyrights had been infringed, but that the plaintiff's recovery was barred because Tempo's agent, ASCAP, had acted in violation of an antitrust consent decree.

In *F.E.L. Publ., Ltd. v. Catholic Bishop of Chicago*,[55] the trial court upheld the defense of copyright misuse. F.E.L. owned copyrights to musical compositions that were performed and reproduced for distribution by the defendant church group, in violation of F.E.L.'s copyrights. The district court held, however, that F.E.L. had attempted wrongly to extend the scope of its copyrights by licensing rights to use the copyrighted material in nonprofit performances, for which the church group was not legally obligated to obtain a license, and for imposing a tying contract that was a *per se* violation of the Sherman Act.

On appeal, the Seventh Circuit reversed the district court's finding of copyright misuse. While emphasizing the misuse doctrine's viability, the court found that F.E.L. had not licensed its copyrighted material for use in exempt performances and that, under the *Broadcast Music* precedent,[56] there was no antitrust violation. The court reiterated, however, that "it is copyright misuse to exact a fee for the use of a musical work which is already in the public domain . . . . The question in this case is whether F.E.L. has extended its copyright beyond the strict boundaries of the conferring statute."[57] The court stated that there was no evidence of unlawful extension and noted that, in any event, "dismissal of a copyright claim for misuse is an equitable defense which requires a balancing of equities. We think that in this

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[52] *Id.* at 11.

[53] M. Witmark & Sons v. Jensen, *supra* note 23.

[54] 407 F.2d 503 (4th Cir. 1969).

[55] 506 F. Supp. 1127 (N.D. Ill. 1981), *rev'd*, 214 U.S.P.Q. 409, 1982-1 Trade Cas. (CCH) ¶ 64,632 (7th Cir. 1982), *cert. denied*, 459 U.S. 859 (1982).

[56] *Supra* notes 1-2.

[57] 214 U.S.P.Q. at 413 n.9 (citations omitted).

case, the scales are tipped in F.E.L.'s favor."[58]

An antitrust violation was observed not to be a prerequisite for a misuse finding in *Broadcast Music, Inc. v. Moorlaw.*[59] BMI sued the Triple Nickel Saloon and additional defendants for unauthorized performance of several songs on which BMI held copyrights. The defendants asserted as separate affirmative defenses violation of the antitrust laws and copyright misuse.

While finding that BMI had not violated the antitrust laws, the court maintained: "Regardless of whether various aspects of BMI's current pricing system constitute restraints of trade objectionable under the antitrust laws, they are also subject to scrutiny under the copyright misuse doctrine."[60] Citing earlier patent misuse precedent, the court indicated in a footnote that "copyright misuse and antitrust analysis in this area are not necessarily coextensive."[61] The court followed patent misuse analysis in reaching its decision that the challenged activity was not an effort to extend unlawfully the scope of the copyrights.[62]

Recent cases involving copyrighted telephone directories have addressed the relationship between copyright misuse and antitrust violations. In *United Tel. Co. of Mo. v. Johnson Publ. Co.*,[63] United challenged Johnson's practice of updating its local telephone directory each year by its listings, but required the licensee to purchase its entire listings, not just the new ones. In United's suit for copyright infringement, Johnson asserted that United misused its copyright by charging an exorbitant rate for its entries and by tying the purchase of new entries to the purchase of the entire customer list. Citing the *Catholic Bishop* and *Marks* cases, the Eighth Circuit suggested "that judicial authority teaches that the patent misuse doctrine may be applied or asserted as a defense to copyright infringement."[64] The court went on to conclude, however, that the stipulated facts did not support the misuse claims.

A year earlier, in *Hutchinson Tel. Co. v. Fronteer Directory Co.*,[65] a district court reached the same result on similar facts, without ever questioning the viability of the asserted copyright misuse defense. Finding no antitrust violations on the part of Hutchinson, the court simply concluded without discussion that Fronteer's "defense of unclean hands by virtue of copyright misuse . . . [p]erforce . . . must also fail."[66]

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[58] *Id.*

[59] 527 F. Supp. 758 (D. Del. 1981), *aff'd without opinion,* 691 F.2d 490 (3d Cir. 1982).

[60] 527 F. Supp. at 772.

[61] *Id.* at 772 n.24.

[62] *Id.* at 773.

[63] 855 F.2d 604 (8th Cir. 1988).

[64] *Id.* at 612.

[65] 1987 U.S. Dist. LEXIS [Genfed] 7632, 4 U.S.P.Q. 2d (BNA) 1968 (D. Minn. 1987).

[66] *Id.*

The most recent directory case to examine this issue attempted to distinguish between illegal tying arrangements—that extend the scope of the copyright beyond the subject work to noncopyrighted works—and other antitrust violations. The court in *BellSouth Advertising & Publ. Corp. v. Donnelley Info. Publ., Inc.*[67] considered Donnelley's copyright infringement defense claim that BellSouth "violated the antitrust laws by refusing to give Donnelley reasonable and timely access to the information necessary to compete in the directory publishing business." The court expressed doubt over the viability of the copyright misuse defense and viewed the scope of the doctrine as applying, if at all, only "possibly where there is an attempt to extend the exclusionary power granted by copyright beyond the protected work itself."[68] Quoting extensively from *Orth-O-Vision* and citing other cases, the court concluded that "antitrust violations *generally* do not constitute a defense to copyright infringement" and that Donnelley failed to satisfy the "narrow exception to this rule"—involving a showing that the copyright holder "has attempted to extend the exclusionary power granted by its copyrights beyond the protected work itself."[69] Thus, under the *BellSouth* court's reasoning, tie-ins that violate the antitrust laws would constitute copyright misuse, but other types of antitrust violations might not.

As the cases discussed above indicate, although a number of courts have recognized the defense of copyright misuse,[70] few have actually held copyrights unenforceable on that basis. Some courts suggest that conduct must violate the antitrust laws to constitute copyright misuse; others suggest that the challenged conduct need not violate the antitrust laws; and at least one believes it takes a certain kind of antitrust violation to constitute misuse. Thus it remains unclear what conduct will be necessary to support a misuse finding. Since, as discussed earlier, some cases refuse to recognize the copyright misuse doctrine at all, the waters remain even more muddied.

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[67] 1988-2 Trade Cas. (CCH) ¶ 68,335 (S.D. Fla. 1988).

[68] *Id.* at 59,900.

[69] *Id.* at 59,901 (emphasis added).

[70] In addition to the cases discussed in the text, *see also* the following cases that appear either to recognize some legitimacy of the copyright misuse defense or at least assume that the existence of an antitrust violation would constitute a defense to copyright infringement: Supermarket of Homes, Inc. v. San Fernando Bd. of Realtors, 786 F.2d 1400, 1408 (9th Cir. 1986); Mitchell Bros. Film Group v. Cinema Adult Theater, 604 F.2d 852, 865 (5th Cir. 1979); K-91, Inc. v. Gershwin Publ. Corp., 372 F.2d 1, 4 (9th Cir. 1967), *cert. denied* 389 U.S. 1045 (1968); Blendingwell Music, Inc. v. Moor-Law, Inc., 612 F. Supp. 474, 483 (D. Del. 1985); United Artists Assoc., Inc. v. NWL Corp., 198 F. Supp. 953, 957 (S.D.N.Y. 1961); Buck v. Gallagher, 36 F. Supp. 405, 406 (W.D. Wash. 1940).

IV. THE MISUSE POLICY EXAMINED

The Congress and some courts have recently questioned the wisdom of traditional application of the misuse doctrine as applied to both patents and copyrights. While further legislative reform of the doctrine does not appear imminent, its erosion has plainly commenced.

A. The Seventh Circuit on Patent and Copyright Misuse

The Seventh Circuit has pointedly challenged the reasoning of *Motion Picture Patents*, *Morton Salt*, and the line of cases following these decisions. In *USM Corp. v. SPS Technologies, Inc.*,[71] the court, in dicta, questioned whether the reasoning of *Motion Picture Patents* accurately characterizes the economic effect of practices held to constitute patent misuse. At issue in *USM Corp.* was whether the inclusion of a differential royalty schedule in a license agreement constituted patent misuse. Citing the facts of several prior cases finding patent misuse,[72] Judge Posner noted that:

> As an original matter one might question whether any of these practices really "extends" the patent. The patentee who insists on limiting the freedom of his purchaser or licensee . . . will have to compensate the purchaser for the restriction by charging a lower price for the use of the patent . . . . True, a tie-in can be a method of price discrimination. It enables the patent owner to vary the amount he charges for the use of the patent by the intensity of each user's demand for the patent . . . . But since . . . there is no principle that patent owners may not engage in price discrimination, it is unclear why one form of discrimination, the tie-in, alone is forbidden.[73]

The *USM* court questioned the appropriateness of the low level of anticompetitive effect required to establish patent misuse. Asserting that patent misuse claims should be tested under antitrust principles, the court observed: "Our law is not rich in alternative concepts of monopolistic abuse; and it is rather late in the day to try to develop one without in the process subjecting the rights of patent holders to debilitating uncertainty."[74]

Judge Posner, in a more recent case, carried his criticism of the patent misuse doctrine one step further. In *Saturday Evening Post Co. v. Rumbleseat*

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[71] 694 F.2d 505 (7th Cir. 1982), *cert. denied*, 462 U.S. 1107 (1983).

[72] *Id.* at 510, citing Brulotte v. Thys Co., 379 U.S. 29 (1964) (patent license extending license fees beyond license period); Zenith Radio Corp. v. Hazeltine Research, Inc., 395 U.S. 100, 133-40 (1969) (patent royalties measured by the sale of unpatented products containing the patented item); Stewart v. Mo-Trim, Inc., 192 U.S.P.Q. 410 (S.D. Ohio 1975) (licensees required not to make items competing with the patented item).

[73] *Id.* at 510-11.

[74] *Id.* at 512.

Press, Inc.[75] he emphasized that:

> A copyright, even more than a patent, is a legal rather than necessarily an economic monopoly. It forbids copying the copyrighted work without the copyright holder's permission, but it does not forbid the making of close substitutes. So long as the second comer creates a work that is not substantially similar to the copyrighted features of the first work, there is no infringement.

Quoting from *USM*'s merging "of patent-misuse principles with antitrust principles," Judge Posner continued: "This point applies with even greater force to copyright misuse, where the danger of monopoly is less."[76]

B. Copyright Misuse and Patent Misuse Compared

One does not have to subscribe to Judge Posner's school of economic analysis to conclude that misuse of a copyright is less likely to cause injury to society than misuse of a patent. A copyright provides protection only against actual copying of the copyrighted material; it provides no protection against independent discovery.[77] Rights afforded by a copyright are, therefore, plainly more limited than those afforded by a patent, which protects against independent development as well as copying or use, and has no "fair use" or other exceptions.[78]

Because the economic power conferred by a copyright—and thus the potential scope of copyright misuse—is less than that relating to a patent,[79] courts have understandably been more reluctant to find that allegedly anticompetitive conduct renders a copyright unenforceable.[80] Likewise, the arguments for reform of patent misuse law apply even more forcefully to limiting the doctrine of copyright misuse. One Justice Department official has noted that the cases on patent misuse "treat market power derived from patents more harshly than market power derived from other lawful means . . . . The cases provide no satisfactory explanation as to why the public would benefit from such harsher treatment for market power derived through patents."[81] With the lesser protection and therefore lesser market power that

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[75] 816 F.2d 1191 (7th Cir. 1987).

[76] *Id.* at 1198-1199, 1200.

[77] Mazer v. Stein, 347 U.S. 201, 217-18 (1953).

[78] *Compare* 17 U.S.C. §§ 106-18, 501, *with* 35 U.S.C. §§ 102, 271(a).

[79] That patents confer greater economic power than copyrights does not mean, however, that the power conferred by patents approaches market power, much less monopoly power, in any practical or economic sense. *See supra* note 28.

[80] *See* 3 *Nimmer on Copyright* § 13.09[A], at 13-143 (1986) (courts denying the defense of copyright misuse "have rested at least in part upon the limited nature" of copyright protection).

[81] Roger B. Andewelt (Antitrust Div., U.S. Dept. of Justice), Remarks on Patent Misuse Before the Bar Association for the District of Columbia, Nov. 3, 1982, at 16.

copyrights provide, copyrights should certainly be treated less harshly.[82] Copyright holders have limited rights that freely allow competitors to develop competing and even identical works.

Against the backdrop of widespread criticism of the patent misuse doctrine and the even weaker public policy arguments supporting the existence of a comparable copyright misuse doctrine, it is not surprising that broad legislative reform of both doctrines has been proposed. The result of congressional consideration of these issues so far, however, has been the enactment of only a modest, narrow amendment to section 271 of the Patent Act.

