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Editors' Note

We are honored to present in this issue articles by Judges Roger J. Miner and Jon O. Newman of the United States Court of Appeals of the Second Circuit on one of the most problematic areas of copyright law, the fair use doctrine, specifically its application to biographies incorporating unpublished material. Two cases figure principally in this debate: *Salinger v. Random House*, and *New Era Pubs. Int'l Aps v. Henry Holt & Co.* The Supreme Court has denied certiorari in both cases, and both were reviewed by the Second Circuit from a decision by Judge Pierre N. Leval of the United States District Court for the Southern District of New York, our speaker at the Nineteenth Donald C. Brace Lecture.¹

Considerable controversy has been raised about these two cases, interestingly less about the results and more about certain language in the opinions. We believe readers will find the articles contain valuable reflections by Judges Miner and Newman on this language.

For ease of reference, and in order to provide our readers with as useful an issue as possible, we have reprinted as Appendices the various opinions in *Salinger* and *New Era*, as well as an Appendix to Judge Leval's opinion in *New Era* that is not contained in any of the reporting services.

Congress has recently become involved in the debate as well. On March 14, 1989, Representative Robert W. Kastenmeier introduced H.R. 4263. This bill would amend Section 107 of title 17 by inserting, in the preamble, after the phrase "fair use of a copyrighted work," the following: "whether published or unpublished."

On March 29th, Senator Simon introduced an identical bill, S.2370. Hearings on both bills may be held before the summer.

¹ Judge Leval's speech, *Fair Use or Foul?* was delivered on April 25, 1989 at New York University Law Center, and is reproduced in 36 J. COPR. Soc'y 167 (1989).

PART I

ARTICLES

1. EXPLOITING STOLEN TEXT: FAIR USE OR FOUL PLAY?*

By ROGER J. MINER**

The doctrine of fair use in copyright law presently permits the exploitation of unpublished, copyrighted text stolen from an author or one in lawful possession. This anomaly in the law is a creature of the Copyright Act¹ and should be eliminated by appropriate statutory amendment. The outright theft of intellectual property ought not to be condoned by Congress. In any case where an author has not published or publicly disseminated his or her copyrighted material, there simply is no reason to allow the use of that material without the author's consent.

In his *Commentaries on the Laws of England*, Sir William Blackstone described the rights of authors in their original compositions as a "species of property grounded in labour and invention."² The rule in 1766 England, according to Blackstone, was that

[w]hen a man by the exertion of his rational powers has produced an original work, he has clearly a right to dispose of that identical work as he pleases, and any attempt to take it from him, or vary the disposition he has made of it, is an invasion of his right of property.³

Copyright was recognized in the common law as well as by the Statute of Anne,⁴ which, according to Blackstone, provided "additional penalties"⁵ to protect the property of authors and their assigns for a term of years. On the equity side, courts of chancery granted injunctions prohibiting the invasion of authors' property rights.⁶ It is interesting to note that Blackstone, in examin-

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**Circuit Judge, United States Court of Appeals, Second Circuit; Adjunct Professor, New York Law School.

¹ 17 U.S.C. §§ 101-810 (1982 & Supp V 1987).

² 2 W. Blackstone, *Commentaries* *405.

³ *Id.* *405-06.

⁴ The Statute of Anne, 8 Anne c. 19, cited in 2 W. Blackstone, *Commentaries* *407. This was the original copyright statute. W. Patry, *The Fair Use Privilege in Copyright Law* 4-5 (1985).

⁵ 2 W. Blackstone, *Commentaries* *407.

⁶ *Id.*

ing the law of larceny, found that "when property is established, . . . any violation of that property is subject to be punished by the laws of society."

The right to make some reasonable use of published, copyrighted material long has been recognized in the English cases. "Fair abridgement" then was called, was permitted early on, despite the difficulties experienced by courts in coping with the concept.⁸ However, the common law rights of authors to control first publication always were considered separate and distinct from any rules pertaining to statutory copyright, including the doctrine of fair use. In affirming an injunction against the publication of a catalogue of etchings made by Prince Albert and Queen Victoria and obtained without their consent, the Lord Chancellor held that "abridgements, translations, extracts, and criticisms of public works . . . all depend upon the extent of right[s] under the acts respecting copyright, and have no analogy to the exclusive rights in the author of unpublished compositions, which depend entirely upon the common law right of property."⁹

In the United States, Congress first exercised its constitutional authority to "secur[e] for limited Times to Authors . . . the exclusive Right to their respective Writings"¹⁰ when it enacted the first copyright statute in 1790.¹¹ In *Folsom v. Marsh*,¹² Justice Story formulated the first definitive statement on fair use in American copyright law. The case involved a claim of infringement in the copying of certain letters of George Washington in a two-volume work on Washington written by Rev. Charles Upham. The letters were copied from the twelve-volume work of Jared Sparks, who originally edited, copyrighted and published them. Sparks and Chief Justice Marshall had obtained the letters from Justice Bushrod Washington, nephew of the first president. In his opinion, Justice Story discussed the justifiable uses of copyrighted works and developed some factors to be considered in determining whether there has been an infringement. Those factors—the nature and objects of the selections made, the quantity and value of the materials used, and the degree in which the use may prejudice the sale, or diminish the profits, or supersede the objects of the original work¹³—were to be echoed in the Copyright Act of 1976.¹⁴

The distinction between common law and statutory copyright protection

⁷ 4 W. Blackstone, Commentaries *230.

⁸ W. Patry, *supra* note 4, at 6-9.

⁹ *Prince Albert v. Strange*, 1 Mac. & G. 25, 43 (1849), *quoted in* W. Patry, *supra* note 4, at 439.

¹⁰ U.S. Const. art. I, § 8, cl. 8.

¹¹ Act of May 31, 1790, ch. 15, 1 Stat. 124, *cited in* Fisher, *Reconstructing the Fair Use Doctrine*, 101 Harv. L. Rev. 1659, 1662 n.5 (1988).

¹² 9 F. Cas. 342 (C.C.D. Mass. 1841) (No. 4901), *cited in* Fisher, *supra* note 11, at 1663 n.7.

¹³ *Id.* at 348.

¹⁴ 17 U.S.C. § 107 (1982).

was carried over to American law from the law of England.¹⁵ Common law copyright attached to a work from creation to publication or dissemination, and was enforceable in the state courts.¹⁶ As was true under British law, the defense of fair use was not considered applicable to unpublished material.¹⁷ The 1976 Copyright Act changed all that. Or so it seemed. Common law copyright, often referred to as the right of first publication, was preempted by the new statute.¹⁸ The doctrine of fair use was codified and made applicable for the first time to all copyrighted works, published and unpublished, without distinction. According to the Act, "fair use of a copyrighted work . . . for purposes such as criticism, comment, news reporting, teaching . . . , scholarship, or research, is not an infringement of copyright."¹⁹ In determining whether the use made of a work in a particular case is fair, courts are constrained to consider four factors: purpose and character of the use; nature of the copyrighted work; amount and substantiality of the portion used; and effect of the use on the potential market for the copyrighted work.²⁰

A persuasive case is made in the leading treatise on fair use for the proposition "that Congress intended to continue the common law prohibition against fair use of unpublished but not voluntarily disseminated works."²¹ There is, of course, no specific statutory language supporting the proposition, which is founded in a review of the legislative history of the 1976 Act. The legislative history referred to is derived from the reports of several committees of Congress, including one expressing a congressional intent to "restate the present judicial doctrine of fair use, not to change, narrow, or enlarge it in any way."²² The treatise refers to this and other evidence as providing support for the notion that the fair use doctrine is intended to apply only to unpublished works that are publicly disseminated, the same as at common law.²³ Apparently, public dissemination is thought to involve a deliberate choice to make a work available to others, short of actual publication. The public performance of unpublished plays and an author's delivery of an unpublished manuscript to a critic are given as examples of voluntary dissemi-

¹⁵ W. Patry, *supra* note 4, at 439.

¹⁶ *Id.* at 440.

¹⁷ Goroff, *Fair Use and Unpublished Works: Harper & Row v. Nation Enterprises*, 9 Colum. J.L. & Arts 325, 329 (1985).

¹⁸ 1 M. Nimmer & D. Nimmer, *The Law of Copyright*, § 4.01[B] (1989) [hereinafter Nimmer].

¹⁹ 17 U.S.C. § 107 (1982).

²⁰ *Id.* § 107(1)-(4).

²¹ W. Patry, *supra* note 4, at 441-47.

²² H.R. Rep. No. 1476, 94th Cong., 2d Sess. 1, 66, *reprinted in* 1976 U.S. Code Cong. & Admin. News 5659, 5680.

²³ *See supra* note 21.

nation.²⁴ Publication is defined by statute as "the distribution of copies . . . of a work to the public" as well as "[t]he offering to distribute copies . . . to a group of persons for purposes of further distribution, public performance, or public display A public performance or display of a work does not of itself constitute publication."²⁵ The distinction between publication and public dissemination is very slight indeed.

In *Harper & Row, Publishers, Inc. v. Nation Enterprises*,²⁶ the Supreme Court was presented with a clear opportunity to eliminate unpublished works from the reach of fair use. That it did not do so was attributable solely to the language of the Copyright Act. Unquestioned in *Harper & Row* was the trial court's finding that the defendant "knowingly exploited a purloined manuscript."²⁷ The manuscript in question was, of course, the memoirs of President Ford. Excerpts of the memoirs were scheduled to appear in *Time* magazine one week before the full length book was to be distributed by the plaintiff publishing house. Before either scheduled event transpired, simple theft allowed the defendant to print and distribute the words of President Ford, describing the pardon of Richard Nixon, in its publication. In reversing the Second Circuit Court of Appeals and holding the plaintiff entitled to damages, the Court concluded "that the unpublished nature of a work is '[a] key, though not necessarily determinative, factor' tending to negate a defense of fair use."²⁸ Although the Court analyzed the facts of the case in terms of the four statutory fair use factors, it held that "[u]nder ordinary circumstances, the author's right to control the first public appearance of his undissemminated expression will outweigh a claim of fair use."²⁹ I suggest that the vague and undefined phrase, "under ordinary circumstances," leaves open a window that should be closed by Congress. The window is open only because the Copyright Act presently makes no distinction for fair use purposes between copyrighted material that is published or disseminated and copyrighted material that is unpublished or undissemminated. It is a window through which a thief may enter.

In the wake of *Harper & Row*, the courts have been faced with some thorny problems in deciding whether various uses of unpublished, copyrighted material were used fairly within the intendment of the Copyright Act. For example, in *Salinger v. Random House, Inc.*,³⁰ a case involving the copying of letters of J.D. Salinger by a biographer who gained access to the letters

²⁴ W. Patry, *supra* note 4, at 442; see also 2 Nimmer, *supra* note 18, § 8.11[A], at 8-120.2 to 8-120.3.

²⁵ 17 U.S.C. § 101 (1982).

²⁶ 471 U.S. 539 (1985).

²⁷ *Id.* at 563.

²⁸ *Id.* at 554 (quoting S. Rep. No. 473, 94th Cong., 1st Sess. 64 (1975)).

²⁹ *Id.* at 555.

³⁰ 811 F.2d 90 (2d Cir.), *cert. denied*, 484 U.S. 890 (1987).

by promising *not* to copy them, the appeals court panel puzzled over the "ambiguity arising from the Supreme Court's observation that 'the scope of fair use is narrower with respect to unpublished works.'" ³¹ The conclusion was that the Court meant it was less likely that fair use would apply to unpublished than published matter, and not merely that a lesser quantity of material may be copied in the case of unpublished matter. It is interesting to note that at least some of the biographer's copying was motivated by a desire to avoid writing what he called "pedestrian sentence[s]." ³² If you can lift the word images and stylistic devices of J.D. Salinger, why bother creating your own?

The extensive use of an unpublished paper "purloined from the Princeton library" ³³ presented a District Judge with yet another twist in the defense of fair use. A copy of the paper, dealing with the Pahlavi restoration in Iran, arrived at the library as part of the files of Allen Dulles, to whom it was sent by the author. Researchers at the library were afforded notice of possible liability for copyright infringement and agreed that permission to reproduce was required. The user claimed that he was entitled to copy large parts of the author's paper in order to provide his book with an "air of authenticity" and "full flavor." ³⁴ He contended also that the "ordinary circumstances" rule did not apply because the paper copied was fact rather than fiction, the author of the paper had given copies to certain persons, and the paper and the book were designed to serve different purposes. ³⁵ The district court rejected all these contentions, applied the statutory fair use factors and found the user liable for infringement.

An action to enjoin the publication of the biography of L. Ron Hubbard, deceased founder of the Church of Scientology, presented another occasion for an attempt to define further the imprecise parameters of the doctrine of fair use as it pertains to unpublished material. The material was the product of the pen of Hubbard himself, and the unpublished writings in question, a certain diary in particular, were almost certainly acquired from the Church of Scientology by misappropriation or conversion. ³⁶ Although the district court ultimately decided to award damages for infringement, it accepted the infringer's contention that there is greater justification in using unpublished work to make a point about the character of the work's author (as was the case in the Hubbard biography) than to display the distinctiveness of a writing style (as was the case in the Salinger biography).

³¹ *Id.* at 97 (quoting *Harper & Row*, 471 U.S. at 564, and adding emphasis).

³² *Id.* at 96.

³³ *Love v. Kwitney*, 706 F. Supp. 1123, 1126 (S.D.N.Y. 1989).

³⁴ *Id.* at 1133.

³⁵ *Id.* at 1134.

³⁶ See *New Era Publications Int'l v. Henry Holt and Co.*, 695 F. Supp. 1493, 1500 n.3 (S.D.N.Y. 1988), *aff'd*, 873 F.2d 576 (2d Cir.), *reh'g denied*, 884 F.2d 659 (2d Cir. 1989), *cert. denied*, 58 U.S.L.W. 3528 (U.S. Feb. 20, 1990).

In dictum, the panel majority of the appeals court found the distinction between use to enliven text and use to communicate certain traits of character "unnecessary and unwarranted:" the biography clearly was a work of criticism, scholarship or research, the purpose of use factor therefore weighed in favor of the copier, and this distinction was considered superfluous.³⁷ The dissent from denial of in banc consideration in the case found significance in the fact that the Supreme Court never has expressly rejected the "distinction between copying expression to enliven the copier's prose and doing so where necessary to report a fact accurately and fairly."³⁸ As the author of the panel majority opinion and the opinion concurring in the denial of rehearing in banc, I continue to "question whether judges, rather than literary critics, should decide whether literary material is used to enliven text or demonstrate truth."³⁹ In my opinion, "[i]t is far too easy for one author to use another author's work on the pretext it is copied for the latter purpose rather than the former."⁴⁰ The issue is not yet definitely resolved in the Second Circuit because affirmance of the judgment of the district court in the case, *New Era Publications v. Henry Holt & Co.*, was based on laches, rather than on the type of use to which the converted material was put.⁴¹

Certain elements of the intellectual property bar hold the firm belief that the window of fair use should be opened even wider than permitted by *Harper & Row* for access to unpublished and undisseminated material. These elements apparently are not at all offended by the notion of exploiting a manuscript pilfered by a burglar from an author's locked desk drawer, provided the exploitation furthers a just and worthy cause. That federal judges are intended to decide what causes are good and just should be a matter of some concern. Many critics base their positions on First Amendment arguments. One commentator has written that "[t]he nature of the accommodation [sic] between copyright principles and First Amendment principles remains to be drafted."⁴² Yet the Supreme Court in *Harper & Row* noted "that copyright's idea/expression dichotomy 'strike[s] a definitional balance between the First Amendment and the copyright by permitting free communication of facts while still protecting an author's expression.'"⁴³ The commentator merely chooses to disregard the accommodation already identified by the Supreme Court.

The authors of an article describing the doctrine of fair use as "the biog-

³⁷ *New Era*, 873 F.2d at 383.

³⁸ *New Era*, 884 F.2d at 663.

³⁹ *Id.* at 661.

⁴⁰ *Id.*

⁴¹ 873 F.2d at 584-85.

⁴² Abrams, *The New Era Decision—A New Era for Copyright?*, N.Y.L.J., May 19, 1989, at 1, col. 1.

⁴³ *Harper & Row*, 471 U.S. at 556.

rapher's bane" condemn the severe limitations on copying unpublished works protected by copyright as a "dangerous rule of interpretation."⁴⁴ They refer to language in *Salinger*—"unpublished works . . . normally enjoy complete protection against copying any protected expression"⁴⁵—as an "overstatement"⁴⁶ of the *Harper & Row* standard: "[u]nder ordinary circumstances, the author's right to control the first public appearance of his undissemminated expression will outweigh a claim of fair use."⁴⁷ It is difficult to discern how the language in *Salinger* is anything other than a restatement of the standard in *Harper & Row*. The same authors find much to criticize in *New Era*, finding that it "ignore[s] the explicit congressional mandate that the equities must be flexibly balanced case by case"⁴⁸ in favor of elevating the single fact of unpublished status "to an almost insurmountable obstacle to a successful fair use defense."⁴⁹ But there is nothing in *New Era* to indicate that the congressional mandate to apply the fair use factors in the case of unpublished works is to be ignored. There is merely a reiteration of the principle that the unpublished nature of a work is to weigh heavily in the balance and a faithful adherence to the "under ordinary circumstances" language employed by the Supreme Court.

It is surely an exaggeration to say, as does one commentator, that "[b]iographers are now virtually precluded from publishing convincing, critical portraits backed up by limited use of the subject's unpublished writings to rebut a too polished public persona."⁵⁰ It simply is an incorrect statement of law to say, as does the same commentator, that we have come to a point "where property rights—albeit intellectual property rights—embodied in the Copyright Act, which protects the manner of expression of ideas or facts, takes precedence over the First Amendment, which prevents the monopolization or privatization of facts or ideas."⁵¹ The Supreme Court has held specifically that the protections of the First Amendment are "already embodied in the Copyright Act's distinction between copyrightable expression and uncopyrightable facts and ideas."⁵² As to the fair use doctrine in particular, the commentator candidly concedes as accurate the statement that the "'doctrine encompasses all claims of first amendment in the copyright field,'"⁵³ but dis-

⁴⁴ Goldberg & Bernstein, *Fair Use—The Biographer's Bane*, N.Y.L.J., May 19, 1989, at 3, col. 2.

⁴⁵ *Salinger*, 811 F.2d at 97.

⁴⁶ Goldberg & Bernstein, *supra* note 44, at 3, col. 3.

⁴⁷ *Harper & Row*, 471 U.S. at 555.

⁴⁸ Goldberg & Bernstein, *supra* note 44, at 7, col. 3.

⁴⁹ *Id.* at 7, cols. 2-3.

⁵⁰ Wishengrad, *Clear and Present 1st Amendment Danger*, N.Y.L.J., Aug. 22, 1989, at 2, cols. 3, 4.

⁵¹ *Id.* at 2, col. 3.

⁵² *Harper & Row*, 471 U.S. at 560.

⁵³ Wishengrad, *supra* note 50, at 2, col. 4 (quoting *New Era*, 873 F.2d at 584).

agrees with it. Even so, it is difficult to know why he considers that a "chill wind now blows through . . . editorial offices,"⁵⁴ in view of the unlimited right to use facts and ideas, published and unpublished; the limited right to use copyrighted, published material, and the severely limited right to use copyrighted, unpublished material. My thesis is that the delicate balance between the public interest and private rights should be restored by a return to earlier law through the total elimination of the right to the fair use of material that is unpublished or undissemminated.

An understanding of this thesis requires an examination of the policy underlying copyright law and the doctrine of fair use. The Supreme Court teaches that the purpose of copyright is to stimulate creativity for the public good through the incentive of a fair return for an author's labor.⁵⁵ The concept of advancing the public welfare by encouraging individual effort through personal gain is said to drive the Patents and Copyrights clause of the Constitution.⁵⁶ The Supreme Court reminds us "that the Framers intended copyright itself to be the engine of free expression. By establishing a marketable right to the use of one's expression, copyright supplies the economic incentive to create and disseminate ideas."⁵⁷ The fair use doctrine, described as an "equitable rule of reason,"⁵⁸ was developed by the courts to provide some elasticity in situations where the copyright law might tend to inhibit authors from creating new works by building on older works. Strict application of copyright in such situations would defeat incremental progress, to the detriment of the public good. My colleague, Judge Posner, suggests that Shakespeare, who was known to borrow plot, character and actual language from existing works, might be stifled by our copyright law.⁵⁹ Positing a return to the theory of creative imitation of Shakespeare's day, Judge Posner notes that the extensive expansion of fair use that would be required not only would be difficult to define but would very adversely affect the author whose work was used.⁶⁰ Although he finds thriving literature before there was such a thing as copyright, the reasons he gives for the phenomenon—the low cost of writing, non-monetary rewards, and the high cost of copying—have little relevance to modern times.⁶¹

It is difficult to understand how the expansion of fair use of unpublished works that some espouse would serve the purpose of present-day copyright

⁵⁴ *Id.* at 2, col. 3.

⁵⁵ *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151, 156 (1978).

⁵⁶ *Mazer v. Stein*, 347 U.S. 201, 219 (1954).

⁵⁷ *Harper & Row*, 471 U.S. at 558.

⁵⁸ *Sony Corp. of America v. Universal City Studios*, 464 U.S. 417, 448 (1984) (quoting H.R. Rep. No. 1476, 94th Cong., 2d Sess. 1, 65, reprinted in 1976 & U.S. Code Cong. & Admin. News 5659, 5679).

⁵⁹ R. Posner, *Law and Literature* 344 (1988).

⁶⁰ *Id.* at 351.

⁶¹ *Id.* at 339.

law. Not unexpectedly, an editorial in *The Nation* recently advocated that "Congress should indicate its displeasure with and disapproval of the recent rulings, beginning with the *Nation* case, which deviate so far from the way politics and history are and necessarily ought to be written."⁶² The *Nation's* specific proposal was to amend the Copyright Act to provide that "unpublished material shall be treated the same way as published works have heretofore been treated" for fair use purposes.⁶³ Apparently, it would make no difference to *The Nation* whether or not the unpublished material was stolen. The statutory amendment proposed in the editorial, contrary to its purported goal, would not serve the public purpose because it would not encourage the efforts of authors. That an unpublished, undisseminated, copyrighted work is of historical significance and "deserving of unfettered public discussion"⁶⁴ does not mean that the public may take from that work whatever it will.

As has been demonstrated, the present "open window" for fair use of unpublished material has given rise to much uncertainty. It allows for the exploitation of stolen text. It has spawned proposals for fair use analysis under market theory guidelines,⁶⁵ redevelopment of the fair use doctrine predicted in part on a utopian theory,⁶⁶ and evaluation of the unpublished nature of the work on a fact/fiction scale.⁶⁷ A rule that would disallow the exploitation of purloined work, dispel the uncertainty attributable to the open window, and eliminate the need to revise the doctrine of fair use as applied to unpublished works is a rule that prohibits absolutely any copying of unpublished or undisseminated works.

It cannot be gainsaid that an author should have the right and the opportunity to hone, polish, refine, revise or discard his or her work prior to publication. The author should also have the right to withhold the work from public dissemination just as long as he or she deems it proper to do so. Implicated in these rights are notions of privacy,⁶⁸ freedom to refrain from speaking,⁶⁹ and an author's control of his or her own material.⁷⁰ If information can be considered property under certain circumstances,⁷¹ an unpublished and undisseminated manuscript, duly copyrighted, should be considered the

⁶² C. Chaos, 1989, *The Nation*, June 5, 1989, at 759, 760.

⁶³ *Id.*

⁶⁴ Note, *Fair Use of Copyrighted Work Under Harper & Row Publishers, Inc. v. Nation Enterprises*, 61 Tul. L. Rev. 415, 427 (1986).

⁶⁵ See Note, *Fair Use in Copyright Law and the Nonprofit Corporation: A Proposal for Reform*, 34 Am. U.L. Rev. 1327, 1363 (1985).

⁶⁶ See Fisher, *supra* note 11, at 1780.

⁶⁷ See Dratler, *Distilling the Witches' Brew of Fair Use in Copyright Law*, 43 U. Miami L. Rev. 233, 339 (1988).

⁶⁸ Newman, *Manges Lecture*, 12 Colum. J.L. & Arts 459 (1988).

⁶⁹ *Harper & Row*, 471 U.S. at 559.

⁷⁰ N.Y. Times, April 28, 1989, at A1, col. 5, at A36, col. 6.

⁷¹ See Samuelson, *Information as Property: Do Ruckelshaus and Carpenter Signal a*

property of the author and subject to the protection of the law.⁷²

To the argument that the copying of unpublished material must be allowed for reasons of public health, safety or welfare,⁷³ the short response is that copyright protection does not extend to any fact or idea embodied in a copyrighted work.⁷⁴ To the assertion that the retention of unpublished, copyrighted papers for 50 to 100 years,⁷⁵ immune from fair use, is at "cross-purposes" with the Copyright Clause of the Constitution,⁷⁶ the answer is the same. The freedom of access to facts and ideas is the history of democracy. The right of ownership in intellectual property is quite another thing. Interestingly enough, it appears that an author whose work is protected under the recently-ratified Berne Convention⁷⁷ is entitled to protection from any use of an unpublished work.⁷⁸ The Convention provides that:

[i]t shall be permissible to make quotations from a work which already has been made available to the public, provided that their making is compatible with fair practice, and their extent does not exceed that justified by the purpose ⁷⁹

Unpublished material would seem to be excluded from "fair practice," and a violation of "moral rights" may be implicated in any use of such material.⁸⁰

My thesis accounts for the concern of scholars that a denial of fair use for unpublished works would be "most inappropriate for the great majority of letters and memorabilia whose authors are no longer alive."⁸¹ It does so by

Changing Direction in Intellectual Property Law?, 38 Cath. U.L. Rev. 365 (1989).

⁷² See, e.g., *MacGregor v. Watts*, 254 A.D. 904, 5 N.Y.S.2d 525 (2d Dep't 1938) (manuscripts of plays, at least one of which was copyrighted, held subject to conversion).

⁷³ Goroff, *supra* note 17, at 348.

⁷⁴ 17 U.S.C. § 102(b) (1982).

⁷⁵ See 17 U.S.C. § 302 (1982).

⁷⁶ *Copyright Suit Reveals Unusual 2d Circuit Rift On Issue of 'Fair Use'*, N.Y.L.J., Sept. 8, 1989, at 1, col. 1, at 2, col. 5.

⁷⁷ Berne Convention Implementation Act of 1988, Pub. L. No. 100-568, 102 Stat. 2857.

⁷⁸ Kernochan, *Protection of Unpublished Works in the United States Before and After the Nation Case*, 33 J. Copyright Soc'y of U.S.A. 322, 331 (1986).

⁷⁹ Berne Convention, July 24, 1971, art. 10, reprinted in 4 Nimmer, *supra* note 18, at App. 27-1, 27-8.

⁸⁰ Baumgarten & Meyer, *Effects of U.S. Adherence to the Berne Convention*, 37 Pat. Trademark & Copyright J. (BNA) 462, 464 (1989).

⁸¹ *Copyright Law Revision: Hearings on S. 597 Before the Subcomm. on Patents, Trademarks, and Copyrights of the Senate Judiciary Comm.*, 90th Cong., 1st Sess. 645 (1967) (comment of American Historical Association), quoted in W. Patry, *supra* note 4, at 444-45.

allowing use of the factual content of letters and memorabilia.⁸² It also does so by deeming letters to be voluntarily disseminated to the public when they are received by the addressees. The generally accepted concept that the author of the letter retains the ownership of the intellectual property, while the recipient acquires ownership of the physical property, allows public display of the letter by the recipient.⁸³ There is no great leap in logic to consider that, in writing and sending letters, authors have agreed to a dissemination of their correspondence to the public. Voluntary public dissemination was, of course, the same as publication for the purpose of losing the common law copyright protection that applied to unpublished matter under the old dual system of copyright.⁸⁴ Historians, as well as authors, scholars, journalists and researchers should have no quarrel⁸⁵ with a rule that permits the fair use of copyrighted letters, wherever such letters are found, to the same extent that they are afforded fair use of published or publicly disseminated matter.

The Framers of our Constitution long ago foresaw the need to maintain balances in the republic they created: the balance between individual rights and public needs; the balance of authority between state and national governments; and the balance entailed in the separation of powers in the federal government. In the area of intellectual property, they foresaw a need to maintain a balance between the rights of authors and inventors and the rights of society.⁸⁶ They therefore empowered the Congress to establish and maintain that balance by assuring that writers and inventors have exclusive rights, but only for a limited time, in their writings and discoveries. The balance contemplated cannot be established or maintained unless Congress affords to authors the assurance that their copyrighted work cannot be used in any manner whatsoever prior to publication or voluntary and public dissemination.

⁸² *Judge Downplays Decisions on Copyright Fair-Use Law*, Conn. E. Tribune, July 3, 1989, at 13, col. 1, at 15; col. 1 (citing speech by Judge Newman).

⁸³ 1 Nimmer, *supra* note 18, § 5.04.

⁸⁴ M. Epstein, *Modern Intellectual Property* 96 n.5 (1986).

⁸⁵ *But see Copyright Ruling Creates Furor*, Nat'l L.J., May 15, 1989, at 3, cols. 2, 5.

⁸⁶ Note, *Copyright Infringement: Applying the "Fair Use" Doctrine*, 10 J. Marshall L. Rev. 134, 137 (1985).

2. NOT THE END OF HISTORY: THE SECOND CIRCUIT STRUGGLES WITH FAIR USE*

By JON O. NEWMAN**

What use may biographers, historians, and journalists make of letters, diaries, and other unpublished writings? It is a vexing question that has twice engaged the attention of the Second Circuit, in *Salinger*¹ and *New Era*,² in the aftermath of *Harper & Row*,³ the Supreme Court's first consideration of the fair use doctrine as applied to unpublished writings.

Salinger and *New Era* have precipitated considerable controversy, as did *Harper & Row* before them. Useful contributions to the controversy have been made in thoughtful lectures by Chief Judge James L. Oakes⁴ and Judge Roger J. Miner⁵ of the Second Circuit, and Judge Pierre N. Leval⁶ of the Southern District of New York. Unfortunately, however, some critics of these decisions have overreacted and reached the hasty and incorrect conclusion that our Court has set its face against all use of unpublished writings. The hysterical tone of some reaction to *Salinger* and *New Era* is exemplified by the headline of *Newsweek*'s December 25, 1989, article on the decisions, which breathlessly asks, "The End of History?" I do not believe such alarms are justified, but I am deeply concerned that unwarranted apprehension about these decisions may be impelling some members of the copyright bar to advise their publisher and author clients that biographies must be purged of all references to the subject's unpublished writings.

Though I cannot predict the future, let me try to indicate where I think

*This article is an elaboration of informal remarks delivered to a joint meeting of the Intellectual Property Section of the Connecticut Bar Association and the New York Patent, Trademark and Copyright Law Association on May 24, 1989.

**The author is a United States Circuit Judge, serving on the Court of Appeals for the Second Circuit. Judge Newman wrote the opinion for the Second Circuit in the *Salinger* case and an opinion dissenting from the denial of rehearing in banc in the *New Era* case.

¹ *Salinger v. Random House, Inc.*, 811 F.2d 90 (2d Cir.), cert. denied, 108 S. Ct. 213 (1987).

² *New Era Publications International, APS v. Henry Holt, Co.*, 873 F.2d 576 (2d Cir. 1989), rehearing in banc denied, 884 F.2d 659 (2d Cir. 1989), cert. denied, 58 U.S.L.W. 3528 (U.S. Feb. 20, 1990).

³ *Harper & Row, Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539 (1985).

⁴ Oakes, *Copyrights and Copyremedies: Unfair Use and Injunctions*, the Kaplan Lecture.

⁵ Miner, *Exploiting Stolen Text: Fair Use or Foul Play*, 37 J. Copr. Soc'y 1 (1990).

⁶ Leval, *Fair Use or Foul? The Nineteenth Donald C. Brace Memorial Lecture*, 36 J. Copr. Soc'y 167 (1989). See also Leval, *Toward a Fair Use Standard*, 103 Harv. L. Rev. 1105 (1990).

we are at present, what we have decided, and what issues remain for the future. Perhaps a useful starting point is a reminder of the words uttered so successfully in the 1988 presidential campaign, "Read my lips!" I suggest that the appropriate advice to copyright lawyers might be, "Read our holdings." Let me turn first to *Harper & Row*, where *The Nation* was held liable in damages for quoting from the about-to-be published memoirs of President Ford. The holding seems clear enough: A copier infringes when it prints more than minimal excerpts of the expressive content of unpublished writings that are about to be published. It is a case about scooping. "[W]e cannot ignore *The Nation's* stated purpose of scooping the forthcoming hardcover and *Time* abstracts." *Harper & Row*, 471 U.S. at 562 (footnote omitted).

Salinger concerned a biography of the well-known writer that planned to quote or closely paraphrase significant portions of his unpublished letters. The holding was that fair use did not permit the biographer to copy substantial amounts of the expressive content of Salinger's unpublished letters. Significant to the current controversy, the case made no holding about the propriety of an injunction to halt distribution of a published work, nor about a biographer's entitlement to copy some portions of the expressive content of unpublished writings for an especially compelling reason, such as the need fairly and accurately to convey factual information. Suit was filed in *Salinger* while the biography was still in galley proofs. The injunction required deletions from these proofs; it did not halt distribution of a published book. Moreover, the author of the biography had made no claim that copying some portion of the expressive content of Salinger's letters was done to convey facts fairly and accurately. On the contrary, the biographer somewhat haughtily asserted in deposition testimony that, in two specific instances, his objection to reporting the factual content of the letters without using Salinger's expression was to avoid "mak[ing] a pedestrian sentence I didn't wish to put my name to." *Salinger*, 811 F.2d at 90 & n.4.

New Era involved a biography of L. Ron Hubbard, the controversial founder of the church of Scientology. The biography included quotations from Hubbard's unpublished letters and diaries. The District Court, ruling on an application for a preliminary injunction, found that the copying of some passages was an infringement of copyright in the unpublished writings, but that copying other passages was permissible fair use because exact quotation was justified by the need to convey facts fairly and accurately. 695 F. Supp. 1493 (S.D.N.Y. 1988). Despite the conclusion as to infringement, the District Court denied an injunction on the ground that "this is one of those special circumstances in which the interests of free speech overwhelmingly exceed the plaintiff's interest in an injunction." *Id.* at 1528.

The holding of the Second Circuit was extremely narrow. The denial of an injunction was affirmed on the ground of laches. Though passages in the

majority⁷ and concurring⁸ opinions and in the subsequent concurring⁹ and dissenting¹⁰ opinions on whether to rehear the case in banc reveal the existence of substantial disagreement among some members of the Second Circuit, the issues discussed in those passages have yet to be resolved. The two principal issues that remain for resolution in the future are whether, in some circumstances, copying expressive content in unpublished writings is permissible fair use where the copying is done to report factual information fairly and accurately, and whether, in some circumstances, the public interest in gaining knowledge justifies denial of an injunction sought to halt distribution of an infringing published work.

On the first issue, the most important point to be made is that the unresolved dispute within the Second Circuit concerns only the copying of the *expressive content* of unpublished writings. No decision of our Court casts even the slightest doubt upon the fundamental principle of copyright law that *factual content* may be copied, even though the facts are unearthed in unpublished writings. Though that point is well understood by copyright lawyers, I wonder how fully it is appreciated by those publishers and writers who claim that their ability to produce biographies has been seriously impaired. Whatever fact a biographer discovers in the letters, diaries, or other unpublished writings of his subject may be freely reported.

I recognize, of course, that instances will arise where a biographer concludes, with justification, that some facts cannot be fairly and accurately reported without quoting the precise words of an unpublished letter or diary. Often, the reader need not accept the biographer's interpretation; only the original text will best report the facts. Even in many of those instances, copying the original words is unquestionably permissible because the quotation of a factual statement may involve no expressive content whatever. If the biographer's subject wrote, "Today I killed John Smith," those words may be freely quoted. What is at issue are those few instances where factual information is so inextricably linked with expressive content in an unpublished writing that the fact cannot be fairly and accurately reported without copying the expressive content. And however that issue is resolved, there is broad agreement that the biographer may quote unpublished expressive content so long as only "minimal amounts" are copied. See *Salinger*, 811 F.2d at 96; *New Era*, 884 F.2d at 661.

So the precise issue of concern to biographers turns out, upon examination, to be extremely narrow: May the biographer quote more than minimal amounts of the expressive content of unpublished writings in order accurately

⁷ 873 F.2d at 576-85 (opinion of Miner, J., with whom Altimari, J., concurred).

⁸ 873 F.2d at 585-98 (concurring opinion of Oakes, C.J.).

⁹ 884 F.2d at 660-62 (opinion of Miner, J., with whom Meskill, Pierce, and Altimari, JJ., join).

¹⁰ 884 F.2d at 662-64 (opinion of Newman, J., with whom Oakes, C.J., and Kearse and Winter, JJ., join).

and fairly to report factual information? That is the issue on which some members of the Second Circuit are divided, although no decision of the Court has yet required a definitive decision on the matter.

I believe there is authority both from the Supreme Court and from the Second Circuit indicating that fair and accurate reporting of factual information may justify some verbatim copying of the expressive content of unpublished writings. Precisely in the context of unpublished writings, the Supreme Court acknowledged in *Harper & Row* that some brief quotations might be "necessary adequately to convey the facts." 471 U.S. at 563. President Ford's characterization of White House tapes as the "smoking gun" was cited as an example of a phrase deemed "perhaps so integral to the idea expressed as to be inseparable from it." *Id.* *The Nation* was held to have infringed, however, not because copying of unpublished expression to report facts accurately will never support a fair use defense, but because *The Nation's* use of protected expression "exceeds that necessary to disseminate the facts."¹¹ *Id.* at 563-64. These passages provide ample comfort for the biographer or historian who copies those portions of expressive content in unpublished writings that are necessary "to disseminate the facts."

In the context of published writings, the Second Circuit has explicitly recognized that copying of otherwise protected expression may be justified by the need to report facts fairly and accurately. That was the rationale of *Consumers Union v. General Signal Corp.*, 724 F.2d 1044 (2d Cir. 1983), cert. denied, 469 U.S. 823 (1984), a decision that approved as fair use an advertiser's verbatim copying of words from an evaluation of its product in *Consumer Reports*. Expressive words sometimes need to be copied, said the Second Circuit, "in the interest of accuracy." *Id.* at 1049. *Consumer Union* is not decisive on the unresolved issue in *New Era* because the copied passages had been published and were not subject to the more restrictive fair use standards applicable to unpublished works. Nevertheless, the Second Circuit has recognized the important principle that copying expressive content may be fair use where justified by the need to report facts accurately, and no ruling has rejected that point, even in the context of unpublished writings.

In my view, the quotation of expressive content for the purpose of fairly and accurately conveying factual information is supported by the language of the fair use provision of the Copyright Act, which identifies as the first fair use factor "the purpose and character of the use." 17 U.S.C. § 107(1) (1988). The structure of the fair use provision is instructive. It first identifies broad categories, such as news reporting, scholarship, and research, in which fair

¹¹ I doubt if the Supreme Court used the word "necessary" in *Harper & Row* to mean "absolutely essential." More likely it has a meaning closer to "reasonably required." Since the justification for the copying is the need to report facts fairly and accurately, the copying will be more justified as fairness and accuracy diminish by attempts to convey the facts without the expressive content of the unpublished work.

use may be found. Then, as guidance for determining whether in a particular case fair use was made, it identifies the well-known four factors, including "purpose" of the use. That structure suggests that identifying the overall purpose of a work as scholarship or research renders it *eligible* for the fair use defense and that the ultimate determination of fair use depends on an assessment of all the relevant circumstances, including the precise purpose of the particular copying that is challenged. Copying a passage for the particular purpose of fairly and accurately conveying facts should count heavily in favor of fair use since copyright law imposes no restriction on the reporting of facts. Moreover, since fair use involves a weighing of the relevant factors and no factor has an absolute value, recognition of the meritorious purpose of conveying factual information accurately requires that the existence of such a purpose should be accorded extra weight in favor of fair use, beyond the weight attributable to the fact that the general purpose of the challenged work is scholarship. The "purpose" factor is entitled to whatever degree of weight the circumstances warrant.

The second issue that remains open in the Second Circuit in the aftermath of *Salinger* and *New Era* is whether an injunction, otherwise warranted, may be withheld because of legitimate public interest in dissemination of the infringing work. None of the holdings in *Harper & Row*, *Salinger*, or *New Era* illuminates this issue. *Harper & Row* involved only a claim for damages. *Salinger* approved an injunction, not to halt distribution of a published work, but to require deletion of infringing passages of copied expression from galley proofs. That injunction delayed publication for the interval required to make the necessary deletions, but posed no substantial obstacle to the appearance of a biography that contained all the factual material the biographer had assembled in the galley proofs. *New Era* made no ruling on the public interest aspects of the injunctive remedy, since the injunction was denied on the ground of laches.

Though the Second Circuit holdings do not resolve this issue of remedies, there is much common ground in language subscribed to by those judges of the Court who disagree on other aspects of fair use. Concurring in the denial of rehearing in banc in *New Era*, Judge Miner, writing for himself and three other judges, said, "All now agree that injunction is not the automatic consequence of infringement and that equitable considerations always are germane to the determination of whether an injunction is appropriate." 884 F.2d at 661. In a dissent from the denial of rehearing in banc, my opinion, joined by three other judges, said, "... equitable considerations, in this as in all fields of law, are pertinent to the appropriateness of injunctive relief. The public interest is always a relevant consideration for a court deciding whether to issue an injunction." *Id.* at 664. What remains for future resolution is whether legitimate public interest in the continued availability of an infring-

ing work already published will, in some circumstances, justify the denial of an injunction, leaving available the remedy of damages.

To observe that the holdings of *Salinger* and *New Era* do not place upon biographers and historians the extreme limits some have feared does not, I must concede, remove all basis for concern as to the future course of fair use doctrine in the Second Circuit. As I have tried to indicate, unsettled issues remain for decision in subsequent cases, and very likely a series of cases will have to be decided, each turning on precise facts and circumstances, before clear doctrine emerges. What is to happen in the interim before such cases arise?

A distinct possibility is that publishers will go to extreme lengths to avoid the risks of litigation and impose upon their authors limitations on the use of unpublished materials that are far more restrictive than current legal requirements. Worse still, subjects of biography may threaten litigation over use of their unpublished writings as a bargaining chip to secure elimination of unflattering passages. When the high costs of litigation are compared to the often small profits of some notable works of scholarship, these are not idle concerns. Until such time as courts chart with some precision the permissible uses of unpublished materials in works of journalism and scholarship, I believe there is a responsibility that devolves upon major publishers and leading members of the copyright bar to assist in an effort to avoid the dangers of unwarranted self-censorship.

The assistance I have in mind is not something that publishers or copyright lawyers will welcome. For publishers, especially leaders in the field, I suggest that on occasion they should take a strong stand in defense of a biographer's proposed use of quotations from an unpublished writing to convey factual material fairly and accurately, and accept the costs of litigation, and even the risk of an unfavorable outcome. The history of free expression is marked by many important sacrifices, often on the part of those with far fewer resources than major publishing houses. Rather than take the path of least resistance and delete all passages that remotely raise issues of infringement—a course that may deny the reading public significant material that may be entirely lawful to print, these publishers should be willing in selected instances to dig in their heels and litigate. By joining issue at the pre-publication stage, the cost of an adverse ruling can be lessened, since the consequence of such a ruling at that stage is only the deletion of infringing material rather than the cost of republishing a work already in distribution.

For copyright lawyers, I suggest that their assistance might take the form of occasional willingness to defend a claim of infringement at the cutting edge of fair use doctrine on a *pro bono* basis or at least at a substantial reduction from normal billing rates. With many lawyers responding generously to the call for *pro bono* representation, it does not seem inappropriate to ask the leaders of the copyright bar to make their services available in special cases in

defense of free expression. Indigency is not the only circumstance worthy of volunteered lawyering. The occasional donation of legal service to assure a publisher that it need not resort to unwarranted self-censorship would be in keeping with the finest traditions of the bar.

In 1841 Justice Story observed that it is "not easy to lay down general principles applicable to all cases" as to the doctrine we now call "fair use." *Folsom v. Marsh*, 9 F. Cas. 342, 344 (C.C.D. Mass. 1841) (No. 4,901). In 1939 a panel of the Second Circuit called the question of fair use "the most troublesome in the whole law of copyright." *Dellar v. Samuel Goldwyn, Inc.*, 104 F.2d 661, 662 (2d Cir. 1939) (per curiam). Though the doctrine has been refined, its application in many cases is still "not easy." In the Second Circuit we will continue to encounter difficult fair use cases in the coming years, just as we have in the past.¹² The limited holdings in *Salinger* and *New Era* are surely not the end of our exposition of this amorphous doctrine. Nor are some isolated phrases from those opinions the end of our evolving discussion of the issue.¹³ And by no stretch of the imagination have we decreed the end of history! History will continue to be written throughout eternity. One may hope that in the Second Circuit our next chapters on fair use will appear somewhat sooner.

¹² See, e.g., *Rosemont Enterprises, Inc. v. Random House, Inc.*, 366 F.2d 303 (2d Cir. 1966), cert. denied, 385 U.S. 1009 (1967); *Wainwright Securities, Inc. v. Wall Street Transcript Corp.*, 558 F.2d 91 (2d Cir. 1977), cert. denied, 434 U.S. 1014 (1978); *Meeropol v. Nizer*, 560 F.2d 1061 (2d Cir. 1977); *Iowa State University Research Foundation, Inc. v. American Broadcasting Cos.*, 621 F.2d 57 (2d Cir. 1980); *Roy Export Co. v. Columbia Broadcasting System, Inc.*, 672 F.2d 1095 (2d Cir.), cert. denied, 459 U.S. 826 (1982); *Diamond v. Am-Law Publishing Corp.*, 745 F.2d 142 (2d Cir. 1984); *Financial Information, Inc. v. Moody's Investors Service, Inc.*, 751 F.2d 501 (2d Cir. 1984); *Maxtone-Graham v. Burtchaeil*, 803 F.2d 1253 (2d Cir. 1986).

¹³ Since the pages of this Journal have already been used to note modifications of previously expressed views on fair use issues, see Leval, *supra*, 170-71, 180 (expressing the view that the biographer of J.D. Salinger did not make fair use of his unpublished letters, though adhering to the view that publication of the biography should not have been enjoined); Patry, *Editor's Note*, 36 J. Copr. Soc'y at page preceding 167 n.3 (receding from unqualified view that there is no fair use of unpublished works), I think it appropriate to note here that it was a partial overstatement to have said in *Salinger* that "the biographer has no inherent right to copy the 'accuracy' or the 'vividness' of the letter writer's expression." 811 F.2d at 96. Though the issue was not presented in *Salinger*, it is my view, as urged in this article and in the Federal Reporter, *New Era*, 884 F.2d at 662-63, that the biographer may make some use of unpublished expression when necessary to convey factual information accurately. I continue to believe, however, that copying the "vividness" of the expression in unpublished materials simply to enliven the text of a biography would normally not be fair use.

3. APPENDICES

Jerome D. SALINGER, a/k/a J.D.
Salinger, Plaintiff,

v.

RANDOM HOUSE, INC. and Ian
Hamilton, Defendants.

650 F. Supp. 413 (S.D.N.Y. 1986)

4161 LEVAL, District Judge.

J.D. Salinger, the celebrated author of *The Catcher in the Rye*, *Franny and Zooey*, *Raise High the Roof Beam, Carpenters*, and many short stories, brings this action against Ian Hamilton and Random House, Inc., who are respectively the author and publisher of an unauthorized and as-yet unpublished biography entitled *J.D. Salinger: A Writing Life*. The biography draws heavily from copyrighted letters written by Salinger many years ago. The complaint alleges copyright infringement, unfair competition, and breach of undertakings Hamilton made with libraries as a condition of access to some of the letters. Salinger moves for a preliminary injunction restraining distribution of the biography.

Hamilton is a writer, literary critic, and poet. After Random House published his well-respected *Robert Lowell: A Biography* in 1982, Hamilton set out to chronicle Salinger's life. He received advances of \$100,000 from Random House and £25,000 from the British publisher William Heinemann. In July 1983, he wrote to Salinger requesting his cooperation.

Salinger for some 30 years had maintained a reclusive privacy, avoiding all publicity. He replied that he would regard any biography written during his lifetime as an invasion of privacy.

Hamilton nonetheless proceeded with his research. He had little success until his discovery of "a tremendous autobiographical resource" (Hamilton Aff. ¶ 8)—several series of letters written by Salinger years before, some of which had been lodged by the recipients (or their estates) in research libraries at Harvard, Princeton, and the University of Texas. Hamilton also found a bibliography of Salinger materials, edited by Jack Sublette and published by Garland Press, Inc. in 1984, which referred to and quoted letters deposited with Princeton's library. Salinger was unaware of the Sublette bibliography and of the deposits of his letters in the libraries.

In order to gain access to the letters at Princeton, Harvard, and the University of Texas, Hamilton signed the libraries' standard form agreements in which he undertook not to publish the documents without their permission and that of the copyright holder. The "Princeton University Library Request for Access to Manuscripts," for example, states in part:

I understand that Princeton University holds manuscripts for

purposes of research and scholarship. I agree not to copy, reproduce, circulate or publish them without the permission of Princeton University Library and of the owner of the literary property rights, if any. I assume all responsibility for any infringement by me of the literary property rights held by others in the material requested.

Hamilton submitted his manuscript in September 1985. It contained very substantial quotation from approximately 70 of the letters. In May 1986, galley proofs were sent to book reviewers, as well as to potential licensees in the publishing industry, and some advance reviews appeared.

Salinger somehow received a copy of the May Galley proofs. Then realizing that copies of his letters had been donated by their recipients to the libraries, he caused the letters to be registered for copyright protection in his name. On May 30, 1986, his attorneys wrote to Hamilton and Random House demanding that the book not be published unless and until all of Salinger's unpublished materials were deleted. Defendants then sought the libraries' permission to quote from the correspondence, but without success.

In response to Salinger's demand, Hamilton revised the book to reduce drastically the amount of direct quotation. He revised, rewrote or paraphrased most of the previously quoted material, limiting quotation to no more than 10% of any one letter and, in most cases, no more than 10 words from any one letter. In the new September proofs (Exh. D to the Timberman affidavit), there remain between 200 and 300 words of direct quotation, representing something between 0.8% and 2.0% of the content of the copyrighted correspondence. Because the Princeton, Harvard, and Texas libraries refused permission to quote from their letters, Hamilton eliminated all direct quotations from letters available only at those libraries. He retained certain quotations from letters at Princeton that are also found in the Sublette bibliography.¹

The September proofs use the letters as an important source to report Salinger's opinions, thoughts, feelings, and fantasies as a young man. A substantial percentage of the book consists of material learned by Hamilton from the letters.

By agreement with Salinger, defendants submitted the revised September page proofs to his attorneys on September 18, 1986. Salinger promptly brought suit, asserting that the biography infringes his copyrights and that he will be irreparably harmed if publication and distribution are allowed to pro-

¹ On September 24, 1986, plaintiff's attorneys wrote to Sublette and his publisher demanding that they delete all quotation and paraphrasing of Salinger's unpublished works before distributing any further copies of the bibliography. Salinger Aff. ¶ 23, ex. N. Plaintiff's attorneys were advised by the Princeton library that Sublette had not obtained library permission to quote the letters.

ceed. On October 3, 1986, I granted a temporary restraining order to preserve the status quo. Defendants agreed to extend the TRO until today's date to permit discovery, submission of a hearing record, briefing and ruling on Salinger's motion for a preliminary injunction. For the reasons set forth below, that motion is now denied.²

Discussion

1. *The Scope of Copyright Protection*

The first question to be considered is whether and to what extent Hamilton's book takes material from Salinger's letters that is protected by the copyright. Salinger contends the taking goes far beyond the 200-300 quoted words. He contends that lengthy portions of numerous letters are tracked and paraphrased in a manner that misappropriates his copyrighted expression. He argues that the material so taken constitutes the "heart" not only of his letters, but also of Hamilton's book. *Cf. Harper & Row, Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 105 S.Ct. 2218, 2233-34, 85 L.Ed.2d 588 (1985).

Salinger is correct that copyright infringement is not limited to verbatim quotation. Paraphrase that reproduces the original author's protected expression also is a violation. *See, e.g., Donald v. Zack Meyer's T.V. Sales and Service*, 426 F.2d 1027, 1030 (5th Cir. 1970); *Davis v. E.I. DuPont de Nemours & Co.*, 240 F. Supp. 612, 621 (S.D.N.Y. 1965).

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On the other hand the copyright does not protect all of the material in an author's original work. The importance of free public dissemination of ideas and matters of historical fact dictates that they should not be subject to private ownership or control. It is therefore axiomatic that the copyright does not encompass facts or ideas. What is protected is the art, or craftsmanship—the author's particular manner of expression. *See, e.g., Reyher v. Children's Television Workshop*, 533 F.2d 87, 91 (2d Cir. 1976) (quoting Chafee, *Reflections on the Law of Copyright*, 45 Colum. L. Rev. 503, 513 (1945)); *Peter Pan Fabrics, Inc. v. Martin Weiner Corp.*, 274 F.2d 487, 489 (2d Cir. 1960).

To make a determination of the extent of taking of copyrighted material, it is therefore necessary to examine closely the comparison of the copyrighted and the accused passages, not only to determine the extent and nature of similarity but also to ascertain whether what was taken is in the protected category or in the unprotected realms of fact and idea. *See, e.g., Werlin v. Reader's Digest Ass'n*, 528 F. Supp. 451, 462 (S.D.N.Y. 1981). To facilitate

² Although this lawsuit is directed against the May galley as well as the new September galley, the defendants have represented that there will be no further distribution of the text as it appeared in May. Accordingly, I have regarded the injunction motion as moot insofar as it may pertain to the earlier form of the text.

this test, plaintiff has submitted at the court's request a compilation of 59 instances of comparative texts representing "as complete as picture as possible" of the alleged infringements. (The list, set forth as Exhibit A to the Coleman affidavit of October 16, 1986, is hereafter referred to as "Exhibit A".)

The comparison reveals that the vast majority of the material taken by Hamilton from the letters is not copyright protected. Salinger's letters are full of information about his life upon which the biographer has drawn. Such information is not protected by the copyright. Unprotected information of this nature includes far more than the where, when and with whom. Information as to the subject's thoughts and feelings is vital historical fact for the biographer and belongs in the unprotected categories, so long as the biographer does not overstep permissible limits by taking the author's craftsmanship. See, e.g., *Meeropol v. Nizer*, 417 F. Supp. 1201, 1211 (S.D.N.Y. 1976), *rev'd on other grounds*, 560 F.2d 1061 (2d Cir. 1977), *cert. denied*, 434 U.S. 1013, 98 S. Ct. 727, 54 L.Ed.2d 756 (1978); see also *Harper & Row, Publishers, Inc. v. Nation Enterprises*, 723 F.2d 195, 205 & n.14 (2d Cir. 1983), *rev'd on other grounds*, 471 U.S. 539, 105 S.Ct. 2218, 85 L.Ed.2d 588 (1985). Furthermore, the ideas revealed in a copyrighted work are not protected by the copyright.

For the biographer to report in his own words Salinger's ideas drawn from the letters or the fact that Salinger was depressed, elated, or angry, does not violate the copyright. His resentment against literary critics who, having never taken the risks or braved the pains and difficulties of creative writing, presume to pass judgment on serious authors (Letter No. 34) may be drawn from his letter without infringement, both as an idea and as a historical fact. Likewise, his evaluations of Hemingway (Nos. 37 & 38); his difficulty sustaining his infatuations with girls (Nos. 23 & 32); his determination at one point to write for Hollywood and riches (No. 26); his reticence to yield any of his freedom by accepting an advance (No. 28), etc.

I find that virtually every passage taken by Hamilton from the 59 letters consists primarily of a report of such historical fact (or of an idea) which is not protected by the copyright.

That does not end the inquiry. As noted, the license to report historical fact and idea found in copyrighted material does not carry with it the right to employ the originator's particular words or manner of expression; these are protected by the copyright. See *Nation*, 105 S.Ct. at 2232-33; 419 *Hoehling v. Universal City Studios, Inc.*, 618 F.2d 973, 980 (2d Cir. 1980), *cert. denied*, 449 U.S. 841, 101 S.Ct. 121, 66 L.Ed.2d 49 (1980). Whether there is infringement does not necessarily turn on whether there is direct quotation. If, for example, the original work quotes a third person (as where Salinger in Letter No. 7 quotes from a rejection letter he received in 1940 from *Esquire*), that quotation is a historical fact, it is not an original creation

of the copyright holder, and it may be requoted without infringement. Also, the copyright applies only to original creation and not to cliché or ordinary unoriginal combinations of words. See W. Patry, *Latman's The Copyright Law* 23-24 (1986). Although Salinger's letters are predictably vibrant and full of originality of image, metaphor and expression, even he occasionally (albeit rarely) employs a cliché or a word-combination that is so ordinary that it does not qualify for the copyright law's protection.

Thus where Salinger describes himself as one who "could never even put a Tinker-Toy together (No. 21), or states that he "miss[es] [his] little typewriter terribly" (No. 17), or describes a work as "the religious book of the century" (No. 52), Hamilton's quotation of those words does not implicate the copyright.

On the other hand, the author's own original image, choice of words, and turn of phrase are protected and there will be infringement (absent justification) when they are appropriated whether by direct quotation or by paraphrase.

A few examples follow (all references to Hamilton's text are to a xerox copy of proofs submitted as defendants' Exh. D. (emphases supplied);

Salinger	Hamilton
Describing Wendell Wilkie as a phoney adds that he looks " <i>like a guy who makes his wife keep a scrapbook for him.</i> " (No. 11)	" <i>the sort of fellow who makes his wife keep an album of his press cuttings.</i> " (p.47)
As to why he writes under J.D., complains that Jerome is a lousy name. " <i>It always sounds so much like Jerome</i> " (No. 12)	"... Jerome was such a dreadful name: however you said it, <i>Jerome always came out sounding like Jerome.</i> " (p. 48)
The men in my tent—though a damn nice bunch—are <i>always eating oranges or listening to quiz programs</i> (No. 18)	(Substantially quoted on p. 57.)
About a novel he has wanted to write since he was 17, "until I can get <i>icy</i> about the whole thing . . . , I'm not going to touch it. I'm getting <i>colder and colder</i> on it. Won't be long. (No. 29)	"Salinger wants to feel <i>like ice</i> about this book And he is prepared to wait. The <i>iciness</i> is deepening, and he feels that he will soon be <i>cold</i> enough to make a start." (pp. 67-68)

"[E]verybody over here who's ever taught Senior English for a couple of semesters, or *worked for a good upholsterer*, has considered himself qualified to collect and edit a short story anthology." (No. 57)

"[A]nybody who has 'ever taught Senior English,' however briefly, or been *employed by 'a good upholsterer'* has reckoned himself to have the perfect skills for putting together an anthology of shorter fiction." (p. 157)

Describing his life as a soldier in the counter-intelligence corps in Germany after its fall, he writes that he and his new wife have bought a sportscar, and that his big black dog Benny "*rides on the running board, pointing out Nazis for me to arrest.*" (No. 40)

"The couple have . . . a large dog called Benny. Benny *rides with them in the car and lets them know if he spots any arrestable Nazis.*" (p. 91)

- 420 1[See also in No. 39 and at Hamilton, p. 89-90, the reference to being publicly cremated in front of the offices of the Saturday Evening Post in retribution for "treasonous" thoughts; Salinger's bitter fantasy of the domesticity of his once beloved Oona O'Neill with her new aged husband Charlie Chaplin (No. 24 and Hamilton, p. 65); "If [the liberating Americas] had stood on top of the jeep and taken a leak, Paris would have said, 'Ah, the darling Americans! What a charming custom!'" (No. 36, Hamilton p. 82).]

As to each of these passages, the biographer has gone beyond the permissible report of a historical fact or an idea and has reproduced an image, literary device, metaphor or choice of words that is protected by the copyright. In total I have found approximately 30 letters from which Hamilton has taken, either by brief quotation or paraphrase, a few words of copyright protected material. Unless excused under the doctrine of fair use, or found to be too insignificant in net effect to justify a cause of action, these represent instances of infringement and a possible basis for injunction.

2. Fair Use.

Despite Hamilton's use of copyright protected material from the letters, his book is not guilty of infringing if those quotations and paraphrases are found to be "fair use." "'Fair use' is a 'privilege in others than the owner of a copyright to use the copyrighted material in a reasonable manner without his consent. . . .'" *Rosemont Enterprises v. Random House, Inc.*, 366 F.2d 303, 306 (2d Cir. 1966) (quoting Ball, *Copyright and Literary Property* 260 (1944)). It is described as an "equitable rule of reason." House Report No. 94-1476, 94th Cong., 2d Sess. 66, 1976 U.S. Code Cong. & Ad. News 5659, 5680 (hereinafter "House Report"). The rule is codified at 17 U.S.C. § 107 (1982):

[T]he fair use of a copyrighted work, including such use by reproduction in copies . . . for purposes such as criticism, comment, news reporting, . . . scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include—

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market for or value of the copyrighted work.

These factors were distilled from the common law and were not intended as exclusive. Instead, they are the focus of a factual inquiry to determine whether the particular use of copyrighted material should be considered fair and lawful.³

A. *Is the Fair Use doctrine applicable to unpublished work?* Plaintiff contends that the privilege of fair use has no application to unpublished work. Common law traditionally protected the author's decision "whether and in what form to release his work," *Nation*, 105 S.Ct. at 2227, including unpublished letters. See, e.g., *Birnbaum v. United States*, 588 F.2d 319, 326 (2d Cir. 1978). A leading New York case defined common-law copyright as

an author's proprietary interest in his literary or artistic creations before they have been made generally available to the public. It enables the author to exercise control over the first publication of his work or to prevent publication entirely. . . . 421

Estate of Hemingway v. Random House, Inc., 23 N.Y.2d 341, 345-46, 296 N.Y.S.2d 771, 776 (1968).

In the Copyright Revision Act of 1976, Congress extended federal protection to the right of first publication. See 17 U.S.C. § 106 (1982). The privilege implicates both the author's "personal interest in creative control" and

³ The House Report states:

The bill endorses the purpose and general scope of the judicial doctrine of fair use, but there is no disposition to freeze the doctrine in the statute, especially during a period of rapid technological change. Beyond a very broad statutory explanation of what fair use is and some of the criteria applicable to it, the courts must be free to adapt the doctrine to particular situations on a case-by-case basis. Section 107 is intended to restate the present judicial doctrine of fair use, not to change, narrow, or enlarge it in any way. House Report at 66, U.S. Code Cong. & Ad. News at 5659, 5680. See also S. Rep. 94-473, 94th Cong., 1st Sess. 62 (1975) (hereinafter "Senate Report").

"his property interest in exploitation of prepublication rights." *Nation*, 105 S.Ct. at 2228. Although "common-law copyright was often enlisted in the service of personal privacy," *id.*, Congress was specifically concerned that the copyright owner "have the right to control the first public distribution of an authorized copy . . . of his work." House Report at 62, 1976 U.S. Code Cong. & Ad. News at 5675.

In the *Nation* case, the Supreme Court held that "[u]nder ordinary circumstances, the author's right to control the first public appearance of his undissemminated expression will outweigh a claim of fair use." 105 S.Ct. at 2228 (emphasis added). "[T]he scope of fair use is narrower with respect to unpublished works." *Id.* at 2232. Thus, "the unpublished nature of a work is '[a] key, though not necessarily determinative, factor' tending to negate a defense of fair use." *Id.* at 2227-28 (quoting Senate Report at 64 (emphasis added by this court)). See also Note, *Copyright and Privacy Protection of Unpublished Works—The Author's Dilemma*, 13 Colum. J.L. & Soc. Probs. 351, 377 (1977). The Court, however, stressed the tailoring of fair use analysis to the particular case. See 105 S.Ct. at 2227. It neither stated nor implied a categorical rule barring fair use of unpublished works. See Nimmer § 13.05[A][2], at 13-74 to 13-77. But see *Nation*, 105 S.Ct. at 2249 (Brennan, J., dissenting); *Sinkler v. Goldsmith*, 623 F.Supp. 727, 732 (D. Ariz. 1985). Indeed, the Court proceeded to evaluate the *Nation's* use of Gerald Ford's unpublished manuscript in terms of all the statutory fair use factors.

Few recent decisions have involved unpublished works. Citing the *Nation* opinion, the *Sinkler* court granted summary judgment in favor of the copyright counter-claimant because the letters in issue had not previously been published or widely disseminated. The Arizona District Court held that the fair use doctrine "generally applies to materials already released by an author for public consumption." 623 F.Supp. at 732. The Second Circuit, on the other hand, earlier held a newspaper's publishing of a copyrighted letter to the editor to be a fair use. *Diamond v. Am-Law Pub. Corp.*, 745 F.2d 141 (2d Cir. 1982). The *Diamond* court did not even regard the unpublished nature of the letter as a factor, perhaps because the plaintiff desired publication and complained merely of the paper's editing of his letter.

Courts have also applied the fair use doctrine to cases involving unpublished architectural plans and medical school admissions test questions (although ruling in these cases against defendants). *Schuchart & Assocs. v. Solo Serve Corp.*, 220 U.S.P.Q. 170, 180 (W.D. Tex. 1983) (scope of fair use of the plans narrower than with respect to published works, even though the plaintiff had not kept the plans confidential); *Aitkin, Hazen, Hoffman, Miller, P.C. v. Empire Constr. Co.*, 542 F.Supp. 252, 260 (D. Ne. 1982) (court ignored the unpublished nature of the plans, but emphasized that developer had destroyed the copyright owner's only potential market for its work by exploiting an exact copy of the plans for a particular project); *Association of Ameri-*

can Medical Colleges v. Mikaelian, 571 F.Supp. 144, 151-53 (E.D. Pa. 1983) (test questions were developed under strict security and commercial exploitation of the questions to prepare students for taking the test destroyed their value to the copyright holder); *aff'd without opinion*, 734 F.2d 3 (3d Cir. 1981).

More on point are the opinions of New York state courts in a suit to enjoin the publication of a biography of Ernest Hemingway. The writer's wife and estate invoked a common-law copyright in Hemingway's unpublished letters. First, in denying the application for a preliminary injunction, the court suggested that the absence of direct quotation from the letters rendered any copyright infringement *de minimis*. *Estate of Hemingway v. Random House, Inc.*, 49 Misc. 2d 726, 268 N.Y.S.2d 531, 536 (N.Y. Co.), *aff'd without opinion*, 25 A.D.2d 719, 269 N.Y.S.2d 366 (1st Dep't 1966). On the defendant's later motion for summary judgment, however, the court considered the question of fair use. In addition to reiterating that defendants had not quoted verbatim, the court emphasized the biographical purpose for using the letters, the nature of plaintiffs' literary property, and the absence of any harm to the market for the letters. 53 Misc.2d 462, 279 N.Y.S.2d 51, 57-58 (N.Y. Co.), *aff'd without opinion*, 29 A.D.2d 633, 285 N.Y.S.2d 568 (1st Dep't 1977), *aff'd on other grounds*, 23 N.Y.2d 341, 296 N.Y.S.2d 771, 244 N.E.2d 341 (1968).⁴ Plaintiff here argues, citing W. Patry, *The Fair Use Privilege in Copyright Law* 440-41 (1985), that the *Hemingway* court found only that the copying was *de minimis*. In dismissing the common-law copyright claim, however, the court considered all four of the fair use factors now enumerated in 17 U.S.C. § 107, of which the amount and substantiality of the use is one. I read it as a finding of fair use, as well as of *de minimis*.

In my view, plaintiff's argument that there may be no fair use of an unpublished work is exaggerated and unreasonable. Of course, fair use protection should be sparingly accorded to quotation from unpublished work lest

⁴ The New York Court of Appeals asserted in dictum that there is a freedom not to speak publicly that parallels the common-law copyright in written materials. The Court nonetheless indicated that there is no categorical distinction between published and unpublished works with respect to fair use:

The indispensable right of the press to report on what people have *done*, or on what has *happened* to them or on what they have *said in public* does not necessarily imply an UNBOUNDED freedom to publish whatever they may have *said in private conversation*, any more than it implies a freedom to copy and publish what people may have put down in *private writings*.

Copyright, BOTH common-law and statutory, rests on the assumption that there are forms of expression, limited in kind, to be sure, which should not be divulged to the public without the consent of their author. The purpose, far from being restrictive, is to encourage and protect intellectual labor.

Id. at 347-48; 296 N.Y.S.2d at 778, 244 N.E.2d at 348 (emphasis in original) (boldface added) (citations omitted).

such use effectively deprive the creator of his right to exercise reasonable control over his own artistic reputation and over the initial presentation of his work. However, where the proposed use is of such character that it would not affect those interests of the copyright holder, no good reason can justify so extreme a rule as would absolutely bar the fair use of unpublished matter. As the name of the rule implies, it looks to the *fairness* of the secondary reference. If this *unfairly* interferes with the creator's reasonable enjoyment of his right of literary property, it will be enjoined. If, on the other hand, the secondary use is fair, giving due regard for the creator's right to control the first publication, it will be permitted. That the work is unpublished is an important factor, but it is not the end of the inquiry.

I agree with Salinger's counsel that the right of initial publication is entitled to preservation where it is exercised for the purpose of withholding publication, as well as where it is exercised to control the manner of initial presentation. The copyright concerns itself not only with assuring the creator of original work of the right to reap the profits. It concerns itself also with the establishment and maintenance of artistic reputation. See *Schnapper v. Foley*, 667 F.2d 102, 114 n.5 (D.C. Cir. 1981) (citing Note, *An Author's Artistic Reputation Under the Copyright Act of 1976*, 92 Harv. L. Rev. 1490 (1979)), *cert. denied*, 455 U.S. 948, 102 S.Ct. 1448, 71 L.Ed.2d 661 (1982). In this sense the copyright shares something in common with trademark in that
423 each serves to identify to the public the products coming from a particular source. By the act of publication under his name, the creator risks his reputation in the work. By the same token, if a writer believes that his draft is not up to snuff and does not wish to subscribe to it, his copyright permits him to suppress its publication. See *Hemingway*, 296 N.Y.S.2d at 776, 244 N.E.2d at 346. He may not, of course, suppress publication by others of the ideas or the information contained in it, as these are not covered by the copyright. But he may bar unauthorized publication of his unpublished work, even if it is his hope to keep it from being published forever. Thus my finding in Hamilton's favor on the subject of fair use is not based on a perception that, as defense counsel have argued, the copyright holder may not seek to enforce his right of first publication unless he intends to make such publication.

B. *Is this Fair Use?*

Upon full consideration of the factors that bear on the question of fair use, it is my view that defendants have made a sufficiently powerful showing to overcome plaintiff's claims for an injunction. The reasons that support this finding are: Hamilton's use of Salinger's copyrighted material is minimal and insubstantial; it does not exploit or appropriate the literary value of Salinger's letters; it does not diminish the commercial value of Salinger's letters for future publication; it does not impair Salinger's control over first publication of his copyrighted letters or interfere with his exercise of control over his

artistic reputation. The biographical purpose of Hamilton's book and of the adopted passages are quite distinct from the interests protected by Salinger's copyright. Finally, although both Hamilton and Random House no doubt hope to realize profit from the sales of the book, it is a serious, carefully researched biography of an important literary figure (of whom little is known); its publication is of social and educational value.

(i) *Extent of Appropriation.* The "amount and substantiality" of the use of the copyrighted work is a factor specified by the statute. As noted above, Hamilton's main drawings from Salinger's letters are of biographical material that is not protected by the copyright. If one looks at the totality of the material drawn from the letters, it is no doubt true, as plaintiff argues, that Hamilton has taken important matter from them. But for this inquiry we must distinguish between what is copyright protected and what is not. Although a large amount of *information* is taken from the letters, and is of vital importance to the book, the information is not protected by the copyright.

The appropriate quantitative and qualitative analysis is directed to Hamilton's taking of copyright protected matter. This is limited to about 30 instances of the use of a word or a phrase or an image. These instances rarely involve more than a few words of Salinger's copyright protected material. In the rarest case, a complete sentence is taken (see No. 3). These passages are not the heart of Salinger's letters, nor of Hamilton's book. The taking of copyright protected matter is insignificant.

There can be no doubt these passages improve Hamilton's book. It is, after all, the biography of a powerful writer. The history is more lively and true to the extent that it uses Salinger's own sharp images in preference to a neutered description of his thoughts or feelings. It certainly tells more about Salinger to read his acid quip that anyone who has worked for "a good upholsterer" considers himself qualified to edit a short story anthology (No. 57), than to be told that he resented the presumption of unqualified editors.

Hamilton's testimony suggests he agrees that he did not improve his book by eliminating and writing around most of the quoted matter that appeared in the May galleys. But what he did accomplish was to reduce from a large number to fewer than 30 the instances of use of copyrighted expression. He has thus very substantially improved his entitlement to claim fair use.

The few and brief instances that remain add color and accuracy of detail to the portrait of Salinger. They do not give the reader the sense that she has read Salinger's letters. They do not give the reader a basis to evaluate Salinger's skills as a writer. The excerpting of these details does not interfere with Salinger's control over initial publication. 424

(ii) *Difference of Purpose and Effect on Market.* Hamilton's work is biographical; it is neither a presentation, nor even a critique of Salinger's work. The Salinger letters serve Hamilton primarily as a source of biographi-

cal information and detail and not as a reservoir of Salinger literature to be revealed in Hamilton's book. A biographical subject's letters can play an important role in filling out the history or portrait, the internal life of the subject—his thoughts, opinions, moods and feelings. But the use of letters as a source poses a dilemma for the biographer. To the extent he quotes (or closely paraphrases), he risks a finding of infringement and an injunction effectively destroying his biographical work. To the extent he departs from the words of the letters, he distorts, sacrificing both accuracy and vividness of description.

Courts have thus recognized the legitimacy of use of excerpts from copyrighted letters in service of a biographical portrait, *see, e.g., Hemingway*, 279 N.Y.S.2d at 58; *Meeropol*, 417 F.Supp. at 1211-12, but at the same time, they have warned against going too far. *Meeropol*, 560 F.2d at 1069-71 (reversing grant of summary judgment to defendants because of factual uncertainties with respect to the substantiality of the use, the purpose of copying entire letters and long passages verbatim, and the effect of the book's publication on the future market for the letters). A biographical purpose will not excuse "extensive verbatim copying or paraphrasing" of copyrighted matter. *Rosemont*, 366 F.2d at 310; *see also Iowa State U. Research Foundation, Inc. v. American Broadcasting Cos.*, 621 F.2d 57, 60-61 (2d Cir. 1980).

George Washington's copyrighted letters were found by Justice Story in 1841 to form a substantial part of an infringing biography. *Folsom v. Marsh*, 9 Fed. Cas. No. 4901 p. 342 (C.C.D. Mass.). Justice Story held that there could be no fair use of letters in a historical work if "the value of the original is sensibly diminished or the labors of the original author are substantially appropriated." Letters "may be inserted as a sort of distinct and mosaic work, into the general texture of the second work, and constitute the peculiar excellence thereof, and then it may be a clear piracy." *Id.* at 348, quoted in *Meeropol*, 560 F.2d at 1070. Justice Story added, however,

It is not a case where abbreviated or select passages are taken from particular letters; but the entire letters are taken, and those of most interest and value to the public. . . . If it had been the case of a fair and bona fide abridgement of the work of the plaintiffs, it might have been admitted of a very different consideration.

Id. at 349, quoted in *Meeropol*, 417 F.Supp. at 1212.

What is therefore required is careful case-specific analysis whether, on all the factors, the biographer's use of copyrighted expression has been fair and reasonable or whether it has trespassed excessively on the copyright. *See Meeropol*, 560 F.2d at 1069-71. Such examination demonstrates the reasonable scope and purpose of Hamilton's appropriations.

How copying affects the marketability of the copyrighted work was described in *Nation*, 105 S.Ct. at 2234, (citing 3 Nimmer § 13.05(A)(4), now at

13-79) as "undoubtedly the single most important element of fair use." This issue is not merely a matter of quantifying damages. See 3 Nimmer § 13.05(A)(4) at 13-79 n.35.1a. The creator's right to the publication of his copyrighted material involves many factors (including artistic reputation and control of first presentation) that are not wholly compensable by an award of damages. Also, the emphasis is on marketability and commercial value, rather than actual market. Thus, Salinger's intention not to publish does not moot the issue.

On the other hand, the marketability to be considered is the marketability of what the copyright protects, not of the unprotected matter to be found in the copyrighted work. And the issue is whether any effect on marketability of the copyrighted work was brought about by the use of copyrighted matter rather than by other factors. See *Nation*, 105 S.Ct. at 2252-53 (Brennan, J., dissenting). Thus, if a copyrighted author sues a book reviewer for infringement and the reviewer defends on grounds of fair use, the negative effect on the marketability of the book that results from the reviewer's low opinion of it is not the market effect of which the rule speaks. What the rule concerns is negative effect on the marketability of the copyrighted work resulting from the sense on the part of the readership that they have already read it in the other publication.

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Readers may be drawn to purchase a publication of Salinger's letters for at least two distinct reasons. One reason is the reader's desire to read Salinger's work. A second reason may be the reader's interest in acquiring information about Salinger's early life.

The copyright law and the question of fair use concern themselves with the readers in the first category. If Hamilton's book revealed the literary content of Salinger's letters to such degree that any appreciable number of potential purchasers in the first category would be dissuaded from buying the letters, feeling that they had already read them in Hamilton, that would argue strongly against a finding of fair use. In my view, however, Hamilton's use of Salinger's copyright protected matter is so slight that it in no way diminishes the marketability of Salinger's letters among readers of Salinger.

There may be an effect on the readership motivated only by the second desire. A person drawn to purchase Salinger's letters only by the desire to learn more about Salinger's life might find that her biographical interest had been satisfied by the information conveyed in Hamilton. This readership may indeed be affected, but only by Hamilton's report of unprotected, historical facts, not by his use of copyright protected expression.

I conclude that Hamilton's limited use of copyright protected passages from Salinger's letters would have no effect on the marketability of the letters, as contemplated by the fair use statute.

(iii) *Commercial v. Educational.*

"[F]air use . . . for such purposes as criticism, comment, news reporting

... scholarship or research is not an infringement. . . . [T]he factors to be considered shall include . . . whether such use is of a commercial nature or is for nonprofit educational purposes. . . ." 17 U.S.C. § 107 (1982). In so saying, the statute somewhat unrealistically paints the world into two corners—the venal commercial and the altruistic instructive. In fact, publishers of educational textbooks are as profit-motivated as publishers of scandal-mongering tabloid newspapers. And a serious scholar should not be despised and denied the law's protection because he hopes to earn a living through his scholarship. The protection of the statute should not turn on sackcloth and missionary zeal. It rather directs the court to make an appraisal of social usefulness and of commercial fair play. Notwithstanding the hopes undoubtedly shared by Hamilton and his publisher for the best seller list and its monetary rewards, this factor favors the defendants. *Cf. Maxtone Graham v. Burtchaell*, 803 F.2d 1253, 1262 (2d Cir. 1986); *Consumers Union v. General Signal Corp.*, 724 F.2d 1044, 1049 (2d Cir. 1983), *cert. denied*, 469 U.S. 823, 105 S.Ct. 100, 83 L.Ed.2d 45 (1984); *Rosemont*, 366 F.2d at 307.

As an extraordinary talented and fascinating author, Salinger is a figure of great public interest. His novels are among the most widely admired and sold of the last quarter century. Because of his firmly maintained wish for privacy, little is known of him. Although his desire for privacy is surely entitled to respect, as a legal matter it does not override a lawful undertaking to write about him using legally available resources.

426 1Hamilton's book cannot be dismissed as an act of commercial voyeurism or snooping into a private being's private life for commercial gain. It is a serious, well-researched history of a man who through his own literary accomplishments has become a figure of enormous public interest. This favors a finding of fair use.

The *Nation*, on which plaintiff relies heavily, is easily distinguished. There the defendant had deprived the copyright licensee of commercial value by a gun-jumping publication that pirated "the heart" of the copyrighted work. The market for the copyrighted work was seriously affected. Those factors played a powerful role in the Supreme Court's decision. See 105 S.Ct. at 2232-35. None of them is present here.

(iv) *Equitable Factors*. Salinger argues further that unfair conduct on Hamilton's part in disregarding the library agreements should disqualify him from receiving the benefits of the equitable fair use doctrine. This is the only point on which I find Hamilton's position less than wholly persuasive. He contends his conduct was justified by his understanding that the requirement of permission applied only to infringement of copyright and that, because of the fair use doctrine, the material he took from the letters involved no infringement. As discussed below, I am inclined to agree with his understanding of the library agreements. And had the initial draft of his book been similar to its present modified form, his second point would be more convinc-

ing. Given the extensive quotation from the letters that appeared in the May galleys, Hamilton was certainly giving himself a generous benefit of the doubt in concluding that the library agreements did not call for permissions.

The issue does not easily admit of a clear finding. But even assuming an ultimate conclusion that Hamilton was cavalier about the need for permissions, that would not justify enjoining his book in its present form.

In my view, the use of copyrighted matter in the present form of the book is so minimal and the case favoring a finding of fair use is so convincing that an injunction cannot be justified, even if it were found that Hamilton showed more solicitude for his own interests than for Salinger's in dealing with the library agreements.

3. *De Minimis*

If there were some impediment to a finding of fair use—such as, for example, plaintiff's extreme contention that fair use has no application to unpublished work, it would be necessary to consider whether the extent of infringement was too insignificant to justify enjoining Hamilton's biography. Enjoining publication of a book is a serious matter. With all respect for the rights of a copyright owner, a publication should not be enjoined where the degree of infringement is trifling and inconsequential. See *Rosemont*, 366 F.2d at 306, 311; *Belushi v. Woodward*, 598 F.Supp. 36, 37-38 (D.D.C.1984); *Estate of Hemingway*, 268 N.Y.S.2d at 534, 536. Because I find fair use so clearly established, I need not reach a finding on whether, absent fair use protection, the infringement would be so insignificant as to warrant the denial of even a preliminary injunction. In all likelihood, Hamilton would prevail on this issue.

Hamilton's use of copyrighted expression is so minimal, it is difficult to perceive any harm to Salinger. The wound he has suffered is not from infringement of his copyright but from the publication of a biography that trespasses on his wish for privacy. The copyright law does not give him protection against that form of injury.

4. *Lanham Act Claim*

Salinger also alleges that defendants have violated § 43(a) of the Lanham Act. 15 U.S.C. § 1125(a) (1982). He argues that the biography's quotations and paraphrases, often introduced by such words as "Salinger said," are likely to mislead the reading public into believing that Salinger was interviewed for and sponsored the biography.

The contention is without merit. The reader could not reasonably infer that the biography had benefitted from interviews of Salinger. In the first place, Salinger's present and long-standing reclusive unavailability to the world is one of its dominant themes. Hamilton makes no pretense of having interviewed Salinger. In the epilogue, for example, Hamilton attributes to a

reliable but undisclosed, source that Salinger, since withdrawing all his works from publication, has written two full-length manuscripts which he keeps locked in a safe (pp. 194-95). In the course of the narrative, Hamilton recounts an incident in 1953 in which Salinger, having moved to Cornish, New Hampshire and befriended the local high school kids, agreed to give two of the girls an interview for the high school page of the local newspaper. Hamilton reports Salinger's sense of betrayal when that interview appeared as a scoop on the front page of the local paper. Hamilton adds, "It was the last interview Salinger has ever given to anyone." (pp. 138-39.)

Also, under § 43(a), Salinger contends that Hamilton has presented him misleadingly by distorting paraphrase. This is a Catch-22 claim: If Hamilton used Salinger's words, he violated the copyright act; if he avoided using Salinger's words, he violated the Lanham Act. There is, however, no showing of distortions that would give rise to a Lanham Act claim. *Cf. Gilliam v. American Broadcasting Cos.*, 538 F.2d 14, 23-25 (2d Cir. 1976).

5. *Third-Party Beneficiary Contract Claim*

Salinger also alleges that Hamilton violated his rights as a third-party beneficiary under agreements Hamilton made with libraries to gain access to his correspondence. This claim is independent of the copyright contentions. In my view, however, the intention and scope of those agreements are to protect the literary property interests of the owner and not to give the copyright owner an arbitrary power to block legitimate non-infringing use.

Although a few words considered out of context may seem to imply a more extreme purpose, the full text of the library agreements (including in the case of Texas the accompanying "Information for Manuscript Readers") makes clear that their purpose is to safeguard literary property rights.⁵ Although the precise text of the Harvard and Texas agreements seem to go farther than Princeton in restricting the researcher from "quot[ing]" (Texas) or publishing "any excerpt" (Harvard), this restriction should be understood as applying only to quotations and excerpts *that infringe copyright*. To read them as absolutely forbidding any quotation, no matter how limited or appropriate, would severely inhibit proper, lawful scholarly use and place an arbitrary power in the hands of the copyright owner going far beyond the protection provided by law. Often, for example, an idea cannot be reported

⁵ Indeed, the libraries are concerned that they not be exposed to copyright claims against them. Thus the Princeton agreement requires that the researcher "assume all responsibility for any infringement by [him] of the literary property rights held by others in the material requested." *Salinger Aff.*, ex. E. Similarly, the Harvard application provides that he "agree to indemnify and hold harmless the University, its officers, employees and agents from and against all claims made by any person asserting that he is an owner of the copyright." *Id.* ex. G.

accurately without some quotation. To require the historian or commentator to paraphrase would simply cause inaccuracy and misunderstanding, impeding scholarship. I believe it would be unreasonable to construe the library agreements as so far-reaching. In any event, the new September proofs have eliminated all direct quotation from the Harvard and Texas letters.⁶

In view of my understanding of the scope of these agreements, I need not reach the defendants' contention that Sublette's prior publication of quotes from the Princeton library freed those materials for Hamilton's use. In any event, the Princeton agreement does not expressly forbid "quotation." 428

6. *The Standards for Preliminary Injunction*

A preliminary injunction may be granted in this Circuit only upon a showing of irreparable harm and either (1) likelihood of success on the merits, or (2) sufficiently serious questions going to the merits to make them a fair ground for litigation, together with a balance of hardships tipping decidedly toward the party requesting the preliminary relief. *Jackson Dairy, Inc. v. H.P. Hood & Sons*, 596 F.2d 70, 72 (2d Cir. 1979); *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 204-05 (2d Cir. 1979). The standard for preliminary relief is less demanding than for a permanent injunction. Nonetheless, Salinger has not made the showing required for a preliminary injunction. I find for the defendants on every issue.

Salinger has demonstrated no likelihood of success. To the contrary, I believe the defendants have so far shown their likelihood of success that it is doubtful whether plaintiff prevails on the first factor of the second branch—a showing of fair grounds for litigation. I need not resolve that issue, however, because plaintiff has shown neither irreparable harm nor the balance of hardships tipping decidedly in his direction.

Hamilton's appropriations of copyrighted expressions are too minimal to subject Salinger to any serious harm. There is no substantial revelation of the copyright protected aspects of his letters. There is no adverse impact on their market value as literature by Salinger.

The adverse impact on defendants from a preliminary injunction, on the other hand, would be substantial. *Cf. Belushi*, 598 F.Supp. at 37. The book is in print awaiting distribution. The lengthy delays that might result from waiting for appeals and for final trial on the merits might seriously impair the marketability of the book. First publication licenses optioned to *The New*

⁶ Salinger also contends that Hamilton has violated the further conditions set forth in a letter to Hamilton from Gerald Gunther, the custodian of the Hand papers for the Harvard library. The submissions, however, fail to establish that Gunther's letter constituted an additional contract, supplementing the Harvard library agreement that it refers to. And even if it did, it is the sense of Gunther's letter that "actual quotation" would require a further permission. The September proofs do not quote from those letters.

York Times Sunday Magazine would be imperiled. The balance of hardships favors the defendants.

In addition, both sides acknowledge there is little or no significant evidence to be added at final trial that might justify a temporary stay awaiting the collection of the full evidence.

Upon all the factors, the application for a preliminary injunction is denied.

Jerome D. SALINGER a/k/a J.D.

Salinger, Plaintiff-Appellant,

v.

RANDOM HOUSE, INC. and Ian

Hamilton, Defendants-Appellees.

811 F.2d 90 (2d Cir. 1987)

UJON O. NEWMAN, Circuit Judge:

Before NEWMAN and MINER, Circuit Judges.*

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This appeal presents the issue whether the biographer of a renowned author has made "fair use" of his subject's unpublished letters. The issue arises on an expedited appeal from an order of the District Court for the Southern District of New York (Pierre N. Leval, Judge) denying a preliminary injunction sought by the well-known writer, J.D. Salinger, against Ian Hamilton and Random House, Inc., the author and publisher, respectively, of a book about Salinger and his writings. For reasons that follow, we conclude that a preliminary injunction should be issued.

Background

The plaintiff J.D. Salinger is a highly regarded American novelist and short-story writer, best known for his novel, *The Catcher in the Rye*. He has not published since 1965 and has chosen to shun all publicity and inquiry concerning his private life. The defendant Ian Hamilton is a well-respected writer on literary topics. He serves as literary critic of *The London Sunday Times* and has authored a biography of the poet Robert Lowell. In July 1983 Hamilton informed Salinger that he was undertaking a biography of Salinger to be published by Random House and sought the author's cooperation. Salinger refused, informing Hamilton that he preferred not to have his biography written during his lifetime. Hamilton nevertheless proceeded and spent the next three years preparing a biography titled *J.D. Salinger: A Writing Life*.

An important source of material was several unpublished letters Salinger wrote between 1939 and 1961. Most were written to Whit Burnett, Salinger's friend, teacher, and editor at *Story* magazine, and Elizabeth Murray, Salinger's friend. A few were written to Judge Learned Hand,¹ Salinger's friend and neighbor in New Hampshire, Hamish Hamilton and Roger Machell, Sa-

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*Judge Mansfield, originally a member of the panel, died on January 7, 1987. The appeal is being decided by the remaining members of the panel pursuant to Local Rule § 0.14(b).

¹ Of historical interest is the fact that this is not the first time a prominent jurist has figured in litigation concerning the copyright protection available for private letters. In what was probably the first federal decision concerning a copyright in letters, Justice Story noted that the rights to the published letters of George Washington, which had been extensively copied in a biography, had been obtained by Chief Justice Marshall and Jared Sparks from President Washing-

linger's British publishers, and other individuals, including Ernest Hemingway.

Ian Hamilton located most, if not all, of the letters in the libraries of Harvard, Princeton, and the University of Texas, to which they had been donated by the recipients or their representatives. Prior to examining the letters at the university libraries, Hamilton signed form agreements furnished by the libraries, restricting the use he could make of the letters without permission of the library and the owner of the literary property rights. The Harvard form required permission "to publish the contents of the manuscript or any excerpt therefrom." The Princeton form obliged the signer "not to copy, reproduce, circulate or publish" inspected manuscripts without permission.

By May 1986 Hamilton had completed a version of his biography. Salinger received a set of the galley proofs of this version (the "May galleys") and learned from the galleys and the footnote citations to his letters that the letters had been donated to university libraries. In response, he took two actions. First, he registered 79 of his unpublished letters for copyright protection. Second, he instructed his counsel to object to publication of the biography until all of Salinger's unpublished materials were deleted.

In response to Salinger's objection, Hamilton and Random House revised the May galleys. In the current version of the biography (the "October galleys"), much of the material previously quoted from the Salinger letters has been replaced by close paraphrasing.² Somewhat more than 200 words

ton's nephew, Justice Bushrod Washington. See *Folsom v. Marsh*, 2 Story 100, 9 F.Cas. 342, 345 (C.C.D. Mass. 1841) (No. 4,901).

- ² The closeness of the paraphrasing is illustrated by comparison of a passage from a 1943 letter to Whit Burnett with Hamilton's report of what Salinger had written on that occasion. Salinger, distressed that Oona O'Neill, whom he had dated, had married Charlie Chaplin, expressed his disapproval of the marriage in this satirical invention of his imagination:

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

Hamilton, not content to report the fact that Salinger was distressed that O'Neill had married Chaplin or that in his mind he imagined how disastrous their life together must be, writes the following.

At one point in a letter to Whit Burnett, he provides a pen portrait of the Happy Hour Chez Chaplin: the comedian, ancient and unclothed, is brandishing his walking stick—attached to the stick, and horribly resembling a lifeless rodent, is one of Chaplin's vital organs. Oona claps her hands in appreciation and Agnes, togged out in a bathing suit, pours drinks. Salinger goes on to say he's sorry—sorry not for what he has just written, but for Oona: far too youthful and exquisite for such a dreadful fate.

remain quoted. Salinger has identified 59 instances where the October galleys contain passages that either quote from or closely paraphrase portions of his unpublished letters. These passages draw upon 44 of the copyrighted letters, 20 to Burnett, 10 to Murray, 9 to Hamish Hamilton, 3 to Judge Hand, 1 to Machell, and 1 to Hemingway.³

On October 3, 1986, Salinger sued Ian Hamilton and Random House, seeking an injunction against publication of Hamilton's biography and damages. In addition to copyright infringement, the complaint alleged unfair competition and breach of contract. The unfair competition claim was based on instances in the biography where Hamilton uses phrases such as "he states" or "he writes" to introduce close paraphrases of portions of Salinger's letters; Salinger claimed that readers would be deceived into thinking that they were reading Salinger's exact words. The breach of contract claim was based on the form agreements that Hamilton signed with the Harvard, Princeton, and University of Texas libraries. Salinger alleged that he was a third-party beneficiary of those agreements.

Judge Leval granted a temporary restraining order but subsequently issued an opinion denying a preliminary injunction. 650 F.Supp. 413 (1986). In the District Judge's view, the extent of copying of expressive material entitled to copyright protection was "minimal," amounting to "about 30 instances of the use of a word or a phrase or an image." *Id.* at 423. Building on the premise that only such fragmentary copying of protected material was involved, Judge Leval concluded that "Hamilton's appropriations of copyrighted expressions are too minimal to subject Salinger to any serious harm," *id.* at 428, and that such use as Hamilton had made was "fair use" within the meaning of the Copyright Act, 17 U.S.C. § 107 (1982). Judge Leval rejected the unfair competition claim, finding "no showing of distortions that would give rise to a Lanham Act claim." *Id.* at 427. He also rejected the contract claim, concluding that the library agreements are to be construed not to prevent all quotations but only "quotations and excerpts that *infringe copyright*." *Id.* at 427 (emphasis in original). The claim therefore fell with the conclusion that the infringement claim was defeated by the defense of fair use. Judge

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Even the briefest similes are closely paraphrased. Salinger, expressing his unfavorable opinion in 1940 of presidential candidate Wendell Wilkie, wrote Burnett: "He looks to me like a guy who makes his wife keep a scrapbook for him." Hamilton reports that Salinger "had fingered [Wilkie] as the sort of fellow who makes his wife keep an album of his press cuttings."

³ The excerpts from the biography complained of by Salinger include one passage that Hamilton has footnoted with a reference to an additional letter to Elizabeth Murray dated December 3, 1941. However, the list of letters to Murray appearing on the copyright registration do not contain such a letter, and the paraphrased excerpt does not appear in any of the letters to Murray included in the record. This discrepancy has no bearing on our disposition of any issue in the appeal.

Leval also noted that the letters in the Harvard and Texas libraries had not been directly quoted and that the Princeton form did not expressly forbid quotation.

The District Court granted a limited stay, which this Court extended pending an expedited appeal.

Discussion

Rulings on applications for a preliminary injunction are reviewed under an "abuse of discretion" standard, *Doran v. Salem Inn, Inc.*, 422 U.S. 922, 931-32, 95 S.Ct. 2561, 2567-68, 45 L.Ed.2d 648 (1975); *LeSportsac, Inc. v. K Mart Corp.*, 754 F.2d 71, 74 (2d Cir. 1985). Misapplication of the appropriate legal principles constitutes grounds for overturning the denial or issuance of a preliminary injunction. See *Parents' Association of P.S. 16 v. Quinones*, 803 F.2d 1235, 1239 (2d Cir. 1986); *Coca-Cola Co. v. Tropicana Products, Inc.*, 690 F.2d 312, 315 (2d Cir. 1982); see generally 7 *Moore's Federal Practice* ¶ 65.04[2] at 65-48-49, ¶ 65.21 at 65-154-57 (2d ed. 1986 & Supp. 1986-87).

To a large extent the appropriate legal principles are not in dispute on this appeal, though their application is seriously contested. The author of letters is entitled to a copyright in the letters, as with any other work of literary authorship. See *Meeropol v. Nizer*, 560 F.2d 1061, 1069 (2d Cir.), cert. denied, 434 U.S. 1013, 98 S.Ct. 727, 54 L.Ed.2d 756 (1977); *Folsom v. Marsh*, 2 Story 100, 9 F.Cas. 342, 346 (C.C. D. Mass. 1841) (No. 4,901); 1 *Nimmer on Copyright* § 5.04 (1986); W. Patry, *Latman's The Copyright Law* 130 (6th ed. 1986). Prior to 1978, unpublished letters, like other unpublished works, were protected by common law copyright, but the 1976 Copyright Act preempted the common law of copyright, 17 U.S.C. § 301(a), and brought unpublished works under the protection of federal copyright law, which includes the right of first publication among the rights accorded to the copyright owner, *id.* § 106(3). The copyright owner owns the literary property rights, including the right to complain of infringing copying, while the recipient of the letter retains ownership of "the tangible physical property of the letter itself." 1 *Nimmer, supra* § 5.04 at 5-32 (footnote omitted). Having ownership of the physical document, the recipient (or his representative) is entitled to deposit it with a library and contract for the terms of access to it. As with all works of authorship, the copyright owner secures protection only for the expressive content of the work, not the ideas or facts contained therein, see *Reyher v. Children's Television Workshop*, 533 F.2d 87, 90 (2d Cir.), cert. denied, 429 U.S. 980, 97 S.Ct. 492, 50 L.Ed.2d 588 (1976), a distinction fundamental to copyright law and of special significance in determining whether infringement has occurred in a work of biography or other account of historical or contemporary events. See *Rosemont Enterprises, Inc.*

v. Random House, Inc., 366 F.2d 303, 306 (2d Cir. 1966), *cert. denied*, 385 U.S. 1009, 87 S.Ct. 714, 17 L.Ed.2d 546 2232-34 (1967).

Central to this appeal is the application of the defense of "fair use" to unpublished works. Though common law, especially as developed in England, appears to have denied the defense of fair use to unpublished works, see W. Patry, *The Fair Use Privilege in Copyright Law* 436-41 (1985), the 1976 Act explicitly makes all of the rights protected by copyright, including the right of first publication, subject to the defense of fair use. See 17 U.S.C. § 107. That fair use applies to unpublished works does not determine, however, the scope of the defense as applied to such works. Whatever glimmerings on that subject have appeared in cases decided before May 20, 1985, see, e.g., *Diamond v. Am-Law Publishing Corp.*, 745 F.2d 142 (2d Cir. 1984) (applying fair use to a letter to the editor of a newspaper, which, though not previously printed, was obviously intended for dissemination); *Sinkler v. Goldsmith*, 623 F.Supp. 727 (D. Ariz. 1985); *Schuchart & Assocs., Professional Engrs., Inc. v. Solo Serve Corp.*, 220 U.S.P.Q. 170 (W.D. Tex. 1983), our guidance must now be taken from the decision of the Supreme Court on that date in *Harper & Row, Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 105 S.Ct. 2218, 85 L.Ed.2d 588 (1985), the Court's first delineation of the scope of fair use as applied to unpublished works.

The Court begins its discussion of fair use by considering the application of the doctrine to unpublished works. The Court observes that "fair use traditionally was not recognized as a defense to charges of copying from an author's as yet unpublished works," *id.* at 550-51, 105 S.Ct. at 2226 (footnote omitted), but that this "absolute rule" was "tempered in practice by the equitable nature of the fair use doctrine." *Id.* at 551, 105 S.Ct. at 2226. The Court notes that, under the Copyright Revision Act of 1976, all of the rights protected by copyright, including the right of first publication, are subject to fair use, see 17 U.S.C. §§ 106, 107, but explicitly rejects the contention, advanced by *The Nation*, that Congress "intended that fair use would apply *in pari materia* to published and unpublished works." 471 U.S. at 552, 105 S.Ct. at 2226. "Under ordinary circumstances," the Court states, "the author's right to control the first public appearance of his undissemminated expression will outweigh a claim of fair use." *Id.* at 555, 105 S.Ct. at 2228. This proposition was emphasized with respect to unpublished letters. Reckoning with *The Nation's* argument that fair use could permissibly be made of President Ford's unpublished memoirs because the imminent publication demonstrated that the author has no interest in nonpublication, the Court said, "This argument assumes that the unpublished nature of copyrighted material is only relevant to letters or other confidential writings not intended for dissemination," *id.* at 554, 105 S.Ct. at 2228, an assumption the Court went on to reject. Pertinent to our case is the fact that the Court underscored the idea that unpublished letters normally enjoy insulation from fair use copying.

After emphasizing the insulation of unpublished works from fair use under "ordinary circumstances," the Court considers in turn each of the four factors identified by Congress as "especially relevant," *id.* at 560, 105 S.Ct. at 2231, in determining whether a use is fair. See 17 U.S.C. § 107. Reflecting its earlier discussion, the Court gives special weight to the fact that the copied work is unpublished when considering the second factor, the nature of the copyrighted work. *Id.* at 564, 105 S.Ct. at 2232-34.

Following the Supreme Court's approach in *Harper & Row*, we place special emphasis on the unpublished nature of Salinger's letters and proceed to consider each of the four statutory fair use factors. Application of these four factors points in Salinger's favor.

Purpose of the use. Hamilton's book fits comfortably within several of the statutory categories of uses illustrative of uses that can be fair. The book may be considered "criticism," "scholarship," and "research." See 17 U.S.C. § 107. The proposed use is not an attempt to rush to the market just ahead of the copyright holder's imminent publication, as occurred in *Harper & Row*. Whether Random House plans to "exploit the headline value of its infringement," *Harper & Row, supra*, 471 U.S. at 561, 105 S.Ct. at 2231, as *The Nation* did, is not clear on the record thus far developed. Though no evidence has yet been presented on the advertising materials Random House plans to use, it is hard to believe that some emphasis will not be placed upon the fact that the book draws generously upon Salinger's unpublished letters.

We agree with Judge Leval that Hamilton's purpose in using the Salinger letters to enrich his scholarly biography weighs the first fair use factor in Hamilton's favor, notwithstanding that he and his publisher anticipate profits. However, we do not agree that a biographer faces a dilemma that entitles him to a generous application of the fair use doctrine. Judge Leval perceived the dilemma in these terms:

To the extent [the biographer] quotes (or closely paraphrases), he risks a finding of infringement and an injunction effectively destroying his biographical work. To the extent he departs from the words of the letters, he distorts, sacrificing both accuracy and vividness of description.

650 F.Supp. at 424. This dilemma is not faced by the biographer who elects to copy only the factual content of letters. The biographer who copies only facts incurs no risk of an injunction; he has not taken copyrighted material. And it is unlikely that the biographer will distort those facts by rendering them in words of his own choosing. On the other hand, the biographer who copies the letter writer's expression of facts properly faces an unpleasant choice. If he copies more than minimal amounts of (unpublished) expressive content, he deserves to be enjoined; if he "distorts" the expressive content, he deserves to be criticized for "sacrificing accuracy and vividness." But the

biographer has no inherent right to copy the "accuracy" or the "vividness" of the letter writer's expression. Indeed, "vividness of description" is precisely an attribute of the author's expression that he is entitled to protect.

The point is sharply, though unwittingly, made by defendant Hamilton in the course of his deposition in this case. On cross-examination, he is pressed as to why he copied a stylistic device that Salinger had employed in one of the letters. He responds: "I wanted to convey the fact that [Salinger] was adopting an ironic term. . . ." When the cross-examiner asks, "Couldn't you have stated that he had an ironic tone," Hamilton replies, "That would make a pedestrian sentence I didn't wish to put my name to."⁴ But when dealing with copyrighted expression, a biographer (or any other copier) may frequently have to content himself with reporting only the fact of what his subject did, even if he thereby pens a "pedestrian" sentence. The copier is not at liberty to avoid "pedestrian" reportage by appropriating his subject's literary devices.

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In sum, we agree with the District Court that the first fair use factor weighs in Hamilton's favor, but not that the purpose of his use entitles him to any special consideration.

2. *Nature of the Copyrighted Work.* "The fact that a work is unpublished is a critical element of its 'nature.'" *Harper & Row, supra*, 471 U.S. at 564, 105 S.Ct. at 2232. Salinger's letters are unpublished, and they have not lost that attribute by their placement in libraries where access has been explicitly made subject to observance of at least the protections of copyright law. In considering this second factor, we encounter some ambiguity arising from the Supreme Court's observation that "*the scope of fair use is narrower with respect to unpublished works.*" *Id.* (emphasis added). This could mean either that the *circumstances* in which copying will be found to be fair use are fewer in number for unpublished works than for published works or that the amount of copyrighted material that may be copied as fair use is a lesser quantity for unpublished works than for published works. Some support for the latter view can be derived from the statement in *Harper & Row* that, though "substantial" quotations might be used in a review of a published work, the author's right to control first publication weighs against "such use" prior to publication. *Id.* However, we think that the tenor of the Court's entire discussion of unpublished works conveys the idea that such works normally enjoy complete protection against copying any protected expression.

⁴ This was not an ill-considered slip of the tongue. Pressed as to why he closely paraphrased Salinger's comment that Wendell Willkie "looks to me like a guy who makes his wife keep a scrapbook for him" instead of just reporting that he thought Willkie was vain, Hamilton replied, "Because that is, again, laborious, pedestrian." To avoid the "pedestrian," Hamilton reported Salinger's expression that Willkie was "the sort of fellow who makes his wife keep an album of his press cuttings."

Narrower "scope" seems to refer to the diminished *likelihood* that copying will be fair use when the copyrighted material is unpublished.

The District Judge considered the nature of the copyrighted work, especially its unpublished nature, primarily in rejecting the plaintiff's argument that fair use was inapplicable to unpublished works. However, in analyzing and weighing the fair use factors, Judge Leval gave no explicit consideration to this second factor. Since the copyrighted letters are unpublished, the second factor weighs heavily in favor of Salinger.

3. *Amount and Substantiality of the Portion Used.* It is with regard to this third factor that we have the most serious disagreement with the District Judge's legal analysis, both as to the pertinent standard and its application. As to the standard, we start, as did Judge Leval, by recognizing that what is relevant is the amount and substantiality of the copyrighted *expression* that has been used, not the *factual content* of the material in the copyrighted works. However, that protected expression has been "used" whether it has been quoted verbatim or only paraphrased. See *Nichols v. Universal Pictures Corp.*, 45 F.2d 119, 121 (2d Cir. 1930), *cert. denied*, 282 U.S. 902, 51 S.Ct. 216, 75 L.Ed. 795 (1931); 3 *Nimmer, supra*, § 13.03[A] at 13-20.1. We cannot be certain that Judge Leval included close paraphrases of the Salinger letters in his determination of the quantity of copyrighted material that has been used in the Hamilton biography. At one point in his decision, Judge Leval states that he has identified "approximately 30 letters from which Hamilton has taken, either by brief quotation or *paraphrase*, a few words of copyright protected material." 650 F.Supp. at 420 (emphasis added). At other points, however, his opinion suggests that only direct quotations have been counted. Noting that Hamilton had revised the May galley "by eliminating and writing around most of the quoted matter" previously appearing in that version of the book, Judge Leval concluded that what Hamilton accomplished "was to reduce from a large number to fewer than 30 the instances of use of copyrighted expression." *Id.* at 423. This strongly suggests that passages quoted in the May galley but paraphrased in the October galley were not counted as instances of use of copyrighted expression. Moreover, of the 59 passages of the Hamilton biography complained of by Salinger, 24 contain direct quotations from the letters, perhaps constituting the "fewer than 30" instances the District Judge had in mind. Furthermore, Judge Leval states, "In the rarest case, a complete sentence is taken," *id.* at 423, citing to a passage in the October galley that contains a full sentence quoted from one of Salinger's letters. If the District Judge had included paraphrases, he would have noticed numerous instances where the quantity of material taken from a single letter greatly exceeded a single sentence.

Even if Judge Leval included paraphrases, we conclude that he misapplied the governing standard in determining the number of instances in which Hamilton has used Salinger's copyrighted expression. The District Judge re-

jected Salinger's claim of infringement as to several passages of the letters because they "employ[ed] a cliché or a word-combination that is so ordinary that it does not qualify for the copyright law's protection." *Id.* at 419. Though a cliché or an "ordinary" word-combination by itself will frequently fail to demonstrate even the minimum level of creativity necessary for copyright protection, *see, e.g., Alberto-Culver Co. v. Andrea Dumon, Inc.*, 466 F.2d 705, 711 (7th Cir. 1972); W. Patry, *Latman's The Copyright Law*, *supra*, at 23-24, such protection is available for the "association, presentation, and combination of the ideas and thought which go to make up the [author's] literary composition." *Nutt v. National Institute Inc. for the Improvement of Memory*, 31 F.2d 236, 237 (2d Cir. 1929). Or as we have more recently stated, "What is protected is the manner of expression, the author's analysis or interpretation of events, the way he structures his material and marshals facts, his choice of words and the emphasis he gives to particular developments." *Wainwright Securities, Inc. v. Wall Street Transcript Corp.*, 558 F.2d 91, 95-96 (2d Cir. 1977), *cert. denied*, 434 U.S. 1014, 98 S.Ct. 730, 54 L.Ed.2d 759 (1978). The "ordinary" phrase may enjoy no protection as such, but its use in a sequence of expressive words does not cause the entire passage to lose protection. And though the "ordinary" phrase may be quoted without fear of infringement, a copier may not quote or paraphrase the sequence of creative expression that includes such a phrase.

In almost all of those instances where the quoted or paraphrased passages from Salinger's letters contain an "ordinary" phrase, the passage as a whole displays a sufficient degree of creativity as to sequence of thoughts, choice of words, emphasis, and arrangement to satisfy the minimal threshold of required creativity. And in all of the instances where that minimum threshold is met, the Hamilton paraphrasing tracks the original so closely as to constitute infringement.

We have carefully analyzed all 59 of the passages from Hamilton's book cited by Salinger as instances of infringing copying from 44 of his letters. Of these 44 letters, the Hamilton biography copies (with some use of quotation or close paraphrase) protected sequences constituting at least one-third of 17 letters and at least 10 percent of 42 letters. These sequences are protected, notwithstanding that they include some reporting of facts and an occasional use of a commonplace word or expression. Hamilton's use of these sequences "exceeds that necessary to disseminate the facts," *Harper & Row, supra*, 471 U.S. at 564, 105 S.Ct. at 2232. Judge Leval found that "[i]n the rarest case a complete sentence was taken." 650 F.Supp. at 423. That is true only with respect to material directly quoted. The material closely paraphrased frequently exceeds ten lines from a single letter. Even if in one or two instances the portions of the letters copied could be said to lack sufficient creativity to warrant copyright protection, there remains sufficient copying of protected material to constitute a very substantial appropriation.

99 The taking is significant not only from a quantitative standpoint but from a qualitative one as well. The copied passages, if not the "heart of the book," *Harper & Row, supra*, 471 U.S. at 565, 105 S.Ct. at 9912233 (quoting the District Court's opinion, 557 F.Supp. 1067, 1072 (1983)), are at least an important ingredient of the book as it now stands. To a large extent, they make the book worth reading. The letters are quoted or paraphrased on approximately 40 percent of the book's 192 pages.

In sum, the third fair use factor weighs heavily in Salinger's favor.

4. *Effect on the Market*. The Supreme Court has called the fourth factor—effect on the market for the copyrighted work—"the single most important element of fair use." *Harper & Row, supra*, 471 U.S. at 566, 105 S.Ct. at 2234 (footnote omitted). As Judge Leval recognized, the need to assess the effect on the market for Salinger's letters is not lessened by the fact that their author has disavowed any intention to publish them during his lifetime. First, the proper inquiry concerns the "potential market" for the copyrighted work, 17 U.S.C. § 107(4), see *Pacific and Southern Co. v. Duncan*, 744 F.2d 1490, 1496-97 (11th Cir. 1984), *cert. denied*, 471 U.S. 1004, 105 S.Ct. 1867, 85 L.Ed.2d 161 (1985). Second, Salinger has the right to change his mind. He is entitled to protect his *opportunity* to sell his letters, an opportunity estimated by his literary agent to have a current value in excess of \$500,000.

Proceeding from his conclusion that only a few fragments of the letters have been used in Hamilton's book, Judge Leval expressed the view that such use would have "no effect" on the marketability of the letters. 650 F.Supp. at 425. Concluding as we do that substantial portions of the letters have been copied, we do not share the District Judge's view that marketability of the letters will be totally unimpaired. To be sure, the book would not displace the market for the letters. Indeed, we think it likely that most of the potential purchasers of a collection of the letters would not be dissuaded by publication of the biography. Yet some impairment of the market seems likely. The biography copies virtually all of the most interesting passages of the letters, including several highly expressive insights about writing and literary criticism. Perhaps few readers of the biography would refrain from purchasing a published collection of the letters if they appreciated how inadequately Hamilton's paraphrasing has rendered Salinger's chosen form of expression.⁵ The

⁵ A few examples should suffice. Salinger, complaining of an editor who has rejected one of his stories though calling it "[c]ompetent handling," writes: "Like saying, She's a beautiful girl, except for her face." Hamilton paraphrases: "How would a girl feel if you told her she was stunning to look at but that facially there was something not quite right about her?"

Salinger writes: "I suspect that money is a far greater distraction for the artist than hunger." Hamilton paraphrases: "Money, on the other hand is a serious obstacle to creativity."

Salinger, conveying the adulation of Parisians toward Americans at the liberation of Paris, writes that they would have said, "What a charming custom!" if

difficulty, however, is that some readers of the book will gain the impression that they are learning from Hamilton what Salinger has written. Hamilton frequently laces his paraphrasing with phrases such as "he wrote," "said Salinger," "he speaks of," "Salinger declares," "he says," and "he said."⁶ For at least some appreciable number of persons, these phrases will convey the impression that they have read Salinger's words, perhaps not quoted verbatim, but paraphrased so closely as to diminish interest in purchasing the originals.

The fourth fair use factor weighs slightly in Salinger's favor.

On balance, the claim of fair use as to Salinger's unpublished letters fails. The second and third factors weigh heavily in Salinger's favor, and the fourth factor slightly so. Only the first factor favors Hamilton. We seriously doubt whether a critic reviewing a published collection of the letters could justify as fair use the extensive amount of expressive material Hamilton has copied. However that may be, if fair use is to have a more "limited scope" with respect to unpublished works, it is not available with respect to the current version of Hamilton's proposed biography. 100

To deny a biographer like Hamilton the opportunity to copy the expressive content of unpublished letters is not, as appellees contend, to interfere in any significant way with the process of enhancing public knowledge of history or contemporary events. The facts may be reported. Salinger's letters contain a number of factors that students of his life and writings will no doubt find of interest, and Hamilton is entirely free to fashion a biography that reports these facts. But Salinger has a right to protect the expressive content of his unpublished writings for the term of his copyright, and that right prevails over a claim of fair use under "ordinary circumstances," *Harper & Row, supra*, 471 U.S. at 555, 105 S.Ct. at 2228. Public awareness of the expressive content of the letters will have to await either Salinger's decision to publish or the expiration of his copyright, save for such special circumstances as might fall within the "narrower" scope of fair use available for unpublished works, *id.* at 564, 105 S.Ct. at 2232-33. Evidently, public interest in the expressive content of the letters of a well-known writer remains substantial even fifty years after his death. See, e.g., "516 Pirandello Letters Donated to Princeton," *N.Y. Times*, Dec. 29, 1986, at C13, col. 1 (reporting the great

"we had stood on top of the jeep and taken a leak." Hamilton paraphrases: if "the conquerors had chosen to urinate from the roofs of their vehicles."

⁶ In the District Court Salinger contended that Hamilton's use of such phrases, inserted among close paraphrases, would confuse and deceive the public, thereby creating a cause of action for unfair competition. This claim is not pursued on this appeal. Nevertheless, it is fairly arguable that the repeated use of phrases having the tendency to create the misimpression that Salinger's own words are being reported cuts substantially against any contention that Hamilton's use of the letters is "fair."

interest in the donation of the unpublished letters of Luigi Pirandello to the Princeton Library fifty years after the playwright's death).

Since we conclude that the record establishes Salinger's entitlement to a preliminary injunction on his copyright claim, we need not consider at this stage of the litigation whether he is also entitled to relief by virtue of the library agreements.

Reversed and remanded with directions to issue a preliminary injunction barring publication of the biography in its present form.

NEW ERA PUBLICATIONS INTERNATIONAL, ApS, a corporation of
Denmark, Plaintiff

v.

HENRY HOLT & CO., INC., a New
York Corporation, Defendant.
684 F. Supp. 808 (S.D.N.Y. 1988)

OPINION AND ORDER

LEVAL, District Judge.

Plaintiff, New Era Publications International, ApS ("New Era"), moves for a temporary restraining order enjoining the printing, publication and distribution of a book entitled *Bare Faced Messiah: The True Story of L. Ron Hubbard* by Russell Miller. The defendant, Henry Holt & Co. Inc. ("Holt"), is the United States publisher of the book. The plaintiff alleges that the book infringes plaintiff's copyright in unpublished and published works of L. Ron Hubbard, a well-known author and religious figure. As to unpublished copyrighted work, plaintiff contends the defense of fair comment is not available, or in any event restricted in scope. See *Harper & Row Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 105 S.Ct. 2218, 85 L.Ed.2d 588 (1985); *Salinger v. Random House, Inc.*, 811 F.2d 90 (2d Cir.), cert. denied, — 1 U.S. 809 —, 108 S.Ct. 213, 98 L.Ed.2d 177 (1987).

I find that for reasons of strategy or neglect or both, plaintiff has been tardy in taking steps to seek this relief. As the result of plaintiff's tardiness, the grant of a temporary restraining order would subject the defendant to very great harm and loss that would have been altogether avoidable if plaintiff had moved more promptly. I conclude that plaintiff is chargeable with laches and that the temporary restraining order should not be granted for that reason.

Plaintiff's counsel brought the motion ex parte at 5:00 p.m. on May 4, 1988, and were told to return the following morning with counsel for the defendant. I spent most of the day on May 5 hearing counsel and made a preliminary ruling orally that evening. On May 6, plaintiff's counsel filed new papers seeking reconsideration. I directed response by defendant and heard counsel once again on Monday, May 9. After hearing counsel that day and considering new affidavits, I declined to change my ruling. This opinion summarizes the rulings initially set forth orally on the record.

The affidavits and representations to the court establish the following. The book, *Bare-Faced Messiah: The True Story of L. Ron Hubbard*, has already been published in the United Kingdom, Canada, and Australia. Publication in those countries occurred in the fall of 1987, despite litigation brought in those countries by plaintiff and the Church of Scientology, a religious organization to which it is related, to restrain publication on copyright

and other grounds. In the Canadian litigation, an employee of the Legal Division of the Church of Scientology of California, Mr. Kenneth D. Long, apparently submitted a lengthy affidavit comparing Mr. Hubbard's unpublished documents with the alleged infringing material in Mr. Miller's book. *New Era Publications Int'l, ApS v. Levy-Porter Books Ltd.*, No. T-2433-87, at 3-4 (Federal Court of Canada, Trial Div. Dec. 2, 1987). Plaintiffs have submitted a similar affidavit by Mr. Long in this litigation. The applications for preliminary relief were denied in Canada and England. In Australia the plaintiff withdrew its suit.

Defendant's submissions indicate that plaintiff has been aware since the spring of 1986 that Mr. Miller's book would be published in the United States. Correspondence was sent in May 1986 by Jonathan Lubell, an attorney then representing the Church of Scientology and now representing plaintiff, to the publisher Henry Holt. Those letters seek to dissuade Holt from publishing the book. The correspondence includes a letter sent by Mallory Rintoul, General Counsel of Holt, to Mr. Lubell dated August 18, 1986 which suggests in strong terms that Holt will not be deterred from publication and will not be cooperative with efforts to stop publication of the book. Mr. Rintoul's letter says, "We didn't reply to your first letter, we don't intend to reply to your second letter. Don't read anything into our failure to reply except that we don't choose to reply." Essentially, it is a letter that takes an adversarial and not a conciliatory position toward the plaintiff.

In October 1987, plaintiff sent a private investigator to the defendant making overtures toward the suppression of the book, suggesting that it was defamatory and unreliable. In late 1987 plaintiff and the Church of Scientology sued in England, Canada and Australia. In mid-February 1988 Mr. Lubell wrote to the defendant asking for a copy of the book and speaking of copyright infringement. In mid-March Mr. Lubell met with the defendant, again spoke of copyright infringement, and offered to buy out defendant's rights. Holt refused the offer. The plaintiff wrote again on April 18, 1988 alleging copyright infringement. By this time, the first printing of the book was virtually completed and it was in the process of being bound and packed for shipment, which was to begin on April 27.

Never did the plaintiff take sufficient steps to obtain a copy of the book to determine whether it differed from the books published in England, Australia, and Canada. Never did the plaintiff ask Holt when it would be published. The plaintiff did not take any legal step until May 4 when it sought the temporary restraining order. By that time, as it turned out, the defendant had published the book, having printed and packed 12,000 copies, and having sent out review copies on April 27. With the exception of 3,000 copies that a trucker had failed to collect and which were waiting on the loading dock, the first printing had been shipped beyond the publisher's control. To fill additional orders, Holt had scheduled a second print run for May 6. If that run

had been cancelled, defendant would have had to wait six to eight weeks for another opening on the printer's schedule.

The plaintiff is not entitled to a temporary restraining order at this late juncture. The defendant would be severely harmed by the issuance of a TRO, blocking the second printing and distribution of the unshipped portion of the first printing. If the second printing were to be stayed, the success of the publication would be doomed to certain failure. Review copies were distributed April 27. It can be expected that if reviewers are interested in that book, reviews will soon appear. If the second printing were held up by six to eight weeks, any interest in the book generated by the reviews could not be satisfied. No books would be available to fill orders.

As to the first printing, discussion is academic because it is beyond defendant's control. But even if defendant could still prevent its sale, plaintiff's delay would have caused defendant to incur all the costs of publication before plaintiff requested court intervention. The exaggeration of the harm to the publisher could easily have been avoided if plaintiff had acted with reasonable promptness.

The plaintiff knew for a long time it had a claim of copyright infringement. Plaintiff was aware of the publications in the United Kingdom, Canada, and Australia, all of which, according to the plaintiff's argument, were violations of the plaintiff's copyright, largely having to do with unpublished works. Against that background, the plaintiff had even reason to believe that the United States publication of the same title by the same author would be quite similar and would also involve infringements of the plaintiff's copyright. Defendant had made clear since Mr. Ratoul's defiant letter in the summer of 1986 that it had no interest either in cooperating with plaintiff or in entering into discussions of infringements. There is no good reason why plaintiff should have waited until May to seek provisional orders of restraint. An earlier application would have permitted the court to explore the issues of law without causing the defendant catastrophic harm.

Plaintiff's arguments in justification are altogether unconvincing. Plaintiff argues that it was reluctant to sue without having obtained a copy of the proposed U.S. text lest it incur Rule 11 sanctions for suing irresponsibly. It adds that it believed Holt would be making revisions to the foreign texts to accommodate the rulings of the Supreme Court and the Court of Appeals in *Harper & Row* and *Salinger* to the effect that there is little scope for the doctrine of fair use as to *unpublished* copyrighted work.

As to plaintiff's expectation that changes of text might be made to satisfy the *Salinger* and *Harper & Row* rulings, that is no reason to delay seeking a provisional stay. *Salinger* was decided by the Court of Appeals in January 1987. If the book was being revised based on *Salinger*'s rulings on the scope of fair use of unpublished work, such revisions could have been done long

ago. There was no reason for plaintiff to believe that U.S. publication would be long deferred.

811 Nor is there merit to plaintiff's contention it was lulled by a notation in Holt's catalogue that the book would have a July publication date. Such notations mean very little in the industry. Even accepting plaintiff's argument that a July publication date ordinarily would mean a mid-May distribution date, the defendant would have incurred most of the costs of preparation and printing by the time this lawsuit was filed. More importantly, plaintiff never even asked Holt how close it was to publication and when distribution could be expected.

As to concern for Rule 11 sanctions, this is unconvincing and incredible. The publication of the same title in Britain, Canada and Australia gave the plaintiff a firm basis for the expectation that U.S. publication would be substantially similar. But if plaintiff did not wish to apply for a TRO without having seen the U.S. version, it could easily have lodged the suit and obtained the text by discovery, before asking court intervention staying publication.

I suspect the real reason for the delay had more to do with a strategic concern which plaintiff's counsel acknowledged. The book had apparently sold poorly in England, Canada and Australia. Plaintiff was concerned that the lodging of a suit might draw attention to this unfavorable book and might increase its sale potential in the United States. The decision to delay legal action was probably attributable to strategy. Plaintiff hoped the book might simply die. Rather than bring suit, plaintiff preferred to keep its options open. This was a reasonable tactic. A suit might well have helped the sale of a book which plaintiff considered defamatory to L. Ron Hubbard. But if plaintiff delayed for tactical reasons, and the delay resulted in exposing the publisher to extreme and avoidable harm from a temporary order of restraint, plaintiff must bear the consequences of its delay.

Defendant has convincingly demonstrated, on the present state of the record, that plaintiff's laches should bar the grant of a TRO. Plaintiff may proceed with discovery in the event it wishes to pursue its application for a preliminary injunction.

Motion denied.

SO ORDERED.

NEW ERA PUBLICATIONS INTERNATIONAL, APS, A corporation of Denmark, Plaintiff,

v.

HENRY HOLT AND COMPANY, INC.,
A New York Corporation, Defendant.

PIERRE N. LEVAL, U.S.D.J.

1497

This is an action to enjoin the publication of a critical biography on grounds that the biographer has infringed the copyrights of the subject. The subject of the biography is the deceased L. Ron Hubbard, founder of the Church of Scientology. Plaintiff, New Era Publications International, ApS, a Danish corporation, is related to the Church of Scientology and was founded to hold and exploit Hubbard's copyrights. The author of the biography is Russell Miller. His book is entitled *Bare-Faced Messiah: The True Story of L. Ron Hubbard*, published by Henry Holt & Co., Incorporated, which is the sole defendant in the suit. The author was not named. The book includes numerous quotations from Hubbard's writings. The defense relies on the doctrine of *fair use*, which permits limited use of copyrighted material for purposes of "criticism, commentary, news reporting, teaching, scholarship or research." 17 U.S.C. § 107. The defendant contends also that even if fair use is not found for all takings of Hubbard's words, the remedy should be limited to damages, rather than an injunction suppressing the distribution of a critical historical study. The action raises issues of significant importance for the writing of history, journalism and criticism, and for the public's opportunity to be informed in matters of public interest.

FACTS

The history of the action is set forth in part in the opinion on the application for a temporary restraining order. *New Era Publications International, ApS v. Henry Holt & Co., Inc.*, 684 F. Supp. 808 (S.D.N.Y. 1988). *Bare-Faced Messiah* has been published in England, Australia, and Canada in substantially similar form to the United States edition. The Church of Scientology sued to enjoin publication in those countries without success.

The first publication was in England in October 1987 after the British courts denied an application for a preliminary injunction. That suit alleged that the book employed confidential church documents, embezzled by a Church employee who had been appointed official biographer of Hubbard and became disaffected. The British courts concluded that the litigation was instituted to "stifle criticism" and not "to protect any legitimate interest of the church in preserving confidentiality." *Church of Scientology v. Russell Miller*, High Ct. of Justice, Ch. Div., Oct. 9, 1987, at 16. The court also found laches, based on the tardy institution of the suit, when the book was

already in print. See *Church of Scientology v. Miller & Anor*, Ch. 1986 C. No. 6140, Sup. Ct. of Judic., Oct. 22, 1987, at 10.

- 1498 On November 19, 1987, New Era commenced action in the Federal Court of Canada alleging that the book infringed the Hubbard copyrights. That court also denied the application for a preliminary injunction on the grounds of laches. *New Era Publications, International ApS v. Key-Porter Books Limited*, No. T-2433-87, Fed. Ct. Can. Trial Div. (Dec. 2, 1987). On December 14, an action to enjoin publication of the book in Australia was withdrawn. By January 1988, *Bare-Faced Messiah* was publicly distributed in England, Canada and Australia.

This action was commenced on May 4, 1988 by application for a temporary restraining order. Two years earlier, the Church had sent Holt letters threatening an action for defamation. During February and March 1988, the Church made overtures to dissuade Holt from publishing the book. When the application for a TRO was heard on May 5, 1988, it came out that a first printing of 12,000 copies had already been substantially distributed and that the second printing was scheduled for the following morning. By reason of laches and consequent financial injury to the defendant, I declined to enjoin the second printing. See Order of May 13, 1988. On May 20, 1988, however, after plaintiff agreed to indemnify the defendant in the event of production losses, I granted a TRO restraining distribution of the second printing pending complete submission of proofs. The parties then agreed to bypass the preliminary injunction stage and proceed directly to the submission of an expedited trial seeking a permanent injunction.

There is no dispute that the biography quotes extensively from Hubbard's writings. Plaintiff has submitted a two-column table setting forth (on the left) each passage of *Bare-Faced Messiah* which it contends is an infringement of its copyrights, together with the passage from the copyrighted texts which it contends is infringed. The table consumes 65 pages; the first 22 pages involve quotes from published books; the remaining 43 are quotes and paraphrases of unpublished matter consisting primarily of Hubbard letters and diary entries.

Although plaintiff does not concede justification for the quotations from the previously published works, it no doubt recognizes that defendant's claims of fair use as to those materials are extremely powerful. The dispute focuses rather on Miller's use of extracts from letters and journals that have not been previously published.

Plaintiff contends that the holder of a copyright in unpublished matter enjoys virtually complete protection against claims of fair use. This is to protect the value of the copyright by preserving the copyright holder's control over the first publication of the work. Plaintiff cites recent opinions of the Supreme Court and the Court of Appeals in this Circuit. See *Harper & Row Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539 (1985); *Saling v. Ran-*

dom House, Inc., 811 F.2d 90 (2d Cir.), *cert. denied*, 108 S. Ct. 213 (1987). Holt acknowledges that the doctrine of fair use has far less application to unpublished material than to previously published work. It argues, however, that plaintiff overstates the rule—that there is a difference between very limited application and none at all. Where the fair use justification is sufficiently powerful to pass an exacting scrutiny, defendant contends that it will permit appropriate quotation from unpublished matter to make an instructive point.

Holt contends there is powerful justification for Miller's quotations from Hubbard's letters and journals. It argues that these are not appropriations of Hubbard's efforts and talents in literary expression, but demonstrations through Hubbard's words of his flaws of character. The thesis of *Bare-Faced Messiah* is that Hubbard was dishonest, pretentious, boastful, paranoid, cowardly, cruel, disloyal, aggressive, bizarre and finally even insane in his pseudo-scientific fantasies and his obsessions.¹ Defendant argues that a portrait of these qualities is almost impossible to convey without reliance on the subject's own words, and that the use made of Hubbard's words must be considered fair use even under the restrictive standards of *Nation* and *Salinger*. 1499

Finally Holt argues that, even if it fails to establish fair use as to each of the quotations from Hubbard's writings, injunction is not the appropriate remedy. It argues that plaintiff is invoking copyright protection, not in good faith for its intended purpose of protecting the value of publication rights, but rather to suppress a derogatory study of the founder of the Church of Scientology.² Defendant contends that First Amendment values are at stake and that, if any remedy is called for, it should be an award of money rather than a prior restraint quashing a critical study of a prominent public figure.

DISCUSSION

I. Fair Use

The doctrine of fair use must be understood in the context of the purposes of copyright protection. Article I, Section 8, clause 8 of the Constitu-

¹ In the Preface, the author quotes a former devotee who sums up Hubbard as "a mixture of Adolf Hitler, Charles Chaplin and Baron Munchhausen . . . a con man." (*BFM* 6.)

² Norman Starkey, the Executor of Hubbard's estate who licensed plaintiff to exploit the Hubbard copyrights stated in his deposition: "That scum bag book is full of bullshit, man, and you know it. It is full of bullshit. . . . goddam, fucking bullshit." (Gready Aff. Exh. A, p. 94.) In a prefatory Author's note to the Book, Miller writes,

"I would like to be able to thank the officials of the Church of Scientology for their help in compiling this biography, but I am unable to do so because the price of their co-operation was effective control of the manuscript and it was a price I was unwilling to pay. Thereafter the Church did its best to dissuade people who knew Hubbard from speaking to me and constantly threatened litigation. (*BFM*, ix.)

tion authorizes the Congress, "To promote the progress of Science and useful Arts by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." The copyright thus is designed to encourage artistic endeavor by securing for the artist or author the commercial benefits of exploitation of his creations. See *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417, 429 (1984); *Mazer v. Stein*, 347 U.S. 201, 217 (1954); *Berlin v. E.C. Publications, Inc.*, 329 F.2d 541, 543 (2d Cir.), cert. denied, 379 U.S. 822 (1964). Recognizing that damages can be difficult to prove, the law generally presumes harm and makes injunctions easily available. See *Hasbro Bradley Inc. v. Sparkle Toys, Inc.*, 780 F.2d 189, 192 (2d Cir. 1985). The Copyright Act also provides heavy damage remedies. 17 U.S.C. § 504.

Although the law zealously protects the commercial interests of the artist from unscrupulous opportunistic interlopers, it recognizes that not all copying of artistic invention is necessarily undesirable piracy. Certain forms of copying of artistic creation are indispensable to education, journalism, history, criticism, humor and other informative endeavors; the statute therefore allows latitude in appropriate circumstances for copying of protected artistic expression and exempts such copying from a finding of infringement. The doctrine of *fair use* identifies this category of permissible copying. See *Diamond v. Am-Law Publishing Corp.*, 745 F.2d 142 (2d Cir. 1984); *Consumers Union of United States v. General Signal Corp.*, 724 F.2d 1044, 1048 (2d Cir. 1983), cert. denied, 469 U.S. 823 (1984). It offers a means of balancing the interests of a copyright holder against the public's interest in dissemination of information. See *Meeropol v. Nizer*, 560 F.2d 1061, 1068 (2d Cir. 1977) (citing *Wainwright Securities, Inc. v. Wall Street Transcript Corp.*, 558 F.2d 91, 94 (2d Cir. 1977)), cert. denied, 434 U.S. 1013 (1978). The law has never precisely defined fair use, but it has identified factors that are helpful in determining when it is present. These are set forth in Section 107 of the Copyright Act of 1976. 17 U.S.C. § 107.

The statute opens with the proposition that, notwithstanding the exclusive rights of the copyright owner, "fair use of a copyrighted work . . . for 1500 purposes such as criticism, comment, news reporting, teaching, . . . scholarship or research, is not an infringement." 17 U.S.C. § 107. The statute then sets forth a short nonexclusive list of factors to be considered "in determining whether the use made . . . is a fair use . . ." The factors are:

- (1) "the purpose and character of the use [including consideration of commercial or nonprofit purpose];
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market price or value of the copyrighted work."

17 U.S.C. § 107; see *Harper & Row Publishers v. Nation Enterprises*, 105 S. Ct. 2218, 2225 (1985).

The statute provides no real instruction as to how the conclusion is to be drawn upon consideration of these factors. It recognizes that the substance of the issue is the conflict between the justification for copying in serving the objective of public education (in the broadest sense) and the copyright owner's entitlement to reap the profits of labor and talent invested in creative works.

A. *The Nature of the Copyrighted Work*

Plaintiff contends that the second statutory factor—"the nature of the copyrighted work"—is virtually determinative of this controversy. The statute states this factor as an open-ended generality, inviting the court to consider any aspect of the nature of the copyrighted work that has rational bearing on whether its secondary use should be considered fair. In *Nation* and *Salinger*, the courts found particular importance in the fact that the plaintiff's copyrighted work was previously unpublished. A substantial portion of Hubbard's writings quoted in *Bare-Faced Messiah* have not been published.³ In plaintiff's list, every citation bearing a number of 70 to 201 is from an unpublished document.

The Applicability of Fair Use to Unpublished Work

The principal reason for the difference between published and unpublished work is that for works that have not yet been published, the copyright owner's interests may be affected by choices as to the manner and context of the first public revelation of the work, including the choice whether it should be published at all.

The authorities do not make absolutely clear how to assess a claim of fair use with respect to unpublished copyrighted work. The issue was discussed at length by the Supreme Court in *Nation*, 105 S. Ct. at 2226-29. There, *The Nation* had obtained the "purloined" manuscript of President Gerald R.

³ Holt argues that many of these works were effectively published when they became part of the court record and were placed on public display during the conduct of a trial brought by the Church of Scientology in an effort to recover the documents from a member (Armstrong) who it claimed had taken them without authorization. Plaintiff disputes whether the court in fact placed the works on public display and also disputes whether such display would alter their unpublished status. Combining the fact that any public display in the course of the Armstrong litigation was over objection, with the small number of persons, at most, who saw the works, plaintiff has the better of the argument. If the bringing of a lawsuit to enforce a right necessarily resulted in its sacrifice, the right would be chimerical. Cf. *Marvin Productions v. Superior Films Corp.*, 319 F. Supp. 1269, 1271 (S.D.N.Y. 1970) ("to hold that . . . originally copyrighted material becomes somehow dedicated by use in the courts would permit the unraveling of the fabric of copyright protection").

Ford's memoirs and published significant excerpts, which the Court found to be the "heart" of the book, *id.* at 2233 (quoting District Judge Owen's opinion, 557 F. Supp. at 1072), shortly before *Time Magazine* was scheduled to publish the first serialization. Upon the pirated publication, *Time* cancelled its option and withheld the unpaid portion of its license fee. The copyright assignee—the hardback publisher—brought suit for damages against *The Nation*. *The Nation* defended on the grounds that President Ford's memoirs, 1501 and in particular the portion in which he discussed his grant of a pardon to former President Richard Nixon, was of such public interest that a news report containing excerpts of his discussion must be considered fair use under § 107. The Supreme Court first rejected this contention, commenting that if this correctly stated the law, important public figures would effectively be stripped of copyright protection and would lose incentive to create valuable memoirs. *Id.* at 2224.

The Court began its discussion of the absence of prior publication by noting that at common law, because fair use was understood as predicated on the author's implied consent expressed through publication of his work, there had been no right of fair use where there was no prior publication. *Nation*, 105 S. Ct. at 2226 (citing *American Tobacco Co. v. Werckmeister*, 107 U.S. 284, 299 (1907)). It noted that under the 1976 Copyright Act, this understanding of fair use had changed and that fair use now applied to unpublished as well as published works. The Court recognized the continuing interest of the copyright owner in exercising control over the first publication and observed that "the scope of fair use is narrower with respect to unpublished works." *Id.* at 2232. "Under ordinary circumstances, the author's right to control the first public appearance of his undissemminated expression will outweigh a claim of fair use." *Id.* at 2228. It concluded, "that the unpublished nature of a work is '[a] key, though not necessarily determinative, factor' 1502 tending to negate a defense of fair use." *Id.* at 2227 (quoting S. Rep. No. 94-473, p. 64 (1975)). Finally, "fair use analysis must always be tailored to the individual case. The nature of the interest at stake is highly relevant to whether a given use is fair." *Id.* at 2227 (citations omitted).

Given the dishonest acquisition of the manuscript, the revelation of the "heart" of the work, the inequitable gun jumping by which *The Nation* preempted the licensed publication, and the disastrous effect on the market, the Supreme Court had no trouble concluding that *The Nation's* unauthorized publication was not a fair use.

In *Salinger v. Random House, Inc.*, 811 F.2d 90 (2d Cir.), *cert. denied*, 108 S. Ct. 213 (1987), Ian Hamilton, a biographer of J.D. Salinger, had paraphrased substantial portions of many of Salinger's unpublished letters in a manner which the Court of Appeals found close enough to the original to constitute infringement. The Court reviewed the Supreme Court's discussion of the problem in *Nation*. It found ambiguity in the Supreme Court's obser-

vation that "the scope of fair use is narrower with respect to unpublished works," *id.* at 97 (quoting *Nation*, 105 S. Ct. at 2232), which could mean either that fewer circumstances will justify a finding of fair use of the unpublished material or that a lesser amount of unpublished material may be copied under the mantle of fair use. The Court concluded that the first was the Supreme Court's intended meaning—that "[n]arrower 'scope' seems to refer to the diminished *likelihood* that copying will be fair use when the copyrighted material is unpublished." *Id.* at 97. Otherwise stated, a more potent justification of fair use is required where the copyrighted work has not been published. The Court of Appeals interpreted the Supreme Court's discussion as "convey[ing] the idea that [unpublished] works normally enjoy complete protection against copying any protected expression." *Id.*

Unmistakably these authorities establish that the unpublished nature of the copyrighted work is a substantial factor arguing against a finding of fair use. From the last quoted proposition in *Salinger* using the words "complete protection" plaintiff argues that unpublished copyrighted expression is virtually never amenable to fair use.

That is certainly not a fair inference of the Supreme Court's discussion. To say that "the scope of fair use is narrower with respect to unpublished work" necessarily implies that some such scope exists. To say that the absence of prior publication "is '[a] key, though not necessarily determinative, factor' tending to negate the defense of fair use," *Nation*, 105 S. Ct. at 2227 (quoting S. Rep. No. 94-473, p. 64 (1975)), necessarily means that other factors are capable of supporting the defense. Both the Supreme Court and the Court of Appeals concluded that the Copyright Act expressly made the doctrine of fair use applicable to unpublished work, in departure from the common law rule, see *Nation*, 105 S. Ct. at 2227; *Salinger*, 811 F.2d at 95; it is most unlikely that those courts meant to assert that the statute extended the doctrine in name alone, and that in no circumstances would a copying from unpublished expression qualify for the statutory right.

Such a view, furthermore, would be incompatible with the educational informative objectives of fair use. The protection of an author's commercial interest in controlling the circumstances of first publication is certainly a substantial interest; it is entitled to the vigorous protection of the copyright law. But to make this right inevitably prevail over all competing considerations would lead to absurd results that are almost incompatible with First Amendment interests. By registering a copyright, public figures who are the expected focus of public interest could use this supposed commercial protection as an aggressive weapon to prevent the publication of embarrassing revelations and to obstruct criticism.

It is not a satisfactory answer that the word remains free to use the facts and ideas contained in their writings. Often it is the *words used* by the public

figure (or the particular manner of expression) that are the facts calling for comment.

Consider a variety of hypothetical examples:

(i) an art critic argues that recently deceased artist X was taught to render the human figure in perspective during his⁴ year of study with teacher Y. To illustrate the point in her book about Y, she reproduces X's unpublished sketch predating his association with Y. She compares the awkwardness of the figure drawing with the refinement of a similar sketch he made a year later;

Voracious heirs of X sue to enjoin distribution of the book (absent payment of a prohibitive ransom) and contend, citing *Salinger*, that the fair use doctrine cannot apply to the unpublished sketch.

(ii) author X's best selling first book has received critical acclaim for its elegance of diction. A critic asserts that the diction came not from X but from a talented editor employed by the publisher. Her review quotes excerpts from the author's manuscript revealing a grammatical chaos and stylistic awkwardness which she contends are incompatible with the elegance of the final product. She declares X to be a literary fraud. X sues to enjoin publication of the review, contending that the critic is appropriating the first publication right of the extracts from his unpublished manuscript;

(iii) politician X campaigns on his decorations for wartime bravery and his strong law and order position. A journalist seeks to publish some of X's old letters which, if read carefully between the lines, seem to acknowledge that he did not participate in combat, was mistakenly decorated and spent his military career as a black marketeer in association with hoodlums;

(iv) a religious leader is renowned for his selfless kindness, liberality of spirit and sympathy for the sufferings of others. A biographer seeks to publish extracts from his early letters and journals which display greed, callous indifference, and employ the language of racial and religious bigotry;

(v) the popular benign mayor of a city sent numerous memos to opponents in various conflicts threatening to "cut your heart out," "castrate you," "bust your kneecaps," etc. A journalist questions the accuracy of the mayor's public image and quotes from these memos.

In each case, the biographer, critic, commentator or journalist—the asserted fair user—has used the copyright owner's expression. Her point can-

⁴ In hypothetical discussions throughout this opinion the biographer-critic-defendant is presented in the feminine pronoun while the author-copyright holder-plaintiff is presented in the masculine pronoun.

not be effectively made by merely reciting the facts. In each case, the plaintiff copyright owner protests the defendant's claim of fair use and claims the rights to control first publication of his copyrighted expression. 1503

In my view, each illustration should be considered a fair use. I doubt that the Supreme Court or Second Circuit would disagree. While I can imagine weak arguments that might be offered on the other side of examples (i) and (ii) (because they relate to artistic style), I can conceive of no reasonable contention against a finding of fair use for numbers (iii)-(v). To enjoin their publication would merely be allowing a doctrine designed to protect an artist's commercial rights to be perverted into the service of suppression of important critical or historical inquiry.

A portion of the *Salinger* decision may be misunderstood to imply that the biographer or critic, being limited to reporting the facts, may never quote unpublished protected expression contained in the unpublished copyrighted work. The defendant biographer, when asked why he had copied a stylistic device of Salinger's, responded that he wanted to convey that Salinger had adopted an ironic tone. When then asked why he would not have simply stated that Salinger used an ironic tone, he replied "That would make a pedestrian sentence . . .," to which the Court commented, "But when dealing with copyrighted expression, a biographer . . . may frequently have to content himself with reporting only the fact of what his subject did, even if he thereby pens a 'pedestrian' sentence. The copier is not at liberty to avoid 'pedestrian' reportage by appropriating his subject's literary devices." *Salinger*, 811 F.2d at 96-97.

It does not follow that the critic may never take copyrighted expression from unpublished documents. Salinger's biographer had no need to prove that in a particular letter Salinger employed an ironic tone. The original writing was quoted to make the biography more vivid—to avoid a "pedestrian" sentence.

The hypothetical examples above differ. In these examples, the *fact* on which the biographer/critic comments is the *protected expression*. The critic in examples (i) and (ii) cannot prove her point about the artist's style, development and talent (or lack) without a quotation as illustration. The journalist/biographer in examples (iii), (iv) or (v) cannot prove to her readers the corruption, bigotry or viciousness of her subject without quoting his words. The words are the "facts" that support the conclusion. Simply to assert the conclusion without the underlying evidence would deprive readers of the opportunity to assess the fairness of the critic's conclusions.⁵ The objective of

⁵ The problem of attempting to characterize without quotation is illustrated by an amusing consequence of the *Salinger* decision, arising in a book review by Mordechai Richler. See Richler, *Rises at Dawn, Writes, Then Retires*, N.Y. Times Book Review, June 5, 1988, at 7 (reviewing I. Hamilton, *In Search of J.D. Salinger* (1988)). Hamilton rewrote his book, going further in my opinion

fair use demands that examples like these come within its scope, notwithstanding quotation from unpublished copyrighted sources.

I conclude, as the Supreme Court stated, that the unpublished nature of the copyrighted work tends "to negate a defense of fair use" but is "not necessarily determinative." *Nation*, 105 S.Ct. at 2227-28. This is not the end of the inquiry. I do not think the *Salinger* opinion is to the contrary. The "complete" protection of which it speaks obtains "normally," 811 F.2d at 97, not inevitably. The opinion clarifies that the "narrower" scope of fair use for unpublished material refers to the *diminished likelihood* that fair use will be found in a copying of unpublished material, not impossibility. 1

This means that a biographer/critic who purports to make fair use of unpublished copyrighted matter must make a particularly compelling demonstration of justification, upon full consideration of the relevant fair use factors. She must show that her use of the protected expression is not done simply to enliven her text by appropriating her subject's lively expression. The use of the protected expression must be reasonably necessary to the communication and demonstration of significant points being made about the subject and must have no significant adverse effect on the market for the copyrighted work.

Privacy Interest

Plaintiff further argues that the private nature of some of the Hubbard documents, particularly diaries and personal letters, should favor a finding of infringement. It is universally recognized, however, that the protection of privacy is not the function of our copyright law. The copyright does not protect facts revealed in the work. Factual information derived from a copyrighted work may be freely republished without infringement. See *Hoehling v. Universal City Studios, Inc.*, 618 F.2d 972, 978 (2d Cir.), cert. denied, 449 U.S. 841 (1980).

It is true that in England in the 19th century there developed a different doctrine known as the "common law copyright" whose purposes included the protection of privacy. See Brandeis & Warren, *The Right of Privacy*, 4 Harv. L. Rev. 193, 198-99 (1890); M. Ernst & A. Schwartz, *Privacy* (1962). That doctrine was developed by the British courts, in part, in response to a perceived need for legal protection of privacy in letters and other private papers.

than the Court of Appeals required, eliminating virtually all paraphrase of *Salinger's* letters. Instead, Hamilton characterizes. He finds certain youthful letters "self-promoting," "boastful," "fairly buzzing with self-admiration." The reviewer Richler disagrees: "[A]n examination of these letters . . . shows no such thing. They are, in fact, exuberant, self-deprecating and charged with hope." *Id.* at 7. Sensing that his point cannot be made effectively by mere assertion, Richler undertakes to prove it by quoting from the letters that Hamilton deleted.

The "common law copyright" shared little other than name with the true law of copyright. While true copyright protection was established by publication, common law copyright was established by nonpublication; true copyright protected only expression and not the facts revealed, while common law copyright protected the confidentiality of private facts as well as expression, see *Prince Albert v. Strange*, 2 De G & Sm. 652, 64 Eng. Rep. 293 (1849); and, because its purpose was to protect privacy, fair use was not applicable to the common law copyright.

It is questionable whether the constitutional grant of power to Congress "To promote the Progress of Science and useful Arts . . ." U.S. Const., Art. I, § 8, cl. 8, would sustain an exercise of Congressional power to override the state law function of determining privacy rights. There is little or no relationship between the objective of the enabling clause and such a statute that would justify the national government in usurping a state prerogative. But even if Congress has that power, whether under the Copyright Clause, the Commerce Clause, the First Amendment or the Fourteenth, it is clear that Congress has not exercised it in the 1976 enactment. Our copyright law protects only the artistic expression and not the factual content, regardless whether considered private or secret. Fair use is expressly made applicable by our statute to unpublished works, (notwithstanding the "narrower scope" explained in *Nation* and *Salinger*). In addition, our statute requires the copyright owner to make public disclosure of his work as a precondition to protecting his copyright interest.⁶ Suit may not be brought to enforce a copyright unless the document sought to be protected has first been publicly filed in the Library of Congress. 17 U.S.C. § 407. When this has been done, it is available to the public as a source for the publication of facts contained in it, free of any restraint contained in the copyright law.

Unlike the British courts, furthermore, we have no need to create a protection of privacy under the label of copyright. For in this country under state laws, an explicitly named right of privacy has developed through court decision and statute. See *Cox Broadcasting Corp. v. Cohn*, 420 U.S. 469, 488-89 (1975); W. Keeton, D. Dobbs, R. Keeton & D. Owen, *Prosser and Keeton on The Law of Torts* § 117, at 856-62 (5th ed. 1984). An individual who seeks to protect the privacy of the content of private letters may do so by bringing suit under the right of privacy. That right has developed with remedies and limitations tailored to the policies applicable to privacy. Commentators and courts have agreed that these rights are not preempted by the exclusive jurisdiction asserted by the Copyright Act. See *Factors Etc., Inc. v. Pro Arts, Inc.*, 496 F. Supp. 1090, 1097, (S.D.N.Y. 1980) (citing H.R. Rep. No. 94-1476,

⁶ See Dana, *Copyright and Privacy Protection of Unpublished Works—The Author's Dilemma*, 13 Colum. J.L. & Soc. Probs. 351, 377-78 (1977); Goldstein, *Preempted State Doctrines, Involuntary Transfers and Compulsory Licenses: Testing the Limits of Copyright*, 24 U.C.L.A. L. Rev. 1107, 1115 (1977).

94th Cong., 2d Sess. at 132 (1976)), *rev'd on other grounds*, 652 F.2d 278 (2d Cir. 1981), *cert. denied*, 456 U.S. 927 (1982); *Allied Artists Pictures Corp. v. Rhodes*, 496 F.Supp. 408 (S.D. Ohio 1980), *aff'd*, 679 F.2d 656 (6th Cir. 1982); 1 M. Nimmer, *Nimmer on Copyright* § 1.01[B] at 1-14.3 (1987); Dana, *Copyright and Privacy Protection of Unpublished Works—The Author's Dilemma*, 13 Colum. J.L. & Soc. Probs. 351, 391 (1977); Goldstein, *Preempted State Doctrines, Involuntary Transfers and Compulsory Licenses: Testing the Limits of Copyright*, 24 U.C.L.A. L. Rev. 1107, 1117-18 (1977).

In his recent Horace Manges lecture delivered at the Columbia Law School (soon to be published in the Columbia Law Review), Judge Jon Newman of the Second Circuit argued in favor of absorbing privacy interests into our copyright law. I agree with Judge Newman that our preoccupation with a free press may at times obscure legitimate concerns for privacy. I would agree also that in making a fair use analysis balancing the nature of the protected work with the fair use purpose sought to be served, privacy interests may be an appropriate consideration. If the protected document is highly personal, private and intimate, if the author has a strong personal interest in deferring publication, if the public interest in the contents is minimal and voyeuristic at best (as for example with confidential sorrowful letters of a private individual who is a subject of public concern only because of having been victimized by some terrible crime or misfortune), those might well be factors disfavoring a finding of fair use.

These considerations do not favor this plaintiff, notwithstanding that some of the letters are of a personal nature and that other documents are diaries. In the first place, the author is now dead. The death of the subject is generally understood to terminate a privacy interest. See *Cordell v. Detective Publications, Inc.*, 419 F.2d 989, 990 (6th Cir. 1969); *Maritote v. Desilu Productions, Inc.*, 345 F.2d 418 (7th Cir.), *cert. denied*, 382 U.S. 883 (1965); *Gruschus v. Curtis Publishing Co.*, 342 F.2d 775, 776-77 (10th Cir. 1965); Restatement (Second) of Torts § 652 I (1977). The diaries, furthermore, are not repositories of highly private personal sentiments; they are more in the nature of a travelogue. They were written some sixty years ago which also diminishes the interest in privacy. Most important, this is not a case where the public interest in access to the contents of the documents is slight or unworthy of respect. Hubbard is a figure of great public importance for the great wealth he accumulated and the influence he wielded through his writings and religion. During his life he actively sought publicity. Any privacy interest in the contents of these documents is overwhelmingly outweighed by legitimate public concern. If this suit were brought as an action to enforce the right of privacy, it would fail on many grounds.

B. Purpose and Character of the Use

The first statutory factor is addressed to the "purpose and character" of

the secondary use. This refers back to the general proposition in § 107 that fair use of copyrighted material will be permitted for educational purposes "such as criticism, comment, news reporting, teaching, . . ."

Overall Purpose and Character of the Work

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The reference to "purpose and character of the use" invites examination of both the particular quoted passages and the overall character of the secondary-user work. Is it published to serve purposes of the type cited by the statute as legitimate goals of fair use? There can be little doubt that this aspect of the fair use analysis generally favors an overall finding in favor of the biography.

Hubbard is unquestionably a figure of legitimate public concern. As the founder of a religion drawing vast numbers of adherents, as the author of instructive books which have sold millions of copies, and as a figure who at times in his life sought a high degree of publicity and at other times sought seclusion and secrecy, he is a subject of great public interest. If it is arguable (which I do not judge) that his career and the Scientology religion have been advanced through deception, this is certainly a subject appropriate for critical exploration.

It is an uncomfortable role for courts to serve as literary critics, passing on whether a purported work of history, teaching or criticism is entitled to respect as such. We judges generally lack both competence and the necessary information to form such opinions. In this case, because *Bare-Faced Messiah* (in substantially similar form) has been previously published in England, Canada, and Australia, reviews have appeared there to which the court may refer for guidance. These credit the book as a serious work of investigation and criticism.

A reviewer for the *London Sunday Times* wrote: "Russell Miller has done a service to his readers by surmounting the legal obstacles placed in his way by the Scientologists who attempted to discredit him and to prevent the publication of his book. It is admirably written, well documented and it must have entailed a great deal of painstaking research. The evidence . . . in his book has been gathered carefully from witnesses who were once bemused by the cult and who were fearful of giving him the information he required." (Gready Aff. Exh. D.) A reviewer for *Maclean's Magazine* wrote, "while scathingly critical of Hubbard and his church, *Bare-Faced Messiah* is, in fact, scrupulously fair." (*Id.* Exh. E.) *The Spectator*, in its review, recommended the book for its "admirably detailed documentation." (*Id.* Exh. C.)

The work appears to make responsible use of its material. Although plaintiff disagrees with many of Miller's conclusions and argues that different interpretations can be drawn from the sources, plaintiff does not contend that the biography has dealt dishonestly with its sources or is for any other reason

to be denied credit as a serious work of criticism and comment on a highly newsworthy subject.

I do not purport to pass in any way on the accuracy of Miller's reports or on the justification for his conclusions. I do conclude, however, that right or wrong this book is properly considered a work of "criticism, comment, news reporting, teaching," 17 U.S.C. § 107, which is eligible for fair use consideration. This factor favors the defendant.

This statutory factor also invites examination "whether such use is of a commercial nature or is for nonprofit education purpose." See *Harper & Row Publishers v. Nation Enterprises*, 105 S. Ct. 2218, 2231 (1985). This issue is often of limited value to the fair use analysis. Even the most valuable educational books are generally published by commercial establishments for profit. Thus, the Court of Appeals stated, "We do not read Section 107(1) as requiring . . . a clear-cut choice between . . . 'commercial' and 'non-profit'. Were that the case, fair use would be virtually obliterated, for 'all publications presumably are for profit. . . .'" *Maxtone-Graham v. Burtchae*, 803 F.2d 1253, 1262 (2d Cir. 1986), cert. denied, 107 S. Ct. 2201 (1987); see also *Consumers Union of the United States v. General Signal Corp.*, 724 F.2d 1044, 1049 (2d Cir. 1983) ("[c]ommercial uses also serve the important function of educating
1507 the public"). Scholars and critics do not lose their license to make fair use by earning their bread from their writing. Occasionally, at extremes, the factor can be significant. Appropriation of copyrighted material for use in a television commercial has been found to carry a low degree of claim to fair use protection. See *Warner Bros. Inc. v. American Broadcasting Companies, Inc.*, 720 F.2d 231, 242 (2d Cir. 1983); *D.C. Comics v. Crazy Eddie Inc.*, 205 U.S.P.Q. 1177 (S.D.N.Y. 1979). In *Salinger*, 811 F.2d at 96, the court found that "Hamilton's purpose in using the Salinger letters to enrich his scholarly biography weighs the first fair use factor in Hamilton's favor, notwithstanding that he and his publishers anticipate profits." I conclude that defendant's profit-making objective does not deprive defendant of its fair use credit for a serious book of responsible historical criticism.

The Fair Use Purpose of Individual Quoted Passages

As to each instance of use of a copyrighted passage, the statute invites examination as to why the secondary work has used protected material—what purpose is sought to be accomplished by such use—and then to consider whether the use is "fair." Part of this inquiry will be whether there is convincing justification for use of the protected expression, or whether the purposes of the secondary work would have been equally well served by extracting unprotected content, such as facts and ideas contained in the passage, without using protected expression.

Notwithstanding the general critical or historical purpose of the work, if a particular passage is cited only for the factual information contained in it,

the copyright owner's particular expression may be of small importance to the biographer's purpose. In such a case the fair use justification would be slight. See *Salinger*, 811 F.2d at 96-97. Justification also would be questioned if the use of the protected expression in the biography had no real purpose other than to display the distinctiveness of the subject's writing because this would be taking precisely what the copyright is designed to protect. See *Salinger*, 811 F.2d at 96; *Craft v. Kobler*, 667 F. Supp. 120, 127 (S.D.N.Y. 1987). On the other hand, in cases where the biographer's point of significance about the subject's character cannot be made effectively without quotation of the subject's particular words, justification will be far greater. See *Maxtone-Graham v. Burtchaell*, 803 F.2d 1253, 1261 (2d Cir. 1986), cert. denied, 107 S. Ct. 2201 (1987); *Consumers Union of the United States v. General Signal Corp.*, 724 F.2d 1044, 1049-50 (2d Cir. 1983), cert. denied, 469 U.S. 823 (1984).

I have begun by comparing each cited passage with the source material. For each passage that involves the taking of protected expression, I have made an analysis of fair use purpose. A table, giving the court's observations on each challenged passage, is filed as an appendix to this opinion. Miller's fair use purposes are discussed below.

I stress that in passing on the disputed contention of fair use, I draw no conclusion as to the ultimate merits of the underlying disagreement between the adherents of Hubbard and the biographer as to the merits of criticisms contained in the biography. There is, of course, great antagonism and factual dispute between them. There is no evidence before the court as to where the truth lies. It is not part of my task to make such conclusions. See *Maxtone-Graham v. Burtchaell*, 803 F.2d 1253, 1261 (2d Cir. 1986). I limit myself to analysis of the fair use purposes and the justification asserted. xxxxx

I conclude, for reasons explained below, that the very large majority of Miller's takings of Hubbard material display a powerful and compelling fair use purpose. These are not, as the Court of Appeals found in *Salinger* and this court found in *Craft*, appropriations of the literary talent of the subject to enliven and improve the secondary work. They are, rather, instances akin to hypothetical examples (iii)-(v) above where the critic exhibits chosen words of the subject to prove a critical point or to demonstrate a flaw in the subject's character.

It is a principal objective of Miller's biography to argue and prove that Hubbard's dominating traits of character included dishonesty, boastfulness and pretension, paranoia, bigotry and snobbery, cruelty and disloyalty, aggressiveness, cynicism and derangement at times approaching insanity. The vast majority of Miller's takings of Hubbard's words are to demonstrate these observations.

1. *The Church's False Mythology of the Founder.*

The Introduction to Miller's book asserts:

For more than thirty years, the Church of Scientology has vigorously promoted an image of its founder, L. Ron Hubbard, as a romantic adventurer and philosopher whose early life fortuitously prepared him, in the manner of Jesus Christ, for his declared mission to save the world. The glorification of 'Ron', superman and saviour, required a cavalier disregard for facts: thus it is that almost every biography of Hubbard published by the church is interwoven with lies, half-truths and ludicrous embellishments. The wondrous irony of this deception is that the true story of L. Ron Hubbard is much more bizarre, much more improbable, than any of the lies. (*BFM* 1.)

Thereafter a central theme of the biography is to set forth the image of the mythological super hero promulgated by Hubbard's own writings and by the publications of the Church of Scientology and to show that their claims concerning Hubbard and his ministry are false. The first 15 chapters begin with characterizations and brief excerpts from Church and autobiographical publications which establish the Hubbard mythologies. The chapters then undertake to demonstrate the falsity of such claims. The takings consist of a few sentences or phrases from book-length works. Some examples⁷ follow:

Chapter 1

According to the colorful yarn spun for the benefit of his followers, L. Ron Hubbard was descended . . . from a French . . . Count . . . who took part in the Norman invasion of England in 1066 . . . English settlers who had arrived in America in the Nineteenth Century . . . [and] a distinguished naval family. . . .

[T]he story goes, little Ron grew up on his wealthy grandfather's enormous cattle ranch in Montana, said to cover a quarter of the state [approximately 35,000 square miles!]. . . . 'L. Ron Hubbard found the life of a young rancher very enjoyable. Long days were spent riding, breaking broncos, hunting coyote and take his first steps as an explorer. For it was in Montana that he had his first encounter with another culture—the Blackfoot [Pikuni] Indians. He became a blood brother of the Pikuni and was later to write about them in his first published novel, *Buckskin Brigades*. . . . (No. 1, *BFM* 7.)

The biographer asserts, "Virtually none of this is true." (*BFM* 7.)

⁷ The quotations in the text are examples. My findings as to each category are contained in the Appendix.

Chapter 2

Fundamental to the image of L. Ron Hubbard as prophet are the tales of his teenage travels. . . . In the high hills of Tibet he lived with bandits who accepted him because of his 'honest interest in them and their way of life'. . . . On an unnamed island in the South Pacific, the fearless boy calmed the natives by exploring a cave that was supposed to be haunted and showing them that the rumbling sound from within was nothing more sinister than an underground river. 'Deep in the jungles' of Polynesia he discovered an ancient burial ground 'steeped in the tradition of heroic warriors and kings . . . Though his native friends were fearful for him, he explored the sacred area—his initiative based on doing all he could to know more.' (Nos. 4, 5, 6, *BFM* 26.)

Chapter 3

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Hubbard's amazing adventures as an explorer are graphically described in *Mission Into Time*, a book published by the Church of Scientology. It seems that Hubbard spent more than four years, from 1925 to 1929, journeying throughout Asia, financed on his travels by his 'wealthy grandfather'. . . . In 1931 . . . he [became] director, at the age of twenty, of the Caribbean Motion Picture Expedition, which apparently provided invaluable research of the University of Michigan

Yet this was nothing compared to what was to come in 1932, when L. Ron Hubbard demonstrated his true worth as 'an exceptional explorer' by carrying out, as leader of the West Indies Mineral Survey, the first complete mineralogical survey of Puerto Rico. 'This was pioneer exploration in the great tradition, opening up a predictable, accurate body of data for the benefit of others. . . .' (No. 8, *BFM* 40.)

The purpose of Miller's quotations is to show first the mythological presentation of Hubbard by the Church and second to show their falsity. The biography undertakes to show that contrary to the Church mythology cited above, Hubbard led a relatively humdrum, banal and impecunious life in a small town. There was no wealthy grandfather and no gigantic ranch. Although it is true he traveled to the Orient to visit his father who was stationed with the Navy in Guam, the romantic claims of adventure are fabricated. For example,

[N]o trace may be found of the many contributions to science which Ron claimed on behalf of the Caribbean Motion Picture Expedition. The Hydrographic Office has no record of receiving the expedition's underwater films, the University of Michigan can find none of the specimens brought by the 'gentleman rovers'. . . . Mystery similarly surrounds the West Indies Minerals Survey, that 'pioneer exploration in the great tradition' during which Ron is said to

have completed the first mineralogical survey of Puerto Rico. This would certainly have been an impressive achievement for a twenty-one-year-old civil engineering student, but the US Geological Survey knows nothing about it, neither does the Puerto Rican Department of Natural Resources (*BFM* 56-57.)

I conclude that these brief quotations present a strong fair purpose. The biographer's purposes could not be wholly accomplished by merely citing the facts alleged to be false, without the manner of expression. The copying is justified first to convey the grandiose presentation of Hubbard. Some of the passages are quoted not to show falsity but to show the aggrandized, boastful, pretentious mythic idiom employed by the Church in its descriptions. (See, e.g., Nos. 30, 67.) Second, when the objective of a critic is to show falsity of the original, she should be allowed to quote so that she can state with precision the exact contours of the assertion she undertakes to disprove. Truthfulness and falsity often lie in characterization and emphasis, rather than in simple factual assertion. If the critic must characterize rather than quote the challenged assertion, the reader will have no ability to judge independently whether the subject in fact said what he is charged with, or whether his statements were false as claimed. Such quotation serves importantly the fair use purposes of research, history, criticism, comment and news reporting.

2. *Hubbard Dishonesty*

Over thirty of the passages cited by plaintiff involve copyrighted material that is quoted to show personal dishonesty on Hubbard's part, including what Miller characterizes as lies with respect to Hubbard's experiences (Nos. 1, 2, 3, 17, 51, 52, 106-114, 193 and 199), his qualifications (Nos. 7, 22, 49, 50, 53, 54, 194), and his monetary entitlements (Nos. 151-160).

For example, in the chapter entitled "The Hero Who Never Was," Miller describes Hubbard's wartime Navy career as incompetence, misadventure, cowardice and vainglorious dreams of heroism without ever seeing combat, all of which were soon transformed into a fabricated, baseless history of
1510 heroism. Miller writes that three days after the Japanese surrender, Hubbard was admitted to a Naval hospital in Oakland, California "not as a result of heroic war wounds, but to be treated for 'epigastric distress' . . . a suspected duodenal ulcer He, of course, saw it somewhat differently:

'Blinded with injured optic nerves, and lame with injuries to hip and back, at the end of World War Two I faced an almost non-existent future . . . I was abandoned by family and friends as a supposedly hopeless cripple and a probable burden upon them for the rest of my days . . . I became used to being told it was all impossible, that there was no way, no hope. Yet I came to see and walk again . . . ' (No. 17, *BFM* 110.)

Miller goes on quoting Hubbard's later reminiscences in a copyrighted lecture in which he describes that hospitalization as recuperation "from an accumulation of too much wartime Scotch and overdoses of lead." (No. 52, *BFM* 231.) The biography also quotes (Nos. 151-160) passages from a series of letters to the Veterans Administration in which Hubbard made what Miller describes as false claims for a pension based on nonexistent wartime injuries. According to the biography, after the award of a disappointingly small military pension, Hubbard lodged an appeal, "producing a dramatic new disability which he had somehow neglected to mention in his original claim form.

'I have lost between sixty and eighty percent of my vision,' he claimed My income at the present time, due entirely to service connected injuries, is zero. . . . ' (No. 151, *BFM* 125.)

Thereafter on July 4 he had spent part of the holiday composing "yet another stirring appeal . . . and introducing a further hitherto unmentioned disability, this time a 'chronic and incapacitating bone infection'." (No. 153, *BFM* 128.)

The contention of the biography is that in wartime service Hubbard saw no combat, acquired neither "overdoses of lead," nor other incapacitating injuries, that his claims were false, self-dramatizing and fraudulent.

Another series of passages, quoted by Miller from Hubbard's unpublished *Asia Diaries 1927-1929* (Nos. 106-114), are used to show Hubbard's proclivity to exaggeration, self-aggrandizement and falsity. These passages taken from two separate accounts in his diaries describe Hubbard's sudden departure from Helena, Montana, and his voyage aboard a naval vessel to visit his father in Guam. Miller states, "Although they were represented by a few pages in his journal, many of the details do not match; indeed some passages read suspiciously like the adventure stories he was constantly scribbling." (*BFM* 37.) These episodes, full of drama, near disaster, and last-second intervention of good fortune are argued by Miller to be false.

Hubbard describes, for example, how thanks to a series of last-minute breaks in his favor, he was able to board the U.S.S. Henderson only an hour before she was due to sail. The ship's log in contrast shows that he boarded nearly 24 hours before her departure. As to permission of the Navy to board, which Hubbard's diary claimed he did not know he needed until approximately two days before the ship's departure, military records obtained by Miller show that Hubbard had submitted a formal application for a passage on the Henderson more than a month before his departure. (Nos. 106-113, *BFM* 38.) At the conclusion of the diary account, Hubbard wrote, and Miller quotes (No. 114, *BFM* 39), "I will tell you the secret of this strange life I led. Sash! I was born on Friday the Thirteenth." This also, Miller observes, was not true. Hubbard was born on a Monday.

As noted in the preceding section discussing the Church-sponsored mythology, when the purpose of a reference is to show that the copyrighted

matter was dishonest, the fair use doctrine must accord substantial latitude to quote copyrighted expression, so that the claim of falsity can be leveled with precision at the exact utterance. It is incompatible with the ends of fair research and criticism to accuse of dishonesty without being permitted to specify what were the dishonest words. Such a purpose argues strongly in favor of a finding of fair use.

3. *Boastfulness, Pomposity, Grandiosity, Pretension, Self-Importance*

In many cited passages, Hubbard's copyrighted material is used by the biographer to illustrate his boastful and pompous mannerisms, or his grandiosity, pretension or self-importance.

Of his book entitled *Dianetics*, Hubbard wrote, and Miller quotes, that it is "a milestone for Man comparable to his discovery of fire and superior to his inventions of the wheel and the arch The hidden source of all psychosomatic ills and human aberration has been discovered and skills have been developed for their invariable cure." (Nos. 18-19, *BFM* 155.)

Another Hubbard book, *The History of Man*, he introduced as "a cold-blooded and factual account of the last sixty trillion years." With the insights gained from this book and Scientology, "the blind again see, the lame walk, the ill recover, the insane become sane and the sane become saner." (Nos. 38-39, *BFM* 204.) His discoveries make it "possible at last to vindicate the theory of evolution proposed by Darwin." (No. 36, *BFM* 204.)

Of his manuscript *Excalibur*, Hubbard wrote in a letter which Miller quotes, "I have high hopes . . . of smashing my name into history so violently that it will take a legendary form." (No. 145, *BFM* 81.)

Upon his short-lived move to Rhodesia at the time of its independence in 1966, he unsolicitedly drafted and sent to the Government a "Tentative Constitution of the Nation of Rhodesia." "Before God and man we pledge ourselves, the Government of Rhodesia and each of our officers and men of authority" (Nos. 197-98, *BFM* 258).

As examples of the early development of Hubbard's pretentiousness, Miller quotes a melodramatic entry from his youthful diaries written at age 18, "Another boat caught. Is ever thus?" (No. 117, *BFM* 41.) Miller notes that "At the age of eighteen . . . writing as if he was a well travelled man of the world, a carefree, two-fisted, knockabout adventurer" (*BFM* 44), Hubbard wrote of

the untrustworthy, lying, cruel, changeable satirical Lady Luck. . . . This humorist of humorists, this demon of demons has dragged men from their places in the sun into the slime of oblivion; has made beggars kings; has, with a whisper, made and crushed thousands; has laughed at the beings who supposed they ruled our destinies; and has killed enough men to patch hell's highway its blistering length. (No. 140, *BFM* 44.)

Other passages which I find to fall into this category of strong fair use purpose involve Hubbard's boasts of his talents and qualifications. In one, quoted above, he claimed to have learned an Asian primitive language, "Igoroti," "in a single night." (No. 7.)

I remember one time learning Igoroti, an Eastern primitive language, in a single night. I sat up by kerosene lantern and took a list of words that had been made by an old missionary in the hills of Luzon [Philippines]. The Igorot had a very simple language. This missionary phoneticized their language and made a list of their main and their usage and grammar. And I remember sitting up under a mosquito net with mosquitoes hungrily chomping their beaks just outside the net, and learning this language—three hundred words—just memorizing these words and what they meant. And the next day I started to get them in line and align them with people, and was speaking Igoroti in a very short time. (No. 7, *BFM* 26.)⁸

In passages Nos. 49-50, he purports to possess qualification to assess the medical dangers of radiation, "more of a mental than a physical problem." (*BFM* 227.) He wrote to the FBI:

I am trying to turn out some monographs on matters in my field of nuclear physics and psychology for the government on the subject of alleviating some of the distress of radiation burns, a project I came east to complete. (No. 192, *BFM* 222.) 1511

In instructions to his press officer, he stressed the importance of emphasizing that he worked in the field of "nuclear physics on life sources and life energy" so as to avoid the pejorative label of "psychiatrist or spiritualist." (No. 194, *BFM* 238.)

Qualities such as boastfulness, pomposity, pretension and self-importance cannot be effectively conveyed by a biographer/critic without quotation. It is the subject's conception of himself that the biographer seeks to convey through the subject's own words. Indeed, this argument is supported by the plaintiff's contention that this quoted material and others cited elsewhere appears unflattering to Hubbard only because of Miller's "bias and slant," Long Aff. ¶ 28, and that "there are two sides to every coin." *Id.* ¶ 29. All the more reason to let the readers make their own judgment based on the original material rather than to force them to accept or reject blindly the biographer's characterization. These are compelling examples of a strong fair use purpose.

⁸ In some places the passage alleged to be infringing in plaintiff's table differs from the passage in the book. The passages quoted above reflect the author's actual text.

4. *Paranoia*

At least five of the biography's well-justified uses of copyrighted passages are to show Hubbard's paranoia (Nos. 29, 58-59, 65, 191).

A passage from a Church publication asserted that the U.S. Government, resentful of Hubbard's resignation from the Navy, and wishing "to monopolize all his researches. . . . tried to blackmail him [and] soon began vicious, covert international attacks upon his work. . . ." (No. 29, *BFM* 163). A Church bulletin described two armed secret service agents, after an innocent reference to President Nixon in a Scientology magazine, "[h]ulking over desks, shouting violently, . . . stated that they daily had to make such calls on 'lots of people' to prevent Nixon's name from being used in ways Nixon disliked" (No. 58, *BFM* 240.) In a letter to the FBI Hubbard complained of persecution of Scientologists, "some of whom were being mysteriously driven insane, possibly by the use of LSD, 'the insanity producing drug so favoured by the APA [American Psychological Association]'" (No. 191, *BFM* 222.)

In another letter to the FBI he wrote that:

[H]is 'alleged wife' had caused him to make out a will leaving her shares in the copyrights and Foundations. Later when he was asleep . . . he was 'slugged'. . . . his health had been poor thereafter. Arriving in Los Angeles, his wife left their baby unattended in a car and he was arrested for it—I could never understand why.' . . . 'On December 5, while asleep in my apartment . . . in Los Angeles, I was again attacked and knocked out. When I woke I debated considerably about going to the police but was again afraid of publicity for again I did not know who might have done this. . . . 'I was in my apartment on February 23rd', about two or three o'clock in the morning when the apartment was entered, I was knocked out, had a needle thrust into my heart to give it a jet of air to produce 'coronary thrombosis' and was given an electric shock with a 110 volt current. This is all very blurred to me. I had no witnesses. But only one person had another key to that apartment and that was Sara.' (Nos. 164-68; *BFM* 190.)

5. *Snobbery, Bigotry, Disdain for Asians*

A number of passages from Hubbard's unpublished *Asia Diaries 1927-1929* are quoted for the purpose of showing his bigotry, his outspoken disdain for Asians, and dislike for the Orient. A few examples follow. "'When it comes to the Yellow Races overrunning the world, you may laugh,' he noted. . . . '[The Chinese] have neither the foresight or endurance to overrun any white country in any way except by intermarriage. One American marine could stand off a great many yellowmen without much effort.'" (Nos. 127-29, *BFM* 42.) "They smell . . . of all the baths they didn't take.

The trouble with China 1 is, there are too many Chinks here." (No. 133, 1513 *BFM* 43.)

In several passages (Nos. 122-126, *BFM* 42), Hubbard expresses disdain for masterpieces of Chinese architecture and art. The Temple of Heaven, which Miller characterizes as "probably the supreme achievement of traditional Chinese architecture," Hubbard considered "very gaudy and more or less crudely done." (No. 122, *BFM* 42.) "The summer palace was 'very cheap as to workman-ship' and the winter palace was 'not much of a palace in my estimation.'" (No. 123, *BFM* 42.) "The Lama temple . . . was 'miserably cold and very shabby . . . The people worshipping have voices like bull-frogs . . . As for the Imperial palaces in the Forbidden City, one was 'very trashy-looking' and most of the others were 'not worth mentioning'." (Nos. 124-25, *BFM* 42.)

Quotation from criticism can involve problematic assertions of fair use. The original author was himself expressing critical judgments protected by the copyright. The exception to copyright protection for fair use cannot be permitted to swallow the basic right. To use an exaggerated example of the problem, the subsequent critic or biographer could not justify extensive quotation, effectively usurping the original criticism, simply by asserting that she was quoting it to show how astute and incisive the subject's criticism was. This would be all the more true where the copyrighted matter was unpublished. With these cautions in mind, I conclude nonetheless that these brief quotations from unpublished copyrighted work display a compelling fair use purpose. In no sense does Miller appropriate Hubbard's expression of his art criticism to add vigor and vividness to the secondary text. These quotations are in mockery, to show Hubbard's bigotry, bias and coarse lack of taste. This is not an instance of the biographer/critic free riding on the creative talent of the subject.

6. *Cruelty, Disloyalty*

Two letters concerning a bigamous marriage that was acrimoniously terminated in 1951 are quoted in part to depict Hubbard's vindictive cruelty and disloyalty. The use of his words serves a strong fair use purpose.

According to the biography, the marriage ended after Hubbard tried unsuccessfully to kidnap their baby daughter from his wife. After the failure of his kidnap attempt, Hubbard never saw his wife or baby again. The first letter (quoted in the preceding section) was written to the FBI shortly after the breakup and was designed for revenge. In this letter, written during McCarthyite hysteria over communist infiltration, Hubbard gratuitously told the FBI that his recently estranged wife was involved with communists and also "was strangely intimate with many [atomic] scientists of Los Alamos Gordo. . . ." He accuses her of attempts to murder him and adds "[s]he was born into a criminal atmosphere, her father having a criminal record. Her

half-sister was an inmate of an insane asylum. She was part of a free love colony in Pasadena She may have a record" (No. 161-74, *BFM* 191.)

The second letter was written 20 years later to the daughter Alexis whom Hubbard had tried to kidnap. The girl, then 21 years old, wrote to her father in the hope of meeting him. Hubbard wrote back. He "denied he was her father: 'Your mother was with me as a secretary in Savannah in late 1948 . . . In July 1949 I was in Elizabeth, New Jersey, writing a movie. She turned up destitute and pregnant' Hubbard told Alexis that her mother had been a Nazi spy during the Second World War and suggested that the divorce action was a spurious ploy on her part to win control of Scientology— . . . 'This proved a puzzle since where there is no legal marriage, there can't be any divorce.' " (No. 200, *BFM* 306.)

7. *Aggressiveness, Vicious and Scheming Tactics.*

Several passages are quoted to illustrate Hubbard's aggressiveness and vicious scheming tactics against perceived enemies. Miller writes, quoting Hubbard:

1514 'The law can be used very easily to harass, and enough harassment on some body who is simply on the thin edge anyway, well knowing that he is not authorized, will generally be sufficient to cause his professional decease.'

he wrote in one of his interminable bulletins, causally adding,

'If possible, of course, ruin him utterly.' (No. 47, *BFM* 223.)

'The only way to defend anything, Hubbard wrote, was to attack.

'If you ever forget that you will lose every battle you are ever engaged in'. (No. 48, in part, *BFM* 223.)

'Don't ever defend, always attack. Don't ever do nothing. Unexpected attacks in the rear of the enemy's front ranks work best.' (No. 63, in part, *BFM* 241.)

An example of his own practice of these tactics is cited in his letter to the FBI (Nos. 161-174, *BFM* 189-91), denouncing his recently estranged wife as a communist and a threat to national security.

8. *Cynicism.*

Miller uses several short passages from Scientology bulletins and letters to illustrate Hubbard's cynicism. In one instructive bulletin to Scientology members captioned the *Special Zone Plan*, Hubbard shows how Scientologists should seek insidiously to exert influence in politics. "Don't bother to get elected. . . . Get a job on the secretarial staff or the bodyguard." (No. 60, *BFM* 241.) To a trusted confidant Helen O'Brien, Hubbard wrote discussing "the possibility of setting up a chain of . . . 'Spiritual Guidance Centers'.

They could make 'real money', he noted, if each clinic could count on ten or fifteen pre-clears [people who have not yet cleared a stage of emotional evolution through Scientology] a week, each paying \$500 for twenty-four hours of auditing. He had clearly previously discussed the prospect of converting Scientology into a religion. 'I await your reaction on the religion angle,' he wrote. 'In my opinion, we couldn't get worse public opinion than we have had or have less customers with what we've got to sell. A religious charter would be necessary in Pennsylvania or NJ to make it stick. But I sure could make it stick.'" (Nos. 176-77, *BFM* 212-13.)

A major point in the biography is the cynical mercenary origin which Miller finds in Hubbard's conception of the Scientology religion. The book recites instances in which early in his life Hubbard had mused on religion as a possible source of wealth. The passage cited above from the letter to Helen O'Brien is particularly significant for the biographer's attempt to trace the foundation of the religion to greed for money.

As one of the major themes of the biography is the dishonesty of Hubbard and his role as "a con man" (*BFM* 6), the excerpts from Hubbard's writings which contain apparent acknowledgements of dishonesty and espousal of a strategy or philosophy of deception are particularly important. In a published dictionary which he entitled *Modern Management Technology Defined*, Hubbard preached "Truth is what is true for you." (No. 69, *BFM* 348.) This principle was apparently derived from a Commander Thompson, one of Hubbard's inspirations, whom Hubbard credited with the aphorism "If it's not true for you, it's not true." (*BFM* 231.) The reference was included in a typed and copyrighted lecture given by Hubbard in Washington in 1958, reviewing his history and that of Dianetics and Scientology. The lecture contains numerous references to the tactic of deceit. Hubbard recounts in it how at the military hospital (where he was recovering from "overdoses of lead"):

I found that by taking off one collar ornament I became an MD. They don't let anybody in a medical library except doctors but by stopping off with one collar ornament and for a couple of bucks having a Marine on crutches come by and say, "Good Morning, doctor", I was able to get in a year's study at the medical laboratory. (No. 53, *BFM* 231.)