V. CONGRESSIONAL REFORM OF THE MISUSE DOCTRINE

A. Statutory Reform of Patent Misuse

On November 19, 1988 President Reagan signed into law a bill addressing two narrow issues relating to patent misuse. The new law adds two new clauses to subsection 271(d),[83] providing that a patent owner shall not be deemed guilty of patent misuse because the patent owner has:

> (4) refused to license or use any rights to the patent; or (5) conditioned the license of any rights to the patent or the sale of the patented product on the acquisition of a license to rights in another patent or purchase of a separate product, unless, in view of the circumstances, the patent owner has market power in the relevant market for the patent or patented product on which the license or sale is conditioned.[84]

1. Broad Reform Initially Proposed

The history surrounding enactment of patent misuse reform legislation dates back at least to the early 1970s, when Senator Hugh Scott proposed an amendment to the then-pending omnibus patent reform legislation "to make clear that the 'rule of reason' shall constitute the guideline for determining patent misuse."[85] The Scott amendment was intended to stop application of

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[82] Goldstein, *Infringement of Copyright in Computer Programs*, 47 U. Pitt. L. Rev. 1119, 1128 (1986):

> Courts have been notably less willing to allow the misuse defense in copyright infringement cases where defendant claims that the copyright proprietor has sought to extend his copyright beyond its proper scope, and have looked to antitrust law as the sole regulator of anti-competitive conduct. Presumably, this position rests on an appreciation that works of literature, art and music are highly substitutable and that, in the usual case, copyright will not confer the degree of market power that the patent-misuse cases presuppose.

[83] 35 U.S.C. § 271(d).

[84] Added by Pub. L. No. 100-703.

[85] *Patent Law Revision: Hearings on S. 643, S. 1253, S. 1255*, before the Subcomm.

the misuse defense to frustrate procompetitive licensing arrangements; no patent reform bill was enacted during that period, however.

Legislation drafted early in the Reagan administration, designed to enhance national productivity and innovation, proposed that certain enumerated practices involving patent licensing should not be deemed to constitute patent or copyright misuse unless the practices were found to violate the antitrust laws.[86] While testimony in Senate hearings generally favored patent misuse reform, concern was expressed over the selection and specific formulation of the practices covered by the proposal.[87] No action was taken during that Congress on the misuse reform proposal.

The 100th Congress first considered a proposal to reform the patent misuse doctrine when a provision appeared in the administration's 1987 Trade Bill.[88] Like its predecessor, this proposal sought to enumerate specific conduct that would not constitute patent misuse except where an antitrust violation could be established. And again, while statements to the Congress were without exception favorable, they expressed concern with the administration's formulation (involving enumeration of specific practices) and supported instead a generic approach to immunizing all licensing practices from misuse attack unless they violated the antitrust laws.[89]

The Senate Judiciary Committee ultimately approved, as part of a package of patent law amendments,[90] legislation to provide that a patent owner's licensing or distribution practices will not constitute patent misuse unless the practice violates the antitrust laws. This means was approved by the Senate on four separate occasions.[91]

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on Patents, Trademarks, and Copyrights, Senate Committee on the Judiciary, 92d Cong., 1st Sess. 7 (1971) (opening statement on Senator Scott).

[86] "National Productivity and Innovation Act of 1983," S. 1841, 98th Cong., 1st Sess. § 401 (1983).

[87] *Patent Law Improvements Act: Hearings on S. 1535 and S. 1841*, before the Subcomm. on Patents, Copyrights and Trademarks of the Senate Comm. on the Judiciary, 98th Cong., 2d Sess. 44, 52, 105 (1984).

[88] S. 635, 100th Cong., 1st Sess. § 115.

[89] *General Oversight on Patent and Trademark Issues: Hearings*, before the Subcomm. on Patents, Copyrights, and Trademarks of the Senate Comm. on the Judiciary, 100th Cong., 1st Sess. 151 (1987).

[90] S. 1200, 100th Cong., 1st Sess., tit. II; *see* S. Rpt. 100-83, 100th Cong., 1st Sess. 61-68 (1987).

[91] S. 1200 was first incorporated into the Omnibus Trade and Competitiveness legislation, H.R. 3, but the misuse title (among others) was not approved by the Conference Committee. An identical patent misuse reform amendment was later incorporated as title II of the Intellectual Property Antitrust Protection Act of 1988, S. 438, which passed the Senate but was not acted on by the House. The provisions of S. 438 were then added as amendments to a Municipal Bankruptcy bill, H.R. 5347, and with some revisions to the Patent and Trademark Office Authorizations bill, H.R. 4972. For a detailed account of the legislative history of patent misuse reform, *see* Susman & Krentzman, *Con-*

2. Narrow Reform Enacted

The House, however, did not approve the generic antitrust test for patent misuse. Instead, at the very end of the legislative session, a substantially narrower misuse reform proposal was adopted.[92] This provision states that a refusal to license or use a patent does not constitute patent misuse; neither does a tie-in involving a patent license or patented product unless the patent owner commands market power in the relevant market for the tying product.

Despite the narrow focus of the new legislation,[93] it plainly provides important clarification and reform of the patent misuse law.[94]

B. No Action Taken on Copyright Misuse

The administration's first misuse reform proposal, introduced in 1983, would have established comparable tests for patent and copyright misuse by amending both titles 35 and 17 of the U.S. Code.[95] When introduced again in

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gressional Reform of Patent Misuse Doctrine Benefits High Technology Innovators, 5 Computer Lawyer 8, 11-13 (Dec. 1988).

[92] *See* text accompanying *supra* note 84 for the text of the legislation.

[93] As indicated earlier, the Federal Circuit had already begun to reform the patent misuse doctrine and unify it under essentially antitrust standard, applying to all practices except tying, where the court viewed itself bound by Supreme Court precedent. *See* notes 19-22 *supra* and accompanying text; *see generally, Hearing on Patent Licensing Reform Act of 1988, supra* note 30, at 299-308 (Letter from Thomas M. Susman to David Beier, Sept. 26, 1988, and accompanying memorandum).

Several additional reasons may account for the narrow focus of the House proposal. First, the industry most interested in reform, the computer industry, was concerned with application of patent misuse principles primarily in the context of tying and refusals to use or license patents. See *General Oversight on Patent and Trademark Issues*, before Subcomm. on Patents, Copyrights, and Trademarks of the Senate Comm. on Judiciary, 100th Cong., 1st Sess. 151 (1987) (Statement of Ronald T. Reiling on behalf of Digital Equipment Corp.); Letter from Thomas M. Susman to David Beier, *supra*. Second, a few witnesses in the House Subcommittee hearings criticized the broader reform approach, *Hearing on Patent Licensing Reform Act of 1988, supra* note 30, but the House did not have sufficient time in the last months of the Congress to refine its own approach, which involved categorization of conduct that would and would not be deemed to constitute patent misuse. *See* H.R. 4086, 100th Cong., 2d Sess. And finally, the House Subcommittee with jurisdiction over patent law did not have jurisdiction over antitrust matters and did not want to risk a parliamentary battle over the bill. The House Subcommittee on Courts, Civil Liberties, and the Administration of Justice (now named "Courts, Intellectual Property, and the Administration of Justice") has authority over patent matters, while antitrust jurisdiction falls under the House Subcommittee on Monopolies and Commercial Law (now named "Economic and Business Law").

[94] See the Analysis of the new legislation *infra* in part VI.A.

[95] S. 1841, § 402 and H.R. 3878, § 402 were introduced in the 98th Congress and would have amended 17 U.S.C. § 501 relating to copyright as follows:

SEC. 402. Subsection (a) of section 501 of title 17, United States Code, is

1987, the proposed legislation contained only the patent reform section.[96] No explanation was given at the time for the omission of the amendment to title 17. Informally, Justice Department officials indicated concerns regarding the controversial nature of the misuse, conveyed by congressional staff, since representatives of copyright proprietors' organizations had made clear that they did not want Congress to provide statutory recognition for a doctrine whose status remained so uncertain. Formally, Department officials had reached the conclusion that courts were already applying an antitrust standard to copyright misuse claims, so the legislation was unnecessary anyway.[97]

Aside from a brief colloquy on the Senate floor when the patent misuse bill was first approved, discussions of legislative reform of the copyright misuse doctrine have not again surfaced.

The colloquy arose when senators attempted to ensure that no "negative implications" would be drawn from the Senate's failure to address copyright misuse. Senator DeConcini, the bill's sponsor and chairman of the relevant subcommittee, stated unequivocally:

> Our decision not to address copyright misuse should not be interpreted as even tacit approval of that doctrine, as it now exists, if it now exists. The so-called copyright misuse doctrine is vague and tenuous; unlike the doctrine of patent misuse, copyright misuse has little or no support in case law and probably should be eliminated completely. We certainly would not want to give any increased vi-

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amended by adding at the end thereof the following: "No copyright owner otherwise entitled to relief for infringement of a copyright under this title shall be denied relief or deemed guilty of misuse or illegal extension of the copyright by reason of his having done one or more of the following, unless such conduct, in view of the circumstances in which it is employed, violates the antitrust laws: (1) licensed the copyright under terms that affect commerce outside the scope of the copyright, (2) restricted a licensee of the copyright in the sale of the copyrighted work, (3) obligated a licensee of the copyright to pay royalties that differ from those paid by another licensee or that are allegedly excessive, (4) obligated a licensee of the copyright to pay royalties in amounts not related to the licensee's sales or use of the copyrighted work, (5) refused to license the copyright to any person, or (6) otherwise used the copyright allegedly to suppress competition."

Witnesses testifying on this legislative proposal uniformly supported the need for both patent and copyright misuse reform. *Joint Research and Development Legislation, National Cooperative Research Act of 1984, Hearings on H.R. 5041 and related bills*, before the Subcomm. on Monopolies & Commercial Law of the House Comm. on the Judiciary, 98th Cong., 1st Sess. 18, 19, 189, 228 (1983).

[96] S. 539, § 3105 and H.R. 1155, § 3105, 100th Cong., 1st Sess. (1987); *see* 1420, § 3501, 100th Cong., 1st Sess. (1987).

[97] *See infra* note 30. The arguments supporting application of an antitrust standard in copyright misuse cases are presented in Note, *Redefining Copyright Misuse*, 81 Colum. L. Rev. 1291 (1981).

> tality to it through our action today on the very different topic of patent misuse.[98]

Senator DeConcini was not content merely to respond that the Congress did not intend to sanction copyright misuse: he went on to disparage even the existence of a copyright misuse doctrine. While these comments are without authority to guide courts in their application of the judicially created doctrine, they should be recognized as pointed remarks by an influential senator that the scope of copyright misuse is at least not expected to exceed that of patent misuse.

VI. TYING, REFUSAL TO LICENSE, AND COPYRIGHT MISUSE

Public Law 100-703 states clearly that a refusal to license or use a patent does not constitute misuse. It also states that a tie-in involving a patent cannot constitute misuse (1) unless the patent owner possesses market power in the relevant market for the tying product and (2) unless the court determines, after considering all of the circumstances surrounding the tie-in (such as any business justifications), that enforcement is not justified.[99] Two questions emerge regarding this new legislation. The first is: How is it to be applied to conduct relating to patents? The second is: What are the implications of this new law for copyright owners?

A. Analysis of Patent Misuse Reform Legislation

Under the new patent misuse legislation, a two-step approach is established for determining whether a patent tie-in constitutes misuse. First, the party alleging misuse (the alleged infringer) must prove that the patent owner possesses market power in the relevant market for the patent or patented product. Second, the alleged infringer must show that the anticompetitive effects of the tying arrangement outweigh its benefits, including possible procompetitive effects of the practice and any business justifications supporting it. As Senator DeConcini observed: "While not mandating an antitrust test, the legislation nonetheless imposes a rule-of-reason-type analysis before a court can conclude that a tie-in is misuse."[100]

Congress was quite clear that the burden of establishing market power falls on the alleged infringer who asserts the misuse defense. While Congress did not attempt to define what kind of "market power" would be necessary to establish a misuse defense, Senator Leahy, a principal Senate sponsor of the misuse legislation finally approved, explained that "the term 'market power' is used in the provision on misuse in no new or unique way . . . we would . . . expect any market power determination made for patent misuse purposes to

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[98] 133 Cong. Rec. S10353 (daily ed. July 21, 1987).

[99] For an extended discussion of the meaning of the language of the patent reform legislation, *see* Susman & Krentzman, *supra* note 91, at 10.

[100] 134 Cong. Rec. S17147 (daily ed. Oct. 21, 1988).

be the same as that used with respect to an antitrust matter relating to the same factual circumstances."[101]

As to the requirement that market power be established in the relevant market for the tying patent or patented product, Congressman Kastenmeier, the bill's House sponsor, also invoked the antitrust analogy: "In the situation where the product is sold in a market place context where there are substitute products, the scope of the market should resemble the typical antitrust analysis of the relevant market."[102]

Even where an alleged infringer establishes the patent owner's market power, a court must still determine whether the anticompetitive effects of the tying arrangement outweigh its benefits. As explained by Senator Leahy:

> Through the use of the phrase "in view of the circumstances," Congress is making clear that courts are never automatically to conclude that a tie-in constitutes misuse, even where market power is present, unless the court has considered and assessed all of the circumstances surrounding, the justifications for, and the impact of, the tie-in in the marketplace."[103]

While Congress did not direct which factors a court must balance, nor the weight to be given them, in determining whether a tie-in constitutes misuse, both Senators DeConcini and Leahy emphasized that courts should evaluate at a minimum the procompetitive aspects of the tying arrangements and any business justifications advanced in support of the arrangements. The *per se* approach to tying as a misuse of patent rights has clearly been overturned by the Congress.