Later on, the narration continues, "I went down to the middle of Hollywood, rented an office, wrapped a towel round my head and became a swami." (No. 54, *BFM* 231.) " '[I]f there is anyone in the world calculated to believe what he wants to believe, it is I.' Never [Miller observes] did L. Ron Hubbard speak a truer word." (No. 55, *BFM* 231.) 15151

Functionally-related fair use passages are those in which Hubbard instructed O'Brien to devise "a spurious explanation" of the function of a

machine being imported [in fact intended to cure insanity] "for the benefit of the Customs officials" (No. 185, *BFM* 214); and in which, after instructing his press aide to "emphasize constantly that he was working in the field of 'nuclear physics,'" Hubbard added in what Miller describes as "a rare moment of candor," "This . . . will take some doing, perhaps." (No. 194, *BFM* 238.)

9. *Derangement, Insanity, Bizarre, Pseudo-Science*

A major theme of Miller's book is the bizarreness of Hubbard's pseudo-science, particularly as expressed in his major works on Dianetics and Scientology.

One of Hubbard's most important and widely sold works was *Dianetics: The Modern Science of Mental Health*, first published in 1950. According to the plaintiff, the book remains on the national best seller lists 38 years after publication. It has been on *Publishers Weekly* best seller list for 85 consecutive weeks since September 1986 and on *The New York Times* best seller list for 49 weeks. The book currently sells in excess of 7,000 copies per week. Heldt Aff. ¶ 7. It is a book of approximately 170,000 words (several hundred pages). To illustrate the strangeness of its pseudo-science and the boldness of Hubbard's claims, Miller quotes in Chapter 9 approximately 33 lines (including less than 300 words) which are claimed as infringement. (Nos. 18-28.)

The quoted passages begin with Hubbard's claim in the opening sentences that "The creation of Dianetics is a milestone for Man comparable to his discovery of fire and superior to his inventions of the wheel and of the arch . . . The hidden source of all psychosomatic ills and human aberration has been discovered and skills have been developed for their invariable cure." (No. 18, *BFM* 155.)

Miller notes that Hubbard claimed ability to cure asthma, eye trouble, bursitis, ulcers and the common cold, through new techniques of psychotherapy that were easy to learn, available to everyone and always worked. (*BFM* 155.) The cure involved gaining access to "engrams," or messages of pain and fear "often prenatal, sometimes occurring within 24 hours of conception!" (*BFM* 154.)

Miller notes that this science was imbued with Hubbard's "fierce prejudices," in particular his "hatred of women, exemplified by a prurient pre-occupation with 'attempted abortions' which he claimed were the most common cause of pre-natal engrams. 'A large proportion of allegedly feeble-minded children,' he wrote, 'are actually attempted abortion cases . . . However many billions America spends yearly on institutions for the insane and jails for the criminals are spent primarily because of attempted abortions done by some sex-blocked mother to whom children are a curse, not a blessing of God . . . All these things are scientific facts, tested and rechecked and tested again.'" (Nos. 20-22, *BFM* 155-56.)

Miller describes other of Hubbard's claims. "If a husband beat his pregnant wife, for example, yelling, 'Take that! Take it, I tell you. You've got to take it!', it was possible the child would interpret these words literally in later life and become a thief. Or a pregnant woman suffering from constipation might sit straining for a bowel movement muttering to herself, 'Oh, this is hell. I am all jammed up inside. I feel so stuffy I can't think. This is too terrible to be borne'. In this case, he explained, the child might easily develop an inferiority complex from an engram which suggested to him he was too terrible to be 'born.'" (Nos. 23-24, *BFM* 156.)

These brief excerpts from a very long and famous book intended to illustrate the bizarre quality of Hubbard's thought serve an altogether appropriate critical and educational fair use purpose. This is not an instance of using the copyright owner's literary skill to enhance the quality of writing in the biography. The purposes of the quotations are critical—suggesting that Hubbard's philosophy is bizarre, if not insane.

†The same observations are true of a few excerpts from *The History of 1516 Man*, in which Hubbard established the foundations of Scientology. Miller's purpose in quoting appears from his observation that this was "one of Hubbard's most bizarre works and possibly the most absurd book ever written, although it was treated with great reverence by [Hubbard's] followers. An amalgam of mysticism, psychotherapy and pure science fiction, the content invited the derision which was inevitably forthcoming. . . . [O]ne government report noted, 'For compressed nonsense and fantasy it must surpass anything theretofore written.'" (*BFM* 204.)

Miller quotes the claims of the introduction to represent "a cold-blooded and factual account of your last sixty trillion years. . . . With the knowledge gained by Scientology . . . 'the blind again see, the lame walk, the ill recover, the insane become sane and the sane become saner.'" (Nos. 38-39, *BFM* 204.) A strong example of Miller text, including segments of quotation to show the bizarre character of Hubbard's "scientific" explorations, is set forth in the margin.⁹

⁹ In a narrative style that wobbled uncertainly between schoolboy fiction and a pseudo-scientific medical paper, Hubbard sought to explain that the human body was occupied by both a thetan and a 'genetic entity', or GE, a sort of low-grade soul located more or less in the centre of the body. (*BFM* 204.)

To underpin his new science, Hubbard created an entire cosmology, the essence of which was that the true self of an individual was an immortal, omniscient and omnipotent entity called a 'thetan'. In existence before the beginning of time, thetans picked up and discarded millions of bodies over trillions of years. (*BFM* 203.)

('The genetic entity apparently enters the protoplasm line some two days or a week prior to conception. There is some evidence that the GE is actually double, one entering on the sperm side . . .') The GE carried on through the evolutionary line, 'usually on the same planet', whereas the thetan only came

1517 1Other passages quoted as suggestive of deranged self-aggrandizement

to earth about 35,000 years ago to supervise the development of caveman into homo sapiens. Thus the GE was once 'an anthropoid in the deep forests of forgotten continents or a mollusc seeking to survive on the shore of some lost sea'. The discovery of the GE (Hubbard hailed every fanciful new idea as a 'discovery') 'makes it possible at last to vindicate the theory of evolution proposed by Darwin'.

Much of the book was devoted to a re-working of evolution, starting with 'an atom, complete with a electronic rings' after which came cosmic impact producing a 'photon converter', the first single-cell creature, then seaweed, jellyfish and the clam. (Nos. 33-37, *BFM* 204.)

Many engrams, for example, could be traced back to clams. The clam's big problem was that there was a conflict between the hinge that wanted to open and the hinge that wanted to close. It was easy to restimulate the engram caused by the defeat of the weaker hinge, Hubbard pronounced, by asking a pre-clear to imagine a clam on a beach opening and closing its shell very rapidly and at the same time making an opening and closing motion with thumb and forefinger. This gesture, he said, would upset large numbers of people.

'By the way,' he warned, 'your discussion of these incidents with the uninitiated in Scientology can cause havoc. Should you describe the "clam" to some one [sic], you may restimulate it in him to the extent of causing severe jaw pain. One such victim, after hearing about a clam death, could not use his jaws for three days.'

After the clam became the 'Weeper' or the 'Boohoo', a mollusc that rolled in the surf for half a million years, pumping sea water out of its shell as it breathed, hence its name. Weepers had 'trillions of misadventures', prominent among them the anxiety caused by trying to gulp air before being swamped by the next wave. 'The inability of a pre-clear to cry,' Hubbard explained, 'is partly a hang-up in the Weeper. He is about to be hit by a wave, has his eyes full of sand or is frightened about opening his shell because he may be hit.' (Nos. 40, 41 in part, *BFM* 205.)

Progressing along the genetic time-track, evolution arrived at the sloth, which 'had bad times falling out of trees', the ape and the famous Piltdown Man, which was the cause of a multitude of engrams, ranging from obsessions about biting to family problems. These could be traced back to the fact that 'the Piltdown teeth were enormous and he was quite careless as to whom and what he bit.' Indeed, so careless was the Piltdown Man, Hubbard recorded, that he was sometimes guilty of 'eating one's wife and other somewhat illogical activities.' (No. 42)

(Unfortunately for Hubbard, just twelve months after *The History of Man* was published, the supposed fossil remains of primitive man found in gravel on Piltdown Common in the south of England were exposed as a hoax. The Piltdown Man had never existed. (*BFM* 205.)

The History of Man drifted into pure science fiction when Hubbard came to the point of explaining how thetans moved from body to body. The abandoned bodies earlier than GEs, it appeared. While the GE stayed around to see the body through to death, thetans were obliged to report to a between-lives 'impact station' where they were implanted with a variety of control phases while waiting to pick up another body, sometimes in competition with other disembodied thetans. Hubbard revealed that most implant stations were on

include Hubbard's claim (from an unpublished letter) that with a new machine:

I can make kids walk in a few minutes who were crippled . . . I can solve any case and teach people to solve any case without failure. I know the mind like a surveyor knows a map. That sets me free, like the genie of the uncorked bottle. (No. 186, *BFM* 214.)

and his expectation that with this machine, he could

walk into a sanatorium . . . confront an insane patient and make him sane in a few seconds. (No. 183, *BFM* 213-14.)¹⁰

Once again these passages show a compelling fair use purpose. Where the biographer's intention is to show derangement of the mind of his subject, this often requires quotation of his words. In the subtlety of the exact words chosen can be the difference between exuberant optimistic enthusiasm and delusional derangement. The biographer/critic should not be required simply to express her conclusions without defending them by example. This would be unfair to her, but more importantly, unfair also to her public readership which would be left unable to assess whether the observation was a fair one.¹¹ I believe that quotation of copyrighted expression for this purpose implicates a convincing fair use purpose.

10. *Self-Presentation in Early Diaries*

A few sentences are quoted to illustrate Hubbard's egocentric self-perception in his early diaries. Miller writes:

His style of writing was fluent, breezy, schoolboyishly cocksure and addressed directly to the reader. 'If obviously pushed upon,' he wrote, 'I supposed I could write a couple of thousands [sic] words on that trip . . . But I spare you.'

He usually referred to himself in a gently ironic tone, perhaps to avoid giving an impression of thinking rather too highly of himself. When he arrived in Washington, two troops of local scouts were battling for a prized scouting trophy, the 'Washington Post Cup. Troop 100, he noted, belonged to the YMCA 'and would therefore probably lose', so he joined the other outfit, Troop 10, 'which must have sighed loudly when it perceived me crossing the threshold'.

The journal also contained flashes of humour, delivered dead-

Mars, although women occasionally had to report elsewhere in the solar system and there was a 'Martian implant station somewhere in the Pyrenees'. (No. 43 in part, *BFM* 205-06.)

¹⁰ See also portions of letter No. 161-174 for illustrations of paranoid derangement.

¹¹ See *supra* note 5.

pan: 'Visualize me in a natty scout suit, my red hair tumbling out from under my hat, doing my good turn daily. Once I saved a man's life. I could have pushed him under a streetcar but I didn't.' (Nos. 71-73, *BFM* 24.)

[H]e was chosen to represent [the Washington Boy Scouts] on a delegation to the White House to ask President Calvin Coolidge to accept the honorary chairmanship of National Boys' Week. He noted the invitation in his journal with characteristic cheek: 'One fine day the Scout executive telephoned my house and told me I was to meet the president that afternoon. I told him I thought it pretty swell of the president to come way out to my house . . .' (No. 74, *BFM* 24.)

The diaries contain Hubbard's first indications of ambition to become a writer: "[H]e began filling his journal with one paragraph synopses of short stories. . . ." (*BFM*, p. 43.) Miller notes that, although barely 18 years old, Hubbard "gave the impression that he had been grinding away at a typewriter for years, ending one synopsis . . . with a nonchalant addendum that it would include the 'usual plot complications.'" (No. 134, *BFM* 43.)

Another passage, No. 140, six lines long, quoted above in Section 3 illustrates Hubbard's inclination to present himself as "a well travelled man of the world, [and] adventurer." (*BFM* 44.)

1518

111. *Accurate Rendition of Idea*

Several passages, primarily taken from Hubbard's major published writings such as *Dianetics* and *The History of Man*, carry a strong justification for quoting modestly for the purpose of making *accurate* rendition of an idea commented upon in the critical work. (See Nos. 20-21, 23-24, 25-26, 32, 33, 34, 35, 37, 41.) I noted in Section 9 above a fair use purpose of illustrating the bizarre quality of some of Hubbard's ideas and pseudo-science. Where a biographer or critic seeks to pass judgment on his subject's ideas, it behooves her to set forth those ideas accurately. If she takes the liberty of restating or paraphrasing the idea in order to avoid copyright infringement, she may be charged with having bent the subject's ideas to make them vulnerable to the criticisms (or simply with having distorted them). In order for the reader to be able to evaluate fairly the merits of the criticism, the reader must receive an accurate presentation of the ideas being criticized and often this requires either quotation or a close, faithful paraphrase. See *Consumers Union of the United States v. General Signal Corp.*, 724 F.2d at 1049-50 ("Where an evaluation or description is being made, copying the exact words may be the only valid way precisely to report the evaluation").

Bare-Faced Messiah seeks to *convince* the reader of the bizarre quality of Hubbard's ideas. This cannot be done fairly without setting forth accurately

the ideas which merit such criticism. The critic is not limited to telling the readers, "Trust me; those ideas are bizarre," nor required to employ a loose, distant paraphrase which risks distortion. Fair use authorizes a reasonable degree of quotation or close paraphrase for the purpose of accurately stating an idea being criticized.

12. *Early Writing Style*

Miller uses several short passages to convey a capsule characterization of the style of Hubbard's earliest fiction writing.

These are taken from the diaries. "None of these efforts," Miller notes, "were startlingly original." For example:

Love story. Goes to France. Meets swell broad in Marseilles. She takes him to her sink, bedroom and bath where he lives until notable citizens object. He stands them off and takes the next boat for America having received a long expected will donation. (No. 136, *BFM* 43.)

One passage conveys Hubbard's unsophisticated romantic adventure style as well as his awkward lack of ease in approaching the subject of sex:

She took the chair with a sly glance at the boy and folded her slim brown hands in her lap. The Corpsman was suddenly aware that she was beautiful. He swam for a moment in the depths of her clear brown eyes and then seated himself quickly upon the grass. He was somewhat startled by his discovery and told himself fiercely that she was native, native, native. (No. 141, *BFM* 44-45.)

'Dimly he saw Marie on the porch and in a moment he felt her in his arms. . . .' (No. 142, *BFM* 45.)

Other passages are also quoted to show young Hubbard's poor command of spelling and grammar, and his melodramatic style:

A lazy sun peeped over the horizon to throw glittering streamers of light across the breakers on the surf. The lagoon . . . lay blue and cool. Tropical birds winged about their daily business and two figures lay stretched on the white coral sand. Two ragged figures, several feet apart . . . (No. 137, *BFM* 43.)

The girl roused the boy in traditional fashion ('Bob! Bob! Speak to me!'), whereupon Bob spoke thus: "'Their . . . gone, all gone, they're dead and the ship is at the bottom.'" (No. 138, *BFM* 43.)

One passage illustrates that "Like all writers, there were some days when it just would not come right:"

'The sun was hot, the day was still, the palm trees gaudy green, lined the beach of that tropical isle . . . 1

'The sun was hot, the day was still and Hospital Corpsman James Thorpe surveyed his tiny domain . . .

'The sun was hot, the day was still . . .

'The sun was hot and except for the monotonous drone of the sea beating the cruel reef the day was still . . .' (No. 139, *BFM* 44.)

Such takings (Nos. 135-142) are for a proper critical fair use purpose. They are the kind of brief excerpt which one reads in any book review to illustrate the reviewer's comments on the style of the author. The Supreme Court in *Nation*, 105 S. Ct. at 2225, quoted Justice Story, sitting as a Circuit Justice in *Folsom v. Marsh*, 9 F. Cas. 342, 344-45 (No. 4,901) (CC Mass.), to the effect that "a reviewer may fairly cite largely from the original work, if his design be really and truly to use the passages for the purposes of fair and reasonable criticism." Story added that when the work is cited not to criticize, "but to supersede the use of the original work," *Folsom v. Marsh*, 9 F. Cas. at 344-45 (quoted in *Nation*, 105 S. Ct. at 2225), the fair use defense is not available. The few instances in which Miller has quoted Hubbard's writing do not supersede the original work. They illustrate a critical commentary by a brief excerpt.

Fair Use Purpose Less Convincing

There are a number of quotations, nearly all from the *Asia Diaries* as to which I find that the fair use purpose is far less convincing. Some of these are extremely brief and insignificant, among them No. 96 (*BFM* 31): a "gosh-awful trip;" No. 97 (*BFM* 31): "we were sure glad to see him;" No. 99 (*BFM* 33): He "felt rather lonely;" No. 102 (*BFM* 33) (of the stars): "Never in my life have I seen such beauties;" No. 109 (*BFM* 38): "faint from lack of sleep and food;" No. 121 (*BFM* 42): "rubberneck stations."

Some of the passages are more substantial. Miller quotes twelve lines of description of the Shanghai markets:

Opening down the main avenue over which our car travelled were hundreds of narrow intriguing streets, teeming with life. Great fish floated here and there and paper banners hung overhead. The stores were stocked with every sort of junk. Dried fish rattled on strings in the wind. Queer looking foods and drygoods were side by side. Sikh policemen were everywhere. They are big dark bearded fellows and in their turbans and short trousers of khaki look picturesque. They carry great rattan sticks and a rifle across the back. Tommy Atkins was very much in evidence and the American marines, as well as Japanese and British marines. On the outside of the British concession I saw a British tommy take a Chinaman by the coat and knock him across the street. (Nos. 86-88, *BFM* 30.)

Later he quotes nine lines in which Hubbard described his climb to the crow's nest of the naval vessel.

Then I tackled the first fifty feet of ladder. It surely looked and felt insubstantial. About half way up I thought I'd never been so nervous before. After that ladder came an even smaller steel ladder. Up I went all confidence by this time. In a moment I reached the nest and sure enough there was the lookout reading a "Western Story." He invited me to climb in. The last in itself is worse than the rest of it put together. One had to dangle with nothing under him and work half way round to the other edge. Over the side of the box I swung and then in. My god what a relief! (No. 105, *BFM* 34.)

There is also an 11 line description of an ancient ruined fort in Guam (No. 98, *BFM* 32-33). The last five lines are perhaps a fair use comment on Hubbard's pompously melodramatic sentimentalism. But there is little apparent fair use justification for the first half of the description.

Similarly, Miller quotes nine lines in which Hubbard recorded his surprise on seeing camels in China.

"I believe that the most startling thing one can see in Northern China," he wrote, "is the number of camels. These are of a very mean breed but they resist cold and carry burdens which is all the Chinaman requires of them. Every day in Peking one can see many caravans in the streets. They have a very stately shamle. They carry their head high; their mean mouths wagging and their humps lolling from side to side. All my life I have associated camels with 1520 Arabs and it strikes a discordant note with me to see the beasts shepherded by Chinamen." (Nos. 131-32, *BFM* 42-43.)

In addition, I found no compelling fair use justification for certain insignificant excerpts from a letter written by Hubbard to his wife Polly in 1939. (Nos. 143-148, *BFM* 81.) Other parts of the letter, mentioned above, in which Hubbard speaks of his hope of "smashing [his] name into history so violently that it will take legendary form," carry a very compelling fair use purpose. Much of the quotation from the letter concerns description of its ideas without infringement of the protected expression. About 30 words (contained in nos. 143 (1 word), 144, 147 (5 words) and 148) are technically infringing, but these are so insignificant that they are scarcely worth noting.

* * *

In conclusion as to the first statutory factor, I find that *Bare-Faced Messiah* is a work exhibiting a strong, critical, educational fair use purpose and that the great majority, but not all, of its quotations of protected expression are for a powerfully compelling fair use purpose that could not properly be accomplished without use of the subject's own words. On the other hand, in

a few instances of quotation of unpublished material, I find much less compelling fair use justification. These passages undoubtedly play a role in filling out the biographer's portrait of his subject. They may, however, fall short of demonstrating a sufficiently powerful claim of a fair use purpose to satisfy the test of "narrower" scope for unpublished material.

C. Amount and Substantiality of Portion Used

The third statutory factor looks to the "amount and substantiality of the portion used in relation to the copyrighted work as a whole." "Amount" and "substantiality" have different emphases. "Amount" cautions that the fair user should not take too large a percentage of the copyrighted work. "Substantiality" looks rather to how important a part, rather than how large a part, was taken.¹² See *Roy Export Co. v. Columbia Broadcasting System*, 503 F. Supp. 1137, 1145 (S.D.N.Y. 1980), *aff'd*, 672 F.2d 1095 (2d Cir.), *cert. denied*, 459 U.S. 826 (1982). The significance of the "amount and substantiality" factor is largely subsumed in the fourth factor—effect on the market. See Fisher, *Reconstructing the Fair Use Doctrine*, 101 Harv. L. Rev. 1661, 1678 (1988).

This factor is somewhat inconclusive. As to the takings from published works, it strongly favors the defendant. Many of Hubbard's books are hundreds of pages long.¹³ Those from which extracts are taken aggregate over 1½ million words, of which *Bare-Faced Messiah* takes less than 2,000 (Gready Aff. ¶ 2) consisting of scattered, illustrative phrases, sentences and occasionally paragraphs.

As to the unpublished works, the picture is mixed, and depends on what is considered the "copyrighted work as a whole." If the passages taken are compared to the body of unpublished Hubbard letters, memos and journals, it appears the takings represent an insignificant fragment. Hubbard's executor evasively estimated the volume of this body of work between 5,000-75,000 pages. (Gready Aff. ¶ 3 Exh. A, p. 125.) It is impossible for the court to judge its volume because plaintiff has refused to produce it for inspection. Drawing a warranted inference against the plaintiff for its refusal to produce evidence within its control, I conclude that a relatively insubstantial portion of the overall bulk is taken. In some instances, however, a taking from a letter involves the major part of that letter. Considering separately the *Asia* 1521 *Diaries* which Hubbard kept during his teenage voyages, the takings are more than negligible.

I am mindful of the Supreme Court's quotation from the Senate Report

¹² Thus in *Nation*, a taking of a very small but important percentage of the protected work ran afoul of this standard. *Nation*, 105 S. Ct. at 2233.

¹³ The entire corpus of Hubbard's published work is even larger. Plaintiff has filed submissions to the effect that Hubbard produced nearly 600 fiction and non-fiction works. Heldt Aff. ¶ 2.

that " 'Isolated instance of minor infringements, when multiplied many times, become in the aggregate a major inroad on copyright that must be prevented.' " *Nation*, 105 S. Ct. at 2235 (quoting S. Rep. No. 94-473, at 65). The issue does not lend itself easily to generalizations as different configurations of takings will yield very different analyses. Where the aggregation of many minor takings in fact produces a "major inroad" that effectively supersedes the original and adversely affects the potential market for the copyrighted work, that is a powerful factor tending to negate fair use. Where, on the other hand, the aggregate of separate instances of fair use takings do not impair the potential market, this factor will not tend to negate fair use.

I note in passing that the numbers plaintiff uses to argue this issue are not reliable, either as to the instances of infringement or the word count. Plaintiff's count of 201 instances of infringement results from the use of a series of numbers of identify successive passages taken from the same document. In some cases the subdivision is arbitrary, perhaps designed to produce an impressive allegation. For example, in one letter a separate number is given to the quotation of the letterhead "L. Ron Hubbard, D.D., Ph.D." (No. 187), while three more numbers are assigned to passages from the body of the letter. (Nos. 188-90.) In one case, fourteen numbers are assigned to excerpts from one letter (Nos. 161-74).

Some of plaintiff's word counts are also substantially exaggerated. The copyright protects only the author's particular expression and not the facts (or ideas) communicated by his writing. See *Hoehling v. Universal City Studios, Inc.*, 618 F.2d 972, 978 (2d Cir.), *cert. denied*, 449 U.S. 841 (1980); *Rosemont Enterprises, Inc. v. Random House, Inc.*, 366 F.2d 303 (2d Cir. 1966), *cert. denied*, 385 U.S. 1009 (1967). In many of the passages cited by plaintiff as infringing, plaintiff includes (and counts) not only the quote (or close paraphrase) of Hubbard's expression but also the surrounding material which reports facts in Miller's own words. In many of the passages cited by plaintiff, only a small portion involves a quote or close paraphrase of protected expression. In several of these, plaintiff cites a 30-60 word passage as infringing, whereas in fact only 6 or 8 words involve a taking of protected expression.

For example:

BFMHubbard

78. First stop, six days out, was Honolulu, where the President Madison was greeted in the harbour by flotillas of small boats rowed by lithe, brown-skinned urchins who dived for quarters flipped overboard from the deck of the steamship. They used to dive for pennies, Ron noted laconically, 'thus has the Hawaiian developed his commerce'.

Six days later at dawn we hurried on deck to view Hawaii. Coming into the harbor at Honolulu, all the beach boys swam out to the ship to dive for quarters. It used to be pennies. Thus the Hawaiian developed his commerce.

93. There was considerable confusion unloading the baggage from the President Madison, which Ron blamed on the 'lazy, ignorant natives', and it was some time before their trunks were safely on their way and May and Ron could relax with a glass of lemon squeeze at the Manila Hotel.

After a hard docking against tide and wind, we found ourselves confronted with a baggage problem. A lot of lazy, ignorant natives gathered our grips. We hopped into a carrameta and went to the Manila Hotel where Mother and I indulged in a glass of "lemon squeeze".

1522 In a few instances, no doubt by mistake, the table cites the same material twice (Nos. 8, 10, 11), and quotes sentences which simply do not appear in defendant's book. (Nos. 13, 14.) (By letter plaintiff's counsel has withdrawn allegations of infringement as to these passages (see letter of May 10, 1988.))

I attach little importance to plaintiff's overcounting other than to point out that its numbers are unreliable. Even after correcting such overcounts, there remains a substantial amount of taking of protected expression sufficient to raise a serious problem of copyright infringement if the takings are not protected by fair use.

D. *Effect on the Market*

The fourth statutory factor looks to the effect of the claimed fair use on the "potential market price or value of the copyrighted work." The Supreme Court designated this as "undoubtedly the single most important element of fair use." *Nation*, 105 S. Ct. at 2234; see *Triangle Publications, Inc. v. Knight-Ridder Newspapers, Inc.*, 626 F.2d 1171, 1177 (5th Cir. 1980). The Court cites *Nimmer* to the effect that fair use is limited to copying "which does not materially impair the marketability of the work which is copied." *Id.* (quoting 1 M. Nimmer, *Nimmer on Copyright*, § 1.10[D], at 1-87 (1984)). The

Court had no difficulty affirming District Judge Owen's finding that the *Nation's* taking of the "heart" of the presidential memoirs had caused *Time Magazine* to cancel its serialization. These observations focus attention on the essentially commercial nature of the copyright interest. The fair use statute thus recognizes the public interest in criticism, news reporting, research, teaching, etc., and the importance to these undertakings of quotation from copyrighted material, but specifies that such quotation must not impair the author's right to realize the profits of his endeavors.

As to this factor, I credit plaintiff's assertion that it will commission an authorized biography of Hubbard and that the entire archive of Hubbard's writings, including the documents quoted by Miller, will be available for this project. A part of plaintiff's contention is that the market for the licensing of Hubbard's copyrights for use in such a biography is impaired by *Bare-Faced Messiah*.

In assessing this factor, we must distinguish between different causes of effect on the market for the copyrighted work. The statute seeks to protect only against causes that are within the protection of the copyright law. One significant distinction is between adverse market effect that is caused by adverse criticism and the effect caused by providing the copyrighted author's work to the readers within the covers of the secondary user's book. The cause with which the statute concerns itself is the latter—a taking which sufficiently offers the author's work in a secondary packaging that potential customers, having read the secondary work, will no longer be inclined to purchase again something they have already read. See *Consumers Union of the United States, Inc. v. General Signal Corp.*, 724 F.2d 1044, 1051 (2d Cir. 1983), cert. denied, 469 U.S. 823 (1984); *Triangle Publications, Inc. v. Knight-Ridder Newspapers, Inc.*, 626 F.2d 1171, 1177-78 (5th Cir. 1980); W. Patry, *The Fair Use Privilege in Copyright Law* 403-04 (1985).

Nor does the statute concern itself with effect on the market caused by secondary communication to the public of facts which are not within the copyright protection. Thus an autobiography and an independent biography of the same subject compete with one another for that portion of the public's time and money which it is willing to spend on books about that subject. The statute does not concern itself with market effect resulting from the competition to apprise the public of an area of factual interest. See *Hoehling v. Universal City Studios, Inc.*, 618 F.2d 972, 978 (2d Cir.), cert. denied, 449 U.S. 841 (1980); *Rosemont Enterprises, Inc. v. Random House, Inc.*, 366 F.2d 303 (2d Cir. 1966), cert. denied, 385 U.S. 7009 (1967).

I recognize that *Bare-Faced Messiah* may conceivably have an adverse effect on the market for Hubbard's work of the type which is not within the statute's concern. Miller advances a hostile, derogatory account of Hubbard, suggesting that Hubbard was dishonest, conniving, opportunistic and insane. Readers of *Bare-Faced Messiah* who credit this critique may lose interest in

purchasing Hubbard's own writings or an authorized Hubbard biography. That is unquestionably an "effect on the market for the copyrighted work," but it is not the kind of effect that the statute contemplates. If it were, fair use would be accorded only to favorable critics.

Similarly, there may be purchasers who are sufficiently interested in Hubbard to purchase one book about him, but not two. *Bare-Faced Messiah* may have an adverse impact on the marketability of Hubbard's writings with those purchasers simply by exhausting their interest. That is not within the concern of the copyright statute.

I do not believe, however, that *Bare-Faced Messiah's* use of Hubbard's expressions will have any effect (of the type contemplated) on the market for Hubbard's writings. Although it is true that substantial portions are taken from particular letters, the takings do not communicate the aggregate expression of any body of Hubbard's written work. What they do is communicate critical points made by Miller about Hubbard. Although the takings are numerous, and in the aggregate, substantial, they are drawn from a wide variety of sources, and constitute only small fragments of the aggregate of these sources.

I do not accept the defendant's argument that the potential customers for Hubbard's writings are divided into two groups—those who are for and those who are against Hubbard. Defendant postulates that Hubbard's supporters would not be dissuaded from buying his works by anything they read in *Bare-Faced Messiah* and that his detractors would not be potential customers in any event. I believe this view over-simplifies. Many potential customers who are interested in Hubbard may not know whether they should admire or abhor him. *Bare-Faced Messiah* may influence potential customers in different ways. On the other hand, it will be clear to any reader of *Bare-Faced Messiah* that she had not literally read Hubbard's writings. What she has read is a hostile, critical biography using fragmentary extracts to demonstrate critical conclusions about him. One who has an interest in reading Hubbard's writings would have no sense of having satisfied that interest by reading *Bare-Faced Messiah*.

I find, therefore, that readers would not be dissuaded from purchasing Hubbard's work by Miller's extracts. Miller's use of Hubbard's writings will not affect the market for Hubbard's copyrights. This factor favors the defendant.

Conclusion as to Fair Use

My conclusion on Holt's claim of fair use is complex.

As to the published materials (Nos. 1-69), there is no difficulty whatsoever. The fair use factors powerfully favor the defendant. The purposes supporting quotation of the particular passages convincingly support a finding of fair use. The effect on plaintiff's market is practically nonexistent. The only

aspect of a statutory factor that favors plaintiff is that Holt's book is sold for commercial profit. That is of small importance.

As to the unpublished material, the conclusion is less simple. The fact that these matters remain unpublished tends to negate fair use. Although this fact does not bar a finding of fair use, it argues against it. In order to overcome this factor, the defendant must establish a highly convincing case in favor of fair use.

As to the great majority of items, I find that defendant has done so. Most of these items are justified by a powerfully compelling fair use purpose—a purpose which reasonably requires use of the author's particular words to demonstrate the validity of an important critical point. These are not instances like those cited by the Court of Appeals in *Salinger* and by this court in *Craft v. Kobler*, 667 F. Supp. 120 (S.D.N.Y. 1987), where the biographer has used the lively expression of his subject to enliven the biography. These are uses for which [the biographer's point cannot be effectively demon- 1524 strated without using the subject's words—demonstrations of traits of character. Personal qualities of this nature often cannot be shown except by use of the subject's words. It makes no sense in such cases to speak of limiting the biographer to reporting the facts contained in the subject's letters without taking his protected expression. The letters are not being used as a source of facts reported in them. The important facts in such instances are the words themselves. Their value for the biography lies precisely in the subject's choice of words—not as a matter of literary expression—but for what the choice of words reveals about the subject. Thus, as to Hubbard's sentence, "The trouble with China is, there are too many Chinks here," (No. 133, BFM 43), there is no fact reported in it which the biographer has an interest in narrating. What is interesting is that Hubbard said it.

Nor should a biographer/critic be limited to stating her conclusions about the subject's choice of words. It would be preposterous to restrict Miller to writing something like, "Hubbard used a vulgar derogatory epithet exhibiting snobbish bigoted disdain for the Chinese." That would be at once unfair to the biographer, the subject, and the readership, which can reasonably demand to know "What did he say? Let us be the judge of whether it was vulgar, snobbish or bigoted."

Whether the negative influence of the fact of non-publication will defeat the claim of fair use depends on whether the secondary user can show a sufficiently powerful fair use claim based on all relevant factors to defeat the normal rule favoring protection. As to a very large number of Miller's quotation, I find that he succeeds in doing so.

As to the book overall, were it not for the ruling of the Court of Appeals in *Salinger*, I would conclude that fair use had been adequately demonstrated. That was the conclusion I reached as to the *Salinger* biography. *Salinger v. Random House, Inc.*, 650 F. Supp. 413 (S.D.N.Y. 1986), *rev'd*, 811 F.2d 90

(2d Cir. 1987). Here the demonstration of fair use is far more compelling. Many of the takings of Salinger's expression were for the purpose of enlivening that text with Salinger's expressive genius. That is not the case here. Hubbard's expression is taken primarily to show character flaws in a manner that cannot be accomplished without use of his words.

Nonetheless, given *Salinger's* strong presumption against a finding of fair use for unpublished materials, I cannot conclude that the Court of Appeals would accord fair use protection to all of Miller's quotations, or that the biography as a whole would be considered non-infringing.

I listed above approximately 44 passages as to which a fair use purpose is not convincingly shown. Although some of these are very brief and inconsequential, amounting to no more than a few words, others involve rather lengthy descriptions.

Also, given the force of the presumption expressed by the *Salinger* court against a finding of fair use for unpublished materials, I have some doubt whether that court would sanction the use of multiple examples to portray a particular quality. For example, *Bare-Faced Messiah* uses numerous instances of Hubbard's expression to illustrate his boastfulness, pomposity, pretension and self-important grandiosity. In my view this variety is appropriate. The examples do not duplicate one another; they combine to reveal a complex picture of complex qualities displayed by Hubbard at different times of his life. But the *Salinger* court might find that Miller's examples were too numerous—that the fair use interest diminishes with the quotation of sufficient examples to make the point. Also some of the instances are less effective and important than others as demonstrations of the characteristics in question. These also might well be disallowed as fair uses.

I conclude that there is a body of material of small, but more than negligible size, which, given the strong presumption against fair use of unpublished material, cannot be held to pass the fair use test. I therefore find, under
1525 mandate of the *Salinger* opinion, that *Bare-Faced Messiah* to some degree infringes Hubbard's copyrights in some of his previously unpublished works.

II. SHOULD PUBLICATION BE ENJOINED?

Injunctions are generally issued to prevent infringement of copyright. Although it is standard doctrine that injunction is a drastic remedy that should not issue except on a finding of irreparable injury which damages will not adequately compensate, see *Weinberger v. Romero-Barcelo*, 456 U.S. 305, 311-12 (1982); *City of Harrisonville v. Dickey Clay Mfg. Co.*, 289 U.S. 334, 337-38 (1933), it has become commonplace in copyright cases to assume such injury. See, e.g., *Hasbro Bradley, Inc. v. Sparkle Toys, Inc.*, 780 F.2d 189, 192 (2d Cir. 1985); *Wainwright Securities, Inc. v. Wall Street Transcript Corp.*, 558 F.2d 91, 94 (2d Cir. 1977), cert. denied, 434 U.S. 1014 (1978); *Rushton v. Vitale*, 218 F.2d 434 (2d Cir. 1955). An injunction is easily justified in many

common types of copyright infringement. Infringement often involves piracy of artistic creations motivated exclusively by greed. Unscrupulous opportunists flood the marketplace with copies of best-selling dress fabrics, popular children's toys, or successful films on VCR tapes. Because they incur no development cost, no risk and no advertising expense, they sell profitably at a fraction of the price of the authentic merchandise and thus destroy the creator's market. Such instances of infringement serve no useful purpose. Worse, they destroy the rewards and incentives for artistic creation. The harm to the copyright owner is difficult to assess, in part because these infringers carry on their activities in secret. In short, all relevant considerations support enjoining such activity.

The issue presented here is drastically different. First, the character of the infringing conduct has nothing in common with such opportunistic free riding. Hubbard's writing is quoted to substantiate the argument of a laboriously researched, well-constructed biography representing, right or wrong in its views, a valuable commentary on a subject of public importance. The portions as to which I find no compelling fair use justification are insignificant. This is not profiteering by appropriating the creative effort and genius of another. It is providing, by research, investigation, study, analysis and creative writing, a valuable, if debatable, study.

The grant of an injunction would diminish public knowledge. It would suppress an interesting, well-researched, provocative study of a figure who, claiming both scientific and religious credentials, has wielded enormous influence over millions of people. Surely the suppression of such a work implicates concerns of the First Amendment. The abhorrence of the First Amendment to prior restraint is so powerful a force in shaping so many areas of our law, it would be anomalous to presume casually its appropriateness for all cases of copyright infringement. In contrast, we accept as black letter that an injunction is not available to suppress defamatory speech. See *Nebraska Press Ass'n v. Stuart*, 427 U.S. 539, 557-60 (1976); *Organization for a Better Austin v. Keefe*, 402 U.S. 415 (1971); *In the Matter of the Providence Journal Co.*, 820 F.2d 1342, 1350 (1st Cir. 1986), *modif.*, 820 F.2d 1354 (1st Cir. 1987), *cert. dismissed*, 108 S. Ct. 1502 (1988); see also *Galella v. Onassis*, 487 F.2d 986 (2d Cir. 1973) (modifying injunction to permit news coverage).

In the past, efforts to suppress critical biography through the copyright injunction have generally not succeeded because courts (sometimes straining) have found fair use. See *Rosemont Enterprises, Inc. v. Random House, Inc.*, 366 F.2d 303 (2d Cir. 1966), *cert. denied*, 385 U.S. 1009 (1967); *Meeropol v. Nizer*, 361 F. Supp. 1063 (S.D.N.Y. 1973), *remanded for further findings*, 560 F.2d 1061 (2d Cir. 1977), *cert. denied*, 434 U.S. 1013 (1978); *Estate of Hemingway v. Random House, Inc.*, 49 Misc. 2d 726, 268 N.Y.S.2d 531 (Sup. Ct. N.Y. Co. 1966), *aff'd*, 25 A.D.2d 719, 269 N.Y.S.2d 366 (1st Dept. 1966), 1526 *aff'd on other grounds*, 23 N.Y.2d 341, 296 N.Y.S.2d 771 (1968). The con-

flict between freedom of speech and the injunctive remedy was thus avoided. Since *Salinger*, however, the issue is inescapable. If a biographer, historian or critic needs to use unpublished letters to make her critical points, she cannot confidently rely on the doctrine of fair use, no matter how worthwhile, creditable and instructive the biography may be. We must, therefore, focus with new intensity on the potential conflict between the copyright and freedom of speech, and particularly on the question whether a finding of infringement should ritualistically call forth an injunction. See Abrams, *First Amendment and Copyright*, 35 Journal of the Copyright Society 1, 11 (1987); Goldstein, *Copyright and the First Amendment*, 70 Colum. L. Rev. 983, 1030 (1970).

A finding of fair use has consequences going far beyond denial of an injunction. It means also that the author receives no compensation for commercial use of his copyrighted authorship. It is important to recognize that the justification of the copyright law is the protection of the *commercial* interest of the artist/author. It is not to coddle artistic vanity or to protect secrecy, but to stimulate creation by protecting its rewards. The copyright seeks to ensure that authors will not be deprived of the fruits of their labors and will be encouraged to employ their creative talents by confidence that the rewards will not be taken from them. See *Nation* 105 S. Ct. at 2229. There may thus be instances where solicitude for the author's commercial entitlements, especially in first publication, will motivate a court to protect his compensation right by denying a finding of fair use, while solicitude for a free press and free public discussion will require denial of an injunction. If, on the particular facts, the copyright owner can be reasonably compensated in damages for injury to this commercial interest, and the injury to the public interest in free speech resulting from injunction would be great, that is a powerful reason for limiting the remedy to damages and withholding the injunctive relief.

The Copyright Act, on its face, does not require a grant of injunctive relief. It states in permissive terms that the court "may . . . grant . . . final injunctions." 17 U.S.C. § 502. The copyright owner may also recover damages for his losses (including statutory damages) as well as appropriate portions of the infringer's profits. See *Lottie Joplin Thomas Trust v. Crown Publishers*, 591 F.2d 651, 657 (2d Cir. 1978); see also *Syigma Photo News, Inc. v. High Society Magazine, Inc.*, 778 F.2d 89, 95 (2d Cir. 1985) (court should err on side of granting plaintiff a full recovery). Prior to the 1909 Copyright Act courts often denied injunctive relief and limited the plaintiff to a recovery of damages where most of the defendant's work consisted of noninfringing material. See *Dun v. Lumbermen's Credit Ass'n*, 209 U.S. 20 (1908). Four Justices of the Supreme Court have recently suggested granting other than injunctive relief in appropriate circumstances. See *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417, 499-500 (1984) (Blackmun, J., dissenting).

Neither the Supreme Court in *Nation* nor the Court of Appeals in *Salinger* contemplated the question whether an injunction need inevitably follow from a finding of infringement. The *Nation* suit was brought after the fact of the infringing publication. No injunction was sought. The Court therefore considered only *The Nation's* liability for damages for infringement. *Salinger* was an injunction case that did result in the suppression of a biography. Nonetheless the only issue debated in *Salinger* was whether fair use had been established. See *Salinger*, 811 F.2d at 92. ("This appeal presents the issue whether the biographer of a renowned author has made 'fair use' of his subject's unpublished letters.") The decision contains no discussion (because the case was not argued on that ground) of whether an injunction should necessarily follow if the defendant failed to establish fair use.

I recognize that in *Nation* the Supreme Court devoted considerable attention to the author's right "to refrain from speaking at all," 105 S. Ct. at 1527 2230 (quoting *Estate of Hemingway*, *supra*, 28 N.Y.2d at 348) a right which arguably cannot be preserved without an injunctive remedy. I believe, however, that a proper understanding of this right involves subtle differences which do not favor plaintiff here. The Court's discussion of the copyright owner's "deliberate choice" not-to-publish used as an example (drawn from the Senate report) the unauthorized classroom distribution of photocopies of an unpublished scholarly article. The Senate Report and the Court concluded that the author's "right to decide whether and when to publish would under ordinary circumstances . . . outweigh any needs of reproduction for classroom purposes." *Id.* at 2227. On the other hand, the Court asserts firmly, "we do not suggest this right not to speak would sanction abuse of the copyright owner's monopoly as an instrument to suppress facts." *Id.* at 2230.

The distinction between a proper and an abusive exercise of that freedom bears on this controversy. It is one thing to exercise the right to prevent premature publication of a novel or scholarly article which the author may wish to further perfect. That factor has no application here. The proper concern of the Supreme Court might also arise where an author chooses to discard rather than publish a work, either because he considers it substandard or for any other reason. On appropriate facts that concern might influence the assessment of a fair use defense or the availability of an injunction. It cannot, however, be invoked to command an automatic injunction, barring selected quotation which reveals relevant and important facts of public interest about the character of the author. Hubbard's followers might well wish to prevent public dissemination of some of Hubbard's utterances. These utterances are, however, pertinent historical facts. Regardless whether we conclude under a "fair use" analysis that the copyright holder should not lose his right to receive compensation from the public dissemination of such writing, it does not necessarily follow that the author or his heirs or licensees should possess the

power to prevent the public from learning informative facts inherent in his declarations.

Nor is this a proper case for application of a different line of Supreme Court authority recognizing a right not to speak. See *Pacific Gas & Electric Co. v. Public Utilities Commission of California*, 475 U.S. 1, 16 (1986); *Wooley v. Maynard*, 430 U.S. 705 (1977); *West Virginia Board of Education v. Barnette*, 319 U.S. 624 (1943). This right concerns the question whether one may be required to announce or transmit a message one had no part in creating and may indeed disagree with. It has been asserted by citizens of a state protesting the obligation to display a message on the license plates of their cars and by utility companies protesting a requirement that they disseminate in their billing envelopes messages propounded by others.

That principle has no application to this case. These are not the words of others thrust upon Hubbard. They are his words. He had the right not to speak but chose not to exercise it. The question is whether the copyright licensee is entitled to an injunction that would prevent the public from learning interesting pertinent newsworthy facts of Hubbard's utterances.

When the interests protected by the copyright are in acute conflict with those represented by the First Amendment, courts should weigh cautiously whether a prior restraint in the form of an injunction is the appropriate remedy. An award of damages or profits designed to secure for copyright owners appropriate rewards of creativity can protect the copyright holder with far less injury to the public interest in freedom of speech than an injunction.¹⁴

1528 Thus Professor Nimmer, although recognizing the existence of authority re-

¹⁴ A further question arises: In determining questions of fair use and of remedy, should a court consider whether a copyright action is brought in good faith to preserve the benefits secured by the copyright law or whether it is brought to accomplish a different purpose, such as combatting a hostile or derogatory publication. See *Rosemont Enterprises, Inc. v. Random House, Inc.*, 366 F.2d 303, 311 (2d Cir. 1966) (Lumbard, J., concurring); see also *Meeropol v. Nizer*, 560 F.2d 1061, 1069 (2d Cir. 1977) (distinguishing *Rosemont* as a case in which plaintiff tried to prevent publication of a biography). The record contains substantial indication that plaintiff's primary interest is to destroy a book that is hostile to the Hubbard image. Hubbard's executor testified to the effect that he would never license the Hubbard copyrights for use in a book that was critical of Hubbard. (Gready Aff. Exh. A at p. 105.) The author, Miller, testified in his book that his way was obstructed at every turn by the hostility of Scientology. As early as May 1986 attorneys for the Church were writing to the publisher Holt suggesting that Miller's book would be defamatory and threatening litigation. The question at least arises whether this lawsuit is brought to protect the commercial interest—Hubbard's copyrights—or whether it is an implementation of Hubbard's advice, quoted in *Bad Faced Messiah*, that "the law can be used very easily to harass If possible, of course, ruin [the adversary] utterly." (No. 47, *BFM* 223.) I do not rely on these considerations in reaching my conclusion.

quiring an injunction, cautioned that "where great public injury would be worked by an injunction, the courts might follow cases in other areas of property law and award damages as a continuing royalty instead of an injunction under such special circumstances." 3 M. Nimmer, *Nimmer on Copyright*, § 14.06[B] at 14-56.1 (1987); see also Fisher, *Reconstructing the Fair Use Doctrine*, 101 Harv. L. Rev. 1659, 1726 (1988) (advocating increased use of licenses); Nimmer, *Copyright Liability for Audio Home Recording*, 68 Va. L. Rev. 1505, 1530-32 (1982).

I have no difficulty concluding that this is one of those special circumstances in which the interests of free speech overwhelmingly exceed the plaintiff's interest in an injunction. As a practical matter, an injunction would kill this informative book. As the book is already in print, the expense and waste involved in republishing after deleting infringing material would be prohibitive. The injury to freedom of speech would be significant. The public would be deprived of an interesting and valuable historical study. No significant copyright interest would be served by an injunction. I conclude, notwithstanding some small degree of infringement, that a permanent injunction should be denied.

Dated: New York, N.Y.

August 9, 1988

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

----- x
NEW ERA PUBLICATIONS INTERNATIONAL,

ApS, A corporation of Denmark,

Plaintiff,

-against-

HENRY HOLT and COMPANY, INC.,

A New York Corporation,

Defendant.
----- x

88 Civ. 3126(PNL)

ORDER

Dated: Aug. 9, 1988

PIERRE N. LEVAL, U.S.D.J.

Attached to this Order are two appendices setting forth a summary of the court's findings as to the individual passages claimed as infringing.

The rulings of the court are indicated by the following letter code:

- A — Infringement or Weak Fair Use Justification.
- B — (not used.)
- C — No Infringement-Report of Facts.
- D — No Infringement-Report of Idea.
- E — No Infringement-Acceptable Paraphrase. No taking of manner of expression.
- F — Strong Fair Use Justification.
 - F1 — False Mythology
 - F2 — Hubbard Dishonesty.
 - F3 — Boastfulness, Pomposity, Pretension.
 - F4 — Paranoia.
 - F5 — Snobbery, Bigotry, Disdain for Asians, Dislike of Orient.
 - F6 — Cruelty, Disloyalty.
 - F7 — Aggressiveness, Vicious and Scheming Tactics.
 - F8 — Cynicism.
 - F9 — Derangement, Insanity, Bizarre Pseudo-Science.
 - F10 — Self Presentation in Early Diaries.
 - F11 — Accurate Rendition of Idea.
 - F12 — Early Writing Style.
- G — Overcount.

Dated: New York, NY

Aug. 9, 1988

S O O R D E R E D:

Pierre N. Leval, U.S.D.J.

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

NEW ERA PUBLICATIONS INTERNATIONAL, ApS, A corporation of Denmark,	:	Civil Action No. 88 Civ. 3126 (PNL)
Plaintiff,	:	
-against-	:	
HENRY HOLT and COMPANY, INC.,	:	
Defendant.	:	
	x	

TABLE OF ALLEGED INFRINGEMENTS

Michael Lee Hertzberg
Madison Avenue
New York, New York 10016
(212) 679-1167
Michael C. Elmer
FINNEGAN, HENDERSON,
FARABOW, GARRETT &
DUNNER
1175 K Street, N.W.
Washington, D.C. 20006
(212) 293-6850
Attorneys for Plaintiff
New Era Publications ApS

Dated: May 26, 1988

*PUBLISHED EXCERPTS*MILLER EXCERPTS

Chapter: 1

Page: 7

1. L. Ron Hubbard found the life of a young rancher very enjoyable. Long days were spent riding, breaking broncos, hunting coyote and taking his first steps as an explorer. For it was in Montana that he had his first encounter with another culture—the Blackfoot (Pikuni) Indians. He became a blood brother of the Pikuni and was later to write about them in his first published novel, *Buckskin Brigades*.

2. When he was 10 years old in 1921, he rejoined his family. His family, alarmed at his apparent lack of formal learning, immediately put him under intense instruction to make up for the time he had "lost" in the wilds of Montana. So it was that by the time he was twelve years old, L. Ron Hubbard had already read a goodly number of the world's greatest classics—and his interest in religion and philosophy was born.

MILLER EXCERPTS

Chapter: 1

Page: 25

SOURCE EXCERPTSMISSION INTO TIME

Chapter: Introduction

Page: 4 & 5

L. Ron Hubbard found the life of a young rancher very enjoyable. Long days were spent riding, breaking broncos, hunting coyote and taking his first steps as an explorer.

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So it was that by the time he was 12 years old L. Ron Hubbard had already read a goodly number of the world's greatest classics—and his interest in religion and philosophy was born.

MISSION INTO TIME

Chapter: Introduction

Page: 4 & 5

- F3 3. He also noted in his journal that he became a close friend of President Coolidge's son, Calvin Junior, whose early death accelerated his 'precocious interest in the mind and spirit of man'.
- In Washington, he had also become a close friend of President Coolidge's son, Calvin Jr., whose early death accelerated L. Ron Hubbard's precocious interest in the mind and spirit of Man.

MILLER EXCERPTS

Chapter: 2

Page: 26

- F1,3 4. In the high hills of Tibet he lived with bandits who accepted him because of his 'honest interest in them and their way of life'.

MILLER EXCERPTS

Chapter: 2

Page: 26

- C 5. On an unnamed island in the South Pacific, the fearless boy calmed the natives by exploring a cave that was supposed to be haunted and showing them that the rumbling sound from within was nothing more sinister than an underground river.

MILLER EXCERPTS

Chapter: 2

Page: 26

- F1, 1a,3 6. 'Deep in the jungles' of Polynesia he discovered an ancient burial ground 'steeped in the tradition of heroic warriors and kings . . . Though his native friends were fearful for him, he explored the sacred area—his initiative based on doing all he could to know more'.

MILLER EXCERPTS

Chapter: 2

WHAT IS SCIENTOLOGY?

Chapter: Illustrations

Page: XL

In the isolation of the high hills of Tibet, even native bandits responded to Ron's honest interest in them and were willing to share with him what understanding of life they had.

WHAT IS SCIENTOLOGY?

Chapter: Illustrations

Page: XLIII

At one point Ron explored a "haunted" cave and revealed that the source of some ghostly rumblings was actually an underground river. This discovery relieved the natives who for some time had been frightened by the unknown river's sounds.

WHAT IS SCIENTOLOGY?

Chapter: Illustrations

Page: XLIV

Ron's quest took him deep into jungles where he located an ancient burial ground in Polynesia, a place steeped in the tradition of heroic warriors and kings. Though his native friends were fearful for him, Ron explored the sacred area—his initiative based on doing all he could to know more.

NEW SLANT ON LIFE

Chapter: The Vocabularies of Science

F1, 1a, 2,3 Page: 26

7. I remember one time learning Igoroti, an Eastern in primitive language, in a single night I sat up by kerosene lantern and took a list of words that had been made by an old missionary in the hills of Luzon [Philippines]. The Igorot had a very simple language. This missionary phoneticized their language and made a list of their main and their usage and grammar. And I remember sitting up under a mosquito net with mosquitoes hungrily chomping their beaks just outside the net, and learning this language three hundred words—memorizing these words and what they meant. And that next day I started to get them in line and align them with people, and was speaking Igoroti in a very short time.'

MILLER EXCERPTS

Chapter: 3

Page: 40

Page: 121

I remember one time learning Igoroti, an Eastern primitive language, in a single night. I sat up by kerosene lantern and took a list of words that had been made by an old missionary in the hills in Luzon—the Igorot had a very simple language. This missionary had phoneticized their language and he had made a list of their main words and their usage and grammar. And I remember sitting up under a mosquito net with mosquitoes hungrily chomping their beaks just outside the net, and learning this language—just three hundred words—just memorizing these words and what they meant. And the next day I started to get them in line and align them with people, and was speaking Igoroti in a very short time.

MILLION INTO TIME

Chapter: Introduction

Page: 5 & 7

- F1, 1a, 2,3 8. Hubbard's amazing adventures as an explorer are graphically described in **MISSION INTO TIME**, a book published by the Church of Scientology. It seems that Hubbard spent more than four years, from 1925 to 1929, journeying through Asia, financed on his travels by his 'wealthy grandfather'. After his grandfather's death, the 'budding and enthusiastic world traveller and adventurer' returned to the United States, where he enrolled at George Washington University as a student in one of the first nuclear physics courses ever taught in an American university. Naturally, he quickly became an associate editor of the university newspaper and a prominent member of many of the university's clubs and societies.
- C
- G 10. At George Washington L. Ron Hubbard became associate editor of the University newspaper, "The Hatchet", and was a member of many of the University's clubs and societies. . .
- G 11. Here, also, he was enrolled in one of the first nuclear physics courses ever taught in an American university.
- The following years, from 1925 to 1929, saw the young Mr. Hubbard, between the ages of 14 and 18, as a budding and enthusiastic world traveler and adventurer. His father was sent to the Far East and having the financial support of his wealthy grandfather, L. Ron Hubbard spent these years journeying throughout Asia.
- With the death of his grandfather, the Hubbard family returned to the United States and, after intense study at Swavely Preparatory School in Manassas, Virginia and at Woodward Preparatory School in Washington, D.C., he enrolled at the George Washington University Engineering School in the fall of 1930.
- At George Washington, L. Ron Hubbard became associate editor of the University newspaper, "The Hatchet," and was a member of many of the University's clubs and societies including the Twentieth Marine Corps Reserve and the George Washington College Company.
- Here, also, he was enrolled in one of the first nuclear physics courses ever taught in any American university.

F1, 1a,3	12. 'As a student, barely 20 years old, he supported himself by writing and within a very few years he had established himself as an essayist in the literary world. . .	As a student, barely 20 years old, he supported himself by writing and within a very few years he had established himself as an essayist in the literary world.
G not from Δ's book	13. He made the time during these same busy college years to act as a director with the Caribbean Motion Picture Expedition of 1931. The underwater films made on that journey provided the Hydrographic Office and the University of Michigan with invaluable data for the furtherance of their research.	And, explorer that he was and is, he made the time during these same busy college years to act as a director with the Caribbean Motion Picture Expedition of 1931. The underwater films made on that journey provided the Hydrographic Office and the University of Michigan with invaluable data for the furtherance of their research.
G not from Δ's book	14. 'Then in 1932, the true mark of the exceptional explorer was demonstrated. In that year L. Ron Hubbard, aged 21, achieved an ambitious "first". Conducting the West Indies Minerals Survey, he made the first complete mineralogical survey of Puerto Rico. This was pioneer exploration in the great tradition, opening up a predictable, accurate body of data for the benefit of others. . .	Then in 1932, the true mark of an exceptional explorer was demonstrated. In that year L. Ron Hubbard, aged 21, achieved an ambitious 'first.' Conducting the West Indies Minerals Survey, he made the first complete mineralogical survey of Puerto Rico. This was pioneer exploration in the great tradition, opening up a predictable, accurate body of data for the benefit of others.

F1,3

MILLER EXCERPTS

Chapter: 5

Page: 79

F1,3

15. Modestly described as 'a sensational volume which was a summation of life based on his analysis of the state of mankind' much would be heard of this great work in later years; indeed, it would become a cornerstone of the mythology built around his life.

G

MISSION INTO TIME

Chapter: Introduction

Page: 8 & 9

A sensational volume which was a summation of life based on his analysis of the state of mankind.

MILLER EXCERPTS

Chapter: 5

Page: 79

- G 16. It was claimed that the book derived from Ron's 'discovery' that the primary law of life was to survive, although, naturally, the part played by 'explorations, journeys and experiences in the four corners of the earth, amongst all kinds of men, was crucial'.
- F1,3

MILLER EXCERPTS

Chapter: 6

Page: 110

17. He, of course, saw it somewhat differently: 'Blinded with injured optic nerves, and lame with injuries to hip and back, at the end of World War Two I faced an almost non-existent future. . . I was abandoned by family and friends as a supposedly hopeless cripple and a probable burden upon them for the rest of my days. . . I became used to being told it was all impossible, that there was no way, no hope. Yet I came to see and walk again. . .'
- F2,3

MILLER EXCERPTS

Chapter: 9

Page: 155

- F3 18. 'The creation of Dianetics', he declared in the opening sentences of the book, 'is a milestone for Man comparable to his discovery of fire and superior to his inventions of the wheel and the arch. . .'

MISSION INTO TIME

Chapter: Introduction

Page: 9

The part played in this by his explorations, journeys and experiences in the four corners of the earth, amongst all kinds of men, was crucial.

MY PHILOSOPHY

Page: 2

Blinded with injured optic nerves, and lame with physical injuries to hip and back, at the end of World War II, I faced an almost nonexistent future.

I was abandoned by family and friends as a supposedly hopeless cripple and probable burden upon them for the rest of my days.

I became used to being told it was all impossible, that there was no way, no hope. Yet I came to see again and walk again, and I built an entirely new life.

DIANETICS THE MODERN SCIENCE OF MENTAL HEALTH (1968 edition)

Chapter: Synopsis

Page: ix

The creation of Dianetics is a milestone for Man comparable to his discovery of fire and superior to his inventions of the wheel and arch.

F3	19. The hidden source of all psychosomatic ills and human aberration has been discovered and skills have been developed for their invariable cure. Chapter: 9 Page: 155 & 156	The hidden source of all psychosomatic ills and human aberration has been discovered and skills have been developed for their invariable cure. Chapter: Book Two Chapter VII Page: 132
F11	20. 'A large proportion of allegedly feeble-minded children', he wrote, 'are actually attempted abortion cases. . .	A large proportion of allegedly feeble-minded children are actually attempted abortion cases whose engrams place them in fear paralysis or regressive palsy and which command them not to grow but to be where they are forever.
F11	21. However many billions America spends yearly on institutions for the insane and jails for the criminals are spent primarily because of attempted abortions done by some sex-blocked mother to whom children are a curse, not a blessing of God. . . Chapter: 9 Page: 156	However many billions America spends yearly on institutions for the insane and jails for the criminals are spent primarily because of attempted abortions done by some sex-blocked mother to whom children are a curse, not a blessing of God. Chapter: Book Two Chapter VII Page: 133
F2,3	22. All these things are scientific facts, tested and rechecked and tested again. Chapter: 9 Page: 156	All these things are scientific facts, tested and rechecked and tested again. Chapter: Book Three Chapter VI Page: 212
F11	23. 'Take that! Take it, I tell you. You've got to take it! Chapter: 9 Page: 156	Take that! Take it, I tell you. You've got to take it! Chapter: Book Three Chapter VI Page: 208
F11	24. Or a pregnant woman suffering from constipation might sit straining for a bowel movement muttering to herself, 'Oh, this is hell, I am all jammed up inside. I feel so stuffy I can't think. This is too terrible to be borne.' Chapter: 9 Page: 156	Then, if she habitually talks to herself (a monologist) as an enormous number of aberrated women do, she may say, "Oh, this is hell. I am all jammed up inside. I feel so stuffy I can't think. This is too terrible to be borne." Chapter: Book Two Chapter VI Page: 116

F7,9	25. After women, Hubbard's secondary target was the medical profession, towards which he directed almost rabid hostility, accusing neurosurgeons of reducing their 'victims' to 'zombyism' either by burning away the brain with electric shocks or tearing it to pieces with a 'nice ice-pick into each eyeball'.	Then, one day, since this is one engram among many, the mental hospital gets our patient and the doctors there decide that all he needs is a good solid series of electric shocks to tear his brain up, and if that doesn't work, a nice ice-pick into each eyeball after and during electric shock, the ice-pick sweeping a wide arc to tear the analytical mind to pieces.
	Chapter: 9 Page: 156	Chapter: Book One Chapter 1 Page: 4
F7,9	26. 'In terms of brutality in treatment of the insane,' he wrote, 'the methods of the shaman or Bedlam have been exceeded by the "civilized" techniques of destroying nerve tissue with the violence of shock or surgery . . . destroying most of his personality and ambition and leaving him nothing more than a manageable animal.'	In terms of brutality in treatment of the insane, the methods of the shaman or Bedlam have been far exceeded by the "civilized" techniques of destroying nerve tissues with the violence of shock and surgery, treatments which were not warranted by the results obtained and which would not have been tolerated in the meanest primitive society, since they reduce the victim to mere zombyism, destroying most of his personality and ambition and leaving him nothing more than a manageable animal.
	Chapter: 9 Page: 157	Chapter: Book Three Chapter 1 Page: 164, 165
E	27. Auditing began in a darkened room by inducing in the pre-clear a condition Hubbard described as 'Dianetic reverie', which could apparently be recognized by a fluttering of the closed eyelids.	These are the three things we use, with the reactive and standard banks, in the Dianetic reverie. One, two, three (patient's eyes close and eyelids flicker), four, five, six, seven.
F11	Chapter: 9 Page: 157	Chapter: Book Three Chapter IX Page: 294

- E 28. Most pre-clears, Hubbard
F11 advised, would eventually
experience a 'sperm dream'
during which, as an egg, they
would swim up a channel to
meet the sperm.
- Your patients sometimes have a
feeling that they are sperms or
ovums at the beginning of the track:
in Dianetics, this is called the sperm
dream.

MILLER EXCERPTS

Chapter: 10

Page: 163

29. 'The United States Government
at this time [1950] attempted to
monopolize all his researches
and force him to work on a
project "to make man more
suggestible" and when he was
unwilling, tried to blackmail
him by ordering him back to
active duty to perform this
function. Having made many
friends he was able to instantly
resign from the Navy and
escape this trap. The
Government never forgave him
for this and soon began vicious,
covert international attacks
upon his work, all of which
were proven false and baseless.'

F3,4

WHAT IS SCIENTOLOGY?

Chapter: About the Founder

Page: 324

The United States Government at
this time attempted to monopolize
all his researches and force him to
work on a project "to make man
more suggestible" and when he was
unwilling, tried to blackmail him by
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resign from the Navy and escape
this trap. The Government never
forgave him for this and soon began
vicious, covert international attacks
upon his work, all of which were
proven false and baseless, which
were to last 28 years and finally
culminated in the government being
sued for 750 million dollars for
conspiracy.

MILLER EXCERPTS

Chapter: 12

Page: 202

30. 'Many awards and honors were
offered and conferred on L.
Ron Hubbard. He did accept
an honorary doctor of
Philosophy given in recognition
of his outstanding work on
Dianetics and, as an inspiration
to the many people . . . who
had been inspired by him to
take up advanced studies in this
field.'

Fla

MISSION INTO TIME

Chapter: Introduction

Page: 16

Many awards and honors were
offered and conferred on L. Ron
Hubbard. He did accept an
honorary Doctor of Philosophy
given in recognition of his
outstanding work on Dianetics and,
as an inspiration to the many people
. . . who had been inspired by him
to take up advanced studies in this
field. . ."

MILLER EXCERPTS

ABILITY MAGAZINE NO. 81

Chapter: 12

Page: 203

F3

31. It was an exalted state not yet known on earth, Hubbard wrote. 'Neither Lord Buddha nor Jesus Christ were OTs according to the evidence. They were just a shade above clear.'

MILLER EXCERPTS

Chapter: 12

Page: 203

F9,11

32. 'He now goes to another planet by spaceship. A deception is accomplished by hypnosis and pleasure implants (rather like opium in their effects) whereby he is deceived into a love affair with a robot decked out as a beautiful red-haired girl. . .'

MILLER EXCERPTS

Chapter: 12

Page: 204

F9,11

33. ('The genetic entity apparently enters the protoplasm line some two days or a week prior to conception. There is some evidence that the GE is actually double, one entering on the sperm side. . .')

MILLER EXCERPTS

Chapter: 12

Page: 204

Page: 5

Neither Lord Buddha nor Jesus Christ were O.T.'s according to the evidence. They were just a shade above clear.

HAVE YOU LIVED BEFORE THIS LIFE (1968 edition)

Chapter: Case No. 37

Page: 151

He now goes to another planet by space ship and here ensues the more aberrative part of the incident. A deception is accomplished by hypnosis and pleasure implants (rather like opium in their effects) whereby he is deceived into a love affair with a robot decked out as a beautiful red-haired girl who receives all his confidences for a period of 50 years.

HISTORY OF MAN

Chapter: 3

Page: 18

The GENETIC ENTITY apparently enters the protoplasm line some two days or a week prior to conception. There is some evidence that the GE is actually double, one entering on the sperm side, one entering on the ovum side.

HISTORY OF MAN

Chapter: 3

Page: 17

- F9 34. The GE carried on through the evolutionary line, 'usually on the same planet', whereas the thetan only came to earth about 35,000 years ago to supervise the development of caveman into homo sapiens.

MILLER EXCERPT

Chapter: 12

Page: 204

- F9 35. Thus the GE was once 'an anthropoid in the deep forests of forgotten continents or a mollusc seeking to survive on the shore of some lost sea.'

MILLER EXCERPTS

Chapter: 12

Page: 204

- F3 36. The discovery of the GE (Hubbard hailed every fanciful new idea as a 'discovery') 'makes it possible at last to vindicate the theory of evolution proposed by Darwin.'

MILLER EXCERPTS

Chapter: 12

Page: 204

- F11 37. Much of the book was devoted to a re-working of evolution, starting with 'an atom, complete with electronic rings' after which came cosmic impact producing a 'photon converter', the first single-cell creature, then seaweed, jellyfish and the clam.

MILLER EXCERPTS

Chapter: 12

The GENETIC BEING carries on through the evolutionary line, parallel with the protoplasmic line, generation to generation, usually on the same planet—in this case, EARTH.

HISTORY OF MAN

Chapter: 4

Page: 25

Your MEST GE has probably activated a body there, just as it has been, (in accordance with Darwin and his Russian copyist, one of the patron saints of the current slave state of Russia, Lysenko) an anthropoid in the deep forests of forgotten continents or a mollusc seeking to survive on the shore of some lost sea.

HISTORY OF MAN

Chapter: 4

Page: 22

The discovery of the GE makes it possible at last to vindicate the theory of evolution proposed by Darwin.

HISTORY OF MAN

Chapter: 4

Page: 26 & 27

But the first incident one finds in the GE behaves as though the preclear were an atom, complete with electronic rings.
"The Cosmic Impact," "The Photon Converter"

HISTORY OF MAN

Chapter: Foreword

Page: 204

Page: 5

38. Introduced as 'a cold-blooded and factual account of your last sixty trillion years', Hubbard intended the book to establish the foundations of Scientology and he had no desire to be unduly modest about its potential.

F3,9

39. With the knowledge gained by scientology, he wrote in the third paragraph, 'the blind again see, the lame walk, the ill recover, the insane becomes sane and the sane saner.'

F3,9

MILLER EXCERPTS

HISTORY OF MAN

Chapter: 12

Chapter: 4

Page: 205

Page: 25

40. 'By the way, he warned, 'your discussion of these incidents with the uninitiated in Scientology can cause havoc. Should you describe the "clam" to someone [sic], you may restimulate it in him to the extent of causing severe jaw pain. One such victim, after hearing about a clam death, could not use his jaw for three days.'

F9

MILLER EXCERPTS

HISTORY OF MAN

Chapter: 12

Chapter: 4

Page: 205

Page: 31

- F9,11 41. After the clam came the 'Weeper' or the 'Boohoo', a mollusc that rolled in the surf for half a million years, pumping sea water out of its shell as it breathed, hence its name. Weepers had 'trillions of misadventures', prominent among them the anxiety caused by trying to gulp air before being swamped by the next wave. 'The inability of a pre-clear to cry,' Hubbard explained, 'is partly a hang-up in the weeper. He is about to be hit by a wave, has his eyes full of sand or is frightened about opening his shell because he may hit.'
- The inability of a pre-clear to cry is partly a hang-up in the WEEPER. He is about to be hit by a wave, has his eyes full of sand or is frightened about opening his shell because he may be hit.
- The weeper (originally called "the Grim Weeper" or the boohoo) had trillions of misadventures.

MILLER EXCERPTS

Chapter: 12

Page: 205

- F9 42. Progressing along the genetic time-track, evolution arrived at the sloth, which 'had bad times falling out of trees', the ape and the famous Piltdown Man, which was the cause of a multitude of engrams, ranging from obsessions about biting to family problems. These could be traced back to the fact that 'the Piltdown teeth were enormous and he was quite careless as to whom and what he bit.' Indeed, so careless was the Piltdown Man, Hubbard recorded, that he was sometimes guilty of 'eating one's wife and other somewhat illogical activities'.

HISTORY OF MAN

Chapter: 4

Page: 33

"The Sloth"

"The Ape" "The Piltdown Man"

But the sloth was slow and easily attacked and he had bad times falling out of trees when hit by snakes, falling off cliffs when attacked by baboons.

The PILTDOWN contains freakish acts of strange "logic," of demonstrating dangerous on one's fellows, of eating one's wife and other somewhat illogical activities.

MILLER EXCERPTS

Chapter: 12

HISTORY OF MAN

Chapter: 8

- E Page: 206
43. Hubbard revealed that most implant stations were on Mars, although women occasionally had to report elsewhere in the solar system and there was a 'Martian implant station somewhere in the Pyrenees.'

MILLER EXCERPT

Chapter: 12

Page: 206

- F3 44. Continuing his tradition of audacious introductions, the author wrote: 'With this book, the ability to make one's body old or young at will, the ability to heal the ill without physical contact, the ability to cure the insane and the incapacitated, is set forth for the physician, the layman, the mathematician and the physicist.'

MILLER EXCERPT

Chapter: 12

Page: 213

Page: 66

The report area for most has been Mars. Some women report to stations elsewhere in the Solar System. There are occasional incidents about Earth report stations. The report stations are protected by screens. The last Martian report station on Earth was established in the Pyrenees.

SCIENTOLOGY: 8-80 (1952)

Chapter: Editorial Note

Page: 7

With this book, the ability to make one's body old or young at will, the ability to heal the ill without physical contact, the ability to cure the insane and the incapacitated, is set forth for the physician, the layman, the mathematician and the physicist.

SCIENTOLOGY: 0-8 AND

Chapter: Book 1 Chapter 1

Page: 21 & 22

**CREATION OF HUMAN
ABILITY FROM THE
FACTORS"**

Chapter: 9

Page: 183 & 186

THE FACTORS

45. The Factors was a summation of his '30-year examination' of the human spirit and the material universe: 'Factor No. 1: Before the beginning was a Cause and the entire purpose of the Cause was the creation of effect.' At the end of thirty factors was a valediction reading, 'Humbly tendered as a gift to man by L. Ron Hubbard.'
- (Summation of the considerations and examinations of the human spirit and the material universe completed between A.D. 1923 and 1953
1. Before the beginning was a Cause and the entire purpose of the Cause was the creation of effect. Humbly tendered as a gift to Man by L. Ron Hubbard, April 23, 1953

F3,10

MILLER EXCERPTS

Chapter: 13

Page: 220

46. 'A historic milestone in the personal life of L. Ron Hubbard and in the history of Dianetics and Scientology was passed in February 1954, with the founding of the first Church of Scientology. This was in keeping with the religious nature of the tenets dating from the earliest days of research. It was obvious that he had been exploring religious territory right along.'

F1,1a

MISSION INTO TIME

Chapter: Introduction

Page: 16

A historic milestone in the personal life of L. Ron Hubbard and in the history of Dianetics and Scientology was passed in February, 1954, with the founding of the first Church of Scientology. This was in keeping with the religious nature of the tenets dating from the earliest days of research. It was obvious that he had been exploring religious territory right along.

MILLER EXCERPTS

Chapter: 13

Page: 223

**ABILITY MAJORITY
MAGAZINE, No. 1**

Page: 156-157 of Tech Volume 2

- F7 47. 'The law can be used very easily to harass, and enough harassment on somebody who is simply on the thin edge anyway, well knowing that he is not authorized, will generally be sufficient to cause his professional decease,' he wrote in one of his interminable bulletins, casually adding, 'If possible, of course, ruin him utterly.'
- The law can be used very easily to harass, and enough harassment on somebody who is simply on the thin edge anyway, well knowing that he is not authorized, will generally be sufficient to cause his professional decease. If possible, of course, ruin him utterly.

F7

48. In the same bulletin he offered the benefit of his advice to any Scientologists unlucky enough to be arrested. They were instantly to file a \$100,000.00 civil damages suit for molestation of 'a Man of God going about his business', then go on the offensive 'forcefully, artfully and arduously' and cause 'blue flames to dance on the courthouse roof until everybody has apologized profusely'. The only way to defend anything, Hubbard wrote, was to attack. 'If you ever forget that, you will lose every battle you are ever engaged in.'

Should you ever be arrested for practicing Scientology, treating people, make very sure, long before the time comes, that you have never used drugs or surgery, and that you have never prescribed a diet, or vitamins, and when that time might come, make very sure that you immediately and instantly, within two or three hours after your receipt of the warrant, have served upon the signer of that warrant, a personal civil suit for \$100,000.00 damages for having caused the arrest of a Man of God going about his business in his proper profession, and for having brought about embarrassing publicity and molestation.

DO NOT simply fall back out of communication if you are attacked, but attack, much more forcefully, and artfully and arduously.

Cause blue flame to dance on the courthouse roof until everybody has apologized profusely for having dared to become so adventurous as to arrest a Scientologist who, as a minister of the church, was going about his regular duties.

The only way to defend anything is to ATTACK, and if you ever forget that, then you will lose every battle you are ever engaged in, whether it is in terms of personal conversation, public debate, or a court of law.

MILLER EXCERPTS

Chapter: 13

Page: 227

ALL ABOUT RADIATION

Chapter: Lecture One

Page: 49-50

F2,3	49. 'The danger in the world today in my opinion is not the atomic radiation which may or may not be floating through atmosphere but the hysteria occasioned by that question'. MILLER EXCERPTS Chapter: 13 Page: 227	The greatest danger of radiation is not small invisible particles drifting through the air, but the hysteria occasioned by the propaganda, the misunderstanding and threat which accompanies it. ALL ABOUT RADIATION Chapter: Lecture Three Page: 98
F2, 3,9	50. Radiation, he added, was 'more of a mental than a physical problem'. MILLER EXCERPTS Chapter: 13 Page: 231	Radiation is more of a mental than a physical problem and scientology handles that. LRH TAPE LECTURE OCTOBER OCTOBER 18, 1958 STORY OF DIANETICS AND SCIENTOLOGY Page: 10 of transcript
F2,5	51. In 1938, having 'associated rather thoroughly with twelve different native cultures, not including the people in the Bronx', he identified the urge to survive as the common denominator of all forms of life. Chapter: 13 Page: 231	And by 1939 I thought I had a common denominator to all life. After all I'd associated rather thoroughly with twelve different native cultures not including the people in the Bronx.
F2	52. In hospital at the end of the war, "recuperating from an accumulation of too much wartime Scotch and overdoses of lead", he continued his research. Chapter 13 Page: 231	Page: 13 of transcript But at the end of the war I spent about a year in the hospital recuperating from accumulation of too much wartime scotch and overdoses of lead and things like that. Page: 14 of transcript

- F2,
8,10
53. 'I found out that by taking off one collar ornament I became an MD. They don't let anybody in a medical library except doctors but by stopping off with one collar ornament and for a couple of bucks having a marine on crutches come by and say, "Good morning, doctor", I was able to get in a year's study at the medical library.'
- And I found out by the simple expedient of taking off one collar ornament I became an MD you see. Very simple. And they don't let anybody in a medical library except doctors you see, of the MD class. But by stepping up to the desk with only one collar ornament on the left side, and for a couple of bucks having a marine on crutches come by and say "Good Morning Doctor," I was able to get in a years study at the medical library.

Chapter: 13

Page: 231

- F2,9
54. After leaving hospital he bought a yacht, took a cruise to the West Indies, then used his wartime back pay to finance further research—"I went down to the middle of Hollywood, rented an office, wrapped a towel round my head and became a swami.'
- I went right down in the middle of Hollywood, I rented an office, got a hold of a nurse, wrapped a towel round my head and became a swami.

Chapter: 13

Page: 231

- F2,8,
9,10
55. It aligned with his own personal philosophy, Hubbard explained, 'because if there is anyone in the world calculated to believe what he wants to believe it is I'.
- I find it's a very good statement—it agreed with my own personal philosophy very well because if there's anybody in the world that's calculated to believe what he wants to believe, and to reject what he doesn't want to believe, it is I.

MILLER EXCERPTS

Chapter: 14

Page: 238

Page: 3 of transcript

HAVE YOU LIVED BEFORE THIS LIFE (1977 edition)

Chapter: Case No. 34

Page: 238

F9	56. One case history concerned a previous existence as a walrus, another as a fish, a third had witnessed the destruction of Pompeii in AD79 and a fourth had been a 'very happy being who strayed to the planet Nostra 23,064,000,000 years ago'.	23,064,000,000 years ago I was a very happy being who, with many others, strayed to the planet Nostra.
MILLER EXCERPTS Chapter: 14 Page: 240 HCO BULLETIN 24 APRIL 1960 Page: 1 & 2		
C,E	57. On April 1960, for example, Hubbard issued a bulletin to U.S. franchise holders asking them to do everything in their power to deny the presidency to 'a person named Richard M. Nixon'.	A person named Richard M. Nixon will enter his name this Fall at a convention as a citizen aspiring to the Presidency of the United States.
A		
C,G	58. He claimed that after an innocent reference to Nixon in a Scientology magazine, two armed secret service agents, acting on Nixon's orders, had threatened staff on duty at the founding church in Washington: 'Hulking over desks, shouting violently they stated that they daily had to make such calls on "lots of people" to prevent Nixon's name from being used in ways Nixon disliked. . .	Hulking over desks, shouting violently, they stated that they daily had to make such calls on "lots of people" to prevent Nixon's name from being used in ways Nixon disliked.
F4		
A	59. 'We want clean hands in public office in the United States. Let's begin doggedly denying Nixon the presidency no matter what his Secret Service tries to do to us now. . . He hates us and has used what police force was available to him to say so. So please get busy on it. . .'	We want clean hands in public office in the United States. Let's begin by doggedly denying Nixon the presidency no matter what his Secret Service tries to do to us now in Washington. He hates us and has used what police force was available to him to say so. So please get busy on it.
F4		

MILLER EXCERPTS

Chapter: 14

Page: 241

- F7 60. 'Don't bother to get elected,' he wrote. 'Get a job on the secretarial staff or the bodyguard.'

- F7 61. 'If we were revolutionaries,' he added, 'this HCO Bulletin would be a very dangerous document.'

MILLER EXCERPTS

Chapter: 14

Page: 241

- F7,9 62. 'The goal of the Department', he wrote 'is to bring government and hostile philosophies of societies into a state of complete compliance with the goals of Scientology. This is done by high-level ability to control and in its absence by low-level ability to overwhelm. Introvert such agencies. Control such agencies.'

HCO BULLETIN SPECIAL ZONE
PLAN—THE SCIENTOLOGISTS
ROLE IN LIFE

Page: 114

Don't bother to get elected Get a job on the secretarial staff or the bodyguard, use any talent one has to get a place close in, go to work on the environment and make it function better.

If we were revolutionaries this HCO Bulletin would be a very dangerous document.

HCO POLICY DEPARTMENT
OF GOVERNMENT AFFAIRS

Page: 484 of OEC Vol 7

The goal of the Department is to bring the government and hostile philosophies or societies into a state of complete compliance with the goals of Scientology. This is done by high level ability to control and in its absence by low-level ability to overwhelm. Introvert such agencies. Control such agencies.

63. Returning to a familiar theme, Hubbard urged his followers to defend Scientology by attacking its opponents: 'If attacked on some vulnerable point by anyone or anything or any organization, always find or manufacture enough threat against them to cause them to sue for peace. . . Don't ever defend, always attack. Don't ever do nothing. Unexpected attacks in the rear of the enemy's front ranks work best.'

F7

MILLER EXCERPTS

AMNESTY, HCOPL MARCH 13, 1963

Chapter: 15

Page: 248

64. On 13 March—his fifty-second birthday—he bestowed a general amnesty on his followers, in the fashion of some middle-eastern potentate: 'Any and all offences of any kind before this date, discovered or undiscovered, are fully and completely forgiven. Directed at Saint Hill, on March the thirteenth, 1963, in the 13th year of Dianetics and Scientology. L. Ron Hubbard.'

F3,9

MILLER EXCERPTS

Page: 1

Any and all offences of any kind before this date, discovered or undiscovered, are fully and completely forgiven.

Directed at Saint Hill, on March the thirteenth 1963 in the 13th year of Dianetics and Scientology.

SCIENTOLOGY FIVE PRESS
POLICIES, 14 AUG 1963

Chapter: 15

Page: 249

Page: 510 OEC Volume 7

- F4 65. Almost all Scientology's bad publicity, he asserted, could be blamed on the American Medical Association, which wanted to cause maximum harm to the movement in order to protect its private healing monopoly. 'The reporter who comes to you, all smiles and withholds, wanting a story,' he said, 'has an AMA instigated release in his pocket. He is there to trick you into supporting his preconceived story. The story he will write has already been outlined by a sub-editor from old clippings and AMA releases. . .'

MILLER EXCERPTS

Chapter: 16

Page: 263

- A 66. 'Hearing of L. Ron Hubbard's plans for further exploration and research into, among other things, past civilizations, many Scientologists wanted to join him and help. They adopted the name "Sea Organization". . .'

MILLER EXCERPTS

Chapter: 16

Page: 263

- F1a,3 67. 'Free of organizational duties and aided by the first Sea Org members, L. Ron Hubbard now had the time and facilities to confirm in the physical universe some of the events and places he had encountered in his journeys down the track of time. . .'

MILLER EXCERPTS

Chapter: 16

The reporter who comes to you, all smiles and withholds, "wanting a story", has an AMA instigated release in his pocket. He is there to trick you into supporting his preconceived story.

The story he will write has already been outlined by a sub-editor from old clippings and AMA releases.

MISSION INTO TIME

Chapter: Introduction

Page: 22

Hearing of L. Ron Hubbard's plans for further exploration and research into, among other things, past civilizations, many Scientologists wanted to join him and help. They adopted the name "Sea Organization".

MISSION INTO TIME

Chapter: Introduction

Page: 23

Free of organizational duties and aided by the first Sea Org members, L. Ron Hubbard now had the time and facilities to confirm in the physical universe some of the events and places he had encountered in his journeys down the track of time.

MISSION INTO TIME

Chapter: Introduction

Page: 266

68. It was important for Hubbard to be discovered in this dramatically debilitated condition at this time, for it would soon be announced to fellow Scientologists that he had completed 'a research accomplishment of immense magnitude' described, somewhat inscrutably, as the 'Wall of Fire'. This was the OT 3 (Operating Thetan Section Three) material, in which were contained 'the secrets of a disaster which resulted in the decay of life as we know it in this sector of the galaxy.'

F3,9,
11

MILLER EXCERPTS

Chapter: 21

Page: 348

- C,G 69. It is interesting to note that the founder of their organization, unindicated co-conspirator, L. Ron Hubbard, wrote in his dictionary entitled Modern Management Technology Defined that, "Truth is what is true for you."

F2,8

EXCERPTS FROM LRH
ARCHIVE DOCUMENTS

DEFENDANT'S EXCERPTS

Chapter: 1

Page: 23

Page: 22

A research accomplishment of immense magnitude, OT III has been called "The Wall of Fire". Here are contained the secrets of a disaster which resulted in the decay of life as we know it in this sector of the galaxy.

MODERN MANAGEMENT
TECHNOLOGY DEFINED

Page: 535

Truth, truth is what is true for you.

SOURCE EXCERPTS

"Asia Diaries" 1927-1929

- A 70. The year Nineteen Hundred and Twenty-Three rallied round and found me contentedly resting on my laurels, a first class badge. For I was a boy scout then and deaf was my friend that hadn't heard all about it. I considered Seattle the best town on the map as far as scouting was concerned.
Page: 24
- F10 71. 'If obviously pushed upon,' he wrote, 'I supposed I could write a couple of thousands [sic] words on that trip. . . But I spare you.
Page: 24
- C 72. When he arrived in Washington, two troops of local scouts were battling for a prized scouting trophy, the Washington Post Cup. Troop 100, he noted, belonged to the YMCA 'and would therefore probably lose', so he joined the other outfit, Troop 10, 'which must have sighed loudly when it perceived me crossing the threshold'.
Page: 24
- F10 73. 'Visualize me in a natty scout suit, my red hair tumbling out from under my hat, doing my good turn daily. Once I saved a man's life. I could have pushed him under a streetcar but I didn't.'
Page: 24
- The year Nineteen Hundred and Twenty-Three rallied round and found me contentedly resting on my laurels, a first class badge. For I was a boy scout then and deaf was my friend that hadn't heard all about it. I considered Seattle the best town on the map as far as scouting was concerned.
- If obviously pushed upon, I supposed I could write a couple of thousand words on that trip. Boats were old but people and Panama were new to me. I could tell you how many bananas were bought for dime and how surprised we were and all about a French movie and about Harry Morgan and so on. But I spare you.
- The Washington Post Cup contest was on. Troop Ten and Troop one hundred were racing madly neck in neck, ahead of the crowd only a mile or so. Consequently, seeing that Troop one hundred belonged to the Y.M.C.A. and would therefore probably lose. I joined troop ten, which must have sighed loudly when they perceived me crossing the threshold.
- Visualize me in a natty scout suit, my red hair tumbling out from under my hat, doing my good turn daily. Once I saved a man's life. I could have pushed him in front of a streetcar but I didn't.

- F10 74. 'One fine day the Scout executive telephoned my house and told me I was to meet the president that afternoon. I told him I thought it pretty swell of the president to come way out to my house. . . '
- One fine day the Scout executive telephoned my house and told me I was to meet the president that afternoon. I told him I thought it pretty swell of the president to come way out to my house that way but to my dismay, I was informed that it was I that had to do the calling.

Page: 24

- A 75. Brushed and scrubbed ('even the backs of my hands were thoroughly washed') he waited with forty other boys outside the Oval Office until a secretary emerged and said the president was ready to receive them.
- That afternoon found me neatly brushed and clean of ears (even the backs of my hands were thoroughly washed) sitting in the hall outside of the presidents office along with about forty boys from New York who had been commissioned to request the president to accept the honorary chairmanship of National Boys' Week. I represented the Boy Scouts.

Page: 24

- A 76. 'With fear and trembling, we entered and repeated our names a few times as we pumped Cal's listless hand. . . I think I have the distinction of being the only boy scout in America who has made the president wince.' The great man spoke in such lugubrious tones that Ron compared the occasion to being invited to his own hanging.
- The secretary came out of the executives offices and very solemnly informed us that the president was prepared. The secretary sounded as though he was inviting us to our own hanging. With fear and trembling, we entered and repeated our names a few times as we pumped Cal's listless hand. He must have a well developed bicep by this time. I think I have the distinction of being the only boy scout in American who has made the President wince.

Page: 25

- F3 77. 'Twenty-one merit badges in ninety days,' he recorded triumphantly in his journal. 'I was quite a boy then. Written up in the papers and all that. Take a look at me. You didn't know the wreck in front of you was once the youngest Eagle Scout in the country, did you?' F10 F2,3
- But to make a long story short, three months after my arrival in Washington I was an Eagle Scout. Twenty-one merit badges in ninety days, I was quite a boy then. Written up in the papers and all that. Take a look at me. You didn't know the wreck in front of you was once the youngest Eagle Scout in the country, did you?

Page: 29

- C,G 78. First stop, six days out, was Honolulu, where the President Madison was greeted in the harbour by flotillas of small boats rowed by lithe, brown-skinned urchins who dived for quarters flipped overboard from the deck of the steamship. F5 They used to dive for pennies, Ron noted laconically, 'thus has the Hawaiian developed his commerce'.
- Six days later at dawn we hurried on deck to view Hawaii. Coming into the Harbor at Honolulu, all the beach boys swam out to the ship to dive for quarters. It used to be pennies. Thus the Hawaiian developed his commerce.

Page: 29

- C,G 79. Outward bound from Hawaii, Ron made friends with the second engineer who took him on a conducted tour of the ship, including the galley, 'spotless with shining equipment and Chinese cooks who grinned and displayed blank teeth'. A
- The second engineer took me in hand and showed me over the ship, a complete city afloat; the galley spotless with shining equipment and Chinese cooks who grinned and displayed blank teeth; the great engines, the fireroom, so hot the plates were red and the oil fire white; the metal and "Mike" which guides the ship by radio.

Page: 29

80. Fifty miles off the coast of Japan, they caught their first glimpse of the 'celestial beauty' of Mount Fuji rising through the clouds and cloaked in a 'pink robe of snow' suggesting, Ron thought, a garment for royalty.
- A
G
- Still hale and hearty we began to anticipate Yokohama, the city of the earthquake. Fujiyama came into view fifty miles at sea, first seen above the clouds. A symmetrical cone, it has a celestial beauty that distinguishes it from all other mountains. The pink robe of show suggests a garment for royalty.
- Page: 29
81. Much of the devastation caused by the earthquake four years earlier was still evidence—including the ruin of a 'hideously scrambled' fort guarding the harbour entrance in which 1700 men had died when the wall collapsed.
- C,G
A
- Guarding the harbor entrance at one time were two forts, for at the time of the quake Japan was all set for a nice, little war with someone. The South fort was hideously scrambled and seventeen hundred men within its walls were crushed. So shaken were the foundations that it cannot be rebuilt and the bodies of the soldiers could not be recovered.
- Page: 30
82. 'It doesn't look the happy land so pictured in stories,' he concluded.
- A
- The whole channel is dotted with hamlets. In spite of the green, terraced hills, there is a dreary look to it all. It doesn't look the happy land pictured so in stories.
- A,F5
83. 'Only at cherry blossom time or in the romantic novel do I believe there is beauty in Japan.'
- Page: 30
84. The bustling river traffic—'millions of fishing boats and junks'—astonished him,
- A
- The first flat to greet us was the stars and stripes floating over the stern of a destroyer. Millions of fishing boats and junks caught our attention.
- Page: 30

- A 85. . . . as did the fact that the 'ragged and decrepit' coolies who unloaded the ship only earned fifteen cents a day and 'fifteen cents Max at that!' They lived, he added somewhat unnecessarily, 'worse than anyone in the world'.
- At the Dollar docks two miles above Shanghai we anchored. No customs to bother here and we went ashore at nine o'clock in the morning. Such a ragged, decrepit lot of chinese were around the water front. They lived worse than anyone in the world and earn about fifteen cents a day when a job can be had. (Fifteen cents Meax at that.) They can live on ten centavos a day, rather exist.
- Page: 30
- A 86. 'Opening down the main avenue over which our car travelled were hundreds of narrow intriguing streets, teeming with life. Great fish floated here and there and paper banners hung overhead. The stores were stocked with every sort of junk. Dried fish rattled on strings in the wind. Queer looking foods and drygoods were side by side.'
- Opening down the main avenue over which our car travelled were hundreds of narrow, intriguing streets, teeming with life. Great fish floated here and there and paper banners hung overhead. The stores were stocked with every sort of junk. Dried fish rattled on strings in the wind. Queer looking foods and drygoods were side by side.
- Page: 30
- A 87. Sikh policemen were everywhere. They are big dark bearded fellows and in their turbans and short trousers of khaki look picturesque. They carry great rattan sticks and a rifle across the back. Tommy Atkins was very much in evidence and the American marines, as well as Japanese and British marines.
- Sikh policemen were everywhere. They are big dark bearded fellows and in their turbans and short trousers of khaki look picturesque. They carry great rattan sticks and a rifle slung across the back. Tommy Atkins was very much in evidence and the American marines, as well as Japanese and British marines.
- Page: 30
- A 88. 'On the outside of the British concession I saw a British tommy take a Chinaman by the coat and knock him across the street'
- On the outside of the British concession I saw a British tommy take a Chinaman by the coat and knock him across the street. The unpoliced part of the native city is forbidden ground.

C	89. 'On Bubbling Well Road is a beautiful hotel once the home of a Chinese gentleman. Page: 30	On Bubbling Well Road is the girl market, but this place is now used to quarter British soldiers.
C	90. It was clear that by the time he reached Shanghai, Ron had	We joined the Madison crowd for the tiffin at the Palace Hotel and afterwards visited some of the shops.
G	adopted some of the more obvious colonial mannerisms,	We saw flawless jade and wonderful
F3	for he casually reported joining the Madison crowd for 'tiffin' at the Palace Hotel later that day and would also soon be referring to the natives as 'gooks'. Page: 30	tapestries and rugs. Only the junk was cheap and that was not worth carrying home.
F5		
A	91. From Shanghai they sailed for Hong Kong, a city that was 'very British on the surface and very native underneath'. Page: 30	Hong Kong came next. It is a city very British on the surface and very native underneath. Just off Queen Street the district is all native and very dirty. Beggars sleep on the sidewalk at night and all day cry for "cunshaw."
G	92. May and Ron took a tram up to the top of the mountain overlooking the harbour, but they found the heat and	On the Kowloon side the walk to the Madison led through the inevitable mass of working coolies, very dirty and not caring where they
C	humidity very exhausting, not to mention the throngs of coolies not caring where they spit, and they were glad to leave on the last leg of their voyage on the President Madison to Manila in the Philippines. Page: 30-31	spit. The heat was insufferable by afternoon and aided by our first tropical rain. We were not sorry to leave.
F5		
C		

- C,G 93. There was considerable confusion unloading the baggage from the President Madison, which Ron blamed on the 'lazy, ignorant natives', and it was some time before their trunks were safely on their way and May and Ron could relax with a glass of lemon squeeze at the Manila Hotel.
Page: 31
- A 94. 'All the old guns have been dismantled, but the emplacements remain. Such an awful place in which to fight. The places were traps as it takes four men to even open a door. There are tunnels connecting all of them to an ancient cathedral which is unused and filled with snakes, bats and trash. Very mysterious. I looked it over well when Mr. McCain told me that millions in Spanish gold were buried in those tunnels. Some day I am going back there and dredge [sic] the whole place. Maybe'
Page: 31
- C 95. That evening he was taken to 'Dreamland', one of the more respectable bars in Manila where girls were available for hire, for dancing, at five centums a dance. 'Of course we didn't dance,' Ron was at pains to record, 'because by doing so one loses cast. The Charleston has just hit them, but it's too hot (I mean the weather).'
- F5
- A
- After a hard docking against tide and wind, we found ourselves confronted with a baggage problem. A lot of lazy, ignorant natives gathered our grips. We hopped into a carrameta and went to the Manila Hotel where Mother and I indulged in a glass of "lemon squeeze".
- All the old guns have been dismantled, but the emplacements remain. Such an awful place in which to fight. The places were traps as it takes four men to even open a door. There are tunnels connecting all of them to an ancient cathedral which is unused and filled with snakes, bats and trash. Very mysterious. I looked it over well when Mr. McCain told me that millions in Spanish gold were buried in those tunnels. Some day I am going back there and dredge the whole place. Maybe.
- That night we went to "Dreamland" (where one can hire girls to dance with them for five centums.) Of course we didn't dance because by doing so one loses cast. The Charleston has just hit them, but its too hot (I mean the weather.)
- Page: 31

- A 96. It was, said Ron, a 'gosh-awful trip'. The officers aboard ate at a separate table and seemed to remain very aloof from their twenty passengers. That sure was a gosh-awful trip, but then I didn't get seasick as the naval people immediately considered was the style.

Page: 31

- C 97. Hub was on the second tender they came out to the ship and Ron spoke for both himself and his mother when he noted: 'We were sure glad to see him.' When morning came we steamed cautiously up to the harbor and then in through the reef-bound mouth. A 60-80 came out to meet us and apparently no customs or medical inspection need be. Dad was on the next small craft, and we were sure glad to see him.

Page: 32-33

- A 98. 'An especially interesting one is the fort of San Juan de'Apra [sic] in Apra harbour. Its doors have been sealed for years and, as if to hide the structure, vines wind themselves about it. The walls were built with remarkable skill, especially the corners. Most of the prison and turret have been eroded and have fallen [sic] into decay, but the powder house and firing steps remain. The walks that once heard the rhythm of the sentry's beat, and the crash of the evening gun are now the running place of lizards. One cannot imagine the solitude and depression that surrounds it. All that beauty and grandeur which surrounded it yesterday has faded as the rose which dies and leaves its thorn.'

Page: 33

- A 99. He 'felt rather lonely' on the first day out, but the two boys with whom he was sharing a cabin, Jerry Curtis and Dick Derickson, were so homesick that both were close to tears.
C,G
Page:33
- A 100. 'Dick and I have been reading up on atheism, he noted. Such a terrible thing to make an issue of. Something is at the bottom of it. I'll find out in the States.'
Page: 33
- A 101. In the lagoon, he wrote, the multi-coloured tropical fish looked like 'a forth of July parade' and the water was so clear he could see through thirty fathoms to the rocks on the bottom.
Page: 33
- C 102. He liked to watch the stars at night ('never in my life have I seen such beauties') and during the day he enjoyed visiting the engine-room, but much of the time he was bored.
A
C
G
Page: 33
- 4:00—Had a good sleep. Looked the bridge over. Dinner. Saw "Three Faces East." View a beautiful moon come up, and felt rather lonely. The cloud effect was gorgeous.
- Dick and I have been reading up on Atheism. Such a terrible thing to make an issue of. Something is at the bottom of it. I'll find out in the States.
- July 20, 1927.—The bottom was 30 fathoms down and it looked as though it were four feet. Very beautiful and covered with sea life; coral, (dead and living) and fish. Sharks and Barracuda are all around.—There are two houses for the shipwrecked and two water tanks which are filled by the geodetic survey every three months. The fish in the lagoon are plentiful and multi-colored. They looked like a fourth of July parade.
- July 24, 1927. Mr. Mason (he's about 22nd ensign) had me on the bridge at eight telling me all about the constellations. Never in my life have I seen such beauties. The sky is alive with them. The "Milky Way" looks like a white cloud.

- A 103. 'If this ship is the cream of the naval duty', he wrote, 'I'll sure stick to milk. The officers work about an hour and then sit around and look bored. The enlisted personnel bear the brunt of the work.'
- July 23, 1927. If this ship is the cream of the naval duty, I'll sure stick to the milk. The officers work about an hour and then sit around and look bored. The enlisted personnel bear the brunt of the work. I guess responsibility offsets it though.
- Page: 33-34
- A 104. 'A moment later found me staring up the forward mast which looked ungodly high. I overcame a nervous tremor and climbed a rope up to the steel ladder. . . Nice prospect a fall was.'
- A moment later found me staring up the forward mast which looked ungodly high. I overcame a nervous tremor and climbed a rope up the steel ladder rather than get around the greasy stuff surrounding the masts. Nice prospect a fall was.
- Page: 34
105. 'Then I tackled the first fifty feet of ladder. It surely looked and felt insubstantial. About half way up I thought I'd never been so nervous before. After that ladder came an even smaller steel ladder. Up I went all confidence by this time. In a moment I reached the nest and sure enough there was the lookout reading a "Western Story." He invited me to climb in. The last in itself is worse than the rest of it put together. One has to dangle with nothing under him and work half way around to the other edge. Over the side of the box I swung and then in. My God what a relief!'
- Then I tackled the first fifty feet of ladder. It surely looked and felt insubstantial. About half way up I thought I'd never been so nervous before. After that ladder came an even smaller steel ladder. Up I went all confidence by this time. In a moment I reached the nest and sure enough there was the lookout reading a "Western Story." He invited me to climb in. The last in itself is worse than the rest of it put together. One has to dangle with nothing under him and work half way around to the other edge. Over the side of the box I swung and then in. My God what a relief!
- Page: 37

- F2,10 106. It seemed he was driving his friends home after the Vigilante Day Parade in his 'mighty Ford' (presumably his grandfather's Model T.) when someone threw a baseball at them and hit him on the head. He stopped the car, chastized the offenders and dealt with them so severely that he broke four 'marcarpals' in his right hand.
Page: 37
- F10 107. 'That was the beginning and the end. I couldn't wait and school faded from the picture. My hand was reset four times and life lost its joy. I sold the Ford and went West, taking Horace Greeley's [sic] advice.
Page: 37
- F2,10 108. I set out at noon, hiking a swift pace under a heavy pack through the lofty, virgin Olympics. At nine o'clock that night I made camp about two miles down the trail from "Shelter Rock." Twelve hours later I was limp on top of a boulder pile, saved from a broken spine by my pack. I gazed at the blood pumping from my wrist and decided it was high time I went to visit herr Docteur.'
Page: 38
- F2 109. When he finally caught up with the Henderson in San Diego, 'faint from lack of sleep and food', he was told that Washington would need to approve his request for a passage to Guam.
- The gayety of the day died down at last. The girls were escorted home in my mighty Ford (vintage, 1914) and my two friends were going home with me. As we sailed along, a baseball nearly bashed in my brains. I started out to chastise the offender and netted four broken marcarpals in my right hand.
- That was the beginning and the end. I couldn't wait and school faded from the picture. My hand was reset four times and life lost its joy. I sold the Ford and went West, taking Horace Greeley's advice.
- I set out at noon, hiking a swift pace under a heavy pack through the lofty, virgin Olympics. At nine o'clock that night I made camp about two miles down trail from "Shelter Rock." Twelve hours later, I was limp on top of a boulder pile, saved from a broken spine by my pack. I gazed at the blood pumping from my wrist and decided it was high time I went to visit herr Docteur.
- In San Diego, faint from lack of sleep and food, I requested transportation from Captain Adams of the "Henderson". It was all right as far as he was concerned but it seemed that I needed an approval from Washington.

Page: 38

- F2 110. Satisfied there was nothing more than he could do for the moment, Ron rented a cheap room near the naval headquarters and slept for eighteen hours.
- He was very pleasant and radioed immediately. With that attended to, I rented a very cheap room and slept for eighteen hours in a row.

Page: 38

- F2 111. 'With fear and trembling, I had a radio sent out to Guam. . .'
- With fear and trembling, I had a radio sent out to Guam. It takes about two days for an answer and I had a bare thirty six hours.

Page: 38

- F2 112. 'I walked the streets of San Diego all that day with Old Man Worry gnawing at my brow. Would Dad reply "No!" or would he say "Yes"? You see, I had reason to be worried. This would be the first intimation he would have of my portending return. . .'
- I walked the streets of San Diego all that day with Old Man Worry gnawing at my brow. Would Dad reply "No!" or would he say "Yes"? You see, I had reason to be worried. This would be the first intimation he would have of my portending returning.

Page: 38

- F2 113. 'The Henderson sailed with me aboard,' he noted triumphantly. 'My possessions were: two handkerchiefs, two suits, underwear, one pair shoes, one worn suit, one thin topcoat, one tooth brush, two pair socks and two pennies. No wardrobe, no money. . .'
- The "Henderson" sailed with me aboard. My possessions were: two handkerchiefs, two suits underwear, one pair shoes, one worn suit, one thin topcoat, one tooth brush, two pair socks and two pennies. No wardrobe, no money. . .

Page: 38-39

- F2 114. He ended this part of his journal with a jaunty little postscript addressed to the reader: 'I will tell you the secret of this strange life I had. Sssh! I was born on Friday the thirteenth.'
- I will tell you the secret of this strange life I had. Sssh! I was born on Friday the thirteenth.

Chapter: 3

"Asia Diaries" 1927-1929

Page: 40-41

- A 115. 'That trip was the best I ever took,' he wrote in his journal, 'and the best I ever hope to take. The Navy gave me a kangaroo court martial, there were nine young grass widows aboard, we danced every other night, the movies were good.'
Page: 41
- A 116. 'It is a delightful sensation,' he scrawled in an early entry, 'to once more experience the pounding of engines below me and to hear the swish of a dark-blue sea outside our port.'
Page: 41
- F3 117. 'Another boat caught. Is ever thus?'
Page: 41
- A 118. After a stop in Manila, which he reported as being like 'Guam plus XXX and a few trimmings', they sailed north towards the China coast.
Page: 42
- F5 119. 'A Chinaman can not live up to a thing,' he wrote, 'he always drags it down.'
Page: 42
- F5 120. On 30 October he noted thankfully: 'We have left Tsingtao forever, I hope.'
Page: 42
- ... but that trip was the best I ever took and the best I ever hope to take. The Navy gave me a kangaroo court martial, there were nine young grass widows aboard, we danced every other night, the movies were good.
- It is a delightful sensation, to once more the experience the pounding of engines below me and to hear the swish of a dark-blue sea outside our port.
- Again I resume my studies which were halted momentarily by the routine of departure. Another boat caught. Is ever thus?
- Left Manilla yesterday after quite a time. Manilla is Guam plus XXX and a few trimmings.
- As a Chinaman can not live up to a thing, he always drags it down. Hence Tsingtan is rather dirty in spite of Japan's efforts to clean things up.
- We have left Tsingtao forever, I hope.

C	121.	Like American tourists the world over, they made sure they got at least a glimpse of all the sights, which Ron described as 'rubberneck stations'.	The rubberneck stations of the tourists are: The llama temple; very and heathenish, followers of Buddah. The temples no 16 inner buildings, all very much on the same order. One contains a "God" 75 feet high and carved out of one solitary cypress tree (ascascia). It is fearfully hideous and grotesque. The temple of passions is a terrible piece of carving but more or less revolting.
Page: 42			
F5	122.	The Temple of Heaven, probably the supreme achievement of traditional Chinese architecture, he considered 'very gaudy and more or less crudely done'.	A series of smaller temples denoting the progress of man after death. Very gaudy and more or less crudely done.
Page: 42			
F5	123.	The summer palace was 'very cheap as to workman-ship' and the winter palace was 'not much of a palace in my estimation.'	The palace is very spacious but very cheap as to workman-ship. It has been pretty well looted by the Japs and chinks and it is now unkempt and forlorn. It outlasted its mistress a bare 20 years. "The Hunter Palace." This is not much of a palace in my estimation but the grounds are marvelous though now unkempt.
Page: 42			
F5	124.	The Lama temple, closed a few days after their visit by the newly-formed National Government, was 'miserably cold and very shabby. . . The people worshipping have voices like bull-frogs and beat a drum and play a brass horn to accompany their singing(?)'.	The people worshipping have voices like bull-frogs and beat a drum and play a bass horn to accompany their singing(?) The entire place was miserably cold and very shabby.
Page: 42			

- F5 125. As for the Imperial palaces in the Forbidden City, one was 'very trashy-looking' and most of the others were 'not worth mentioning'.
- Another part is the residence of the young imprisoned emperor who was considered a menace to the republic. The young man is now living with the Japs a Tietsien. He is 21 years of age. His quarters in Pekin were very trashy looking though they must have cost a great deal. They were infested with clocks. Every series of buildings had a couple dozen clocks within. The young emperor took a wife in 1925 and they still share their exile. The other two parts are not worth mentioning as they are merely more quarters of the royalty.
- Page: 42
- A 126. Only the Great Wall of China seemed to fire his imagination and that mostly because it was the only work of man's hand visible from Mars'. If China turned it into a 'rolly coaster', he added, 'it could make millions of dollars every year.'
- F5 The Great Wall of China: The only work of mans hand visible from Mars. Come on all of you mountaineers and put on all of your cliff climbing equipment if you want to see the wall. If China turned it into a roly coaster, it could make millions of dollars every year.
- Page: 42
- F5 127. 'When it comes to the Yellow Races overrunning the world, you may laugh', he noted. . .
- But when it comes to the Yellow Races overrunning the world, you may laugh. For it is no more possible than "Farm Relief."
- Page: 42
- F5 128. '[The Chinese] have neither the foresight or endurance to overrun any white country in any way except by inter-marriage.'
- But neither race has either the foresight or endurance to overrun any white country in any way except by intermarriage. It can never be done politically. One American marine could stand off a great many yellowmen without much effort.
- F5 129. 'One American marine could stand off a great many yellowmen without much effort.'
- Page: 42

- C 130. Even the climate failed to please. Winter lasted from October to May, he said, the cold was intense, and it was so dry that dust formed ankle-deep in the roads and caused 'Peking sore throat', a formidable complaint that endured all winter.
- A Peking is not a very pleasant place to live. Every year about October, their winter sets in and remains seated until May without any moisture at all. The dust becomes ankle deep in the roads and gets into everything. It causes a "Peking sore throat" which lasts all winter. It becomes very cold and skating is the order of the day. Everyone of the Legations has a private rink; all the tennis courts are transformed into ice ponds.

Page: 42-43

- A 131. 'I believe that the most startling thing one can see in Northern China', he wrote, 'is the number of camels. These are of a very mean breed but they resist cold and carry burdens which is all the Chinaman requires of them.'
- I believe that the most startling thing one can see in Northern China is the number of camels. These are of a very mean breed but they resist cold and carry burdens which is all the chinamen requires of them.

- A 132. Everyday in Peking one can see many caravans in the streets. They have a very stately shamble. They carry their head high; their mean mouths wagging and their humps lolling from side to side. All my life I have associated camels with Arabs and it strikes a discordant note with me to see the beasts shepherded by Chinamen.'
- Everyday in Peking one can see many caravans in the streets. They have a very stately shamble. They carry their head high; their mean mouths wagging and their humps lolling from side to side. All my life I have associated camels with Arabs and it strikes a discordant note with me to see the beasts shepherded by Chinamen.

Page: 43

- F5 133. 'They smell', he concluded, 'of all the baths they didn't take. The trouble with China is, there are too many chinks here.'
- They smell of all the baths they didn't take. The trouble with China is, there are too many chinks here.

Page: 43

- C
F3
134. Indeed, he gave the impression that he had been grinding away at a typewriter for years, ending one synopsis, titled 'Armies for Rent', with a nonchalant addendum that it would include the 'usual plot complications'.
Page: 43
- A,F1
135. Predictably, the Orient was his favourite setting and the hero was invariably a white adventurer, as in 'Secret Service': 'Adventure. All in a day's work. Casual laddie in Hankow. Saves town. Joins Brit SS to carry out such orders as "Giovinni in Mukden exciting Communists. Use your own judgment. CI3".'
Page: 43
- A
F12
136. 'Love story. Goes to France. Meets swell broad in Marseilles. She takes him to her sink, bedroom and bath where he lives until notable citoyens object. He stands them off and takes the next boat for America having received a long expected will donation.'
Page: 43
- A,F1
137. 'A lazy sun peeped over the horizon to throw glittering streamers of light across the breakers on the surf. The lagoon [sic] lay blue and cool. Tropical birds winged about their daily business and two figures lay stretched on the white coral sand. Two ragged figures, several feet apart. . .'
Page: 43
- Armies for Rent A young American in India with an organized army for rent to the various rajahs. A sort of General Crack. 1790. Series for Adventure. Young aid also. Usual plot complications.
- Secret Service: Adventure. All in a days work. Casual laddie in Hankow. Saves town. Joins Brit SS to carry out such orders as "Giovinni in Mukden exciting Communists. Use your own judgement. CI3."
- Love story. Goes to France. Meets swell broad in Marseilles. She takes him to her sink, bedroom and bath (?) where he lives until notable citoyens object. He stands them off and takes the next boat for America having received a long expected will donation.
- A lazy sun peeped over the horizon to throw glittering streamers of light across the breakers on the surf. The lagoon lay blue and cool. Tropical birds winged about their daily business and two figures lay stretched on the white coral sand. Two ragged figures, several feet apart.

- F12 138. The girl roused the boy in traditional fashion ('Bob! Bob! Speak to me!'), whereupon Bob spoke thus: "Their [sic] gone, all gone, they're dead and the ship is at the bottom."

The girl shook the man and sobbed "Bob! Bob! Speak to me!" The man roused and opened his eyes slowly, and then seeing the girl standing over him, sat upright and put his arms about her. "Dale," he cried, "I had dreamed you were lost."

They clung together an instant and then helped each other to their feet. Bob sent a searching eye on the sea and turned to Dale. "Their gone," he said, "all gone, they're dead and the ship is at the bottom."

Page: 44

- F12 139. 'The sun was hot, the day was still, the palm trees gaudy green, lined the beach of that tropical isle. . . The sun was hot, the day was still and Hospital Corpsman James Thorpe surveyed his tiny domain. . . The sun was hot, the day was still. . . The sun was hot and except for the monotonous drone of the sea beating the cruel reef the day was still. . .'

The sun was hot, the day was still, The palm trees gaudy green, Lined the breach of that tropical isle. The sun was hot the day was still and Hospital Corpsman James Thorpe surveyed his tiny domain. . . The sun was hot, the day was still and except for the monotonous drone of the sea beating the cruel reef the day was still.

Page: 44

- F3,10 140. 'This humorist of humorists, this demon of demons has dragged men from their places in the sun into the slime of oblivion; has made beggars kings; has, with a whisper, made and crushed thousands; has laughed at the beings who supposed they ruled our destinies; and has killed enough men to patch hell's highway it's blistering length.'

The humorist of humorists, this demon of demons has dragged men from their places in the sun into the slime of oblivion; has made beggars kings; has, with a whisper, made and crushed thousands; has laughed at the beings who supposed they ruled our destinies; and has killed enough men to patch hell's highway it's blistering length.

Pages: 44-45

- F12 141. 'She took the chair with a sly glance at the boy and folded her slim brown hands in her lap. The Corpsman was suddenly aware that she was beautiful. He swam for a moment in the depths of her clear brown eyes and then seated himself quickly upon the grass. He was somewhat startled by his discovery and told himself fiercely that she was native, native, native.'
- Page: 45
- F12 142. When, inevitably, they fell into each other's arms ('Dimly he saw Marie on the porch and in a moment he felt her in his arms. . .')
- Chapter: 5
- Page: 81
143. Ron tried to cheer her up with a funny catalogue of his own imagined ailments and promised her a jewelled Chinese fingernail holder which she could be 'snooty' about.
- A
- Page: 81
- A 144. He wrote of his frustration about his work, the constant shortage of money ('I still wonder how much money we owe in incidental bills. It's grave, I know. . .') and the need to spend so much time in New York, away from her and the children.
- She took the chair with a sly glance at the boy and folded her slim brown hands in her lap. The Corpsman was suddenly aware that she was beautiful. He swam for a moment in the depths of her clear brown eyes and then seated himself quickly upon the grass. He was somewhat startled by his discovery and told himself fiercely that she was native, native, native.
- Wet, shaken and suddenly tired, Jim made his way to the dressing station. Dimly he saw Marie on the porch and in a moment he felt her in his arms. She was sobbing and he patted her white clad shoulder.
- Letter from LHR to Polly, 21 July 1939*
- Dearest Skipper:
- Besides I'll get you a Chinese fingernail holder all old ivory carved and jeweled and you can be snooty about it.

I still have my conception of the Northwest. With plenty of money—thousands and potential thousands—it is a great place to be because, with bucks, there are a lot of things a guy can do. But broke, snowed under with bills, responsible for everything in sight, and staring at the rain. . . . Jesus! The awful part of it is, I married you, not land. And supporting land seems to make it impossible to support you. And I still wonder how much money we owe in incidental bills. It's grave, I know, because they haven't been paid in installments for a long time.

Page: 81

145. Then he turned to the subject that was clearly in the forefront of his mind—his unpublished manuscript, Excalibur. He said that in writing the book and assembling his ideas he had given himself an education far better than that available from any university. If he was to enter politics, he averred, he would engender enthusiastic support from all classes of people, from the unemployed as well as industrials, from white-collar workers to blue-collar labourers. 'I have high hopes' he wrote 'of smashing my name into history so violently that it will take a legendary form . . .'

Sooner or later Excalibur will be published and I may have a chance to get some name recognition out of it so as to pave the way to articles and comments which are my ideas of writing heaven.

F11
D

F3

- D 146. This supreme self-confidence was interspersed, in the letter with passages exhibiting crushing self-doubt. He fretted about writing pulp fiction for a penny a word, the time it was occupying and the possible damage it was causing to his reputation as a serious writer. He was clearly nervous about his precarious finances and was subject to fits of depression.
- A 147. He wrote of life being a 'grim joke' and the difficulties he was experiencing in surviving and maintaining his equilibrium. But it was also evident that he was expecting great things from the publication of *Excalibur*, in terms of personal and professional recognition.
- D 148. Living is a pretty grim joke, but a joke just the same. The entire function of man is to survive. Not "for what" but just to survive. The outermost limit of endeavor is creative work. Anything less is too close to simple survival until death happens along. So I am engaged in striving to maintain equilibrium sufficient to at least realize survival in a way to astound the gods. I turned the thing up so its up to me to survive in a big way. Personal immortality is only to be gained through the printed word, barred note or painted canvas or hard granite. Foolishly perhaps, but determined none the less, I have high hopes of smashing my name into history so violently that it will take a legendary form even if all books are destroyed. That goal is the real goal as far as I am concerned. Things which stand too consistently in its way make me nervous. It's a pretty big job. In a hundred years Roosevelt will have been forgotten—which gives some idea of the magnitude of my attempt.

My fight right now is to get into a spot where I can tide across the gap until the next blaze. Excalibur may be fought, accepted or forgotten. I don't care. I seem to be the only one that has attained actual personal contact with it. Others take it mentally and seem to be at a loss to apply it. When I wrote it I gave myself an education which outranks that of anyone else. I don't know but it might seem that it takes terrific brain work to get the thing assembled and usable in the head. I do know that I could form a political platform, for instance, which would encompass the support of the unemployed, the industrialist and the clerk and day laborer all at one and the same time. And enthusiastic support it would be. Things are due for a bust in the next dozen years. Wait and see. Writing action pulp doesn't have much agreement with what I want to do because it retards my progress by demanding incessant attention and, further, actually weakens my name. So you see I've got to do something about it and at the same time strengthen the old financial position.

Page: 81

- A 148. 'I love you, Skipper, and all will be well. The Redhead.'
Chapter: 5

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I love you, Skipper, and all will be well. The Redhead.
Letter from LRH to Secretary of War Department
Gentlemen:

- F3 149. 'Because of the possibility that our nation may, in the near future, find itself at war and because I well know that difficulty of finding trained men at the height of such a crisis, I wish to offer my services to my government in whatever capacity they might be of the greatest use. . . '
- Because of the possibility that our nation may, in the near future, find itself at war and because I well know the difficulty of finding trained men at the height of such a crisis, I wish to offer my services to my government in whatever capacity they might be of the greatest use, the better prepared by a period of study and training.

LRH Letter to the Cashier of the Bank of Ketchikan

Chapter: 6

Page: 99

- F3,7 150. 'You are again informed that the reason for non-payment of this note is the sharp decrease in pay which I was willing to take to help my country. Until this war is ended I can only make small and irregular payments.'
- You are again informed that the reason for non-payment of this note is the sharp decrease in pay which I was willing to take to help my country. Until this way is ended and I can resume my former profession I can make only small and irregular payments.

LRH Letter to Veteran's Administration, 18 March, 1946

Chapter: 7

Page: 125

- F2 151. 'I have lost between sixty and eighty percent of my vision,' he claimed in a letter typed on his distinctive initialled notepaper, 'and as my profession is that of writer, my present inability to read or use my eyes seriously affects my income. I cannot work either long hours or under the slightest adverse conditions. My income at the present time, due entirely to service connected injuries, is zero.
- I am in receipt of an award of disability compensation or pension, service connected, which awards me \$11.50 from February 17th, 1946. My file is C-7017422. I wish to enter an appeal from the findings, in consideration of the fact that my disability was of retirement status, prior to the time I was released from Naval Service. I have lost between sixty and eight percent of my vision, and as my profession is that of writer, my present inability to read or use my eyes seriously affects my income. I cannot work either long hours or under the slightest adverse conditions. My income at the present time due entirely to service connected injuries, is zero.
- F2 152. Would you please advise me as to the steps I should take to gain further pension?
- Would you please advise me as to the steps I should take to gain further pension?
- LRH 4 July 1945 Veteran's Administration claim form*
- Page: 128
- F2 153. On 4 July, Independence Day, he had spent part of the holiday composing yet another stirring appeal against his pension award and introducing a further hitherto unmentioned disability, this time a 'chronic and incapacitating bone infection'.
- My service connected disability amounts to more than the ten percent awarded. No disability whatever was allowed for service connected eye trouble. No disability was allowed for a chronic and incapacitating bone infection which was also service connected and not due to misconduct.
- Page: 128

- F2 154. His original duodenal ulcer had mysteriously multiplied; his 'ulcers', he pointed out, had caused him to abandon his old profession of 'ship-master and explorer' and severely hampered his work as a writer. 'I can do nothing involving nervous strain without becoming dangerously ill.'
- Necessity to obtain milk and a very narrow diet—I cannot tolerate a general diet—results in my having to abandon my old profession as ship-master and explorer, and seriously hampers me as a writer. I can do nothing which involves nervous strain without becoming dangerously ill. I cannot undertake a routine job because of resulting nervous exhaustion followed by a painful flare-up of my ulcers. My income has been zero since my release from service due to my physical condition.

Chapter: 7

Page: 128

- F2 155. His problem had begun, he noted, after 'prolonged exposure to tropical sunlight in the Pacific'.
- My eyesight when I entered the service was very good. It began to fail after prolonged exposure to tropical sunlight in the Pacific in the spring of 1942. The diagnosis was "conjunctivitis actinic" and I was hospitalized for it at the Brooklyn Naval Hospital being returned to duty on my own request. My eyesight failed until I found it very difficult to read.

Page: 128

- F2 156. Furthermore, he was lame as the result of a bone infection in his right hip, contracted at Princeton University because of 'the sudden transition from the tropics to the slush and icy cold of Princeton'.
A chronic infection in my right hip has lamed me. It has been treated by private physicians and yields to no known therapy which could be applied. Naval doctors refused treatment on the grounds that it was not curable "but might go away some time." After a year and a half it is worse. This infection was contracted at Princeton University in 1945, January, according to record. Sudden transition from the tropics to the slush and icy cold of Princeton caused rheumatic chills which seem to have settled in the right hip.

Page: 128

- F2 157. 'My earning power, due to injuries, all service connected,' he concluded, 'has dropped to nothing. I earned one thousand dollars a month prior to the war as a writer. I cannot now earn money as a writer and attempts to find other employment have failed because of my physical condition.'
My earning power, due to injuries, all services connected, has dropped to nothing. I earned one thousand dollars a month prior to the war as a writer. I cannot now earn money as a writer and attempts to find other employment have failed because of my physical condition.

*LRH 21 November 1946 Letter to
Veteran's Administration*

Chapter: 8

Page: 132-133

- F2 158. 'I was unable to report for further examination because I was both ill and broke. . .'
I was unable to report for further examination because I was both ill and broke. I was, in fact, much disappointed that you required further examination for I was ill for about two weeks after the last one.

Page: 133

- F2 159. ' . . . I certainly hope you can scare me up something by way of a pension for I am not eating very well these days and this job I have will vanish shortly.'
I certainly hope you can scare me up something by way of a pension for I am not eating very well these days and this job I have will vanish shortly.

*LRH 27 January 1948 Letter to
Veteran's Administration*

Page: 138

- F2 160. 'I cannot imagine how to repay this \$51', he whined in a letter to the VA dated 27 January 1948, 'as I am nearly penniless. Since leaving school in November, he said, he had only made \$40 from the sale of two articles to magazines. This money, plus the repayment of a \$75 debt, comprised his entire income from for the previous two and half months. Such was his plight that he had been obliged to sell a typewriter for \$28.50, which was all he had to support himself and his wife for the next month. Since he was paying \$27 a month rent on this trailer, and food, cigarettes and incidentals were setting him back another \$80 a month, it was hardly surprising, as he said, that he was very much in debt.
- I cannot imagine how to repay this \$51, as I am nearly penniless and have but \$28.50 to last me for nearly a month to come. Since leaving school in mid-November I have made \$115.00 from various sources—About \$40 from the sale of two bits to magazines in late November and the repayment of a bad debt for \$75. These comprise my income to date except for the sale of a typewriter tonight for the above \$28.50. My expenditures consist of \$27 a month trailer rent and \$80 a month food for my wife and self, which includes gas, cigarettes and all incidentals. I am very much in debt and have not been able to get a job but am trying to resume my pre-war profession of professional writing. My health has been bad and I feel that if I could just get caught up financially I could write a novel which has been requested of me and so remedy my finances. It would take me three months and even then I would not be able to guarantee solvency. Is there any provision in the Veteran's Administration for grants or loans or financing so that I could get back on my feet?

Document, 14 May 1951 FBI File

Page: 189-191

- 161-174 F4,6,7,9
161. Describing himself as 'basically a scientist in the field of atomic and molecular phenomena', he accused Communists of destroying his half-million dollar business, ruining his health and withholding material of interest to the US Government.
- I am basically a scientist, in the field of atomic and molecular phenomena. At least, that was my course in college. I followed this into the fields of human thought, identified an energy and produced through twenty years of research, a science of thought known popularly as dianetics.
- Although this story starts earlier, when I left the Navy in which I served as an officer during the war, I found my self associated with a woman known as Sara Elizabeth Northrup. I met her in Pasadena in late 1945. She evinced considerable interest in my scientific researches.
162. The architect of his misfortune was none other than 'a woman known as Sara Elizabeth Northrup . . . whom I believed to be my wife, having married her and then, after some mix-up about a divorce, believed to be my wife in common law'.
- In 1949, in Elizabeth, New Jersey, I formed an organization known as the American Institute of Advanced Therapy. Miss Northrup, whom I believed to be my wife having married her and then, after some mix-up about a divorce, believed to be my wife in common law, was instrumental in breaking up this organization.

163. Sara, he stressed, was responsible in breaking up the 'American Institute of Advanced Therapy', an organization he had established in 1949, and the following year she was the primary cause of all the trouble at the Hubbard Dianetic Research Foundation, along with Art Ceppos, who was ' "formerly" a member of the Communist Party' and Joseph Winter, who 'seemed to have Communist connections' and was a 'psycho-neurotic' who had been discharged from the US Army Medical Corps.

164. Playing the role of fearfully browbeaten husband, he said his 'alleged wife' had caused him to make out a will leaving her shares in the copyrights and Foundations. Later, when he was asleep at his home in New Jersey he was 'slugged'. He had unwisely done nothing about it at the time as he had no witnesses, but his health and been poor thereafter.

165. Arriving in Los Angeles, his wife left their baby unattended in a car and he was arrested for it—I could never understand why.'

In early October my alleged wife, who a few months later would be claiming we were not married, caused me to make out a will to her via attorney Milt David of Los Angeles, leaving her shares in the copyrights and Foundations. I returned to Rahway New Jersey and in late October, while asleep in my home, was slugged. I had no proof of this and so I wisely or unwisely sheered away from publicity for something for which I had no witnesses and tried to carry on. However I was thereafter in poor health.

I returned to Los Angeles. In my first day in town Sara Northrup left our baby in a car and I was arrested for it. I could never understand why the police insisted it was I, but is a matter of court record that the act was done by Sara.

166. 'On October 5, while asleep in my apartment on North Rossmore in Los Angeles, I was again attacked and knocked out. When I woke I debated considerably about going to the police but was again afraid of publicity for again I did not know who might have done this. It never occurred to me to suspect that my wife had any part in this.
- On December 5, while asleep in my apartment on North Rossmore in Los Angeles, I was again attacked and knocked out. When I woke I debated considerably about going to the police but was again afraid of publicity for again I did not know who might have done this. It never occurred to me to suspect that my wife had any part in this.
167. 'I had become so ill by January 1st and was so long overdue in writing my second book that I went to Palm Springs. I returned from Palm Springs in late February to find my wife apparently ill, in bad mental condition, and my baby more or less forgotten in a back room of the Los Angeles Foundation. I instantly took steps, what steps I could, to give my wife help. She She seemed to recover.
- I had become so ill by January 1st and was so long overdue in writing my second book that I went to Palm Springs. I returned from Palm Springs in late February to find my wife apparently ill, in bad mental condition, and my baby more or less forgotten in a back room of the Los Angeles Foundation. I instantly took steps, what steps I could, to give my wife help. She She seemed to recover.
168. 'I was in my apartment on February 23rd, about two or three o'clock in the morning when the apartment was entered, I was knocked out, had a needle thrust into my heart to give it a jet of air to produce "coronary thrombosis" and was given an electric shock with a 110 volt current. This is all very blurred to me. I had no witnesses. But only one person had another key to that apartment and that was Sara.'
- I was in my apartment on February 23rd, about two or three o'clock in the morning when the apartment was entered, I was knocked out, had a needle thrust into my heart to give it a jet of air to produce "coronary thrombosis" and was given an electric shock with a 110 volt current. This is all very blurred to me. I had no witnesses. But only one person had another key to that apartment and that was Sara.

169. 'In August 1950 I found out a method the Russians use such people as Vogeler, Mindszenty and others to obtain confessions. I could undo that method. My second book was to have shown how the Communists used narco-synthesis and physical torture and why it worked as it did. Further, I was working on a technology of psychological warfare to present it to the Defense Department. All that work was interrupted. Each time I tried to write, a new attack was launched.'
170. Hubbard declared his concern to prevent Dianetics falling into the hands of Communists and appealed for a 'round-up' of the 'vermin Communists or ex-Communists' who were trying to take over the potent forces of the Foundation.
- This is data: in August 1950 I found out a method the Russians use on such people as Vogeler, Mindszenty and others to obtain confessions. I could undo that method. My second book was to have shown how the Communists used narco-synthesis and physical torture and why it worked as it did. Further, I was working on a technology of psychological warfare to present it to the Defense Department. All that work was interrupted. Each time I tried to write, a new attack was launched.
- My life has been in danger, my work has suffered, my life is still in danger. My reputation is almost ruined so these vermin Communists or Ex-Communists whatever they are can take over a piece of society and a technology. What can one do in the face of this? When, when, when will we have a round-up?

171. 'I believe this woman to be under heavy duress. She was born into a criminal atmosphere, her father having a criminal record. Her half-sister was an inmate of an insane asylum. She was part of a free love colony in Pasadena. She had attached herself to a Jack Parsons, the rocket expert, during the war and when she left him he was a wreck. Further, through Parson, she was strangely intimate with many scientists of Los Alamo Gordos [Alamogordo in New Mexico was where the first atomic bomb was tested]. I did not know or realize these things until I myself investigated the matter. She may have a record. . .
172. Perhaps in your criminal files or on the police blotter of Pasadena you will find Sara Elizabeth Northrup, age about 26, born April 8, 1925, about 5'9", blond-brown hair, slender. . .
- I believe this woman to be under heavy duress. She was born into a criminal atmosphere, her father having a criminal record. Her half-sister was an inmate of an insane asylum. She was part of a free love colony in Pasadena. She had attached herself to a Jack Parsons, the rocket expert, during the war and when she left him he was a wreck. Further, through Parson, she was strangely intimate with many scientists of Los Alamo Gordos. I did not know or realize these things until I myself investigated the matter. She may have a record.
- Perhaps in your criminal files or on the police blotter of Pasadena you will find Sara Elizabeth Northrup, age about 26, born April 8, 1925, about 5'9", blond-brown hair, slender. My own investigation seems to indicate that possibility. Her residence from '42 to 45 was 103 South Orange Grove, Pasadena, Calif. I have no revenge motive nor am I trying to angle this broader than it is. I believe she is under duress, that they have something on her and I believe that under a grilling she would talk and turn state's evidence.

173. I have no revenge motive nor am I trying to angle this broader than it is. I believe she is under duress, that they have something on her and I believe that under a grilling she would talk and turn state's evidence.'

174. 'Frankly, from what has happened, I am not certain I will live through this. If I do not, know that I have only these enemies in the entire world.'

Frankly, from what has happened, I am not certain I will live through this if I do not, know that I have only these enemies in the entire world.

10 April 1953 Letter to Helen O'Brien

Chapter: 12

Page: 212-213

E 175. On 10 April, Hubbard wrote another long letter to Helen O'Brien discussing the possibility of setting up a chain of HASI clinics, or 'spiritual Guidance Centers'.

We don't want a clinic. We want one in operation but not in name. Perhaps we could call it a Spiritual Guidance Center. Think up its name, will you.

F8 176. They could make 'real money', he noted, if each clinic could count on ten or fifteen preclears a week, each paying \$500 for twenty-four hours of auditing.

If we were to run there the United States Central Processing Office or whatever, we'd be able to count on ten or fifteen preclears per week at \$500 for 24 hours of processing. That's real money.

14 May 1953 Letter to Helen O'Brien

Page: 213

F8 177. 'I await your reaction on the religion angle,' he wrote. 'In my opinion, we couldn't get worse public opinion than we have had or have less customers with what we've got to sell. A religious charter would be necessary in Pennsylvania or NJ to make it stick. But I sure could make it stick.'

I await your reaction on the religion angle. In my opinion, we couldn't get worse public opinion than we have had or have less customers with what we've got to sell. A religious charter would be necessary in Pennsylvania or NJ to make it stick. But I sure could make it stick. We're treating the present time beingness, psychotherapy treats the past and the brain. And brother, that's religion, not mental science.

- F7 178. It was obvious to Hubbard that Purcell was trying to stir up public odium against him and take control of Dianetics, and Hubbard employed some choice phrases to vent his anger.
- Otherwise, as early as December of 1951, this policy was in effect and now continues. The obvious intention of Purcell is to attack and wipe out by public anything and everything he can in dianetics, thus leaving him, he thinks with a monopoly on the subject. Sooner or later it is quite obvious that this man whose favorite sport is selling veterans' houses which fall to pieces and who is probably the most hated man in the city of Wichita because of his business dealings, will run up against somebody insane enough to put a bullet through him. His organization is running at a tremendous loss and he has to date expended about \$275,000 in blocking any constructive action. Not one penny of that money was ever spent for research or dissemination. It was all spent on buildings, furniture, property and, for the last year and half, high-priced personnel to write letters and knock our associates and get our bulletins and letters. Patently the man is insane. He was actively refused processing many times. He's about as safe to have around as any mad dog, and I think he would stop at nothing in order to create bad publicity. This is a very doleful outlook. This only answer to it is intensely illegal and one with which we do not want to dirty our hands. The only surprising part of all this is that the American public by their attention to Purcell and what he says, demonstrates their complete incompetence and their desire to be swindled.

- F7 179. Purcell, he wrote, was patently insane, probably the most hated man in Wichita, about as safe to have around as a mad dog and would inevitably soon run up against someone who would put a bullet through him.
- F7 180. The only surprising part of all this, he concluded, was that by paying attention to Purcell the American public demonstrated its complete incompetence and 'desire to be swindled.'

*July 19, 1953 Letter to Helen
O'Brien*

Page: 213-214

- C 181. On 19 July, he wrote nine pages asking her to get one of her "electronic eager beavers" friends to construct an extraordinary machine with which he believed he would be able to cure insanity.
- E 182. The device was to be disguised as an ordinary briefcase with the trigger incorporated in the lock.

Dear Helen—

You have many times mentioned the "electronic eager beavers" around there. Well, here is a *vital* project for advanced research which I *must* have.

The device *must* be packaged in a very ordinary tan brief case of the type lawyers use and which has yet enough room to permit papers being carried in it, taken out and put in casually before witnesses. The "trigger" must be part of the lock of the case so that it can be turned on and off at will.

183. and it was to be capable of delivering a concentrated supersonic beam alternating approximately between breathing and heart rates, thus inducing hypnosis. He wanted to be able, he said, to walk into a sanatorium with his secret machine, confront an insane patient and make him sane in a few seconds.
- F3,9 184. 'This would mean', he wrote, 'the immediate end of psychiatric resistance of Scientology.'
- F2,8 185. O'Brien was to get the machine made up as a matter of urgency and air-freight it to him in Spain with a spurious explanation of its function for the benefit of the Customs officials.
- 9
- The device itself is a super-sonic, alternately directed and dispersed, beam, dry battery operated, without recoil upwards or backwards against the user. I want to be able to walk into a sanatorium, confront an insane patient, quiet him in a few seconds, exteriorize him, change his mind, wake him up physically. And I want a few auditors to be able to do it. This would mean the immediate end of psychiatric resistance to Scientology. Then we would take aids 1 to 4 and demonstrate and widely install them.
- On shipping #5 give it a spurious use for the benefit of customs here. Send the instructions by letter, not with machine.

*August 15, 1946 Letter to Helen
O'Brien*

- F9 186. On 15 August he wrote again pleading with her to make sure the machine was finished by the time he arrived back in the United States in mid-September. He added that he had been working with children successfully: 'I can make kids walk in a few minutes who were crippled. . . I can solve any case and teach people to solve any case without failure. I know the mind like a surveyor knows a map. This sets me free, like the genie of the uncorked bottle.'
- I can break a really rough case in 20 or 25 hours at the outside—change it utterly—and I can change a chronic somatic in 1/2, I can make kids walk in a few minutes who were crippled. So here goes the show.
- All right, I can solve any case and teach people to solve any case without failure. I know the mind like a surveyor knows a map. That sets me free. Like the genie of the uncorked bottle.

LRH 1955 Letter to FBI

Chapter: 13

Page: 221

- F3 187. L. Ron Hubbard D.D., Ph.D.
- F4 188. It had come from an 'unimpeachable source' who suggested that as he was about to be ruined by the IRS he might as well accept the offer.
- D 189. It seemed, he wrote, that he could go to Russia as an adviser or consultant and not only be provided with his own laboratories but also receive very high fees. Passport formalities were already more or less complete—all he had to do was go to Paris where he would be picked up by a Russian plane.
- F9
- L. Ron Hubbard D.D., Ph.D.
- But something has now occurred which seems strange at this juncture and entirely too pat. I have received from an unimpeachable source an invitation to go to Russia. I have been told that this would be as easy as taking a taxi to the airport.
- In the greatest spirit of friendship and camaraderie it seems I can go to Russia as an adviser or a consultant and have my own laboratories and receive very high fees. And it is all so easy because it has already been ascertained that I could get my passport extended for Russia and all I had to do was go to Paris and there a Russian plane would pick me up and that would be that.

F3,9 190. He did not wish to reveal the name of his contact, he added, 'because he is a little too highly placed on the [Capitol] Hill.'

I have not given you the name of this contact because he is a little too highly placed on the Hill and because it may be that he is acting in an entirely friendly way and it may be, as I sometimes learn, that the fate of Scientology and its adventures has good word of mouth.

LRH Sept. 7 Letter to FBI

Page: 221-222

F4 191. He was still maintaining a one-way communication with the FBI and on 7 September, he wrote to complain about the persecution of Scientologists, some of whom he alleged were being mysteriously driven insane, possibly by the use of LSD, 'the insanity producing drug so favoured by the APA [American Psychological Association]'.

F3,9 192. 'I am trying to turn out some monographs on matters in my field of nuclear physics and psychology for the government on the subject of alleviating some of the distress of radiation burns, a project I came east to complete.'

In Atomic Energy's Richland, Washington a young boy who had never been treated with Dianetics or Scientology but whose father Verne McAdams is the local Scientology group leader in Richland suddenly and mysteriously became insane, so suddenly and so thoroughly that the head of the institution for insane in Richland, evidently of good security, suspects the use of LSD, the insanity producing drug so favoured by the APA.

I have a wife and three little kids. I have a good many thousand people scattered around the world trying to help their fellow man and I am responsible for these people. I am trying to turn out some monographs on matters in my field of nuclear physics and psychology for submission to the government on the subject of alleviating some of the distress of radiation burns, a project I came east to complete.

LRH Dec. 16, 1955

Page: 222

- F2,3 193. It was this pamphlet he forwarded in due course to the FBI with a note explaining that it was the Church of Scientology's printing of 'what appeared to be a communist manual.'

Chapter: 14

Page: 238

- F2,8 194. In an internal memo to his press officer, Hubbard stressed the need to emphasize constantly that he was working in the field of 'nuclear physics on life sources and life energy' in order to avoid being tagged as a psychiatrist or spiritualist. 'This will take some doing, perhaps,' he added, in a rare moment of candour.

Gentlemen:

We are enclosing our printing of what appears to be a Communist manual on Psychopolitics. This was compiled from Communist sources for use of our research department and people. It may be that we will also use this in ant-communist campaigns.

Internal Memo to Press officer

On all releases and in statements, make very sure you stress that I work from the field of nuclear physics on life sources and life energies. Combat getting me labeled as a psychiatrist or spiritualist, etc. This will take some doing, perhaps, but I am a research man, not a practitioner.

*LRH Letter to Government
(President)*

Page: 245

- F9 195. 'Man will not successfully get into space without us. . . ' he warned.

Man will not successfully get into space without us. . .

- F9 196. 'We do not wish the United States to lose either the space race or the next war. The deciding factor in that race or that war may very well be lying in your hands at this moment, and may depend on what is done with this letter. . . Courteously, L. Ron Hubbard.

We do not wish the United States to lose either the space race or the next war. The deciding factor in that race or that war may very well be lying in your hands at this moment, and may depend on what is done with this letter. . . Courteously, L. Ron Hubbard.

A Tentative Constitution of Rhodesia

Chapter: 15

Page: 258

F3 197. A TENTATIVE
CONSTITUTION OF THE
NATION OF RHODESIA

F3 197. 'Before God and Man we
pledge ourselves, the
Government of Rhodesia and
each of our officers and men of
authority in the Government to
this the Constitution of our
country. . .'

Chapter: 16

Page: 267

A TENTATIVE CONSTITUTION
OF THE NATION OF
RHODESIA

Before God and Man we pledge
ourselves, the Government of
Rhodesia and each of our officers
and men of authority in the
Government to this the Constitution
of our country:

LRH Despatch 22 April 1967

Sometimes the sender knows why
the secret must not be revealed and
the receiver does not and so fails to
keep it.

199. In a despatch to Saint Hill he urged his followers not to feel '007ish and silly' about security and gave an unlikely example of a 'close call' he had had during the war because of a failure of security. It was 1940 and he has been ordered on a secret mission to a hostile foreign country. On a hunch, he did not leave at once and was amazed to receive a letter from Washington addressing him with full rank and title, informing him to wear white cap covers after April 15. Hubbard argued that this was the most terrible breach of security, since the letter would certainly have been forwarded to him and his cover would have been blown with fatal results. 'Had I departed,' he pointed out solemnly, 'that letter following me, would have sentenced me to death before a firing squad.'

When you have had the close calls I have had in intelligence through security failures, you begin to believe there is something in the subject. I was once in 1940 ordered out on a secret mission by the US to a hostile foreign land with whom we were not yet at war. It was vital to mask my purpose there. It would have been fatal had I been known to have been a naval officer. On a hunch I didn't leave at once and the following day the US sent a letter to me that had I left would have been forwarded to me in that land, addressing me with full rank and title, informing me to wear white cap covers after April 15 in Washington. Had I departed, that letter following me, would have sentenced me to death before a firing squad!

After you have been a few projects wrecked by careless security you begin to get the idea there is something to it. And as for 007, man he led a dull life compared to what faces us!

LRH Letter to Alexis Hollister

Chapter: 18

Page: 306

My dear Alexis:

Your letter of 10 Nov 71 was received, the first that arrived from you. I heard that you were going to Europe from my father and then later that you called at Saint Hill.

Your mother was with me as a secretary in Savannah in late 1948. In July 1949 I was in Elizabeth, New Jersey, writing a movie. She turned up destitute and pregnant.

F2,6 200. 'Your mother was with me as a secretary in Savannah in late 1948. . . In July 1949 I was in Elizabeth, New Jersey, writing a movie. She turned up destitute and pregnant.'

- F6 201. 'They [Sara and Miles Hollister] obtained considerable newspaper publicity, none of it true, and employed the highest priced attorney in the US to sue me for divorce and get the foundation in Los Angeles in settlement. This proved a puzzle since where there is no legal marriage, there can't be any divorce.'
- They obtained considerable newspaper publicity, none of it true, and employed the highest priced attorney in the US to sue me for divorce and get the foundation in Los Angeles in settlement. This proved a puzzle since where there is no legal marriage, there can't be any divorce.
- I wish you all the best luck in the world. I always did. Your friend.

TABLE OF FINDINGS

	A	C	D	E	F	G
1					X	
2					X	
3					X	
4					X	
5		X				
6					X	
7					X	
8		X			X	
9			withdrawn			
10						X
11						X
12					X	
13						X
14					X	X
15					X	X
16					X	X
17					X	
18					X	
19					X	
20					X	
21					X	
22					X	
23					X	
24					X	
25					X	
26					X	
27				X	X	
28				X	X	
29					X	
30					X	
31					X	
32					X	
33					X	
34					X	
35					X	
36					X	

TABLE OF FINDINGS

	A	C	D	E	F	G
37					X	
38					X	
39					X	
40					X	
41					X	
42					X	
43				X		
44					X	
45					X	
46					X	
47					X	
48					X	
49					X	
50					X	
51					X	
52					X	
53					X	
54					X	
55					X	
56					X	
57	X	X		X		
58		X			X	X
59	X				X	
60					X	
61					X	
62					X	
63					X	
64					X	
65					X	
66	X					
67					X	
68					X	
69		X			X	X
70	X					
71					X	
72		X			X	

TABLE OF FINDINGS

	A	C	D	E	F	G
73					X	
74					X	
75	X					
76	X				X	
77					X	
78		X			X	X
79	X	X				X
80	X					X
81	X	X				X
82	X					
83	X				X	
84	X					
85	X					
86	X					
87	X					
88	X					
89		X				
90		X			X	X
91	X					
92		X			X	X
93		X			X	X
94	X					
95	X	X			X	
96	X					
97	X	X				
98	X					
99	X	X				X
100	X					
101	X					
102	X	X				X
103	X					
104	X					
105	X					
106					X	
107					X	
108					X	

TABLE OF FINDINGS

	A	C	D	E	F	G
109					X	
110					X	
111					X	
112					X	
113					X	
114					X	
115	X					
116	X					
117					X	
118	X					
119					X	
120					X	
121	X	X				
122					X	
123					X	
124					X	
125					X	
126	X				X	
127					X	
128					X	
129					X	
130	X	X				
131	X					
132	X					
133					X	
134		X			X	
135	X				X	
136	X				X	
137	X				X	
138					X	
139					X	
140					X	
141					X	
142					X	
143	X	X				
144	X					

TABLE OF FINDINGS

	A	C	D	E	F	G
145			X		X	
146			X			
147	X		X			
148	X					
149					X	
150					X	
151					X	
152					X	
153					X	
154					X	
155					X	
156					X	
157					X	
158					X	
159					X	
160					X	
161					X	
162					X	
163					X	
164					X	
165					X	
166					X	
167					X	
168					X	
169					X	
170					X	
171					X	
172					X	
173					X	
174					X	
175				X	X	
176					X	
177					X	
178					X	
179					X	
180					X	

TABLE OF FINDINGS

	A	C	D	E	F	G
181		X				
182				X		
183					X	
184					X	
185					X	
186					X	
187					X	
188					X	
189			X		X	
190					X	
191					X	
192					X	
193					X	
194					X	
195					X	
196					X	
197					X	
198					X	
199					X	
200					X	
201					X	

[illegible]

[illegible]

TABLE OF FINDINGS
(F) — FAIR USE JUSTIFICATIONS

	1	2	3	4	5	6	7	8	9	10	11	12
145			X								X	
146												
147												
148												
149			X									
150			X				X					
151		X										
152		X										
153		X										
154		X										
155		X										
156		X										
157		X										
158		X										
159		X										
160		X										
161				X		X	X		X			
162				X		X	X		X			
163				X		X	X		X			
164				X		X	X		X			
165				X		X	X		X			
166				X		X	X		X			
167				X		X	X		X			
168				X		X	X		X			
169				X		X	X		X			
170				X		X	X		X			
171				X		X	X		X			
172				X		X	X		X			
173				X		X	X		X			
174				X		X	X		X			
175											X	
176								X				
177								X				
178							X					
179							X					
180							X					

TABLE OF FINDINGS
(F) — FAIR USE JUSTIFICATIONS

	1	2	3	4	5	6	7	8	9	10	11	12
181												
182												
183			X						X			
184			X						X			
185		X						X	X			
186									X			
187			X									
188				X								
189									X			
190			X						X			
191				X								
192			X						X			
193		X	X									
194		X						X				
195									X			
196									X			
197			X									
198			X									
199		X	X									
200		X				X						
201						X						

NEW ERA PUBLICATIONS INTERNA-
TIONAL, ApS, A Corporation of
Denmark, Plaintiff-Appellant,

v.

HENRY HOLT AND COMPANY, INC.,
A New York Corporation,
Defendant-Appellee.

873 F.2d 576 (2d Cir. 1989)

Before OAKES, MINER and ALTIMARI, Circuit Judges.

MINER, Circuit Judge:¶ *Preface*

577 We re-visit the doctrine of fair use in this action for copyright infringement brought to enjoin publication of the biography of Church of Scientology founder L. Ron Hubbard and recover damages for the alleged infringement. The biography, written by Russell Miller, who is not a party to the action, is entitled: *Bare-Faced Messiah: The True Story of L. Ron Hubbard* (hereafter "the book" or "the biography"). The plaintiff in the suit, appellant here, is New Era Publications International, ApS ("New Era"), a Danish corporation. It holds by license certain copyrights bequeathed to the Church of Scientology by Hubbard, who died in 1986. The publisher of the book, Henry Holt and Company, Inc. ("Holt"), is the defendant in the action and the appellee here. New Era's claim that the extensive reproduction of Hubbard's published and unpublished writings in the biography amounts to infringement of the copyrights it holds is met by Holt's defense that the use of the Hubbard materials is "fair" and therefore not infringing within the meaning of the Copyright Act. The district court concluded that the use of the unpublished material "cannot be held to pass the fair use test" and therefore found "that *Bare-Faced Messiah* to some degree infringes Hubbard's copyrights in some of his previously unpublished works." *New Era Publications International ApS v. Henry Holt and Co.*, 695 F. Supp. 1493, 1524-25 (S.D.N.Y. 1988). For various reasons, however, the district court declined to issue an injunction, but instead relegated New Era to the remedy of damages. We affirm, although we conclude that laches is the sole bar to issuance of an injunction.

I.

Procedural History

This action was preceded by lawsuits commenced in 1987 to enjoin publication in England and Canada (each of these suits was dismissed for laches) and in Australia (this suit ultimately was withdrawn). Despite the fact that an attorney representing the Church of Scientology had corresponded with Holt in May of 1986 in an effort to discourage publication of the book, no action to enjoin publication was commenced in the United States until the complaint in this action was filed in the Southern District of New York on

May 4, 1988. Immediately after filing the complaint, New Era applied for a temporary restraining order.

Judge Leval, to whom this case was assigned in the district court, initially denied the temporary restraining order for laches, noting the following in a written decision dated May 13, 1988:

Never did the plaintiff take sufficient steps to obtain a copy of the book to determine whether it differed from the books published in England, Australia, and Canada. Never did the plaintiff ask Holt when it would be published. The plaintiff did not take any legal step until May 4 [1988] when it sought the temporary restraining order. By that time, as it turned out, the defendant had published the book, having printed and packed 12,000 copies, and having sent out review copies on April 27. With the exception of 3,000 copies that a trucker had failed to collect and which were waiting on the loading dock, the first printing had been shipped beyond the publisher's control. To fill additional orders, Holt had scheduled a second print run for May 6.

New Era Publications International, ApS v. Henry Holt and Co., 684 F. Supp. 808, 809-10 (S.D.N.Y. 1988).

A week later, on May 20, 1988, after New Era agreed to post an undertaking to indemnify Holt for any "unrecoverable expenses" incurred by Holt during the period of delay, Judge Leval granted a temporary restraining order restraining distribution of the second printing of the book. According to a Stipulation signed by the parties on May 31, 1988 and approved by Judge Leval on June 3, 1988, "unrecoverable expenses" include "a pro rata share of the overhead, with respect to the 10,000 book second printing and any books from the first printing returned to Holt, as a result of the Temporary Restraining Order issued by the Court on May 20, 1988 and incurred with respect to the advance payment to the author, and for advertising and publicity."

Thereafter, the parties proceeded with an expedited trial on submissions of evidence pertaining to the permanent injunction question. Judge Leval's opinion and order denying the injunction was issued on August 9, 1988 (amended on August 16, 1988) and, on August 11, 1988, a partial judgment was entered "dismissing plaintiff's complaint only insofar as the complaint seeks entry of a permanent injunction." The judgment recites that trial of the damages issue will not be conducted in the near future; that Holt would be "irreparably harmed" if required to await a final judgment dispositive of all claims; that Holt is entitled to a final judgment denying a permanent injunction; and that "there is no just reason for delaying entry of such judgment." See Fed. R. Civ. P. 54(b).

Also entered in the district court on August 11, 1988 was an order vacat-

ing the temporary restraining order but staying the vacatur for three weeks to maintain the *status quo ante* pending an application for expedited appeal. On August 30, 1988, this Court granted new Era's motion for an expedited appeal and continued the stay until oral argument. Following oral argument, on September 30, 1988, the stay was continued pending the decision of this Court.

II.

The Book

The publisher summarizes the contents of the book in a blurb printed on the book's jacket:

Bare-Faced Messiah, the biography of L. Ron Hubbard, makes for extraordinary reading. From his early days as a penniless author of "pulp" science fiction stories to his mysterious end, Hubbard was often in the news, usually at odds with society, frequently in trouble with the law. Born in 1911, the son of a struggling Nebraska businessman, he led a wandering, wildly romantic youth in which his dreams and his realities often became confused.

While writing for the pulps in the 1930s he claimed to have made a discovery of such philosophical and psychological importance that it would change the world. From that discovery evolved the "science" of Dianetics which prospered briefly and then foundered in a sea of debt and writs. In 1952 Hubbard founded a far more ambitious program. Scientology, a new religion which claimed to give its adepts the ability to overcome all diseases of the mind and body. . . .

For nearly ten years he sailed the oceans as the commodore of his own private navy, served by nymphet messengers in hot pants who dressed and undressed him and were trained like robots to relay orders in his tone of voice.

His last years were as peripatetic and unsettled as his youth, and far more paranoid. In 1980, fearing arrest, he disappeared and was never seen again. He died in January 1986 under circumstances as mysterious as his enigmatic life itself.

The tone of the book is set in the author's Introduction:

For more than thirty years, the Church of Scientology has vigorously promoted an image of its founder, L. Ron Hubbard, as a romantic adventurer and philosopher whose early life fortuitously prepared him, in the manner of Jesus Christ, for his declared mission to save the world. The glorification of 'Ron', superman and saviour, required a cavalier disregard for facts: thus it is that almost every biography of Hubbard published by the church is inter-

woven with lies, half-truths and ludicrous embellishments. The wondrous irony of this deception is that the true story of L. Ron Hubbard is much more bizarre, much more improbable, than any of the lies.

The author purports to contrast factual and fictional accounts of Hubbard's life in almost every chapter of the book, drawing upon information gleaned from numerous sources: newspaper stories and other published accounts; personal interviews; letters; memoranda; records of various court proceedings; materials obtained under the Freedom of Information Act from United States government agencies; publications of the Church of Scientology; and Hubbard's own writings, published and unpublished. Hubbard was a prolific writer, and the biography contains liberal quotations from his work, particularly from his unpublished early diaries and journals. 579

The book proceeds in conventional chronological order, commencing in Chapter 1 ("A Dubious Prodigy") with accounts of Hubbard's ancestry and early childhood. The accounts presented by Hubbard are portrayed as exaggerated and untrue. For example, the book contradicts Hubbard's claims that he was descended from a French Count on his mother's side; that he grew up on an immense cattle ranch owned by his grandfather in Montana; and that he became a blood brother of the Pikuni Indians before he was ten years of age.

In Chapter 2 ("Whither did he Wander?"), the book refutes Church of Scientology publication descriptions of Hubbard's teenage travels, said to have been financed by a wealthy grandfather: up and down the coast of China several times and to Tibet (where Hubbard lived with bandits who accepted him into their way of life); in western Manchuria (where he demonstrated his horsemanship to ruling warlords); to an unnamed island in the South Pacific (where he calmed the natives by exploring a cave believed to be haunted); and in the Philippines (where he learned in one night a native language known as Igoroti).

Disputed in Chapter 3 ("Explorer Manque' ") are claims made in *Mission Into Time*, a Church of Scientology publication, that Hubbard: spent four years traveling in Asia; undertook the study of nuclear physics at George Washington University in one of the first courses ever taught in that subject at an American university; directed, at the age of twenty, the Caribbean Motion Picture Expedition, which provided research for the University of Michigan and underwater films for the Hydrographic Office; and led the West Indies Mineral Survey, said to be the first complete mineralogical survey of Puerto Rico. According to the book, the truth is that Hubbard traveled in China for two months in the company of his parents during the course of a year-long stay at the United States Naval Station in Guam, where his father was assigned as a naval officer; failed the course in molecular and atomic physics at, and never graduated from, George Washington University; started

out to do research in the Caribbean on an expedition that never was completed and never produced any research that could be found at the University of Michigan or the Hydrographic Office; and spent some time in Puerto Rico but produced no known record of any mineralogical research there.

Both Chapters 2 and 3 include extensive quotations from Hubbard's unpublished Asia Diaries of 1927-1929. Some of the quotations found in these chapters are set forth in Judge Leval's comprehensive opinion and order denying the injunction sought by new Era. See 695 F. Supp. at 1512-13. The Diaries also are quoted at some length in the Chapter 1 accounts of Hubbard's exploits as a Boy Scout. *Id.* at 1517. Seventy-three of the 132 passages from Hubbard's unpublished writings claimed by New Era as infringing are found in the Asia Diaries. Most of the remaining fifty-nine passages are taken from letters written by Hubbard.

In later chapters the book treats with Hubbard's successes as a pulp and science fiction writer, his admission to membership in the prestigious Explorers Club, his leadership of the "Alaskan Radio-Experimental Expedition" under the Club's flag, and his 1941 commission as a reserve officer in the United States Navy. It also deals with information contradicting a number of claims made by Hubbard at various times and repeated in authorized publications: that he studied savage peoples and cultures in Central America between 1938 and 1941; that he was an experienced airplane pilot; that he salvaged the careers of Boris Karloff and Bela Lugosi as a Hollywood script writer; and that he was a seriously wounded war hero who was awarded twenty-one medals, to identify only a few of the contradicted claims.

580 The book describes how Hubbard brought to light his new "science of Dianetics," first in an article in the magazine *Astounding Science Fiction* and then in a book entitled *Dianetics, The Modern Science of Mental Health*, which became a bestseller. In *Dianetics*, Hubbard claimed to have found "[t]he hidden source of all psychosomatic ills and human aberration" and to have developed advanced techniques to cure mental and physical illnesses. The "new science" gained a large following, the "Hubbard Dianetic Research Foundation" was formed, and Hubbard developed a lucrative program for the training of auditors (practitioners) in Dianetic Techniques.

The evolution of Dianetics into Scientology and Scientology into a religion is fully recounted in the book. As founder of the Church of Scientology, Hubbard is depicted as a charlatan and poseur whose strange religious theories and practices were designed for the financial aggrandizement of the Church, and ultimately of Hubbard himself. See *Foley v. Commissioner*, 844 F.2d 94, 95-96 (2d Cir. 1988). Although Scientology attracted many adherents throughout the world, Hubbard's activities generated trouble with several governments, including the government of the United States, which challenged the Church's claim of entitlement to tax-exempt status. See *Church of Scientology of California v. Commissioner*, 823 F.2d 1310 (9th Cir.

1987), *cert. denied*, — U.S. —, 108 S. Ct. 1752, 100 L. Ed.2d 214 (1988). Having accumulated enormous amounts of money, according to the narrative.

[in] 1967, L. Ron Hubbard raised a private navy, appointed himself Commodore, donned a dashing uniform of his own design and set forth on an extraordinary odyssey, leading a fleet of ships across the oceans variously pursued by the CIA, the FBI, the international press and a miscellany of suspicious government and maritime agencies.

Hubbard was accompanied in his travels on the high seas by his wife, children and a number of associates and assistants. Although he resigned as President of the Church of Scientology, he continued to conduct its affairs from his base at sea.

Hubbard's surreptitious return to the United States is reported at Chapter 20 ("Running Around") and his subsequent excursion into producing films with Scientology themes is described at Chapter 21 ("Making Movies"). Also described in the latter chapter are the convictions on guilty pleas of nine Scientologists, including Hubbard's wife, for offenses involving the burglary of government offices and the theft of government documents. The book intimates that Hubbard's wife "took the rap" for a scheme that Hubbard set in motion to purge government records of matter unfavorable to him and to the Church of Scientology. Chapter 22 ("Missing, Presumed Dead") concludes the book with an account of Hubbard's mysterious demise.

The book draws extensively upon the published writings of Hubbard in Dianetics and Scientology as well as upon various bulletins Hubbard issued to his followers. Judge Leval found sixty-nine instances of the use of published material in the biography. Since he found all but three of these uses noninfringing or "fair," the opinion of the district court focuses on the use of previously unpublished materials.

III.

District Court Opinion

Applying the rule of fair use established in the copyright law, 17 U.S.C. § 107, and explicated by the Supreme Court in *Harper & Row, Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 105 S. Ct. 2218, 85 L. Ed. 2d 588 (1985), and by this Court in *Salinger v. Random House, Inc.*, 811 F.2d 90 (2d Cir.), *cert. denied*, — U.S. —, 108 S. Ct. 213, 98 L. Ed. 2d 177 (1987), to the unpublished Hubbard writings quoted in the book under examination, Judge Leval

conclude[s] that there is a body of material of small, but more than negligible size, which, given the strong presumption against fair use of unpublished material, cannot be held to pass the fair use test

and therefore finds,

under mandate of the *Salinger* opinion, that *Bare-Faced Messiah* to some degree infringes Hubbard's copyrights in some of his previously unpublished works.

695 F. Supp. at 1524-25.

581 The district court's determination is arrived at after a close examination of the 1statutory fair use factors, which are seen as a means of resolving "the conflict between the justification for copying in serving the objective of public education (in the broadest sense) and the copyright owner's entitlement to reap the profits of labor and talent invested in creative works." *Id.* at 1500. Examining the nature of the copyrighted work, the second statutory fair use factor, 17 U.S.C. § 107(2), the district court opinion reflects on the Supreme Court's observation that "the scope of fair use is narrower with respect to unpublished works," *Harper & Row*, 471 U.S. at 564, 105 S. Ct. at 2232, on our interpretation that "[n]arrower 'scope' seems to refer to the diminished likelihood that copying will be fair use when the copyrighted material is unpublished," *Salinger*, 811 F.2d at 97, and on our pronouncement that "[unpublished] works normally enjoy complete protection against copying any protected expression," *id.* The district court, concluding that "diminished likelihood" is not the same as "impossibility" and that "normally" does not mean "inevitably," concludes that one "who purports to make a fair use of unpublished copyrighted matter must make a particularly compelling demonstration of justification, upon full consideration of the relevant fair use factors." 695 F. Supp. at 1503-04. According to the district court, Holt has made the necessary showing "[a]s to the great majority of items" by demonstrating "a powerfully compelling fair use purpose." *Id.* at 1523.

Turning to the first statutory fair use factor, the purpose and character of the use, 17 U.S.C. § 107(1), the district court opinion first reviews the overall purpose and character of the work and then addresses the fair use purposes of individual passages. As to the former, the court concludes that the biography is "a serious book of responsible historical criticism," and therefore eligible for fair use consideration despite "defendant's profit-making objective." *Id.* at 1507. As to the latter, the court finds a powerfully compelling fair use purpose in using Hubbard's own words to reveal Hubbard's character traits and the bizarre quality of his ideas.

According to the opinion, verbatim quotation is necessary to demonstrate Hubbard's dishonesty in the accounts he gave of his early life as put forward by the Church of Scientology. "It is incompatible with the ends of fair research and criticism to accuse of dishonesty without being permitted to specify what were the dishonest words." *Id.* at 1510. Specific passages must be set out, it is said, to show the subject's boastfulness, pomposity, grandiosity, pretension and self-importance, because "[i]t is the subject's conception of

himself that the biographer seeks to convey." *Id.* at 1512. Hubbard's paranoia supposedly is demonstrated by certain letters and Church bulletins. The Asia Diaries are quoted "in mockery, to show Hubbard's bigotry, bias and coarse lack of taste." *Id.* at 1513. Cruelty and disloyalty are displayed in two letters having to do with a bigamous marriage, and the employment of Hubbard's words in this instance is said to "serve[] a strong fair use purpose." *Id.*

The book quotes from a letter written by Hubbard to the FBI accusing his estranged wife of being a communist, and from bulletins written by Hubbard urging his followers to "attack" those who oppose them, "to illustrate Hubbard's aggressiveness and vicious scheming tactics against perceived enemies." *Id.* Cynicism is illustrated by a letter to a confidant discussing Scientology's financial potential and in a lecture praising the advantages of deceit. Excerpts taken from *Dianetics: The Modern Science of Mental Health*, a Hubbard work that remains a best seller, *The History of Man*, a book establishing the foundations of Scientology, and an unpublished letter boasting of Hubbard's ability to heal are said to provide examples of derangement, insanity and bizarre pseudo-science. There is a compelling fair use purpose as to each of the excerpts, according to the opinion, because "[t]he biographer/critic should not be required simply to express . . . conclusions without defending them by example." *Id.* at 1517. The opinion views with approval the lifting of various passages from earlier works "to illustrate Hubbard's egocentric self-perception in his early diaries," *id.*, and to "convey a capsule characterization of the style of Hubbard's earliest fiction writing," 582 *id.* at 1518.

As to the first statutory factor, then, the opinion concludes that the "great majority" of quotations in the book demonstrate "a powerfully compelling fair use purpose that could not be accomplished without use of the subject's own words" but that "in a few instances of quotation of unpublished material," there is a "much less compelling fair use justification." *Id.* at 1520. The opinion observes that the passages involved in the "few instances" referred to "undoubtedly play a role in filling out the biographer's portrait" and may "fall short of demonstrating a sufficiently powerful claim of a fair use purpose to satisfy the test of 'narrower' scope for unpublished material." *Id.*

Examining the third statutory factor, amount and substantiality of the portion used in relation to the copyrighted work as a whole, 17 U.S.C. § 107(3), the district court finds New Era's count of 201 instances of infringement exaggerated but concludes that "there remains a substantial amount of taking of protected expression sufficient to raise a serious problem of copyright infringement if the takings are not protected by fair use." *Id.* at 1522. In the opinion of the district court the fourth statutory factor, effect of the use upon the potential market value of the copyrighted work, 17 U.S.C. § 107(4), said by the Supreme Court to be "the single most important element of fair use," *Harper & Row*, 471 U.S. at 566, 105 S. Ct. at 2233, cuts in favor of Holt.

Because the book "is a hostile, critical biography using conclusions about" Hubbard, one interested in reading Hubbard's writings would not be dissuaded by the extracts from purchasing his larger works. 695 F. Supp. at 1523.

The ultimate conclusion of the opinion as to fair use is that the use of published materials is "fair" but that the book is infringing in "some degree" in respect of unpublished materials. That conclusion is arrived at with some reluctance:

As to the book overall, were it not for the ruling of the Court of Appeals in *Salinger*, I would conclude that fair use has been adequately demonstrated. . . . Here the demonstration of fair use is far more compelling. Many of the takings of Salinger's expression were for the purpose of enlivening that text with Salinger's expressive genius. . . . Hubbard's expression is taken primarily to show character flaws in a manner that cannot be accomplished without use of his words.

Id. at 1524. Nevertheless, the district court identifies forty-four passages from unpublished works "as to which a fair use purpose is not convincingly shown," leading it to observe: "I cannot conclude that the Court of Appeals would accord fair use protection to all of Miller's quotations, or that the biography as a whole would be considered non-infringing." *Id.*

Notwithstanding its recognition of the rule that injunctions generally are granted to prevent copyright infringement, the district court has "no difficulty concluding that this is one of those special circumstances in which the interests of free speech overwhelmingly exceed the plaintiff's interest in an injunction." *Id.* at 1528. Perceiving that *Salinger* creates a daunting obstacle to a fair use defense against the use of unpublished materials, the district court discerns a need to "focus with new intensity on the potential conflict between the copyright and freedom of speech." *Id.* at 1526. Here, according to the opinion of the district court, an injunction would suppress an interesting study of an important figure, with resultant injury to the public interest in free speech. Under such circumstances, an injunction should be denied, since "[a]n award of damages for profits . . . can protect the copyright holder with far less injury to the public interest in freedom of speech than an injunction." *Id.* at 1527. The permanent injunction sought here is denied by the district court because of the prohibitive expense and waste involved in republishing after deletion of infringing passages, the public's deprivation of an important historical study and the failure of an injunction to serve any copyright interest, as well as the significant injury to free speech. *Id.* at 1528.

IV.

Analysis

We agree that a permanent injunction should be denied, but for a reason

wholly different from any of those set forth in the district court's opinion. Moreover, we disagree with a great deal of what is said in the opinion.

First, we do not share some of the district court's views respecting the proper application of the four fair use factors in this case. It seems clear to us that the first statutory fair use factor, purpose of the use, weighs in favor of Holt, while the remaining three factors, nature of the copyrighted work, amount and substantiality of the portion used, and effect of the use upon the market, all weigh in favor of New Era. The book under examination here is no different from the *Salinger* biography in its statutory fair use purpose classification: "criticism," "scholarship" or "research." See *Salinger*, 811 F.2d at 96. Consonant with *Salinger*, "we agree with the District Court that the first fair use factor weighs in [Holt's] favor, but not that the purpose of [its] use entitles [it] to any special consideration." *Id.* at 97. The tenor of the district court opinion is that special consideration should be afforded to Holt, to the extent that Hubbard's words are quoted to prove some traits of character either at odds with his public image or especially intriguing to the reader. The district court sees a significant distinction in purpose between the use of an author's words to display the distinctiveness of his writing style and the use of an author's words to make a point about his character, finding far greater justification in the latter than in the former. We find such a distinction unnecessary and unwarranted in applying the statutory fair use purpose factor. As long as a book can be classified as a work of criticism, scholarship or research, as can be book here, the factor cuts in favor of the book's publisher, whether the copyrighted matter is taken from a literary lion like J.D. Salinger or a purported prophet like L. Ron Hubbard.

The district court opinion adds a gloss to the second fair use factor—nature of the copyrighted work—that we think should be removed. While we made it clear in *Salinger* that unpublished works normally enjoy complete protection, the district court would parse this factor also with a distinction. In this instance the distinction is between the use of protected expression to "enliven" text and the use of protected expression to communicate "significant points" about the subject. We see no need for such an approach. Where use is made of materials of an "unpublished nature," the second fair use factor has yet to be applied in favor of an infringer, and we do not do so here. "Since the copyrighted letters are unpublished, the second factor weighs heavily in favor of [New Era]." *Id.*

We agree with the district court's analysis of the third fair use factor and with its finding that a substantial amount of taking remains even after correcting for New Era's overcounting. Our analysis of the fourth fair use factor, effect of the copyrighted work, differs substantially from that of the district court. Since the district court accepted New Era's contention that it would commission an authorized biography of Hubbard and that all Hubbard's writings, published and unpublished, would be made available for that

purpose, it is difficult to conclude, as does the district court, that the book published by Holt would have no effect on the market for New Era's forthcoming book. We disagree with Judge Leval on the application of the fourth fair use factor, as we did in *Salinger*, finding here as we did there that "some impairment of the market seems likely" and that "[t]he fourth fair use factor weighs slightly in [the copyright owner's] favor." *Id.* at 99.

584 Following an exhaustive analysis of the doctrine of fair use, the district court finds in any event that a small, but more than negligible, body of unpublished material cannot pass the fair use test, given the strong presumption against fair use of unpublished work. Although we would characterize the use here as more than "small," it makes no difference insofar as entitlement to injunctive relief is concerned. Since the copying of "more than minimal amounts" of unpublished expressive material calls for an injunction barring the unauthorized use, *id.* at 96, the consequences of the district court's findings seem obvious. Nevertheless, the district court denied an injunction for several reasons, one being the existence of special circumstances in which free speech interests were said to outweigh the interests of the copyright owner. We are not persuaded, however, that any first amendment concerns not accommodated by the Copyright Act are implicated in this action. Our observation that the fair use doctrine encompasses all claims of first amendment in the copyright field, *Roy Export Co. Establishment v. Columbia Broadcasting System, Inc.*, 672 F.2d 1095, 1099-100 (2d Cir.), *cert. denied*, 459 U.S. 826, 103 S. Ct. 60, 74 L.Ed.2d 63 (1982), never has been repudiated. See, e.g., *Harper and Row*, 471 U.S. at 557, 105 S. Ct. at 2229. An author's expression of an idea, as distinguished from the idea itself, is not considered subject to the public's "right to know." W. Patry, *The Fair Use Privilege in Copyright Law* 466 (1985).

Nor are we persuaded by any of the other reasons given by the district court for denying an injunction following its rejection of the fair use defense and its finding of infringement. The public would not necessarily be deprived of an "interesting and valuable historical study," 695 F. Supp. at 1528, but only of an infringing one. The "prohibitive" expense of republication after deletion of improperly included material is without more an inevitable consequence of breach of copyright, and, contrary to the view of the district court, a "significant copyright interest" certainly would be served by an injunction. The Copyright Act is, after all, a device for carrying into effect a Congressional power firmly embedded in our Constitution - "To promote the . . . useful Arts, by securing for limited Times to Authors . . . the exclusive Right to their respective Writings . . ." U.S. Const. Art. I, Sec. 8.

Nevertheless, equitable considerations dictate denial of injunctive relief in this action. The prejudice suffered by Holt as the result of New Era's unreasonable and inexcusable delay in bringing the action invokes the bar of laches. See *Goodman v. McDonnell Douglas Corp.*, 606 F.2d 800, 804 (8th Cir. 1979),

cert. denied, 446 U.S. 913, 100 S. Ct. 1844, 64 L. Ed.2d 267 (1980). In initially denying a temporary restraining order, the district court found that New Era had been aware since 1986 that the book would be published in the United States. Despite this knowledge, and despite lawsuits commenced in 1987 to enjoin publication in England, Canada and Australia, New Era failed to compare Holt's book with the books published abroad; failed to inquire of Holt as to the planned date of publication in this country; and failed to take any steps to enjoin publication of the book until it sought a restraining order in May of 1988. At the time of the TRO application, 12,000 copies of the book already had been printed, packed and (except for 3,000 copies left on a loading dock) shipped. Review copies had been sent out and a second press run was scheduled for May 6. The district court, in its opinion denying the TRO, commented on the delay and the prejudicial nature of the delay:

[Holt] had made clear since Mr. Rintoul's defiant letter in the summer of 1986 that it had no interest either in cooperating with [New Era] or in entering into discussions of infringements. There is no good reason why [New Era] should have waited until May [1988] to seek provisional orders of restraint. An earlier application would have permitted the court to explore the issues of law without causing [Holt] catastrophic harm.

684 F. Supp. at 810.

If New Era promptly had sought an adjudication of its rights, the book might have been changed at minimal cost while there still was an opportunity to do so. At this point, however, it appears that a permanent injunction would result in the total destruction of the work since it is not economically feasible to reprint the book after deletion of the infringing material. 695 1F. Supp. at 1528. Such severe prejudice, coupled with the unconscionable delay already described, mandates denial of the injunction for laches and relegation of New Era to its damages remedy. *See West Pub. Co. v. Edward Thompson Co.*, 176 F. 833, 838 (2d Cir. 1910); *Hayden v. Chalfant Press, Inc.*, 177 F. Supp. 303, 307 (S.D. Cal. 1959), *aff'd*, 281 F.2d 543 (9th Cir. 1960); *Blackburn v. Southern California Gas Co.*, 14 F. Supp. 553, 554 (S.D. Cal. 1936). 585

Epilogue

The judgment of the district court is affirmed. The stay heretofore granted by this Court is vacated. The mandate shall issue forthwith.

OAKES, Chief Judge (concurring):

While I agree that the denial of an injunction should be affirmed and hence concur, it seems to me unnecessary for the majority opinion to do anything other than affirm the denial of an injunction for laches (even though I would only remand were that the only issue). While I do not completely agree with Judge Leval's fair use analysis, it seems to me the majority unnecessarily goes out of its way to take issue with Judge Leval's opinion, *New Era*

Publications Int'l, ApS v. Henry Holt and Co., 695 F. Supp. 1493 (S.D.N.Y. 1988). Doing so, even by way of dictum, tends to cast in concrete *Salinger v. Random House, Inc.*, 811 F.2d 90 (2d Cir.), *cert. denied*, — U.S. —, 108 S. Ct. 213, 98 L.Ed.2d 177 (1987). *Salinger* is a decision which, even if rightly decided on its facts, involved underlying, if latent, privacy implications not present here by virtue of Hubbard's death. *Salinger's* language, as here applied, confines the concept of fair use and prevents necessary flexibility in fashioning equitable remedies in copyright cases. I thought that *Salinger* might by being taken literally in another factual context come back to haunt us. This case realizes that concern. 'Tis the more the pity, since the majority's "disagree[ment] with a great deal of [Judge Leval's] opinion," majority op. at 583, can in a real sense be considered dictum.

Ordinarily, in the interests of brevity I would confine this concurrence to my points of disagreement with the majority, relegating to an appendix my very limited disagreement with Judge Leval on his fair use analysis. But because "[f]air use is a mixed question of law and fact," *Harper & Row, Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 560, 105 S. Ct. 2218, 2230, 85 L. Ed. 2d 588 (1985), I must restate a certain amount of background information.

I. Background

The book, *Bare-Faced Messiah*, is a biography of sorts, largely based upon Freedom of Information Act materials from U.S. Navy, Federal Bureau of Investigation, Central Intelligence Agency and other United States agency records; numerous interviews with Scientologists, friends, enemies, and relatives of Hubbard; newspaper stories and published materials about the book; Hubbard's own extensive writings, involving literally millions of words, published and unpublished; and court records and testimony in various tax, bankruptcy, divorce, and other proceedings. Like Judge Leval, I believe it unnecessary to assess the accuracy of Miller's reports or the justification for his conclusions. Nonetheless, there is no reason, and I do not see the majority doing otherwise, to quarrel with the judge's finding that the book "appears to make responsible use of its material" and hence is "a serious work of criticism and comment on a highly newsworthy subject." 695 F. Supp. at 1506. As such, it is properly qualified for fair use consideration as a work of "criticism, comment, news reporting, teaching . . . , scholarship, or research," under 17 U.S.C. § 107.

It bears mention that *Messiah* gives due credit in the preface to a dedicated member of the Church of Scientology for more than a decade, one Gerry Armstrong, who, when given permission to research an official biography of Hubbard, is said to have gone through six filing cabinets of material, only to become totally disillusioned with contradictory material on Hubbard's family background, naval and academic careers, fraudulent business

background, tax evasion and levasion of law. Armstrong, who was unsuccessfully sued by the Church, *Church of Scientology of California v. Armstrong*, No. C 420153 (Super. Ct. Cal. June 20, 1984), is quoted as concluding that Hubbard was "a con man." *Messiah* at 6.

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II. Judge Leval's Opinion

For examples of *Messiah's* use of copyrighted material, I would refer the reader to Judge Leval's comprehensive analysis of New Era's claims. See 695 F. Supp. at 1507-22. A long appendix to the judge's opinion provides all of the passages in *Messiah* which New Era claims infringed its copyright, the sources of those passages, and the judge's rulings on each passage. The appendix itself was not published in the Federal Supplement, and although I will refer to the appendix occasionally, I do not consider it necessary to publish it here.

The first twenty-two pages of the Leval appendix catalog sixty-nine quotations or references to published materials. Of these, with only three exceptions,¹ the judge found either that there was no infringement because the quotations merely reported facts or ideas and the paraphrases did not use Hubbard's manner of expression, or that there was a strong fair use justification. Fair use was justified, Judge Leval said, because some of these passages embodied false mythology about Hubbard; Hubbard's dishonesty; his boastfulness, pomposity, or pretension; his paranoia; his snobbery, bigotry, disdain for Asians, or dislike of the Orient; his cruelty or disloyalty; his aggressiveness, viciousness, or scheming tactics; his cynicism; or his derangement, insanity, or bizarre pseudo-science. Judge Leval found that other passages were

¹ The three exceptions, where quotations of Hubbard's published writings were found to be not fairly used, are de minimis or insignificant under the other fair use factors such as marketability. *Warner Bros., Inc. v. American Broadcasting Cos.*, 720 F.2d 231, 242 (2d Cir. 1983); *Time Inc. v. Bernard Geis Assocs.*, 293 F.Supp. 130, 146 (S.D.N.Y. 1968); *Meredith Corp. v. Harper & Row, Publishers, Inc.*, 378 F. Supp. 686, 689 (S.D.N.Y.), *aff'd*, 500 F.2d 1221 (2d Cir. 1974). (Judge Leval did not refer directly to these three passages, but presumably he too thought that they were de minimis.) The first two passages are from a 1960 Hubbard Communications Office Bulletin, the first quoting the clause "a person named Richard M. Nixon" and the second reading as follows: "We want clean hands in public office in the United States. Let's begin doggedly denying Nixon the presidency no matter what his Secret Service tries to do to us now. . . . He hates us and has used what police force was available to him to say so. So please get busy on it." The third consists of two sentences quoted from Hubbard's book, *Mission Into Time*: "Hearing of L. Ron Hubbard's plans for further exploration and research into, among other things, past civilizations, many Scientologists wanted to join him and help. They adopted the name 'Sea Organization.'" With respect to Judge Leval, much of this last quotation could well have been treated as non-infringing because it involves fact.

necessary to render Hubbard's ideas accurately or to display his early writing style or presentation of himself. Judge Leval considered all of these reasons for quoting Hubbard directly because they have bearing on "the purpose and character of the use." 17 U.S.C. § 107(1). In setting forth these different categories of fair use, Judge Leval referred to the statute, which permits use "for purposes such as criticism, comment, news reporting, teaching . . . , scholarship, or research." *Id.* § 107 (emphasis added to show statutory terms not all inclusive); see 695 F. Supp. at 1505. The opinion also notes that "[a]lthough plaintiff does not concede justification for the quotations from the previously published works, it no doubt recognizes that defendant's claims of fair use as to those materials are extremely powerful." 695 F. Supp. at 1498. New Era's fire on appeal is not directed at Judge Leval's findings on the published material, but its brief does mention that fair use does not extend to multiple, excessive, or less important illustrations of Hubbard's characteristics, as Judge Leval's opinion itself recognized. See *id.* at 1524. New Era does not, however, support this suggestion with specific examples.