B. Implications of Patent Legislation for Copyright Misuse

As suggested above,[104] congressional inattention to copyright misuse should not be read as any affirmation through inaction regarding what Congress thought to be the nature, scope, or even existence of the doctrine. In fact, it was concern on the part of representatives of copyright owners that persuaded sponsors and supporters of the legislation in the Senate to drop their efforts regarding copyright misuse in the first place. Their argument was simple: By addressing copyright misuse in reform legislation, Congress would lend weight, or at least credibility, to the argument that the doctrine exists and is viable. Thus, if anything is to be made of Congress's abandon-

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101 *Id.* at S17148. *See also* Congressman Kastenmeier's observation that "courts will be guided—though not bound—by the past and future decisions of the Supreme Court in the context of antitrust analysis of unlawful tie-ins." 134 *Cong. Rec.* H10648 (daily ed. Oct. 21, 1988).

102 *Id.*

103 134 Cong. Rec. S17148 (daily ed. Oct. 21, 1988).

104 *See supra* note 93.

ment of a copyright misuse reform effort, it is that arguments regarding the weakness—not the strength—of the doctrine that carried the day.

Likewise, the Departments of Justice and Commerce saw no need for inclusion of copyright misuse reform in the legislation, observing:

> We believe that an important distinction between the law that has developed regarding copyright misuse and patent misuse is that there does not appear to be any tendency by the courts to deprive copyright owners of their intellectual property on grounds related to competition because of licensing practices that would survive antitrust scrutiny.[105]

Thus, in the opinion of these Departments, copyright misuse, although "not as developed" as patent misuse,[106] already effectively involves application of an antitrust standard.

With this in mind, it must be asked whether the new rule for determining whether certain tying arrangements constitute patent misuse holds any implication for parallel determinations regarding copyright misuse. The Supreme Court, it should be recalled, in *Paramount Pictures, Loew's*, and *Broadcast Music* explicitly adopted the approach of looking to patent principles when it referred to condemning copyright tying.[107] Thus congressional restriction of patent misuse principles will plainly govern application of the copyright misuse doctrine. Therefore, *if* copyright misuse exists as a viable legal principle, and *if* it does not already require an antitrust violation for its application, then the new congressional restrictions on patent misuse must plainly govern application of the copyright misuse doctrine.

C. *Antitrust Standards and Copyright Misuse*

To the extent that tying is at issue in a copyright misuse claim—and the brief description of some of the recent cases earlier in this article suggests that this indeed occurs—antitrust concepts should provide necessary guidance. Although Congress did not directly mandate an antitrust standard for deter-

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[105] *Supra* note 31.

[106] *Id.*

[107] In United States v. Paramount Pictures, Inc., 334 U.S. 131 (1947), the Court restated with approval the district court's observation that the result of the tie-in "is to add to the monopoly of the copyright in violation of the principle of the patent cases involving tying clauses." *Id.* at 158. In United States v. Loew's Inc., 371 U.S. 38 (1962), the Court pointedly rejected appellants' attempt to distinguish *Paramount* and assert that "their behavior is not to be judged by the principle of th patent cases, as applied to copyrighted materials in *Paramount Pictures*, but by the general principles which govern the validity of tying arrangements of nonpatented products." *Id.* at 47-48. And in Broadcast Music Inc. v. CBS, 441 U.S. 1 (1979), the Court held that the rules applicable to patent tie-ins "are equally applicable to copyrights." *Id.* at 25; *see* text accompanying note 1.

mining copyright misuse where tying is alleged, that result is all but achieved through the analytical backdoor if the history of copyright misuse and its derivation from patent misuse are respected.

It is self-evident that courts will eschew application of a copyright misuse defense to a tying arrangement where the patent misuse doctrine would not be applied to the same arrangement. With enactment of the recent patent misuse reform law, copyright misuse will simply not be found where the copyright owner possesses no market power or where the arrangement can be justified by business efficiencies.

V. CONCLUSION

The copyright misuse doctrine should not automatically apply wherever patent misuse would comparably apply. As analyzed above, neither the caselaw nor the basic differences between patents and copyrights suggests that result. As a matter of intellectual property policy, a straight antitrust standard ought to apply to both patent and copyright misuse. It is unfortunate that the job of Congress in this regard remains incomplete.

Nonetheless, copyright misuse is a relatively young and unformed doctrine. If Congress does not act to shape it, then surely the courts will. And when they do so, courts should hold that a copyright owner should be denied enforcement of his right by virtue of misuse only where the antitrust laws have been violated by his use of the copyright. Under guidance from Congress and the Federal Circuit regarding patent misuse, the courts are likely to look to this approach in applying the patent misuse doctrine as well. Even without further congressional action, then the antitrust laws will provide a unifying standard for determining misuse of both patents and copyrights.

PART II

LEGISLATIVE AND ADMINISTRATIVE DEVELOPMENTS

United States of America and Territories

69. U.S. CONGRESS, HOUSE OF REPRESENTATIVES.

H.R. 109. 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 January 4, 1989; and submitted jointly to the Committee on Energy and Commerce, and the Judiciary. (101st Congress, 1st Sess.)

Entitled "The Cable Subscribers Protection Act of 1989," 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. In addition, this bill would end the practice of channel-shifting which many cable operators have used to put local stations at a disadvantage with respect to pay-for-service programming.

70. U.S. CONGRESS. HOUSE OF REPRESENTATIVES.

H.R. 671. A bill to amend title 17, United States Code, relating to remedies in copyright infringement actions. Introduced by Mr. Berman on January 27, 1989; and referred to the Committee on the Judiciary. (101st Congress, 1st Sess.)

This bill would add a new section 505(b) to the Copyright Act to award attorney fees when the prevailing party owns the rights to the infringed work and either a small business concern or an individual is the author of the work. This provision would not apply when the infringement is by a nonprofit educational institution, a library, or a public broadcasting entity.

71. U.S. CONGRESS. SENATE.

S. 177. A bill entitled the "Cable Compulsory License Non-Discrimination Act of 1989." Introduced by Mr. DeConcini on January 25, 1989; and referred to the Committee on the Judiciary. (101st Congress, 1st Sess.)

Similar to H.R. 109 (this issue), this bill would amend section 111 of the Copyright Act to condition the availability of cable television's compulsory license on a reasonable local station carriage requirement. Additionally, the legislation proposes to halt the practice of some cable systems whereby some local stations are moved from long held cable channels and assigned different and undesirable channel numbers. The compulsory license would no longer

be automatically available to cable operators, and cable operators would have to comply with the FCC's must-carry rules. Cable systems could choose not to comply with the rules and remain free to negotiate individually with local stations for the right to retransmit their signals.

72. U.S. CONGRESS. SENATE.

S. 198. A bill to amend title 17, United States Code, the Copyright Act to protect certain computer programs. Introduced by Mr. Hatch on January 25, 1989; and referred to the Committee on the Judiciary. (101st Congress, 1st Sess.)

Similar to the 1984 Record Rental Amendment Act, this bill would amend sections 109(b)(1) and (b)(3) of the Copyright Act, to require permission of the copyright owner for software rentals as well as for sound record rentals. However, unlike the record rental prohibitions, nonprofit libraries or educational institutions would not be exempt from liabilities.

73. U.S. COPYRIGHT OFFICE

37 C.F.R. Part 211. Mask work protection; registration of claims of protection in mask works. Proposed regulations. *Federal Register*, vol. 54, no. 24 (Feb. 7, 1989), pp. 5942-44.

The Copyright Office proposes amending its mask work regulation to permit separate registration of unpersonalized gate arrays and customized metallization layers. This amendment would except applicants from the requirement that registration cover the most complete form of the semiconductor chip product in existence.

74. U.S. COPYRIGHT OFFICE

37 C.F.R. Part 201. General provisions. Statements of account and filing requirements for satellite carrier statutory license. Proposed regulations. *Federal Register*, vol. 54, no. 38 (Feb. 28, 1989), pp. 8350-54.

The Copyright Office has drafted a regulation to implement the satellite carrier compulsory license provision of the newly enacted Satellite Home Viewer Act of 1988. The license requires the filing of statements of account, as well as payment of royalty fees, by those who avail themselves of the license. The proposed regulation describes the content and nature of the filings.

75. U.S. COPYRIGHT OFFICE.

37 C.F.R., Part 202. Registration of claims to copyright deposit requirements for computer programs containing trade secrets and for computer screen displays. Final regulations. *Federal Register*, vol. 54, no. 61 (Mar. 31, 1989), pp. 13173-77.

The Office has amended its deposit regulations to establish special deposit procedures for computer screen displays and for programs containing

trade secrets. The amendments include the specification of source code as well as the agency's object code practices in the regulation, clarification of the circumstances under which some portion of the computer code can be blocked out and confirmation of practices regarding the stripping of source codes.

76. U.S. COPYRIGHT OFFICE.

37 C.F.R., Part 202. Registration of claims to copyright registration and deposit of databases. Final regulations. *Federal Register*, vol. 54, no. 61 (Mar. 31, 1989), pp. 13177-82.

This notice informs the public of the Copyright Office's adoption of final regulations permitting group registration of an automated database and its updates or other revisions. In conjunction with the regulations, the Office is also implementing deposit requirements governing database registrations.

77. U.S. COPYRIGHT OFFICE.

Implementation of the Satellite Home Viewer Act of 1988: statements of account. Notice of public meeting. *Federal Register*, vol. 54, no. 39 (Mar. 1, 1989), pp. 8609-10.

The Office is holding an informal public meeting to elicit comments, views, and information concerning a new statement of account form designed for use by satellite carriers who make secondary transmissions of "superstation" and network signals to satellite "dish" owners for private home viewing pursuant to the Copyright Act, as amended by the Satellite Home Viewer Act of 1988. The satellite carriers would file the form semiannually.

78. U.S. COPYRIGHT ROYALTY TRIBUNAL.

37 C.F.R., Parts 301, 302, 305 and 308. Modification of rules of procedure. Final rule. *Federal Register*, vol. 54, no. 58 (Mar. 28, 1989), pp. 12614-18.

The Tribunal has amended its rules of procedure governing the conduct of rate adjustment and copyright royalty distribution proceedings, as well as other agency procedures. The amendments are designed to improve the efficiency of the proceedings, and in certain instances, to conform to changes in U.S. law.

79. U.S. COPYRIGHT ROYALTY TRIBUNAL.

Ascertainment of whether controversy exists concerning distribution of 1987 cable royalty fees. *Federal Register*, vol. 54, no. 20 (Feb. 1, 1989), p. 5119.

The Tribunal has issued a notice instructing all claimants to the 1987 cable copyright royalties to submit a Notice of Intent to Participate along with any comments they may have concerning the possibility of a controversy over the distribution of the royalties.

80. U.S. COPYRIGHT ROYALTY TRIBUNAL.

Commencement of 1987 cable distribution proceeding. Notice. *Federal Register*, vol. 54, no. 60 (Mar. 30, 1989), p. 13101.

From comments filed in regard to the 1987 cable royalty distribution proceeding, the Tribunal has determined that a controversy exists with respect to Phases I and II of the proceeding. The agency now seeks comments concerning a partial distribution and recommendations regarding what percentage of the royalty fund to disburse subject to a partial distribution.

81. U.S. COPYRIGHT ROYALTY TRIBUNAL.

1986 Cable royalty distribution proceeding. Notice of final determination. *Federal Register*, vol. 54, no. 76 (Apr. 21, 1989), pp. 16148-55.

The CRT has reached a final decision in the 1986 cable royalty distribution proceeding. In Phase I of the proceeding, the Tribunal adopted the settlement agreement calling for the same percentage allocations as used in the 1983-1985 proceedings, minus an award of .18% to National Public Radio. Under Phase II, the Tribunal awarded Program Suppliers, the only category in which a controversy existed, the following: Motion Picture Association of America, Multimedia Entertainment, and National Association of Broadcasters, 98.500%, .825%, and .675% respectively.

82. U.S. COPYRIGHT ROYALTY TRIBUNAL.

1987 Cable royalty distribution proceeding. Notice of Phase I settlement: notice of partial distribution. *Federal Register*, vol. 54, no. 77 (Apr. 24, 1989), pp. 16286-87.

The CRT will make a partial distribution of the 1987 cable royalty fund in accordance with the settlement reached by all Phase I parties and a willingness of the Phase II parties to reimburse each other pending final award determinations. Accordingly, the Tribunal terminated Phase I of the proceeding and is making a 100% distribution in all Phase I categories except the Devotional Claimants category. This claimant group has new parties for whom the Tribunal has no prior experience. A disbursement amounting to 80% of the Devotional Claimants' royalties will be distributed to those claimants who have previously shown entitlement; 20% will be retained to satisfy the claims of new claimants.

83. U.S. DEPARTMENT OF COMMERCE. PATENT AND TRADEMARK OFFICE.

Extension of existing interim orders. *Federal Register*, vol. 54, no. 65 (Apr. 6, 1989), pp. 13931-32.

Due to the Diplomatic Conference on the Protection of the Layout-Designs of Integrated Circuits in May, 1989, the PTO has extended until October 31, 1989 interim mask work protection orders for the member states of the European Community, Australia, Canada, Finland, Japan, Sweden, and

Switzerland. The orders were scheduled to expire May 31, 1989. PTO concluded that an extension proceeding at this time would detract from the countries' efforts to prepare for the Conference.

84. U.S. DEPARTMENT OF COMMERCE. PATENT AND TRADEMARK OFFICE.

Interim protection for mask works of nationals, domiciliaries, and sovereign authorities of Austria. Notice of initiation of proceedings. *Federal Register*, vol. 54, no. 63 (Apr. 4, 1989), pp. 13549-53.