587 This appeal instead concerns quotations from the *unpublished* Hubbard writings. Judge Leval's appendix lists 132 passages from unpublished works which New Era claims infringed its copyright. Seventy-three of these came from Hubbard's Asia Diaries written in 1927-29, when Hubbard was a young man. Most of the Asia Diaries passages quoted appear in chapters 2 and 3 of *Messiah*. Most of the remaining fifty-nine passages from unpublished works came from letters: Six were in one letter (to his first wife) dated July 21, 1939; twelve were in four letters to a follower, Helen O'Brien; one was in an internal memo to a press officer; two were in a letter (apparently dated 1971) to his daughter Alexis disavowing that he was her father; and the rest were in letters sent to the Secretary of War offering Hubbard's services in World War II, to the FBI (mainly deprecating his second wife), to the VA seeking to upgrade his World War II pension, to an Alaskan bank cashier explaining why Hubbard had not paid a note, and to the FBI or the President of the United States seeking to ingratiate himself or Scientology. There is also a quotation from Hubbard's proposed Constitution for the Nation of Rhodesia and a paraphrase of a dispatch to Hubbard's Scientology followers at Saint Hill, England.

Judge Leval found that 91 of the 132 passages from unpublished works were fairly used or did not infringe upon the unpublished Hubbard writings and that the remaining 41 were unfairly used. *The Asia Diaries were the source of all but four of those unfairly used passages.* Set out in the margin is a table which summarizes *Messiah's* use of Hubbard's writing and Judge Leval's findings.²

² Summary of *Bare-Faced Messiah's* use of published and unpublished materials and of Judge Leval's findings

Judge Leval's principal conclusions on the unpublished works may be summarized as follows:

1. *The first conclusion.* *Harper & Row, supra*, and *Salinger, supra*, do not preclude a finding of fair use as to unpublished materials, but they do argue strongly against it and place a burden on the user to "establish a highly convincing case in favor of fair use." 695 F. Supp. at 1523. With this the majority cannot and does not disagree.

2. *The second conclusion.* Holt met its burden in this case as to the great majority of unpublished materials. *Salinger* and Judge Leval's own *Craft v. Kobler*, 667 F. Supp. 120 (S.D.N.Y. 1987), cases in which the biographer "has used the lively expression of his subject to enliven the biography," 695 F. Supp. at 1523, can be distinguished from this case, where the personal traits of Hubbard could not be shown without using the subject's own words, because the value of the passages quoted in *Messiah* "lies precisely in the subject's choice of words—not as a matter of literary expression—but for what the choice of words reveals about the subject." *Id.* at 1524. A prime example is the quotation from Hubbard's *Asia Diaries*: "The trouble with China is, there are too many chinks here."³ The majority apparently rejects this approach of Judge Leval; if the work is unpublished the majority considers under the second fair use test—the nature of the unpublished work—that protection follows as of course. Majority op. at 583. I disagree.

3. *The third conclusion.* As to the book overall, Judge Leval found that fair use was adequately demonstrated, far more compelling than in *Salinger* (which reversed Judge Leval's district court opinion, *Salinger v. Random House, Inc.*, 650 F. Supp. 413 (S.D.N.Y. 1986)). But, given *Salinger*, and its strong presumption against finding fair use for unpublished materials, Judge

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	Noninfringement or fair use found by Judge Leval	Unfair use found by Judge Leval	Totals
Use of published materials	66	3	69
Use of unpublished materials	91	41	132
(of which: from <i>Asia Diaries</i>)	(36)	(37)	(73)
Totals	157	44	201

³ [A]s to Hubbard's sentence, "The trouble with China is, there are too many Chinks here," there is no fact reported in it which the biographer has an interest in narrating. What is interesting is that Hubbard said it.

Nor should a biographer/critic be limited to stating her conclusions about the subject's choice of words. It would be preposterous to restrict Miller to writing something like,

"Hubbard used a vulgar derogatory epithet exhibiting snobbish bigoted disdain for the Chinese." That would be at once unfair to the biographer, the subject, and the readership, which can reasonably demand to know "What did he say? Let us be the judge of whether it was vulgar, snobbish or bigoted."

695 F. Supp. at 1524 (citation omitted).

Leval went on to concede, perhaps *Messiah* uses too many examples or in some cases insufficiently effective or important ones to demonstrate Hubbard's characteristics. This required a finding of "some degree" of infringement. 695 F. Supp. at 1524-25. The majority agrees though saying that the use here was "more than 'small.'" Majority op. at 583. I totally disagree. Out of the millions of Hubbard's words the use was infinitesimal. In comparison to *Messiah* as a whole, the unfair use was tiny, indeed insignificant.

4. *The fourth conclusion.* While an injunction ordinarily issues to prevent copyright infringement, Judge Leval found this case "drastically different," since (1) *Messiah* was not an example of "profiteering by appropriating the creative effort and genius of another" or other "opportunistic free riding;" (2) the infringing portions are "insignificant;" and (3) an injunction would "diminish public knowledge," so First Amendment concerns are implicated. *Id.* at 1525. Therefore, Judge Leval concluded, all of the circumstances of this case required the denial of a permanent injunction. The majority disagrees. Majority op. at 584-585.⁴ I totally disagree with the majority.

⁴ I note that Judge Leval, in so holding, declined to rely on two factors alluded to in the briefs on appeal. First, Judge Leval did not rely on the fact that most of the unpublished materials here at issue—including the Asia Diaries—became part of a court record and in that sense were published in the California Superior Court litigation in which the Church sought to recover them from its member Armstrong who it claimed had taken them without permission. Judge Leval decided that any display of those materials in the California litigation was over the Church's objection and that, as a matter of principle, being forced to sacrifice a right in order to bring a lawsuit to enforce it would make the right chimerical. 695 F. Supp. at 1500 n.3. An uncontroverted affidavit in the record provides further support for Judge Leval's position: for all practical purposes the documents in the California case were at almost all times under seal, subject to court order, not copied and ultimately returned to the Church after the settlement of Armstrong's cross-claim against the Church.

Second, Judge Leval did not rely on the fact that, as New Era argued in the district court, the private nature of the Hubbard documents should favor a finding of infringement. He pointed out that "the protection of privacy is not the function of our copyright law." *Id.* at 1504. While an action under state law for a violation of the right of privacy is not preempted by the Copyright Act, such a right is not available once the subject of the publication is deceased, particularly where the writer was a public figure like Hubbard. *Id.* Case law supports Judge Leval's view that a person's privacy right terminates at death. *Cordell v. Detective Publication, Inc.*, 419 F.2d 989, 990-91 (6th Cir. 1969); *Maritote v. Desilu Productions, Inc.*, 345 F.2d 418, 419 (7th Cir.), cert. denied, 382 U.S. 883, 86 S. Ct. 176, 15 L.Ed.2d 124 (1965); *United States v. Amalgamated Life Ins. Co.*, 534 F. Supp. 676, 679 (S.D.N.Y. 1982); *Meeropol v. Nizer*, 381 F. Supp. 29, 37 (S.D.N.Y. 1974); *aff'd in relevant part*, 560 F.2d 1061 (2d Cir. 1977), cert. denied, 434 U.S. 1013, 98 S.Ct. 727, 54 L.Ed.2d 756 (1978).

If, as some commentators have suggested, e.g., Note, *Fair Use of Unpublished Materials in the Second Circuit: The Letters of the Law*, 54 Brooklyn L. Rev.

III. Discussion

A. Fair Use Doctrine

I need not here review the background of the defense of fair use. There is a very good book on the subject, one that has been cited by the United States Supreme Court and is referred to by the majority. See W. Patry, *The Fair Use Privilege in Copyright Law* (1985) (hereinafter Patry); *Harper & Row*, 471 U.S. at 554, 105 S. Ct. at 2227. The leading treatise covers the fair use defense in depth. See 3 *Nimmer on Copyright* § 13.05, at 13-62.4 to -129 (1988) (hereinafter *Nimmer*). The Copyright Act itself lists four non-exclusive factors—I emphasize non-exclusive—to consider in this inquiry. These include, of course, the purpose and character of the use, the nature of the copyrighted work, the amount and substantiality of the portion used in relation to the copyrighted work as a whole, and the effect of the use upon the potential market for or value of the copyrighted work. 17 U.S.C. § 107 (1982). Section 107 requires a case-by-case determination whether a particular use is fair. *Harper & Row*, 471 U.S. at 549, 105 S. Ct. at 2224-25. Fair use is an "equitable rule of reason." *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417, 448 & n.31, 104 S. Ct. 774, 792 & n.31, 78 L. Ed. 2d 574 (1984) (quoting from H.R. Rep. No. 94-1476, at 65 (1976)); see also *Harper & Row*, 471 U.S. at 551, 105 S. Ct. at 2226 (emphasizing the "equitable nature" of the fair use doctrine). The doctrine "permits courts to avoid rigid application of the copyright statute when, on occasion, it would stifle the very creativity which that law is designed to foster." 471 U.S. at 550 n.3, 105 S. Ct. at 2225 n.3 (quoting *Iowa State Univ. Research Found, Inc. v. American Broadcasting Cos.*, 621 F.2d 57, 60 (2d Cir. 1980)).

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Because *Salinger* is not the beginning and the end of fair use law, previous Second Circuit cases involving biographies, public figures and public information do, I think, need reference. *Rosemont Enterprises, Inc. v. Random House, Inc.*, 366 F.2d 303 (2d Cir. 1966), rev'g 256 F. Supp. 55 (S.D.N.Y.), cert. denied, 385 U.S. 1009, 87 S. Ct. 714, 17 L. Ed. 2d 546 (1967), involved a biography of Howard Hughes and allegations that Hughes was attempting to suppress unfavorable publicity. After learning that Random House was considering publication of a biography, Hughes granted a friendly Nevada corporation, Rosemont Enterprises, Inc., an exclusive contract to publish and sell his authorized biography, Rosemont then purchased the copyrights to articles about Hughes that had appeared in *Look* magazine in 1954. After Random House published its biography, Rosemont brought suit for the infringement of the *Look* articles, claiming that the *Look* articles were copied at least forty-

417, 457-60 (1988), tacit concerns for Salinger's privacy in some way informed the *Salinger* opinion, those concerns are not present here. On privacy and the law of copyright, see Judge Newman's informative Manges lecture, in 12 *Colum.-VLA J.L. & Arts* 459, 460 n.2 (1988), refuting the commentators' suggestion.

one times. 256 F. Supp. at 61. The district court found that the taking was substantial in quantity and quality and granted a preliminary injunction. *Id.* at 64, 68. This court reversed in an opinion by Judge Moore:

Whether the privilege may justifiably be applied to particular materials turns initially on the nature of the materials, e.g., whether their distribution would serve the public interest in the free dissemination of information and whether their preparation requires some use of prior materials dealing with the same subject matter.

366 F.2d at 307. That is to say, the second use must serve the public interest and must require use of the original work. *Cf. Marvin Worth Prods. v. Superior Films Corp.*, 319 F. Supp. 1269, 1275 (S.D.N.Y. 1970) (film did not need to use books on life of Lenny Bruce, and use did not serve public interest; *Rosemont* distinguished).⁵

Time, Inc. v. Bernard Geis Associates, 293 F. Supp. 130 (S.D.N.Y. 1968), involved the famous Zapruder film of the assassination of President Kennedy. A book published by Bernard Geis Associates, *Six Seconds in Dallas*, used charcoal sketches of the Zapruder frames, then owned by *Life* magazine, which had improperly been photographed by a *Life* employee who wrote the book. The district court emphasized the strong public interest in making
590 available the fullest information about the murder of President Kennedy, 293 F. Supp. at 146, but may not have properly evaluated the potential economic harm to the owner of the copyright in granting summary judgment to the defendants, *see* Patry at 98-100.

Meeropol v. Nizer was a series of cases brought by the sons of Ethel and Julius Rosenberg to restrain Louis Nizer's book, *The Implosion Conspiracy*.

⁵ Mention should also be made of the "concurring" opinion in *Rosemont* of Chief Judge Lumbard—an opinion joined by Judge Hays—which looked to the equitable doctrine of clean hands in light of Hughes' alleged attempt to suppress unfavorable biographies, 366 F.2d at 311-13.

Judge Leval did not consider the doctrine of unclean hands, though the English trial court which denied an interim injunction sought by the Church of Scientology against *Messiah's* author and Penguin Books said that the Church's litigation was "oppressive" and "not *bona fide* launched to protect any legitimate interest of the church in preserving confidentiality in information contained in Mr. Miller's biography." *Church of Scientology of California v. Miller*, slip op. at 16 (Ch. Oct. 9, 1987), *aff'd*, Ch. 1986 C. No. 6140 (C.A. Oct. 22, 1987). Were appellants to have prevailed on this appeal, the allegations presented in the affidavit of W. Mallory Rintoul, Esq., the Secretary and General Counsel of Henry Holt and Company, Inc., in the joint appendix at 883 with attached materials, would in my opinion have called for an examination of the "clean hands" of appellants. This, like the majority's consideration of laches, necessarily follows from the fact that New Era sought injunctive relief; these are *equitable* defenses to an *equitable* remedy, sought in connection with an *equitable* doctrine.

In the first *Meeropol v. Nizer*, 361 F. Supp. 1063 (S.D.N.Y. 1973), Judge Tyler denied a motion to restrain Nizer pendente lite from infringing upon a claimed copyright in the Rosenbergs' letters which had been published in a 1953 book, but which had been out of print for nearly twenty years. The court cited *Rosemont's* public interest and necessity tests. *Id.* at 1067-68. It found a continuing public interest in the Rosenberg case, that the letters were important to any serious book on the subject, and that the selections from the letters were used "with discretion and with demonstrable purpose to illustrate, from an historical and legal point of view, the post-conviction appeals and petitions for clemency which were filed by and for Mr. and Mrs. Rosenberg." *Id.* at 1068. An appeal was taken, but apparently dropped, see *Meeropol v. Nizer*, 417 F. Supp. 1201, 1203 n.1 (S.D.N.Y. 1976), *aff'd in part, rev'd in part*, 560 F.2d 1061 (2d Cir. 1977), *cert. denied*, 434 U.S. 1013, 98 S. Ct. 727, 54 L.Ed.2d 756 (1978).

On an expanded record in 1976, the Meeropols' supplemental complaint was heard on a motion by defendants for summary judgment. *Id.* at 1203. Judge Gagliardi held, not altogether persuasively to some, see Patry at 79-80:

[C]ourts in recent years have come to recognize that there are occasionally situations in which the copyright holder's interest in a maximum financial return must occasionally be subordinated to the greater public interest in the development of arts, science, and industry.

417 F. Supp. at 1206. Our court reversed, finding that fair use was not established as a matter of law and that genuine issues of fact existed which precluded summary judgment. These issues were the purposes for which Nizer used quotations from the Rosenberg letters and the effect of that use upon the future market for the letters. 560 F.2d 1061, 1070 (2d Cir. 1977), *cert. denied*, 434 U.S. 1013, 98 S. Ct. 727, 54 L.Ed.2d 756 (1978). Judge Smith's opinion for this court stated that the inquiry on remand should determine "whether or not the Rosenberg letters were used primarily for scholarly, historical reasons or predominantly for commercial exploitation." *Id.* at 1069. The key issue was "whether the defendant's work tends to diminish or prejudice the potential sale of plaintiff's work." *Id.* at 1070 (fact that letters quoted were out of print "does not necessarily mean that they have no future market which can be injured"). Thus, *Meeropol* qualified *Rosemont* to a certain extent, and it cannot be overlooked in the analysis that follows.

Iowa State University Research Foundation, Inc. v. American Broadcasting Cos., 621 F.2d 57 (2d Cir. 1980), involved ABC's use in its coverage of the 1972 Olympics of two-and-one-half minutes of film from a twenty-eight-minute biographical film about a wrestler at Iowa State who ultimately won a gold medal. In affirming the opinion of Judge Lumbard, sitting as a district judge, 463 F. Supp. 902 (S.D.N.Y. 1978), the Court of Appeals said that

"[t]he fair use doctrine is not a license for corporate theft, empowering a court to ignore a copyright whenever it determines the underlying work contains material of possible public importance." In this regard, it was relevant that the copyrighted material was used for commercial purposes. 621 F.2d at 61. The *Iowa State* court also rejected a purely quantitative approach for determining whether the copying is insignificant, *id.* at 61-62, a factor which I also consider important.

Finally, in *Roy Export Co. Establishment v. Columbia Broadcasting System, Inc.*, 672 F.2d 1095 (2d Cir.), *cert. denied*, 459 U.S. 826, 103 S. Ct. 60, 74 L.Ed.2d 63 (1982), this court rejected a news broadcaster's claim that it had a First Amendment right to use portions of Charlie Chaplin's films in the broadcast coverage of Chaplin's death. Judge Newman's opinion for the court quoted *Wainwright Securities, Inc. v. Wall Street Transcript Corp.*, 558 F.2d 91, 95 (2d Cir. 1977), *cert. denied*, 434 U.S. 1014, 98 S. Ct. 730, 54 L.Ed.2d 759 (1978), as stating the general rule that "[c]onflicts between interests protected by the first amendment and the copyright laws thus far have been resolved by application of the fair use doctrine." 672 F.2d at 1100.

In sum, before *Salinger* the Second Circuit recognized that public interest in the subject matter and the necessity for the use are important components of fair use, and that the fair use doctrine is an appropriate way to resolve conflicts between copyright law and the First Amendment. At the same time, the commercial motives of a user will count against fair use, and so will the likelihood of undermining the market for the protected work. A court should consider the use in both quantitative and qualitative terms. Following the Supreme Court's decision in *Harper & Row*, more attention has been given to the additional issue of how significant it is that the material copied was unpublished.

B. Fair Use in *Messiah*

Neither appellant nor the majority opinion disputes Judge Leval's conclusion about Hubbard's published works: that all the quotations or paraphrases from these works were either non-infringing or fairly used (or implicitly de minimis, *see note 1 supra*).⁶ Rather, New Era's principal argument and the majority opinion concern Hubbard's unpublished writings. The

⁶ New Era does question—the majority does not—whether letters filed with various government agencies or applications thereto should be considered published, since Hubbard sent them to the agencies before the Freedom of Information Act was adopted. Holt argues, on the other hand, that Hubbard's letter or applications to government agencies were published.

I think that Holt has the better of the argument. While before the FOIA the letters may have been sent with an expectation of privacy, that expectation no longer existed after Hubbard's death. Moreover, publication occurred in a very real sense when Hubbard wrote the government agency or official in question. *Cf. Restatement (Second) of Torts* § 577 (1977) (publication of defama-

claim is that Judge Leval's conclusion that the fair use doctrine justifies Holt's use of portions of these writings is contrary to *Harper & Row* and "eviscerates" *Salinger*. The majority agrees with New Era (majority op. at 583) that the district court's consideration of the first section 107 factor—the purpose and character of the use—is premised on an illusory distinction between quotations used merely to "enliven" a biographer's work and quotations that are essential to communicate significant points about the character of the subject. Judge Leval, the argument runs, improperly thought that it was necessary to quote Hubbard to communicate character traits such as dishonesty, boastfulness, pretention, and the like.

It is true that *Salinger* said that a "biographer has no inherent right to copy the 'accuracy' or the 'vividness' of the letter writer's expression. Indeed, 'vividness of expression' is precisely an attribute of the author's expression that he is entitled to protect." 811 F.2d at 96. *Salinger* goes on to quote the defendant in that case as stating, when asked why he copied a stylistic device of *Salinger's*, that he wanted to convey the fact that *Salinger* was adopting an ironic tone. The biographer was then asked whether he could have stated that *Salinger* had an ironic tone; he responded that "[t]hat would make a pedestrian sentence I didn't wish to put my name to." *Id.* Judge Newman, writing for the *Salinger* panel, concluded: "[W]hen dealing with copyrighted expression, a biographer (or any other copier) may frequently have to content himself with reporting only the fact of what his subject did, even if he thereby pens a 'pedestrian' sentence. The copier is not at liberty to avoid 'pedestrian' reportage by appropriating his subject's literary devices." *Id.* at 96-97. While this passage could be read broadly, as apparently the majority does, I do not think that it reaches the case where the biographer or critic is using the protected expression as a fact to prove a character trait that is at odds with the public image that the subject or the subject's supporters have attempted to project. As Judge Leval said, it may be "the words used by [a] public figure (or the particular manner of expression) that are the facts calling for comment." 695 F. Supp. at 1502. This is entirely consistent with the Supreme Court's comment in *Harper & Row* that quotations may be "necessary adequately to convey the facts." In that case, for example, President Ford's characterization of certain White House tapes as the "smoking gun"

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tory material). Finally, the FOIA does not apply only to materials that arrived in government files after its enactment.

To be sure, the act of placing a "work" in a public file where it is available for inspection is not a publication under 17 U.S.C. § 101, at least after January 1, 1978, 1 *Nimmer* §§ 4.07, at 4-39 to -40, 4.10 at 4-49 and cases cited, because the work has not been distributed. Nonetheless, although case law on this is nonexistent, I think that letters or applications to government agencies seeking or promoting action by the agencies are not "works of authorship" in the copyright sense of 17 U.S.C. § 102. *Cf. id.* § 2.03[A], at 2-24 (Congress did not use its full constitutional powers over "writings" in the Act).

was "perhaps so integral to the idea expressed as to be inseparable from it." 471 U.S. at 563, 105 S.Ct. at 2232.

I agree with Judge Leval: words that are facts calling for comment are distinguishable from words that simply enliven text. The law recognizes that words themselves may be facts to be proven. For example, in evidence law, words of independent legal significance, such as a contract or slander, are verbal acts and not hearsay. See *McCormick on Evidence* § 249, at 732-33 (3d ed. 1984). According to *Messiah*, Hubbard lied, boasted, etc. These are actions. In order to prove his point, *Messiah's* author must recount those actions—i.e., he must quote Hubbard's lies, boasts, etc. Thus, in *Salinger's* words, see 811 F.2d at 97, *Messiah* seeks, in quoting Hubbard's writings, to "report[] only the fact of what [Hubbard] did."

Judge Leval offers a colorful hypothetical to support this argument: a popular, benign mayor who has sent memoranda to opponents in various conflicts threatening to "cut your heart out," "castrate you," and "bust your kneecaps." 695 F. Supp. at 1502. A journalist questioning the accuracy of the mayor's public image might well quote from these memoranda since it would be very difficult, if not impossible, to convey the fact that the mayor was not the benign character he was thought to be without these particular words or expressions. Another of Judge Leval's examples fits the *Messiah* quotations quite closely. A religious leader renowned for his selfless kindness, liberality of spirit and sympathy for the sufferings of others might well be exposed by extracts from his letters and journals which displayed greed or callous indifference and employed the language of racial and religious bigotry. *Id.* Thus, in considering the first of the factors identified by Congress and the courts—the purpose and character of the use—unlike the majority, I think the district court made an appropriate distinction between this case and *Salinger*.

There are a few quotations which I nevertheless concede are indistinguishable from those held to be improper in *Salinger*, and here I part company—but only a little—from Judge Leval. There are, for example, quotations from eight passages in short-story outlines and drafts to show Hubbard's teenage style of writing. The district court thought that these quotations could properly be used. *Salinger* makes it very clear, however, that quotations used merely to demonstrate writing style may not qualify for the fair use defense. 811 F.2d at 96-97. Quotations from those eight passages, then, are not fairly used. Nevertheless, they do not—unlike the quotations from *Salinger's* letters—"make the book worth reading." *Id.* at 99. Rather, they serve only in a very limited way as background information. The majority opinion disregards this distinction.

As to the second factor, the nature of the copyrighted work, *Harper & Row* says that "the scope of fair use is narrower with respect to unpublished works" because "the author's right to control the first public appearance of

his expression weighs against such use of the work before its release." Thus, the fact that a work is unpublished is a "critical element of its 'nature.'" 471 U.S. at 564, 105 S. Ct. at 2232.

Salinger interpreted narrower "scope" to refer to the "diminished likelihood that copying will be fair use when the copyrighted material is unpublished," on the theory that these passages in *Harper & Row* convey the idea that unpublished works normally enjoy complete protection against copying. 811 F.2d at 97. I accept this as the holding of *Salinger*, which we are bound to follow absent en banc review, even though *Salinger* itself recognized that at least one other interpretation might be given to the Supreme Court's statements in *Harper & Row*: The Court might have meant that lesser amounts of copyrighted material can be copied from unpublished works than from published works. Nevertheless, I do not think that *Harper & Row*, as glossed by *Salinger*, leads to the inevitable conclusion that all copying from unpublished work is per se infringement. By referring to a diminished "likelihood," *Salinger* suggests that there may be some instances—even though less likely—where copying will be fair use. For the Supreme Court in *Harper & Row* to say that "the scope of fair use is narrower" was quite different from saying that there is no scope at all. Furthermore, when *Harper & Row* said that the unpublished nature of a work should be a "key, though not necessarily determinative, factor" in fair use analysis, 471 U.S. at 554, 105 S.Ct. at 2227 (quoting S. Rep. No. 94-473, at 64 (1975)), it implicitly renounced a per se rule. Indeed, the statute itself does not distinguish between published and unpublished works.

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The second factor, as I see it, helps to define the burden that is placed upon a defendant to justify its use of copyrighted material. Holt must justify its use more convincingly under section 107's other factors when quoting from Hubbard's unpublished writings than when quoting from his published works. See 695 F. Supp. at 1504.

The third factor is the amount and substantiality of the portion of the copyrighted work used. Paraphrase as well as actual quotation must be considered. *Salinger*, 811 F.2d at 97-98. We must also examine the amount and substantiality of the passages at issue both in relation to the protected work and in relation to the work accused of infringement. *Salinger* found that the Hamilton biography there involved copied a considerable amount from forty-four letters by J.D. Salinger: protected sequences constituted at least one-third of seventeen letters, and at least ten percent of forty-two letters. *Id.* 811 F.2d at 98-99. And I agree that the amount copied may be small, but still substantial. The Supreme Court in *Harper & Row* pointed out that, while in absolute terms the words quoted were an insubstantial portion of the protected work, what was taken was nevertheless "essentially the heart of the book," 471 U.S. at 564-65, 105 S. Ct. at 2232-33 (quoting the district court opinion, 557 F. Supp. at 1072). Also important is the contribution of the

quoted material to the work accused of infringement. *Salinger* found that the taking there was significant qualitatively as well as quantitatively: *Salinger's* letters were quoted or paraphrased on appropriately 40 percent of the biography's 192 pages, and they, "[t]o a large extent . . . make the book worth reading." *Id.* at 99. See also *Harper & Row*, 471 U.S. at 566, 105 S. Ct. at 2233-34 (referring to the "key role in the infringing work" of excerpts taken from the protected work).

The amount and substantiality of the quotations used in this case are easily distinguishable from *Harper & Row* and *Salinger*, a matter which the majority opinion unfortunately glosses over. I have said that the quotations from the Asia Diaries are mostly found in Chapters 2 and 3, which deal in part with Hubbard's travels. Qualitatively, they are quite insignificant: as I mentioned above, the quotations are necessary to substantiate the author's factual assertions. However, they are not nearly so important as, in *Salinger's* words, to "make the book worth reading." 811 F.2d at 99. Quantitatively, the quotations are but a fraction of the Asia Diaries: they are hardly "the heart" of the work, as was the case in *Harper & Row*. The diaries are not in our record, but there is an affidavit that states that they contain some 46,299 words, of which only a very small portion is quoted in *Messiah*. The quotations are also a small fraction of two chapters in *Messiah* which, in turn, constitute 32 pages out of a 375-page book. Thus, the Asia Diaries quotations, in my view, satisfy the third factor of the fair use test. The same perhaps does not hold true of the letters to Helen O'Brien or to Hubbard's former spouse. The quotations used in *Messiah* are the heart of those letters, which weighs against a finding of fair use for those quotations—even though their publication does help Miller in his attempt to expose Hubbard as a hypocritical, cynical, and scheming personality. But none of these section 107 factors is exclusive, as we are all aware.

I now turn to the fourth factor set out in section 107, "the effect of the use upon the potential market for or value of the copyrighted work." *Harper & Row* tells us that this "is undoubtedly the single most important element of fair use." 471 U.S. at 566, 105 S. Ct. at 2233-34. Thus, we must assess the potential market for Hubbard's letters and the utilized portions of his Asia Diaries. Here the majority and I completely part company. As I see it, the district court correctly found that one who has an interest in reading Hubbard's writings—whether one is "for" or "against" Hubbard—would not satisfy that interest by reading *Bare-Faced Messiah* or the quotations in it. In my view it would be clear to any reader of *Messiah* "that she had not literally read Hubbard's writings," but, rather, that she had read a "hostile, critical biography using fragmentary extracts to demonstrate critical conclusions about him." 695 F. Supp. at 1523. The district court found, and I agree, that "readers would not be dissuaded from purchasing Hubbard's work by Miller's extracts," and that "Miller's use of Hubbard's writings will not affect

the market for Hubbard's copyrights." *Id.* I see no reason, nor does the majority give us any indication (op. at 583), why this finding of fact is clearly erroneous, especially since the executor of Hubbard's estate testified that no appraisal had been done of Hubbard's unpublished works. The executor also acknowledged that "any biography that is not objectively favorable to Mr. Hubbard" would not be approved for publication, while claiming that *Messiah* was a "scumbag book" and "full of bullshit." Ready Aff. Ex A. at 84, 94, 105. Letters such as those to O'Brien or to Hubbard's ex-wife stand so little chance of publication by Hubbard's legatees that their quotation in *Messiah* will not impair the market for any publication that might later be approved by the legatees. The majority does not and cannot suggest otherwise. The Asia Diaries, on the other hand, would undoubtedly have a market with Hubbard aficionados despite the publication of excerpts from them in *Messiah*. It is therefore not at all difficult to distinguish this case from *Salinger*, where the copying of Salinger's letters made likely "some impairment of the market." 811 F.2d at 99. To the extent that *Messiah*'s criticism of L. Ron Hubbard diminishes the popularity of Scientology or impedes the sale of Hubbard's books pertaining to Dianetics or the Church of Scientology or its teachings, *Messiah* may be said to affect their marketability adversely. This sort of effect, of course, is not a factor either in a fair use assessment or in a determination of an appropriate remedy, since the Copyright Act does not protect any such interest. The majority errs when it says that "it is difficult to conclude, as does the district court that the book published by Holt would have no effect on the market for New Era's forthcoming book." (Op. at 19 (emphasis added).) In fact, it is the effect of *Messiah*'s use of copyrighted material, not the effect of the book as a whole, that must be assessed here. Judge Leval carefully adhered to this distinction when considering section 107's fourth factor. See 695 F. Supp. at 1522-23.

Thus, I agree with the district court's ultimate conclusion that most of the material, including all of the published and much of the unpublished writings, is entitled to the fair use defense. I also agree with Judge Leval that the unpublished material that is not entitled to this defense is both quite small in quantity and most limited in quality, and that its marketability would in no way be affected by the publication of *Messiah*. To hold otherwise is in my view also to engage in the appellate factfinding prohibited by Fed. R. Civ. P. 595 52.

C. The Remedy

I come then to the truly critical question which the majority opinion, starting with different premises, deals with by reference solely to the Act and its constitutional underpinning: does the publication of even a small, but more than negligible, body of infringing material entitle the copyright holder to an injunction? The district court refused to enjoin further distribution of

Bare-Faced Messiah. 695 F. Supp. at 1525-28. The court fully recognized that, while an injunction is a drastic remedy, *Weinberger v. Romero-Barcelo*, 456 U.S. 305, 311-12, 102 S. Ct. 1798, 1802-03, 72 L. Ed. 2d 91 (1982), courts will readily find the requisite threat of irreparable injury in copyright cases, see, e.g., *Wainwright Securities, Inc. v. Wall Street Transcript Corp.*, 558 F.2d 91, 94 (2d Cir. 1977), cert. denied, 434 U.S. 1014, 98 S. Ct. 730, 54 L. Ed. 2d 759 (1978). However, Judge Leval found that this was not a typical case of "opportunistic free riding." The copyright infringement here did not involve "profiteering by appropriating the creative effort and genius of another." 695 F. Supp. at 1525. In other words, the injury here was not irreparable. It is not a simple case of stealing another's expressions for personal advantage.

Rather, the suppression of *Messiah* would, as Judge Leval said, operate as a prior restraint and "implicate[] concerns of the First Amendment." *Id.* Judge Leval observed that earlier cases (e.g., *Rosemont, Meeropol*) avoided suppressing critical biographies by finding fair use. "Since *Salinger*," however, the conflict between freedom of speech and the injunctive remedy is "inescapable." *Id.* at 1526. The judge concluded, and I agree, that "[t]here may . . . be instances where solicitude for the author's commercial entitlements, especially in first publication, will motivate a court to protect his compensation right by denying a finding of fair use, while solicitude for a free press and free public discussion will require denial of an injunction." *Id.* He supported this view by citing the permissive language of the Copyright Act, 17 U.S.C. § 502 (the court "may . . . grant . . . final injunctions"); past cases, e.g., *Dun v. Lumbermen's Credit Ass'n*, 209 U.S. 20, 23-24, 28 S. Ct. 335, 337, 52 L. Ed. 663 (1908) (discretion "wisely exercised" in copyright infringement case in refusing injunction against publisher of reference book with "insignificant" improper uses); and the vote of four justices in *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417, 499, 104 S. Ct. 774, 818, 78 L. Ed. 2d 574 (1984) (Blackmun, J., dissenting) (award of damages, or continuing royalties or even some form of limited injunction "may well be an appropriate means of balancing the equities in this case"). Judge Leval also distinguished *Harper & Row* and *Salinger*. The former did not involve the issuance of an injunction; and while the latter did grant a preliminary injunction, the question whether a permanent injunction should issue was not raised. 695 F. Supp. at 1526. Finally, Judge Leval cited Professor Nimmer for the proposition that "where great public injury would be worked by an injunction, the courts might follow cases in other areas of property law[,] and award damages [or] a continuing royalty instead of an injunction under such special circumstances." *Id.* at 1528; see 3 Nimmer § 14.06[B], at 14-56.2. In short, the judge decided that this was "one of those special circumstances in which the interests of free speech overwhelmingly exceed the plaintiff's interest in an injunction." 695 F. Supp. at 1528.

I recognize the counter from *Salinger* that "[i]f [an author] copies more

than minimal amounts of (unpublished) expressive content, he deserves to be enjoined," 811 F.2d at 96, and that "[m]isapplication of the appropriate legal principles constitutes grounds for overturning the denial or issuance of a preliminary injunction." *Id.* at 94. I am also aware that Judge Leval's mention of First Amendment concerns may not be easy to reconcile with the Supreme Court's statements in *Harper & Row* that "[i]t is fundamentally at odds with the scheme of copyright to accord lesser rights in those works that are of greatest importance to the public. Such a notion ignores the major premise of copyright and injures author and public alike," 471 U.S. at 599, 105 S. Ct. at 2230, and that *The Nation's* First Amendment defense "would expand fair use to effectively destroy any expectation of copyright protection in the work of a public figure," *id.* at 557, 105 S. Ct. at 2229. Finally, I am aware of this court's observation in *Roy Export*, 672 F.2d at 1099, that "[n]o Circuit that has considered the question . . . has ever held that the First Amendment provides a privilege in the copyright field distinct from the accommodation embodied in the 'fair use' doctrine." See also Patry, ch. 18: because copyright protects the expression of an idea but not the idea itself, "the only possible conflict between the First Amendment and the Copyright Act lies in the author's expression, viz., his individual characterization, phrasing, or styling of ideas. No court has ever held that the public has a right to know expression." *Id.* at 466.

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I believe, however, the Judge Leval's denial of the injunction—a remedy for infringement—can be supported on grounds that *do* recognize these arguments and the cited authorities. Enjoining publication of a book is not to be done lightly. The power to enjoin, in this as in any case, must be exercised with a delicate consideration of all the consequences. See *Rosemont*, 366 F.2d at 310-11 (discussing whether preliminary injunction should be granted). Responsible biographers and historians constantly use primary sources, letters, diaries, and memoranda. Indeed, it would be *irresponsible* to ignore such sources of information. See *supra* note 3. Where, as here, the very limited use of those materials has been—I think properly—found not to affect their marketability, the grant or denial of an injunction remains an open question, to be determined by carefully balancing the appropriate factors. I say that it is an open question because the statute makes the injunction remedy discretionary, 17 U.S.C. § 502; the cases do the same, e.g., *Rosemont*; and the leading commentators concur, B. Kaplan, *An Unhurried View of Copyright* 73 (1967) ("courts have sometimes forgotten that an injunction does not go of course; the interest in dissemination of a work may justify a confinement of the remedy to a money recovery"); 3 *Nimmer* § 14.06[B], at 14-56.2 & n.28 (where injunction would work great injury, courts might grant other relief). Moreover, other areas of property law—if one takes a purely property-oriented view of copyright—offer a wealth of analogous cases in which injunctive relief is a matter of discretion. See, e.g., *Harrisonville v. W.S. Dickey Clay*

Mfg., 289 U.S. 334, 338, 53 S. Ct. 602, 603, 77 L.Ed. 1208 (1983) (nuisance; equitable relief denied where injunction would cause grossly disproportionate hardship and payment of money will afford substantial redress); *Boomer v. Atlantic Cement Co.*, 26 N.Y.2d 219, 257 N.E.2d 870, 309 N.Y.S.2d 312 (1970) (same); *Monroe Carp Pond Co. v. River Raisin Paper Co.*, 240 Mich. 279, 215 N.W. 325, 328 (1927) (riparian rights; same); *Quality Excelsior Coal Co. v. Reeves*, 206 Ark. 713, 177 S.W.2d 728, 734 (1944) (trespass; same); *Restatement (Second) of Torts* § 951 comment a (1979) (damages may be awarded in lieu of an injunction because of relative hardship or a counter-vailing public interest).

I think that the denial of an injunction was appropriate here for four reasons. First, the "economic incentive" for the creation and dissemination of ideas that is provided by the Copyright Act, *Harper & Row*, 471 U.S. at 546, 558, 105 S. Ct. at 2223, 2229, is not served by an injunction where there is no demonstrable impairment of the quoted materials' future market value. Yet an injunction against *Messiah* would certainly prevent the biography's further distribution in the United States—just as the Hubbard legatees sought, unsuccessfully, to prevent publication in England, Australia, and
597 Canada.⁷ An injunction in this case would therefore discourage writers and publishers who might otherwise undertake critical biographies of powerful people, without serving as an incentive for copyright holders. We might say, then, that denying an injunction here allows us "to avoid rigid application of the copyright statute when . . . it would stifle the very creativity which that law is designed to foster." *Harper & Row*, 471 U.S. at 550 n.3, 105 S.Ct. at 2225 n.3 (describing fair use doctrine in general) (quoting *Iowa State*, 621 F.2d at 60).

Second, the public interest militates against granting an injunction in this case. "Courts of equity may, and frequently do, go much farther both to give and withhold relief in furtherance of the public interest than they are accustomed to go when only private interests are involved." *Mercoird Corp. v. Mid-Continent Inv. Co.*, 320 U.S. 661, 670, 64 S.Ct. 268, 273, 88 L.Ed. 376 (1944) (quoting *Virginia Ry. Co. v. System Federation*, 300 U.S. 515, 552, 57 S.Ct. 592, 601, 81 L.Ed. 789 (1937)). The premise of the First Amendment is that "the widest possible dissemination of information from diverse and antagonistic sources is essential to the welfare of the public." *Associated Press v. United States*, 326 U.S. 1, 20, 65 S.Ct. 1416, 1424-25, 89 L.Ed. 2013 (1945). This certainly applies in the case of a biography of a public figure.

⁷ Appellants suggest that all that would be required would be revision of the book so as to delete the infringing portions and to report facts and ideas. The district court found, however, that "the expense and waste involved in republishing after deleting infringing material would be prohibitive." 695 F. Supp. at 1528. Nothing to which we are referred in the record would make this finding clearly erroneous.

Biographies, of course, are fundamentally personal histories and it is both reasonable and customary for biographers to refer to and utilize earlier works dealing with the subject of the work and occasionally to quote directly from such works. This practice is permitted because of the public benefit in encouraging the development of historical and biographical works and their public distribution, e.g., so "that the world may not be deprived of improvements, or the progress of the arts be retarded."

Rosemont, 366 F.2d at 307 (citation omitted) (quoting *Sayre v. Moore*, 1 East. 361, 102 Eng. Rep. 138, 139 (K.B.1801)). Recognition of this point in determining whether to grant an injunctive remedy will not swallow the fair use rule, which after all is "equitable" in nature *per Harper & Row*.

Third, a non-injunctive remedy provides the best balance between the copyright interests and the First Amendment interests at stake in this case. In the words of Professor Goldstein, *Copyright and the First Amendment*, 70 Colum. L. Rev. 983, 1030 (1970):

To be actionable, invasions of the copyright must effect economic harm and . . . an award of damages should be preferred to the injunctive remedy. Since copyright property has economic value only, the principle would permit any public participation in the property which does not tend to impair its value. The preference for damages over injunctive relief is a corollary of the requirement of demonstrable injury. From a first amendment viewpoint, the effect of an injunction is to restrain the infringing expression altogether—an effect which goes beyond what is necessary to secure the copyright property. An award of monetary damages, which permits the infringing expression at a reasonable cost, is more tolerable from a first amendment point of view.

Finally, even without reference to the doctrine of unclean hands, *see supra* note 5, the fact that a good argument can be made, as the majority holds and as English and Canadian courts held, that the delay in New Era's proceeding with this case amounted to laches, *see Goodman v. McDonnell Douglas Corp.*, 606 F.2d 800, 804 (8th Cir. 1979) (elements of laches are unreasonable and inexcusable delay that prejudices defendant), *cert. denied*, 446 U.S. 913, 100 S.Ct. 1844, 64 L.Ed.2d 267 (1980), is a factor to be weighed in the underlying determination whether to grant injunctive relief.

Applying traditional equitable principles, then, I would hold that Judge Leval did not abuse his discretion in declining to issue an injunction against publication of *Messiah*, leaving New Era a damages claim as to the 1very 598 little, insignificant material unfairly used.

New Era Publications International, APS,
A Corporation of Denmark,

Plaintiff-Appellant-
Cross-Appellee,

-v.-

Henry Holt, Co., A New York Corporation,

Defendant-Appellee-
Cross-Appellant.

884 F.2d 659 (3d Cir. 1989)

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A petition for rehearing containing a suggestion that the action be reheard in banc having been filed herein by counsel for defendant-appellee-cross-appellant, Henry Holt, Co.

Upon consideration by the panel that heard the appeal, it is,

ORDERED that said petition for rehearing is **DENIED**.

It is further noted that a request for an in banc vote having been made by a judge of the court, and a poll of the judges in regular active service having been taken and there being no majority in favor thereof, rehearing in banc is **DENIED**.

Judge Miner concurring in a separate opinion, and Judge Meskill, Judge Pierce and Judge Altimari join.

Judge Newman dissenting in a separate opinion from the denial of the rehearing in banc, and Judge Oakes, Chief Judge, Judge Kearse and Judge Winter join.

/s/ Elaine B. Goldsmith
Elaine B. Goldsmith,
Clerk

MINER, Circuit Judge, with whom **MESKILL, PIERCE** and **ALTIMARI, Circuit Judges**, join, concurring in the denial of rehearing in banc:

I of course concur in the Court's decision to reject the unprecedented proposal for in banc hearing suggested by a prevailing party dissatisfied with certain nondispositive language in the panel majority opinion. I write only to comment on the "expression of views" by which the in banc minority seeks "to allay . . . misunderstanding" purportedly created by the panel majority in regard to the limits of permissible fair use and to establish what it perceives to be the proper standards. My comment may be summarized as follows: First, the panel majority opinion is consistent with settled law and leaves no room for misunderstanding. Second, a dissent from a denial of rehearing in banc lacks the authority to dispel misunderstanding in any event. Third, whether or not "this Circuit is committed to the language of the panel opinion," it surely is not committed to the language of the appended dissenting opinion.

Harper & Row, Publishers, Inc. v. Nation Enterprises, 471 U.S. 539 (1985), reversing 723 F.2d 195 (2d Cir. 1983), teaches that unpublished, copyrighted material very rarely will be the subject of fair use. It recognizes that the right *not* to publish is a most important one and that "[t]he right of first publication encompasses not only the choice whether to publish at all, but also the choices of when, where, and in what form first to publish a work." *Id.* at 564. The case at bar did not present one of those rare situations where fair use might be found. The District Judge determined that a "more than negligible" amount of purloined, unpublished and copyrighted material was lifted and that the "amount and substantiality" fair use factor, 17 U.S.C. § 107(3), therefore favored the plaintiff. The panel majority agreed. The District Judge also found that the first fair use factor, purpose of the use, *id.* § 107(1), favored the defendant and that the second fair use factor, nature of the copyrighted work, *id.* § 107(2), favored the plaintiff, and the panel majority agreed with these findings as well. Only with respect to the fourth factor, effect of the use upon the potential market, *id.* § 107(4), did the panel majority disagree with the District Judge, who found that this factor favored the defendant. The disagreement made no difference, however, because the District Court found that Holt & Co. had failed the fair use test.

The dissenting opinion would make a "distinction between copying expression to enliven the copier's prose and doing so where necessary to report a fact accurately and fairly," apparently for the purpose of affording special consideration to material used for factual reportage. It observes that the distinction "has never been rejected even as to unpublished writings." Of course, the distinction never has been recognized as an element in the fair use balance either, and the dissenting opinion therefore seems to parse the first fair use factor, purpose of the use, without good reason. What the panel majority opinion says, consonant with settled law, is that in applying the first factor the distinction has no importance. See *Salinger v. Random House, Inc.*, 811 F.2d 90, 97 (2d Cir.) ("we agree with the District Court that the first fair use factor weighs in [the biographer's] favor, but not that the purpose of his use entitled him to any special consideration"), *reh'g denied*, 818 F.2d 252 (2d Cir.) (per curiam), *cert denied*, 108 S. Ct. 213 (1987). In the case at bar, as in *Salinger*, the first factor was found to weigh in favor of the publisher because the book was a work of criticism, scholarship or research. If a book falls into one of these categories, assessment of the first fair use factor should be at an end. Moreover, I question whether judges, rather than literary critics, should decide whether literary material is used to enliven a text or demonstrate truth. It is far too easy for one author to use another's work on the pretext that it is copies for the latter purpose rather than the former.

It is heartening to note that the dissenters "are confident that [the panel majority] has not committed the Circuit to the proposition that the copying of some small amounts of unpublished expression to report facts accurately

and fairly can never be fair use." This confidence is not misplaced, of course, because there is nothing in the panel majority opinion that suggests otherwise! Indeed, the panel majority does not even bar the use of "small amounts of unpublished expression" to enliven the text. A different finding on the "amount and substantiality" fair use factor in the case at bar well might have dictated the same outcome in the case were laches not available as a defense. But that outcome would not have hinged on the distinction between factual reportage and text enlivening. Instructive in this regard is *Consumers Union of United States, Inc. v. General Signal Corp.*, 724 F.2d 1044 (2d Cir. 1983), *reh'g in banc denied*, 730 F.2d 47 (2d Cir.), *cert. denied*, 469 U.S. 823 (1984), cited in the dissenting opinion. The defendants in that case were found to have made "relatively insubstantial use" of *published* material in using in its advertising an evaluation of its product taken from the well-known Consumer Reports publication. *Id.* at 1050. Only one phrase was taken for one advertisement; twenty-nine words were taken for another. The key to that decision was not the need for copying in the interest of accuracy but the insubstantiality of the use. Moreover, in light of the reversal by the Supreme Court of our *Harper and Row* decision, the following in *Consumers Union* turned out to be an incorrect statement of the law: "Implicit in that decision [our *Harper & Row*] is an acknowledgment that, where *accurate reporting* requires use of verbatim quotations, fair use will be liberally applied. The scope of the doctrine is undoubtedly wider when the information conveyed relates to matters of high public concern." 724 F.2d at 1050 (emphasis added). It now can be said that fair use is never to be liberally applied to unpublished copyrighted material, even if the work is a matter of such high public concern as the memoirs of President Ford.

As to the remedy that would have been granted in the absence of laches, the panel majority opinion, as noted in the dissenting opinion here, precisely tracks the infelicitous language of *Salinger*: An infringer who "copies more than minimal amounts of (unpublished) expressive content . . . deserves to be enjoined." 811 F.2d at 96. All now agree that injunction is not the automatic consequence of infringement and that equitable considerations always are germane to the determination of whether an injunction is appropriate. Indeed, the discretionary nature of injunction as a remedy for the copyright infringement is apparent in the pertinent statutory provision:

Any court having jurisdiction of a civil action arising under this title *may* . . . grant temporary and final injunctions on such terms as it may deem reasonable to prevent or restrain infringement of a copyright.

17 U.S.C. § 502(a) (emphasis added). The panel majority maintains its view
662 that an injunction would have been a proper remedy in this case except for the controlling issue of laches, but has proposed to amend its opinion at 873

F.2d 576, 584, col. 1, line 4 to read as follows: "Since [under ordinary circumstances] the copying of 'more than minimal amounts' of unpublished expressive material calls for an injunction barring the unauthorized use, *id.* at 96, the consequence of the district court's findings seem obvious." (bracketed material added to original).

JON O. NEWMAN, *Circuit Judge*, with whom OAKES, *Chief Judge*, KEARSE and WINTER, *Circuit Judges*, join, dissenting from denial of rehearing in banc:

This is an unusual case to request rehearing in banc, and we believe it is important to explain why we believe such rehearing is warranted. Our reasons concern the need to avoid misunderstanding on the part of authors and publishers as to the copyright law of this Circuit—misunderstanding that risks deterring them from entirely lawful writings in the fields of scholarly research, biography, and journalism. We would have preferred an in banc rehearing to avoid such misunderstanding. Though rehearing is favored by five of the twelve active judges of this Court, it has not gained the support of the required majority and has therefore been denied. The denial of rehearing, however, does not mean that this Circuit is committed to the language of the panel opinion that has created the risk of misunderstanding, and by this expression of views we hope to allay such misunderstanding.

At the outset, we emphasize what the careful reader of the panel opinion will readily appreciate: The *holding* of the panel opinion is only that in the circumstances of this case, the doctrine of laches bars the issuance of a preliminary injunction. Had the panel majority confined its opinion to that unexceptional conclusion, there would have been no occasion even to consider a rehearing in banc. Normally, the appearance of language beyond the holding would also be no occasion for rehearing. In most contexts, the clarification and refinement of such language and the extent to which it will affect future holdings may safely await future litigation. But many authors and publishers are understandably reluctant to risk litigation. Many important works of authorship command a limited readership. The cost of defending a copyright infringement suit, even if the prospect of success is high, will frequently be a powerful deterrent to inclusion of passages that approach but do not exceed the limits of permissible fair use. Our unwillingness to see entirely lawful writings withheld from publication prompts this expression of views. We focus upon the standards both for infringement and for issuance of an injunction.

1. *Copying expression to report facts accurately.* The Supreme Court in *Harper & Row, Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539 (1985), and this Court in *Salinger v. Random House, Inc.*, 811 F.2d 90 (2d Cir.), *cert. denied*, 108 S. Ct. 213 (1987), ruled that unpublished writings "[u]nder ordinary circumstances," *Harper*, 471 U.S. at 555, are protected from copying

sought to be justified as fair use. Neither decision, however, purported to deal with the problem that concerned the District Judge in this case. That problem is whether, even as to unpublished writings, the doctrine of fair use permits some modest copying of an author's expression in those limited circumstances where copying is necessary fairly and accurately to report a fact set forth in the author's writings.

Surveying the District Judge's opinion, the panel majority writes:

The district court sees a significant distinction in purpose between the use of an author's words to display the distinctiveness of his writing style and the use of an author's words to make a point about his character, finding far greater justification in the latter than in the former. We find such a distinction unnecessary and unwarranted in applying the statutory fair use purpose factor.

663 873 F.2d at 583. We are not sure precisely what the panel opinion means by this passage, but we are confident that it has not committed the Circuit to the proposition that the copying of some small amounts of unpublished expression to report facts accurately and fairly can never be fair use.

In the context of published material, this Court has held that copying a few words of expression is permissible fair use where such copying is "the only valid way precisely to report" a fact in the copyrighted work. *Consumers Union v. General Signal Corp.*, 724 F.2d 1044, 1049 (2d Cir. 1983), *cert. denied*, 469 U.S. 823 (1984). Expressive words sometimes need to be copied "in the interest of accuracy, not piracy." *Id.* Though *New Era* involves an unpublished work, as to which the scope of fair use is "narrower," *Harper*, 471 U.S. at 564, the distinction between copying expression to enliven the copier's prose and doing so where necessary to report a fact accurately and fairly has never been rejected even as to unpublished writings in any holding of the Supreme Court or of this Court. Indeed, in *Harper* the Supreme Court acknowledged the distinction in the context of an unpublished writing. Though the Court declined to permit the copying of unpublished expression simply because such expression could be deemed "newsworthy," 471 U.S. at 557, the Court recognized that some brief quotes might be "necessary adequately to convey the facts." *Id.* at 563. President Ford's characterization of White House tapes as the "smoking gun" was cited as an example of a phrase deemed "perhaps so integral to the idea expressed as to be inseparable from it." *Id.* Fair use was denied in *Harper* because "The Nation did not stop at isolated phrases" but instead made a use of protected expression that "exceeds that necessary to disseminate the facts." *Id.* at 563-64.

Perhaps the panel opinion in *New Era* meant only to say that the distinction as phrased by the District Judge was unwarranted or that the distinction was unwarranted in light of the amount of protected expression that was copied. Whatever was intended, we are satisfied that the distinction has validity,

and, though we would have preferred to see the matter clarified in either the panel opinion or a rehearing of it, we do not believe that biographers and journalists need be apprehensive that this Circuit has ruled against their right to report facts contained in unpublished writings, even if some brief quotations of expressive content is necessary to report those facts accurately.

2. *Injunction as a remedy for infringement.* Language in the panel opinion can be read to suggest that once infringement has been found, the remedy of an injunction follows as of course, save only in situations where some affirmative defense, such as laches, is established. Again, we are not certain that the panel intended its language to be so understood, but surely such a conclusion does not follow from the holdings in *Harper* and *Salinger*, nor is it the law of this Circuit. *Harper* did not involve a request for an injunction; the plaintiff sought only damages. *Salinger* involved a preliminary injunction but not an injunction to halt distribution of a book already in publication; the injunction required the defendant only to revise galley proofs to delete infringing material prior to publication.¹

The panel's holding demonstrates that its language is not to be understood as narrowing the equitable discretion as to the propriety of an injunction, which is conferred by statute, 17 U.S.C. § 502 (1982). Laches is, of course, an equitable doctrine, and the panel's application of the laches doctrine demonstrates that equitable considerations, in this as in all fields of law, are pertinent to the appropriateness of injunctive relief. The public interest is always a relevant consideration for a court deciding whether to issue an injunction.

We do not believe that anything we have said in this opinion concerning fair use or injunctive relief is contrary to the views of a majority of the judges of this Court. Indeed, though there might be differences in phrasing, we think it likely that the members of the panel that decided this appeal will

¹ Since the writer of this opinion is responsible for one sentence in the *Salinger* opinion partially quoted by the panel opinion in support of the view favoring issuance of an injunction, some words of clarification about that sentence are appropriate. The sentence reads, "If [the biographer] copies more than minimal amounts of (unpublished) expression, he deserves to be enjoined" *Salinger*, 811 F.2d at 96. The panel majority writes, "Since [under ordinary circumstances] the copying of 'more than minimal amounts' of unpublished expressive material calls for an injunction barring the unauthorized use, [*Salinger*] at 96, the consequences of the district court's findings seem obvious." *New Era*, 873 F.2d at 584 (bracketed words are proposed to be added by the panel majority to its opinion). The partially quoted sentence from *Salinger* was concerned with the issue of infringement, not the choice of remedy. Indeed, there was no dispute as to remedy in that case at all once infringement was found, since the infringing work had not been published and the injunction sought and issued in that case required only some deletions from galley proofs. It would have been preferable to have said in *Salinger* " . . . he deserves to be found liable for infringement."

readily apply these principles as facts in future cases may warrant. Our preference to have these matters clarified now, in light of ambiguous language in the panel opinion that risks misunderstanding in the sensitive field of authorship, is what prompts us to issue this opinion in respectful dissent from the denial of rehearing in banc.

PART II

LEGISLATIVE AND ADMINISTRATIVE
DEVELOPMENTS

UNITED STATES OF AMERICA AND TERRITORIES

4. U.S. CONGRESS. SENATE

S. 1557. A Bill to amend title 17, United States Code, to permit the unlicensed viewing of videos under certain conditions. Introduced by Mr. Roth on August 4, 1989; and referred to the Committee on the Judiciary. (101st Congress, 1st Session).

U.S. CONGRESS. HOUSE OF REPRESENTATIVES.

H.R. 3158. A bill to amend title 17, United States Code, to permit the unlicensed viewing of videos under certain conditions. Introduced by Mr. Cardin on August 4, 1989; and referred to the Committee on the Judiciary. (101st Congress, 1st Session).

These companion bills are similar to S.716 introduced earlier in the 101st Congress covering video viewing in a "hospital, hospice, nursing home, retirement home, or other such group home" provided that the institution meets a two-prong test: 1) the institution must provide "long-term health or health-related care and services to individuals on a regular basis;" and 2) the institution must serve as a "temporary or permanent home" for such individuals. In addition, the institution may not levy a direct charge to view the video, and the performance may not be retransmitted to the public, by closed-circuit television or by any other means.

5. U.S. COPYRIGHT OFFICE.

37 C.F.R., Part 201. Statements of account and filing requirements for satellite carrier statutory license. Final regulations. *Federal Register* vol. 54, no. 126 (July 3, 1989), pp. 27873-79.

The Office has adopted final regulations which require satellite carriers to submit royalty fees along with the appropriate statement of account forms within one month after the closing date — June 30 or Dec. 31 — of the relevant accounting period. Requests for refunds must be received in the Office within 30 days from the last day of the applicable statement of account filing period. Other requirements include the assessment of interest on late payments and on underpaid royalties and the establishment of a method of calculating royalty fee payments based on monthly subscriber counts.

6. U.S. COPYRIGHT OFFICE.

37 C.F.R., Part 201. Compulsory license for and merger of cable sys-

tems; notice of inquiry. Notice of inquiry. *Federal Register*, vol. 54, no. 179 (Sept. 18, 1989), pp. 38390-92.

The Office is conducting an inquiry into the matter of cable system mergers and acquisitions and their impact on the computation of royalties under the cable compulsory license. Additionally, the Office will reconsider the issue of the interpretation of the sentence in the statutory definition of cable system which reads: "For purposes of determining the royalty fee under subsection (d) (1), two or more cable systems in contiguous communities under common ownership or control or operating from one head-end shall be considered as one system."

7. U.S. COPYRIGHT OFFICE.

Cable compulsory license specialty station and significantly viewed signal determinations; policy decision. Notice of policy decision. *Federal Register*, vol. 54, no. 179 (Sept. 18, 1989), pp. 38461-66.

The Office has decided to adopt certain procedures whereby, through a combination of television broadcaster affidavits and public comment, it will establish an updated, annotated specialty station list, and periodically amend it as stations qualify or cease to qualify as specialty stations under former FCC rules in effect on June 24, 1981. The Office also has decided that the effective date of a broadcast station's significantly viewed status is the date the FCC issues its determination that a particular station is significantly viewed. However, that station will be considered significantly viewed for the entire accounting period in which the decision is made.

8. U.S. COPYRIGHT OFFICE.

Cable compulsory license specialty station determination request for information. Request for information. *Federal Register*, vol. 54, no. 179 (Sept. 18, 1989), pp. 38466-67.

The Copyright Office requests that any television broadcast station that considers itself a specialty station under the FCC's former distant signal carriage rules submit a sworn affidavit stating that in the 1988 calendar year it qualified as a specialty station under 47 CFR 76.5(kk) (1981). This request is in accordance with the Office's recent policy decision that a television broadcast station's current programming content should dictate whether the station qualifies as a specialty station for purposes of calculating royalties under the cable compulsory license.

9. U.S. COPYRIGHT OFFICE.

37 C.F.R., Part 202. Registration of claims to copyright; mandatory deposit of machine-readable copies. Final regulations. *Federal Register*, vol. 54, no. 198 (Oct. 16, 1989), pp. 42295-300.

In order to develop the holdings of the Library's Machine-Readable collection, the Copyright Office has amended its regulation governing

mandatory deposits to: (1) limit the exemption for machine-readable copies to automated databases available only online; and (2) establish the deposit requirements for desired machine-readable copies. The Office also has amended the L.C. Best Edition Statement to add a section covering machine-readable copies and designating IBM and Macintosh formats as the formats desired by the Library.

10. U.S. COPYRIGHT ROYALTY TRIBUNAL.

Adjustment of cable royalty rates. Notice. *Federal Register*, vol. 54, no. 110 (June 9, 1989), pp. 24733-34.

This notice requests comment on a petition filed by the Community Antenna Television Association. The petition seeks the elimination of the syndicated exclusivity surcharge on the cable royalty rates paid by cable systems.

11. U.S. COPYRIGHT ROYALTY TRIBUNAL.

Adjustment of cable royalty rates. Notice. *Federal Register*, vol. 54, no. 119 (June 22, 1989), pp. 26233-34.

This notice request comment on a petition requesting elimination of the Tribunal's syndicated exclusivity surcharge on cable royalty rates and reduction of the basic and 3.75% rates paid by cable systems. The petition, which was filed by the National Cable Television Association, is in reaction to the FCC's reinstitution of its syndicated exclusivity blackout rules.

12. U.S. COPYRIGHT ROYALTY TRIBUNAL.

37 C.F.R., Parts 301 and 309. Satellite carrier compulsory license rules. Final rule. *Federal Register*, vol. 54, no. 153 (Aug. 10, 1989), pp. 32810-12.

The Tribunal has amended its rules to implement the provisions of the Satellite Home Viewer Act of 1988. The Act created a copyright compulsory license for satellite carriers. The amendment provides for the filing of copyright royalty fee claims with the Tribunal and establishes the rules of procedures for distributing the fees to copyright owners.

13. U.S. COPYRIGHT ROYALTY TRIBUNAL.

Adjustment of cable royalty rates. Notice. *Federal Register*, vol. 54, no. 178 (Sept. 15, 1989), p. 38266.

The Community Antenna Television Association and the National Cable Television Association filed motions with the CRT for immediate hearings to adjust the cable royalty rules. The Tribunal has determined that an immediate scheduling would not be appropriate at this time, and asked the parties to refile after Jan. 1, 1990.

14. U.S. COPYRIGHT ROYALTY TRIBUNAL.

Ascertainment of whether controversy exists concerning distribution of

1988 jukebox royalty fees. Notice. *Federal Register*, vol. 54, no. 189 (Oct. 2, 1989), p. 40473.

This notice asks claimants to the 1988 jukebox royalty fees to give notice of their intent to participate in the distribution proceeding and to submit comments as to whether a controversy exists with respect to the distribution of the fees.

15. U.S. DEPARTMENT OF THE TREASURY.

Customs Service. 19 C.F.R., Parts 12, 23, and 133. Enforcement of production of semiconductor chip products; patent surveys. Proposed rule. *Federal Register*, vol. 54, no. 191 (Oct. 4, 1989), pp. 40882-97.

The Customs Service is proposing to amend its rules to create a mask work recordation procedure, similar to that for copyrights, whereby persons may obtain assistance in preventing pirated semiconductor chip products from being imported into the U.S. This remedy would be in addition to the mask work owner's other rights and remedies, such as securing a court injunction against importation or an exclusion order from the U.S. International Trade Commission. The amended rule would also provide for the inclusion of mask works in Customs seizure, detention, ruling and survey proceedings.

16. U.S. FEDERAL COMMUNICATIONS COMMISSION.

Compulsory copyright license for cable retransmission. Notice; report. *Federal Register*, vol. 54, no. 153 (Aug. 10, 1989), p. 32849.

The FCC has prepared a report which analyzes the cable compulsory license in light of changes in the cable programming and delivery industries. It concludes that the public interest would be served by the elimination of the compulsory license. The report recommends that Congress abolish the compulsory license for cable retransmission of distant and local television broadcast signals.

17. U.S. FEDERAL COMMUNICATIONS COMMISSION.

47 C.F.R., Part 76. Carriage of tv signals on cable systems and input selector switches used in conjunction with cable television service. *Federal Register*, vol. 54, no. 116 (June 19, 1989), pp. 25715-16.

In compliance with the appellate decision in *Century Communications Corp. v. FCC*, the Commission has deleted from its rules all mandatory carriage requirements for cable systems. It has also reinstated the input selector switch offer and consumer information requirements for cable systems.

18. U.S. PATENT AND TRADEMARK OFFICE.

Extension of existing interim orders. Notice of initiation of proceeding and extension of interim orders. *Federal Register*, vol. 54, no. 185 (Sept. 26, 1989), p. 39491.

The Commissioner of Patents is in the process of reviewing the progress that has been made towards establishing semiconductor chip protection in those countries to which the U.S. extended interim mask work protection and is considering possible extension of the interim orders of protection. To give interested parties ample time to comment and the Commissioner sufficient opportunity to make his review, he has extended the termination date of the existing interim orders until Dec. 31, 1989.

19. OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE.

Trade policy staff committee; public comments on U.S. negotiations with the Government of Venezuela in the context of the accession of Venezuela to the General Agreement on Tariffs and Trade (GATT). Notice of request of comments. *Federal Register*, vol. 54, no. 183 (Sept. 22, 1989), pp. 39069-70.

This notice seeks written comment on Venezuela's request for accession to the GATT and the bilateral negotiations that will accompany the accession. Comments should address the impact of the accession on U.S. trade and specific bilateral issues covered by the provisions of the General Agreement that should be discussed in the accession negotiations. Commenters are also asked to give their views on items of specific interest to U.S. exporters to Venezuela and on the experience of U.S. firms in trading with the country.

PART V

BIBLIOGRAPHY

ARTICLES FROM LAW REVIEWS AND COPYRIGHT PERIODICALS

I. UNITED STATES

20. BASCH, KENNETH and ANTON H. VAN SCHUNDEL. The Brazilian Software Law of 1987. *The International Lawyer*, vol. 23, no. 1 (Spring 1989), pp. 281-287.

Prior to 1987, software was not formally protected under Brazilian law. Brazil's Software Law, Law No. 7646 of Dec. 18, 1987, now puts computer software under copyright protection. The authors provide a general description of the law, its regulations and the areas of protection. They give a detailed analysis of one provision of the Software Law concerning sales in the Brazilian market, along with the right of marketing for non-Brazilian firms.

21. BRODERICK, JAMES P. In the forest of copyright law, are Son of Sam laws barking up the wrong tree? *John Marshall Law Review*, vol. 22, no. 1 (Fall 1988), pp. 111-113.

Mr. Broderick discusses a 1977 New York law, generally referred to as the "Son of Sam" act, which authorizes the confiscation of royalties of convicts who capitalize on their crimes by reenacting them in the media. He compares this law to the copyright clause in the U.S. Constitution and the 1976 Copyright Act and concludes that the revenue states obtain from a few criminal authors does not outweigh the damages done to the rights of authors.

22. BURCHFIEL, KENNETH J. The constitutional intellectual property power: progress of useful arts and the legal protection of semiconductor technology. *Santa Clara Law Review*, vol. 28, no. 3 (Summer 1988), pp. 473-543.

Mr. Burchfiel begins with a discussion of the Semiconductor Chip Protection Act of 1984 and the legal protection of semiconductor technology by this Act. He investigates the patentability standard for chip designs and discusses *Graham v. John Deere & Co.* along with the question of the constitutionality of the Chip Act under the standards in the case.

23. BURSSTEIN, SHELDON. Copyright law and the pharmaceutical industry in Canada. *Food, Drug, Cosmetic Law Journal*, vol. 43, no. 5 (September 1988), pp. 729-745.

Mr. Burshtein reviews the legislative history of the Canadian Patent Act and looks at Bill C-22, an act to amend the Patent Act, which was introduced

in the House of Commons by the Minister of Consumer and Corporate Affairs. The controversial bill deals primarily with compulsory licensing restrictions and drug price surveillance.

24. CONLEY, JOHN and DAVID W. PETERSON. The role of experts in software infringement cases. *Georgia Law Review*, vol. 22, no. 2 (Winter 1988), pp. 425-469.

The authors discuss the work of experts in recent software cases. This article reviews the traditional standards for proving copyright infringement and the applicable legal standards. It investigates the strategies experts can use in detecting copying of a program. The article discusses ten examples of types of evidence that have been persuasive in reported cases.

25. DRATLER, JR., JAY. Distilling the witches' brew of fair use in copyright law. *University of Miami Law Review*, vol. 43, no. 2 (November 1988), pp. 234-333.

Mr. Dratler identifies copyright-owner rights and the limitations on those rights. He examines the nature and purpose of the fair use doctrine and its treatment in the courts. He provides an analysis of two cases — *Sony Corporation of America v. Universal City Studios* and *Harper & Row, Publishers, Inc. v. Nation Enterprises* — and discusses the impact the Supreme Court's opinions in these cases have had on the fair use doctrine. Mr. Dratler also notes the "market effect" factor of the *Sony* and *Nation Enterprises* decisions and shares his views on the future of the fair use doctrine.

26. DWORKIN, GERALD. Public lending right - the U.K. experience. *Columbia-VLA Journal of Law & the Arts*, vol. 13, no. 1 (Fall 1988), pp. 49-61.

Public libraries and the public lending right are discussed in this article. The beginnings of Britain's PLR in the 1950's and 1960's are reviewed along with the justifications for and the nature of the PLR. Nine countries which have a PLR are identified along with a detailed look at Britain's Public Lending Act of 1979. Features of the PLR are highlighted such as rights of authors, publications protected, basis of computation and the "lending frequency formula" for computation and the funding for the PLR scheme.

27. FARR, EVAN H. Copyrightability of computer-created works. *Rutgers Computer and Technology Law Journal*, vol. 15, no. 1 (1989), pp. 63-81.

Mr. Farr discusses copyright protection for computer-created art, computer-created music, and computer-created literature. He gives attention to how authorship is established in computer-created works including joint works and computer-created works as compilations or derivative works. He also discusses the programmer as author.

28. FREEGARD, MICHAEL J. Direct broadcasting by satellite (DBS): the implications for copyright. *Columbia-VLA Journal of Law and the Arts*, vol. 13, no. 1 (Fall 1988), pp. 77-103.

Mr. Freegard provides a technical explanation of direct broadcasting by satellite and some of its principles including individual reception, national coverage and equal treatment for all countries. Some of the problems of DBS are reviewed such as enlargement of zones served, conditions of reception and the clearance of rights collectively administered.

29. GINSBURG, JANE C. and JOHN M. KERNOCHAN. One hundred and two years later: the U.S. joins the Berne Convention. *Columbia-VLA Journal of Law & The Arts*, vol. 13, no. 1 (Fall 1988), pp. 1-39.

The authors investigate U.S. efforts to join the Berne Convention over the years and the events that led to President Reagan's signing the legislation that brought the U.S. into compliance with the Berne Convention. The article addresses the changes in U.S. domestic copyright law particularly the compulsory license for jukebox performances of nondramatic music and formalities, such as notice of copyright. It also discusses the areas of the U.S. copyright law remaining unchanged despite Berne adherence such as architectural works and moral rights.

30. GRALNELK, GAELLE HELEN. The forest for the trees: why states should not be immune from suit for copyright infringement. *Arizona State Law Journal*, vol. 20, no. 3 (Fall 1988), pp. 821-841.

This article discusses the Copyright Act along with the eleventh amendment as a bar to copyright infringement suits against states. Exceptions to the eleventh amendment are given along with a discussion of Congress' power to abrogate eleventh amendment immunity.

31. JOSEPH, BRUCE G. Beyond chips: the protection of integrated chips. *The Journal of Proprietary Rights*, vol. 1, no. 8 (Aug. 1989), pp. 2-10.

Mr. Joseph discusses the Integrated Circuit Conference held in May under the auspices of the World Intellectual Property Organization. He briefly states the purpose of the conference, defines integrated circuits and talks about circuit layout design and its protection in the U.S. Mr. Joseph gives his observations on the proceedings of the Conference and notes that though a treaty was adopted, it was done over the strong dissent of the U.S. and Japan, the world's semiconductor chip superpowers. Both countries concluded that the document failed to provide adequate protection for layout designs and contained provisions that could establish adverse precedent for future international intellectual property negotiations. The article includes a printing of the Integrated Circuit Treaty and the statement which Register of Copyrights Ralph Oman delivered immediately following the U.S. vote against the Treaty.

- 32.. LEISER, BURTON M. and KATHLEEN SPIESSBACH. Artists' rights: the free market and state protection of personal interest. *Pace Law Review*, vol. 9, no. 1 (Winter 1988), pp. 1-57.

The authors discuss the concept of "moral rights" for artists both in France and the United States. They examine and compare the rights of authors in France and the U.S., including the "right of disclosure," "right of paternity," "right of integrity," and "right of withdrawal or modification." They also discuss California's Art Preservation Act and the New York Artists' Authorship Rights Act.

33. LEVY, STEVEN M. Single copyright registration for computer programs: outdated perceptions byte the dust. *Brooklyn Law Review*, vol. 54, no. 3 (Fall 1988).

Mr. Levy discusses the origin and intent of the copyright law along with the copyrightability of the external elements of computer programs. He analyzes the evolution of protection for "nonliberal" aspects of computer programs and discusses several cases, including *Whelan Assoc., Inc. v. Jaslow Dental Laboratory, Inc.* and *Broderbund Software, Inc. v. Unison World, Inc.*

34. LUZUM, MICHAEL J. and DANIEL S. JUPEL, JR. *Weinstein v. University of Illinois*: the "work-for-hire" doctrine and procedural due process for nontenured faculty. *The Journal of College and University Law*, vol. 15, no. 3 (Winter 1989), pp. 369-379.

The authors investigate two areas of concern for college and university professors — that of copyright ownership of faculty publications and due process rights for nontenured professors. The case of *Weinstein v. University of Illinois* is analyzed along with the development of the "work-for-hire" doctrine. In the case of *Weinstein*, the appellate court granted copyright protection for the professors' scholarly writings basing its decision on "academic tradition."

35. MANDEL, LAWRENCE D. Digital Communications Associates, Inc. v. Softklone Distributing Corp. *Rutgers Computer and Technology Law Journal*, vol. 15, no. 1 (1989), pp. 169-191.

This comment provides an overview of the history of copyright law along with an analysis of the Digital Communications case. The author states that the court's holding in this case is narrow but clear in stating which elements must be present in order to uphold a valid copyright registration. Several cases are examined in this study, including *Baker v. Selden*, *Broderbund Software, Inc. v. United World, Inc.* and *Synercom Technology, Inc. v. University Computing Co.*

36. NIMMER, DAVID. Copyright ownership by the marital community: evaluating worth. *UCLA Law Review*, vol. 36, no. 2 (December 1989), pp. 383-417.

The author discusses overlapping areas in property law including copyright and community property. He deals with copyrighted works as community property and the various rules for disposition and transfer of copyright. He also devotes attention to the preemption of community property laws affecting copyrights.

37. NORFLEET, DEATRIA. Copyright infringement: applying the "fair use" doctrine. *Thurgood Marshall Law Review*, vol. 10, no. 1 (Fall 1984-Spring 1985), pp. 134-158.

In this discussion of *Sony Corporation of America v. Universal City Studios*, the author investigates the history, development and current status of the courts' opinion concerning the "fair use" doctrine as it relates to copyright infringements.

38. OMAN, RALPH. The register's second report: an update on library photocopying. *Columbia-VLA Journal of Law and the Arts*, vol. 13, no. 1 (Fall 1988), pp. 39-49.

Mr. Oman's article is based on a speech presented to the International Association for the Advancement of Teaching and Research in International Property. This article is devoted to the conclusions found by the U.S. Copyright Office in its second five-year report on photocopying. Section 108 is discussed along with the right of libraries and archives concerning photocopying. The three main areas of the report are discussed in detail—1) that most people feel that section 108 balances the rights of creators and users, 2) the necessity for studying photocopy legislation and practices of foreign countries, and 3) the problems of copyright protection with new technologies continually emerging.

39. PAGE, TODD. Digital audio tape machines: new technology or further erosion of copyright protection? *Kentucky Law Journal*, vol. 77, no. 2 (1988-89), pp. 441-463.

Mr. Page discusses how digital audio tapes work and why they are so special. He reviews the Sony decision (*Sony Corp. of America v. Universal City Studios*) and questions whether home taping is fair use or contributory infringement. Mr. Page states that by applying the fair use criteria for VCRs to Digital Audio Tapes there appears to be a strong argument for infringement. He then reviews the four factors for determining fair use: the purpose and character of the use, the nature of the copyrighted work, the amount and substantiality of the portion used, and the effect of copying on the market for the copyrighted work.

40. PORT, KENNETH L. Copyright protection of fictional characters in Japan: the Popeye case — it's not just a Mickey Mouse affair. *Wisconsin International Law Journal*, vol. 7, no. 1 (Fall 1988), pp. 205-225.

Mr. Port provides a background of American copyright law and explains provisions of Japanese copyright law regarding fictional characters, including the history of the protection of these characters in the Japanese courts. He discusses protection for fictional characters independent of the original work and examines Japan's leading case on this issue — the *Sazae-san* case. He also notes a secondary case, the *Tokyo Popeye Undershirt* case, which also involves copyright protection of fictional characters.

41. REICHMAN, J.H. Computer programs as applied scientific know-how: implications of copyright protection for commercialized university research. *Vanderbilt Law Review*, vol. 42, no. 3 (April 1989), pp. 641-723.

Mr. Reichman discusses new directions in legal protection for new technologies that have been developed in recent years. He also investigates expanding opportunities for legal protection of university research, professors as employee-authors and the protection of computer source codes as trade secrets.

42. RENBERG, DAN. The money of color: film colorization of the 100th Congress. *Comment: Hastings Communications and Entertainment Law Journal*, vol. 11, no. 3 (Spring 1989), pp. 391-423.

Mr. Renberg analyzes the arguments by those in the film industry in favor of banning all colorization. He analyzes the legislative history of the National Film Preservation Act of 1988 in detail. The comment also summarizes the conflicting arguments brought by members of the film industry and a bill introduced by Representative Richard Gephardt banning alteration of a film without the author's consent.

43. SALVO, JOSEPH P. Commercial sound-alikes: an argument for performer's cause of action. *St. John's Law Review*, vol. 62, no. 4 (Summer 1988), pp. 667-704.

Mr. Salvo explains that the term "sound-alikes" as used in commercials refers to an actor or musician employed to imitate a particular performer's voice or musical style at considerable monetary savings to the advertiser. Courts have generally only recognized a limited cause of action for the unauthorized use of a performer's distinctive vocal or musical style. This note explores the legal issues surrounding sound-alikes and reviews options available to a performer to protect his unique musical style.

44. SAMUELSON, PAMELA. Reflections on the state of American software copyright law and the perils of teaching it. *Columbia-VLA Journal of Law and the Arts*, vol. 13, no. 1 (Fall 1988), pp. 61-76.

The author discusses the difficulty of teaching copyright law and copyright protection in the area of computers and computer software. The case of *Whelan Associates v. Jaslow Dental Laboratories* is discussed in detail along with the controversy over "shrink-wrap" licenses.

45. SCORESE, JOSEPH P. Performing Broadway music: the demon grand rights trap. *Columbia-VLA Journal of Law & the Arts*, vol. 13, no. 2 (Winter 1989), pp. 261-289.

Mr. Scorese discusses the history of musical comedy as an entertainment form and looks at copyright protection of musical comedy as dramatico-musical works, and analyzes the practicalities of obtaining a license to perform a whole musical play or select songs. Cases such as *Herbert v. Shanley* and *April Productions v. Strand Enterprises* are reviewed.

46. SMITH, MICHAEL CARTER. Work for hire: revision on the horizon. *IDEA*, vol. 30, no. 1 (1989), p. 21-49.

The author discusses the work for hire doctrine, examines the diametrically opposed judicial interpretations, and analyzes Senator Cochran's 1987 work for hire bill, (S. 1223) and offers a counter-amendment contrasting with Senator Cochran's bill. He concludes that "The doctrine has spawned at least three interpretations: literal, conservative, and the *Aldon* compromise. . . . In order to eliminate those contradictions, Congress must clearly define the terminology of the doctrine and abandon the kind of unworkable compromise that characterizes the '76 Act."

47. STRATTON, REX B. Copyrights — a pitfall in estate planning. *Washington State Bar News*, vol. 43, no. 2 (Feb. 1989), pp. 18-25.

Mr. Stratton reviews the case of *Saroyan v. William Saroyan Foundation* in which the federal district court held that the descendants of William Saroyan had the exclusive right to the copyright renewals of his work, *The Cave Dwellers*. He examines the case and warns estate planners to be aware that state laws do not control most aspects of copyright ownership.

48. SWYRYDENKO, NICHOLAS. Film artists bushwhacked by the coloroids: one-hundredth Congress to the rescue? *Akron Law Review*, vol. 22, no. 3 (Winter 1989), pp. 359-381.

Mr. Swyrydenko analyzes the background of colorization, its technicalities and the effect on the motion picture industry. He discusses Congress' role in this controversy along with the key provisions of the Film Integrity Act of 1987 and the Film Disclosure and Preservation Act of 1988. Mr. Swyrydenko states that the National Film Preservation Act does little to re-

strict the continued colorization of old black and white films and should only be viewed as a first step in saving films from colorization.

2. FOREIGN

49. BERTRAND, ANDRE. International copyright: will 'droit moral' seem amoral in the USA? *EIPR*, vol. 11, no. 7 (July 1989), pp. 247-253.

Mr. Bertrand states that the film, *Asphalt Jungle* has been stopped from being shown on French television in the colorized version. The court stated that the colorized version violated the moral rights of the director's heirs. The author presents the controversy on the rights in France of the author of works of foreign origin. The author also questions whether a director of a film made in the United States is an author.

50. BROWN, BRENDAN. Parallel importation: a New Zealand perspective. *EIPR*, vol. 11, no. 8 (August 1989), pp. 274-83.

Mr. Brown explains the term "parallel importer" as one who sells goods acquired overseas on the domestic market in competition with the same goods sold by the manufacturer or the local distributor. In the United States, Canada and South Africa these goods are labeled "grey goods." Because of this importation and sale, copyright, trademark and patent laws are often infringed. Pirating in New Zealand is investigated with reference to several New Zealand cases, including *Jalberg & Sons v. Fletcher Construction Co. Ltd.* and *Tamirja Plastic Model co. v. Toy Warehouse Ltd.*

51. DE JERSEY, PAUL. Protection of computer programs: the current positions. *The Australian Law Journal*, vol. 62, no. 4 (April 1988), pp. 255-68.

This paper was presented at the National Forum of Judges at Calcutta, India in November 1987. The author states that the computer software industry in Australia has expanded 25 percent since 1980 and he reviews the range of protective measures afforded it. He discusses the Australian case *Apple Computer Inc. v. Computer Edge Pty. Ltd.* concerning copyright in both source and object codes, along with Australia's Copyright Amendment Act.

52. DURIE, ROBYN. Copyrights, Designs and Patents Act of 1988 — the key changes for the film industry. *EIPR*, vol. 11, no. 6 (June 1989), pp. 197-200.

Mr. Durie discusses the changes brought about by the U.K.'s Copyright, Designs and Patent Act of 1988. The definition of the term 'film' is provided along with the Act's provisions concerning copying one frame of a film. Other areas addressed in the 1988 Copyright Act include rental right and

publication, time-shifting, publication of a film, duration of ownership and moral rights.

53. PHILLIPS, JEREMY. Copyright in spoken words - some potential problems. *EIPR*, vol. 11, no. 7 (July 1989), pp. 231-235.

Mr. Phillips comments on the United Kingdom's Copyright Designs and Patents Act of 1988 which states that a "literary work means any work, other than a dramatic or musical work, which is written, spoken or sung. . . ." This provision offers protection for the first time under U.K law to spoken words as literary works. He provides the framework for the protection of spoken words and also states that it is immaterial whether a work is recorded with the author's permission. The author then questions if a first act of a recording can be an infringement and reviews problems that might arise in the event of deferred recordings.

54. *Book Review*. PIERCE, DAVID G. Rules for implementation of the trademark law of the People's Republic of China. *EIPR*, vol. 11, no. 6 (June 1989), pp. 22-228.

This work sets out the general provisions of the trademark law of the People's Republic of China and discusses what information is necessary to complete an application for trademark registration. It examines the subject of trademark registrations and deals with changes, assignments and rulings on disputes over registered trademarks.

55. PUGH, EDWARD BRYN. The copyright, designs and patents bill — the mixture as before? *The Liverpool Law Review*, vol. X(2) (1988), pp. 213-219.

Mr. Pugh reviews discusses the protection of computer software within the framework of Great Britain's Copyright, Design and Patent Bill along with an investigation of protection for literary works, moral rights and criminal liability for copyright infringement.

56. RICKERTSON, S. The copyright problems of product builders: the Ownit Homes case. *EIPR*, vol. 11, no. 8 (August 1989), pp. 295-97.

This article discusses the case of *Ownit Homes Property, Ltd. v. Manusco Investments Property, Ltd.* (1988) which involved architectural drawings and the erection of two story houses called "Envoy Series 2" homes. The plaintiff alleged that the defendant's architectural plans and the subsequent building infringed the copyrights of plaintiff's architectural plans. The most significant feature of plaintiff's architectural plans was the roof, which was built at different levels to give an effect of a 'broken Z'. The plaintiffs lost at the trial level before the Supreme Court of Queensland and also on appeal.

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57. STAINES, IAN A. The European Commission's proposal for a council directive on the legal protection of computer programs. *EIPR*, vol. 11, no. 6 (June 1989), pp. 183-185.

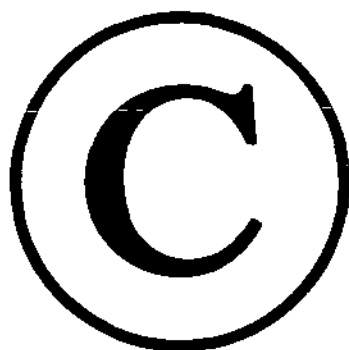
Mr. Staines notes that a number of countries including the U.K., U.S.A., Japan, Germany, and France, have decided to use copyright for controlling the use of computer software. He concludes that parties in the U.K., dissatisfied with the application of copyright law to computer software, should propose viable alternative means of regulation.

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PART I

ARTICLES

58. COPYRIGHT COMPULSORY LICENSES—ARE THEY COMING OR GOING?

By ROBERT CASSLER*

In the closing days of the 100th Congress, the President signed into law the Satellite Home Viewer Act of 1988, creating a new copyright compulsory license for satellite carriers who want to retransmit broadcast signals to private owners of satellite earth stations.¹ This sixth copyright compulsory license, the fifth one to be created in the last twelve years, confirmed one widely perceived view of a trend to more and more copyright compulsory licenses.

Yet, in the closing days of the 100th Congress, the President signed into law the Berne Convention Implementation Act of 1988, which calls for negotiations between jukebox operators and the music owners for the express purpose of ending the jukebox compulsory license.² This confirmed another widely perceived view of a Congress deregulating the field of copyright as it has deregulated the fields of communications, transportation, and banking.

Hold on. Which legal trend are we watching? Is there one Congress which is the "real" Congress and another Congress which is operating in a parallel universe? Are these copyright compulsory licenses coming or going?

The compulsory license is the one area in copyright law where government regulation has been introduced. Whenever there is debate about a proposal in any field of government regulation, it is generally conducted on two levels. One is on the actual merits of the particular proposal, the other is whether this proposal is but the first of a trend—the "slippery slope" argument. Yes, one person will argue, a "cooling off" period for gun sales might be a good idea, but is it the first in a "slippery slope" until all gun sales are banned? And, yes, deregulating the airline industry might be a good idea, but it will lead to a "slippery slope" until there won't be any rules, even on safety!

U.S. politics is more complex than the "slippery slopers" believe. The use of compulsory licenses in copyright law is just one example. The factors which combine to favor the creation of a compulsory license are many, just as

*General Counsel, Copyright Royalty Tribunal.

¹ Act of November 16, 1988, Pub. L. 100-667, 102 Stat. 3949.

² Act of October 31, 1988, Pub. L. 100-568, 102 Stat. 2853.

the factors which support the ending of a compulsory license are many. At any given time, these factors can collide, crisscross or combine. For the purposes of this article, the various factors have been grouped into four categories—legal, philosophical, economic, and political. An understanding of the operation of these factors may explain how Congress could create one compulsory license and terminate another within weeks of each other.

The general rule in copyright law is that the copyright owner holds all the rights subsisting in his or her copyrighted work exclusively.³ Someone who wants to exercise one of those exclusive rights must obtain the owner's permission, which the owner has an absolute right to refuse.

A compulsory license is an exception to the general rule. A compulsory license permits an individual to exercise one of the rights of someone else's copyrighted work, with or without the owner's consent, so long as a government-determined copyright royalty fee is paid to the owner. This does not mean that the owner and user⁴ may not negotiate different terms. In fact negotiated usage outside the compulsory license is routine for the mechanical licenses,⁵ and has occurred in the jukebox⁶ and the cable licenses.⁷ In the public broadcasting license, negotiated usage has made it unnecessary for the government to set certain rates.⁸ However, should negotiations fail, the potential user always has recourse to the compulsory license.

THE CURRENT COMPULSORY LICENSE

The mechanical license. The first compulsory license in U.S. law was the mechanical license created by the Copyright Act of 1909.⁹ This license was

³ See 17 U.S.C. § 106 (1976).

⁴ Hereafter, when referring to someone exercising one of the rights subsisting in someone else's copyright, the words "use" or "user" will be employed. "Use" is not intended to mean using the work itself, which if a person buys the work, he or she is perfectly entitled to do under the first-sale doctrine.

⁵ Controlled composition clauses, which grant a record company a mechanical license at $\frac{1}{4}$ the government rate from artists signed to that record company "are virtually ubiquitous in North American recording contracts." Biederman, *Current Issues in Music Publishing*, 1988 ENTERTAINMENT, PUBLISHING AND THE ARTS HANDBOOK 134.

⁶ *Report of the Register of Copyrights on the Jukebox Compulsory License*, U.S. Copyright Office, pp. 15-17, Appendix 4 (September 1988).

⁷ The Copyright Office issued an interpretative ruling stating that cable systems are free to negotiate outside the cable compulsory license. *Notice of Policy Decision*, 49 FR 46830 (Nov. 28, 1984). Letters issued by the Copyright Office indicate such negotiations are taking place. Letter from Ralph Oman, Register of Copyrights to David E. Leibowitz (April 13, 1988); Letter from Dorothy Schrader, General Counsel, Copyright Office to Steven J. Horvitz (March 14, 1989).

⁸ See, for example, *1987 Adjustment of the Public Broadcasting Royalty Rates and Terms*, 52 FR 49010 (Dec. 29, 1987).

⁹ Act of March 4, 1909, ch. 320 § 1(e), 35 Stat. 1075.

carried over into the Copyright Act of 1976 with certain changes and clarifications.¹⁰

The mechanical license permits anyone to record a new version of any recorded and publicly distributed song on a phonorecord (piano roll, record, reel-to-reel tape, cartridge, audio cassette, compact disc) and to distribute the new version to the public so long as the mechanical royalty rate is paid to the proper copyright owners.¹¹ The current royalty rate is 5.7 cents per recording of 1.1 cent per minute or fraction thereof if the song is over five minutes long.¹²

The mechanical license does not apply to the phonorecord itself, only to the musical composition recorded on it, so that the license does not authorize the exact duplication of the first recording.¹³ A new version of the song must be recorded. The mechanical license also does not apply to audiovisual works such as movies, television shows, or videotapes.¹⁴

The mechanical license was the sole compulsory license in U.S. law until passage of the Copyright Act of 1976, when three new compulsory licenses were created—the cable, jukebox, and public broadcasting licenses.¹⁵

The cable compulsory license authorizes any cable system to retransmit to its subscribers any television and/or radio broadcast signal which the FCC allows it to retransmit, including some Mexican and Canadian signals.¹⁶

For cable systems grossing less than \$75,800 per half year, the compulsory license is \$28 per half year.¹⁷ For cable systems grossing between \$75,800 and \$292,000 per half year, the compulsory license ranges on a sliding scale between \$28 and \$2190 per half year, depending on gross receipts.¹⁸ For cable systems grossing more than \$292,000 per half year, a complex formula is employed which computes the types of signals being imported— independent station, network-affiliated station, noncommercial educational station—and multiplies that by a diminishing percentage for the first, second, third, fourth and fifth imported signal, and then multiplies that product by the gross receipts of the cable system.¹⁹ If the cable system lies within the top

¹⁰ 17 U.S.C. § 115 (1976).

¹¹ *Id.*

¹² 37 C.F.R. § 307.3(e) (1989).