The PTO is considering issuance of a section 914 (Semiconductor Chip Protection Act) interim order extending mask work protection to nationals, domiciliaries and sovereign authorities of Austria. This notice announces the initiation of a proceeding to determine the question of eligibility for protection. It invites interested parties to submit comments and requests to testify.

85. U.S. FEDERAL COMMUNICATIONS COMMISSION.

47 C.F.R., Ch. 1. Broadcast television and satellite services; syndicated exclusivity requirements for television broadcast signals delivered by satellite to home satellite earth station receivers. Proposed rule. *Federal Register*, vol. 54, no. 86 (May 5, 1989), pp. 19413-15.

The Satellite Home Viewer Act of 1988 directs the Commission to determine the feasibility of imposing syndicated exclusivity rules with respect to the delivery of syndicated programming for private home viewing of secondary transmissions by satellite of broadcast station signals. The Commission is seeking comments on this question and on the precise form syndicated exclusivity rules in the satellite context should take, in the event it is determined that such rules are feasible.

86. U.S. FEDERAL COMMUNICATIONS COMMISSION.

47 C.F.R., Ch. 1. Inquiry into the need for a universal encryption standard for satellite cable programming. Notice of inquiry. *Federal Register*, vol. 54, no. 80 (Apr. 27, 1989), pp. 18125-26.

Pursuant to the Satellite Home Viewer Act of 1988, the FCC has initiated an inquiry into whether there is need for a universal encryption standard that permits decryption of satellite cable programming intended for private viewing.

87. U.S. FEDERAL COMMUNICATIONS COMMISSION.

47 C.F.R., Part 1. Discrimination in provision of satellite delivered superstation and network station programming. Notice of inquiry. *Federal Register*, vol. 54, no. 86 (May 5, 1989), pp. 19373-74.

The Commission is soliciting comments on the issue of discrimination by satellite carriers against distributors in the provision of superstation and network station programming. The comments should discuss the structure of

the distribution market for satellite delivered signals of superstations and network stations. They also should talk about the extent and geographic distribution of households not served by network stations that would qualify as subscribers to such service under the Copyright Act.

88. U.S. FEDERAL COMMUNICATIONS COMMISSION.

47 C.F.R., Part 76. Definition of a cable television system. Proposed rule. *Federal Register*, vol. 554, no. 67 (Apr. 10, 1989), pp. 14253-56.

In the wake of federal court decisions of *City of Fargo v. Prime Time Entertainment, Inc.* and *Pacific & Southern Co., Inc. v. Satellite Broadcast Networks, Inc.*, the Commission has initiated a rulemaking. The main aim of the proceeding is to make determinations concerning: (1) the proper scope and application of the cable system definition in section 522(6) of the Cable Communications Policy Act of 1984; (2) whether, and in what manner, the agency should amend its rules or existing interpretations of rules to properly reflect the statutory definition; and (3) whether existing language in the definition adequately distinguishes traditional cable systems from alternative video delivery services.

89. U.S. FEDERAL COMMUNICATIONS COMMISSION.

47 C.F.R., Parts 73 and 76. Cable television services; program exclusivity in the cable and broadcast industry. Final rule, petitions for reconsideration. *Federal Register*, vol. 54, no. 59 (Mar. 29, 1989), pp. 12913-20.

The Commission received several petitions to reconsider its Report and Order of March 21, 1989 which reinstituted a form of syndicated exclusivity rules and extended the scope of the existing network non-duplication rules. The Commission has reviewed its decision and generally upholds it with some clarifications and an extension of the transition period through December 31, 1989.

90. OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE.

Request for written submissions from the public on policies and practices that should be considered with respect to designation of countries under section 182 of the Omnibus Trade and Competitiveness Act of 1988 (Act). Request for public comment. *Federal Register*, vol. 54, no. 11 (Jan. 18, 1989), p. 2033.

This notice solicits written comment regarding foreign countries having practices and policies that should be considered under section 182 of the Omnibus Trade and Competitiveness Act of 1988. Section 182 requires the USTR to identify countries that deny adequate and effective protection of intellectual property rights or which deny fair and equitable market access to U.S. persons that rely on intellectual property protection.

PART III

CONVENTIONS, TREATIES AND PROCLAMATIONS

91. UNITED STATES.

Accession to the Berne Convention for the Protection of Literary and Artistic Works. *Copyright*, vol. 24, no. 11 (Nov. 1988), p. 444.

On November 16, 1988, the United States deposited its instrument of accession to the Berne Convention for the Protection of Literary and Artistic Works. Originally signed in Berne, Switzerland on September 9, 1886, the Berne Convention entered into force on March 1, 1989. The United States became the 80th member of the Berne Union.

92. DIPLOMATIC CONFERENCE FOR THE CONCLUSION OF A TREATY ON THE PROTECTION OF INTELLECTUAL PROPERTY IN RESPECT OF INTEGRATED CIRCUITS.

Washington, D.C., May 8 to 26, 1989*

TREATY ON INTELLECTUAL PROPERTY
IN RESPECT OF INTEGRATED CIRCUITS

Text prepared by the Drafting Committee

TREATY ON INTELLECTUAL PROPERTY IN RESPECT OF INTEGRATED CIRCUITS

CONTENTS

Article 1
Establishment of a Union

The Contracting Parties constitute themselves into a Union for the purposes of this Treaty.

*Editors' Note: The United States voted against adoption of this treaty.

Article 2
Definitions

For the purposes of this Treaty:

(i) "integrated circuit" means a product, in its final form or an intermediate form, in which the elements, at least one of which is an active element, and some or all of the interconnections are integrally formed in and/or on a piece of material and which is intended to perform an electronic function,

(ii) "layout-design (topography)" means the three-dimensional disposition, however expressed, of the elements, at least one of which is an active element, and of some or all of the interconnections of an integrated circuit, or such a three dimensional disposition prepared for an integrated circuit intended for manufacture.

(iii) "holder of the right" means the natural person who, or the legal entity which, according to the applicable law, is to be regarded as the beneficiary of the protection referred to in Article 6,

(iv) "protected layout-design (topography)" means a layout-design (topography) in respect of which the conditions of protection referred to in this Treaty are fulfilled,

(v) "Contracting Party" means a State, or an Intergovernmental Organization meeting the requirements of item (x), party to this Treaty,

(vi) "territory of a Contracting Party" means, where the Contracting Party is a State, the territory of that State and, where the Contracting Party is an Intergovernmental Organization, the territory in which the constituting treaty of that Intergovernmental Organization applies,

(vii) "Union" means the Union referred to in Article 1,

(viii) "Assembly" means the Assembly referred to in Article 9,

(ix) "Director General" means the Director General of the World Intellectual Property Organization,

(x) "Intergovernmental Organization" means an organization constituted by, and composed of, States of any region of the world, which has competence in respect of matters governed by this Treaty, has its own legislation providing for intellectual property protection in respect of layout-designs (topographies) and binding on all its member States, and has been duly authorized, in accordance with its internal procedures, to sign, ratify, accept, approve or accede to this Treaty.

Article 3
The Subject Matter of the Treaty

(1) [*Obligation to Protect Layout-Designs (Topographies)*]

(a) Each Contracting Party shall have the obligation to secure, throughout its territory, intellectual property protection in respect of layout-designs (topographies) in accordance with this Treaty. It shall, in particular, secure adequate measures to ensure the prevention of acts considered unlawful under Article 6 and appropriate legal remedies where such acts have been committed.

(b) The right of the holder of the right in respect of an integrated circuit applies whether or not the integrated circuit is incorporated in an article.

(c) Notwithstanding Article 2(i), any Contracting Party whose law limits the protection of layout-designs (topographies) to layout-designs (topographies) of semiconductor integrated circuits shall be free to apply that limitation as long as its law contains such limitation.

(2) [*Requirement of Originality*]

(a) The obligation referred to in paragraph (1)(a) shall apply to layout-designs (topographies) that are original in the sense that they are the result of their creators' own intellectual effort and are not commonplace among creators of layout-designs (topographies) and manufacturers of integrated circuits at the time of their creation.

(b) A layout-design (topography) that consists of a combination of elements and interconnections that are commonplace shall be protected only if the combination, taken as a whole, fulfills the conditions referred to in subparagraph (a).

Article 4
The Legal Form of the Protection

Each Contracting Party shall be free to implement its obligations under this Treaty through a special law on layout-designs (topographies) or its law on copyright, patents, utility models, industrial designs, unfair competition or any other law or a combination of any of those laws.

Article 5
National Treatment

(1) [*National Treatment*] Subject to compliance with its obligation referred to in Article 3(1)(a), each Contracting Party shall, in respect of the intellectual property protection of layout-designs (topographies), accord, within its territory,

(i) to natural persons who are nationals of, or are domiciled in the territory of, any of the other Contracting Parties, and

(ii) to legal entities which or natural persons who, in the territory of any of the other Contracting Parties, have a real and effective establishment for the creation of layout-designs (topographies) or the production of integrated circuits,

the same treatment that it accords to its own nationals.

(2) [*Agents, Addresses for Service, Court Proceedings*] Notwithstanding paragraph (1), any Contracting party is free not to apply national treatment as far as any obligations to appoint an agent or to designate an address for service are concerned or as far as the special rules applicable to foreigners in court proceedings are concerned.

(3) [*Application of Paragraphs (1) and (2) to Intergovernmental Organizations*] Where the Contracting Party is an Intergovernmental Organization, "nationals" in paragraph (1) means nationals of any of the States members of that Organization.

Article 6
The Scope of the Protection

(1) [*Acts Requiring the Authorization of the Holder of the Right*]

(a) Any Contracting Party shall consider unlawful the following acts if performed without the authorization of the holder of the right:

(i) the act of reproducing, whether by incorporation in an integrated circuit or otherwise, a protected layout-design (topography) in its entirety or any part thereof, except the act of reproducing any part that does not comply with the requirement of originality referred to in Article 3(2),

(ii) the act of importing, selling or otherwise distributing for commercial purposes a protected layout-design (topography) or an integrated circuit in which a protected layout-design (topography) is incorporated.

(b) Any Contracting Party shall be free to consider unlawful also acts other than those specified in subparagraph (a) if performed without the authorization of the holder of the right.

(2) [*Acts Not Requiring the Authorization of the Holder of the Right*]

(a) Notwithstanding paragraph (1), no Contracting Party shall consider unlawful the performance, without the authorization of the holder of the right, of the act of reproduction referred to in paragraph (1)(a)(i) where that act is performed by a third party for private purposes or for the sole purpose of evaluation, analysis, research or teaching.

(b) Where the third party referred to in subparagraph (a), on the basis of evaluation or analysis of the protected layout-design (topography) ("the first layout-design (topography)"), creates a layout-de-

sign (topography) complying with the requirement of originality referred to in Article 3(2) ("the second layout-design (topography)"), that third party may incorporate the second layout-design (topography) in an integrated circuit or perform any of the acts referred to in paragraph (1) in respect of the second layout-design (topography) without being regarded as infringing the rights of the holder of the right in the first layout-design (topography).

(c) The holder of the right may not exercise his right in respect of an identical original layout-design (topography) that was independently created by a third party.

(3) [*Measures Concerning Use Without the Consent of the Holder of the Right*]

(a) Notwithstanding paragraph (1), any Contracting Party may, in its legislation, provide for the possibility of its executive or judicial authority granting a non-exclusive license, in circumstances that are not ordinary, for the performance of any of the acts referred to in paragraph (1) by a third party without the authorization of the holder of the right ("non-voluntary license"), after unsuccessful efforts, made by the said third party in line with normal commercial practices, to obtain such authorization, where the granting of the non-voluntary license is found, by the granting authority, to be necessary to safeguard a national purpose deemed to be vital by that authority, the non-voluntary license shall be available for exploitation only in the territory of that country and shall be subject to the payment of an equitable remuneration by the third party to the holder of the right.

(b) The provisions of this Treaty shall not affect the freedom of any Contracting Party to apply measures, including the granting, after a formal proceeding by its executive or judicial authority, of a non-voluntary license, in application of its laws in order to secure free competition and to prevent abuses by the holder of the right.

(c) The granting of any non-voluntary license referred to in subparagraph (a) or subparagraph (b) shall be subject to judicial review. Any non-voluntary license referred to in subparagraph (a) shall be revoked when the conditions referred to in that subparagraph cease to exist.

(4) [*Sale and Distribution of Infringing Integrated Circuits Acquired Innocently*] Notwithstanding paragraph (1)(a)(ii), no Contracting Party shall be obliged to consider unlawful the performance of any of the acts referred to in that paragraph in respect of an integrated circuit incorporating an unlawfully reproduced layout-design (topography) where the

person performing or ordering such acts did not know and had no reasonable ground to know, when acquiring the said integrated circuit, that it incorporates an unlawfully reproduced layout-design (topography).

(5) [*Exhaustion of Rights*] Notwithstanding paragraph (1)(a)(ii), any Contracting Party may consider lawful the performance, without the authorization of the holder of the right, of any of the acts referred to in that paragraph where the act is performed in respect of a protected layout-design (topography), or in respect of an integrated circuit in which such a layout-design (topography) is incorporated, that has been put on the market by, or with the consent of, the holder of the right.

Article 7
Exploitation, Registration, Disclosure

(1) [*Faculty to Require Exploitation*] Any Contracting Party shall be free not to protect a layout-design (topography) until it has been ordinarily commercially exploited, separately or as incorporated in an integrated circuit, somewhere in the world.

(2) [*Faculty to Require Registration, Disclosure*]

(a) Any Contracting Party shall be free not to protect a layout-design (topography) until the layout-design (topography) has been the subject of an application for registration, filed in due form with the competent public authority, or of a registration with that authority; it may be required that the application be accompanied by the filing of a copy or drawing of the layout-design (topography) and, where the integrated circuit has been commercially exploited, of a sample of that integrated circuit, along with information defining the electronic function which the integrated circuit is intended to perform; however, the applicant may exclude such parts of the copy or drawing that relate to the manner of manufacture of the integrated circuit, provided that the parts submitted are sufficient to allow the identification of the layout-design (topography).

(b) Where the filing of an application for registration according to subparagraph (a) is required, the Contracting Party may require that such filing be effected within a certain period of time from the date on which the holder of the right first exploits ordinarily commercially anywhere in the world the layout-design (topography) of an integrated circuit; such period shall not be less than two years counted from the said date.

(c) Registration under subparagraph (a) may be subject to the payment of a fee.

Article 8
The Duration of the Protection

Protection shall last at least eight years.

Article 9
Assembly

(1) [*Composition*]
  (a) The Union shall have an Assembly consisting of the Contracting Parties.
  (b) Each Contracting Party shall be represented by one delegate who may be assisted by alternate delegates, advisors and experts.
  (c) Subject to subparagraph (d), the expenses of each delegation shall be borne by the Contracting Party that has appointed the delegation.
  (d) The Assembly may ask the World Intellectual Property Organization to grant financial assistance to facilitate the participation of delegations of Contracting Parties that are regarded as developing countries in conformity with the established practice of the General Assembly of the United Nations.

(2) [*Function*]
  (a) The Assembly shall deal with matters concerning the maintenance and development of the Union and the application and operation of this Treaty.
  (b) The Assembly shall decide the convocation of any diplomatic conference for the revision of this Treaty and give the necessary instructions to the Director General for the preparation of such diplomatic conference.
  (c) The Assembly shall perform the functions allocated to it under Article 14 and shall establish the details of the procedures provided for in that Article, including the financing of such procedures.

(3) [*Voting*]
  (a) Each Contracting Party that is a State shall have one vote and shall vote only in its own name.
  (b) Any Contracting Party that is an Intergovernmental Organization shall exercise its right to vote, in place of its member States, with a number of votes equal to the number of its member States which are party to this Treaty and which are present at the time the vote is taken. No such Intergovernmental Organization shall exercise its right to vote if any of its member States participates in the vote.

(4) [*Ordinary Sessions*] The Assembly shall meet in ordinary session once every two years upon convocation by the Director General.

(5) [*Rules of Procedure*] The Assembly shall establish its own rules of procedure, including the convocation of extraordinary sessions, the require-

ments of a quorum and, subject to the provisions of this Treaty, and required majority for various kinds of decisions.

Article 10
International Bureau

(1) [*International Bureau*]
   (a) The International Bureau of the World Intellectual Property Organization shall:
      (i) perform the administrative tasks concerning the Union, as well as any tasks specially assigned to it by the Assembly;
      (ii) subject to the availability of funds, provide technical assistance, on request, to the Governments of Contracting Parties that are States and are regarded as developing countries in conformity with the established practice of the General Assembly of the United Nations.
   (b) No Contracting Party shall have any financial obligations; in particular, no Contracting Party shall be required to pay any contributions to the International Bureau on account of its membership in the Union.

(2) [*Director General*] The Director General shall be the chief executive of the Union and shall represent the Union.

Article 11
Amendment of Certain Provisions of the Treaty

(1) [*Amending of Certain Provisions by the Assembly*] The Assembly may amend the definitions contained in Article 2(i) and (ii), as well as Articles 3(1)(c), 9(1)(b) and (d), 9(4), 10(1)(a) and 14.

(2) [*Initiation and Notice of Proposals for Amendment*]
   (a) Proposals under this Article for amendment of the provisions of this Treaty referred to in paragraph (1) may be initiated by any Contracting Party or by the Director General.
   (b) Such proposals shall be communicated by the Director General to the Contracting Parties at least six months in advance of their consideration by the Assembly.
   (c) No such proposal shall be made before the expiration of five years from the date of entry into force of this Treaty under Article 16(1).

(3) [*Required Majority*] Adoption by the Assembly of any amendment under paragraph (1) shall require four-fifths of the votes cast.

(4) [*Entry into Force*]
   (a) Any amendment to the provisions of this Treaty referred to in paragraph (1) shall enter into force three months after written notifications of acceptance, effected in accordance with their respective constitutional processes, have been received by the Director Gen-

eral from three-fourths of the Contracting Parties members of the Assembly at the time the Assembly adopted the amendment. Any amendment to the said provisions thus accepted shall bind all States and Intergovernmental Organizations that were Contracting parties at the time the amendment was adopted by the Assembly or that become Contracting Parties thereafter, except Contracting Parties which have notified their denunciation of this Treaty in accordance with Article 17 before the entry into force of the amendment.

(b) In establishing the required three-fourths referred to in subparagraph (a), a notification made by an Intergovernmental Organization shall only be taken into account if no notification has been made by any of its member States.

Article 12
Safeguard of Paris and Berne Conventions

This Treaty shall not affect the obligations that any Contracting Party may have under the Paris Convention for the Protection of Industrial Property or the Berne Convention for the Protection of Literary and Artistic Works.

Article 13
Reservations

No reservations to this Treaty shall be made.

Article 14
Settlement of Disputes

(1) [*Consultations*]

(a) Where any dispute arises concerning the interpretation or implementation of this Treaty, a Contracting Party may bring the matter to the attention of another Contracting Party and request the latter to enter into consultations with it.

(b) The Contracting Party so requested shall provide promptly an adequate opportunity for the requested consultations.

(c) The Contracting Parties engaged in consultations shall attempt to reach, within a reasonable period of time, a mutually satisfactory solution of the dispute.

(2) [*Other Means of Settlement*] If a mutually satisfactory solution is not reached within a reasonable period of time through the consultations referred to in paragraph (1), the parties to the dispute may agree to resort to other means designed to lead to an amicable settlement of their dispute, such as good offices, conciliation, mediation and arbitration.

(3) [*Panel*]

(a) If the dispute is not satisfactorily settled through the consultations referred to in paragraph (1), or if the means referred to in paragraph (2) are not resorted to, or do not lead to an amicable settlement within a reasonable period of time, the Assembly, at the written request of either of the parties to the dispute, shall convene a panel of three members to examine the matter. The members of the panel shall not, unless the parties to the dispute agree otherwise, be from either party to the dispute. They shall be selected from a list of designated governmental experts established by the Assembly. The terms of reference for the panel shall be agreed upon by the parties to the dispute. If such agreement is not achieved within three months, the Assembly shall set the terms of reference for the panel after having consulted the parties to the dispute and the members of the panel. The panel shall give full opportunity to the parties to the dispute and any other interested Contracting Parties to present to it their views. If both parties to the dispute so request, the panel shall stop its proceedings.

(b) The Assembly shall adopt rules for the establishment of the said list of experts, and the manner of selecting the members of the panel, who shall be governmental experts of the Contracting Parties, and for the conduct of the panel proceedings, including provisions to safeguard the confidentiality of the proceedings and of any material designated as confidential by any participant in the proceedings.

(c) Unless the parties to the dispute reach an agreement between themselves prior to the panel's concluding its proceedings, the panel shall promptly prepare a written report and provide it to the parties to the dispute for their review. The parties to the dispute shall have a reasonable period of time, whose length will be fixed by the panel, to submit any comments on the report to the panel, unless they agree to a longer time in their attempts to reach a mutually satisfactory resolution to their dispute. The panel shall take into account the comments and shall promptly transmit its report to the Assembly. The report shall contain the facts and recommendations for the resolution of the dispute, and shall be accompanied by the written comments, if any, of the parties to the dispute.

(4) [*Recommendation by the Assembly*] The Assembly shall give the report of the panel prompt consideration. The Assembly shall, by consensus, make recommendations to the parties to the dispute, based upon its interpretation of this Treaty and the report of the panel.

Article 15
Becoming Party to the Treaty

(1) [*Eligibility*]
   (a) Any State member of the World Intellectual Property Organization or of the United Nations may become party to this Treaty.
   (b) Any Intergovernmental Organization which meets the requirements of Article 2(x) may become party to this Treaty. The Organization shall inform the Director General of its competence, and any subsequent changes in its competence, with respect to the matters governed by this Treaty. The Organization and its member States may, without, however, any derogation from the obligations under this Treaty, decide on their respective responsibilities for the performance of their obligations under this Treaty.

(2) [*Adherence*] A State or Intergovernmental Organization shall become party to this Treaty by:
   (i) signature followed by the deposit of an instrument of ratification, acceptance or approval, or
   (ii) the deposit of an instrument of accession.

(3) [*Deposit of Instruments*] The instruments referred to in paragraph (2) shall be deposited with the Director General.

Article 16
Entry Into Force of the Treaty

(1) [*Initial Entry Into Force*] This Treaty shall enter into force, with respect to each of the first five States or Intergovernmental Organizations which have deposited their instruments of ratification, acceptance, approval or accession, three months after the date on which the fifth instrument of ratification, acceptance, approval or accession has been deposited.

(2) [*States and Intergovernmental Organizations Not Covered by the Initial Entry Into Force*] This Treaty shall enter into force with respect to any State or Intergovernmental Organization not covered by paragraph (1) three months after the date on which that State or Intergovernmental Organization has deposited its instrument of ratification, acceptance, approval or accession unless a later date has been indicated in the instrument; in the latter case, this Treaty shall enter into force with respect to the said State or Intergovernmental Organization on the date thus indicated.

(3) [*Protection of Layout-Designs (Topographies) Existing at Time of Entry Into Force*] Any Contracting Party shall have the right not to apply this Treaty to any layout-design (topography) that exists at the time this Treaty enters into force in respect of that Contracting Party, provided that this provision does not affect any protection that such layout-design (topography) may, at that time, enjoy in the territory of that Con-

tracting Party by virtue of international obligations other than those resulting from this Treaty or the legislation of the said Contracting Party.

Article 17
Denunciation of the Treaty

(1) [*Notification*] Any Contracting Party may denounce this Treaty by notification addressed to the Director General.

(2) [*Effective Date*] Denunciation shall take effect one year after the day on which the Director General has received the notification of denunciation.

Article 18
Texts of the Treaty

(1) [*Original Texts*] This Treaty is established in a single original in the English, Arabic, Chinese, French, Russian and Spanish languages, all texts being equally authentic.

(2) [*Official Texts*] Official texts shall be established by the Director General, after consultation with the interested Governments, in such other languages as the Assembly may designate.

Article 19
Depositary

The Director General shall be the depositary of this Treaty.

Article 20
Signature

This Treaty shall be open for signature between May 26, 1989, and August 25, 1989, with the Government of the United States of America, and between August 26, 1989, and May 25, 1990, at the headquarters of WIPO.

IN WITNESS WHEREOF the undersigned, being duly authorized thereto, have signed this Treaty.

DONE AT WASHINGTON, this twenty-sixth day of May one thousand nine hundred and eighty-nine.

93. DIPLOMATIC CONFERENCE FOR THE CONCLUSION OF A TREATY ON THE INTERNATIONAL REGISTRATION OF AUDIOVISUAL WORKS.

Geneva, April 10 to 21, 1989

The following States signed, on April 20, 1989, the following instruments adopted at the Diplomatic Conference:

1. TREATY ON THE INTERNATIONAL REGISTRATION OF AUDIOVISUAL WORKS

Austria, Burkina Faso, Chile, France, Guinea, Hungary, India, United States of America.

2. FINAL ACT

Argentina, Austria, Burkina Faso, Canada, Chile, Colombia, Czechoslovakia, Democratic People's Republic of Korea, Egypt, Finland, France, German Democratic Republic, Germany (Federal Republic of), Greece, Guinea, Hungary, India, Israel, Italy, Japan, Liechtenstein, Mexico, Pakistan, Panama, Philippines, Portugal, Spain, Sweden, Switzerland, Tunisia, Turkey, United States of America, Uruguay, Yugoslavia.

TREATY ON THE INTERNATIONAL REGISTRATION OF AUDIOVISUAL WORKS ADOPTED BY THE DIPLOMATIC CONFERENCE ON APRIL 18, 1989

CONTENTS

The Contracting States

Desirous to increase the legal security in transactions relating to audiovisual works and thereby

to enhance the creation of audiovisual works and the international flow of such works and

to contribute to the fight against piracy of audiovisual works and contributions contained therein;

Have agreed as follows:

CHAPTER I
SUBSTANTIVE PROVISIONS

Article 1
Establishment of the Union

The States party to this Treaty (hereinafter called "the Contracting States") constitute a Union for the international registration of audiovisual works (hereinafter referred to as "the Union").

Article 2
"Audiovisual Work"

For the purposes of this Treaty, "audiovisual work" means any work that consists of a series of fixed related images, with or without accompanying sound, susceptible of being made visible and, where accompanied by sound, susceptible of being made audible.

Article 3
The International Register

(1) [*Establishment of the International Register*] The International Register of Audiovisual Works (hereinafter referred to as "the International Register") is hereby established for the purpose of the registration of statements concerning audiovisual works and rights in such works, including, in particular, rights relating to their exploitation.