¹³ *Duchess Music Corp. v. Stern*, 448 F.2d 1095 (9th Cir. 1972), *cert. denied*, 409 U.S. 847.

¹⁴ "Phonorecords" are defined in the Copyright Act as "material objects in which sounds, other than those accompanying a motion picture or other audiovisual work, are fixed . . ." 17 U.S.C. § 101 (1976).

¹⁵ 17 U.S.C. §§ 111, 116, 118 (1976).

¹⁶ 17 U.S.C. § 111 (1976).

¹⁷ 37 C.F.R. § 308.2(b)(1) (1985).

¹⁸ 37 C.F.R. § 308.2(b)(2) (1985).

¹⁹ 37 C.F.R. § 308.2(a) (1985).

100 television markets, a syndicated exclusivity surcharge is added.²⁰ If the cable system is importing more distant signals than were allowed by the FCC previous to June 25, 1981, the extra signals are paid for at 3.75% of gross receipts per signal.²¹

The jukebox compulsory license authorizes jukebox operators to perform publicly nondramatic musical compositions on their jukeboxes so long as the jukebox royalty rate is paid, which currently is \$63 per year.²²

The public broadcasting compulsory license is actually composed of several licenses. It allows noncommercial educational broadcast stations (1) to perform publicly nondramatic musical works on their programs, (2) to display pictorial, graphic and sculptural works on their programs, and it allows nonprofit organizations (3) to produce programs which entail the reproduction of copies or phonorecords of such programs, where it is done solely for the purpose of performing music or displaying visual works on public broadcast programs.²³

The record rental compulsory license. In 1984, Congress enacted the Record Rental Amendment²⁴ which created a fifth compulsory license, but this one had some unusual features. For one, it has never been implemented. The Record Rental Amendment made it actionable for anyone to rent phonorecords to the public for purposes of commercial advantage unless such activity was authorized by the copyright owners. Should the copyright owners give their consent, however, their works could be distributed by rental, but the copyright owners could not establish the terms of their reimbursement. The terms of their reimbursement would be a compulsory license in which the distributor would owe the owners a proportion of the revenue received equal to the proportion of revenue received by copyright owners from the mechanical license.²⁵

The Register of Copyrights was delegated the authority to set the record rental compulsory license, but no copyright owner has ever given his or her consent to commercial record lending, so no regulations have ever been issued.²⁶

²⁰ 37 C.F.R. § 308.2(d) (1985).

²¹ 37 C.F.R. § 308.2(c) (1985).

²² 17 U.S.C. § 116 (1976); 37 C.F.R. § 306.3(c) (1986).

²³ 17 U.S.C. § 118 (1976).

²⁴ Record Rental Amendment of 1984, Pub. L. 98-450, 98 Stat. 1727.

²⁵ 17 U.S.C. § 115(c) (1984). The Copyright Act places the record rental compulsory license in Section 115, the mechanical compulsory license section, and treats the record rental license as part of the mechanical license. However, for purposes of this article, they are treated separately. The mechanical license is for the recording of new versions of a song, while the record rental license is for the repeated commercial renting of any song, the original or a new version.

²⁶ Telephone interview with Andrea Zizzi, Senior Attorney, Copyright Office (June 30, 1988).

Congress put a time limit on the Record Rental Amendment. It would be in effect for five years, at which point Congress would have to pass another act to continue its provisions.²⁷ In 1988, Congress passed the Record Rental Act, extending the ban on record rentals for another eight years.²⁸

The satellite carrier compulsory license. The sixth compulsory license, created by the Satellite Home Viewer Act of 1988, went into effect January 1, 1989.²⁹ It authorizes satellite carriers to retransmit the signals of television broadcast stations for the private home viewing of satellite dish owners. The rate established in the Act is 12 cents per subscriber per month for each retransmitted independent broadcast station, and 3 cents per subscriber per month for each retransmitted network-affiliated station.³⁰ The satellite carrier compulsory license will expire December 31, 1994, unless Congress passes another act.³¹

PROPOSED COMPULSORY LICENSES

There have been other compulsory licenses which have been proposed but which Congress has never enacted.

During the 1960's, when Congress was endeavoring to overhaul the 1909 Copyright Act, it was considering a new performance right in sound recordings which would belong to the performers and producers of sound recordings. S. 543, introduced in 1969, would subject this new right to a compulsory license.³² However, the performance rights of performers and producers was not recognized by Congress in the Copyright Act of 1976, so no compulsory license was created.

In 1977 and 1979, Rep. Danielson reintroduced the idea of a performance right in sound recordings belonging to performers and producers, with an accompanying compulsory license, by introducing H.R. 6063 and H.R. 997, respectively.³³

Prior to the passage of the Copyright Act of 1976, testimony was heard in Congress on behalf of a sound recording compulsory license, the purpose of which was to allow independent record companies to distribute sound recordings belonging to major record companies.³⁴ The reason offered for this type of license was to make available the recordings which the major compa-

²⁷ Record Rental Amendment of 1984, Pub. L. 98-450, § 4(b), 98 Stat. 1727.

²⁸ Act of November 5, 1988, Pub. L. 100-617, 102 Stat. 3194.

²⁹ Satellite Home Viewer Act of 1988, Pub. L. No. 100-667, § 206.

³⁰ 17 U.S.C. § 119(b)(1)(B) (1989).

³¹ Satellite Home Viewer Act of 1988, Pub. L. 100-667, § 207.

³² S. 543, 91st Cong., 1st Sess. (1969).

³³ H.R. 6063, 95th Cong., 1st Sess. (1977); H.R. 997, 96th Cong., 1st Sess. (1979).

³⁴ *Copyright Law Revision: Hearings on H.R. 2223 Before the Subcomm. on Courts, Civil Liberties and the Administration of Justice of the House Comm. on the Judiciary*, 94th Cong., 1st Sess. 1266-1281 (1975) (statements of Mike Terranova and Thomas Gramulgia).

nies were no longer interested in distributing. This proposal never advanced to the stage of being introduced as a bill in Congress.

In 1982 and 1983, bills were introduced which would have relieved individuals who home tape audio and/or video recordings of any liability for infringement. In exchange for such relief of liability, the bills would have required that the manufacturers of audio and/or video recorders, and the manufacturers of audio and/or video tapes pay royalties to the copyright owners.³⁵

In 1985, bills were introduced which would have created compulsory licenses for the manufacturing of audio tape recorders and audio tapes. This time, no provision for a compulsory license concerning video equipment or tapes was included.³⁶

Also, in 1985, Senator Mathias introduced a bill to establish a commission to study the desirability of compensating authors whenever their books are borrowed from the library. This study into a new public lending right would have included investigating whether a compulsory license should be employed to implement it.³⁷

PROPOSALS TO TERMINATE COMPULSORY LICENSES

As stated above, the legal trend concerning compulsory licenses has not been exclusively in one direction. There have been efforts to terminate existing compulsory licenses.

In addition to the jukebox license which will end if voluntary agreements are reached, bills to end the cable license were introduced in 1981, 1983 and 1985.³⁸ In 1988 and 1989, bills were introduced to condition the availability of the cable compulsory license to only those cable systems that agreed to carry all the television stations in their markets.³⁹

LEGAL FACTORS

The first factor to be considered is the legal framework for creating a copyright compulsory license, because if a compulsory license is not legally permissible, the other factors become irrelevant.

The Constitution delegates to Congress the authority, "To promote the progress of science and useful arts, by securing for limited time to authors and inventors the exclusive right to their respective writings and

³⁵ H.R. 5488, 97th Cong., 2d Sess. (1982); H.R. 5705, 97th Cong., 2d Sess. (1982); S. 31, 98th Cong., 1st Sess. (1983).

³⁶ S. 1739, 99th Cong., 1st Sess. (1985); H.R. 2911, 99th Cong., 1st Sess. (1985).

³⁷ S. 658, 99th Cong., 1st Sess. (1985).

³⁸ H.R. 3528, 97th Cong., 1st Sess. (1981); H.R. 1388, 98th Cong., 1st Sess. (1983); H.R. 3339, 99th Cong., 1st Sess. (1985).

³⁹ S. 2529, 100th Cong., 2d Sess. (1988); H.R. 4293, 100th Cong., 2d Sess. (1988); S. 177, 101st Cong., 1st Sess. (1989); H.R. 109, 101st Cong., 1st Sess. (1989).

discoveries."⁴⁰

Because the Constitution says that Congress may grant authors the "exclusive" right to their writings, is it unconstitutional for Congress to create compulsory licenses which render the author's copyright less than exclusive by taking away from authors the right to deny potential users the use of their copyrighted works?

The issue has never been litigated. Regarding the first compulsory license, the mechanical license created in 1909, Prof. Nimmer reports that the songwriters feared that if they successfully challenged the mechanical license, they might be left with no protection whatsoever against mechanical reproduction of their songs.⁴¹ Similarly, no challenges have been mounted against any of the more recently created compulsory licenses.

Prof. Nimmer holds the view that compulsory licenses are constitutional. He begins his analysis with the observation that Congress is not obliged to pass any copyright legislation, but if it does it has full range to define the scope of the law's protection. He concludes,

Since Congress manifestly has the power either to grant complete exclusivity or no protection at all, it would seem that it may properly invoke protection somewhere between these two polar positions. Non-exclusivity under a compulsory license appears to constitute such a reasonable middle ground. It may, then, be concluded that the phrase 'the exclusive right' imports words of authority, but not of limitation.⁴²

Although Prof. Nimmer's argument is certainly reasonable, it is not the only way one could interpret the Copyright Clause. One could argue, with equal reasonableness, that Congress has the power to create any type of right within copyright, but once that right has been created, constitutionally it must be an exclusive right:

The House Report on the 1909 Copyright Act had this to say:

A suggestion has been made that a compulsory license in copyright legislation would be unconstitutional. The great weight of opinion, however, is the other way. It is true that Congress could not legislate a man's existing rights out of existence, for thereby it would impair the obligation of a contract; but in this case Congress is creating a new property right, and in creating new rights Congress has the power to annex to them such conditions as it deems wise and expedient.⁴³

⁴⁰ U.S. Const., Art. I, Sec. 8, Cl. 8.

⁴¹ 1 *Nimmer on Copyright* Sec. 1.07.

⁴² *Id.* Cf. *Revision of Copyright Laws: Joint Hearings Before the Committees on Patents*, 60th Cong., 1st Sess. 233-237 (1908) (argument of Nathan Burkan).

⁴³ H. REP. NO. 2222, 60th Cong., 2d Sess. 9 (1909).

A different constitutional argument was raised when Congress was considering a performance right in sound recordings for performers and producers. The jukebox manufacturers argued that the Copyright Clause gives Congress the power to afford protection to "authors," and it was their belief that performers (which could potentially include actors, singers, musicians, conductors, narrators, etc.), were not "authors."⁴⁴

The Recording Industry Association of America (RIAA) argued in response that there was administrative and judicial support for upholding the constitutionality of "performers" being considered "authors" for the purposes of the Copyright Clause. RIAA pointed to the statement made by the Register of Copyrights in 1974:

Performing artists contribute original, creative authorship to sound recordings in the same way that the translator of a book creates an independently copyrightable work of authorship. Record producers similarly create an independently copyrightable work of authorship in the same way that a motion picture producer creates a cinematographic version of a play or novel. In my opinion, the contributions of both performers and record producers are clearly the 'writings of an author' in the constitutional sense . . .⁴⁵

Among the cases cited by RIAA in support of its position were *Capitol Records, Inc. v. Mercury Records Corp.*,⁴⁶ in which the Court said, "there can be no doubt that, under the Constitution, Congress could give to one who performs a . . . musical composition the exclusive right to make and vend phonograph records of that rendition,"⁴⁷ and *Shaab v. Kliendienst*,⁴⁸ which concluded that sound recording firms "satisfy the requirements of authorship found in the copyright clause . . ."⁴⁹

A performance right in sound recordings has never been enacted, so the constitutional question raised by those opposed to a performance right has not been litigated. However, Congress has granted protection against duplication of sound recordings, and that has not been challenged on any ground questioning whether producers of sound recordings were "authors."

However, if it is assumed that compulsory licenses are constitutional, there should be no further domestic legal impediments to the creation of com-

⁴⁴ *Copyright Law Revision: Hearings on H.R. 2223 before the Subcomm. on Courts, Civil Liberties, and the Administration of Justice of the House Comm. on the Judiciary*, 94th Cong., 1st Sess., Part 2, 1389 (1975) (letter of Perry S. Patterson, counsel, Rock-Ola Manufacturing Corporation, The Seeburg Corporation and Rowe International, Inc.).

⁴⁵ 120 Cong. Rec. S14565 (Aug. 8, 1974).

⁴⁶ 221 F.2d 656 (2d Cir. 1955).

⁴⁷ *Id.* at 657.

⁴⁸ 345 F. Supp. 589 (D.D.C. 1972).

⁴⁹ *Id.* at 590.

pulsory licenses. The U.S. Congress has full power to fashion copyright protection in any way, shape, or form it deems proper. Copyright is a creation of Congress, and Congress can put any requirements on it it wants.⁵⁰

However, with the United States' adherence to the Berne Convention in 1989, an international dimension to the legal factors affecting compulsory licenses has been added.

Adherence to the Berne Convention was motivated by our desire to secure the highest available level of multilateral copyright protection for U.S. creators, to ensure effective U.S. participation in the formulation of international copyright policy, and to reduce the impact of copyright piracy on the U.S. world trade position.⁵¹

However, joining Berne would require that the U.S. give a certain level of copyright protection to all foreign authors who are nationals of a country adhering to the Berne Convention. The question arose, then: which sections of the Copyright Act needed to be amended to make U.S. law compatible with the level of copyright protection afforded by the Berne Convention?⁵²

The Ad Hoc Working Group on U.S. Adherence to the Berne Convention was formed at the request of the State Department.⁵³ The Ad Hoc Working Group studied the compulsory licenses with special care, because the Berne Convention provides generally that an author is entitled to enjoy exclusive use in his or her works.

The Ad Hoc Working Group found specific provisions for the mechanical compulsory license in Article 13(1) of the Berne Convention, and concluded that the U.S. mechanical license is compatible with the Convention.⁵⁴

The Ad Hoc Working Group found support for both the cable and public broadcasting compulsory licenses in Article 11*bis*(2) of the Convention, which allows domestic legislatures to place conditions on an author's exclusive right over public performance by broadcasting.⁵⁵

However, the Ad Hoc Group expressed doubt concerning that part of the public broadcasting compulsory license which allows producers for public broadcasting to produce programs that entail the reproduction of copies or phonorecords of musical works and visual works. This part of the license entails not public performance, but the synchronization right and the repro-

⁵⁰ *Wheaton v. Peters*, 33 U.S. (8 Pet.) 591 (1834). However, once Congress creates a right in copyright, it has been ruled that the owner of that work has all the Fifth and Fourteenth Amendment rights against government taking that an owner of personal or real property has. *Roth v. Pritikin*, 710 F.2d 934 (2d Cir. 1983), *cert. denied*, 464 U.S. 961 (1983).

⁵¹ S. REP. NO. 100-352, 100th Cong., 2d Sess. 2 (1988).

⁵² H.R. REP. NO. 100-690, 100th Cong., 2d Sess. 7 (1988).

⁵³ *Id.*

⁵⁴ Final Report of the Ad Hoc Working Group on U.S. Adherence to the Berne Convention, Chap. V, *reprinted in* 10 Colum.-VLA J. Law & Arts 1 (1986).

⁵⁵ *Id.* Ch. I, VIII.

duction right, and therefore is not covered by Article 11bis(2).⁵⁶

The Ad Hoc Working Group considered that Article 9(2) might be the applicable section. Article 9(2) allows for reproduction of literary and artistic works "in certain special cases, provided that such reproduction does not conflict with a normal exploitation of the work and does not unreasonably prejudice the legitimate interests of the author," and "it shall be a matter for legislation in the countries of the Union to permit the reproduction of such works in certain special cases . . ."⁵⁷

In its final report, the Ad Hoc Working Group offered the reasons for and against the proposition that Article 9(2) authorizes that part of the public broadcasting license which allows synchronization and reproduction, and concluded only that it was not clear whether Article 9(2) applied.⁵⁸

Concerning the jukebox compulsory license, the Ad Hoc Working Group was clear: with respect to foreign works, the jukebox license was incompatible with the Berne Convention because it permitted the public performance of musical works without the consent of the owner.⁵⁹

However, the Ad Hoc Working Group was not designed to have the final legal responsibility of deciding what changes needed to be made to the Copyright Act to make it compatible with the Berne Convention. It was a group of experts whose function was simply to identify and analyze areas of possible incompatibility, and to submit its research to the executive and legislative branches.⁶⁰ It was Congress which was ultimately responsible for deciding the necessary changes to be made.

Congress adopted an explicitly "minimalist" approach. That is, it would amend the Copyright Act only where there was a clear conflict with the express provisions of the Berne Convention, and further, to amend only as was necessary to resolve the conflict in a manner compatible with the public interest, respecting the pre-existing balance of rights and limitations in the Copyright Act as a whole.⁶¹

Consequently, without comment in either the Senate or House Report, Congress made no changes in the public broadcasting compulsory license. Presumably, with the "minimalist" approach, it had not been shown that the public broadcasting license was in clear conflict with the Berne Convention.

However, Congress did recognize that the jukebox compulsory license

⁵⁶ *Id.* Ch. VIII.

⁵⁷ Berne Convention for the Protection of Literary and Artistic Works, Art. 9(2) (Paris Act of 1971).

⁵⁸ *Id.* Ch. VIII.

⁵⁹ *Id.* Ch. III.

⁶⁰ *Hearings on U.S. Adherence to the Berne Convention Before the Subcomm. on Patents, Copyrights and Trademarks of the Senate Comm. on the Judiciary*, 99th Cong., 1st & 2d Sess. 164 (1985-86) (Reply of Irwin Karp to Sen. Spector).

⁶¹ H.R. Rep. No. 100-609, 100th Cong., 2d Sess. 20 (1988).

was incompatible with Berne. Rather than abolishing the license outright, it established a procedure to mandate negotiations between the owners and users of jukebox music.⁶² If negotiations prove successful, the jukebox compulsory license will be terminated.⁶³ If, after one year, negotiations fail, the jukebox compulsory license will remain in effect.⁶⁴

Of course, negotiated licenses can supersede the jukebox compulsory license at any time, so it was delegated to the Copyright Royalty Tribunal to make periodic findings concerning whether negotiated licenses have been reached.⁶⁵ If after negotiated licenses are reached, the term of those agreements end without further agreements having been reached, the jukebox compulsory license would, in that instance, be revived.⁶⁶ Hence, the jukebox compulsory license is being retained as a sort of understudy should the "star," the voluntarily negotiated license, not be able to go on stage.

Does this stand-by retention of the jukebox compulsory license satisfy Berne? In Senate hearings, the Register of Copyrights testified:

The Berne Convention requires the owners of musical compositions to be accorded an "exclusive" right for performing by means of records. Some Berne Union countries do regulate organizations representing authors and copyright proprietors, including the setting of fees. This is usually done because of antitrust concerns. A consensus seems to be emerging that retention of the jukebox compulsory license can be justified as analogous to regulation of collective societies and, therefore, permissible under Berne.⁶⁷

The situation then, post-Berne, is that each copyright compulsory license which Congress is seriously considering must first be studied to see if it is legally in accord with international law.

PHILOSOPHICAL FACTORS

Any time any provision of the Copyright Act is proposed to be changed, there is some philosophical debate over the purpose and nature of copyright, but rarely is that debate as fundamental and as intense as it is in the arena of compulsory licensing.

There are three philosophical positions toward compulsory licensing. The *a priori* tendency of our policy makers to favor one of these positions

⁶² 17 U.S.C. § 116A (1989).

⁶³ 17 U.S.C. § 116A(d) (1989).

⁶⁴ 17 U.S.C. § 116A(b)(2) (1989).

⁶⁵ *Id.*

⁶⁶ 17 U.S.C. 116A(g) (1989).

⁶⁷ *Hearings on Berne Convention Implementation Act of 1987 Before the Subcomm. on Patents, Copyrights and Trademarks of the Senate Comm. on the Judiciary, 100th Cong., 2d Sess. 154 (1988).*

over the other two will go far in determining whether compulsory licenses are coming or going.

Position A: The fundamental nature of copyright is a balancing of the interests of copyright owners and copyright users. Compulsory licensing should be used regularly as an administrative tool to achieve that balance. The balance should include two elements—making certain the copyrighted work is available to users *and* making the work available below its fair market value.

Position B: The fundamental nature of copyright is the exclusive ownership by the author of the copyrighted work. However, in certain well supported instances compulsory licensing should be considered. The compulsory license should be at a fair market rate, unless special circumstances can support a subsidized rate.

Position C: The fundamental nature of copyright is that of intellectual property, having the same rights and privileges as personal and real property. Compulsory licensing, being an unconsented taking of property, is therefore against the fundamental nature of copyright and should never be considered. If, however, a compulsory license is imposed, it should in all cases be at the fair market rate.

Position A is held primarily by copyright users. Here is a more fully developed expression of the philosophy of Position A:

It should be noted . . . that copyright is not a constitutional right, such as trial by jury of one's peers. The Constitution simply authorizes Congress to create the right. It is therefore a statutory right—one created by law—and may be changed, enlarged, narrowed, or abolished altogether by the Congress here assembled. It is a law enacted not for the benefit of an individual or a corporation but for the public good and with the purpose, as the Constitution expresses it, 'to promote the progress of science and useful arts.' Consequently, in revising the copyright law the problem for Congress is to design provisions which both encourage the creation of original works and permit the widest possible access to and dissemination of information to the public; and where the goals compete, to strike a balance which best serves the fundamental objective of promoting learning, scholarship and the arts.⁶⁸

Implicit in this statement is a view that, over and above the grant of a

⁶⁸ *Copyright Law Revision: Hearings on H.R. 2223 Before the Subcomm. on Courts, Civil Liberties, and the Administration of Justice of the House Comm. on the Judiciary, 94th Cong., 1st Sess. 200 (1975) (statement of Edmon Low, representing American Association of Law Libraries, American Library Association, Association of Research Libraries, Medical Library Association, Music Library Association, Special Library Association).*

strict monopoly to authors, the government's primary goal is the widest dissemination of information. It is argued that this is mandated by the objectives of the First Amendment.

The goal of the widest possible dissemination would also support making the author's works available at a below market rate on the theory that the less something costs, the more people will be able to buy it.

Holders of Position C, usually the copyright owners, could not disagree more with holders of Position A. While agreeing that the policy goal is the production and dissemination of creative works, they argue that the only means to assure that production is the proper compensation of creators:

As the Supreme Court has explained, the Copyright Clause of the Constitution was intended to establish independent, entrepreneurial, self-sustaining authorship and publishing as the means of serving the public interest in securing the production of valuable literary and scientific works. . . . It implements the First Amendment's freedoms to express and publish ideas . . .

Authors and publishers, both commercial and non-profit, must depend on income derived from uses of their books and journals to compensate for the talent, labor and money expended in creating them. . . . Carving exemptions out of the 'enforceable rights' of authors and publishers does not serve the public interest. For although the resulting uncompensated uses⁶⁹ may further the convenience or ambitious plans of some 'user' group, they diminish or destroy the ability of authors and publishers to serve the ultimate public interest—to continue to produce new works of lasting benefit.⁷⁰

Those opposed to compulsory licensing agree that copyright is a balancing of interests, but assert that the balance occurs when Congress establishes the duration of copyright. That is, for the lifetime of the author plus fifty years, the work belongs exclusively to the author. After that, the work belongs to the public. Since that is where the balance occurs, no further incursion into the author's rights is justified.

Further, those opposed to compulsory licensing argue strenuously that there is no inhibition of First Amendment rights in guaranteeing an author exclusive control over his or her works, because there is no restraint against a user using the ideas embodied in the work:

⁶⁹ Or undercompensated uses, as in the case of a compulsory license established at a subsidized rate.

⁷⁰ *Copyright Law Revision: Hearings on H.R. 2223 Before the Subcomm. on Courts, Civil Liberties and the Administration of Justice of the House Comm. on the Judiciary*, 94th Cong., 1st Sess. 221-222 (1975) (statement of Irwin Karp, Counsel, The Authors League).

A patent prevents others from using the ideas it protects. A copyright does not impose such restraints. Anyone is free to use the ideas, facts or information presented in a copyrighted book or article. The copyright only protects the author's expression, not the ideas, facts or information. Other writers can draw on them. Other writers are free to independently create similar works; the copyright only prevents substantial copying of the author's expression.⁷¹

However, those favoring compulsory licensing believe the balance does and should occur while the author owns the copyright—hence, the provisions for fair use, and other limits on exclusivity in the Copyright Act.

Positions A and Position C are irreconcilable. No amount of eloquence will move Position A people to Position C, or vice versa.⁷² And there have been sufficient numbers of Position C people—almost every copyright owner, many disinterested copyright scholars, and some policy makers—that a wholesale move in copyright philosophy to a predisposition favoring more and more compulsory licenses has not occurred. As a result, it has not been enough for Position A people merely to plead the general case for compulsory licensing. They have had to plead additionally that theirs is a special case. Why? Because there exist substantial numbers of policy makers who are holders of Position B who can be persuaded. That is, although they generally are not inclined toward compulsory licenses, in special cases they will concede a need for one. The following are examples of the special cases which have been pleaded:

The industry operating in the public interest. During the hearings prior to the adoption of the Copyright Act of 1976, public broadcasting argued it was serving the public interest:

Public broadcasting programs are essentially informational or cultural in content . . . If the object of public broadcasting is to bring excellence to the American public, it cannot be questioned that the inclusion of great literature, music and art should be encouraged rather than restricted . . .

. . . The very character of public television programming is such as to necessarily include copyrighted works to an unprecedented extent. . . . It should be emphasized that many public broadcasting programs have little flexibility in avoiding non-clearable copyrighted works. A music, literature or art series without

⁷¹ *Id.* at 222.

⁷² For example, ASCAP has stated categorically, "ASCAP is opposed in principle to any form of statutory compulsory license. The American tradition is to require a party seeking to use another's property to bargain with the property owner for such use." *Id.*, at 926 (statement of ASCAP).

contemporary composers, authors or painters would be unthinkable. Similarly, a public television producer has very little selection option in broadcasting community concert performances, poetry readings or art exhibitions. Yet one non-clearance can invalidate an entire program unless an incomplete version is finally edited for what must be an inferior broadcast . . .

It is the intention of Congress that public broadcasting bring to the American public the most artistic and thoughtful programming that can be derived from all creative and intellectual sources. In short, the object of public broadcasting is not private gain but public service . . .⁷³

Similarly, cable also argued that it was an industry operating in the public interest:

In this context it is important to keep in mind that cable television through its reception and distribution of television broadcast signals, promotes the dissemination of knowledge to the public. Indeed, without this service . . . significant numbers of Americans would be denied the fruits of creative labor . . . Legislation which, for whatever reasons, restricts or decreases the dissemination of knowledge to the CATV public would not be consonant with the primary public interest concern of copyright.⁷⁴

In 1988, satellite carriers argued successfully that their service to satellite dish owners was in the public interest, because so many of the owners lived in what the FCC calls "white areas"—those areas in which television viewers cannot receive by ordinary antenna even one network signal. With the advent of the networks scrambling their program feeds to their network-affiliates, viewers in "white areas" were at the point of losing their only means of getting network television, unless some access via a compulsory license could be assured.⁷⁵

The declining industry. Prior to the passage of the 1976 Copyright Act,

⁷³ *Id.* at 866-868 (statement of Eric Smith, Associate General Counsel, Public Broadcasting Service).

⁷⁴ *Id.* at 503 (statement of Rex A. Bradley, Chairman, National Cable Television Association).

⁷⁵ See, generally, *Satellite Home Viewer Copyright Act: Hearings on H.R. 2848 Before the Subcomm. on Courts, Civil Liberties and the Administration of Justice of the House Comm. on the Judiciary*, 100th Cong., 2d Sess. (1988) (statement of Mark C. Ellison, Vice President of Government Affairs and General Counsel, Satellite Broadcasting and Communications Association of America). The House Report noted with approval that the satellite carrier license "will benefit rural America, where significant numbers of farm families are inadequately served by broadcast stations licensed by the Federal Communications Commission." H. REP. NO. 100-887, Part 1, 100th Cong., 2d Sess. 15 (1988).

the jukebox manufacturers argued that the jukebox industry was suffering a severe decline, and the imposition of any copyright liability would have a serious impact on the industry:

I will direct myself to the plight of the manufacturers. . . . In the case of automatic phonograph manufacturers, which numbered about 10 thirty years ago, three now remain. . . . In 1974, the Wur-litzer Corporation . . . discontinued the manufacturing of automatic phonographs because of the deteriorating economic climate in the industry.

In the aggregate, dollar sales volume and unit production [for the three remaining manufacturers] is down by between 20% and 30%. Employment is down drastically . . . Distributors' inventories in certain instances are as much as 300% above normal and sales are not improving.⁷⁶

The jukebox operators argued similarly that while their costs were rising due to the prices of equipment and records, it was not quite so easy for them to raise the price they charged per play. Consequently, they testified that their revenues were declining, and that, in many establishments, jukeboxes were there solely because the owner required them to be furnished as a condition for allowing the more profitable amusement and vending machines to be installed.⁷⁷

The emerging industry. The cable industry, in addition to asserting that it was a public interest industry, also argued it was a developing industry needing the protection of a reliable and reasonable compulsory license to make planned growth possible. The industry spokesman noted that while cable franchises had been granted in 3240 communities, another 2600 community franchises had been granted, but were not yet operating. Still more applications were pending in another 1000 communities. The cable industry characterized itself as a voraciously capital-intensive business in its formative stages. The uncertainty of unknown copyright obligations would place a burden on the industry when it attempted to get the needed financial support. A reasonable compulsory license was needed.⁷⁸

By 1985, spokesmen for the motion picture and the broadcast industries were urging Congress to recognize that cable was no longer "emerging" and

⁷⁶ *Copyright Law Revision: Hearings on H.R. 2223 Before the Subcomm. on Courts, Civil Liberties, and the Administration of Justice of the House Comm. on the Judiciary*, 94th Cong., 1st Sess. 415 (1975) (statement of Perry S. Patterson on behalf of Rock-Ola Manufacturing Corp., the Seeburg Corp. and Rowe International, Inc.).

⁷⁷ *Id.* at 419-420 (statement of Russell Mawdsley, Chairman, Legislative Committee, Music Operators of America).

⁷⁸ *Id.* at 501-504 (statement of Rex A. Bradley, Chairman, National Cable Television Association).

therefore no longer needed the benefit of a compulsory license.⁷⁹

In 1988, the motion picture industry supported a satellite carrier compulsory license, citing the need to "encourage TVRO as a new entrant . . . (so it can) take its rightful place in the marketplace."⁸⁰ At another point, the industry spokesman said, "On occasion, these new competitors may require a brief period of nurture before they are able to stand on their own and compete for their share of the market."⁸¹ The satellite carrier spokesman noted, "This bill allows our industry to grow and become a viable form of program distribution."⁸²

Copyright owners generally do not agree that any special case merits the creation of a compulsory license. They consider that copyright is intellectual property, and should be accorded the same legal protection as personal and real property. All industries, whether emerging, or declining, or serving the public interest, have to pay a willing seller the full market value of the machines, furniture, land, supplies, etc., which they intend to use. Why, copyright owners ask, shouldn't it be the same for intellectual property? As Irwin Karp put it for the Authors League on the issue of library photocopying,

⁷⁹ *CRT Reform and Compulsory Licensing: Hearing on H.R. 2754 and H.R. 2782 Before the Subcomm. on Courts, Civil Liberties, and the Administration of Justice of the House Comm. on the Judiciary*, 99th Cong., 1st Sess. (1985) (statements of Edwards O. Fritts, National Association of Broadcasters, and Jack Valenti, President, Motion Picture Association of America, Inc.).

Rep. Kastenmeier, Chairman of the House subcommittee on copyright, disagreed with Mr. Valenti's suggestion that the purpose of the cable license was to help an emerging industry, "My understanding was that it was an accommodation between two industries, one of which had, by virtue of a somewhat earlier Supreme Court decision, achieved a very favorable result . . ." *Id.* at 255. (See the discussion of political factors, *infra.*)

Stephen Effros, President of Community Antenna Television Association also disagreed with Mr. Valenti, "Somehow there has come to be an association in the minds . . . that the compulsory license designed into the Copyright Act in 1976 was directly related to the age or size of the cable industry. That is simply not supported by the facts. . . . (T)he reason for the compulsory license (is) 'it would be impractical and unduly burdensome to require every cable system to negotiate with every copyright owner.' *Id.* at 454. (See the discussion of economic factors, *infra.*)

This article attempts to show how Messrs. Valenti, Kastenmeier and Effros could all be right, and all be in disagreement at the same time.

⁸⁰ *Satellite Home Viewer Copyright Act: Hearings on H.R. 2848 Before the Subcomm. on Courts, Civil Liberties and the Administration of Justice of the House Comm. on the Judiciary*, 100th Cong., 2d Sess. 50 (1988) (statement of Timothy A. Boggs, Vice President of Public Affairs, Warner Communications, Inc., representing the Motion Picture Association of America, Inc.).

⁸¹ *Id.* at 49.

⁸² *Id.* at 97 (statement of Mark Ellison, Vice President of Government Affairs and General Counsel, Satellite Broadcasting and Communications Association of America).

"Library and Ad Hoc Committee spokesmen have not asked Congress to grant them an exemption from the property rights of the Xerox Corporation which would permit them to use its machines without charge to reproduce . . . copyrighted works. Property rights in machinery is something that apparently wins their respect."⁸³

When the Copyright Royalty Tribunal was created, those who argued successfully for a compulsory license—the cable industry, the recording industry, the jukebox industry and public broadcasting—were happy that now they could have assured access to the copyrighted works they were interested in, but would it be at the fair market value or would it be at a subsidized rate?

In the case of the public broadcasting license, the legislative history was clear. The purpose of the public broadcasting license was to assure access to works, but not to provide a subsidy.⁸⁴ Accordingly, the Tribunal endeavors to set public broadcasting rates at market value.⁸⁵

However, for the other compulsory licenses, the intent of Congress was less clear. For example, for cable, the Tribunal was directed only to set "reasonable" rates.⁸⁶

Since it was created in 1978, the Tribunal's direction has been to endeavor to adopt fair market rates for all compulsory licenses under its jurisdiction.⁸⁷ Accordingly, the jukebox license which was \$8 in 1978 rose to \$63 by 1987.⁸⁸ The mechanical rate which was 2.75 cents in 1978 rose to 5.7 cents by 1990.⁸⁹ The cable rate which was less than 1% of gross receipts for the first distant signal, was set at 3.75% of gross receipts for the distant signals which the FCC first permitted to be imported after 1981.⁹⁰

This has led to a situation where those who support compulsory licensing do not necessarily support the decisions of the agency which administers it, and those who oppose compulsory licensing favor the Tribunal's decisions. And it has led to a situation where current copyright law best reflects not Position A or Position C, but Position B—compulsory licenses generally dis-

⁸³ *Copyright Law Revision: Hearings on H.R. 2223 Before the Subcomm. on Courts, Civil Liberties and the Administration of Justice of the House Comm. on the Judiciary, 94th Cong., 1st Sess. 223 (1975) (statement of Irwin Karp, counsel, The Authors League of America).*

⁸⁴ H. REP. NO. 94-1476, 94th Cong., 2d Sess. 118 (1976).

⁸⁵ The Tribunal cited both the House and Senate Reports in its first public broadcasting rate proceedings. *Terms and Rates of Royalty Payments*, 43 FR 25068 (June 8, 1978).

⁸⁶ 17 U.S.C. § 801(b)(2)(B); H. REP. NO. 94-1476, 94th Cong., 2d Sess. 176 (1976).

⁸⁷ The goal of a fair market rate can only be a goal, never a certainty, because by the mere fact that the compulsory license exists, the fair market rate can never be known.

⁸⁸ 17 U.S.C. § 116(b)(1)(A); 37 C.F.R. § 306.3(c) (1986).

⁸⁹ 17 U.S.C. § 115(c)(2) (1976); 37 C.F.R. 307.3(e) (1989).

⁹⁰ 17 U.S.C. § 111(d)(1)(B) (1976); 37 C.F.R. 308.2(c)(3) (1982).

avored, but created when the need is shown, and with a disposition toward being priced at fair market value.

ECONOMIC FACTORS

In describing the philosophical factors, I have tried to show the *a priori* positions of owners, users and policy makers. Often, economic factors will act to move people from their initial philosophical positions to support either the creation of a compulsory license, or the elimination of a compulsory license. The main economic factors are the following:

Transaction costs. It takes time and money for each individual user to negotiate with each individual owner to use copyrighted works. While in most cases this does not warrant the creation of a compulsory license because the distribution mechanisms have been efficiently taken care of by the marketplace, there have been special cases where the transaction costs have been recognized as substantial and logistically difficult.

A public broadcasting spokesman described what he felt was the burden of transaction costs on public broadcasters:

... (T)he administrative costs of securing permission will be overwhelming, which may force local stations to choose between using copyrighted works without clearance or avoid use of copyrighted materials altogether.

It is not unrealistic to assume an annual cost of from \$25,000 to \$50,000 for a clearance office for the smallest station in the system—with substantially larger amounts for larger stations—if copyright licenses are required for local as well as national production and broadcast. We can conservatively estimate that, for example, an average of ten pieces of copyrighted material would be used in each hour of local programming in the system. With 29,000 hours of local programs, this would result in 290,000 separate clearances with copyright proprietors unless workable clearance mechanisms are established. This would require additional staff, telephone calls, letters, extended negotiations, and recordkeeping at a high cost to the system. We do not believe that it is appropriate to squander public broadcasting's scarce resources in administrative overhead with no benefit to the public or the copyright holder. Indeed, the result can only be less programming of lower quality and less use of copyright material to the benefit of no one.⁹¹

With regard to cable, transaction costs were singled out by the House

⁹¹ *Copyright Law Revision: Hearings on H.R. 2223 Before the Subcomm. on Courts, Civil Liberties and the Administration of Justice of the House Comm. on the Judiciary, 94th Cong., 1st Sess. 868 (1975)* (statement of Eric H. Smith, Associate General Counsel, Public Broadcasting Service).

Report on the Copyright Act of 1976 as the primary reason for establishing a compulsory license.

In general, the Committee believes that cable systems are commercial enterprises whose basic retransmission operations are based on the carriage of copyrighted program material and that copyright royalties should be paid by cable operators to the creators of such programs. The Committee recognizes, however, that it would be impractical and unduly burdensome to require every cable system to negotiate with every copyright owner whose work was retransmitted by a cable system. Accordingly, the Committee has determined . . . to establish a compulsory copyright license . . .⁹²

Whenever recommendations have been made to eliminate a compulsory license, the question of transaction costs always comes up. Those copyright owners who oppose compulsory licensing believe there are private clearance mechanisms that can be established to obviate the problem.

Consequently, while it is true that U.S. adherence to the Berne Convention was the primary impetus for Congress to work toward the ending of the jukebox compulsory license, the relative ease of the transaction costs in jukebox licensing was another important factor. The jukebox industry has a strong trade association, the Amusement and Music Operators of America (AMOA), which can negotiate with the three U.S. performing rights societies, and can accomplish industry-wide arrangements. The House Report on the Berne Convention Implementation Act cited with approval the voluntary cooperation reached between AMOA and the three performing rights societies in 1985 concerning compliance with the jukebox license, and expected that they would be able to work diligently and in good faith toward reaching a voluntary license agreement to replace the jukebox compulsory license.⁹³

During the hearings in 1985 on Representative Frank's bill to eliminate the cable compulsory license, Jack Valenti, speaking for the Motion Picture Association of America, Inc., asserted that private clearance mechanisms could be established.⁹⁴ Yet, the National Cable Television Association has argued as recently as 1988 that transaction costs are still an insuperable problem.⁹⁵

The FCC has recently recommended that the cable compulsory license be eliminated. With regard to the issue of transaction costs, the FCC noted

⁹² H. REP. NO. 94-1476, 94th Cong., 2d Sess. 89 (1976).

⁹³ H. REP. NO. 100-609, 100th Cong., 2d Sess. 47-48 (1988).

⁹⁴ *CRT Reform and Compulsory Licenses: Hearings on H.R. 2752 and H.R. 2784 Before the Subcomm. on Courts, Civil Liberties and the Administration of Justice of the House Comm. on the Judiciary*, 99th Cong., 1st Sess. 258 (1985).

⁹⁵ Comments of the National Cable Television Association, *In the Matter of Compulsory Copyright License for Cable Retransmission*, FCC Gen. Docket No. 87-25.

that there exists today dozens of cable networks that acquire rights to individual programs in the marketplace and package those rights for sale to cable operators. Using that as a model, the FCC envisions that, in the absence of a compulsory license, television stations would be able to acquire cable retransmission rights to "packages" of the programming that they broadcast. Cable operators could then negotiate with a single entity—the broadcast station—for carriage rights to each package.⁹⁶

In the public broadcasting compulsory license, PBS and NPR have successfully reached voluntary licenses with the three performing rights societies in 1982 and 1987, obviating the need for the Copyright Royalty Tribunal to establish royalty rates for them, while the Tribunal continues to set rates for use by PBS and NPR of other types of copyrighted works, and for public broadcasters not affiliated with PBS or NPR.⁹⁷

Thus, the issue of transaction costs is a key element in the establishment or elimination of most compulsory licenses.

Uncontrolled copying. While most copyright owners want exclusive control of their works, what can they do when the copying of their works gets beyond their power to enforce their rights? In the field of sound recordings, and in video recording, there has been a great deal of home recording, which the copyright owners assert have cost them billions of dollars.⁹⁸

Where there is uncontrolled copying, you find that the copyright owners are no longer against compulsory licensing, but actually look to compulsory licensing as their means of making the best of a bad situation. As a result, the Recording Industry Association of America, representing the record companies supports the introduction of an audio cassette and audio cassette machine royalty to "license," so to speak, the unconsented and uncontrolled

⁹⁶ *In the Matter of Compulsory Copyright License for Cable Retransmission*, Gen. Docket No. 87-25, par. 12 (August 3, 1989).

⁹⁷ *1982 Adjustment of Royalty Schedule for Use of Certain Copyrighted Works in Connection with Noncommercial Broadcasting: Terms and Rates of Royalty Payments*, 47 FR 57923 (Dec. 29, 1982); *1987 Adjustment of the Public Broadcasting Royalty Rates and Terms*, 52 FR 49010 (Dec. 29, 1987).

⁹⁸ Stanley M. Gortikov, then President of the Recording Industry Association of America asserted in 1982 that audio home taping was costing the recording industry \$1 billion annually in an industry whose total retail sales are \$3.6 billion. *Home Recording of Copyrighted Works: Hearings on H.R. 4783, H.R. 4794, H.R. 4808, H.R. 5250, H.R. 5488, H.R. 5705 Before the Subcomm. on Courts, Civil Liberties and the Administration of Justice of the House Comm. on the Judiciary*, 97th Cong., 2d Sess. 312 (1982).

However, Jack Wayman of the Electronics Industries Association disputed RIAA's contention, "The recording industry has numbers, Mr. Chairman, but we do not believe it has the right numbers and we do not believe those numbers show what the recording industry claims they show. In short, the recording industry has not documented its claims." *Id.* at 773-774.

copying of their works.⁹⁹

Controlling monopolistic practices. Those who favor exclusive rights for authors assume that authors want to sell or license the use of their works, and therefore, they will not ordinarily withhold their works from the marketplace. But what if the author or a group of authors refuse to make their works available?

This was the scenario in the early part of this century when the mechanical license came into existence. At the time of the Copyright Act of 1909, the most popular mechanical device for the reproduction of music was not the phonograph, but the perforated piano rolls used in player-pianos. In Congressional hearings, testimony was given that the Aeolian Company, the country's largest piano roll manufacturer, had entered into a series of contracts in 1902 with over eighty leading music publishers. Each music publisher had granted to Aeolian the exclusive mechanical reproduction rights in all music they controlled at that time or would control in the next 35 years. The effect of these agreements was to make it impossible for other piano roll companies to obtain licenses. The mechanical compulsory license was adopted to void Aeolian's monopolistic practice.¹⁰⁰

Prior to the adoption of the Copyright Act of 1976, testimony was received from spokesmen for the Independent Record & Tape Association of America. They asked Congress to consider imposing a compulsory license on sound recordings, charging that the major record companies were refusing to release for sale many of the sound recordings in their stock. One proposal would give the original recording company an exclusive 5-year term on its sound recording copyright, and if, at the end of the 5-year period, the recording company sold more than 500,000 copies, then that company would be compelled to make that same recording available to any other recording company.¹⁰¹ The proposal for a sound recording compulsory license never reached the point of being introduced as a bill in Congress. It is mentioned only as a more recent example of an argument based on the allegation of monopoly practices.

Market dislocation. Copyright owners argue that there are sound economic reasons, in addition to philosophical reasons, to oppose the creation of

⁹⁹ *Id.*, (statement of Stanley M. Gortikov, President, Recording Industry Association of America).

¹⁰⁰ H. REP. NO. 2222, 60th Cong., 2d Sess. 7-9 (1909); *Hearings on H.R. 4347, H.R. 5680, H.R. 6831, H.R. 6835 Before Subcomm. No. 3 of the Committee on the Judiciary, 89th Cong., 1st Sess.* 675-6 (1965) (statement of Recording Industry Association of America).

¹⁰¹ *Copyright Law Revision: Hearings on H.R. 2223 Before the Subcomm. on Courts, Civil Liberties and the Administration of Justice of the House Comm. on the Judiciary, 94th Cong., 1st Sess.* 1266-1281 (1975) (statements of Mike Terranova and Thomas Gramulgia).

compulsory licenses. Those reasons are the ones that are traditionally raised whenever prices are set not by the marketplace but by the government.

When the copyright royalty rate is established by the legislature, the rate is usually set by political give-and-take rather than by careful analysis of the relevant markets. Even when the royalty rate is determined by an administrative body which has the time and duty to establish a full record upon which to base the rate, an analysis of the market is frustrated by the very fact that the market does not exist—the government has replaced the market. So the agency must engage in analyzing a “shadow” marketplace.

If a subsidized rate is intended and a subsidized rate results, then the industry getting the subsidized rate has a competitive advantage over those other industries who do not have a compulsory license, and copyright owners receive less reimbursement and therefore have less incentive to create new works.¹⁰²

If a market rate is intended, but the legislature and/or the agency misses the mark and a subsidized rate results, the same competitive advantage occurs, only this time it is unintended.

If a market rate is intended, but a higher than market rate occurs, both the owners and users could be frustrated by an artificially high price. This can be avoided by the owner and user negotiating their own price, something lower than the government rate.

Government rates also have the inherent disadvantage of inflexibility. If the legislature sets the rate, it takes another law to change the rate. The mechanical rate stayed at two cents per song from 1909 to 1977, because only Congress could change the rate.

If an agency sets the rate, it must do so when the legislature says it can. In the case of the Copyright Royalty Tribunal, it was told by Congress that it could adjust the jukebox rate once every ten years, and the mechanical rate once the first seven years, and then once every ten years thereafter.¹⁰³ When the Tribunal tried to build some flexibility into the system, it was rebuffed by the Court of Appeals which said that the Tribunal could not make any discretionary changes in the royalty rate except in a “window” year established by

¹⁰² Messrs. Besen, Manning and Mitchell have discussed how in cable the program supplier loses twice because of a subsidized cable rate. First, “(s)ince the fees generated by the fee schedule are likely to fall short of the value consumers place on the imported signals, the aggregate earnings of program suppliers will be too low . . .” and second, “(s)ince local independent and network affiliates will face increased competition from distant signals, their advertising revenues and ability to pay (the program supplier) for non-network fare will decline.” Besen, Manning & Mitchell, *Copyright Liability for Cable Television: Compulsory Licensing and the Coase Theorem*, 21 J.L. & ECON. 92 (1978).

¹⁰³ 17 U.S.C. § 804(a)(2)(B) and (C) (1976).

Congress.¹⁰⁴ The Tribunal was allowed, however, to make nondiscretionary changes in the royalty rate, that is, rate changes which could operate by simple mathematical formula. So the Tribunal phased in changes in the jukebox rate, with the final rate change dependent on the Consumer Price Index.¹⁰⁵ Similarly, the Tribunal phased in changes in the mechanical license, and since 1987, the mechanical license has been on a cost of living formula.¹⁰⁶

Another area of inflexibility is that government rates usually are national rates. Every jukebox operator and every recording company in America, must pay the same amount regardless of individual circumstances. The situation in cable is different. Ostensibly, it is more flexible because it takes into account the size of the system, what market it is serving, and whether it is importing a network affiliate or an independent or an educational station. But here, too, people have complained of what they feel are anomalous situations, such as systems physically close to each other paying very different royalty amounts.

Another criticism of government-set rates is that the decisions are ultimately made by persons who, no matter how diligent and earnest they are, are still subject to misjudgments. While private marketplace decisions are similarly prone to misjudgments, they are at least made by those who intend to live with them. Furthermore, in a private marketplace there can be hundreds or thousands of individual decision-makers, thereby dispersing the effect of any particular decision.¹⁰⁷

In three instances, cable, jukebox, and satellite carrier, the government not only sets the rates, but distributes the royalties. Problems are inherent when the government attempts to distribute from a yearly pot the right amount of royalties to each copyright owner. In cable, the Copyright Royalty Tribunal must decide the relative value between such disparate works as opera, sporting events, situation comedy re-runs and religious programs. Recognizing the difficulty of the task, the Court of Appeals expects no more than "rough justice" in matters where "mathematical exactitude . . . appears well nigh impossible."¹⁰⁸

Consequently, even if the government accurately established a royalty

¹⁰⁴ Recording Industry Association of America v. Copyright Royalty Tribunal, 662 F.2d 1 (D.C. Cir. 1981).

¹⁰⁵ 1980 Adjustment of the Royalty Rate for Coin-Operated Phonorecord Players, 46 FR 884 (Jan. 5, 1981).

¹⁰⁶ Adjustment of Royalty Payable Under Compulsory License for Making and Distributing Phonorecords, 46 FR 62267 (Dec. 23, 1981); 1987 Adjustment of the Mechanical Royalty Rate, 52 FR 22637 (June 15, 1987).

¹⁰⁷ However, in a marketplace where collectives make the decisions, such as a trade association negotiating with a performing rights society, the situation once again can get reduced to a few decision-makers.

¹⁰⁸ National Association of Broadcasters v. Copyright Royalty Tribunal, 772 F.2d 922, 927 (D.C. Cir. 1985), cert. denied, 106 S. Ct. 1245 (1986).

rate, if its distribution of those royalties were faulty, individual programs would still be either overcompensated or undercompensated.

Blanket licenses in private collectives pose similar problems, but the FCC has noted that in the music field there is competition among three performing rights societies, so that "there would be continuing pressure on blanket licensing agencies to make their royalty distributions reflect the relative values of individual programs . . . (T)he failure to relate compensation to relative valuation with reasonable precision could lead to the disintegration of the association."¹⁰⁹

POLITICAL FACTORS

Saved for last are the political factors, which have moved many to switch their initial positions.

Easing the expansion of copyright. Each time copyright owners have argued that the copyright law inadequately protected them, any change in the rights of copyright met with strong resistance from those whose use of copyrighted works was, up to that point, free. The result, in many instances, was to compromise the difference politically and create a compulsory license.

Prior to 1909, mechanical reproduction by piano roll was not an infringement of the composers' and publishers' copyright.¹¹⁰ The 1909 Act extended the rights of authors to include mechanical reproduction, but subjected it to a compulsory license.¹¹¹

Prior to the 1976 Act, jukeboxes were exempted from the obligation to pay for the public performance of music.¹¹² Congress could have ended the exemption entirely, but instead chose to create a compulsory license.

During the 1960's and 1970's, two Supreme Court cases held that a cable retransmission of a broadcast signal was not another performance of a copyrighted work meriting another copyright payment.¹¹³ The Supreme Court made clear that its interpretation was based necessarily on the 1909 Copyright Act and that Congress was free to resolve the issue of cable copyright in any manner it saw fit.¹¹⁴ The cable industry saw the Supreme Court decisions not simply as based on an interpretation of the 1909 Act, but as a strong expression that cable retransmission should be without copyright liability.¹¹⁵

¹⁰⁹ *In the Matter of Compulsory Copyright License for Cable Retransmission*, FCC Gen. Docket No. 87-25, par. 143, released August 3, 1989.

¹¹⁰ H. REP. NO. 2222, 60th Cong., 2d Sess. 8 (1909).

¹¹¹ Act of March 4, 1909, ch. 320, § 1(e), 35 Stat. 1075.

¹¹² *Id.*

¹¹³ *Fortnightly Corp. v. United Artists Television, Inc.*, 392 U.S. 390 (1968); *Teleprompter Corp. v. Columbia Broadcasting System, Inc.*, 415 U.S. 394 (1974).

¹¹⁴ *Teleprompter Corp. v. Columbia Broadcasting System, Inc.*, 415 U.S. 394, 414 (1974).

¹¹⁵ "Of course, the Supreme Court was dealing with the 1909 Copyright Act, but the decision was made 'with due regard to changing technology' . . . The Court

Congress compromised the issue and created a compulsory license.

Prior to the 1976 Act, the author's right to authorize public performances was limited to public performances for profit.¹¹⁶ However the 1976 Act expanded the right to all public performances, with specific exemptions provided for educational and other meritorious uses. While Congress expressly made public broadcasting fully liable for many types of works, such as literary works and audiovisual works, it created a compulsory license for non-dramatic musical works, and pictorial, graphic and sculptural works.¹¹⁷

In the case of satellite carrier retransmission to home satellite dishes, the owners of satellite dishes were used to receiving their broadcast signals free. Rather than full copyright liability, Congress chose to create a satellite carrier compulsory license for a period lasting until 1995, at which time it will review the situation.¹¹⁸

Politics of consensus. Thomas Olson of Wilmer, Cutler & Pickering observed in this journal that when it comes to copyright law, Congress is "loath to impose one-sided losses" on any of the various copyright constituencies, and therefore will only act when all constituencies have agreed.¹¹⁹ To get full consensus generally means a disposition toward the creation of compulsory licenses.

Why is Congress unwilling to impose one-sided losses? Olson points to Professor Kent Weaver's observation that "when push comes to shove, most officeholders seek above all not to maximize the credit they receive but to minimize blame."¹²⁰ Blame-avoidance is necessary because voters react intensely to perceived grievances, while, at the same time, voters do not act nearly as concertedly when they have made a gain.

Olson also sees Congress as having "multiple veto points" where a bill can be stopped at any point, so getting full consensus is important.¹²¹

Copyright populism. Just take a look at all the people who watch television by cable or satellite dish, or listen to jukeboxes, or engage in home taping, or photocopying, and you can see that the users of copyright far and

reasoned as a matter of separation of powers—not as a matter of copyright policy—that the job of accommodating 'various competing considerations' . . . belonged to Congress. The Court did not intend that Congress, in fact, adopt CATV copyright liability." *Copyright Law Revision: Hearings before the Subcomm. on Courts, Civil Liberties, and the Administration of Justice of the House Comm. on the Judiciary, 94th Cong., 1st Sess. 616 (1975)* (statement of Robert Cooper, Executive Secretary of Community Antenna Television Association).

¹¹⁶ Act of March 4, 1909, ch. 320, §§ 1(c) and (e), 35 Stat. 1075.

¹¹⁷ 17 U.S.C. §§ 106, 118 (1976).

¹¹⁸ Satellite Home Viewer Act of 1988, Pub. L. No. 100-667.

¹¹⁹ Olson, *The Iron Law of Consensus: Congressional Responses to Proposed Copyright Reforms Since the 1909 Act*, 36 J. COPR. SOC'Y 109, 111 (1989).

¹²⁰ *Id.* at 116-117.

¹²¹ *Id.* at 117.

away outnumber the owners. That translates into a populist view that copyrighted works should be made available regardless of the wishes of the copyright owner and should be made available cheaply.

As Representative Kastenmeier once said of the political impact of the 3.75% cable rate, "It is probably more debated in recent years than anything, at least in my State, since they determined the alcoholic content of beer."¹²²

The pressure on Congress, if the mail referred to the Copyright Royalty Tribunal is any indication, is entirely on the side of the inexpensive availability of copyrighted works. These letters often emphasize the health of the industry whose works they want to use, whether that be the motion picture industry, the broadcast industry or the music industry.

Interestingly, the populist pressure on home taping is against a compulsory license, because the home user wants to tape completely free. It is the copyright owner which is asking for the compulsory license as a last resort against wholesale uncontrolled copying.

Interindustry competition. The long history of the rivalry between the cable and broadcast industries is not within the scope of this article. Suffice it to say that compulsory licenses are viewed by many as just one element of the competitive balance among competing industries. To the extent that any one industry feels disadvantaged by the availability of a compulsory license to a competing industry, it will oppose the compulsory license.

In the hearings prior to the passage of the 1976 Copyright Act, John Summers of the National Association of Broadcasters opposed the cable compulsory license, stating, "A law that confers a compulsory copyright license on cable television inherently gives CATV an unfair competitive advantage over free broadcasters, who must bargain for copyrighted material they use."¹²³

In 1985, when the Court of Appeals ruled that the FCC's "must-carry" regulations (which required cable systems to carry all television stations in their market) were, as written and as justified, contrary to the First Amendment,¹²⁴ the broadcasters argued vociferously before Congress that the competitive balance between cable and broadcasting had been upset, and therefore the cable compulsory license should be repealed.¹²⁵ The cable in-

¹²² *CRT Reform and Compulsory Licenses: Hearings on H.R. 2752 and H.R. 2784 Before the Subcomm. on Courts, Civil Liberties and the Administration of Justice of the House Subcomm. on the Judiciary*, 99th Cong., 1st Sess. 255 (1985).

¹²³ *Copyright Law Revision: Hearings on H.R. 2223 Before the Subcomm. on Courts, Civil Liberties and the Administration of Justice of the House Comm. on the Judiciary*, 94th Cong., 1st Sess. 775 (1975) (statement of John B. Summers, General Counsel, National Association of Broadcasters).

¹²⁴ *Quincy Cable TV, Inc. v. FCC*, 768 F.2d 1434 (D.C. Cir. 1985), cert. denied sub nom. *National Association of Broadcasters v. Quincy Cable TV, Inc.*, 106 S. Ct. 2889 (1986).

¹²⁵ *CRT Reform and Compulsory Licenses: Hearings on H.R. 2752 and H.R. 2784*

dustry argued just as strongly that there was no linkage at all between must-carry and the compulsory license, and no Congressional action was necessary.¹²⁶

When in 1988, Congress was considering the creation of a compulsory license for satellite carriers, interindustry competition was a concern on the minds of everyone: motion picture distributors, broadcasters, and cable.

The Motion Picture Association of America was frank in its admission that its qualified support of a satellite carrier compulsory license was to stir competition to the cable industry, "As you know, the leaders in the motion picture industry . . . have been very concerned about competition to the cable industry. The concentration that grows seemingly every day in the hands of a few large MSOs is of concern to us . . . There should be competition to the cable industry. Cable . . . enjoys the benefits of compulsory license. This small competitor should enjoy this same benefit."¹²⁷

The broadcast industry was pointed in its criticism of the satellite carrier license, "[I]t is fundamentally unfair to require broadcasters to pay marketplace prices for programming while granting compulsory licenses at statutory or arbitrated rates to our cable and satellite competitors."¹²⁸

The broadcasters' protests were effective in limiting the scope of the new satellite carrier license. Originally, it would have given the satellite carrier a license to retransmit network signals to any home dish in America. In its final form, the bill only gave the carriers the license to retransmit network signals to home dishes in television "white areas."¹²⁹ Congress accepted the broadcasters' argument that being able to retransmit network signals into areas already served by a network-affiliated broadcaster would constitute unfair competition to that affiliate.¹³⁰

Accordingly, compulsory licenses are inevitably viewed within a context of interindustry competition. Any change in the balance of that competition

Before the Subcomm. on Courts, Civil Liberties and the Administration of Justice of the House Comm. on the Judiciary, 99th Cong., 1st Sess. (1985) (statement of Edward O. Fritts, National Association of Broadcasters).

¹²⁶ "There was never a linkage, other than in the broadcaster's rhetoric, between the compulsory license and must-carry." *Id.* at 458-459 (statement of Steve Effros, President, Community Antenna Television Association).

¹²⁷ *Satellite Home Viewer Copyright Act: Hearings on H.R. 2848 Before the Subcomm. on Courts, Civil Liberties, and the Administration of Justice of the House Comm. on the Judiciary, 100th Cong., 2d Sess. 83 (1988) (statement of Timothy A. Boggs).*

¹²⁸ *Id.* at 260 (statement of Preston Padden, President, Association of Independent Television Stations).

¹²⁹ 17 U.S.C. §§ 119(a)(2)(B) and (d)(10) (1989).

¹³⁰ "The bill respects the network/affiliate relationship and promotes localism." H. REP. NO. 100-887, Part 1, 100th Cong., 2d Sess. 14 (1988).

may spur new inquiry into the continued legitimacy of that compulsory license.

Federal Agencies' Positions. It is an enduring belief of those who mistrust government that once agencies are created they seek to expand their reach wherever possible. They become, so to speak, another interest group before Congress, and their interests are entirely on the side of more and more regulation.

It would be a great surprise, therefore, to someone who holds this belief that there is no federal agency beating the drums for more and more compulsory licenses, and in fact, most have at one time or another advised Congress either to move cautiously in this area, or to proceed to eliminate compulsory licenses.

The Copyright Office—The position of the Copyright Office has been that a compulsory license is a legislative device "warranted only under special circumstances."¹³¹ The Copyright Office has testified before Congress that "copyright owners should fully enjoy all their property rights, and that compulsory licensing schemes, which permit someone other than the copyright owner to decide how that owner's property is used and what value it has, should be employed sparingly and only where necessary."¹³²

The Copyright Office has held this position consistently throughout the '60's, '70's and '80's. In 1961, the Register of Copyrights recommended in his Report on the General Revision of the U.S. Copyright Law that the mechanical compulsory license be eliminated.¹³³

In 1975, the Register of Copyrights wrote Senator McClellan opposing the creation of the public broadcasting license, while supporting other compulsory licenses, which in her view, may have been necessary to resolve difficult and complex issues.¹³⁴

In 1988, the Copyright Office supported the creation of the satellite carrier compulsory license because in its view a marketplace structure for the purchase of satellite retransmitted programming was not immediately feasible, but noted that the license would end after a period of time when market-

¹³¹ *Private Use, Private Property and Public Policy: Home Recording and Reproduction of Protected Works*, David Ladd, Register of Copyrights, p. 44, presented at the VIII Congress of INTERGU, September 1981.

¹³² *Oversight of the Copyright Act of 1976: Hearings on Cable Television Before the Senate Comm. on the Judiciary*, 97th Cong., 1st Sess., 3, 6 (1981) (Statement of David Ladd).

¹³³ *Copyright Law Revision: Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law*, 87th Cong., 1st Sess. 32-36 (1961).

¹³⁴ *Copyright Law Revision: Hearings on H.R. 2223 Before the Subcomm. on Courts, Civil Liberties, and the Administration of Justice of the House Comm. on the Judiciary*, 94th Cong., 1st Sess. 976-977 (1975) (letter of Barbara Ringer, Register of Copyrights).

place mechanisms should be established.¹³⁵

The Copyright Royalty Tribunal—Currently, the Tribunal takes no position on existing or proposed compulsory licenses. It sees its role as simply one of carrying out the Copyright Act. Earlier in its existence, however, the Tribunal recommended to Congress that the public broadcasting license was not needed.¹³⁶ In 1981, Commissioner James, as an individual Commissioner, suggested that many of the compulsory licenses could be eliminated.¹³⁷

The Office of Technology Assessment (OTA)—The OTA, a research arm of Congress, was requested by the chairmen of the Judiciary Committees of both Houses of Congress to assess the future of intellectual property policy in light of current technological advances. OTA's 1986 report noted that use of compulsory licensing is a relatively new approach to copyright, and it was cautious in its assessment. Its primary point was that compulsory licensing was among the policy options Congress could use, but that close attention would need to be paid to the capabilities of governmental institutions to ensure that the licenses functioned as desired.¹³⁸

The Federal Communications Commission (FCC)—The FCC recently recommended that Congress re-examine the cable compulsory license with a view toward replacing it with a regime of full copyright liability for retransmission of both distant and local broadcast signals.¹³⁹ The FCC based its interest in the cable compulsory license on its view that in cable television, communications policy and copyright policy "have been intimately, perhaps inextricably intertwined from the start."¹⁴⁰ Accordingly, the FCC takes no position on the other copyright compulsory licenses.¹⁴¹

¹³⁵ *Satellite Home Viewer Copyright Act: Hearings on H.R. 2848 Before the Subcomm. on Courts, Civil Liberties and the Administration of Justice on the House Comm. on the Judiciary*, 100th Cong., 2d Sess. (1988) (statement of Ralph Oman, Register of Copyrights, Copyright Office).

¹³⁶ *Copyright Royalty Tribunal, Use of Certain Copyrighted Works in Connection with Non-Commercial Broadcasting*, submitted to Congress, January 22, 1980.

¹³⁷ Specifically, Commissioner James felt that the mechanical, jukebox and public broadcasting licenses could be eliminated. *Copyright Office, The U.S. Patent and Trademark Office, and the Copyright Royalty Tribunal: Oversight Hearings Before the Subcomm. on Courts, Civil Liberties and the Administration of Justice of the House Comm. on the Judiciary*, 97th Cong., 1st Sess. (1981) (statement of Clarence L. James, Jr., Chairman, Copyright Royalty Tribunal).

¹³⁸ Office of Technology Assessment, *Intellectual Property Rights in an Age of Electronics and Information* 273 (1986). OTA recently issued a report on home taping. *Copyright & Home Copying: Technology Challenges the Law* (October 1989).

¹³⁹ *In the Matter of Compulsory Copyright License for Cable Retransmission*, FCC Gen. Docket No. 87-25, released August 3, 1989.

¹⁴⁰ *Id.* par. 3.

¹⁴¹ *Id.* fn. 18.

The National Telecommunications and Information Administration (NTIA)—The NTIA, in the Department of Commerce, is the agency principally responsible for the development of domestic and international telecommunications policy for the executive branch. In 1981 and in 1985, NTIA issued reports recommending the repeal of the cable compulsory license.¹⁴² Again, in 1988, NTIA submitted comments in the FCC inquiry restating its position that the cable compulsory license should be repealed.¹⁴³

CONCLUSION

The factors contributing to the creation or elimination of copyright compulsory licenses are many and complex. Any perception that compulsory licenses are "coming" or "going" is too simple a view in light of all the factors. Understanding the various legal, philosophical, economic, and political factors entering into the policy decisions made by Congress can go far to explain why Congress created one compulsory license and took steps to eliminate another compulsory license within weeks of each other.

¹⁴² NTIA, *Cable Copyright Liability: Alternatives to the Compulsory License* (1981); NTIA, *Cable Retransmission of Broadcast Television Programs Following Elimination of the "Must Carry" Rules* (1985).

¹⁴³ Comments of the National Telecommunications and Information Administration, *In the Matter of Compulsory Copyright License for Cable Retransmission*, FCC Gen. Docket No. 87-25, released August 3, 1989.

59. THE BERNE CONVENTION AND THE U.S. COMPULSORY LICENSE FOR JUKEBOXES: WHY THE SONG COULD NOT REMAIN THE SAME

By SCOTT M. MARTIN*

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*Associate, Richards & O'Neil. LL.M. 1986, Columbia University School of Law; J.D. 1982, M.A. 1982, American University; B.A. 1979, Skidmore College; C.E.P. 1978, L'Institut d'Etudes Politiques, Université de Paris.

The author has represented Broadcast Music, Inc. in numerous actions for copyright infringement involving jukeboxes. The opinions expressed in this article are, however, strictly the opinions of the author, and should in no way be taken to be a representation or reflection of the views or positions of BMI.

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Jukeboxes have, for decades, provided a unique form of entertainment. They have unquestionably played a crucial role in the introduction and popularization of rock and roll, although they substantially predate the advent of rock and roll.¹ What is not so widely known is the major impact that jukeboxes have had—and which they continue to have—on the evolution of United States copyright law. The first attempt by Congress to deal with jukeboxes, in the 1909 Copyright Act,² created an enormous amount of controversy which was addressed, but still not resolved, by the 1976 Copyright Act.³

Jukeboxes have, over the years, not only had an inordinate impact on U.S. domestic copyright law but have played a key role in U.S. international copyright relations as well. While every other major copyright-producing nation has adhered to the Berne Convention for the Protection of Literary and Artistic Works (the "Berne Convention"),⁴ the U.S. was for years unwilling to make the necessary modifications to its domestic laws for it to be eligible for Berne membership. One of the major stumbling blocks was the question of jukeboxes—and the strident opposition by the jukebox operators' trade organization, the AMOA,⁵ to the Berne Convention.⁶

¹ The exact origin of the term "jukebox" is now lost in the mists of time. The most widely accepted definition holds that the term jukebox evolved from early "joke organs," which in turn took their name from the "jooks" or "jook joints." The word "jook" originated with the Gullah blacks who lived along the coasts of Georgia and North Carolina, and frequently worked as turpentine workers. The jook joints were, what one dictionary has referred to as "unsavory resorts." Another dictionary has referred to the "jook houses" as "cheap roadhouses, or brothels." See W. & M. Morris, *Dictionary of Word & Phrase Origins* (1962); *Webster's New Twentieth Century Dictionary* (3d ed. 1977); *Random House Dictionary of the English Language (Unabridged Edition)* (1966).

² Ch. 320 §§ 1-64, 35 Stat. 1705-1088 (1909) [hereinafter cited as the 1909 Copyright Act] (all citations to specific sections of the 1909 Copyright Act are to the 1949 codification of the Act in Title 17).

³ Public Law No. 94-553, 90 Statutes at Large 2541-2602 (enacted October 19, 1976; entitled "An Act for the general revision of the Copyright Law, title 17, of the United States Code, and for other purposes") [hereinafter cited as the 1976 Copyright Act].

⁴ The Berne Convention for the Protection of Literary and Artistic Works (as revised at Paris, France, July 24, 1971), CCH Copyrights, International Copyright Conventions ¶¶ 11,400-11,479, at pages 6607-6633 (hereinafter cited as "Berne Convention").

⁵ The Amusement and Music Operators Association, or AMOA, is a not-for-profit industry association representing the interests of jukebox and other coin-operated amusement game operators (including pinball and video game operators).

⁶ For years the trade journal of the jukebox industry, RePlay Magazine, railed against the evils of the Berne Convention. See, e.g., RePlay Magazine, Feb. 1988, at 26-28 ("In the House subcommittee hearings [AMOA] President Bohrer or Government Relations Chairman Dick Hawkins will probably tes-

In 1988, the U.S. Congress finally acted to modify U.S. copyright law with the goal of enabling the U.S. to adhere to the Berne Convention.⁷ One of the major elements of the "Berne Convention Implementation Act of 1988"⁸ was the modification of the jukebox provisions of the 1976 Copyright Act⁹ in an effort to eliminate the conflict between those provisions and the Berne Convention.

This article will examine the jukebox provisions of the current U.S. copyright law, of the Berne Convention, and of the Berne Convention Implementation Act of 1988. It will examine the transition from the exemption of jukeboxes from the public performance rights granted by the 1909 Copyright Act, to the creation of a compulsory license¹⁰ for jukeboxes under the 1976

tify against Berne. AMOA's Washington lobbyist Bob Wilbur will also be on hand. (Beyond public testimony, AMOA may have some other anti-Berne lobbying maneuvers up its sleeve, although obviously the group cannot reveal its strategy.)" To appreciate the irony in this statement, see *infra* note 7); RePlay Magazine, Aug. 1987, at 24-30; RePlay Magazine, June 1987, at 17 ("Tradesters asked their elected representatives to vote against the Berne Convention, which if passed might triple jukebox copyright fees."); *Id.* at 23-28; RePlay Magazine, May 1987, at 24, 104; RePlay Magazine, Feb. 1987, at 18 ("Do you operate jukeboxes? Then urge your senator to 'just say no' to the worldwide copyright law called the Berne Convention—because if it's voted in, you'll probably have to pay *even more* copyright fees than you do now"); RePlay Magazine, Nov. 1986, at 16. See also *AMOA Urges Ops To Support Jukebox Compulsory License*, Cashbox, Oct. 25, 1986, at 29. But see *infra* note 7.

- ⁷ In a surprise move late in the game, on February 9, 1988, the AMOA reversed its position completely and endorsed the Berne Convention. RePlay Magazine noted that:

AMOA endorsed the same bill that it had just spent ten months lobbying against. The same bill that it had asked its members to denounce to their congressmen in letters last year and in personal visits last May. Yes, AMOA consented to joining the Berne Convention, an international protection society that AMOA had previously said would eliminate the compulsory jukebox license and possibly triple jukebox license fees. The same Berne Convention that AMOA previously said could *kill* the jukebox industry.

About, Facel: AMOA's 180° Turn On Berne: Good Politics, But It Surprised Manufacturers, RePlay Magazine, Mar. 1988, at 47 (emphasis in original). The rationale for this sudden reversal was not subtle, but had a certain logic to it: "[I]t's better to jump aboard a moving train and try to influence its direction, than to lie down in front of the train and get run over." *Id.* at 50.

- ⁸ Berne Convention Implementation Act, H.R. 4262, CCH Copyrights, New Developments ¶ 20,510, at pages 11,372-11,377 (hereinafter cited as "BCIA").
- ⁹ 17 U.S.C. § 116 ("Scope of exclusive rights in nondramatic musical works: public performances by means of coin-operated phonorecord players").
- ¹⁰ A "compulsory license" is one which may be obtained without consent of the copyright owner. The license is compulsory in the sense that the copyright owner must grant it (not in the sense that it must be obtained). See *Basic Concepts*, 1 Copyright L. Rep. (CCH) ¶ 3005 (Mar. 1981). Where a compul-

Copyright Act, to the conflict raised by the Berne Convention prohibition on compulsory licenses for public performance of copyrighted works, and finally to the recent negotiated agreement between the performing rights societies and the AMOA for a voluntary licensing system. The goal of this article will be to examine both the nature of the conflict between present U.S. law and the Berne Convention, and to explore the future and the probability for success of the new system established by the Berne Implementation Act. The article will then examine the new negotiated licensing agreement, and will conclude with a number of questions about the future of jukeboxes, compulsory licenses, and the Berne Convention.

I. UNITED STATES JUKEBOX LAW PRE-BERNE ADHERENCE

In order to understand the conflicts that exist between the provisions of the Berne Convention and the U.S. copyright law on jukeboxes, it is important to examine both current U.S. law and the evolution and compromises that led to that law. The evolution and tensions underlying the development of the U.S. copyright law concerning jukeboxes will be particularly important when examining the developments that have unfolded as the U.S. has moved to bring its domestic law into compliance with the requirements of the Berne Convention.

A. The 1976 Copyright Act and Jukeboxes

The current U.S. copyright law was enacted on October 19, 1976, and generally took effect on January 1, 1978. The revised copyright act replaced both the 1909 Copyright Act¹¹ and virtually all state common law copyright.¹² Two aspects of the 1976 Copyright Act are of particular importance

sory license is created, "the exclusivity of the copyright owner is in a sense lost, in that it is 'compulsory' upon him to license those who comply with the requirements for such a license." 1 *Nimmer on Copyrights* § 1.07 (1983). For a critique of compulsory licenses, see Goldstein, *Preempted State Doctrines, Involuntary Transfers and Compulsory Licenses: Testing the Limits of Copyright*, 24 U.C.L.A. L. Rev. 1107, 1135-39 (1977) (arguing that fees for use of copyrighted material are best set by the marketplace).

The 1976 Copyright Act provides for a number of compulsory licenses: for secondary transmission of television broadcasts (cable services) (17 U.S.C. § 111), for the creation of sound recordings subject to certain conditions (the mechanical license) (17 U.S.C. § 115), for jukeboxes (17 U.S.C. § 116), and for public radio and public television (17 U.S.C. § 118). Although the copyright owner receives compensation for the grant of the compulsory license, he or she often has no say as to the amount of compensation. To the extent that the rate of compensation is not fixed by mutual agreement between the parties, it is set by the Copyright Royalty Tribunal. See 17 U.S.C. §§ 801-810.

¹¹ See *infra* section I(B) of this article for a discussion of the history and evolution of the copyright law regarding jukeboxes.

¹² At common law, copyright protection vested automatically upon the creation of the work, and provided for full control over all uses of the work, in perpetuity,

here: the provisions dealing with the public performance right, and the provisions dealing with the compulsory license exception to that right provided to operators of jukeboxes.

1. *The Public Performance Right*

One of the exclusive rights reserved to copyright holders in musical compositions under the 1976 Copyright Act is the right "to perform the copyrighted work publicly."¹³ Composers and publishers earn substantial income from the licensing of this public performance right to parties desiring to use music, including radio and television stations, concerts, sporting events, nightclubs, discos, bars, restaurants, and retail establishments. This exclusive right to control public performances is limited, however, by the existence of a compulsory license created by the 1976 Copyright Act for coin-operated phonorecord players.¹⁴

Since it is virtually impossible for individual composers and publishers to license and monitor the public performance of their music, organizations, known as the performing rights societies, were formed to act as clearing houses and licensing agents for the performing rights in non-dramatic musical works. There are three active performing rights societies in the United States: Broadcast Music, Inc. (BMI),¹⁵ the American Society of Composers,

until the work was published (publication, in brief, means the distribution of copies to the general public). Common law copyright was expressly preserved by section 2 of the 1909 Copyright Act (and had also been preserved under previous federal copyrights acts, see *Wheaton v. Peters*, 33 U.S. (8 Peters) 591 (1834)), but was preempted for "fixed" works by section 301 of the 1976 Copyright Act. Section 301(a) provides:

On and after January 1, 1978, all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106 in works of authorship that are fixed in a tangible medium of expression and come within the subject matter of copyright as specified by sections 102 and 103, whether created before or after that date and whether published or unpublished, are governed exclusively by this title. Thereafter, no person is entitled to any such right or equivalent right in any such work under the common law or statutes of any State.

17 U.S.C. § 301.

¹³ To "perform" a work is defined to mean "to recite, render, play, dance, or act it, either directly or by means of any device or process or, in the case of a motion picture or other audiovisual work, to show its images in any sequence or to make the sounds accompanying it audible." 17 U.S.C. § 101. To perform "publicly" means to perform a work "at a place open to the public or at a place where a substantial number of persons outside of a normal circle of a family and its social acquaintances is gathered." 17 U.S.C. § 101.

¹⁴ 17 U.S.C. § 116 ("Scope of exclusive rights in nondramatic musical works: public performance by means of coin-operated phonorecord players").

¹⁵ BMI was originally formed by broadcasters, but in fact licenses all nature of public performance. For a brief discussion of BMI's history, see *infra* note 99.

Authors and Publishers (ASCAP), and SESAC, Inc. (now known only by its initials, which formerly stood for "Society of European Stage Authors and Composers"). Composers and publishers assign, on a non-exclusive basis, their performing rights to one of the three societies.¹⁶ The societies, in turn, license the non-dramatic right of public performance to end users.¹⁷ The licenses are, in almost all cases done on a blanket basis: for a set licensing fee the licensee is entitled to use any music from that society's catalog.¹⁸ Both BMI and ASCAP operate on a non-profit making basis and distribute all royalties received, after deduction of overhead, to the composers and publishers whom they represent.¹⁹ Distributions are made based on estimates of the

¹⁶ The assignments are non-exclusive, but can be made to only one of the three societies. It is possible for a composer to switch societies, but all three have financial disincentives built into their rate structures to discourage such switching. See S. Shemel & M.W. Krasilovsky, *This Business of Music* 187-189 (1985).

¹⁷ The income earned from the licensing of public performance rights is significant, and becoming more so. In 1976, ASCAP collected approximately \$94 million, BMI collected approximately \$60 million, and SESAC collected approximately \$3 million (for a total of some \$157 million). By 1983, this figure had nearly doubled to a total of \$328 million, with ASCAP collecting approximately \$198 million, BMI \$125 million, and SESAC \$5 million. See S. Shemel & M.W. Krasilovsky, *This Business of Music* 182 (1985). In 1988 ASCAP's receipts totaled \$296 million, composed of \$234,609,000 in licensing income, with the balance derived from investment and other income. This total represented an increase of 5.3% over the totals for 1987. *Variety*, Feb. 22-28, 1989, at 8.

The bulk of the licensing income is derived from broadcasting licenses. In 1983, ASCAP derived approximately 46% of its United States performance collections from television, 38% from radio, and 16% from other sources. BMI derived approximately 41% of its U.S. licensing income from television, 38% from radio, and 21% from other sources. For SESAC, the figures were 18% from television, 66% from radio, and 16% from other uses. *Id.* at 182.

¹⁸ See *Columbia Broadcasting Sys. v. ASCAP*, 400 F. Supp. 737 (S.D.N.Y. 1975), *rev'd*, 562 F.2d 130 (2d Cir. 1979) (upholding right of ASCAP and BMI to issue blanket licenses which do not vary the license fee by the number of songs the user plays from their catalog). See also Note, *Blanket Licensing: A Proposal for the Protection and Encouragement of Artistic Endeavor*, 83 Colum. L. Rev. 1245 (1983). See also *infra* note 156 and accompanying text (discussion of rejection by the courts of argument that the performing rights societies in the United States enjoy a monopoly in determining royalty rates for the public performance of recorded music).

The blanket licenses can be broken down into two general categories: live music licenses, which cover the live performance of music by performers; and recorded music licenses, which cover background music, taped music, and use of a radio to supply music, etc. Licenses to commercial establishments such as bars, restaurants, and discos are based on a variety of factors including the size of the establishment, the entertainment budget, and the type of system used for dissemination of the music.

¹⁹ The structure of BMI and ASCAP are somewhat different, even though their operations are similar. ASCAP is a membership corporation, with each com-

amount of public performance each composer/publisher's work is receiving.²⁰ In the event of infringement by an unlicensed public performance of a work, the performing rights society responsible for the work generally brings the legal action on behalf of the composer and publisher. Since BMI and ASCAP control the public performance rights to virtually all popular music,²¹ a party wishing to perform a full spectrum of music (such as a bar presenting live music or a radio station) needs a blanket license from both societies.

2. *Operation of the Jukebox Compulsory License System Under the 1976 Copyright Act*

The 1976 Copyright Act contained, in section 116, an exception to the general exclusive right of the copyright owner to control the public perform-

poser and publisher being a "member" of the corporation. BMI is a more standard corporation, with an independent board of directors. Composers and publishers sign affiliation agreements with the corporation, but do not become part of the corporation. SESAC is a private profit-making licensing company.

The overhead expenses, which are deducted before the licensing income is distributed to the members or affiliates was, for ASCAP in 1983, was about 18.5%—or approximately \$37.7 million. See S. Shemel & M.W. Krasilovsky, *This Business of Music* 184 (1985). In 1988 ASCAP had total receipts of \$296 million, and of the amount (after overhead and retained monies) distributed \$184,253,000 to its members. *Variety*, Feb. 22-28, 1989, at 8.

- ²⁰ BMI and ASCAP both employ extensive systems of logging and statistical sampling of radio and television broadcasts to determine the appropriate amounts to be paid to writers and publishers. The three major television networks supply BMI and ASCAP with program logs and music cue sheets. Local television uses are monitored through sampling techniques, whereby a small number of days are monitored each year, and this sample is then multiplied by detailed formulas. This sampling is supplemented by the use of cue sheets and TV GUIDE listings. Local radio station uses are sampled on a similar basis. SESAC conducts almost no logging, but instead bases its allocations of earnings primarily on commercial record releases and national chart positions as listed in various trade publications.

With certain exceptions for jazz and classical performances, none of the three societies make separate payments for performances other than on radio or television (including all non-broadcast performances, such as from hotels, restaurants, nightclubs, colleges, retail stores, sports arenas, and concert promoters). The license fees collected from non-broadcast users, as well as all money received from the Copyright Royalty Tribunal for jukebox compulsory licenses, are added to the general pool of funds distributed based on the broadcasting samples discussed above. The reason for this limitation is that the administrative costs involved in collecting the necessary performance data and making distributions of non-broadcast performances would be prohibitive.

- ²¹ The extent of BMI's and ASCAP's control over the performing rights to popular music is extended by agreements that the societies have with foreign performing rights societies, such as PRS in Britain.

ance of his or her musical works. The exception was in the form of a compulsory license.

(a) *Requirements of the Compulsory License*

The compulsory license allowed a jukebox operator, upon the payment of a set fee, to perform publicly any copyrighted music. The compulsory license could be obtained for any "coin-operated phonorecord player," defined to mean any machine²² which meets each of the following four requirements: (1) it must be employed solely for the performance of nondramatic musical works²³ by means of phonorecords²⁴ upon being activated by insertion of coins or tokens; (2) the machine must be located in an establishment that does not charge, directly or indirectly, for admission; (3) a list of the titles of all of the musical works available for performance in the machine must be prominently displayed on the machine; and, (4) the machine must permit the choice of works to be performed to be made by the patrons of the establishment in which the machine is located.²⁵ The "operator" of a juke-

²² Section 116(e) provides that "A coin-operated phonorecord player is a *machine* or *device* . . ." (emphasis added). "Machine" and "device" are further defined in 17 U.S.C. § 101 as "one now known or later developed."

²³ The performing rights societies have taken the position that this requirement eliminates the new "video jukeboxes" from eligibility for a compulsory license, since they are used to perform dramatic musical works. This position is buttressed by the exclusion from the definition of "phonorecords" of objects in which sounds accompanying a motion picture or other audiovisual work are fixed. 17 U.S.C. § 101. See *infra* note 24. Since the music in videos accompanies audiovisual works, the object taken as a whole would not constitute a phonorecord. The Copyright Office concurs with this analysis. See United States Copyright Office, *Report of the Register of Copyrights On The Jukebox Compulsory License* § V(A)(5), at 34 (Sept. 1988). The Copyright Office noted that compulsory licenses could be issued for video jukeboxes only were Congress to amend section 116, and has taken a stance against such an amendment. *Id.* at 34-35.

²⁴ "Phonorecords" are in turn defined to be:

material objects in which sounds, other than those accompanying a motion picture or other audiovisual work, are fixed by any method now known or later developed, and from which the sounds can be perceived, reproduced, or otherwise communicated, whether directly or with the aid of a machine or device. The term 'phonorecord' includes the material object in which the sounds are first fixed.

17 U.S.C. § 101. Given the broad nature of this definition, it is clear that compact discs would qualify as "phonorecords," and therefore a CD jukebox is eligible for a compulsory license.

²⁵ 17 U.S.C. § 116(e)(1)(A-D). Whether the choice of works to be performed can be made by the patrons of the establishment can, of course, become a question of fact for trial. One court noted that:

Defendant would have the court treat the jukebox as sufficiently accessible to be a 'coin-operated phonorecord player,' because it was physically

box was defined as any person who, alone or jointly with others, meets any one of the following three descriptions: (1) any person who owns a coin-operated phonorecord player; or (2) any person who has the power to make a coin-operated phonorecord player available for placement in an establishment for purposes of public performance; or (3) any person who has the power to exercise primary control over the selection of the musical works made available for public performance on a coin-operated phonorecord player.²⁶

Obtaining a compulsory license was a simple matter. The operator of the jukebox filed a registration form²⁷ with the Copyright Office in Washington, D.C., within one month after performances were made available on a particular phonorecord player, and again during the month of January in each succeeding year that such phonorecord player remained in use.²⁸ The application had to be accompanied by payment of the proper per-jukebox registration fee.²⁹ The amount of the fee was first set by Congress, and was subsequently reevaluated by the Copyright Royalty Tribunal.³⁰ The annual fee was initially set at \$8 per jukebox by statute, and was over time raised by

possible for a patron to walk up on the stage, pass by the naked women dancing for the entertainment of the patrons, select a song, put his coin in the jukebox and press the appropriate button, and then walk back past the naked women dancing on the stage, down off the stage, and back to his seat. I do not think this is what Congress meant by requiring the list of selections to be in a position where it could be 'readily' examined by the public, and one can doubt whether the choice of songs could be 'made by the patron' in this factual situation, unless the patron were an unusual individual.

Sweet Summer Night Music v. Aiken, 659 F. Supp. 52, 53 (D. Alaska 1987) (ASCAP case).

²⁶ 17 U.S.C. § 116(e)(2).

²⁷ Copyright Office Form JB (Copyright Office Circulars R70, R75). Forms and circulars were available from the Licensing Division of the Copyright Office in Library of Congress, Washington. The form called for the name and address of the operator of the jukebox, and the manufacturer and serial number or other explicit identification of the phonorecord player, pursuant to 17 U.S.C. § 116(b)(1)(A).

²⁸ 17 U.S.C. § 116(b)(1)(A). If a jukebox was placed in service for the first time after July 1 of any year, the operator paid a half-year royalty rate which was approximately one-half the currently applicable full-year royalty rate. *Id.*

²⁹ 17 U.S.C. § 116(b)(1)(A).

³⁰ 17 U.S.C. § 801(b). The statute provided that the rates applicable under section 116 was to be calculated to achieve the following objectives:

- (A) To maximize the availability of creative works to the public;
- (B) To afford the copyright owner a fair return for his creative work and the copyright user a fair income under existing economic conditions;
- (C) To reflect the relative roles of the copyright owner and the copyright user in the product made available to the public with respect to relative creative contribution, technological contribution, capital investment, cost,

the Copyright Royalty Tribunal to a rate of \$63 per jukebox per year.³¹

Within twenty days after the receipt of an application and payment of fees, the Register of Copyrights issued the applicant a certificate for each of the applicant's jukeboxes.³² On or before March 1 of the year in which the certificate was issued, or within ten days after the date of issue of the certificate, the operator was required to affix the certificate to the jukebox "in a position where it can be readily examined by the public."³³

(b) Penalties For Failure To Obtain Or Properly Display A Compulsory License

Failure to either apply for a certificate as required by the compulsory licensing provisions or to attach an issued certificate in the manner specified by the statute rendered any public performance of music on the jukebox an

risk, and contribution to the opening of new markets for creative expression and media for their communication;

(D) To minimize any disruptive impact on the structure of the industries involved and on generally prevailing industry practices.

17 U.S.C. § 801(b)(1) (this standard has since been superceded by a new standard set forth in the Berne Implementation Act, which is discussed in Section II of this article).

- ³¹ The annual fee was established by the 1976 Copyright Act at \$8 and remained in effect for 1978, 1979, 1980, and 1981. The annual fee was raised by the Copyright Royalty Tribunal to \$25 for 1982 and 1983. The fee was raised to \$50 for 1984, 1985, and 1986, and to \$63 for 1987, 1988, and 1989. The increase to \$63 was based on the increase in the Consumer Price Index. For a discussion of the rate setting proceedings of the Copyright Royalty Tribunal, see *infra* note 67 and accompanying text.

When the rate was increased to \$50, the AMOA brought suit challenging that determination. The Court of Appeals found that the Copyright Royalty Tribunal had not acted either unreasonably or unlawfully, and found "no fault with the Tribunal's final rule as promulgated." *Amusement Machine Operators Association v. Copyright Royalty Tribunal*, 676 F.2d 1144 (D.C. Cir. 1982) (appeals from final determinations of the Copyright Royalty Tribunal are brought directly to the U.S. Court of Appeals pursuant to 17 U.S.C. § 810).

The Copyright Royalty Tribunal is not scheduled to meet again to consider raising the jukebox compulsory license fee until 1990, and then every tenth year following that session. See 17 U.S.C. § 804(a)(2)(C).

- ³² 17 U.S.C. § 116(b)(1)(B).

- ³³ 17 U.S.C. § 116(b)(1)(C). Most jukeboxes manufactured during the past few years have a special slot to hold the registration certificate. For jukeboxes that do not have such a slot, the Copyright Office recommends that the registration certificate be placed in the slot which otherwise would hold the title strip for the last selection in the jukebox (typically slot number 199/200). This certificate must, by law, be displayed "in the record selection (title strip) panel of a player or in another position on the player where it can be readily examined by the public, but in any case it must be clearly visible." 37 C.F.R. § 201.16(c)(2).

act of copyright infringement.³⁴ The jukebox compulsory license provisions explicitly provided that where a jukebox was operated without the required certificate attached to it, the full range of remedies set forth in sections 502 through 506 and section 509 of the 1976 Copyright Act were available to the copyright owner.³⁵ Section 502 provides for injunctive relief,³⁶ section 503 for impoundment and disposition of infringing articles,³⁷ section 504 for recovery of actual damages and profits or for statutory damages,³⁸ section 505 for costs and attorney's fees,³⁹ while section 506 provides for criminal penal-

³⁴ 17 U.S.C. § 116(a)(2).

³⁵ See 17 U.S.C. § 116(b)(2).

³⁶ In a copyright infringement case involving a jukebox this would typically take the form of an injunction against any further public performance of copyrighted material owned by the plaintiff. See *Broadcast Music, Inc. v. Triple L Vending, Inc.*, 1987 Copyright Law Decisions ¶ 26,174 (W.D. Tex. 1987) (Sessions, C.J.) ("Plaintiff is entitled to a permanent injunction against further infringements by Defendants or their agents. . . . The Court notes that although Defendants have obtained 54 certificates for their jukeboxes, the issue of an injunction is not moot as defendants may obtain further jukeboxes."). See also, e.g., *Broadcast Music, Inc. v. Larkin*, 672 F. Supp. 531 (D. Me. 1987); *Broadcast Music, Inc. v. Lyndon Lanes, Inc. and John J. McCarthy*, 1985 Copyright Law Decisions ¶ 25,846 (W.D. Ky. 1985); *Broadcast Music, Inc. v. Allen-Genoa Rd. Drive-In, Inc.*, 598 F. Supp. 415 (S.D. Tex. 1983).

³⁷ In a copyright infringement case involving a jukebox this would allow impoundment of the jukebox itself. Section 503 provides that:

(a) At any time while an action under this title is pending, the court may order the impounding, on such terms as it may deem reasonable, of all copies or phonorecords claimed to have been made or used in violation of the copyright owner's exclusive rights, and all plates, molds, matrices, masters, tapes, film negatives, or other articles by means of which such copies or phonorecords may be reproduced.

(b) As part of a final judgment or decree, the court may order the destruction of other reasonable disposition of all copies or phonorecords found to have been made or used in violation of the copyright owner's exclusive rights, and all plates, molds, matrices, masters, tapes, film negatives, or other articles by means of which such copies or phonorecords may be reproduced.

In the case of acts of infringements of the public performance right by means of an unlicensed jukebox, it has been held that all unregistered jukeboxes owned by an operator who is in violation of the Copyright Act may be impounded and held for auction to satisfy any final judgment.

³⁸ Section 504 provides a choice of two distinctly different types of damages: actual damages plus profits or statutory damages. The copyright owner may seek only one type of damages or the other, but not both. 17 U.S.C. § 504(a). The election may be made any time before final judgment is rendered. 17 U.S.C. § 504(c).

³⁹ The court may, in its discretion, award costs plus reasonable attorney's fees to the prevailing party, except that fees and costs may not be awarded against the United States or an officer thereof. 17 U.S.C. § 505. Costs and attorney's fees may not, however, be awarded where the infringement occurred after the work

ties. Although it may at first seem odd that the penalties for failure to display a registration certificate should be as severe as the penalties for failure to purchase a certificate, the rationale is clear: if jukebox operators did not display their registration certificates as required by the Copyright Act, the law would have been impossible to enforce.

Although criminal remedies are available for infringement of a public performing right, the burden of enforcement of section 116 fell entirely on civil actions brought separately by BMI and ASCAP. The criminal penalties of the Copyright Act provide that: "Any person who infringes a copyright willfully and for purposes of commercial advantage or private financial gain shall be punished as provided in section 2319 of title 18."⁴⁰ Section 2319⁴¹ provides that acts of criminal copyright infringement shall be punished by a fine of not more than \$25,000 or imprisonment for not more than one year, or both. In addition, section 116 of the Copyright Act contains criminal penalties for the making of a false representation in an application for jukebox registration or for the alteration of a certificate.⁴² These provisions are in the nature of fraud provisions, however, and do not apply to acts of infringement. Criminal penalties could also apply where a court has previously ordered a jukebox operator to register his or her jukeboxes and that order is not complied with.⁴³ Such a proceeding would be in the nature of a criminal contempt proceeding rather than one of copyright infringement.

BMI, ASCAP, and SESAC have in the past attempted, unsuccessfully, to persuade the United States Attorney General to bring criminal charges against major jukebox operators who were not complying with section 116.

was first published and before the effective date of the registration of the work with the Copyright Office in Washington, D.C., unless such registration is made within three months after the first publication of the work. 17 U.S.C. § 412(2).

⁴⁰ 17 U.S.C. § 506(a) (as amended May 24, 1982, Public Law 97-180 § 5, 96 Stat. 93).

⁴¹ *Id.*

⁴² Section 116(d) provides that: "Any person who knowingly makes a false representation of a material fact in an application filed under clause (1)(A) of subsection (b), or who knowingly alters a certificate issued under clause (1)(B) of subsection (b) or knowingly affixes such a certificate to a phonorecord player other than the one it covers, shall be fined not more than \$2,500." It would appear that the third clause, making it a penalty to affix a certificate to a jukebox other than the one it covers, would no longer apply since the Copyright Office, as part of an agreement between the AMOA, BMI, ASCAP, and SESAC, now permits certificates to be moved between jukeboxes rather than being issued only for specific jukeboxes. See *infra* note 72 and accompanying text. See also 50 Fed. Reg. 52458 (1985).

⁴³ See 18 U.S.C. § 402 (providing criminal penalties, under certain situations, for willful disobedience of "any lawful writ, process, order, rule, decree, or command" of any district court).

The most concerted effort in this direction took place in late 1981 and early 1982. On December 7, 1981, the general counsels of BMI, ASCAP, and SESAC wrote a joint letter to David Ladd, the Register of Copyrights, urging him to make a request to the Department of Justice that criminal proceedings be instituted against two specific jukebox operators, one in New York and one in Los Angeles. On January 19, 1982, Mr. Ladd wrote to the Assistant Attorney General, Criminal Division, Department of Justice, requesting that the Department of Justice undertake criminal enforcement of the Copyright Act with regards to large operators of jukeboxes.⁴⁴

On July 21, 1982, the Justice Department formally responded to the request (following a meeting between counsel for the Copyright Office and attorneys from the Justice Department), and declined to undertake such prosecution. The primary reason given was that the Justice Department felt that the civil remedies of injunction and impoundment provided sufficient remedies. The letter from the Justice Department noted: "In view of the fact that jukebox royalty fees are really very small, and that strong civil remedies are available, we feel that criminal prosecution for jukebox-related infringement is simply not very compelling."⁴⁵

Enforcement of the provisions of section 116 of the Copyright Act was, therefore, left entirely to the efforts of the performing rights societies pursuant to the civil remedy provisions of the 1976 Copyright Act.

The remedies most often sought by the performing rights societies in jukebox infringement cases are an injunction against continued infringing activity and an award of damages, including costs and attorneys fees. When seeking monetary damages, the performing rights societies have the option to elect to recover either actual damages plus non-overlapping profits or statutory damages.⁴⁶ The copyright owner may seek only one type of damages (actual or statutory) but not both, and may make the election at any time before the final judgment is rendered.⁴⁷ An award for actual damages plus non-overlapping profits awards the copyright owner the actual damages suffered by him or her as a result of the infringements, as well as any profits of

⁴⁴ See United States Copyright Office, *Report of the Register of Copyrights On The Jukebox Compulsory License* Appendix 3 ("Copyright Office correspondence in 1981-1982 regarding possible criminal enforcement of the jukebox compulsory license) (Sept. 1988) (letter from David Ladd, Register of Copyrights, to D. Lovell Jensen, Assistant Attorney General, Criminal Division, Department of Justice, dated Jan. 19, 1982).

⁴⁵ *Id.* (letter from U.S. Department of Justice to David Ladd, Register of Copyrights, dated July 21, 1982). The Justice Department did, however, indicate its willingness to pursue criminal prosecutions against operators who fail to comply with a court order directing that the registration law be complied with or issuing an injunction against future acts of infringement. See *id.*

⁴⁶ 17 U.S.C. § 504(a).

⁴⁷ See *supra* note 38.

the infringer that are attributable to the infringement. When calculating the infringer's profits, the copyright owner need only present proof of the infringer's gross revenues; the infringer is then required to prove his or her deductible expenses and the elements of profit attributable to factors other than the copyrighted work.⁴⁸ Statutory damages are set "as the court considers just." The award may not total less than \$500 per infringement nor more than \$20,000 per infringement, unless the court finds the infringements to have been "willful," in which case the maximum size of the permissible award is increased to \$100,000 per infringement.⁴⁹ The term "willful" in jukebox infringement cases has been held to mean only that the operator was aware of the law at the time of the infringement, yet failed to comply with it. The issue of motive or intent is not relevant.⁵⁰

As a practical matter, the performing rights societies have always sought statutory damages in jukebox infringement cases. Given the cash nature of the jukebox business it can be virtually impossible to accurately establish a jukebox operator's profits at trial. As a general standard when determining the amount of statutory damages to award, the court's typically do not award less than three times the amount of registration fees which the unlicensed jukebox operator has failed to pay.⁵¹ This does not pose a problem under the

⁴⁸ 17 U.S.C. § 504(b).

⁴⁹ 17 U.S.C. § 504(c)(1 & 2) (as amended by BCIA, *supra* note 8, at § 10(b), § 13(a)).

For acts of infringement that occurred prior to March 1, 1989, the 1976 Copyright Act provided that the permissible range of statutory damages for acts of infringement was \$250 to \$10,000, with the maximum increased to \$50,000 per infringement where the acts of infringement were found to have been willful. The Berne Convention Implementation Act of 1988 amended this to increase both the minimum and maximum amounts of statutory damages which could be awarded as statutory damages. *Id.* Section 504(c) of the Copyright Act was amended to provide that an award of statutory damages shall not total less than \$500 per infringement (increased from \$250) nor more than \$20,000 per infringement (increased from \$10,000) unless the infringements are found by the court to have been willful, in which case the maximum is increased to \$100,000 (increased from \$50,000). *Id.* at § 10(b). The minimum award permissible where the court makes a finding of "innocent" infringement is increased to \$200 (increased from \$100). *Id.*

⁵⁰ See, e.g., *Broadcast Music, Inc. v. Xanthas, Inc.*, 674 F. Supp. 553 (E.D. La. 1987), *rev'd in part on other grounds and remanded*, 855 F.2d 233, 236 (5th Cir. 1988) ("A defendant acts 'willfully' within the meaning of § 504(c)(2), however, if he knows his actions constitute an infringement, the action need not have been malicious."). See also *Fitzgerald Pub. Co. v. Baylor Pub. Co.*, 807 F.2d 1110, 1115 (2d Cir. 1986).

⁵¹ See, e.g., *Broadcast Music, Inc. v. Triple L Vending*, 1987 Copyright Law Decisions ¶ 26,174 (CCH) (W.D. Tex 1987) (Sessions, C.J.). In the *Triple L Vending* case, the court noted that:

three year statute of limitations applicable to copyright actions,⁵² because the court is not awarding damages for acts of infringement that occurred more than three years prior to the filing of the action, but is merely using the wind-fall received by the operator from his or her violation of the law and the performing rights societies' corresponding loss as a measure when determining what it "considers just" as an award of statutory damages.

Section 504(c)(2) provides that the award of statutory damages may be reduced by the court, in its discretion, to a total of not less than \$200 per infringement (rather than a minimum of \$500 per infringement) "where the infringer sustains the burden of proving, and the court finds, that such infringer was not aware and had no reason to believe that his or her acts constituted an infringement of copyright."⁵³ This provision is not generally applicable in jukebox infringement cases, however. The purpose of this exception was not to excuse (or encourage) ignorance of the existence of the copyright law in general, but rather to treat less severely uses which, while still constituting acts of infringement, fall on the borderline of the fair use exception or which involve a mistake of fact (for example a good faith belief that the rights to use the work had been obtained from the proper copyright owner).⁵⁴ Courts have specifically held that even good faith ignorance of the

An award of three times the lost registration fees is not *per se* unreasonable. In fact, in most circumstances, such an award would provide a more precise amount of statutory damages. . . .

An award of three times the lost registration fees would not place undue emphasis on the one factor of the lost registration fees. The Court's discretion, however, should also be guided by such factors as deterrence, profits obtained by Defendants in the playing of unregistered music, the interest lost by the copyright office on the unpaid fees, as well as the lost fees. . . .

[T]he Court finds that an award of three times the lost registration fees is a "just" award. First of all, this type of award would allow for the recovery of the lost fees. It would also provide sufficient recovery for lost interest and profits received by Defendants on playing unregistered music. Finally, such an award would certainly act as a deterrent for these Defendants and other similarly situated jukebox owners. Accordingly, an award based on the lost filing fees does not provide undue weight on one factor.

Id. at 21,366-367 (footnote omitted).

⁵² 17 U.S.C. § 507(b) provides: "No civil action shall be maintained under the provisions of this title unless it is commenced within three years after the claim accrued."

⁵³ 17 U.S.C. § 504(c)(2) (as amended by BCIA, *supra* note 8, at § 10(b)). For acts of infringement that occurred prior to March 1, 1989, these figures were, respectively, \$100 and \$250. See *supra* note 49.

⁵⁴ The legislative history for the "innocent infringer" provision of section 504(c)(2) states that: "The exception, which would allow reduction of minimum statutory damages to \$100 where the infringer 'was not aware and had no reason to believe that his acts constituted an infringement of copyright,' is sufficient to protect against unwarranted liability in cases of occasional or isolated innocent infringement, and it offers adequate insulation to users, such as broadcasters

registration requirements of section 116 do not constitute "innocence" for purposes of section 504(c)(2).⁵⁵

(c) *Distribution of The Compulsory License Fees*

The Copyright Office, after deducting its administrative expenses, transmitted the royalty statistics for each year to the Copyright Royalty Tribunal.⁵⁶ The claimants of the royalties collected by the Copyright Office from the compulsory licenses were permitted to agree among themselves on the proportionate division of the licensing fees. In such an event, an antitrust exemption was provided for claimants (1) who agreed among themselves as to the proportionate division of compulsory licensing fees; or (2) who lumped their claims together and filed them jointly or as a single claim; or (3) who designated a common agent to receive payment on their behalf.⁵⁷ If the claimants did not agree among themselves as to the appropriate distribution of the licensing fees by October 1 of each year, then the determination of the distribution was made by the Copyright Royalty Tribunal.⁵⁸ If agreement was reached, then the royalties fees were distributed by the Tribunal pursuant to the agreement, after deduction of its administrative costs.⁵⁹

If agreement was not reached, the task of allocating the royalty fees fell to the Copyright Royalty Tribunal, which then made a determination of the appropriate distribution. Every person claiming entitlement to a share in the royalty proceeds collected during the preceding twelve month period was required to file a claim during the following January.⁶⁰ Such a claim had to

and newspaper publishers, who are particularly vulnerable to this type of infringement suit." *Report of the Senate Committee on the Judiciary*, at ¶ 1146, S. Rep. No. 94-473, 94th Cong., 1st Sess. (1975), as reported in *Copyright Revision Act of 1976* (CCH) ¶ 2043, at pg. 254.

⁵⁵ See, e.g., *Broadcast Music, Inc. v. Peter Arlos*, 682 F. Supp. 1, 2 (D. Mass. 1986). In the *Arlos* case, the court noted that:

Defendant has presented no authority—and the Court has found none—for his novel contention that a person's ignorance of the law's requirement makes him an innocent infringer under the Act. As plaintiff correctly notes, a defendant must demonstrate not only a good faith belief that the infringement, but that the belief was reasonable.

Id. See also *Broadcast Music, Inc. v. Dugas Music Service*, 1986 Copyright Law Decisions ¶ 26,003 (D. Mass. 1986) ("there is no requirement under section 116(b) that infringement must be intentional to be actionable."). But see *Broadcast Music, Inc. v. Wisconsin Novelty Co., Inc.*, 1984 Copyright Law Decisions ¶ 25,718 (E.D. Wisc. 1984) (case decided prior to amendment of 37 C.F.R. § 201.16 in December 1985). For a discussion of the *Wisconsin Novelty Co.* case, see *infra* note 90.

⁵⁶ 17 U.S.C. § 116(c)(1).

⁵⁷ 17 U.S.C. § 116(c)(2).

⁵⁸ 17 U.S.C. § 116(c)(3).

⁵⁹ *Id.*

⁶⁰ 17 U.S.C. § 116(c)(2).

include an agreement to accept as final the determination of the Copyright Royalty Tribunal in any controversy concerning the distribution of the royalty fees, except that any final decision of the Tribunal could be appealed directly to the United States Court of Appeals within thirty days after its publication in the Federal Register.⁶¹ Section 116 provided that the fees were to be distributed pro rata to each unaffiliated copyright owner who proved entitlement, with the remainder then turned over to the performing rights societies and divided "as they shall by agreement stipulate among themselves," or held by the Copyright Royalty Tribunal until such an agreement was reached.⁶² Since the compulsory license system took effect in 1978 there were very few individual claimants, and thus virtually all of the royalties were divided among the performing rights societies.⁶³

⁶¹ *Id.* The judicial review is limited to the record before the Copyright Royalty Tribunal. No other court has primary jurisdiction to hear an appeal of a decision of the Tribunal. 17 U.S.C. § 810. A number of appeals have been brought from the distribution determinations of the Tribunal. See, e.g., *Asociacion de Compositores y Editores de Musica Latinoamericana and Italian Book Corporation v. Copyright Royalty Tribunal*, 851 F.2d 39 (2d Cir. 1988) (appeal by a Latin American and an Italian claimant from a Tribunal order denying them a share of the distribution on the grounds that neither were performing rights societies); *Asociacion de Compositores y Editores de Musica Latinoamericana v. Copyright Royalty Tribunal*, 835 F.2d 446 (2d Cir. 1987) (appeal by a Latin American claimant of a determination that the claimant was not a performing rights society and of determination that claimant was entitled to only a .06% share of the jukebox royalty pool as a copyright owner); *ACEMLA v. Copyright Royalty Tribunal (BMI, ASCAP, and SESAC as Intervenor)*, 763 F.2d 101 (2d Cir. 1985) (appeal by BMI, ASCAP, SESAC, and ACEMLA (a Latin American performing rights society) from the distribution order of the Copyright Royalty Tribunal).

⁶² 17 U.S.C. § 116(c)(4) provides that the royalty fees shall be divided as follows:

(A) to every copyright owner not affiliated with a performing rights society, the pro rata share of the fees to be distributed to which such copyright owner proves entitlement.

(B) to the performing rights societies, the remainder of the fees to be distributed in such pro rata shares as they shall by agreement stipulate among themselves, or, if they fail to agree, the pro rata share to which such performing rights societies prove entitlement.

(C) during the pendency of any proceeding under this section, the Copyright Royalty Tribunal shall withhold from distribution an amount sufficient to satisfy all claims with respect to which a controversy exists, but shall have discretion to proceed to distribute any amounts that are not in controversy.

⁶³ In 1978, after some disagreement between the performing rights societies, an agreement was reached to share the royalties as follows: BMI: 47.5%, ASCAP 47.5%, and SESAC 5.0%. In 1979 the societies again could not agree on the division of the royalties. The societies sought the assistance of the Copyright Royalty Tribunal in making the allocation, but were eventually able to reach an agreement before the Tribunal acted. The formula worked out

(d) The 1985 Compromise Agreement

In 1983, several bills were introduced in Congress at the urging of the AMOA in attempts to modify the jukebox compulsory licensing system, culminating in a proposed bill known as the "Coin-Operated Phonorecord Player Copyright Act of 1983."⁶⁴ The goal of the AMOA was to establish a one-time royalty fee per jukebox for its entire useful life, in lieu of the annual licensing system. The AMOA argued that the change was necessary because of its displeasure with the rate schedule set by the Copyright Royalty Tribunal, because the declining jukebox industry could not afford the new fees, and because the higher royalty fees would lead to increased noncompliance with the law. The AMOA argued that the one-time fee would solve the compliance problem entirely.⁶⁵

Needless to say, the performing rights societies strongly opposed the AMOA proposed bills as the worst kind of special interest legislation and raised a number of specific objections.⁶⁶ The performing rights societies supported the fee adjustment of the Copyright Royalty Tribunal as consistent with its statutory mandate, and as being fair to all parties.⁶⁷ They disputed the contention of the AMOA that the jukebox industry was under severe economic stress. They argued that enactment of the proposed legislation would defeat the legislative compromise forged by the 1976 Copyright Act. They criticized the proposal for forgiving past infringements, and for being virtually impossible to monitor. And they strongly criticized the jukebox op-

between the societies in 1979, and which has been in effect since that date, is confidential. However it would seem to be a safe assumption that the respective shares are not dramatically different from the 1978 share.

⁶⁴ S. 1734, 98th Cong. 1st Sess. (1983); H.R. 3858, 98th Cong. 1st Sess. (1983); H.R. 4010, 98th Cong. 1st Sess. (1983).

⁶⁵ *Coin-Operated Phonorecord Player Copyright Act of 1983: Hearings on S. 1734 Before the Subcomm. on Patents, Copyrights and Trademarks of the Senate Comm. of the Judiciary*, 98th Cong., 2d Sess. 122 (1984) (written statement submitted by the AMOA).

⁶⁶ *Coin-Operated Phonorecord Player Copyright Act of 1983: Hearings on S. 1734 Before the Subcomm. on Patents, Copyrights and Trademarks of the Senate Comm. of the Judiciary*, 98th Cong., 2d Sess. 212 (1984) (written statement submitted by ASCAP).

⁶⁷ It should be noted that during the royalty rate adjustment proceedings that commenced in January 1980, the AMOA argued that the royalty fee should be left at \$8 per year (see 46 Fed. Reg. 886-887 (1981)), BMI argued that it should be set at \$30 per year (see 46 Fed. Reg. 886 (1981)), and ASCAP and SESAC in a joint submission argued that it should be set at \$70 with annual adjustments to reflect changes in the Consumer Price Index (see 46 Fed. Reg. 885 (1981)). After evaluating these arguments, the Copyright Royalty Tribunal set the new fee at \$25 for 1982-83, \$50 for 1984-86, with an adjustment on January 1, 1987 to reflect the increase in the Consumer Price Index.

erators for attempting to use the compliance issue to force a change in the system for their own benefit when noncompliance was solely their own fault.

Before action was taken on the proposed legislation, however, the parties reached a negotiated agreement. The text of the agreement is confidential and has never been disclosed, however the sponsor of the proposed Coin-Operated Phonorecord Player Copyright Act, Representative Robert W. Kastenmeier, Chairman of the House Judiciary Subcommittee that has jurisdiction over copyright matters, issued a press release on May 13, 1985 setting forth the terms of the agreement.⁶⁸ The agreement covered five main points.⁶⁹

First, the parties agreed to commence negotiations in 1989 with respect to the jukebox compulsory licensing fee to be applicable after 1990. The parties agreed to work together to obtain the approval of the Copyright Royalty Tribunal should they succeed in arriving at such an agreement.

Second, the performing rights societies agreed to a partially-contingent rebate system, with the potential of providing jukebox operators with rebates on a portion of the licensing fees. The goal of the rebates was to provide further incentive to jukebox operators to comply with the law by registering their machines. The agreement provided for rebates of \$10 for each jukebox licensed by June 15, 1985, and a rebate of \$10 for each jukebox licensed by June 15, 1986. For 1987, the year in which the Copyright Royalty Tribunal readjusted the rate based on the Consumer Price Index,⁷⁰ the performing rights societies agreed to rebate that portion of the new fee that exceeded \$60, provided that 110,000 machines were licensed.⁷¹ The same rebate scheme applied for 1988, provided that 115,000 machines were licensed.

Third, the parties agreed that registration certificates could be moved from one jukebox to another. Prior to the agreement, if a jukebox was withdrawn from service or sold the operator had to buy a new license for the replacement machine. Each license contained the serial number of the machine for which it was issued, and therefore, it was possible to determine whether a certificate had, in fact, been transferred. Despite hesitations on the part of the performing rights societies that this change could lead to the "bi-cycling" of certificates (purchasing fewer certificates than jukeboxes, then moving the certificates around to avoid detection), it was agreed that the re-

⁶⁸ See United States Copyright Office, *Report of the Register of Copyrights On The Jukebox Compulsory License* Appendix 4 ("Press Release [May 13, 1985] regarding the voluntary agreement between AMOA and the performing rights societies") (Sept. 1988).

⁶⁹ The substance of the compromise agreement is also discussed briefly at 50 Fed. Reg. 52458 (Dec. 24, 1985) (Final Regulations; Copyright Office; Recordation and Certification of Coin-Operated Phonorecord Players).

⁷⁰ See *supra* note 67.

⁷¹ The 1987 registration fee was set, based on the increase in the Consumer Price Index, at \$63; therefore, the rebate would have been \$3 per jukebox.

gistration certificate could be transferred from one jukebox to another. The Copyright Office facilitated implementation of this portion of the agreement by amending its regulations and modifying the content of the jukebox certificate so that the certificates may be freely transferred as necessary between various jukeboxes owned by an operator.⁷²

Fourth, the parties agreed to cooperate to increase the number of jukeboxes registered each year. The AMOA agreed to undertake an extensive program of encouraging compliance with the compulsory licensing provisions of the Copyright Act. Among other activities, it agreed to "invite representatives of the Copyright Office to participate in all annual meetings of AMOA; institute compliance programs; publish articles on compliance; encourage jukebox manufacturers to include a compliance package with each new machine; and encourage further cooperation among jukebox manufacturers, distributors, owners, and the performing rights organizations."⁷³

And fifth, the parties agreed to refrain from introducing or supporting any legislation which would undermine or be contrary to the provisions of the agreement or which would amend any of the jukebox compulsory license provisions of Copyright Act. This voluntary prohibition on legislative activities continues for the duration of the agreement, which is apparently through 1990.

Despite the existence of this special agreement between the parties, the number of jukeboxes licensed with the Copyright Office has continued to decline significantly. Therefore, the 1987 and 1988 rebate provisions never came into effect.

3. *Failure of the 1976 Copyright Act System*

The jukebox compulsory license system was never a great success. Indeed, in light of the extremely low level of compliance with the law by jukebox operators it seems clear that the system was, for a variety of reasons, a failure.

The Copyright Office concluded in 1988 that two-thirds of the jukeboxes in the United States were unlicensed.⁷⁴ This estimate of one-third compliance with the law was, if anything, unrealistically optimistic. In 1988, fewer than 100,000 jukeboxes were licensed with the Copyright Office. Yet, estimates of the number of jukeboxes in operation range from the AMOA's esti-

⁷² See 50 Fed. Reg. 52458 (1985). The regulations amended portions of 37 C.F.R. § 201.16.

⁷³ See United States Copyright Office, *Report of the Register of Copyrights On The Jukebox Compulsory License* Appendix 4 ("Press Release [May 13, 1985] regarding the voluntary agreement between AMOA and the performing rights societies") (Sept. 1988).

⁷⁴ United States Copyright Office, *Report of the Register of Copyrights On The Jukebox Compulsory License* § VI(1), at 43 (Sept. 1988).

mate of 241,000 to ASCAP's estimate of 400,000.⁷⁵ Furthermore, with the exception only of 1988, registration figures have declined in every year since the compulsory license provisions took effect.⁷⁶

Although there is no certain method of determining precisely how many jukeboxes are in operation, the analysis used by BMI is probably the most accurate available.⁷⁷ BMI estimated that, while only 99,021 jukeboxes were registered during 1986, there were in fact well in excess of 250,000 jukeboxes in operation. This estimate was extrapolated from an analysis of the number of jukeboxes registered in the state of Texas with the Texas Amusement Machine Commission ("TAMC"). TAMC is extremely aggressive about enforcing the state requirement that all amusement machines be licensed by the state.⁷⁸ If the TAMC investigators discover a machine which has not been properly licensed with the state, they are empowered to padlock the machine—without further process.⁷⁹ In 1986, according to TAMC records,

⁷⁵ United States Copyright Office, *Report of the Register of Copyrights On The Jukebox Compulsory License* § V(A)(4), at 33-34 (Sept. 1988).

⁷⁶ The number of jukeboxes being registered has declined steadily, despite testimony by the AMOA that the number of jukeboxes in operation has increased. The following are the numbers of jukeboxes registered with the Copyright Office in each year since the compulsory license provisions took effect, showing the decline from the previous year:

YEAR	JUKEBOXES REGISTERED	CHANGE FROM PREVIOUS YEAR
1978	143,397	[first year]
1979	138,159	- 3.60%
1980	137,185	- 0.70%
1981	135,342	- 1.30%
1982	126,390	- 6.70%
1983	114,353	- 9.50%
1984	104,396	- 8.70%
1985	99,991	- 4.20%
1986	99,141	- 0.85%
1987	97,139	- 2.00%
1988	98,522	+ 1.21%

United States Copyright Office, *Report of the Register of Copyrights On The Jukebox Compulsory License* Appendix 5 ("Copyright Office jukebox licensing statistics as of September 1, 1988") (Sept. 1988) (1988 figure updated by the author as of December 31, 1988).

⁷⁷ This estimate, and the process by which it was arrived, was set forth by Edward W. Chapin, General Counsel to BMI, during his testimony before the Copyright Office on March 10, 1988 (Notice of Public Hearing set forth at 53 Fed. Reg. 965 (Jan. 14, 1988)). See also United States Copyright Office, *Report of the Register of Copyrights On The Jukebox Compulsory License* § V(A)(4) (Sept. 1988).

⁷⁸ Tex. Rev. Civ. Stat. Ann. art. 8801-8817 (Vernon 1989).

⁷⁹ Tex. Rev. Civ. Stat. Ann. art. 8811, 8813, 8815 (Vernon 1989). The statute levies a fee of \$25 for the release of any sealed machine (in addition to the payment of

there were 16,524 jukeboxes licensed by the state of Texas. The Copyright Office records for that same year, however, reveal that only 6,433 jukeboxes from the state of Texas were registered with the federal government. In other words, less than two-fifths of all jukeboxes known to be in use in Texas were in compliance with the federal copyright law. If this same ratio is applied to the 99,021 jukeboxes registered nationally, the total would be approximately 250,000. In fact, the national total is undoubtedly much higher for two reasons. First, there is no reason to believe that all jukeboxes in the state of Texas are indeed registered with the state, making the ratio of unregistered jukeboxes to registered jukeboxes even higher. Second, it may be that due to the active state enforcement program in Texas a higher proportion of Texas jukeboxes are registered with the Copyright Office than in any other state.

The question then, is why two-thirds or more of all jukebox operators in the United States were not complying with the federal copyright law by obtaining the required compulsory license. There are three possible explanations. The first is that the compulsory license was too expensive. This was long a favorite claim of the AMOA, and was usually based on references to the fact that until 1978 there was no licensing requirement at all for jukeboxes. This argument is not at all convincing, however, primarily given the fact that even at the 1989 rate of \$63 per year the fee works out to approximate \$1.21 per week.⁸⁰

The second explanation is ignorance of the law: that jukebox operators were unaware of the obligation to obtain a compulsory license. This was also not a particularly convincing argument. The AMOA gave the registration requirement extensive publicity in its publications and at its meetings;⁸¹ the performing rights societies did much to promote awareness of the registration requirement; the Copyright Office undertook informational efforts; both the general and trade press carried stories about the registration requirements and the various disputes between the AMOA and the performing rights societies over the requirements; and, there was extensive publicity generated by the

the unpaid registration fees), and provides for criminal penalties for the unauthorized breaking or removal of a seal. *Id.* at 8813.

⁸⁰ According to *Play Meter*, a trade publication, the average operator grosses more in one week (\$69) than the annual compulsory license fee. See United States Copyright Office, *Report of the Register of Copyrights On The Jukebox Compulsory License* § V(B)(2), at 36 (Sept. 1988).

⁸¹ United States Copyright Office, *Report of the Register of Copyrights On The Jukebox Compulsory License* § 5(B)(3), at 37 (Sept. 1988). The AMOA has estimated that, while only approximately ten percent of all jukebox operators are members of the AMOA, AMOA members may control nearly fifty percent of all jukeboxes in the United States. *Id.* See also *Jukebox Hoedown*, *RePlay Magazine*, June 1988, at 36. The reason for this anomaly is that there are many "operators" who in fact own only one jukebox; an example would be a bowling alley that owns its own jukebox.

thousands of lawsuits brought by BMI and ASCAP against unregistered jukebox operators. Furthermore, most jukeboxes are now being manufactured with a special slot to hold the registration certificate and contain a notice on the coinbox inside the machine warning of the obligation to obtain a compulsory license. In short, the Copyright Office, the AMOA, BMI, ASCAP, and SESAC are all in agreement that ignorance of the law—especially by multiple-jukebox operators—does not explain the dramatically low level of compliance with the law.⁸²

The third explanation is one of willful non-compliance. The performing rights societies, the Copyright Office, and even the AMOA are essentially in agreement that the major cause of the low level—and decline⁸³—in compliance by jukebox operators with the copyright law was neither ignorance of the law nor financial inability to comply with the law, but rather was the result of a conscious decision on the part of the operators to ignore the law.⁸⁴ It appears that operators believed that they could get away with not complying with the law at all because of the difficulty of enforcement efforts; that to the extent they did register any of their jukeboxes they could register only a portion of them and then claim, if caught, that the jukebox in question was registered and that they had merely inadvertently neglected to place the certificate on the box; that to the extent they were in fact caught, the performing rights societies would be reluctant to commence litigation over what amounts

⁸² United States Copyright Office, *Report of the Register of Copyrights On The Jukebox Compulsory License*, § V(B)(3), at 37 (Sept. 1988).

⁸³ The Copyright Office has noted that in the first year it issued compulsory licenses for jukeboxes, it issued more than 143,000 licenses. During the following ten year period, 120,000 new jukeboxes were placed in operation, according to the AMOA. The Copyright Office reached the following conclusion regarding the drop in registration:

If one assumes that new operators either have some idea of operating costs associated with entering a new business or that they read the manufacturer's information delivered with new jukeboxes, owners should have known of compulsory license provisions. If one considers the number of new jukeboxes, together with the number of jukeboxes licensed in 1978, as the number of jukeboxes whose operators were "knowledgeable" of the requirements of the law, and then subtracts a flat 20 percent of this total number, in accordance with AMOA's stated decline in jukeboxes, more than 210,700 jukeboxes would be "knowledgeably" operated, and this number of compulsory licenses would have been issued. In fact, however, less than 50% of this number were issued in 1987. To conclude that disregard for the law is not at work, we would have to assume that operators of more than 50% of the remaining jukeboxes transferred ownership and failed to mention the obligation to pay royalties to their successors.

United States Copyright Office, *Report of the Register of Copyrights On The Jukebox Compulsory License* § V(B)(4), at 38 (Sept. 1988).

⁸⁴ *Id.* at 38.

to a \$63 claim;⁸⁵ and that even if litigation was commenced and successful the charges that they would have to pay would not be substantially larger than they would have had to pay had they complied with the law since its inception. This last assumption has, in fact, at times been borne out in litigation.

Another element in the overwhelming non-compliance of jukebox operators with the compulsory license law was the difficulty of enforcing the jukebox compulsory license provisions of the 1976 Copyright Act. Although BMI and ASCAP brought thousands of lawsuits for failure to comply with the provisions of section 116 of the 1976 Copyright Act, the enforcement efforts of both performing rights societies were seriously handicapped by three shortcomings in the jukebox compulsory license system. The first problem was the difficulty of identifying and locating the operator of the jukebox. Efforts towards getting jukebox operators to disclose the location of their jukeboxes failed.⁸⁶ In most cases of infringement of the public performing right not involving jukeboxes the infringer is easily identified: it is the television or radio station that broadcast copyrighted music without a license; it is the bar, restaurant, or disco that used live music without a license;⁸⁷ or it is

⁸⁵ There are a number of errors in this assumption. First, between them BMI and ASCAP have brought more than one thousand cases for nonpayment of jukebox compulsory license fees. Second, the claim is made for statutory damages—and those damages are almost always a multiple of the unpaid compulsory license fees. Courts have been very receptive to the argument by the performing rights societies that non-compliance must be substantially more expensive than compliance, otherwise any incentive to compliance with the law is effectively removed. And third, because costs and attorneys fees may be recovered in an action for copyright infringement (see 17 U.S.C. § 505), it is financially viable for the performing rights societies to pursue these actions even where the potential for monetary recovery is limited.

⁸⁶ The jukebox operators refused to provide listings of jukebox locations to the Copyright Office, which greatly complicates the enforcement efforts of the performing rights societies. See Hall, *Juke Royalties: Licensors Warned to Plan for Policing Locations*, Billboard, Nov. 5, 1977, at 10. The Copyright Royalty Tribunal initially required the central listing of jukebox locations, but later repealed its decision on the grounds that the copyright owners were not using the listings. See 46 Fed. Reg. 32,576-77 (1981) (repealing 37 C.F.R. § 303.3 (1978)). ASCAP defended the concept of the central listing requirement, but argued that the value of the listings was greatly impaired by the failure of operators to comply with the system by filing the location of their boxes. *Id.* at 32,577.

⁸⁷ Courts have consistently ruled that the establishment at which live acts appear cannot pass off to the musicians the obligation to obtain a license to use the music. Both the establishment and the musicians remain jointly liable, but the performing rights societies are free to license (and to sue if a license is refused) only the establishment for the acts of infringements directly committed by the musicians. See, e.g., *Famous Music Corp. v. Bay State Harness Horse Racing & Breeding Assoc., Inc.*, 554 F.2d 1213 (1st Cir. 1977) (ASCAP case) (decided

the retail establishment that used background music without a license. Section 116 of the 1976 Copyright Act provided, however, that it was not the establishment which was liable for the acts of infringement on an unregistered jukebox on its premises; rather, it was the operator of the jukebox who was liable. The establishment became liable only if it was indeed the operator of the jukebox or if the proprietor of the establishment failed to identify the operator of the jukebox.⁸⁸ This necessary two-step process to identifying the liable party could be both time consuming and expensive, and could present the possibility for abuse. It is possible for an establishment to shield a large unregistered operator, if indemnified by the operator, by not identifying it. Although the establishment would, therefore, become liable for the infringements, the damages would be considerably less for a one-jukebox establishment than they would be for a large multi-jukebox operator.

The second problem was the ability of jukebox operators to "bicycle" their registration certificates. As previously noted, pursuant to the 1985 compromise agreement between the AMOA and the performing rights societies, registration certificates could be moved from one jukebox to another.⁸⁹ Prior to the compromise agreement, the registration certificates were issued for specific boxes, and contained on their face the serial number of the jukebox.

under the 1909 Copyright Act); *Southern Nights Music Co. v. Moses*, 669 F. Supp. 305 (C.D. Cal. 1987) (ASCAP case); *International Korwin Corp. v. Kowalczyk*, 665 F. Supp. 652 (N.D. Ill. 1987) (ASCAP case); *Blendingwell Music Inc. v. Moor-Law, Inc.*, 612 F. Supp. 474 (D. Del. 1985) (ASCAP case); *Warner Bros. Inc. v. Lobster Pot, Inc.*, 582 F. Supp. 478 (N.D. 1984) (ASCAP case).

It is worth noting that in enacting the 1976 Copyright Act, Congress considered and rejected a proposed amendment that would have exempted proprietors of establishments from liability for acts of copyright infringement committed by an independent contractor, such as a live band. The House Report stated: "The committee has decided that no justification exists for changing existing law, and causing a significant erosion of the public performance rights." H. Rep. No. 94-1476, 94th Cong., 2d Sess. (1976) at 160, U.S. Code Cong. & Admin. News. 1976, p. 5659.

⁸⁸ 17 U.S.C. § 116(a)(1) provides:

(1) The proprietor of the establishment in which the public performance takes place is not liable for infringement with respect to such public performance unless—

(A) such proprietor is the operator of the phonorecord player; or

(B) such proprietor refuses or fails, within one month after receipt by registered or certified mail of a request, at a time during which the certificate required by clause (1)(C) of subsection (b) is not affixed to the phonorecord player, by the copyright owner, to make full disclosure, by registered or certified mail, of the identity of the operator of the phonorecord player.

⁸⁹ For a discussion of the 1985 compromise agreement, see *supra* note 72 and accompanying text. See also 37 C.F.R. § 201.16 ("Recordation and Certification of Coin-Operated Phonorecord Players"); 50 Fed. Reg. 52458 (1985) (modifying 37 C.F.R. § 201.16 to permit the transfer of certificates between jukeboxes).

These certificates could not be transferred from one box to another. While this change benefited operators who replaced one or more of their jukeboxes mid-year or who had some of their boxes in storage at a given time, it also made enforcement much more difficult by making it possible for unscrupulous operators to purchase fewer registration certificates than jukeboxes and then move the stickers about as necessary. Although the 1976 Copyright Act provided the same penalties for failure to affix the registration certificate as it provided for failure to apply for the certificate, it could be difficult to convince a court to award more than minimum statutory damages where an under-registered operator was claiming to the court that he or she was fully registered and the absence of the certificate from a given box was merely an administrative oversight.⁹⁰ It was not unusual for an operator who had been sued by or who had settled with BMI or ASCAP to register a significant number of additional jukeboxes in the following year.

The third problem was the unwillingness of the federal government to pursue the available criminal penalties for the violation of section 116.⁹¹ Although strong criminal penalties are provided for the violations of the public performance rights granted by the 1976 Copyright Act, the government,

⁹⁰ In *Broadcast Music, Inc. v. Wisconsin Novelty, Co., Inc.*, 1984 Copyright Law Decisions ¶ 25,718 (E.D. Wisc. 1984) the court actually went as far as to reduce the damages awarded to \$100 per infringement, on the grounds that the operator had in fact registered all of his jukeboxes and had merely forgotten to place the certificate on one of them. The judge noted that "[t]he undisputed fact that all royalties were paid, however, persuades me that his is an innocent and technical violation, and therefore, statutory damages will be reduced to \$100 per infringement pursuant to 28 U.S.C. § 504(c)(2)." *Id.* at 19,205.

Leaving aside the question of the wisdom of this ruling at the time at which it was rendered (in 1984), its reasoning is no longer applicable now that certificates are freely transferable (since December 1985). If a jukebox operator fails to properly affix his or her certificates, there is no way to determine with certainty whether the operator has indeed purchased a registration certificate for each jukebox in operation.

No other court has followed the reasoning set forth in the *Wisconsin Novelty* case. In *Broadcast Music Inc. v. Dugas Music Service*, 1986 Copyright Law Decisions ¶ 26,003 (D. Mass. 1986) the court specifically rejected such analysis, noting that:

The failure to properly affix the certificate to the jukebox in a place where it could have been 'readily observed by the public' is not a mere technical violation, but is a substantive violation of the Copyright Act. Even if a jukebox is registered, a visible registration certificate may be the only feasible way for a copyright owner to determine whether a jukebox has been registered and its copyright protected. Failure to properly affix a registration certificate to a jukebox may result, as it has resulted here, in the expenditure of considerable time and money by the copyright owner.

Id. at 20,611 n.5.

⁹¹ For a discussion of the criminal penalties for the violation of section 116, see *supra* notes 40-45 and accompanying text.

as noted above, rejected requests from the performing rights societies that criminal actions be brought against some of the most flagrant violators of section 116.⁹²

B. *Evolution of the U.S. Law Pre-Berne*

The right of the composer of music to receive compensation for the public performance of his or her musical compositions was first recognized by statute in the United States in 1897.⁹³ Prior to the late nineteenth century this had not been an issue, since the absence of technology permitting the mechanical reproduction of sound meant that compositions could only be performed "live."⁹⁴ The composer received his or her compensation for live performances from the sales of sheet music, but with the advent of mechanical means of performing musical works sheet music was no longer necessary for each instance of performance.⁹⁵ The right of the composer to receive compensation for the public performance of music was incorporated into the

⁹² See *supra* notes 44-45 and accompanying text.

⁹³ See Act of Jan. 6, 1897, ch. 4, 29 Stat. 481-482 (1895-1897). Strict penalties were provided for infringement of the new right.

Any person publicly performing or representing any dramatic or musical composition for which a copyright has been obtained, without the consent of the proprietor of said dramatic or musical composition, or his heirs or assigns, shall be liable for damages therefor, such damages in all cases to be assessed at such sum, not less than one hundred dollars for the first and fifty dollars for every subsequent performance, as to the court shall appear to be just. If the unlawful performance and representation be willful and for profit, such person or persons shall be guilty of a misdemeanor and upon conviction shall be imprisoned for a period not exceeding one year.

The Act also provided for injunctive relief:

Any injunction that may be granted upon hearing after notice to the defendant by any circuit court of the United States, or by a judge thereof, restraining and enjoining the performance or representation of any such dramatic or musical composition may be served on the parties against whom such injunction may be granted anywhere in the United States, and shall be operative and may be enforced by proceedings to punish for contempt or otherwise by any other circuit court or judge in the United States. . .

Id.

⁹⁴ The first recording cylinder device was not invented until 1877, seven years after the copyright revision act of 1870. By 1893, Alexander Graham Bell's Columbia Phonograph Company had a 32 page catalog of songs. By 1896, home phonographs had become both affordable and plentiful, and further technological developments quickly ensued. See R. Gelatt, *The Fabulous Phonograph: From Edison To Stereo* 18, 52 (1965).

⁹⁵ See *Copyright Hearings, Arguments Before the Comms. on Patents of the Senate and House of Representatives, Conjointly, to Amend and Consolidate the Acts Respecting Copyright*, 57th Cong. 2d Sess. 333 (1909), reprinted in 4 *Legislative History of the 1909 Copyright Act* pt. H at 333 (E. Brylawski and A. Goldman eds. 1976).

1909 Copyright Act, which provided that one of the exclusive rights in a copyrighted musical composition was the right to perform the work publicly for profit.⁹⁶

The public performance right as codified 1909 Copyright Act contained only one exception: it did not apply to the public performance of music on jukeboxes, or player pianos as they were known at the time. Section 1(e) of the 1909 Copyright Act provided: "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."⁹⁷

The rationale for this exception was that copyright owners received free advertising from the public performance of their songs on jukeboxes, and that the public was therefore encouraged to purchase the sheet music to new selections they heard on jukeboxes.⁹⁸ There was little organized opposition to this

⁹⁶ Section 1(e) of the 1909 Copyright Act provided in part that one of the exclusive rights in a copyrighted work was the right:

To perform the copyrighted work publicly for profit if it be a musical composition; and for the purpose of public performance for profit, and for the purposes set forth in subsection (a) hereof, to make any arrangement or setting of it or of the melody of it in any system of notation or any form of record in which the thought of an author may be recorded and from which it may be read or reproduced. . .

Subsection (a) referred to in section 1(e) set forth the exclusive right of the copyright holder "[t]o print, reprint, publish, copy, and vend the copyrighted work."

Section 1(e), in addition to codifying the public performance right of the composer, created the so-called "mechanical reproduction right." Once a composer agreed to the use of his or her work in a recording, other manufacturers could make mechanical reproductions of the work (using different artists), as long as they paid the composer a statutory rate, initially set at two cents per copy. This mechanical right is a very distinct concept from the public performance right, and the two should not be confused. The mechanical reproduction right is codified in the 1976 Copyright Act at 17 U.S.C. § 115.

⁹⁷ 1909 Copyright Act, § 1(e). This language created the rather illogical result that use of copyrighted music on a jukebox was not a public performance at all, rather than the more logical result that it was a public performance, but was an exception to the otherwise exclusive right of the copyright holder to control public performance—in other words a compulsory non-exclusive license for the public performance of music on jukeboxes rather than a denial that a public performance was indeed taking place.

⁹⁸ The Vice-President of Columbia Phonograph Co. (who was also the General President of The American Musical Copyright League) argued during congressional hearings in 1906 on the proposed 1909 Copyright Act that music publishers actually purchased records and gave "them away to the owners of penny arcades in consideration of their putting them on their automatic graphophones [jukeboxes], so that the public will become acquainted with the tune and buy the sheet music." *Arguments To Amend And Consolidate The Acts Respecting Copyright: Hearings on S. 6330 and H.R. 19853 Before the*

exception, because at the time the 1909 Copyright Act was enacted the public performing rights societies had not yet come into existence, and thus there was no unified organization whose interests were threatened by the proposed exemption.⁹⁹ As tastes in popular music changed, the sales of sheet music almost completely disappeared, the rationale submitted by those in favor of or advocating retention of the exemption shifted from the argument that jukeboxes prompted the sale of sheet music to the argument that jukeboxes promoted the sale of records. This argument was little consolation to composers, however, who in general received only statutorily-set mechanical royalties for the sale of each record,¹⁰⁰ and no public performance royalty for the subsequent use of their music in a commercial setting via a jukebox.

Strenuous objections to the jukebox exemption was not long in developing, but reform was to take over forty years to reach the congressional proposal stage, and more than fifty years before enactment. Beginning in the 1920's composers and music publishers began to make repeated attempts to elimi-

Joint Comm. on Patents, 59th Cong., 1st Sess. 326 (1906), reprinted in 4 Brylawski & Goldman, *Legislative History of the 1909 Copyright Act*, pt. J, at J326 (1976).

⁹⁹ ASCAP was the first performing rights society to be formed, in 1914—five years after the passage of the revised Copyright Act. SESAC was founded in 1930. BMI was formed in 1939, as a reaction by broadcasters to a threatened boycott by ASCAP. BMI is owned today by approximately 470 broadcasters and successors to the station owners who established the corporation as a move to increase the broadcasting industry's bargaining power with ASCAP. As of April, 1984, BMI represented approximately 45,000 writers and 26,500 publishers. The figures for ASCAP were 26,500 composers and 11,000 publishers. Although BMI is not incorporated as a not-for-profit corporation, it is operated on a non-profit making basis. BMI pays no dividends to its broadcaster owners, and distributes all monies collected, minus only operating expenses and reserves, to its affiliate composers and publishers. Except for its corporate structure, BMI has lost virtually all of its ties to the broadcast industry, and for decades has been considered as "neutral" as ASCAP.

¹⁰⁰ The mechanical license is provided for by section 115 of the 1976 Copyright Act, which creates a compulsory license for making and distributing phonorecords as an exception to the basic exclusive rights created by sections 106 and 114. Under the 1909 Copyright Act the mechanical rate was two cents for each record manufactured. Under the 1976 Copyright Act the royalty rate was increased, as of July 1, 1984, to 4½ cents for each record made and distributed or 0.85 cent per minute or fraction thereof, whichever is larger. On January 1, 1986, the rates were increased to 5 cents and 0.95 cent respectively. On January 1, 1988, the rates were increased to 5.5 cents and 1 cent respectively. For 1990 through 1996 the rate will be adjusted effective on January 1 of each year in the same percentage as the percentage increase in the Consumer Price Index for the preceding two years. 37 C.F.R. § 307. A record is deemed to be "distributed" if possession has been "voluntarily and permanently parted with." 17 U.S.C. § 115(c)(2).

nate the jukebox exemption.¹⁰¹ They made four specific arguments against continuation of the jukebox exemption. First, the exemption was a last minute addition to the 1909 Copyright Act that resulted in unforeseen, and unjustifiable consequences injurious to copyright owners.¹⁰² Second, the exemption discriminated not only against copyright owners, but also against other copyright users who had to pay royalties and thus bear higher operating costs.¹⁰³ Third, the exemption created problems for United States composers in foreign countries where jukebox royalties had been paid and for foreign composers in the United States where such royalties had not been paid.¹⁰⁴ And fourth, the jukebox industry had become increasingly successful, grossing as much as \$500 million annually by not having to pay royalties, and that, contrary to any claims of inability to pay royalties, it was able and should be obligated to pay royalties for the compositions used.¹⁰⁵

The jukebox operators countered with three main arguments. First, the exemption was a "carefully conceived compromise," since the substantial amount of money copyright owners receive from mechanical royalties would not justify public performance fees.¹⁰⁶ Second, the 1909 Copyright Act did not discriminate in their favor and the removal of the exemption would, in fact, discriminate against them. This argument was based on the claim that jukebox performances were essentially an incidental form of music similar to radio music in a hotel room.¹⁰⁷ And third, it was argued that jukeboxes were a declining business with profits from other coin-operated machines subsidizing jukeboxes being operated at a loss.¹⁰⁸

None of these three arguments is, however, persuasive. The weakness in the "compromise" argument (which holds that the substantial amount of

¹⁰¹ See, e.g. Henn, *The Compulsory License Provisions of the U.S. Copyright Law*, Study No. 5, at 30 (1958), reprinted in 1 Grossman, *Omnibus Copyright Revision Legislative History*, Study No. 5, at 30 (1976) (hereinafter cited as "Legislative History") (discussing the failure of the 72nd Congress to pass H.R. 139 and S. 176). From 1947 through 1965, twenty-five days of congressional hearings were scheduled to consider revocation of the jukebox exemption. H.R. Rep. No. 1476, 94th Cong., 2d Sess. 112, reprinted in 1976 U.S. Code Cong. & Ad. News 5659, 5727.

¹⁰² H.R. Rep. No. 1476, 94th Cong., 2d Sess. 112, reprinted in 1976 U.S. Code Cong. & Ad. News 5727-28. See also Cambridge Research Institute, *Omnibus Copyright Revision—Comparative Analysis of the Issues*, at 81 (1973) (also concluding that the jukebox exemption was added to the 1909 Copyright Act as an afterthought).

¹⁰³ H.R. Rep. No. 1476, 94th Cong., 2d Sess. 112, reprinted in 1976 U.S. Code Cong. & Ad. News 5727.

¹⁰⁴ *Id.* at 5727.

¹⁰⁵ *Id.* at 5727-28.

¹⁰⁶ *Id.* at 5728.

¹⁰⁷ *Id.* at 5728.

¹⁰⁸ *Id.* at 5728.

money that copyright owners receive from mechanical royalties eliminates the justification for public performance fees) is that it mixes two very distinct concepts: performing rights and mechanical rights. If the performing right were eliminated for jukeboxes on the ground that it duplicates the earnings that the composers and publishers receive from the mechanical rights earned on the records used in the jukeboxes, it would be difficult to see why the same rationale would not apply to radio stations, and why it would not in large part eliminate the concept of performing rights altogether. The weakness in the argument that jukebox performances are essentially an incidental form of music is that it ignores the fact that jukeboxes are a profit-making venture that exploit copyrighted music. Aside from the income that the jukeboxes earn directly, they are usually thought to benefit the business of the establishment in which they are located by contributing to the atmosphere of the establishment. As to the claim that jukeboxes are a declining business subsidized by the profits from other coin-operated machines, no convincing evidence has ever been set forth in support of this contention.

Progress was not made on eliminating the blanket exemption until 1965, when proposals to eliminate or modify the jukebox exemption were incorporated into the general effort to revise the 1909 Copyright Act.¹⁰⁹ The exemption was "widely and vigorously condemned as an anachronistic 'historical accident' " and described as " 'unconscionable,' 'indefensible,' 'totally unjustified,' and 'grossly discriminatory.' " ¹¹⁰ Agreeing that the exemption should be eliminated was, however, much easier than reaching agreement on what system should replace the exemption.

¹⁰⁹ The elimination of the jukebox exemption appeared in section 144 of the general copyright revision bill of 1965, which was a revitalization of a prior House bill which failed to reach the floor of the Congress in 1963. See U.S. Copyright Office for the House Committee On The Judiciary, 89th Cong., 1st Sess. Copyright Law Revision Part 6: Supplementary Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law: 1965 Revision Bill (Comm. Print.), reprinted in 4 *Legislative History*, supra note 101, at 59.

¹¹⁰ H.R. Rep. No. 1476, 94th Cong., 2d Sess. 112, reprinted in 1976 U.S. Code Cong. & Ad. News 5727. The House Committee on the Judiciary found that:

(1) The present blanket jukebox exemption should not be continued. Whatever justification existed for it in 1909 exists no longer, and one class of commercial users of music should not be completely absolved from liability when none of the others enjoys any exemption.

(2) Performances on coin-operated phonorecords players should be subject to a compulsory license (that is, automatic clearance) with statutory fees. Unlike other commercial music users, who have been subject of full copyright liability from the beginning and have made the necessary economic and business adjustments over a period of time, the whole structure of the jukebox industry has been based on the existence of the copyright exemption.

Id. at 5728.

The performing rights societies were seeking an end to the jukebox exemption and the establishment of a system of fair compensation for the public performance of the music they controlled, while the jukebox operators were concerned that the elimination of the exemption would expose them to limitless royalty demands and increased risks of liability.¹¹¹ The Copyright Office was concerned that failure to reach a consensus on the issue of jukebox royalties could jeopardize the entire copyright law revision effort:

[The incorporation of the exemption in the general revision bill] means that the concerted and unyielding opposition of the jukebox operators and manufacturers, which has been successful in staving off any change in one paragraph of the present law, will now be directed at the entire revision effort. It would be tragic if the controversy on this one issue were to cause the complete failure of a general revision bill that is urgently needed in the public and national interest. But, lest there be any misunderstanding, we believe it would be deplorable if, to avoid this controversy, one of the most striking inequities of the present law were to be left untouched.¹¹²

The jukebox operators were opposed to any type of performance-based royalty, and initially argued for an increase in the mechanical royalty rate.¹¹³ The Copyright Office rejected this position, on the grounds that a mechanical royalty only compensates for the recording of the work, and that only a performance-based royalty is appropriate for the public performance of a copyrighted song on jukebox.¹¹⁴

Five different royalty schemes were proposed to replace the jukebox exemption provision of the 1909 Copyright Act. The copyright owners pro-

¹¹¹ U.S. Copyright Office for the House Committee On The Judiciary, 89th Cong., 1st Sess. Copyright Law Revision Part 6: Supplementary Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law: 1965 Revision Bill (Comm. Print), *reprinted in 4 Legislative History, supra* note 101, at 60.

¹¹² U.S. Copyright Office for the House Committee On The Judiciary, 89th Cong., 1st Sess. Copyright Law Revision Part 6: Supplementary Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law: 1965 Revision Bill (Comm. Print), *reprinted in 4 Legislative History, supra* note 101, at 59-60.

¹¹³ The mechanical royalty is the license fee paid to the composer each time a copy of the record is pressed by the manufacturer. *See supra* note 96 for a discussion of the distinction between the concepts of mechanical royalty and the public performance royalty.

¹¹⁴ U.S. Copyright Office for the House Committee On The Judiciary, 89th Cong., 1st Sess. Copyright Law Revision Part 6: Supplementary Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law: 1965 Revision Bill (Comm. Print), *reprinted in 4 Legislative History, supra* note 101, at 60.

posed a system of compulsory arbitration tied to licensing agreements between the parties. Copyright owners would not be able to collect statutory damages unless they offered to submit to compulsory arbitration in the case of either a disagreement over the rate or other conditions of the licensing agreement. The copyright owners argued that this proposal "would preserve the 'free negotiation' system of copyright licensing. . .,"¹¹⁵ but the jukebox operators opposed the proposal on the grounds that "even if arbitration was not offered[they] would still be liable for profits, actual damages, and an injunction . . . and there is no limit on the number of copyright owners with whom the operator[s] would have to negotiate."¹¹⁶

The compulsory arbitration proposal was the only proposal which did not call for a compulsory licensing system. The Music Operators of America (predecessor to the AMOA) proposed a system calling for a compulsory license with a fixed fee for each record purchased. Operators would register their machines annually with the Copyright Office, then post a certificate of registry on each machine and pay a quarterly statutory fee of two cents per composition on all records acquired for use on the jukebox during the quarter. The advantage to this proposal was that it avoided the need for additional government bureaucracy, but the performing rights societies opposed the plan on the grounds that the purchase of records bears no relationship to the number of times they are publicly performed. In addition, the plan would amount to an "honor system" and the two cent fee per composition would not cover monitoring and enforcement costs.¹¹⁷ Another plan proposed by jukebox operators, with modifications suggested by copyright owners, was for a compulsory license with a fixed fee for every record in the jukebox. This system would have operated on an "inventory" principle. A jukebox owner would register each of its jukeboxes on an annual basis with a list of the compositions made available for play during the preceding year, post the certificate on the jukebox, and pay quarterly royalties at a fixed statutory amount, with quarterly accounting based on the records placed in the jukebox. The copyright owner would have to be identified on the records in order to receive payment.¹¹⁸

The House Committee on the Judiciary proposed a plan calling for a compulsory licensing system with the fixation of registration stamps on records in the jukebox. Under this system, a copyright owner would sell a block of stamps to the operator who would affix a stamp to each record of that copyright owner. This plan was opposed as too expensive, and as unenforceable, because the stamps would not have been visible if placed on the

¹¹⁵ Copyright Law Revision: H.R. Rep. 2237, 89th Cong., 2d Sess. (1966), *reprinted in 11 Legislative History, supra* note 101, at 106.

¹¹⁶ *Id.* at 106.

¹¹⁷ *Id.* at 107.

¹¹⁸ *Id.* at 107-08.

records in the jukebox.¹¹⁹ Another proposal made by the House called for a compulsory license with a per-box maximum. Under this proposal a jukebox operator would pay \$5 into a fund from which distribution would be made to copyright owners. Payment by an operator would exempt the operator from infringement liability. Both the performing rights societies and the jukebox operators rejected this proposal because it required centralized payment and thus would have required creation of a governmental body to administer collection of the payments.¹²⁰ Ultimately though, a system very similar to this was adopted in section 116 of the 1976 Copyright Act.

The House Committee on the Judiciary rejected the compulsory arbitration proposal as providing an insufficient safeguard for the jukebox operators; the proposal based on the number of records purchased as inadequate protection for copyright owners; and the plans for fixed fees per jukebox and stamps as administratively unworkable.¹²¹ The Committee concluded that the blanket exemption should be replaced by a compulsory license based on the records available for performances by the jukebox during each three month period.¹²² This form of a compulsory license was not, however, ultimately the one adopted as part of the 1976 Copyright Act. Rather, Congress adopted a system that provided for fixed fees and stamps (certificates) to be attached to the jukebox to indicate payment.

II. THE BERNE CONVENTION

A. Background on the Berne Convention

On September 9, 1886, the Berne Convention reached its 100th anniversary. References throughout this article to the Berne Convention are to the 1971 Paris Act, the most recent text of the Convention.¹²³ The Convention began in 1886 with an original membership of nine countries, for the most part located in Western Europe,¹²⁴ and has since grown to a membership of

¹¹⁹ *Id.* at 107.

¹²⁰ *Id.* at 106-07.

¹²¹ *Id.* at 108.

¹²² *Id.* at 108.

¹²³ The convention was drafted at Berne, Switzerland on September 9, 1886, completed at Paris on May 4, 1896, revised at Berlin on November 13, 1908, completed at Berne on March 20, 1914, and revised at Rome on June 2, 1928, at Brussels on June 26, 1948, at Stockholm on July 14, 1967, and at Paris on July 24, 1971.

¹²⁴ The original signatories to the Berne Convention were Belgium, France, Germany, Haiti, Italy, Liberia, Spain, Switzerland, Tunisia, and the United Kingdom. The United States and Japan were also present, but only as observers (Japan joined the Convention twelve years later). Of the ten countries that signed the Convention on September 6, 1886, all but one (Liberia) ratified it, with the result that it came into force on December 5, 1887. The delegate from the United States held out the promise of U.S. accession to the Convention in the future, if the circumstances should become appropriate:

84 countries from around the world, representing a wide variety of economic, social, and legal systems. "Since its inception, the Convention has come to embody a very high level of international protection for authors and artists. It is therefore an enduring example of successful international cooperation in the area of private law, and has remained intact through all the political and economic upheavals of the past century."¹²⁵

B. Process of Adhesion to the Berne Convention

Unless treaties are self-executing in the adhering country, there is a two step process that must be followed to join the Berne Convention. The first step is to make any necessary changes to the country's domestic copyright law such that the domestic law is compatible with all provisions of the Convention. Article 32(2) of the Convention provides that a country must "be in a position under its domestic law to give effect to the provisions of" the Convention at the time when it becomes a new member. In the case of the United States, a number of substantive changes were required of the 1976 Copyright Act. As a result, Congress enacted the Berne Convention Implementation Act of 1988 (the BCIA).¹²⁶

Once the domestic law of a country seeking to join the Convention has been modified to eliminate any conflicts with the provisions of the Convention, the second step of the adhesion process is for the country to file an instrument of accession with the Director General of the World Intellectual Property Organization (WIPO), which administers the Convention.¹²⁷ The Convention enters into force with respect to the adhering country three months after the date on which the Director General notifies the other Berne members of the deposit of the instrument of accession, unless the instrument of accession indicates a subsequent desired effect date.¹²⁸

Whilst not prepared to join the proposed Convention as a full Signatory, the United States does not thereby wish to be understood as opposing the measure in any way, but on the contrary, desires to reserve without prejudice the privilege of future accession to the Convention, should it become expedient and practicable to do so. . . . The position and attitude of the United States is one of expectancy and reserve.

Ricketson, *The Birth of the Berne Union*, 11 Colum. J. Law & The Arts 29-30 (1986). In fact, it took the United States 102 years to follow through on that expectancy.

¹²⁵ Black & Dworkin, *Forward to Conference Celebrating the Centenary of the Berne Convention*, 11 Colum. J. Law & The Arts 1 (1986).

¹²⁶ See BCIA, *supra* note 8. For a discussion of provisions of the BCIA, see *infra* section III of this article.

¹²⁷ Berne Convention, *supra* note 4, Article 29(1).

¹²⁸ Berne Convention, *supra* note 4, Article 29(2)(a). The U.S. adherence to the Berne Convention became effective as of March 1, 1989.

C. *Conflicts Between U.S. Copyright Law & the Berne Convention*

Although U.S. domestic copyright law conflicted with provisions of the Berne Convention in a number of areas, this article will examine only the conflicts involving jukeboxes and compulsory licenses.¹²⁹

I. *Conflicts and Works of U.S. Origin*

The question of incompatibility between domestic copyright law and provisions of the Berne Convention is, in fact, limited to the question of incompatibility when the domestic law is applied to works whose country of origin is another Berne country. The terms of the Berne Convention do not require that a member country grant the protection required by the provisions of the Convention to works for which such country of origin is that country.¹³⁰

The question of conflicts or incompatibility, therefore, is for our purposes reduced to the question of whether a given provision of U.S. law is incompatible with Berne's requirements when the U.S. provision is applied to works whose country of origin is a Berne Country other than the U.S.¹³¹ Provisions of U.S. law do not have to be compatible with the Berne Convention when applied to works whose country of origin is a country that is not a member of the Convention.¹³²

¹²⁹ Other conflicts not addressed by this article arose concerning exemptions to the rights of public performance and display, the U.S. domestic manufacturing requirements, the notice provisions of the U.S. law, moral rights, works of architecture, retroactivity, renewal, and the registration, recordation, and deposit requirements. See *Final Report of the Ad Hoc Working Group On U.S. Adherence to the Berne Convention*, 10 Colum. J. Law & The Arts 513-620 (1986) (hereinafter cited as "Final Report On U.S. Adherence to Berne").

¹³⁰ Article 5(1) of the Berne Convention, *supra* note 4, provides:

Authors shall enjoy, in respect of works for which they are protected under this Convention, in countries of the Union *other than the country of origin*, the rights which their respective laws do now or may hereafter grant to their nations, as well as rights specifically granted by this Convention.

(emphasis added). Article 5(3) provides:

Protection in the country of origin is governed by domestic law. However, when the author is not a national of the country of origin of the work for which he is protected under this Convention, he shall enjoy in that country the same rights as national authors.

¹³¹ For example, section 601 of the 1976 Copyright Act formerly limited the rights of authors to import into the United States copies of their work manufactured outside of the U.S. or Canada if the work consisted preponderantly of nondramatic literary material in English (known as the "manufacturing clause"). The Berne Convention does not permit such a restriction, therefore section 601 was incompatible with Berne when applied to foreign works. It would not, however, have been incompatible as applied to works of U.S. origin.

¹³² See *supra* note 130.

The following works would be considered to be of U.S. origin:¹³³ (1) works first published in the U.S.; (2) works first published simultaneously in the U.S. and another Berne Convention country that gives the same as or a longer period of protection than the term provided in the United States; (3) works first published simultaneously in the U.S. and in a non-Berne Convention country; (4) works written entirely by U.S. nationals first published in a non-Berne Convention country without simultaneous publication in any Berne Convention country; (5) unpublished works whose authors are all U.S. nationals; and (6) unpublished audiovisual works whose makers have their headquarters or a habitual residence in the U.S.¹³⁴ The following four categories of works would not be considered to be of U.S. origin: (1) works first published in another Berne Convention country, (or simultaneously with publication in any other country except the U.S.); (2) works first published simultaneously in the U.S. and another Berne Country that gives a shorter period of protection; (3) works first published in a non-Berne Convention country without a simultaneous publication in a Berne Convention country, if the author is a national of any Berne Convention member country other than the U.S.; and, (4) unpublished works authored by at least one national of a country other than the U.S.¹³⁵

Because virtually all jukeboxes contain music for which Great Britain is the country of origin, any U.S. copyright law applicable to jukeboxes would have to be compatible with the provisions of the Berne Convention, unless a two-tier system were instituted to deal separately with performance of U.S. works and foreign works on jukeboxes. However, the concept of a two-tiered system was rejected by the Copyright Office in its commentary to the draft of the Berne Convention Implementation Act:

Unlike proposals for certain other revisions, [the proposed draft of the Berne Convention Implementation Act] does not envisage a "two-tier" system for works of U.S. origin and other works. We believe there must be a unitary system with respect to jukebox rights, since it would be unduly burdensome to all concerned if a jukebox proprietor could avail himself of a compulsory license for works of U.S. origin but had to negotiate a license for foreign works.¹³⁶

The Berne Convention Implementation Act as enacted does not include a

¹³³ This applies only for purposes of determining whether compliance with Section 411 is necessary. See 17 USC § 101 (definition of "country of origin") (1989). The Berne Convention is ambiguous with respect to the country of origin of a work which is simultaneously published in two Berne countries that give the same term of protection.

¹³⁴ Berne Convention, *supra* note 4, Article 5(4).

¹³⁵ Berne Convention, *supra* note 4, Article 5(4).

¹³⁶ U.S. Copyright Office, *Implementing Legislation to Permit U.S. Adherence to the*

two-tier structure.¹³⁷

2. *Conflicts Concerning Jukeboxes*

This section will examine, first, whether the U.S. compulsory license for jukeboxes is consistent with the terms of the Berne Convention, and then whether the compulsory license is permissible under exceptions to the Convention.

(a) *The Berne Convention and the Public Performance Right*

The Berne Convention provides that the right to control public performances of a work is an exclusive right of the author of the work:

Authors of dramatic, dramatico-musical and musical works shall enjoy the exclusive right of authorizing:

- (i) the public performance of their works, including such public performance by any means or process;
- (ii) any communication to the public of the performances of their works.¹³⁸

The reference to public performance "by any means or process" makes clear that the performance of recordings on a jukebox in a public place qualifies as a public performance of the underlying musical work.

As discussed above, section 116 of the 1976 Copyright Act, by creating a compulsory license, deprives copyright owners of the exclusive right of authorizing performances of their musical works on a jukebox.¹³⁹ Section 116, therefore, is in direct conflict with Article 11(1)(i) of the Berne Convention. The remaining question, therefore, is whether the section 116 jukebox compulsory license qualifies as a permissible exception to the public performance right of the Berne Convention.

(b) *Permissible Compulsory Licenses Under the Berne Convention*

Although other provisions of the Berne Convention expressly permit compulsory licensing,¹⁴⁰ the public performance right set forth in Article

Berne Convention: A Draft Discussion Bill & Commentary, 10 Colum. J. Law & The Arts 631 (1986).

¹³⁷ See *infra* section III(C) of this article for a discussion of the jukebox provisions of the Berne Convention Implementation Act of 1988.

¹³⁸ Berne Convention, *supra* note 4, Article 11(1).

¹³⁹ See *supra* sections I(A)(1-2) of this article.

¹⁴⁰ The broadcasting right set forth in Article 11*bis* of the Berne Convention is expressly made subject to a permissible form of compulsory licensing. The result is that the compulsory license for cable broadcasting provided for under the 1976 Copyright Act (17 U.S.C. § 111) and the compulsory license provided for public broadcasting (17 U.S.C. § 118) are not in conflict with the terms of the Berne Convention. Similarly, Article 13(1) of the Berne Convention allows a

11(1) of the Convention does not contain a provision permitting compulsory licenses. The existence of expressly allowed compulsory licenses in other provisions of the Berne Convention means that a compulsory license cannot be implied in Article 11(1).¹⁴¹

An additional indication that compulsory licensing of the public performance right by domestic legislation is not permissible under the terms of the Berne Convention is found in the legislative history of Article 13, which permits compulsory mechanical licenses for the production of sound recordings. The 1948 Brussels text of Article 13(1) originally included both the right to record musical works *and* the right to perform such works by means of recordings.¹⁴² Both of those rights were in turn subject to compulsory licensing under Article 13(2).¹⁴³ At the Stockholm Conference in 1967, the Berne Union determined that Article 13(1) was unnecessarily duplicative for two reasons: first, because a general right of reproduction was created for the first time in the Stockholm text of the Convention, and second, because the right of public performance by means of recordings was already included in the public performance right in Article 11(1).¹⁴⁴ Accordingly, when the Convention was revised, Article 13(1) was eliminated and the compulsory license provision of Article 13(2) (renumbered as Article 13(1)) was expressly limited to permit a compulsory license *only* to record musical works, but not to perform them.¹⁴⁵ In fact one of the arguments made in favor of revising Article 13 as part of the Stockholm revision was that old Article 13(1) "should be deleted in the interest of authors, because the compulsory license cannot ap-

compulsory license to record musical works. Therefore the mechanical compulsory license under U.S. law (17 U.S.C. § 115) is likewise not in conflict with the provisions of the convention.

¹⁴¹ One commentator has noted that "[t]his article does not contain any provisions similar to that of Article 11bis(2) [authorizing compulsory licensing of the broadcasting right], and it must be therefore assumed that no exception to the exclusive right is allowed." W. Wallace, *The New U.S. Copyright Law and Compatibility with the Berne Convention* 14 (1977), cited in *Final Report on U.S. Adherence to Berne*, *supra* note 129, at 534.

¹⁴² S. Bergstrom, Report of Main Committee I (Stockholm Report) ¶ 227 (1967), World Intellectual Property Organization, Guide to the Berne Convention for the Protection of Literary and Artistic Works (Paris Act 1971) ¶ 13.2 (1978), cited in *Final Report on U.S. Adherence to Berne*, *supra* note 129, at 535.

¹⁴³ S. Bergstrom, Report of Main Committee I (Stockholm Report) ¶ 227 (1967), World Intellectual Property Organization, Guide to the Berne Convention for the Protection of Literary and Artistic Works (Paris Act 1971) ¶ 13.6 (1978), cited in *Final Report on U.S. Adherence to Berne*, *supra* note 129, at 535.

¹⁴⁴ S. Bergstrom, Report of Main Committee I (Stockholm Report) ¶ 229 (1967), World Intellectual Property Organization, Guide to the Berne Convention for the Protection of Literary and Artistic Works (Paris Act 1971) ¶ 13.2 (1978), cited in *Final Report on U.S. Adherence to Berne*, *supra* note 129, at 535.

¹⁴⁵ S. Bergstrom, Report of Main Committee I (Stockholm Report) ¶ 232 (1967), World Intellectual Property Organization, Guide to the Berne Convention for

ply to the public performance by instruments of mechanical reproduction,"¹⁴⁶ in other words by means of recordings, including via jukeboxes. Based on this evidence, the U.S. Ad Hoc Working Group on U.S. Adherence to the Berne Convention concluded "it could scarcely be clearer that the Stockholm Conference intended to disapprove any compulsory license for the public performance of recorded music."¹⁴⁷

(c) *Minor Reservations Permitted by the Berne Convention*

Since it is clear that the Berne Convention does not allow compulsory licenses for the public performance of recorded music, the argument has been made that the U.S. should nonetheless be permitted to retain its compulsory license system for jukeboxes under the "minor reservations" doctrine.

Member countries of the Berne Convention are permitted to preserve, in their domestic legislation, so-called "minor reservations" to Articles 11 and 11bis which address the public performance right.¹⁴⁸ However, the term "minor reservations" has a very specific, very limited meaning. The concept was intended to apply only to exceptions to the public performing right such as "religious ceremonies, performances by military bands and the requirements of education and popularization."¹⁴⁹ The term was not intended to

the Protection of Literary and Artistic Works (Paris Act 1971) ¶ 13.6 (1978), cited in *Final Report on U.S. Adherence to Berne*, *supra* note 129, at 535.

The revisions made to Article 13(1) at the Stockholm Conference were confirmed at the 1971 Paris Conference, which established the most recent and current text of the Berne Convention.

¹⁴⁶ Records of the Stockholm Conference ¶ 1344.4 (remarks of Mr. Straschnov), ¶ 1345 (remarks of William Wallace) (1967), cited in *Final Report on U.S. Adherence to Berne*, *supra* note 129, at 536.

¹⁴⁷ *Final Report on U.S. Adherence to Berne*, *supra* note 129, at 536.

¹⁴⁸ The existence of the "minor reservations" doctrine was confirmed at the 1967 Stockholm Conference, even though it is not expressly acknowledged in the present text of the Berne Convention, as modified at the 1971 Paris Conference. See S. Bergstrom, Report of Main Committee I (Stockholm Report) ¶ 209 (1967), World Intellectual Property Organization, Guide to the Berne Convention for the Protection of Literary and Artistic Works (Paris Act 1971) ¶ 11.6 (1978), cited in *Final Report on U.S. Adherence to Berne*, *supra* note 129, at 535.

¹⁴⁹ S. Bergstrom, Report of Main Committee I (Stockholm Report) ¶ 209 (1967), World Intellectual Property Organization, Guide to the Berne Convention for the Protection of Literary and Artistic Works (Paris Act 1971) ¶ 11.6 (1978), cited in *Final Report on U.S. Adherence to Berne*, *supra* note 129, at 535.

It has been noted that:

It is in relation to [Article 11] that the question of the "minor reservations" arises. These cover such things as religious ceremonies and performances by military bands at public fetes. It was agreed . . . that these exceptions [which apply also to Articles 11bis, 11ter, 13, and 14] were valid. At Stockholm (1967) it was again agreed that the Convention did not stop

encompass an entire system of compulsory licensing. This is underscored by the fact that, were a compulsory license considered one of the permissible "minor reservations" implicitly permitted under the broadcasting right in Article 11*bis*, there would have been no need to include an explicit compulsory licensing provision in that article.¹⁵⁰

(d) *The "Abuse of Monopoly" Argument*

One commentator has made the argument that the U.S. system of compulsory licenses for jukeboxes might be found permissible under the general consensus reached at the Stockholm Conference that member countries could "take all necessary measures to restrict possible abuse of monopolies."¹⁵¹ Because it can be argued that section 116 of the 1976 Copyright Act was designed by Congress to ensure that there was "no abuse of the monopoly position enjoyed by" the performing right societies in determining the royalty rates of jukebox performances, and because the rate was subject to periodic adjustments through independent proceedings at which authors could present their case, it was argued that the U.S. should be entitled to retain its compulsory license system for jukeboxes subsequent to its adherence to the Berne Convention.¹⁵²

There are two important shortcomings to this argument, however. First, while it is true that the Stockholm Conference acknowledged every member country's sovereign authority to restrict possible "abuse of monopoly," it is not clear that this authority extends to the creation of a compulsory licensing system in cases where none is permitted by the terms of the Convention itself. In fact the contrary appears to be true.

member countries from preserving their law on exceptions which come under this heading of "minor reservations."

World Intellectual Property Organization, Guide to the Berne Convention for the Protection of Literary and Artistic Works (Paris Act 1971) ¶ 65 (1978) (emphasis added), cited in *Final Report on U.S. Adherence to Berne*, *supra* note 129, at 523.

¹⁵⁰ This argument was set forth by the U.S. Ad Hoc Working Group on U.S. Adherence to the Berne Convention. See *Final Report on U.S. Adherence to Berne*, *supra* note 129, at 535.

¹⁵¹ See W. Wallace, United States Copyright Law and the Berne Convention ¶ 7(c) (1978) (quoting S. Bergstrom, Report of Main Committee I (Stockholm Report) ¶ 263 (1967)), cited in *Final Report on U.S. Adherence to Berne*, *supra* note 129, at 536. See also World Intellectual Property Organization, Guide to the Berne Convention for the Protection of Literary and Artistic Works (Paris Act 1971) ¶ 17.4 (1978), cited in *Final Report on U.S. Adherence to Berne*, *supra* note 129, at 536.

¹⁵² This argument was also made by Dr. Arpad Bogsch, Director General of WIPO. Dr. Bogsch made the argument in response to written questions submitted to him by Senator Mathias. See *Final Report on U.S. Adherence to Berne*, *supra* note 129, at 536 n.20.

The World Intellectual Property Organization (WIPO) in its *Guide to the Berne Convention for the Protection of Literary and Artistic Works*, indicates only that the "abuse of monopoly" principle permits the retention of laws which provide for tribunals to arbitrate between collecting societies and users of copyrighted works; it does not provide that countries may deprive individual copyright owners of the right to license (or to refuse to license) their works.¹⁵³ Furthermore, it was agreed at the Stockholm Conference that Article 17 (under which the "abuse of monopoly" principle was recognized) did not permit a government to introduce any kind of compulsory license.¹⁵⁴ At the most, it was conceded that a country could override an author's exclusive right to disseminate a work in order to maintain public order. The clearest example of this would be "to allow the police to publish or broadcast a photograph of a wanted criminal."¹⁵⁵

The second problem with the "abuse of monopolies" argument is that it presupposes the performing rights societies in the United States enjoy a "monopoly" in determining the royalty rates for public performances of recorded music, a conclusion the U.S. courts have consistently rejected.¹⁵⁶ The three U.S. performing rights societies represent their composers and publishers on a strictly non-exclusive basis. Although it is clearly easier to negotiate with the three societies than with a large group of individual composers, convenience does not in and of itself create a monopoly. Therefore, even if the Berne Convention did permit a system of compulsory licensing to prevent an "abuse of monopoly," no such true monopoly exists with respect to the licensing of jukebox performances, and even if it were found that there were a monopoly, there is no evidence to suggest that the societies are abusing such monopoly power to the extent that a compulsory license is needed to prevent the

¹⁵³ World Intellectual Property Organization, *Guide to the Berne Convention for the Protection of Literary and Artistic Works* (Paris Act 1971) ¶ 17.4 (1978), cited in *Final Report on U.S. Adherence to Berne*, *supra* note 129, at 536.

¹⁵⁴ S. Bergstrom, Report of Main Committee I (Stockholm Report) ¶ 262 (1967), World Intellectual Property Organization, *Guide to the Berne Convention for the Protection of Literary and Artistic Works* (Paris Act 1971) ¶ 17.3 (1978), cited in *Final Report on U.S. Adherence to Berne*, *supra* note 129, at 537.

¹⁵⁵ World Intellectual Property Organization, *Guide to the Berne Convention for the Protection of Literary and Artistic Works* (Paris Act 1971) ¶ 17.3 (1978), cited in *Final Report on U.S. Adherence to Berne*, *supra* note 129, at 537.

¹⁵⁶ See *Broadcast Music, Inc. v. Columbia Broadcasting, Inc.*, 441 U.S. 1, on remand sub nom *Columbia Broadcasting Systems, Inc. v. American Soc'y of Composers, Authors and Publishers*, 607 F.2d 543 (2d Cir. 1979), on remand, 620 F.2d 930 (2d Cir. 1980), cert. denied, 450 U.S. 970, reh'g denied, 450 U.S. 1050 (1981); *Buffalo Broadcasting Co. v. American Soc'y of Composers, Authors and Publishers*, 744 F.2d 917 (2d Cir. 1984), cert. denied, 53 U.S.L.W. 3597 (1985); *K-91, Inc. v. Gershwin Publishing Corp.*, 372 F.2d 1 (9th Cir. 1967), cert. denied, 389 U.S. 1045 (1968); *Broadcast Music, Inc. v. Moor-Law, Inc.*, 527 F. Supp. 758 (D. Del. 1981), *aff'd mem.*, 691 F.2d 490 (3d Cir. 1982).

abuse.¹⁵⁷

(e) *The "Economically Unimportant" Argument*

The argument has been made that, while the U.S. jukebox license compulsory license is in conflict with the provisions of the Berne Convention, it is "not of sufficient importance from an economic viewpoint" to require any change in U.S. law to permit Berne adherence. This argument borders on the frivolous, but what makes the argument surprising is that it was made by Dr. Arpad Bogsch, the Director General of WIPO, the body that administers the Berne Convention.¹⁵⁸ Dr. Bogsch has based this argument on the claim that "the economic significance, for authors and composers, of the use of [jukeboxes] is marginal."¹⁵⁹

There are two major shortcomings to this argument. First, as a legal point, the Berne Convention does not provide lower levels of protection based upon the relative economic value of the activity involved. Nor should it: the economic value of an activity should, if anything, be inversely proportionate to the protection offered such activity. The more valuable an activity is, the stronger the bargaining power of the copyright owner will be. It is precisely the less successful, less recognized copyright owners and forms of copyright exploitation which need the greatest external protection. Second, it is not at all clear that the economic value of jukebox royalties is unimportant. The total jukebox royalties collected by the Copyright Office in 1988 exceeded \$6 million.¹⁶⁰ And, as noted earlier in this article, those figures represent less than one-third or less of the total royalty fees which should have been paid

¹⁵⁷ It should, of course, be kept in mind that there is no form of compulsory license for any other type of music source used by retail establishments, bars, clubs, or restaurants. Nor is there any form of compulsory license available for video jukeboxes. See *supra* note 23.

¹⁵⁸ U.S. Adherence to the Berne Convention: Hearings Before the Senate Subcomm. on Patents, Copyrights and Trademarks of the Senate Judiciary Comm., 99th Cong., 1st Sess., unofficial transcript at 23 (May 16, 1985) (testimony of Dr. Arpad Bogsch, Director General of WIPO), cited in *Final Report on U.S. Adherence to Berne*, *supra* note 129, at 537-38.

¹⁵⁹ Letter from Dr. Arpad Bogsch to Mr. Harvey J. Winter (June 19, 1985), cited in *Final Report on U.S. Adherence to Berne*, *supra* note 129, at 538 n.26.

¹⁶⁰ The following are the total jukebox royalties collected by the Copyright Office in each year since the inception of the program:

YEAR	TOTAL FEES	YEAR	TOTAL FEES
1988	\$6,189,502.50	1982	\$2,920,044.80
1987	\$6,134,291.75	1981	\$1,075,907.90
1986	\$4,929,137.20	1980	\$1,095,527.50
1985	\$4,952,659.50	1979	\$1,100,917.06
1984	\$5,201,598.00	1978	\$1,149,158.16
1983	\$2,862,953.00		

had all jukebox operators in the United States complied with the law.¹⁶¹ It therefore seems clear that, even at the artificially low royalty rates set by the Copyright Royalty Tribunal, jukeboxes have the potential to account for royalties totaling well in excess of \$18.5 million per year. However, regardless of the precise figures involved, it would set an unfortunate precedent for the United States to argue that an author's rights are subject to protection under the Berne Convention only where they generate more than \$6 million per year.

(f) *The "Future Obsolescence" Argument*

Dr. Bogsch has also made the argument that the U.S. jukebox compulsory license should be regarded as compatible on the ground that coin-operated jukeboxes "may well be on their way out since better techniques and less bulky devices are taking their place."¹⁶² It is unclear what Dr. Bogsch has in mind as "better techniques" or why the bulk of the device is in any way relevant. Aside from the fact that there is no evidence that jukeboxes are on their way out (in fact with the introduction of "nostalgia design" jukeboxes and compact disc jukeboxes the industry appears to be in a resurgence), there is no correlation between predictions of possible future obsolescence and present incompatibility with the current provisions of the Berne Convention.¹⁶³ Needless to say, the Berne Convention does not contain any exception to its provisions for "future obsolescent" activity.

(g) *The 1985 Compromise Agreement*

A final question is whether the 1985 compromise agreement between the AMOA and the Performing Rights Societies¹⁶⁴ has any impact on the incompatibility between the jukebox compulsory license system of section 116 and the Berne Convention. The answer is quite clearly no, for two reasons. First the compromise agreement does not purport to modify the statute. There-

¹⁶¹ See *supra* notes 74-78 and accompanying text (discussion of the failure of U.S. jukebox operators to comply with the compulsory licensing provisions of the 1976 Copyright Act).

¹⁶² Letter from Dr. Arpad Bogsch to Mr. Harvey J. Winter (June 19, 1985), cited in *Final Report on U.S. Adherence to Berne*, *supra* note 129, at 538.

¹⁶³ For years jukeboxes royalties were spared exposure to the marketplace based on the argument that a transition was necessary to protect the industry (see *supra* note 108). It would be an interesting irony if that protection were now to be continued, despite its clear conflict with the provisions of the Berne Convention, based on an argument that the industry needs yet another transition period of protection—this time the transition not being to a revision in the law but instead to a general decline in the industry. It is worth noting, of course, that radio did not receive any special exemption from the public performing right during its decline in popularity following the advent of television.

¹⁶⁴ See *supra* section I(A)(2)(d) (discussion of the 1985 compromise agreement).

fore, the statutory scheme still exists—and still applies to all composers, even if not members of BMI, ASCAP, or SESAC. Second, it does not address the source of the fundamental conflict with the Berne Convention: it does not grant copyright holders the exclusive right of authorizing jukebox performances of their works. At the most, it represents a voluntary adjustment of the amount of fees paid under a compulsory license; it is not an agreement to substitute voluntary licensing for compulsory licensing.

D. Effect of Conflicts With the Berne Convention

While any conflicts between domestic copyright law and the provisions of the Berne Convention must be eliminated prior to the country's adherence to the Convention,¹⁶⁵ there is no procedure for the direct monitoring of this requirement. The International Bureau of the Berne Convention, which administers the Convention,¹⁶⁶ has no procedure for reviewing the instrument of accession filed by a prospective member to determine whether its domestic laws are compatible with Berne, and no instrument of accession has ever been rejected on the grounds of incompatibility.¹⁶⁷

Any complaint by a member country that the U.S. domestic copyright law is not compatible with a provision of the Berne Convention would have to be settled under Article 33(1) of the Convention, which provides that disputes between members concerning interpretation or application of the Convention shall be brought before the Court of International Justice.¹⁶⁸ However, Article 33(2) provides that when a country deposits its instrument of accession to the Berne Convention, it may declare that it does not consider itself bound by the provisions of Article 33(1), and such provisions would then not be applicable to it.¹⁶⁹

¹⁶⁵ Berne Convention, *supra* note 4, Article 32(2).

¹⁶⁶ Berne Convention, *supra* note 4, Article 24.

¹⁶⁷ See *Final Report on U.S. Adherence to Berne*, *supra* note 129, at 518 ("Forward").

In 1931, however, a purported accession by Turkey was challenged on the ground that its reservation regarding Article 8's translation rights was impermissible under the Convention. Turkey ultimately acceded to the Brussels text in 1952.

¹⁶⁸ Article 33(1) provides:

Any dispute between two or more countries of the Union concerning the interpretation or application of this Convention, not settled by negotiation, may, by any one of the countries concerned, be brought before the International Court of Justice by application in conformity with the Statute of the Court, unless the countries concerned agree on some other method of settlement. The country bringing the dispute before the Court shall inform the International Bureau; the International Bureau shall bring the matter to the attention of the other countries of the Union.

¹⁶⁹ Article 33(2) provides:

Each country may, at the time it signs this Act or deposits its instrument of ratification or accession, declare that it does not consider itself

III. UNITED STATES ENABLING LEGISLATION

A. Operation of the Berne Convention Implementation Act

As noted above, the first step to U.S. adherence to the Berne Convention was the modification of the 1976 Copyright Act to make it consistent with the requirements of the Berne Convention. The "Berne Convention Implementation Act of 1988" (BCIA) was passed by Congress and sent to President Reagan for his signature on October 12, 1988.¹⁷⁰ The BCIA was signed into law on October 31, 1988. The BCIA and its amendments to Title 17 of the United States Code (the codification of the Copyright Act) took effect on March 1, 1989, the date on which the Berne Convention entered into force with respect to the United States.¹⁷¹ The BCIA specifies that any cause of action arising under Title 17 of the United States Code prior to the effective date of the BCIA shall be governed by the provisions of Title 17 as were in effect when the cause of action arose.¹⁷²

The BCIA clearly states that the provisions of the Berne Convention "are not self-executing under the Constitution and laws of the United States."¹⁷³ The Berne Convention itself does not contain any statement that it is a self-executing convention. Instead, Article 36 provides that any country seeking membership in the Convention must modify its domestic law so as not to be in conflict with the Convention.¹⁷⁴ The BCIA directly modifies certain provisions of Title 17, and then reiterates the non-self-executing nature of the Convention by providing that the provisions of the Berne Convention "shall not be enforceable in any action brought pursuant to the provisions of the Berne Convention itself."¹⁷⁵

bound by the provisions of paragraph (1). With regard to any dispute between such country and any other country of the Union, the provisions of paragraph (1) shall not apply.