(2) [*Setting Up and Administration of the International Registry*] The International Registry of Audiovisual Works (hereinafter referred to as "the International Registry") is hereby set up for the purpose of keeping the International Register. It is an administrative unit of the International Bureau of the World Intellectual Property Organization (hereinafter referred to as "the International Bureau" and "the Organization," respectively).

(3) [*Location of the International Registry*] The International Registry shall be located in Austria as long as a treaty to that effect between the Republic of Austria and the Organization is in force. Otherwise, it shall be located in Geneva.

(4) [*Applications*] The registration of any statement in the International Register shall be based on an application filed to this effect, with the prescribed contents, in the prescribed form and subject to the payment of the prescribed fee, by a natural person or legal entity entitled to file an application.

(5) [*Eligibility for Being an Applicant*]

(a) Subject to subparagraph (b), the following shall be entitled to file an application:

(i) any natural person who is a national of, is domiciled in, has his habitual residence in, or has a real and effective industrial or commercial establishment in, a Contracting State;

(ii) any legal entity which is organized under the laws of, or has a real and effective industrial or commercial establishment in, a Contracting State.

(b) If the application concerns a registration already affected, it may also be filed by a natural person or legal entity not satisfying the conditions referred to in subparagraph (a).

Article 4
Legal Effect of the International Register

(1) [*Legal Effect*] Each Contracting State undertakes to recognize that a statement recorded in the International Register shall be considered as true until the contrary is proved, except

(i) where the statement cannot be valid under the copyright law, or any other law concerning intellectual property rights in audiovisual works, of that State, or

(ii) where the statement is contradicted by another statement recorded in the International Register.

(2) [*Safeguard of Intellectual Property Laws and Treaties*] No provision of this Treaty shall be interpreted as affecting the copyright law, or any other law concerning intellectual property rights in audiovisual works, of any Contracting State or, if that State is party to the Berne Conven-

tion for the Protection of Literary and Artistic Works or any other treaty concerning intellectual property rights in audiovisual works, the rights and obligations of the said State under the said Convention or treaty.

CHAPTER II
ADMINISTRATIVE PROVISIONS

Article 5
Assembly

(1) [*Composition*]

(a) The Union shall have an Assembly that shall consist of the Contracting States.

(b) The Government of each Contracting State shall be represented by one delegate, who may be assisted by alternate delegates, advisors and experts.

(2) [*Expenses of Delegations*]

(a) The expenses of each delegation shall be borne by the Government which has appointed it, except for the travel expenses and the subsistence allowance of one delegate for each Contracting State, which shall be paid from the funds of the Union.

(3) [*Tasks*]

(a) The Assembly shall:

(i) deal with all matters concerning the maintenance and development of the Union and the implementation of this Treaty;

(ii) exercise such tasks as are specially assigned to it under this Treaty;

(iii) give directions to the Director General of the Organization (hereinafter referred to as "the Director General"), concerning the preparation for revision conference;

(iv) review and approve the reports and activities of the Director General concerning the Union, and give him all necessary instructions concerning matters within the competence of the Union;

(v) determine the program and adopt the biennial budget of the Union, and approve its final accounts;

(vi) adopt the financial regulations of the Union;

(vii) establish, and decide from time to time the membership of, a consultative committee consisting of representatives of interested non-governmental organizations and such other committees and working groups as it deems appropriate to facilitate the work of the Union and of its organs;

(viii) control the system and amounts of the fees determined by the Director General;

(ix) determine which States other than Contracting States and which intergovernmental and non-governmental organizations shall be admitted to its meetings as observers;

(x) take any other appropriate action designed to further the objectives of the Union and perform such other functions as are appropriate under this Treaty.

(b) With respect to matters which are of interest also to other Unions administered by the Organization, the Assembly shall make its decisions after having heard the advice of the Coordination Committee of the Organization.

(4) [*Representation*] A delegate may represent, and vote in the name of, one State only.

(5) [*Vote*] Each Contracting State shall have one vote.

(6) [*Quorum*]

(a) One-half of the Contracting States shall constitute a quorum.

(b) In the absence of the quorum, the Assembly may make decisions but, with the exception of the decisions concerning its own procedure, all such decisions shall take effect only if the quorum and the required majority are attained through voting by correspondence.

(7) [*Majority*]

(a) Subject to Article 8(2)(b) and Article 10(2)(b), the decisions of the Assembly shall require a majority of the votes cast.

(b) Abstentions shall not be considered as votes.

(8) [*Sessions*]

(a) The Assembly shall meet once in every second calendar year in ordinary session upon convocation by the Director General and, in the absence of exceptional circumstances, during the same period and at the same place as the General Assembly of the Organization.

(b) The Assembly shall meet in extraordinary session upon convocation by the Director General, either at the request of one-fourth of the Contracting States or on the Director General's own initiative.

(9) [*Rules of Procedure*] The Assembly shall adopt its own rules of procedure.

Article 6
International Bureau

(1) [*Tasks*] The International Bureau shall:

(i) perform, through the International Registry, all the tasks related to the keeping of the International Register;

(ii) provide the secretariat of revision conferences, of the Assem-

bly, of the committees and working groups established by the Assembly, and of any other meeting convened by the Director General and dealing with matters of concern to the Union;

(iii) perform all other tasks specially assigned to it under this Treaty and the Regulations referred to in Article 8 or by the Assembly.

(2) [*Director General*] The Director General shall be the chief executive of the Union and shall represent the Union.

(3) [*Meetings Other Than Sessions of the Assembly*] The Director General shall convene any committee and working group established by the Assembly and all other meetings dealing with matters of concern to the Union.

(4) [*Role of the International Bureau in the Assembly and Other Meetings*]

(a) The Director General and any staff member designated by him shall participate, without the right to vote, in all meetings of the Assembly, the committees and working groups established by the Assembly, and any other meeting convened by the Director General and dealing with matters of concern to the Union.

(b) The Director General or a staff member designated by him shall be ex officio secretary of the Assembly, and of the committees, working groups and other meetings referred to in subparagraph (a).

(5) [*Revision Conferences*]

(a) The Director General shall, in accordance with the directions of the Assembly, make the preparations for revision conferences.

(b) The Director General may consult with intergovernmental and non-governmental organizations concerning the said preparations.

(c) The Director General and staff members designated by him shall take part, without the right to vote, in the discussions at revision conferences.

(d) The Director General or a staff member designated by him shall be ex officio secretary of any revision conference.

Article 7
Finances

(1) [*Budget*]

(a) The Union shall have a budget.

(b) The budget of the Union shall include the income and expenses proper to the Union, and its contribution to the budget of expenses common to the Unions administered by the Organization.

(c) Expenses not attributable exclusively to the Union but also to one or more other Unions administered by the Organization shall be considered as expenses common to the Unions. The share of the

Union in such common expenses shall be in proportion to the interest the Union has in them.

(2) [*Coordination with Other Budgets*] The budget of the Union shall be established with due regard to the requirements of coordination with the budgets of the other Unions administered by the Organization.

(3) [*Sources of Income*] The budget of the Union shall be financed from the following sources:

(i) fees due for registrations and other services rendered by the International Registry;

(ii) sale of, or royalties on, the publications of the International Registry;

(iii) donations, particularly by associations of rights holders in audiovisual works;

(iv) gifts, bequests, and subventions;

(v) rents, interests, and other miscellaneous income.

(4) [*Self-Supporting Financing*] The amounts of fees due to the International Registry and the prices of its publications shall be so fixed that they, together with any other income, should be sufficient to cover the expenses connected with the administration of this Treaty.

(5) [*Continuation of Budget; Reserve Fund*] If the budget is not adopted before the beginning of a new financial period, it shall be at the same level as the budget of the previous period, as provided in the financial regulations. If the income exceeds the expenses, the difference shall be credited to a reserve fund.

(6) [*Working Capital Fund*] The Union shall have a working capital fund which shall be constituted from the income of the Union.

(7) [*Auditing of Accounts*] The auditing of the accounts shall be effected by one or more of the Contracting States or by external auditors, as provided in the financial regulations. They shall be designated, with their agreement, by the Assembly.

Article 8
Regulations

(1) [*Adoption of Regulations*] The Regulations adopted at the same time at this Treaty are annexed to this Treaty.

(2) [*Amending the Regulations*]

(a) The Assembly may amend the Regulations.

(b) Any amendment of the Regulations shall require two-thirds of the votes cast.

(3) [*Conflict between the Treaty and the Regulations*] In the case of conflict between the provisions of this Treaty and those of the Regulations, the former shall prevail.

(4) [*Administrative Instructions*] The Regulations provide for the establishment of Administrative Instructions.

CHAPTER III
REVISION AND AMENDMENT

Article 9
Revision of the Treaty

(1) [*Revision Conferences*] This Treaty may be revised by a conference of the Contracting States.

(2) *Convocation*] The convocation of any revision conference shall be decided by the Assembly.

(3) [*Provisions That Can Be Amended Also by the Assembly*] The provisions referred to in Article 10(1)(a) may be amended either by a revision conference or according to Article 10.

Article 10
Amendment of Certain Provisions of the Treaty

(1) [*Proposals*]
   (a) Proposals for the amendment of Article 5(6) and (8), Article 6(4) and (5) and Article 7(1) to (3) and (5) to (7) may be initiated by any Contracting State or by the Director General.
   (b) Such proposals shall be communicated by the Director General to the Contracting States at least six months in advance of their consideration by the Assembly.

(2) [*Adoption*]
   (a) Amendments to the provisions referred to in paragraph (1) shall be adopted by the Assembly.
   (b) Adoption shall require three-fourths of the votes cast.

(3) [*Entry Into Force*]
   (a) Any amendment to the provisions referred to in paragraph (1) shall enter into force one month after written notifications of acceptance, effected in accordance with their respective constitutional processes, have been received by the Director General from three-fourths of the Contracting States members of the Assembly at the time the Assembly adopted the amendment.
   (b) Any amendment to the said Articles thus accepted shall bind all the Contracting States which were Contracting States at the time the amendment was adopted by the Assembly.
   (c) Any amendment which has been accepted and which has entered into force in accordance with subparagraph (a) shall bind all States which become Contracting States after the date on which the amendment was adopted by the Assembly.

CHAPTER IV
FINAL PROVISION

Article 11
Becoming Party to the Treaty

(1) [*Adherence*] Any State member of the Organization may become party to this Treaty by:
   (i) signature followed by the deposit of an instrument of ratification, acceptance or approval, or
   (ii) the deposit of an instrument of accession.

(2) [*Deposit of Instruments*] The instruments referred to in paragraph (1) shall be deposited with the Director General.

Article 12
Entry Into Force of the Treaty

(1) [*Initial Entry Into Force*] This Treaty shall enter into force, with respect to the first five States which have deposited their instruments of ratification, acceptance, approval or accession, three months after the date on which the fifth instrument of ratification, acceptance, approval or accession has been deposited.

(2) [*States Not Covered by the Initial Entry Into Force*] This Treaty shall enter into force with respect to any State not covered by paragraph (1) three months after the date on which that State has deposited its instrument of ratification, acceptance, approval or accession unless a later date has been indicated in the instrument of ratification, acceptance, approval or accession. In the latter case, this Treaty shall enter into force with respect to the said State on the date thus indicated.

Article 13
Reservations to the Treaty

(1) [*Principle*] Subject to paragraph (2), no reservation may be made to this Treaty.

(2) [*Exception*] Any State, upon becoming party to this Treaty, may, in a notification deposited with the Director General, declare that it will not apply the provisions of Article 4(1) in respect of statements which do not concern the exploitation of intellectual property rights in audiovisual works. Any State that has made such a declaration may, by a notification deposited with the Director General, withdraw it.

Article 14
Denunciation of the Treaty

(1) [*Notification*] Any Contracting State may denounce this Treaty by notification addressed to the Director General.

(2) [*Effective Date*] Denunciation shall take effect one year after the day on which the Director General has received the notification.

(3) [*Moratorium on Denunciation*] The right of denouncing this Treaty provided for in paragraph (1) shall not be exercised by any Contracting State before the expiration of five years from the date on which this Treaty enters into force with respect to it.

Article 15
Signature and Languages of the Treaty

(1) [*Original Texts*] This Treaty shall be signed in a single original in the English and French languages, both texts being equally authentic.

(2) [*Official Texts*] Official texts shall be established by the Director General, after consultation with the interested Governments, in the Arabic, German, Italian, Japanese, Portuguese, Russian and Spanish languages, and such other languages as the Assembly may designate.

(3) [*Time Limit for Signature*] This Treaty shall remain open for signature at the International Bureau until December 31, 1989.

Article 16
Depositary Functions

(1) [*Deposit of the Original*] The original of this Treaty and the Regulations shall be deposited with the Director General.

(2) [*Certified Copies*] The Director General shall transmit two copies, certified by him, of this Treaty and the Regulations, to the Governments of States entitled to sign this Treaty.

(3) [*Registration of the Treaty*] The Director General shall register this Treaty with the Secretariat of the United Nations.

(4) [*Amendments*] The Director General shall transmit two copies, certified by him, of any amendment to this Treaty and the Regulations to the Governments of the Contracting States and, on request, to the Government of any other State.

Article 17
Notifications

The Director General shall notify the Governments of the States members of the Organization of any of the events referred to in Articles 8(2), 10(2) and (3), 11, 12, 13 and 14.

— · —

Done at Geneva, on April 20, 1989.

REGULATIONS UNDER THE TREATY ON THE INTERNATIONAL REGISTRATION OF AUDIOVISUAL WORKS

CONTENTS

Rule 1: Definitions

For the purposes of these Regulations,

(i) "Treaty" means the Treaty on the International Registration of Audiovisual Works;

(ii) "International Register" means the International Register of Audiovisual Works established by the Treaty;

(iii) "International Registry" means the administrative unit of the International Bureau that keeps the International Register;

(iv) "work" means audiovisual work;

(v) "work-related application" means an application that identifies an existing or future work at least by its title or titles and requests that statements in respect of the interest of an identified person or identified persons in or concerning that work be registered in the International Register; "work-related registration" means a registration effected pursuant to a work-related application;

(vi) "person-related application" means an application that requests that statements in respect of the interest of the applicant, or of a third person identified in the application, in or concerning one or more existing or future work or works, described but not identified by its or their title or titles, be registered in the International Register; "person-related registration" means a registration effected pursuant to a person-related application. A work shall be considered as being described when, in particular, the person who or legal entity which has made, or is expected to make, the work is identified;

(vii) "application" or "registration"—unless qualified as "work-related" or "person-related"—means both a work-related and a person-related application or registration;

(viii) "applicant" means the natural person who or the legal entity

which filed the application; "holder of the registration" means the applicant once the application has been registered;

(ix) "prescribed" means as prescribed in the Treaty, in these Regulations or in the Administrative Instructions;

(x) "Consultative Committee" means the consultative committee referred to in Article 5(3)(a)(vii) of the Treaty.

Rule 2: Application

(1) [*Forms*] Any application shall be filed by using the appropriate prescribed form.

(2) [*Language*] Any application shall be in the English language or in the French language. As soon as the International Register is financially self-supporting, the Assembly may determine the other languages in which applications may be filed.

(3) [*Name and Address of Applicant*] Any application shall indicate, as prescribed, the name and address of the applicant.

(4) [*Name and Address of Third Persons Referred to in the Application*] Where an application refers to a person or legal entity other than the applicant, the application shall indicate, as prescribed, the name and address of such person or legal entity.

(5) [*Title or Description of the Work*]

(a) Any work-related application shall indicate at least the title or titles of the work. When a title is in a language other than English or French or in a script other than the Latin script, it shall be accompanied by a literal translation into English or a transliteration into latin script, as the case may be.

(b) Any person-related application shall describe the work.

(6) [*Reference to Existing Registration*] When the application relates to a work which is the subject matter of an existing work-related registration, or to a work which is described in an existing person-related registration, the said application shall, whenever possible, indicate the registration number of the said registration. If the International Registry finds that such an indication would be possible but was not given in the application, it may, itself, indicate such number in the registration, subject to noting in the International Register that the indication comes from the International Registry rather than the applicant.

(7) [*Interest of the Applicant*]

(a) In any work-related application, the application shall indicate the interest of the applicant in or concerning the work, whether existing or future. Where the interest consists of a right of exploitation of the work, the nature of the right and the territory for which the right belongs to the applicant shall also be indicated.

(b) In any person-related application, the application shall indicate

the interest of the applicant in or concerning the described, existing or future, work or works, in particular any right that limits or negates, for the benefit of the applicant or another person, the right of exploitation of the work or works.

(c) Where the interest is limited in time, the application may express such a limit.

(8) [*Source of Rights*] Where a work-related application concerns a right in the work, the application shall indicate, where the right originally vested in the applicant, that fact, or, where the right is derived from a natural person or legal entity other than the applicant, the name and address of such person or entity and the legal cause of the derivation.

(9) [*Accompanying Documents and Identifying Material*]

(a) Any application may be accompanied by documents supporting the statements contained in the application. Any such document in a language other than English or French shall be accompanied, in English, by an indication of the nature and essence of the document; otherwise, the International Registry shall treat the document as if it had not been attached.

(b) Any application may be accompanied by material, other than documents, susceptible of identifying the work.

(10) [*Statement of Veracity*] The application shall contain a statement to the effect that the statements contained therein are, to the knowledge of the applicant, true, and that any accompanying document is an original or is a true copy of an original.

(11) [*Signature*] The application shall be signed by the applicant or by his representative appointed as provided in paragraph (12).

(12) [*Representation*]

(a) Any applicant or holder of the registration may be represented by a representative who may be appointed in the application, in a separate power of attorney relating to a specific application or registration, or in a general power of attorney, signed by the applicant or holder of the registration.

(b) A general power of attorney enables the representative to represent the applicant or holder of the registration in connection with all the applications or registrations of the person having given the general power of attorney.

(c) Any appointment of a representative shall be in force until it is revoked in a communication signed by the person who made the appointment and addressed to the International Registry or until it is renounced by the representative in a communication signed by the representative and addressed to the International Registry.

(d) The International Registry shall address to the representative any communication intended for the applicant or holder of the regis-

tration under these Regulations; any communication so addressed to the representative shall have the same effect as if it had been addressed to the applicant or holder of the registration. Any communication addressed to the International Registry by the representative shall have the same effect as if it had originated with the applicant or holder of the registration.

(13) [*Fees*] For each application, the applicant shall pay the prescribed fee, which must reach the International Registry not later than the day on which the application is received by the International Registry. If the fee reaches the International Registry within 30 days from the date on which the application was actually received by the International Registry, the application shall be considered as having been received by the International Registry on the date on which the fee reaches the International Registry.

Rule 3: Processing of the Application

(1) [*Corrections*] If the International Registry notices what it believes to be an inadvertent omission, two or more statements conflicting with each other, a mistake of transcription, or another obvious error, in the application, it shall invite the applicant to correct the application. Any correction by the applicant must, in order to be taken into consideration, reach the International Registry within 30 days from the date of the invitation to correct the application.

(2) [*Giving Possibility to Remove Contradictions*]

(a) Where, in the opinion of the International Registry, any statement contained in an application is in contradiction to any statement that, on the basis of an earlier application, is the subject matter of an existing registration in the International Register, the International Registry shall immediately,

(i) where the applicant is also the holder of the existing registration, send him a notification asking him whether he wishes to either modify the statement contained in the application or apply for the modification of the statement that is subject matter of the existing registration.

(ii) where the applicant and the holder of the existing registration are not the same, send a notification to the applicant asking him whether he wishes to modify the statement contained in the application and, at the same time, send a notification to the holder of the existing registration asking the said holder whether—in case the applicant does not wish to modify the statement appearing in the application—he wishes to apply for the modification of the statement in the existing registration.

The registration of the application shall be suspended until a modification is submitted that, in the opinion of the International Registry, removes the contradiction, but for no longer than 60 days from the date of the said notification or notifications, unless the applicant asks for a longer period, in which case it will be suspended until the expiration of that longer period.

(b) The fact that the International Registry failed to notice the contradictory nature of a statement shall not be considered as removing that nature of the statement.

(3) [*Rejection*]

(a) In the following cases, the International Registry shall, subject to paragraphs (1) and (2), reject the application:

(i) where the application does not contain a statement which, on the face of it, shows that the requirements of Article 3(5) of the Treaty are met;

(ii) where, in the opinion of the International Registry, the application does not relate to a work, whether existing or future;

(iii) where the application does not meet any of the requirements of Rule 2(2), (3), (4), (5), (7)(a) and (b), (8), (10), (11) and (13).

(b) The International Registry may reject the application where the application does not fulfill the prescribed conditions as to its form.

(c) No application shall be rejected for any reason other than those referred to in subparagraphs (a) and (b).

(d) Any decision of rejection under this paragraph shall be communicated in writing by the International Registry to the applicant. The applicant may, within 30 days from the date of the communication, request in writing the International Registry to reconsider its decision. The International Registry shall reply to the request within 30 days from the date of receipt of the said request.

(4) [*Notice in the International Register of Receipt of the Application*] If, for any reason, the International Registry, within three working days from the receipt of the application, does not register the application, it shall enter into the data base of the International Registry, open for consultation to the public, the essential elements of the application, and an indication of the reason for which no registration has taken place and, if the reason is related to paragraphs (1), (2)(a) or (3)(d), an indication of the measures taken under any of those provisions. If and when the registration is effected, the said entry in the data base shall be erased.

Rule 4: Date and Number of the Registration

(1) [*Date*] The International Registry shall allot, subject to Rule 2(13), as the filing date, to each application, the date of receipt of the application.

Where the application is registered, it shall be given, as registration date, the filing date.

(2) [*Number*] The International Registry shall allot a number to each application. If the application refers to a work whose title appears in an existing work-related registration, or which is described in an existing person-related registration, the number allotted shall also contain the number of that registration. Any registration number shall consist of the application number.

Rule 5: Registration

(1) [*Registration*] Where an application is not rejected, all the statements contained therein shall, as prescribed, be registered in the International Register.

(2) [*Notification and Publication of the Registration*] Any registration effected shall, as prescribed, be notified to the applicant and published in the Gazette referred to in Rule 6.

Rule 6: The Gazette

(1) [*Publication*] The International Registry shall publish a gazette ("the Gazette") in which it shall indicate the prescribed elements in respect of all registrations. The Gazette shall be in English, provided that elements concerning applications that were filed in French shall also be in French.

(2) [*Sale*] The International Registry shall offer, against payment, both yearly subscriptions to the Gazette and single copies of the Gazette. The amount of the prices shall be fixed in the same manner as the amount of the fees is fixed according to Rule 8(1).

Rule 7: Inquiries

(1) [*Information and Copies*] The International Registry shall, against the payment of the prescribed fee, furnish information concerning any registration and certified copies of any registration certificate or document concerning such registration.

(2) [*Certificates*] The International Registry shall, against the payment of the prescribed fee, furnish a certificate answering questions about the existence, in the International Register, of statements concerning specific matters in any registration or any document or material that has been attached to the application.

(3) [*Inspection*] The International Registry shall, against the payment of the prescribed fee, allow the inspection of any application, as well as of any document or material that has been attached to the application.

(4) [*Monitoring Service*] The International Registry shall, against the payment of the prescribed fee, give written information, during the period

for which the fee was paid, on all registrations effected in respect of given works or given persons during that period. The information shall be sent promptly after each registration is effected.

(5) [*Computerized Memory*] The International Registry may input into computer memory all or part of the contents of the International Register, and, in performing any of the services referred to in paragraphs (1) to (4) or in Rule 3(4), it may rely on that memory.

Rule 8: Fees

(1) [*Fixing of the Fees*] Before determining the system and amounts of the fees, and before making any changes in that system or amounts, the Director General shall consult the Consultative Committee. The Assembly may instruct the Director General to change the said system, the said amounts, or both.

(2) [*Reduction of Fees for Applicants from Developing Countries*] The amounts of the fees shall be reduced initially by 15% where the applicant is a natural person who is a national of, or a legal entity which is organized under the laws of, a Contracting State that is regarded as a developing country in conformity with the established practice of the General Assembly of the United Nations. The Assembly shall periodically examine the possibility of increasing the percentage of the said reduction.

(3) [*Entry into Effect of Changes in the Fees*] Any increase in the amounts of the fees shall not be retroactive. The date of the entry into effect of any change shall be fixed by the Director General or, where the change is on instruction by the Assembly, by the Assembly. Such date shall be indicated when the change is published in the Gazette. It shall not be sooner than one month after the publication in the Gazette.

(4) [*Currency and Manner of Payment*] The fees shall be paid in the prescribed manner and in the prescribed currency or, if several currencies are admitted, in the currency that the applicant chooses among the said currencies.

Rule 9: Administrative Instructions

(1) [*Scope*]
   (a) The Administrative Instructions shall contain provisions concerning details in respect of the administration of the Treaty and these Regulations.
   (b) In the case of conflict between the provisions of the Treaty or these Regulations and those of the Administrative Instructions, the former shall prevail.

(2) [*Source*]
   (a) The Administrative Instructions shall be drawn up, and may be

modified, by the Director General after consultation of the Consultative Committee.

(b) The Assembly may instruct the Director General to modify the Administrative Instructions, and the Director General shall modify them accordingly.

(3) [*Publication and Entry into Force*]

(a) The Administrative Instructions and any modification thereof shall be published in the Gazette.

(b) Each publication shall specify the date on which the published provisions come into effect. The dates may be different for different provisions, provided that no provision may be declared effective prior to its publication in the Gazette.

PART V

BIBLIOGRAPHY

ARTICLES FROM LAW REVIEWS AND COPYRIGHT PERIODICALS

1. United States

94. BALEKJIAN, ARPIE. Navigating public access and owner control on the rough waters of popular music copyright law. *Loyola Entertainment Law Journal*, vol. 8, no. 2 (1988), pp. 369-391.

This is a discussion of the compulsory licensing provision of the Copyright Act of 1976 and particularly the case *T.B. Harms Co. v. Jem Records, Inc.* (*Harms*). The *Harms* case which deals with the compulsory licensing question of whether phonorecords lawfully manufactured outside the United States become copyright infringers upon importation. The U.S. District Court for the District of New Jersey ruled that the act of importation itself constitutes copyright infringement and that compulsory licensing does not limit the right to prohibit unauthorized importation.

95. BOUCHER, FREDERICK C. Blanket music licensing and local television: an historical accident in need of reform. *Washington and Lee Law Review*, vol. 44, no. 4 (Fall 1987), pp. 1157-1181.

Mr. Boucher writes about the origins of blanket licensing and its application to local television along with a history of ASCAP's license arrangements with motion picture theater operators. Portions of the article are devoted to the evolution of the local television blanket license and local television broadcasters' unsuccessful efforts to obtain source licensing.

96. BRESSLER, MARTIN and ROBERT L. SIEGEL. Retroactive protection of visual arts published without a copyright notice: a proposal. *Cardozo Arts & Entertainment Law Journal*, vol. 7, no. 1 (1988), pp. 115-153.

The authors review the legislative history of proper copyright notice for artistic and literary works as well as copyright protection under the Statute of Anne, the 1909 Act, and the Copyright Act of 1976. They also discuss proposed copyright legislation, including Senator Edward Kennedy's bill involving moral rights and the concept of a notice requirement and analyze the question of retroactivity of copyright provisions and retroactive legislation in general.

97. CHAPMAN, MICHAEL T. Copyright law—putting too much teeth into software copyright infringement claims: Whelan Associates v. Jaslow Dental Laboratory. *Loyola Law Review*, vol. 21, no. 1 (Nov. 1987), pp. 785-801.

This article examines the litigation and legal questions that have arisen with the development of the computer field and the new technology in computer software. The author takes a close look at the Third Circuit Court of Appeals' decision in *Whelan Associates v. Jaslow Dental Laboratory*. The court's analysis of the case is examined from both a legal and an "economic benefit" standpoint. In conclusion, the author states that the scope of copyright protection for computer programs should be limited to the program's literal elements.

98. COYNE, RANDALL T.E. Toward a modified fair use defense in right of publicity cases. *William & Mary Law Review*, vol. 29, no. 4 (Summer 1988), pp. 781-823.

The author examines the origin and development of the right of publicity and how publicity rights and first amendment interests are in conflict. Four areas of potential infringements of the right of publicity are discussed including a) the appropriation of name or likeness for advertising or endorsement purposes, b) appropriation of plaintiff's name or likeness to promote the sale of memorabilia, c) appropriation of plaintiff's unique style or characterizations, and d) appropriation of plaintiff's performance. The author states that the right of publicity falls under the domain of state law and its nature and scope vary considerably from state to state. He urges courts to use copyright principles to ensure more predictability into this area.

99. GAMBRILL, JAMES H. Satellite high jinks: Hubbard Broadcasting, Inc. v. Southern Satellite Systems. *Rutgers Computer & Technology Law Journal*, vol. 13, no. 2 (1987), pp. 519-559.

Mr. Gambrill discusses the ramifications of the court's decision in *Hubbard Broadcasting, Inc. v. Southern Satellite Systems* along with the judicial and legislative background of the Copyright Act. He examines the passive carrier provision of the Copyright Act of 1976 in 1984 and the problem of the balance to be maintained amongst copyright holders, broadcasters and cable transmitters.

100. GRAMMAS, GEORGE N. The test for proving copyright infringement of computer software: "structure, sequence, and organization" and "look and feel" cases. *William Mitchell Law Review*, vol. 14, no. 1 (1988), pp. 105-140.

The author focuses on the protection for computer software and what he believes is the most pressing infringement issue, the separation of an idea from expression. Here, the author addresses the idea-expression dichotomy

in relation to nonliteral aspects of the computer program. Mr. Grammas also provides a history of copyright protection for computer software.

101. HARRINGTON, STEPHAN E. Eleventh amendment mayhem: will copyrights survive Welch? *Cooley Law Review*, vol. 5, no. 1 (1988), pp. 39-64.

The author states that the eleventh amendment has been construed to deny plaintiffs a forum if they bring a copyright infringement action against a state. Mr. Harrington suggests that the U.S. Supreme Court re-examine the eleventh amendment instead of simply broadening it. He provides background history of the eleventh amendment along with recent interpretations. Cases discussed include *Mihalek Corp. v. State of Michigan*, *Lane & Co. v. First National Bank of Boston*, and *Woelffer v. Happy States of America, Inc.*

102. KERNOCHAN, JOHN M. Some observations on the protection of semiconductor chip design. *Rutgers Computer and Technology Law Journal*, vol. 13, no. 2 (1987), pp. 287-297.

Mr. Kernochan discusses the main elements of chip design protection. He questions whether, in light of the "market economy" philosophy of the U.S., it is beneficial to have such protection at all and what type of protection, if there is to be any, would be the best.

103. LAMBELET, DORIANE. Internationalizing the copyright code: an analysis of legislative proposals seeking adherence to the Berne Convention. *Georgetown Law Journal*, vol. 76, no. 2 (Dec. 1987), pp. 467-507.

The United States' adherence to Berne and the legislation required to implement it are some of the topics discussed in this note. One of the issues addressed is constitutional impediments regarding U.S. adherence to the Berne Convention. The controversy concerning the moral rights issue and the fair use doctrine are also discussed.

104. LAPALME, ROBERT S. Awarding attorney's fees in copyright infringement cases: the sensible use of a dual standard. *Albany Law Review*, vol. 51, no. 2 (Winter 1987), pp. 239-271.

The author discusses the current standards for fee awards including the evenhanded approach for awarding attorney's fees to both plaintiffs and defendants. Cases discussed include *Sherry Manufacturing Co. v. Towel King, Inc.*, *Cohen v. Virginia Electric & Power Co.*, and *Lieb v. Topstone Industries, Inc.* The author also discusses whether a dual standard of fee awards is appropriate in copyright infringement cases.

105. LITMAN, JESSICA D. Copyright, compromise and legislative history. *Cornell Law Review*, vol. 72, no. 5 (July 1987), pp. 857-905.

Ms. Litman reviews the legislative history of the 1976 Copyright Act, commenting that it is complex and not amenable to usual methods of interpretation. The author then examines what this legislative history reveals about congressional intent. She also discusses the negotiations and compromises between Congress and industry representatives on the way to passing the Act.

106. LUM, SARAH. Copyright protection for factual compilations—reviving the misappropriation doctrine. *Fordham Law Review*, vol. LVI, no. 5 (April 1988), pp. 933-955.

The author provides a background history of copyright protection of factual compilations. She discusses the controversies surrounding copyright protection for compilations, including the concept of originality and subjective selection and the case of *International News Service v. Associated Press.*

107. MCGIVERN, BRUCE J. Digital sound sampling, copyright and publicity: protecting against the electronic appropriation of sounds. *Columbia Law Review*, vol. 87, no. 8 (December 1987), pp. 1723-1746.

Digital sound sampling and synthesizers are described by the author. Mr. McGivern questions whether musicians have a right of action against someone who uses a sound synthesizer to "clone" their distinctive sounds for use in other recordings and in live performances. He describes digital sound sampling and synthesizers and investigates how the copyright law applies to the case of sampling from records and how state common law and statutory rights of publicity may be applied to protect musicians.

108. MEISNER, MARY M. Archival backup copying of software: how broad a right? *Rutgers Computer and Technology Law Journal*, vol. 14, no. 2 (1988), pp. 391-413.

This article discusses mass-marketed computer software and its copyright protection. The author begins with the observation that most software purchasers believe they have rights comparable to those of other owners of personal property. For background, Ms. Meisner discusses why backup copies of a program are necessary and explains "shrink-wrap licensing agreements." To maintain the proper balance between the realistic needs of consumers while protecting the rights of vendors Congress or the courts must confirm the right to make non-infringing, backup copies of software for archival purposes.

109. PEDERSEN, ROBIN LEE. West Publishing Co. v. Mead Data Central Inc. (Lexis). *Rutgers Computer and Technology Law Journal*, vol. 14, no. 2 (1988), pp. 359-391.

Mr. Pedersen discusses the import of *West Publishing v. Mead Data Central, Inc.*, involving the West National Reporter System and Lexis, a computerized legal research service. Lexis' "star pagination" feature is discussed along with the question of whether copying of this feature falls into the area of fair use. This comment examines the court's treatment of previous copyright law and how it applies that law to the West facts. A background of the Copyright Act of 1976 is provided along with an examination of the copyrightability of law reports.

110. SIMONE, JOSEPH T. Copyright in the People's Republic of China. A foreigner's guide. *Cardozo Arts & Entertainment Law Journal*, vol. 7, no. 1 (1988), pp. 1-23.

Mr. Simone divides his guide on copyright in the People's Republic of China into eight sections. Some of the topics discussed are the status of foreign copyrights and the effectiveness of the U.S.-China Trade Agreement, highlights of the draft copyright law, including moral rights and works for hire, book publishing, film, sound recordings, and computer software in China. Chinese press reports on copyright infringement are included in the appendix.

111. SMITH, DONNA. Copyright protection for the intellectual property rights to recombinant deoxribonucleic acid: a proposal. *St. Mary's Law Review*, vol. 19, no. 4 (1988), pp. 1083-1115.

The author takes a look at intellectual property protection for biotechnological inventions including both patent and copyright protection. After providing an overview of the Copyright Act, the author analyzes copyright protection for computer programs and compares such programs to recombinant DNAP.

112. TOTAH, JOSEPH SUHEIL. In defense of parody. *Golden Gate University Law Review*, vol. 17, no. 1 (Spring 1987), pp. 57-77.

Mr. Totah discusses the case of *Fisher v. Dees* in which the Ninth Circuit held that the song "When Sunny Sniffs Glue" is a parody of the song "When Sunny Gets Blue." The court had confirmed that while a parody may go beyond the original work of art it can take no more from the original than is necessary to accomplish its purpose. The four factors necessary to consider whether use made of a work is fair use is examined in detail. The author believes that the Ninth Circuit moved closer in adopting Prof. Nimmer's theory that fair use is a defense in all cases except where a parody and the original work perform the same literary function.

113. WALTER, CHARLES. Defining the scope of Software copyright protection to maximum public benefit. *Rutgers Computer and Technology Law Journal*, vol. 14, no. 1 (1988), pp. 1-159.

Copyright protection for computer software is the subject of the first half of this study with particular emphasis on copying, scope of protection and infringement. Section II deals with computer technology including hardware, software source programs, compilers and interpreters, object programs, and microprograms. The second half of the study discusses the Copyright Act, CONTU's recommendations, the patentability of computer programs and also several software copyright cases, including *Synercom Technology, Inc. v. University Computing Co.*, *Data Cash Systems, Inc. v. JS&A Group, Inc.*, *Tandy Corp. v. Personal Micro Computers, Inc.*, and *GCA Corp. v. Chance*.

114. WARSHAW, ROBERT G. Copyright infringement: all is fair as Falwell hustles Flynt. *Loyola Entertainment Law Journal*, vol. 7, no. 2 (1987), pp. 439-453.

This article discusses the case of *Hustler Magazine, Inc. v. Moral Majority, Inc.* A history of the case is provided, particularly Falwell's affirmative defense that his copying of the parody found in *Hustler Magazine* constituted "fair use" of the material. The author criticizes the district court's fair use ruling and suggests that artists look elsewhere for guidance in interpreting the fair use doctrine.

115. ZIZZI, ANDREA. The scrambling of satellite signals and the Satellite Home Viewer Act of 1988. *Communications Lawyer*, vol. 7, no. 1 (Winter 1989), pp. 16-19.

Ms. Zizzi discusses the home dish industry and the Satellite Home Viewer Act, a measure which she says primarily "focuses on solving the copyright problem that could have prevented dish owners from receiving signals of superstations and network stations." The article outlines the legal problems that threatened the development of the industry and analyzes provisions of the Act. It concludes that the viability of the satellite industry depends on its taking advantage of the Act's six-year grace period and guidelines to establish fair business practices with consumers and copyright owners.

2. Foreign

116. GOLTZ, HANNO and KAI U. PRITZCHE. Cable and satellite television—copyright and other issues under German law. *EPIR*, vol. 10, no. 9 (Sept. 1988), pp. 261-267.

This article analyzes the question of transborder broadcasting in Germany along with the copyright problems it poses. It also discusses some

questions of international protection through collecting societies and restrictions on advertising.

117. LUPTON, KEITH. Photographs and the concept of originality in copyright law. *EIPR*, vol. 10, no. 9 (Sept. 1988), pp. 257-261.

The author states that English case law gives no clear indication of what constitutes originality in the taking of a photograph, nor whether copyright is infringed when a photographer imitates an earlier photograph. He reviews the case of *Bauman v. Fussell* and the different interpretations of this judgment by the court.

118. RICKETSON, SAM. The shadow land of Berne: a survey of the hidden parts of the Berne Convention Part II. *EIPR*, vol. 10, no. 9 (September 1988), pp. 267-275.

The author discusses membership in the Berne Union, the meaning of the term 'Berne Union', and the role it plays in the development and the operation of the Berne Convention for the Protection of Literary and Artistic Works.

119. STERN, RICHARD H. The Copyright Office's response to softklone decision—not serendipitous. *EIPR*, vol. 10, no. 9 (Sept. 1988), pp. 255-257.

Mr. Stern discusses the problems of computer screen displays and computer technology in Europe along with an analysis of the U.S. Copyright Office policy concerning computer programs and screen displays.

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(October 1988 - July 1989)

LEGISLATIVE AND ADMINISTRATIVE DEVELOPMENTS

UNITED STATES

COPYRIGHT OFFICE

COPYRIGHT ROYALTY TRIBUNAL

DEPARTMENT OF COMMERCE. PATENT AND TRADEMARK OFFICE

DEPARTMENT OF DEFENSE

FEDERAL COMMUNICATIONS COMMISSION

UNITED STATES TRADE REPRESENTATIVE

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AUTHORS