Such a declaration may, however, be withdrawn at any time upon notification addressed to the Director General. Berne Convention, *supra* note 4, Article 33(3).

¹⁷⁰ See BCIA, *supra* note 8. The official title of the Act is set forth at BCIA, *supra* note 8, at § 1(a).

¹⁷¹ BCIA, *supra* note 8, at § 13(a).

¹⁷² BCIA, *supra* note 8, at § 13(b).

¹⁷³ BCIA, *supra* note 8, at § 2(2). The distinction between "self-executing" and "non-self-executing" (or "executory") treaties is that, "unless a treaty is self-executing, it must be implemented by legislation before it gives rise to a private cause of action." *Mannington Mills, Inc. v. Congoleum Corp.*, 595 F.2d 1287, 1298 (3d Cir. 1979). Non-self-executing treaties depend in large part "on the honor of the governments which are parties to it" for their enforcement. See *Head Money Cases*, 112 U.S. 580, 598-99 (1884).

¹⁷⁴ See *supra* note 126 and accompanying text. For a thorough discussion of whether the Berne Convention is a self-executing or executory treaty, see *Final Report on U.S. Adherence to Berne*, *supra* note 129, at 597-602 ("Chapter XII—Is Berne a Self-Executing or an Executory Treaty?").

¹⁷⁵ BCIA, *supra* note 8, at § 3(a)(2).

B. Jukebox Provisions of the Berne Convention Implementation Act

The overall goal of the BCIA regarding jukeboxes is to encourage the negotiation of a direct licensing agreement between the various parties (the performing rights societies and the jukebox operators as represented by the AMOA), but at the same time to provide for a fall-back compulsory licensing system should such negotiations fail to conclude an agreement or should such an agreement ever expire. The BCIA provides for a new section 116(A) ("Negotiated licenses for public performances by means of coin-operated phonorecord players") to be inserted after the existing section 116.¹⁷⁶

The BCIA provides that at the end of the one-year period beginning on the effective date of the BCIA (the period ending March 1, 1990) the Copyright Royalty Tribunal shall determine whether negotiated licenses are in effect between the various parties "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 [the BCIA]."¹⁷⁷ If the Copyright Royalty Tribunal determines such negotiated licenses are not in effect, then the Tribunal is directed to publish the determination in the Federal Register. Upon such publication, all provisions of section 116 shall apply with respect to musical works that are not the subject of such negotiated licenses.¹⁷⁸

Until a negotiated license is reached between the parties or the one-year negotiating period expires, all provisions of section 116 shall continue to apply as before.¹⁷⁹ If a negotiated license is reached under the terms of the BCIA, but is later terminated or expires and is not replaced by another licensing agreement, then the provisions of section 116 shall apply to all musical works that were the subject of such terminated or expired licenses.¹⁸⁰

The Copyright Royalty Tribunal is prohibited from conducting any rate making activity with respect to jukeboxes unless, at any time more than one year after the effective date of the BCIA, 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

¹⁷⁶ BCIA, *supra* note 8, at § 4(a)(4).

¹⁷⁷ BCIA, *supra* note 8, at § 4(a)(4) (codified at 17 U.S.C. § 116A(b)(2) ("Limitation on Exclusive Right if Licenses Not Negotiated; Determination By Copyright Royalty Tribunal")).

¹⁷⁸ BCIA, *supra* note 8, at § 4(a)(4) (codified at 17 U.S.C. § 116A(b)(2) ("Limitation On Exclusive Right If Licenses Not Negotiated; Determination By Copyright Royalty Tribunal")).

¹⁷⁹ BCIA, *supra* note 8, at § 4(a)(4) (codified at 17 U.S.C. § 116A(g) ("Transition Provision; Retention of Copyright Royalty Tribunal Jurisdiction")).

¹⁸⁰ BCIA, *supra* note 8, at § 4(a)(4) (codified at 17 U.S.C. § 116A(g) ("Transition Provision; Retention of Copyright Royalty Tribunal Jurisdiction")).

ending on the effective date of [the BCIA]."¹⁸¹ The Copyright Royalty Tribunal does, however, retain jurisdiction under section 116 until an agreement is reached by the parties or until the expiration of the one-year negotiation period.¹⁸²

As noted, the goal of the BCIA is for the parties to reach and maintain a negotiated licensing agreement. The BCIA authorizes the parties to negotiate and agree upon "the terms and rates of royalty payments for the performance of [musical works] and the proportionate division of fees paid among copyright owners."¹⁸³ The parties may designate common agents to negotiate, agree to, pay, or receive such royalty payments.¹⁸⁴ The parties may also resolve such negotiations by arbitration.¹⁸⁵ License agreements between one or more copyright owners and one or more operators of coin-operated phonorecord players are required by the BCIA to be given effect in lieu of any otherwise applicable determination made by the Copyright Royalty Tribunal.¹⁸⁶

The BCIA provides that if the parties have not notified the Chairman of the Copyright Royalty Tribunal of the date and location of the first meeting between the parties to commence negotiation of a licensing agreement within 60 days after the effective date of the BCIA, then the Chairman shall announce the date and time of such meeting.¹⁸⁷ If the meeting is scheduled by the Chairman, it shall be held within 90 days of the effective date of the BCIA.¹⁸⁸

In the event that the Copyright Royalty Tribunal is called upon to set

¹⁸¹ BCIA, *supra* note 8, at § 4(a)(4) (codified at 17 U.S.C. § 116A(f) ("Copyright Royalty Tribunal To Suspend Various Activities")). It should be noted that the Copyright Royalty Tribunal was scheduled to conduct its next rate-setting proceedings concerning jukeboxes in 1990. See *supra* note 31.

¹⁸² BCIA, *supra* note 8, at § 4(a)(4) (codified at 17 U.S.C. § 116A(g) ("Transition Provision; Retention of Copyright Royalty Tribunal Jurisdiction")).

¹⁸³ BCIA, *supra* note 8, at § 4(a)(4) (codified at 17 U.S.C. § 116A(c)(1) ("Negotiated Licenses; Authority For Negotiations")).

¹⁸⁴ BCIA, *supra* note 8, at § 4(a)(4) (codified at 17 U.S.C. § 116A(c)(1) ("Negotiated Licenses; Authority For Negotiations")).

¹⁸⁵ BCIA, *supra* note 8, at § 4(a)(4) (codified at 17 U.S.C. § 116A(c)(2) ("Negotiated Licenses; Arbitration")). Such arbitration shall be governed by the provisions of Title 9. *Id.* Title 9 (Sections 1-14) deals with contractual agreements to arbitrate. Section 4(a)(4) of the BCIA goes on to provide that 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. *Id.*

¹⁸⁶ BCIA, *supra* note 8, at § 4(a)(4) (codified at 17 U.S.C. § 116A(d) ("License Agreements Superior to Copyright Royalty Tribunal Determinations")).

¹⁸⁷ BCIA, *supra* note 8, at § 4(a)(4) (codified at 17 U.S.C. § 116A(e) ("Negotiation Schedule")).

¹⁸⁸ BCIA, *supra* note 8, at § 4(a)(4) (codified at 17 U.S.C. § 116A(e) ("Negotiation Schedule")).

the appropriate compulsory licensing fee, the standard to be used in making that determination has been amended by the BCIA. The Tribunal is now instructed that 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.¹⁸⁹

It is interesting to note the only two points of reference set forth here: (1) the rate which was viewed as providing a fair return to the copyright owner in the past, and (2) the current "market rate" for jukebox licenses. No reference is made to minimizing the impact on the structure of the industry or to maximizing the availability of creative works to the public, as there is elsewhere in statutory authorization of the Copyright Royalty Tribunal.¹⁹⁰ The result is that the Copyright Royalty Tribunal is now, in effect, directed to set the licensing rate for jukebox compulsory licenses on a "market rate standard."

Section 804(a)(2)(C), which provides that the Copyright Royalty Tribunal shall meet in 1990 and then in each subsequent tenth calendar year,¹⁹¹ is deleted and replaced with the following provisions:

(i) In proceedings under section 801(b)(1) concerning the adjustment of royalty rates as provided in [section 116],¹⁹² 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 em-

¹⁸⁹ BCIA, *supra* note 8, at § 11 ("Copyright Royalty Tribunal") (codified at 17 U.S.C. § 801)).

¹⁹⁰ See 17 U.S.C. § 801(b)(1)(A & D). See also *supra* note 30 for a discussion of the standard which the Copyright Royalty Tribunal was required to use prior to the enactment of the BCIA.

¹⁹¹ See *supra* note 31.

¹⁹² This reads "section 115" in the text of the BCIA as printed in CCH Copyrights, New Developments, ¶ 20,510, however the reference should clearly be to section 116. Section 115 deals with mechanical licenses.

bodied 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).¹⁹³

The result is that, if no agreement is reached between the parties, the Tribunal will meet in 1990 and then each subsequent tenth year, or sooner if any agreement between the parties expires or is terminated.

C. *Propriety of the Jukebox Provisions of the Berne Convention Implementation Act*

There is no question but that the jukebox provisions of the BCIA are in conflict with the provisions of the Berne Convention. The Berne Convention does not permit compulsory licenses concerning the public performance rights, and there are no exceptions or special considerations which allow a country to retain such a licensing system. The BCIA provides for just such a licensing system in two stages: first, during the one year enforced negotiation period, and then in perpetuity should a negotiated license ever be terminated for any reason. This section will examine the propriety of the BCIA system during the one-year mandated negotiation, and will conclude with an examination of the propriety of the automatic resuscitation provisions of the BCIA which reactivates section 116 if no negotiated agreement is reached between the parties, or if, at any date in the future, such an agreement is terminated.

Even though the parties have reached a negotiated agreement which satisfies both the performing rights societies and the AMOA, and BCIA provisions providing for the retention of the compulsory licensing scheme are nevertheless in conflict with the Berne Convention. There is no provision under the Berne Convention allowing for a one-year (or any other) period during which a country will attempt to bring its domestic law into compliance with the Berne Convention. Article 36(2) of the Convention provides: "It is understood that, *at the time a country becomes bound by this Convention*, it will be in a position under its domestic law to give effect to the provisions of this Convention."¹⁹⁴ Noble and desirable as the effort was to aid the parties in reaching a negotiated agreement, the fact remains that even during the enforced negotiation period, the jukebox provisions of the BCIA are in direct conflict with the Berne Convention.

It should be noted that the Copyright Office, in its commentary on its draft of the BCIA, argued that the system of retaining the present compul-

¹⁹³ BCIA, *supra* note 8, at § 11 ("Copyright Royalty Tribunal") (codified at 17 U.S.C. § 804(a)(2)(C)).

¹⁹⁴ BCIA, *supra* note 8, at § 36(2) (emphasis added).

sory license if the parties fail to negotiate voluntary licenses within one year comports with the practice in other Berne nations of using governmental tribunals to arbitrate disputes between copyright owners and users.¹⁹⁵ The major flaw to this argument is that it ignores the fact that such arbitration, to be compatible with Berne, must not deprive individual copyright owners of the right to consent to the licensing of their works.¹⁹⁶ A compulsory license which is not permitted under the terms of the Berne Convention does not suddenly become permissible merely because the parties have failed to reach a negotiated agreement. If that were indeed the criteria for permitting compulsory licenses, the result would be that all forms of compulsory license would be justifiable. The Copyright Office itself has noted that the system established by the BCIA is "not as clearly 'Berne-compatible' as the simpler outright repeal of the current [jukebox] license."¹⁹⁷

Obviously this conflict has become essentially irrelevant as a practical matter because a comprehensive negotiated agreement has been concluded between BMI, ASCAP, SESAC and the AMOA prior to the expiration of the one-year negotiation period which commenced on March 1, 1989. However, even though an agreement has been worked out and the section 116 compulsory license is suspended, the conflict with the Berne Convention is not mooted. The reason for the continuing conflict is that the compulsory license is only suspended, not deleted. Should the negotiated agreement ever expire or be terminated for any reason, then the compulsory license would come back into effect. The conflict with the Berne Convention is not merely hypothetical, because even if the compulsory license never enters back into effect, it will constantly hang as a threat over the negotiations between the parties, creating an additional, and impermissible, factor in all negotiations, since the jukebox operators will always have the compulsory licensing "safety net" to fall back on.

D. *Consequences of the Improprieties*

Having determined that the U.S. compulsory license for jukeboxes is in direct conflict with the provisions of the Berne Convention, and that the BCIA not only fails to eliminate, but in fact perpetuates that conflict, the next question is what the consequences are of that conflict.

As already noted, the International Bureau of the Berne Convention,

¹⁹⁵ See U.S. Copyright Office, *Implementing Legislation to Permit U.S. Adherence to the Berne Convention: Draft Discussion Bill & Commentary*, 10 Colum. J. Law & The Arts 621, 631 (1986).

¹⁹⁶ *Final Report on U.S. Adherence to Berne*, *supra* note 129, at 536-37 n.21.

¹⁹⁷ U.S. Copyright Office, *Implementing Legislation to Permit U.S. Adherence to the Berne Convention: A Draft Discussion Bill & Commentary*, 10 Colum. J. Law & The Arts 621, 631 (1986).

which administers the Convention,¹⁹⁸ has no procedure for reviewing the instrument of accession filed by a prospective member to determine whether such country's domestic laws are compatible with Berne.¹⁹⁹ Furthermore, no instrument of accession has ever been rejected on the grounds of incompatibility.²⁰⁰ It therefore seems unlikely that the continued existence of the jukebox compulsory license under U.S. domestic copyright law will effect the U.S. accession to the Berne Convention, nor will there likely be any immediate legislative pressure on Congress from the Berne Union to amend either the BCIA or section 116 of Title 17.

This conclusion seems to be buttressed by the fact that Dr. Arpad Bogsch, Director General of WIPO was willing, and even anxious, to ignore the existence of the jukebox compulsory license in order to encourage U.S. adherence to the Convention.²⁰¹ As already discussed, Dr. Bogsch has asserted both the creative but unsupportable "economically unimportant"²⁰² and "future obsolescence"²⁰³ arguments in favor of the position that the U.S. jukebox compulsory license does not need to be eliminated for the U.S. entry into the Berne Convention. Other commentators have also stated a willingness to sacrifice the issue of the jukebox compulsory license, at least temporarily, to the higher goal of attaining U.S. adherence to the Convention.²⁰⁴

¹⁹⁸ Berne Convention, *supra* note 4, Article 24.

¹⁹⁹ See *supra* notes 165-167 and accompanying text.

²⁰⁰ *Id.* But cf. note 167, *supra*.

²⁰¹ Dr. Bogsch has referred to the U.S. jukebox compulsory licensing scheme as only "theoretically" providing a lower level of protection than that required by the Berne Convention. See U.S. Adherence to the Berne Convention: Hearings Before the Senate Subcomm. on Patents, Copyrights and Trademarks of the Senate Judiciary Comm., 99th Cong., 1st Sess., unofficial transcript at 12 (May 16, 1985) (remarks of Dr. Arpad Bogsch), cited in *Final Report on U.S. Adherence to Berne*, *supra* note 129, at 537.

²⁰² See *supra* notes 158-161 and accompanying text.

²⁰³ See *supra* notes 162-163 and accompanying text.

²⁰⁴ Professor John M. Kernochan, Nash Professor of Law at Columbia University, for example, has noted that:

the failure by the U.S. to revise the existing political entente on jukeboxes, with its long difficult history, would not be fatal. It would not, I think, be seen by most other Berne signatories or by WIPO officials as constituting a sufficient ground of objection to U.S. adherence to Berne. . . . These remarks are not intended to condone in any degree the present U.S. jukebox compulsory license nor to suggest abandonment of efforts to rid our law of this anomalous compulsory license. Rather, it is suggested that, as matters stand, removal of the clause now is most probably not a *sin qua non* for acceptance of our adherence to Berne, especially if our efforts to deal with this problem are continued.

J. Kernochan, *Comments on Discussion Bill and Commentary Prepared for the April 15 Subcommittee Meeting as a Proposed Draft of Implementing Legislation to Permit U.S. Adherence to Berne*, 10 Colum. J. Law & The Arts 699 (1986).

If problems are to arise in the near future because of the U.S. insistence on the retention of the jukebox compulsory license, they will, therefore, most likely come not from the Berne Union itself or from WIPO, but rather from other member nations. Any complaint by a member country that the U.S. domestic copyright law is not compatible with a provision of the Berne Convention would have to be settled under Article 33(1) of the Convention, which provides that disputes between members concerning interpretation or application of the Convention shall be brought before the Court of International Justice.²⁰⁵ No other Berne member country besides the United States has a compulsory license provision for jukeboxes in its domestic law.²⁰⁶ It is, of course, not possible to predict whether any Berne member will object to the U.S. jukebox compulsory license as a matter of principle. As a matter of economics, Great Britain is the only country whose composers have a significant economic interest in the use of their music on jukeboxes in the United States.

While it is unclear at this time whether the Berne Union, WIPO, or any member country of the Berne Convention will challenge the U.S. for its retention of the jukebox compulsory license, it is nevertheless very clear that the jukebox compulsory license represents bad policy. As just noted, no other Berne member country has an equivalent law, and virtually all commentators—including the AMOA itself²⁰⁷—agree that the U.S. law is in conflict with the provisions of the Berne Convention, and will remain in conflict even under the BCIA.

IV. THE NEGOTIATED AGREEMENT

A. *The Negotiation of the Agreement*

At the time of the enactment of the BCIA, it seemed unlikely that the primary parties involved (BMI, ASCAP, SESAC and AMOA) would be able to reach an agreement for a direct, non-compulsory, licensing arrangement. Since it was clear that if the negotiations failed the compulsory licensing system of section 116 would continue in effect unchanged, it was generally felt that the jukebox operators would have little motivation to negotiate a licensing agreement which provided for higher royalties than the present compulsory license,²⁰⁸ and the performing rights societies would have little

²⁰⁵ See *supra* notes 168-169 and accompanying text.

²⁰⁶ See *Final Report on U.S. Adherence to Berne*, *supra* note 129, at 539.

²⁰⁷ See *Comments of the Amusement and Music Operators Association*, 10 Colum. J. Law & The Arts 645-648 (1986). While not disputing the fact that the jukebox compulsory license is incompatible with Berne, the AMOA does, nevertheless, strongly argue for the retention of the compulsory licensing system.

²⁰⁸ Indeed the jukebox industry trade journal has noted that:

The plain truth is, direct negotiations are almost guaranteed to result in stalemate. The industry will then be allowed to fall back on the compulsory license system presently in use. In short, the worse that should happen this

motivation to negotiate a licensing agreement which provided for lower royalties. The performing rights societies have consistently rejected any of the alternative licensing systems proposed in the past by the AMOA that would not have required a per-jukebox annual royalty payment.²⁰⁹ It was therefore difficult to envision any common ground for a negotiated agreement.

There was an additional impediment to the successful negotiation of a voluntary licensing agreement: it was extremely unlikely that the AMOA would agree to any licensing arrangement which was not in all respects comprehensive. The concern of the AMOA was that if a negotiated agreement did not include, at the very least, the complete catalogues of both BMI and ASCAP, the jukebox operators would end up paying twice: once under the terms of the negotiated license, and then a second time under the section 116 (or section 116A) compulsory license for all works not covered by the term of the negotiated agreement. Although it was possible that the Copyright Royalty Tribunal would reduce the amount of the statutory compulsory licensing fee in such a situation, the jukebox operators were unwilling to take the risk of entering into a partial agreement that could result in their having to pay two separate licensing fees.

While all of these factors made the likelihood of a negotiated agreement seem slim, there was one factor which did provide an impetus for the parties to reach a negotiated agreement. If at the end of the one-year negotiation period (ending March 1, 1990) the parties had not reached an agreement, the Copyright Royalty Tribunal was empowered to conduct new rate-making proceedings.²¹⁰ While it seemed likely that the Tribunal would raise the compulsory license fee, particularly in light of the revised statutory instructions to the Tribunal for its jukebox rate-making proceedings,²¹¹ neither the performing rights societies nor the jukebox operators could be certain of the

year is that we'll maintain the status quo, with jukebox licenses priced at \$63 per year.

Prelude to Victory: AMOA's '88 Political Success Paves Way For Possible Cut In Jukebox Royalties, RePlay Magazine, January 1989, at 105.

²⁰⁹ Systems that have been proposed in the past and rejected include compulsory licensing with a per-box maximum, compulsory licensing with a fixed fee for each record purchased, compulsory licensing with a fixed fee for every record in the jukebox, and a royalty based on the useful life of the jukebox. See *supra* notes 115-120 and accompanying text.

²¹⁰ BCIA, *supra* note 8, at § 4(a)(4) (codified at 17 U.S.C. § 116A(f) ("Copyright Royalty Tribunal To Suspend Various Activities")). The Copyright Royalty Tribunal was scheduled to conduct its next rate-setting proceedings concerning jukeboxes in 1990. See *supra* note 31.

²¹¹ The BCIA revised the instructions to the Tribunal concerning what factors it should weigh when determining whether a return to a copyright owner under section 116 is fair, with the result that the standard might now be viewed as a "market rate" standard. See *supra* note 189-190 and accompanying text.

outcome of those proceedings.²¹² The jukebox operators therefore had the incentive to agree to a voluntary arrangement providing for an increase in licensing fee with the expectation that the agreed-upon increase would be smaller than the increase in the compulsory license fee that the Tribunal might mandate; similarly the performing rights societies had the incentive to agree to voluntary arrangement providing for a somewhat smaller increase in licensing fees than might be desirable with the expectation that the agreed-upon increase would be larger than the increase that the Tribunal might conceivably mandate.²¹³

The uncertainty about what the Copyright Royalty Tribunal would do if left with the responsibility to set the rate for the compulsory license added an interesting element to the atmosphere under which the parties negotiated—since no one knew exactly what the alternative rate would be if the negotiations failed. *RePlay Magazine*, the trade journal of the jukebox and coin-operated amusement industry, confidently predicted in an article headlined “Prelude to Victory” that “the [Copyright Royalty Tribunal] is not expected to increase license fees by very much, if at all. In fact, it’s just possible that the jukebox industry could even see a small rate cut.”²¹⁴ No support was offered for this prediction, and all evidence seemed to indicate that if the Tribunal acted consistently with its new statutory mandate, it would have had no choice but to approve a substantial increase in the annual license fee.

The Tribunal has indicated in past proceedings that it believes that the royalty fee should reflect “marketplace rates.”²¹⁵ In its 1981 proceedings, one commissioner of the Tribunal argued strongly that the only credible evidence to establish what the appropriate marketplace rate should be are the

²¹² The Copyright Royalty Tribunal is instructed that, in determining the appropriate compulsory licensing fee, it should give weight 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.

BCIA, *supra* note 8, at § 11 (“Copyright Royalty Tribunal”) (codified at 17 U.S.C. § 801). Under the scenario being discussed there would have been no license negotiated pursuant to section 116A, so only the first factor would be applicable. See *supra* note 30 for a discussion of the applicable standard prior to the enactment of the BCIA.

²¹³ Marvin Berenson, BMI’s chief counsel for licensing, has noted that “[a] voluntary pact between the parties . . . is preferable to having the government issue a ruling that might not be satisfactory to either side.” *New Jukebox Royalties Set*, *Billboard*, Jan. 6, 1990, at 87.

²¹⁴ *Prelude to Victory: AMOA’s ‘88 Political Success Paves Way For Possible Cut In Jukebox Royalties*, *RePlay Magazine*, January 1989, at 105.

²¹⁵ 46 Fed. Reg. 888 (1981).

license fees paid by identical or similar users.²¹⁶ That Commissioner argued that the appropriate fee should have been \$130 per jukebox.²¹⁷ This conclusion was reached prior to the enactment of the BCIA, which provides that the Tribunal is now to consider only two factors when determining the appropriate licensing rate for jukeboxes: (1) the rates previously determined by the Tribunal to provide a fair return to the copyright owner, and (2) the rates contained in any license negotiated pursuant to section 116A.²¹⁸ No reference is made to minimizing the impact on the structure of the industry or to maximizing the availability of creative works to the public, as appears elsewhere in the Copyright Act.²¹⁹ The result is that the role of the Tribunal is now apparently limited to determining the market rate for recorded music licenses applicable to jukeboxes, and to apply that rate without reductions or policy-based ameliorations.

Negotiations on a negotiated direct licensing arrangement began between representatives of BMI, ASCAP, SESAC and the AMOA in the late spring of 1989,²²⁰ and by early January of 1990 the parties announced that they had indeed been able to reach an agreement in principle.²²¹ During December of 1989 and the first three months of 1990 the parties worked at hammering out the precise language of the agreement. On March 22, 1990, the final agreement was at last executed and terms of the agreement made public.

B. The Terms of the Agreement

The negotiated agreement that replaces the section 116 compulsory license actually consists of two agreements: a four-party agreement between the three performing rights societies and the AMOA (hereinafter referred to

²¹⁶ 46 Fed. Reg. 890 (1981) (separate findings of fact and conclusions of law of Commissioner James).

²¹⁷ 46 Fed. Reg. 891 (1981).

²¹⁸ BCIA, *supra* note 8, at § 11 ("Copyright Royalty Tribunal") (codified at 17 U.S.C. § 801).

²¹⁹ See 17 U.S.C. § 801(b)(1)(A & D).

²²⁰ The parties were required to agree upon and notify the Chairman of the Copyright Royalty Tribunal of the date and location of the first meeting between the parties to commence the negotiations. If the Chairman was not provided with such notice by May 1, 1989, then he was required to schedule such a meeting of his own initiative, with the first meeting to be held not later than June 1, 1989. BCIA, *supra* note 8, at § 4(a)(4) (codified at 17 U.S.C. § 116A(e) ("Negotiation Schedule")). Any follow-up meetings were left to the initiative of the parties.

²²¹ One of the first announcements of the agreement appeared in Billboard magazine, which reported that: "The performing rights societies and the nation's jukebox operators have reached an agreement in principle on a multi-year pact that will set the rates for jukebox royalties. A final agreement is expected to be signed by February which, after congressional approval, will take effect retroactive to Jan. 1, 1990." *New Jukebox Royalties Set*, Billboard, Jan. 6, 1990, at 12 & 87.

as the "Structural Agreement"), and a form agreement to be entered into between the three performing rights societies (as one unit) and individual jukebox operators (hereinafter referred to as the "Jukebox Operator License"). The Structural Agreement sets forth the agreement of the performing rights societies and the AMOA concerning the administration of the Jukebox Operator Licenses, the form of those licenses, and the amount of annual licensing fees that may be charged. The Jukebox Operator License is the agreement each jukebox operator seeking a license will be required to sign.

The Structural Agreement is effective on March 1, 1990, and has a term of ten years, subject to renewal. It provides for the establishment of a "Jukebox License Office," which will be established by the three performing rights societies. The Office will collect the license fees and will issue the license certificates. The Office is also charged with the obligation of keeping certain records about the number of jukeboxes registered by each society, whether through the Office or directly by the society.

The Structural Agreement provides that the Jukebox Operator License, which is to be attached to the Structural Agreement as an exhibit, shall be made available to all jukebox operators, and shall cover the right to perform all of the copyrighted musical compositions in the repertoires of BMI, ASCAP, and SESAC. If, however, a jukebox operator fails to license one or more of its jukeboxes by March 15 of any year or within 30 days after making such jukebox(es) available for public performance, such jukebox(es) shall not be eligible for a Jukebox Operator License for the balance of that calendar year and the next calendar year. In such a case, BMI, ASCAP, and SESAC each has the right separately to license the public performance of music in their repertory for such jukebox(es) in accordance with each society's usual form of license agreement (which in most cases will be a general recorded music license—and which in almost every case will be substantially more expensive than the cost of the equivalent Jukebox Operator License).

The Jukebox Operator License, as noted above, is issued by the Jukebox License Office and covers all compositions controlled by all three performing rights societies. The license operates in much the same manner as the compulsory license which it replaces: a jukebox operator must apply on an annual basis for a license for each jukebox which it operates. The operator is then issued a registration certificate, which must be prominently displayed on the jukebox. Failure to display the certificate as required by the terms of the License renders the License invalid, and all performances of copyrighted music on a jukebox that is not properly displaying the certificate constitutes an act of copyright infringement.

As was the case with the compulsory license, the new negotiated license does not apply to video jukeboxes. Any jukebox which is accompanied by a video image must still be licensed directly and separately with each of the

three performing rights societies. Also consistent with the system that existed under the compulsory licensing scheme, the new licenses are not tied to specific jukeboxes but only to the total quantity of jukeboxes that an operator has on location at any one time. Therefore, if a registered jukebox is replaced at any time with a different, unregistered, jukebox, the registration certificate may be shifted from the new to the old.

Unlike the compulsory license, the new Jukebox Operator License provides for a sliding scale for the cost of registration. As of December 31, 1989, the annual registration fee under the Section 116 compulsory license was \$63 per jukebox. The Jukebox Operator License provides that for 1990, the annual fee for the first jukebox registered will be \$275 for a single jukebox, plus \$55 per jukebox for the second through tenth jukeboxes registered by the same operator, plus \$48 per jukebox for the eleventh and each additional jukebox registered by the same operator. Unlike with the compulsory license, there will be no half-year discounts, and there will be no pro-rated fees. If, however, a jukebox is placed in service for the first time after December 1 of a given year, there is no obligation to register such jukebox for the remainder of that year.

The cost of the licenses will, beginning in 1993, be adjusted annually in an amount equal to the percentage increase in the Consumer Price Index. In addition, there is an elaborate formula which will result in a reduction of the fees charged if a substantially large number of jukeboxes are registered pursuant to the new negotiated licensing system.

C. Analysis of the Agreement Under the Provisions of the BCIA and the Berne Convention

There are two steps to analyzing the impact of the negotiated licensing agreement. The first stage is to examine whether the provisions of the agreement comply with the requirements of the BCIA, and the second is to examine whether the agreement eliminates the conflicts between the provisions of the Berne Convention and U.S. law, as set forth in the BCIA and the 1976 Copyright Act. This section will then conclude with a brief look at possible antitrust concerns regarding the direct licensing agreement.

1. Does the new agreement satisfy the requirements of the BCIA?

The first stage of this analysis, even before turning to the issue of whether the agreement satisfies the requirements of the Berne Convention, is to examine whether the agreement satisfies the specific requirements of the BCIA. A number of questions are raised by the fact that the AMOA represents only a fraction of the jukebox operators in the United States, and that BMI, ASCAP, and SESAC do not represent all composers whose music is performed on jukeboxes.

(a) *Does it matter that the AMOA does not represent all jukebox operators?*

The BCIA does not specify with whom the performing rights societies must negotiate voluntary licenses or with whom they must enter into such licenses in order that the voluntary agreement replace the section 116 compulsory license. The BCIA provides only that provisions of section 116 are to be suspended if there are negotiated licenses "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 10 year period ending on the effective date of the Act."²²² This provision focuses on the number of musical works which must be available under the negotiated license, not on the number of jukeboxes that such a license must cover.

It is interesting to note that during the debate over which of the various jukebox licensing schemes to adopt in the 1976 Copyright Act, the jukebox operators opposed a compulsory arbitration-based licensing scheme because "there [was] no limit on the number of copyright owners with whom the operator[s] would have to negotiate."²²³ The BCIA poses the inverse problem: it places no requirements on the minimum number of jukebox operators with whom the copyright owners must enter into negotiated licenses.

Even the provision of the BCIA which calls for meetings between the parties and which requires the Chairman of the Copyright Royalty Tribunal to schedule such a meeting if the parties do not do so of their own volition,²²⁴ does not address exactly with whom the performing rights societies must negotiate. That provision only refers to "copyright owners and operators of coin-operated phonorecord players referred to in subsection (c)(1)."²²⁵ Subsection (c)(1) provides only that: "Any owners of copyright in works to which this section applies and any operators of coin-operated phonorecord players may negotiate. . ."²²⁶ The term "operator" is not defined in the BCIA, however, the definition of that term provided in section 116(e) of the Copyright Act can include the owner of the establishment in which the jukebox is located.²²⁷ The result is that the performing rights societies are not

²²² BCIA, *supra* note 8, at § 4(a)(4) (codified at 17 U.S.C. § 116A(b)(2) ("Limitation On Exclusive Right If Licenses Not Negotiated; Determination by Copyright Royalty Tribunal").

²²³ See *supra* note 116 and accompanying text.

²²⁴ BCIA, *supra* note 8, at § 4(a)(4) (codified at 17 U.S.C. § 116A(e) ("Negotiation Schedule")).

²²⁵ *Id.*

²²⁶ BCIA, *supra* note 8, at § 4(a)(4) (codified at 17 U.S.C. § 116A(c)(1) ("Negotiated Licenses")).

²²⁷ For a discussion of the definition of the term jukebox "operator" under the 1976 Copyright Act (as set forth in 17 U.S.C. § 116(e)(2)), see *supra* note 26 and accompanying text.

obligated to negotiate with the AMOA, or with any set number of jukebox operators. Therefore, the fact that the voluntary agreement was negotiated with an organization which represents only a fraction of the jukebox operators in the United States—and only a certain type of jukebox operator (those operating a substantial number of boxes)—does not pose any problem under the terms of the BCIA, and does not threaten the validity or effectiveness of the agreement under the provisions of 17 U.S.C. § 116A.

(b) Does the agreement make available substantially the same quantity of musical works?

As noted above, the BCIA provides that the section 116 compulsory license for jukeboxes shall be suspended if there is a negotiated agreement in force which provides "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 [the BCIA]."²²⁸ Since BMI, ASCAP and SESAC represent virtually all music which is performed on jukeboxes (as demonstrated by the distribution of the compulsory licensing fees by the Copyright Royalty Tribunal in past years), there is no question but that a voluntary licensing system which encompasses all compositions contained in the BMI, ASCAP and SESAC catalogs would provide permission to use a quantity of musical works "not substantially smaller" than the quantity available under the section 116 compulsory license. Therefore, the fact that there is some music which was made available by the compulsory license which is not available under the BMI/ASCAP/SESAC license poses no impediment to the validity or effectiveness of the agreement.

(c) The role of the Copyright Royalty Tribunal

The BCIA provides that the Copyright Royalty Tribunal is directed to meet after March 1, 1990 to determine whether the direct licenses called for under section 116A(b)(2) have in fact been negotiated.²²⁹ The review by the Tribunal is limited to a determination of whether the voluntary agreement makes available substantially the same quantity of musical works as were available under the compulsory license.²³⁰ As discussed above, the voluntary

²²⁸ BCIA, *supra* note 8, at § 4(a)(4) (codified at 17 U.S.C. § 116A(b)(2) ("Limitation On Exclusive Right If Licenses Not Negotiated; Determination By Copyright Royalty Tribunal")).

²²⁹ BCIA, *supra* note 8, at § 4(a)(4) (codified at 17 U.S.C. § 116A(b)(2) ("Limitation On Exclusive Right If Licenses Not Negotiated; Determination By Copyright Royalty Tribunal")).

²³⁰ BCIA, *supra* note 8, at § 4(a)(4) (codified at 17 U.S.C. § 116A(b)(2) ("Limitation On Exclusive Right If Licenses Not Negotiated; Determination by Copyright Royalty Tribunal")).

licenses which will be offered by BMI, ASCAP, and SESAC pursuant to the negotiated agreement do in fact make available substantially the same amount of music as was previously available.²³¹

Once the determination is made that the voluntary licenses provide substantially the same quantity of music, the Tribunal is prohibited from conducting any rate making activity with respect to jukeboxes.²³² However the rate setting powers of the Tribunal are not terminated, but are merely suspended.²³³ If the negotiated license ever terminates or expires and is not replaced by a subsequent agreement, any party to such agreement may petition the Tribunal to promptly establish an interim royalty rate to apply to a revived compulsory license. The BCIA provides that the "interim royalty rate or rates shall be the same as the last such rate or rates. . ."²³⁴ It is not clear what is meant by "the last such rate," although it would seem more logical to conclude that Congress intended the interim rate to be the rate as established by the terms of the expired or terminated agreement, and not the last rate set by the Copyright Royalty Tribunal prior to the effective date of the BCIA. Such interim royalty rate shall remain in force until the conclusion of formal proceedings to adjust the royalty rates, or until superseded by a new negotiated license agreement.²³⁵

(d) The impact of the agreement on works not controlled by BMI, ASCAP, or SESAC

One other point worth noting is the impact that the new negotiated li-

²³¹ See *supra* notes 228 and accompanying text.

²³² BCIA, *supra* note 8, at § 4(a)(4) (codified at 17 U.S.C. § 116A(f) ("Copyright Royalty Tribunal To Suspend Various Activities")); BCIA, *supra* note 8, at § 11 (codified at 17 U.S.C. § 804(a)(2)(C)).

²³³ For a discussion of the possible revival of the compulsory license, see *infra* section VI(2).

²³⁴ *Id.* (emphasis added).

²³⁵ BCIA, *supra* note 8, at § 11 ("Copyright Royalty Tribunal") (codified at 17 U.S.C. § 804(a)(2)(C)) provides:

(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).

censing agreement will have on performing rights societies other than BMI, ASCAP and SESAC, and on unaffiliated composers. BMI and ASCAP are the only two societies which, as a regular practice, license recorded music to establishments. And between the two, they control virtually all music performed on jukeboxes in this country. The result is that under the negotiated agreement individual composers and the foreign organizations not affiliated with either BMI, ASCAP, or SESAC (some of which have in the past filed claims with the Copyright Royalty Tribunal) will not receive any royalty income from jukeboxes. Because the section 116 compulsory license no longer applies and because other past claimants are not capable of issuing establishment-based licensing, they will cease to collect any revenue from jukeboxes in the United States.²³⁶

(e) *The negotiated agreement and the 1976 Copyright Act*

Aside from satisfying the specific requirements of the BCIA, the negotiated licensing agreement also serves to eliminate a long standing inconsistency contained in the 1976 Copyright Act. It should not be forgotten that jukeboxes are not fundamentally different from any other music delivery system used in commercial establishments. Indeed the new video jukeboxes were not covered by the jukebox compulsory licensing provisions of section 116, and were treated no differently from any other form of music delivery system.²³⁷ The only reason that jukeboxes were selected out for special treatment under the Copyright Act was purely historical: at one time jukeboxes were treated as an exception to the copyright owner's public performance right. It was argued that a transition was necessary from exemption to inclusion. That transition lasted for over ten years, and eventually became a self-perpetuating idea with a life of its own.²³⁸

²³⁶ This is virtually a moot point, however, since, as previously noted, virtually all popular music currently available for performance on jukeboxes in this country is controlled either by BMI or by ASCAP. It should be noted that the nonparticipation of unaffiliated composers and unaffiliated foreign organizations in the negotiated agreement does not pose any problems under the BCIA, because substantially the same quantity of musical works will be available for performance on jukeboxes under the BMI/ASCAP/SESAC negotiated agreement as was available prior to the effective date of the BCIA. See BCIA, *supra* note 8, at § 4(a)(4) (codified at 17 U.S.C. § 116A(b)(2) ("Limitation On Exclusive Right If Licenses Not Negotiated; Determination By Copyright Royalty Tribunal"))).

²³⁷ Section 116 defines jukeboxes as "coin-operated phonorecord players," and phonorecords are defined as "material objects in which sounds, *other than those accompanying a motion picture or other audiovisual work*, are fixed by any method now known or later developed. . . ." 17 U.S.C. § 101 (emphasis added). See *supra* note 23 (discussion of the licensing of video jukeboxes).

²³⁸ A strained, but nevertheless interesting, analogy can be made to toll booths on highways which were originally intended to raise money to pay for the road

The great irony here is that, unlike any other form of music delivery system (radios, tape decks, compact disc players), jukeboxes earn money in and of themselves. A commercial establishment utilizing a sound system for the enjoyment of its customers while they patronize the establishment was required to purchase a background (recorded) music license from BMI, ASCAP, and SESAC unless exempted under section 110(5), and the cost of that license is set by the performing rights society issuing the license, subject of course to market forces.²³⁹ However, an establishment which provided a jukebox for the enjoyment of its customers while they patronize the establishment could avail itself of a compulsory license for the music it used, the rate for which is set by the Copyright Royalty Tribunal at a scale substantially below the rate charged by either BMI, ASCAP, or SESAC for a background (recorded) music license—despite the fact that both the establishment and the owner of the jukebox earned direct income from the operation of the jukebox, but not from the operation of the sound system.

A further irony, which arose under the terms of the BCIA, is that Congress rejected the idea of directly discarding the compulsory licensing system in favor of "market rate" system. But at the same time it changed the standard which the Copyright Royalty Tribunal is required to use when determining the appropriate compulsory licensing rate. The Tribunal is now instructed that when determining the appropriate licensing rate for jukeboxes it is to consider only two factors: (1) the rates previously determined by the Tribunal to provide a fair return to the copyright owner, and (2) the rates contained in any license negotiated pursuant to section 116A.²⁴⁰ This is essentially a market rate standard. The Tribunal could, of course, act as a check to ensure that the licensing rate is in fact a fair market rate—however there are already other mechanisms available to ensure that rates set by the performing rights society do not become excessive.²⁴¹

itself but now raise money in large part to maintain and operate the toll plazas themselves.

²³⁹ See, e.g., *Broadcast Music, Inc. v. United States Shoe Corp.*, 678 F.2d 816 (9th Cir. 1982); *Sailor Music v. Gap Stores, Inc.*, 668 F.2d 84 (2d Cir. 1981) (ASCAP case).

²⁴⁰ See *supra* notes 189-190 and accompanying text.

²⁴¹ For example, under the terms of the ASCAP antitrust consent decree, any ASCAP licensee may appeal the amount of any licensing fee to the federal court. *United States v. American Society of Composers, Authors and Publishers, et al.*, Civ. Action No. 13-95 (S.D.N.Y. Mar. 4, 1950) (Amended Final Judgment, amending 1941 consent decree). Paragraph IX(A) of that decree provides:

ASCAP shall, upon receipt of a written application for a license for the right of public performance of any, some or all of the compositions in the ASCAP repertory, advise the applicant in writing of the fee which it deems reasonable for the license requested. If the parties are unable to agree upon a reasonable fee within sixty (60) days from the date when such application is

2. *Does the new agreement satisfy the requirements of the Berne Convention?*

The answer to the question of whether the new direct licensing agreement satisfies the requirements of the Berne Convention is both yes and no.

The BCIA provides that a negotiated voluntary license, once approved by the Copyright Royalty Tribunal, shall replace the compulsory licensing system of section 116,²⁴² thus eliminating the conflict with Article 11(1)(i) of the Berne Convention which prohibits compulsory licenses.²⁴³ However if the negotiated agreement ever expires or is terminated, the BCIA provides that the section 116 compulsory license will come back into effect with respect to all musical works that were the subject of such terminated or expired licenses.²⁴⁴ Within one year of the termination of any such terminated or expired negotiated license agreement, or upon the petition of any party to such license agreement, the Copyright Royalty Tribunal shall then establish an interim royalty rate covering the musical works which were subject to the license.²⁴⁵

The result is that, while the negotiated agreement removes the immediate conflict with the provisions of Article 11(1)(i) of the Berne Convention, there still exists a conflict between U.S. copyright law and the provisions of Berne. And while the conflict may for the time being be latent, it is certainly not moot, because it will continue to hang as an impermissible threat over all negotiations between the performing rights societies and the jukebox operators.

3. *Does the existence of the agreement between BMI, ASCAP, SESAC and the AMOA pose antitrust problems?*

One other question which is certain arise from the agreement of the parties to the new direct licensing agreement is whether the existence of the agreement gives rise to antitrust violations. BMI and ASCAP have both faced serious challenges to their operating procedures based on antitrust allegations. Both BMI and ASCAP are currently operating under separate

received by ASCAP, the applicant therefor may forthwith apply to this Court for the determination of a reasonable fee and ASCAP shall, upon receipt of notice of the filing of such application, promptly give notice thereof to the Attorney General.

²⁴² BCIA, *supra* note 8, at § 4(a)(4) (codified at 17 U.S.C. § 116A(d) ("License Agreements Superior to Copyright Royalty Tribunal Determinations")); BCIA, *supra* note 8, at § 4(a)(4) (codified at 17 U.S.C. § 116A(g) ("Transition Provisions; Retention of Copyright Royalty Tribunal Jurisdiction")).

²⁴³ See *infra* section II(C)(2) (discussion of the prohibition set forth in the Berne Convention against compulsory licenses).

²⁴⁴ BCIA, *supra* note 8, at § 4(a)(4) (codified at 17 U.S.C. § 116A(g) ("Transitions Provisions; Retention of Copyright Royalty Tribunal Jurisdiction")).

²⁴⁵ BCIA, *supra* note 8, at § 11.

court-administered consent decrees negotiated with the United States Department of Justice.²⁴⁶ The question therefore arises whether any antitrust problems arise from the entry by BMI, ASCAP, SESAC and the AMOA into a joint agreement abolishing the compulsory licensing system and replacing it with a BMI/ASCAP/SESAC jointly administered licensing system. The specific question is whether a non-member of the AMOA could challenge this arrangement on the basis that it constitutes illegal price fixing. The answer appears to be that such a challenge would not succeed.

The BCIA, unlike section 116(c)(2) of the 1976 Copyright Act,²⁴⁷ does not provide for an explicit antitrust exemption for the performing right societies. The BCIA does provide that the copyright owners and jukebox operators "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."²⁴⁸ While this provision does not provide an antitrust exemption covering any form of agreement, it does indicate that Congress did not intend for the mere existence of an agreement between the performing rights societies governing the amount of licensing fees to constitute an antitrust violation. Since the benefits of the agreement are available equally to AMOA members and non-members and the licensing fees charged are the same for AMOA members and non-AMOA members, it does not appear that the existence of a jointly-administered direct licensing agreement will present an antitrust problem.

V. Questions for the Future

1. What if no jukebox operators purchase the license?

The first question arising under the new negotiated licensing scheme is what would happen if only an extremely insignificant number of jukebox operators purchase licenses for their jukeboxes. In 1988 approximately 98,500 jukeboxes were registered under the compulsory licensing system (out of an estimated total of 400,000 jukeboxes in operation during that year).²⁴⁹ Obviously, the negotiated licensing system will not be considered a true success by

²⁴⁶ For a discussion of the terms of the separate BMI and ASCAP consent decrees, see S. Shemel & M.W. Krasilovsky, *This Business of Music* 187-189 (1985).

²⁴⁷ 17 U.S.C. § 116(c)(2) covers the distribution of royalties collected by the Copyright Royalty Tribunal from jukebox registration fees. It provides:

Notwithstanding any provisions of the antitrust laws, for purposes of this subsection any claimants may agree among themselves as to the proportionate division of compulsory licensing fees among them, may lump their claims together and file them jointly or as a single claim, or may designate a common agent to receive payment on their behalf.

²⁴⁸ BCIA, *supra* note 8, at § 4(a)(4) (codified at 17 U.S.C. § 116A(c)(1) ("Negotiated Licenses; Authority For Negotiations")).

²⁴⁹ For a discussion of the percentages and total numbers of jukeboxes registered in

the performing rights societies unless it raises the number of licenses sold well over the 100,000 mark. However, even if substantially less than 100,000 licenses are sold, the viability of the voluntary licensing system will not be threatened.

If operators fail to purchase the new licenses, it is purely a problem of enforcement. The performing rights societies will have to deal with the problem through litigation, by bringing law suits for copyright infringement (as they did in the past to enforce the compulsory licensing system). The BCIA provides that the section 116 compulsory license shall be suspended if there are negotiated licenses in force which 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 [the BCIA]."²⁵⁰ The revival of the compulsory license is thus tied to the quantity of musical works *available* by the negotiated license. Even if virtually no one takes advantage of the negotiated license, so long as it is made available the compulsory license cannot be revived.²⁵¹

2. *What Happens upon the Termination of the Agreement?*

The negotiated agreement agreed to between the performing rights societies and the AMOA is limited to a term of ten years. It is therefore important to examine what will happen, under the provisions of the BCIA, following the expiration—or earlier termination—of that agreement.

The BCIA focuses not on the existence of a large scale negotiated agreement, but rather on the existence of negotiated licenses.²⁵² During each year of the term of the agreement, thousands of individual licenses will be issued by the performing rights societies. Even if the negotiated agreement expires

each year of the compulsory licensing system, see *supra* notes 74-79 and accompanying text.

²⁵⁰ BCIA, *supra* note 8, at § 4(a)(4) (codified at 17 U.S.C. § 116A(b)(2) ("Limitation On Exclusive Right If Licenses Not Negotiated; Determination By Copyright Royalty Tribunal")).

²⁵¹ It should be noted that the number of licenses purchased by jukebox operators will in all likelihood fall off sharply in the first year or two of the negotiated licensing system. However, once the performing rights societies commence vigorous enforcement efforts through litigation for infringement of copyright against operators who have not purchased licenses, the number of licenses purchased should increase dramatically.

²⁵² The section 116 compulsory license shall be suspended if there are negotiated licenses in force which provides "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 [the BCIA]." BCIA, *supra* note 8, at § 4(a)(4) (codified at 17 U.S.C. § 116A(b)(2) ("Limitation On Exclusive Right If Licenses Not Negotiated; Determination By Copyright Royalty Tribunal")).

or terminates, so long as the performing rights societies continue to offer the licenses to jukebox operators and a significant number continue to purchase the licenses, there will be negotiated licenses in effect which grant "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 [the BCIA]."²⁵³

Thus, although licenses with individual operators will frequently expire or be terminated, and the BMI/ASCAP/SESAC/AMOA agreement may at some point expire or be terminated, negotiated licenses will still remain in effect with a substantial number of jukebox operators.²⁵⁴ It therefore seems entirely possible that the section 116 compulsory license may never be automatically resuscitated.

CONCLUSION

The negotiated agreement between the performing rights societies and the AMOA has effectively replaced the statutorily-created compulsory license for the performance of music on jukeboxes with a voluntary licensing system. This voluntary agreement accomplishes what Congress did not do in the Berne implementation legislation: it eliminates a major conflict between a point of U.S. domestic law and the provisions of the Berne Convention. No longer will it be necessary to invent convoluted excuses in attempts to explain away the conflict between the Berne prohibition on compulsory licenses and the existence of a major compulsory licensing scheme in U.S. copyright law.

The problem is, however, not so much eliminated as it is hibernated. If the voluntary agreement ever lapses, the old compulsory licensing system springs back to life. Even if this never happens, the threat of a revived compulsory license will continue to loom as an unjustifiable threat over all future negotiations between the performing rights societies and jukebox operators. Now that the parties have demonstrated that a voluntary license can indeed be arrived at, Congress should take the next step towards full compliance with the provisions of the Berne Convention by eliminating in their entirety the section 116 compulsory license provisions of the Copyright Act.

²⁵³ See *supra* note 252.

²⁵⁴ It would, of course, be possible for an operator who has an expired license to attempt to invoke Section 11 of the BCIA, with the result that the Copyright Royalty Tribunal would set the amount of the royalty fee. It seems unlikely, however, that an operator would be motivated to spend the time and money on such an effort which would result in the setting a royalty fee that in all likelihood would be identical to that set pursuant to the expired license. See *supra* notes 189-90 and accompanying text.

PART II**LEGISLATIVE AND ADMINISTRATIVE
DEVELOPMENTS***United States of America and Territories***60. U.S. CONGRESS. SENATE.**

S. 1880. A bill to amend title VI of the Communications Act of 1934 to ensure carriage on cable television of local news and other programming and to restore the right of local regulatory authorities to regulate cable television rates, and for other purposes. Introduced by Mr. Danforth on November 15, 1989; and referred to the Committee on Commerce, Science, and Transportation. (101st Congress, 1st Sess.).

Entitled the "Cable Television Consumer Protection Act of 1989," this bill would prohibit programmers affiliated with cable operators from unreasonably discriminating against any distributor in the price, terms, conditions or availability of their programming. In addition, the bill caps the size of cable operators to 15 percent of cable subscribers nationwide. It also restores to local officials the authority to regulate basic cable service in the absence of effective competition.

61. U.S. CONGRESS. HOUSE OF REPRESENTATIVES.

H.R. 3499. A bill to strengthen the intellectual property laws of the United States by providing protection for original designs of useful articles against unauthorized copying. Introduced by Mr. Moorhead on October 19, 1989; and referred to the Committee on the Judiciary. (101st Congress, 1st Sess.).

Entitled the "Design Protection Act of 1989," this bill provides a new form of protection for designs of useful articles — protection having a shorter term than copyright, tailored to protect sellers and distributors, quick, inexpensive, and more reliable than design patents. The term of protection would be 10 years. The requirements for obtaining protection are more similar to copyright law than to patent law. Protection would begin on the date of registration or on the date the design is first made public, whichever occurs first. If the design is not registered within 1 year from the date it is first made public, protection under the bill would be lost. Provisions of the bill would be administered by the Register of Copyrights.

62. U.S. CONGRESS. HOUSE OF REPRESENTATIVES.

H.R. 3568. A bill to amend title 17 of the United States Code to assure

the protection of motion picture copyrights, and for other purposes. Introduced by Mr. Berman on November 1, 1989; and referred to the Committee on the Judiciary. (101st Congress, 1st Sess.).

Entitled the "Motion Picture Copyright Protection Act of 1989," this legislation would amend the Copyright Act to provide that the manufacture, sale, importation, or distribution of equipment whose primary use is to defeat anticopying protection constitutes copyright infringement.

63. U.S. CONGRESS. HOUSE OF REPRESENTATIVES.

H.R. 3990, H.R. 3991. Bills to amend title 17 of the United States Code by creating a new category of subject matter, architectural works. Introduced by Mr. Kastenmeier on February 7, 1990; and referred to the Committee on the Judiciary. (101st Congress, 1st Sess.).

H.R. 3990 adopts a "minimalist" approach to extending protection of architectural works — "the design of a building or other three-dimensional structure, as embodied in that building or structure" — by incorporating the standard of originality for other works of authorship. H.R. 3991 would extend protection only to "unique, one-of-a-kind" buildings.

64. 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. 54, no. 231 (Dec. 4, 1989), pp. 49976-77.

The Tribunal has made a 4.5% cost-of-living adjustment in the royalty rates to be paid by public broadcasting entities licensed to colleges, universities or other nonprofit educational institutions which are not affiliated with National Public Radio for the use of copyrighted published nondramatic musical compositions. The new royalty rate for use of musical compositions in the ASCAP and BMI repertories is \$173 each, and \$41 for music in SESAC's repertory.

65. U.S. COPYRIGHT ROYALTY TRIBUNAL.

37 C.F.R., Part 307. Cost of living adjustment of the mechanical royalty rate. Final rule. *Federal Register*, vol. 54, no. 210 (Nov. 1, 1989), pp. 46065-66.

The Tribunal has adapted a new mechanical royalty rate of 5.7 cents, or 1.1 cent per minute of playing time or fraction thereof, whichever amount is larger. The rate becomes effective Jan. 1, 1990 and is based upon the change in the cost of living as determined by the Consumer Price Index from September 1987 to September 1989.

66. U.S. COPYRIGHT ROYALTY TRIBUNAL.

Ascertainment of whether controversy exists concerning distribution of

1988 cable royalty fund. Notice. *Federal Register*, vol. 55, no. 7 (Jan. 10, 1990), p. 893.

This notice directs all claimants to royalty fees paid by cable operators for secondary transmissions during 1988 to submit comments concerning whether a controversy exists with regard to the distribution of the 1988 cable royalty fees. The notice also asks the claimants to submit a Notice of Intent to Participate.

67. U.S. COPYRIGHT ROYALTY TRIBUNAL.

1988 Jukebox royalty distribution proceeding. Notice of no controversy; notice of full distribution. *Federal Register*, vol. 54, no. 227 (Nov. 28, 1989), pp. 48925-26.

Based on comments received from claimants to the 1988 jukebox copyright royalties, the Tribunal concluded that there was no controversy concerning distribution of the fees. Thus it ordered a full distribution of the royalty fund to joint claimants, ASCAP, BMI and SESAC.

68. U.S. DEPARTMENT OF COMMERCE. PATENT AND TRADEMARK OFFICE.

Mask works; extension of existing interim orders. Extension of existing interim orders issued under section 914 of the Semiconductor Chip Protection Act (SCPA), 17 U.S.C. 914. *Federal Register*, vol. 54, no. 236 (Dec. 11, 1989), pp. 50793-94.

The PTO has determined that it will extend until July 31, 1991, interim orders issued under section 914 of SCPA to Japan and Sweden. Both countries have enacted laws providing protection at a level substantially similar to that of the SCPA. These laws have been in force for more than a year, and practices under the laws reveal a high degree of effective protection for mask works. The interim orders for the Member States of the EC, Australia, Austria, Canada, Finland and Switzerland will be extended until Dec. 31, 1990. This is to allow PTO to review chip protection legislation as it comes into force in those countries and to observe practices under such legislation as they evolve in the individual countries and in the EC as a whole.

69. U.S. DEPARTMENT OF THE TREASURY. CUSTOMS SERVICE.

19 C.F.R. Part 133. Proposed removal of Customs regulation on gray market goods. Notice of proposed rulemaking. *Federal Register*, vol. 54, no. 237 (Dec. 12, 1989), pp. 51035-36.

A recent Supreme Court decision invalidated a portion of Customs Regulation sec. 133.21(c)(3) because it was inconsistent with 19 U.S.C. 1526(a) (section 526(a) of the Tariff Act of 1930, as amended). 19 U.S.C. 1526(a) makes it unlawful, with certain exceptions, to import merchandise bearing a registered trademark owned by a citizen of, or by a corporation or association created or organized within, the U.S. if a copy of the trademark registration is

filed with the Secretary of the Treasury. Sec. 133.21(c)(3) denied protection against imported gray market goods (articles of foreign manufacture which bear a recorded trademark or trade name applied under authorization of U.S. owner). Customs concluded that sec. 133.21(c)(3) was invalid in its entirety. Thus, it proposed eliminating the provision and, by this notice, solicited comments on its conclusion and on the proposal.

70. UNITED STATES TRADE REPRESENTATIVE.

Legal protection of computer programs; request for public comments. Request for written submissions from the public concerning a proposal for a directive by the Council of the European Economic Community on the legal protection of computer programs. *Federal Register*, vol. 55, no. 6 (Jan. 9, 1990), p. 790.

The EEC is considering a proposed directive which would provide copyright protection for computer programs. The Trade Representative is asking the public to submit comments on the content of the proposal. The comments should be detailed and specific and include views on applicable U.S. law, industry practices in this area, related issues being considered by the European Parliament, and the directive's potential effect on U.S. industry and commerce.

PART V

BIBLIOGRAPHY

ARTICLES FROM LAW REVIEWS AND COPYRIGHT PERIODICALS

1. United States

71. BRINSON, J. DIANNE. Copyrighted software; separating the protected expression from unprotected ideas: a starting point. *Boston College Law Review*, vol. XXIX, no. 4-5 (Sept. 1988), pp. 803-857.

The author discusses copyright protection for computer programs and the problems the courts are having separating ideas from expression in computer programs. Ms. Brinson offers two suggestions to aid in this separation. Her first suggestion is not to confuse protected expression with a program code; and secondly, do not confuse a program's unprotected ideas with its functions. She discusses copyright law in general and several cases in particular, including *Baker v. Selden* and *Nicholas v. Universal Pictures Corp.* She devotes one section to the nature and design of computer programs.

72. DOBAL, C.H. A proposal to amend the cable compulsory license provisions of the 1976 Copyright Act. *Southern California Law Review*, vol. 61, no. 3 (March 1988), 699-732.

Mr. Dobal discusses compulsory licensing as it applies to the cable industry. He explains the collection function of the Copyright Office and the royalty distribution and royalty adjusting functions of the Copyright Royalty Tribunal. The author states that there is a need for reform in the administration of compulsory licensing and suggests the elimination of the Tribunal and the transfer of its functions to the licensing division of the Copyright Office.

73. DORMAN, CHRISTOPHER G. AND ROBERT G. MILLER. Computer software piracy: the need for integration of statutory and technological protections of intellectual property. *St. John's Journal of Legal Commentary*, vol. 4, no. 1 (1988), pp. 37-63.

The authors discuss intellectual property, including patents, copyrights, trade secrets and *sui generis* protection. They also discuss copyright protection for software, including a look at the recommendations of the Commission on New Technological Uses of Copyrighted Works as they apply to computer software. Case discussion includes *Sony Corp. v. Universal City Studios, Inc.* and *Vault Corp. v. Quaid Software Ltd.* The remainder of the article addresses protecting digital tapes, cable and satellite broadcasting, and reducing software piracy through shrink-wrap licensing.

74. DOYLE, THOMAS F. Copyright law — the work made for hire doctrine: incentive and concern. *Temple Law Review*, vol. 62, no. 1 (Spring 1989), pp. 337-405.

This note analyzes the case of *Community for Creative Non-Violence v. Reid* involving the sculpture of a homeless couple. The U.S. Court of Appeals ruled that the sculptor of the piece was not an "employee" of the Community for Creative Non-Violence within the meaning of the copyright law. The author provides a history of the case along with a look at copyright ownership and the "work made for hire" provision of the copyright law. He discusses various interpretations of "work-made for hire," including a literal approach as well as a conservative approach and the "Aldon compromise" which takes the middle ground between these two approaches.

75. MCLEOD, LINDA. H.R. 1195 source licensing: a legislative swan song to the blanket license. *Oregon Law Review*, vol. 67, no. 3, (1988), pp. 735-769.

The author discusses performing rights organizations, the various licenses and the mechanics of music on local television broadcasts, including background, theme, and feature music. She also reviews the history of anti-trust litigation concerning blanket licensing and proposed source licensing legislation.

76. RICH, PATRICIA L. When technology and the law collide — look and feel copyright evolves. *Western State University Law Review*, vol. 16, no. 1 (Fall 1988), pp. 183-201.

The technical aspects of computers is discussed along with a history of copyright protection for computers. Cases discussed include *Nichols v. Universal Pictures, Corp.*, *Universal Pictures Co. v. Harold Lloyd Corp.*, and *White-Smith Music Publishing Co. v. Apollo Co.* The problem of idea vs. expression is analyzed as well as the question of how this problem may affect the determination of what type of information is entitled to copyright protection.

77. ROBINSON, LYNN. Satellite piracy in the great white north. Can U.S. broadcasters protect themselves against unauthorized retransmission of their signals by Canadian cable systems? *Syracuse Journal of International Law and Commerce*, vol. 15, no. 1 (Fall 1988), pp. 103-125.

Ms. Robinson discusses video piracy and states that the motion picture industry loses more than one billion dollars per year through piracy of films. She also states that the widespread use of satellite-transmitted television has brought the problem of satellite signal piracy to the forefront of international relations. She investigates the problems American copyright owners face when trying to obtain remuneration for their works when they are retransmitted by Canadian cable systems. This article compares legal remedies in each

country when there is an unauthorized use of copyrighted television broadcasts.

78. SCHNECK, JENNIFER M. Closing the book on the public lending right. *New York University Law Review*, vol. 63, no. 4 (Oct. 1988), pp. 878-911.

This article provides a historical background of libraries' public lending right (PLR) and states that Denmark was the first country to develop a national PLR system. It gives the legal justifications for compensating writers for lending their books and deals with the practical aspects of public lending rights, such as who is to benefit from PLR, who will pay for it and how benefits are measured and allocated. This article also investigates public lending rights in the United States.

79. SONNER, DAVID A. *Apple Corp. v. Leber: Did Beatlemania infringe the Beatles' right of publicity?* *Southwestern University Law Review*, vol. 17, no. 4 (1988), pp. 755-787.

Mr. Sonner summarizes the case of *Apple Corp. v. Leber*, including Apple's "right of publicity" claim and Leber's first amendment defense. The author discusses the application of the "fair use" doctrine in the Apple case and the economic effect of the fair use doctrine on the market.

80. TAYLOR, WILLIAM DAVID, III. Copyright protection for computer software after *Whelan Associates v. Jaslow Dental Laboratory*. *Missouri Law Review*, vol. 54, no. 1 (Winter 1989), pp. 121-155.

Mr. Taylor provides the background facts and holding in the case of *Whelan Associates v. Jaslow Dental Laboratory*. The history of the U.S. copyright law is discussed along with the scope of protection available for the structure of computer programs. Mr. Taylor investigates legal grounds for extending protection to program structures and reviews the rule for distinguishing an idea from its expression in software cases. In the final chapter he focuses on a new test for establishing substantial similarity in computer software cases and the types of evidence which can satisfy that test.

81. VITTOR, KENNETH M. "Fair use" of unpublished materials: "widow censors," copyright and the first amendment. *Communications Lawyer*, vol. 7, no. 4 (Fall 1989), pp. 1, 24-28.

This article focuses on the fair use doctrine and balancing literary property rights granted under the Copyright Act against the broad expressive freedoms protected by the first amendment. It reviews some basic copyright principles concerning fair use and traces the recent evolution of fair use as demonstrated by the appellate decisions in *New Era Publications International, ApS. v. Henry Holt and Company, Inc.* and *Salinger v. Random House, Inc.* The author maintains that the court's rigid formula in these cases of

requiring the issuance of an injunction following a finding of copyright infringement is in direct conflict with the discretionary language of the Copyright Act and its underlying policies.

82. WALTER, CHARLES. Defining the scope of software copyright protection for maximum public benefit. *Rutgers Computer and Technology Law Journal*, vol. 14, no. 1 (1988), pp. 1-158.

This lengthy discussion on the scope of software copyright protection looks at copyright protection in general, investigates computer hardware and the technology it involves, including binary programs, compilers and microprograms, and examines software engineering.

83. WEISS, MICHAEL. Pirates and prizes: The difficulties of protecting computer software. *Western State University Law Review*, vol. 11, no. 1 (Fall 1988), pp. 1-24.

Mr. Weiss explains the term "software" and the problems of protecting software programs. The author discusses the software copyright amendment of 1980 particularly section 117 and section 102 and the greater scope of protection they provide for copyright. The *Apple Computer, Inc., v. Franklin Computer Corp.* case is discussed in detail and an analysis of the court ruling is provided.

2. Foreign

84. GOLVAN, COLIN. Aboriginal art and copyright. The case for Johnny Bulun Bulun. *EIPR* vol. 11, no. 10 (Oct. 1989), pp. 346-355.

The background and history of Aboriginal art and its importance to the Aboriginal society is explored. Aboriginal artwork, often called "dreaming images," is regarded as a communal duty although individual artists may sell their work. All royalties received from an individual's work is returned to the community. The problem of unauthorized reproduction of Aboriginal art and the effect it has on the community is discussed. The author proposes that because of the problem of protection for Aboriginal artwork there should be a collective ownership of copyright. The *Bulun Bulun* case which became a landmark case in Aboriginal bark painting is analyzed in detail. This case involved a T-shirt manufacturer's unauthorized reproduction of a Bulun Bulun painting.

85. TACKABERRY, PAUL. Look what they done to my song, ma: the songwriter's moral right of integrity in Canada and the United States. *EIPR*, vol. 11, no. 10 (Oct. 1989), pp. 356-372.

The author explains the concept of moral rights and devotes a section of his article to the "right of integrity," a part of moral rights. The Canadian act and its section on moral rights are discussed along with a judicial inter-

pretation of moral rights in Canada and a brief look at compulsory licensing in Canada.

86. WEISMAN, JOSHUA. Recent developments in the law of copyright of the State of Israel. *EIPR*, vol. 11, no. 11 (November 1989), pp. 415-417.

Mr. Weisman states that the Israeli copyright law is basically descended from English copyright law. The author discusses amendments to the Copyright Act of 1911 which include extending copyright protection to computer programs and increasing criminal penalties for copyright infringement. He discusses recent cases involving copyright protection for functional products along with the British case, *British Leyland Motor Corp. v. Armstrong Patents Co.*

87. FRANCE. *Delorme v. Catena-France*, Paris Court of Appeal, 4th Chamber, 12 December 1989. *EIPR*, vol. 11, no. 10 (Oct. 1989), p. D-182.

A design firm was commissioned to design a logo-trademark consisting of a company name. The rights in the design were assigned to Catena-France, the defendant in this case, "for all purposes." The company later modified the logo and the plaintiff, the design firm, sued. The court found in favor of the plaintiff. The defendant then appealed, arguing that it did not know who the author had been. The court ruled that an author's moral rights can be infringed even if the author is not known. The changes made to the design were ruled to have significantly altered "its mode of expression." The defendant was ordered to pay damages.

88. IRELAND. *AGICOA v. Cablelink*, High Court, Murphy J., 31 July 1989 (unreported). *EIPR*, vol. 11, no. 10 (Oct. 1989), p. D-184.

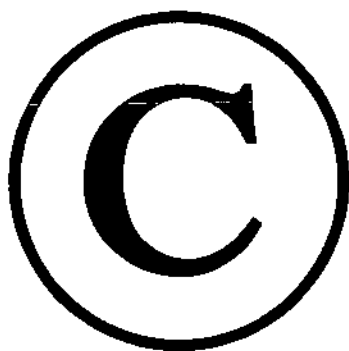
AGICOA, a Swiss based film company, sought an injunction to restrain Cablelink, an Irish cable TV company, from transmitting films on BBC and other stations. AGICOA was claiming 6% of Cablelink's profit. The High Court refused the injunction but ordered Cablelink to make monthly payments pending a full hearing of the case.

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PART I

ARTICLES

89. CONCEPTUAL SEPARABILITY AND COPYRIGHT IN THE DESIGNS OF USEFUL ARTICLES

By SHIRA PERLMUTTER*

I. INTRODUCTION

One of the most difficult issues arising under the Copyright Act¹ today is the copyrightability of useful articles. When is protection available for artistic elements incorporated in the design of a lamp, a chair or a belt buckle? Congress, the courts, commentators and the Copyright Office have all struggled with this question over the years, seeking with mixed success a principled and consistent standard.²

Under both prior and current law, this much is clear: an otherwise copyrightable work of art embodied in a useful article is protectable; the shape of a purely utilitarian product, no matter how aesthetically satisfying, is not.³ Although there is a continuum between the two extremes, in each case

*This article was honored with the Charles Seton award for Volume 37 of the Journal. Ms. Perlmutter is an attorney at Cowan, Liebowitz & Latman, P.C., New York City, and will be joining the law faculty of The Catholic University of America in the fall.

¹ 17 U.S.C. §§ 101 et seq. (1988).

² Recent attempts to come to grips with the issue include Comment, "The Protection of Useful Articles and the Elusive Concept of Conceptual Separability: *Brandir International Inc. v. Cascade Pacific Lumber Co.*," 13 Nova L. Rev. 1417 (1989); Milch, "Protection for Utilitarian Works of Art: The Design Patent/Copyright Conundrum," 10 Columbia-VLA Journal of Law and the Arts 211 (1986); Reichman, "Design Protection After the Copyright Act of 1976: A Comparative View of the Emerging Interim Models," 31 J. Copyr. Soc. 267 (1984); Denicola, "Applied Art and Industrial Design: A Suggested Approach to Copyright in Useful Articles," 67 Minn. L. Rev. 707 (1983); Hauhart, "The Eternal Wavering Line—The Continuing Saga of *Mazer v. Stein*," 6 Hamline L. Rev. 95 (1983); Note, "Protection of the Design of Useful Articles: Current Inadequacies and Proposed Solutions," 11 Hofstra L. Rev. 1043 (1983); Comment, "Copyrighting Three-Dimensional Objects: *Norris Industries v. International Telephone and Telegraph Corp.*," 35 Baylor L. Rev. 821 (1983); and Note, "Works of Applied Art: An Expansion of Copyright Protection," 56 S. Cal. L. Rev. 241 (1982).

³ Protection for certain industrial designs is available in theory under design patent law. See 35 U.S.C. § 171 (1982) (establishing patent system for "any new, original and ornamental design for an article of manufacture"). Obtaining a

copyrightability must be either upheld or denied.

The 1976 Act specifically addresses this issue. First, it defines a "useful article" as "an article having an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information." Its definition of "pictorial, graphic, and sculptural works" states that such works

include works of artistic craftsmanship insofar as their form but not their mechanical or utilitarian aspects are concerned; the design of a useful article . . . shall be considered a pictorial, graphic, or sculptural work only if, and only to the extent that, such design incorporates pictorial, graphic or sculptural features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article.

At first glance, the statutory language seems straightforward. But applying it to a real-life article, and determining whether the article's artistic elements can both be "identified separately" from its utilitarian aspects and are capable of "existing independently," is a task that has proved troublesome to both judges and scholars. The result has been a variety of conflicting articulations of the standard, as well as inconsistent holdings.

The threshold issue dividing the courts is what type of separability is required. Must the artistic elements be physically separable, or is it enough if

design patent, however, is not a simple matter; many designs will not qualify. 1987 Annual Report of the Commissioner of Patents at 50 (during period 1978-1987, an average 5,119 design patents were issued per year; 2,247 applications were rejected). The design must meet high standards of novelty and originality as well as a subjective aesthetic test of ornamentality. See 1 D. Chisum, *Patents* § 1.04[2] (1990). Moreover, it is subject to the same stringent non-obviousness requirement as are inventions. *Id.* at 1-198 to 1-209; 35 U.S.C. § 103.

Assuming that all of these hurdles can be overcome, the application process itself is lengthy and expensive. Meanwhile, the design cannot safely be marketed; protection does not begin until the patent actually issues, and public disclosure more than a year prior to the date of application will destroy eligibility. See 35 U.S.C. § 102(b). Given the ephemeral nature of fashion and commercial demand, such delay will often make the availability of protection meaningless as a practical matter. Finally, even if a patent issues, there is a significant chance it may be held invalid in any subsequent litigation. See, e.g., Brown, "Design Protection: An Overview," 34 U.C.L.A. L. Rev. 1341, 1356-1357 (1987).

As a result, in the blunt words of one commentator, "[T]he design patent system is a failure for the modern industrial designer." Comment, "The Future of Design Protection in the United States: An Analysis of the Proposed Domestic System in View of Recent Developments in the United Kingdom, New Zealand, and Australia," 20 John Marshall L. Rev. 261, 268 (1986). In recognition of this failure, numerous bills drafted specifically to protect the designs of industrial products have been introduced in Congress over the years. See, e.g., Introductory Remarks of Rep. Moorhead, H.R. 3499 Design Protection Act of 1989, Cong. Rec. E3484 (Oct. 19, 1989). See also n.43 below.

they are separable only conceptually? While the Circuits are split on this issue, the weight of authority agrees in theory that conceptual separability alone is enough to merit copyright protection.

This choice is only the beginning. The next inquiry is far more elusive: what is the meaning of "conceptual separability"? Many courts simply recite the language of the statute and the holdings of prior cases, and then state a conclusion. The most thoughtful opinions in this area have come from the Second Circuit, which has over the years articulated the following different tests: (1) whether the article has a "primary ornamental aspect" that is conceptually separable from its "subsidiary utilitarian function"; (2) whether the article's artistic features are required by or inextricably intertwined with utilitarian features; and (3) whether the design elements reflect the creator's artistic judgment independent of functional considerations. Yet another standard was proposed by Judge Newman in his dissent in one of these cases: whether "the concept of the utilitarian function can be displaced in the mind [of the ordinary observer]" by the concept of a work of art.

Compounding the inherent difficulty of drawing the necessary line is the confusion exhibited by the courts in distinguishing between the different steps of copyright analysis. The separability standard has been muddled by concerns more appropriately addressed under the rubric of other doctrines of copyright law. In particular, the courts may have been overly influenced by the fear of extending protection too far and thereby inhibiting progress and competition—a danger that can be avoided by a sensitive application of the basic copyright requirement of original authorship, and by a careful analysis of what constitutes substantial similarity at the infringement stage.

This article will analyze the legislative history and judicial and administrative interpretations of the issue of copyright in the designs of useful articles, and will propose a workable method for determining copyright in such designs. It is my thesis that a "duality" test, representing a modified version of Judge Newman's "displacement" test, reflects most accurately the purpose of the statute, while remaining consistent with established methods of copyright analysis.

II. THE LAW BEFORE THE 1976 ACT

A. The Statute

Since the very first statute was enacted in 1790, the Copyright Act has included in its scope of protection some form of useful works of art. The 1790 Act began by protecting books, maps, and charts.⁴ In 1802, Congress added "historical and other prints."⁵ Photographs were brought within the ambit of protection in 1865.⁶ It was not until 1870, however, that protection

⁴ Act of May 31, 1790, 1st Cong., 2d Sess., 1 Stat. 124.

⁵ Act of April 29, 1802, 7th Cong., 1st Sess. 2 Stat. 171.

⁶ Act of March 3, 1865, 38th Cong., 2d Sess., 13 Stat. 540.

was extended beyond two-dimensional works of the visual arts to encompass for the first time three-dimensional statues, statuary, and models or designs "intended to be perfected and executed as a work of the fine arts."⁷ A curious 1882 amendment permitted "manufacturers of designs for molded decorative articles, tiles, plaques, or articles of pottery or metal subject to copyright" to affix the prescribed copyright notice in designated places, raising the obvious implication that such articles were in fact protectable.⁸ In the 1909 Act, the 1870 "fine arts" category was broadened to cover all "[w]orks of art; models or designs for works of art."⁹

As explained by the Supreme Court some eighty years later, this change in wording eliminated any "[v]erbal distinctions between purely aesthetic articles and useful works of art," and was intended "to include more than the traditional fine arts."¹⁰ The broadening of copyright beyond the purely aesthetic thus opened the door for the first time to protection for the designs of utilitarian works. It remained for the Copyright Office and the courts to determine just how far the door would open, and what limits would be set in defining "works of art."

B. Copyright Office Regulations and Practice

In 1910, the Copyright Office issued regulations under the 1909 Act, which apparently reinstated the old law's "fine arts" standard. These regulations read as follows:

Works of art.—This term includes all works belonging fairly to the so-called fine arts. (Paintings, drawings, and sculpture).

Productions of the industrial arts utilitarian in purpose and character are not subject to copyright registration, even if artistically made or ornamented.¹¹

On its face, this language significantly narrowed the scope of the statute, taking away by administrative fiat the new ground opened up by the 1909 revision. It is unclear, however, to what extent this narrowing was reflected in actual practice. While the 1910 regulations were in effect, numerous plainly utilitarian objects were accepted by the Copyright Office for registration. These objects included clocks, candlesticks, inkstands, door knockers, ashtrays and salt shakers¹²—a far cry from the standard conception of the

⁷ Act of July 8, 1870, 41st Cong., 2d Sess., 16 Stat. 198, 212.

⁸ Act of August 1, 1882, 47th Cong., 1st Sess., 22 Stat. 181.

⁹ Act of March 4, 1909, 60th Cong., 2d Sess., 35 Stat. 1075.

¹⁰ *Mazer v. Stein*, 347 U.S. 201, 211-213 (1954), citing *Hearing Before Committees on Patents on S. 6330 and H.R. 19853*, 59th Cong., 1st Sess. 11 (1906).

¹¹ Rules and Regulations for the Registration of Claims to Copyright, Copyright Office Bulletin No. 15, 8 (1910), reprinted in *Mazer v. Stein*, *supra* note 10, 347 U.S. at 212 n.23.

¹² See Justice Douglas's dissent in *Mazer v. Stein*, *supra* n.10, 347 U.S. at 219, 221.

"fine arts." Yet during the same period, the total number of registrations for "works of art" declined markedly.¹³ Judicial response was varied, with no reported case mentioning the regulations' inconsistency with the statute. While several courts held copyrightable the designs of various "articles of manufacture,"¹⁴ others chose to follow the "fine arts" approach of the regulations and old law.¹⁵

As early as 1917, the Copyright Office apparently recognized that its position was untenable, and began to bring its regulations more into line with the statute. It first retrenched only slightly, amending the 1910 regulations to allow registration of "artistic drawings notwithstanding they may afterwards be utilized for articles of manufacture."¹⁶

By 1948, it had become clear that a new regulation was in order. The language adopted by the Copyright Office for the first time abandoned the "fine arts" requirement and sought to define the scope of protection for utilitarian works:

WORKS OF ART (CLASS G)

(a) In General. This class includes works of artistic craftsmanship, insofar as their form but not their mechanical or utilitarian aspects are concerned, such as artistic jewelry, enamels, glassware, and tapestries, as well as all works belonging to the fine arts, such as paintings, drawings and sculpture.¹⁷

C. *The Supreme Court Speaks*

Against this statutory and administrative backdrop came the Supreme Court's sole attempt to grapple with the issue of copyright in the designs of useful articles. In *Mazer v. Stein*,¹⁸ decided in 1954, the Court laid the foundation for future debate in holding copyrightable lamp bases in the shape of dancing figures.

The works at issue in *Mazer v. Stein* were a series of china statuettes of female Balinese dancers, the models for which had been sculpted from clay. The statuettes were intended for use as bases for table lamps, with the addi-

¹³ The Annual Reports of the Register of Copyrights reveal a drop in registrations from 4,383 in 1909-1910 to 2,247 in 1916-1917.

¹⁴ See, e.g., *Jones Bros. v. Underkoffler*, 16 F. Supp. 729 (M.D. Pa. 1936) (cemetery memorial); *Pellegrini v. Allegrini*, 2 F.2d 610 (E.D. Pa. 1924) (candle holder with statuettes of saints); *Louis De Jonge & Co. v. Breuker & Kessler Co.*, 182 F. 150 (E.D. Pa. 1910), *aff'd*, 191 F. 35 (3d Cir. 1911), *aff'd*, 235 U.S. 33 (1914) (painting intended for use on decorative paper for covering boxes).

¹⁵ See, e.g., *Kemp & Beatley, Inc. v. Hirsch*, 34 F.2d 291 (E.D.N.Y. 1929).

¹⁶ See U.S. Copyright Office, *Compilations of Regulations Concerning Copyright 1874-1956*. This regulation was carried over in 37 C.F.R. § 201.4(7) (1939).

¹⁷ 37 C.F.R. § 202.8 (1949).

¹⁸ 347 U.S. 201 (1954).

tion of lamp shades, wiring and sockets. The plaintiffs had registered them (without these additions) with the Copyright Office as works of art. This case was one of several brought by the plaintiffs against competitors who had copied the statuettes and also sold them as part of lamps.¹⁹

The Court adopted the defendants' framing of the issue presented:

Can statuettes be protected in the United States by copyright when the copyright applicant intended primarily to use the statuettes in the form of lamp bases to be made and sold in quantity and carried the intentions into effect?²⁰

After reviewing prior statutes, the legislative history of the 1909 Act, and Copyright Office practice, the Court held that the answer was "yes." Not only did the Court conclude that these statuettes in particular qualified as "works of art," it described the basis for this conclusion in language that clearly embraced abstract as well as representational art:

Individual perception of the beautiful is too varied a power to permit a narrow or rigid concept of art. . . . [Works of art] must be original, that is, the author's tangible expression of his ideas Such expression, whether meticulously delineating the model or mental image or conveying the meaning by modernistic form or color, is copyrightable.²¹

The Court rejected the defendants' argument that a mass-produced useful article of manufacture could be protected only by design patent, not copyright—that by enacting the design patent laws Congress had indicated its intent to deny copyright protection to artistic articles embodied in manufac-

¹⁹ See *Stein v. Benaderet*, 109 F. Supp. 364 (D. Mich. 1952), *vacated*, 214 F.2d 822 (6th Cir. 1954); *Stein v. Rosenthal*, 103 F. Supp. 227 (S.D. Cal. 1952), *aff'd*, 205 F.2d 633 (9th Cir. 1953); *Stein v. Expert Lamp Co.*, 96 F. Supp. 97 (N.D. Ill.), *aff'd*, 188 F.2d 611 (7th Cir.), *cert. denied*, 342 U.S. 829 (1951).

²⁰ 347 U.S. at 204-205.

²¹ *Id.* at 214. See also the often-quoted words of Justice Holmes in *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239, 251-252 (1903):

It would be a dangerous undertaking for persons trained only in the law to constitute themselves final judges of the worth of pictorial illustrations, outside of the narrowest and most obvious limits. At the one extreme, some works of genius would be sure to miss appreciation. Their very novelty would make them repulsive until the public had learned the new language in which their author spoke. It may be more than doubted, for instance, whether the etchings of Goya or the paintings of Manet would have been sure of protection when seen for the first time. At the other end, copyright would be denied to pictures which appealed to a public less educated than the judge. Yet if they command the interest of any public they have a commercial value—it would be bold to say that they have not an aesthetic and educational value—and the taste of any public is not to be treated with contempt.

tured articles. It reasoned that a patent and a copyright protect completely different things:

Unlike a patent, a copyright gives no exclusive right to the art disclosed; protection is given only to the expression of the idea—not the idea itself The copyright protects originality rather than novelty or invention—conferring only “the sole right of multiplying copies.” Absent copying there can be no infringement of copyright. Thus, respondents may not exclude others from using statuettes of human figures in table lamps; they may only prevent use of copies of their statuettes as such or incorporated in some other article. . . . The dichotomy of protection for the aesthetic is not beauty and utility but art for the copyright and the invention of original and ornamental design for design patents.²²

The Court concluded,

We find nothing in the copyright statute to support the argument that the intended use or use in industry of an article eligible for copyright bars or invalidates its registration. We do not read such a limitation into the copyright law.²³

Mazer v. Stein thus established the principle that a work that is otherwise copyrightable does not lose protection when it is incorporated as part of a useful article—that art and industry are not mutually exclusive.²⁴ This decision made possible protection for many varieties of mass-produced articles of commerce.²⁵ It did not, however, address the more difficult question of how to determine when elements of a useful article may constitute a copyrightable work of art. The lower courts and the Copyright Office were left to struggle with that question by themselves.

D. The Copyright Office's Response to *Mazer v. Stein*

Within a few years of the Supreme Court's decision in *Mazer v. Stein*, the Copyright Office responded by issuing a new regulation. This regulation added the following limitations to protection for a useful article—limitations nowhere to be found in the *Mazer* opinion:

When the shape of an article is dictated by, or is necessarily responsive to, the requirements of its utilitarian function, its shape, though unique and attractive, cannot qualify it as a work of art. If

²² *Id.* at 217-218.

²³ *Id.* at 218.

²⁴ See also *Louis De Jonge & Co. v. Breuker & Kessler Co.*, *supra* note 14.

²⁵ In the five years following *Mazer*, the number of registrations for “works of art” increased from approximately 3,000 to 5,000. 1958 Register of Copyrights Annual Report at 12.

the sole intrinsic function of an article is its utility, the fact that it is unique and attractively shaped will not qualify it as a work of art. However, where the object is clearly a work of art in itself, the fact it is also a useful article will not preclude its registration.²⁶

A mere three years later, this regulation was amended to read:

If the sole intrinsic function of an article is its utility, the fact that that article is unique and attractively shaped will not qualify it as a work of art. However, if the shape of a utilitarian article incorporates features, such as artistic sculpture, carving, or pictorial representation, which can be identified separately and are capable of existing independently as a work of art such features will be eligible for registration.²⁷

The first sentence of the amended regulation erected a new hurdle to protection and raised a new issue: how to determine the "sole intrinsic function" of a particular article. No guidance could be sought from either the statute or *Mazer v. Stein*, as this hurdle was entirely the creation of the Copyright Office.

The second sentence essentially paraphrased in broader language the holding in *Mazer* that the incorporation of a work of art into a useful article does not negate its otherwise copyrightable status. In doing so, the regulation offered protection to any artistic "features" incorporated in the article's shape and capable of independent existence, not just to sculpture created separately and capable of literally standing on its own. This extension of *Mazer* to separable artistic features also sprang full-blown from the Copyright Office, without legislative or judicial direction.²⁸ Nor did the regulation define what this concept meant: Did the artistic features have to be *physically* separable? In what sense did they have to be "identified" separately? How were these determinations to be made?

E. Post-Mazer Case Law

The relatively few post-*Mazer* opinions raising these questions under the 1909 Act contain little discussion of the new separability issue. Most cases denying protection rely on a failure to meet the requirement of original authorship rather than the definitional issue of the work's embodiment in a useful article.²⁹ Those finding the work copyrightable generally simply cite

²⁶ 37 C.F.R. § 202.10(c) (1957).

²⁷ 37 C.F.R. § 202.10(c) (1960).

²⁸ See Latman, "Fifteen Years After *Mazer v. Stein*," 16 Bull. Copyr. Soc. 282 (1969) (describing the amended regulation as the Copyright Office's "somewhat metaphysical" attempt to define the essence of *Mazer*).

²⁹ See, e.g., *L. Batlin & Son, Inc. v. Snyder*, 536 F.2d 486 (2d Cir.) (*en banc*), cert. denied, 429 U.S. 857 (1956). Cf. *Royalty Designs, Inc. v. Thriftcheck Service*

authorities without giving their reasoning.³⁰

One alternative approach was to carve out distinct categories of works as either protectable or not. In doing so, some courts looked at whether the category would traditionally be considered a work of art, despite its utility. In the succinct words of the Ninth Circuit, "A thing is a work of art if it appears to be within the historical and ordinary conception of the term 'art.'" ³¹ Thus, one line of cases established that jewelry is copyrightable, at least where it represents the "original, tangible expression of an idea rather than merely pleasing form dictated solely by functional considerations."³² A watch, on the other hand, historically seen as functional rather than ornamental, is not.³³

The handful of opinions containing more extensive analysis involved fairly easy judgments. In one case with facts analogous to *Mazer v. Stein*, a physically separable simulated antique telephone used as a casing for a pencil sharpener was held copyrightable.³⁴ Another case denied protection to a design of parallel wavy lines in a rubber shoe sole because the design did not exist independently as a work of art—a result equally sustainable on the ground of lack of original authorship.³⁵

By the time the 1976 Act was passed, case law made clear that decorations or ornaments, either two- or three-dimensional, that were applied to the surface of a useful article or incorporated into its design, were copyrightable. Thus, for example, protection was available for gargoyles used as rainspouts on buildings, or designs imprinted on textile fabrics.³⁶ Such artistic elements

Corp., 204 F. Supp. 702 (S.D.N.Y. 1962) (dog-shaped bank copyrightable because original).

³⁰ See, e.g., *Tennessee Fabricating Co. v. Moultrie Mfg. Co.*, 421 F.2d 279 (5th Cir.), cert. denied, 398 U.S. 928 (1970); *R. Dakin & Co. v. A & L Novelty Co.*, 444 F. Supp. 1080 (E.D.N.Y. 1978); *Blazon, Inc. v. Deluxe Game Corp.*, 268 F. Supp. 416 (S.D.N.Y. 1965); *Dan Kasoff, Inc. v. Gresco Jewelry Co.*, 204 F. Supp. 694 (S.D.N.Y.), aff'd per curiam, 308 F.2d 806 (2d Cir. 1962).

³¹ *Rosenthal v. Stein*, 205 F.2d 633, 635 (9th Cir. 1953).

³² *Trifari, Krussman & Fishel, Inc. v. Charel Co.*, 134 F. Supp. 551, 553 (S.D.N.Y. 1955). See also *Boucher v. Du Boyes, Inc.*, 253 F.2d 948 (2d Cir.), cert. denied, 357 U.S. 936 (1958); *Dan Kasoff, Inc. v. Palmer Jewelry Mfg. Co.*, 171 F. Supp. 603, 606 (S.D.N.Y. 1959); *Trifari, Krussman & Fishel, Inc. v. B. Steinberg-Kaslo Co.*, 144 F. Supp. 577 (S.D.N.Y. 1956).

³³ *Vacheron & Constantin-Le Coultre Watches, Inc. v. Benrus Watch Co.*, 155 F. Supp. 932 (S.D.N.Y. 1957), aff'd in part, rev'd in part on other grounds, 260 F.2d 637 (2d Cir. 1958).

³⁴ *Ted Arnold Ltd. v. Silvercraft Co.*, 259 F. Supp. 733 (S.D.N.Y. 1966). See also *Doran v. Sunset House Distributing Corp.*, 197 F. Supp. 940 (S.D. Cal. 1961), aff'd, 304 F.2d 251 (9th Cir. 1962) (under *Mazer*, possible use of plastic Santa Claus decoration as garment does not invalidate copyright).

³⁵ *SCOA Inds., Inc. v. Famolare, Inc.*, 192 U.S.P.Q. 216 (S.D.N.Y. 1976).

³⁶ See, e.g., *Peter Pan Fabrics, Inc. v. Martin Weiner Corp.*, 274 F.2d 487 (2d Cir.

could be physically removed from the useful article and still exist as a work of art.

III. DEVELOPMENT OF THE CURRENT STANDARD

A. The Legislative History of the 1976 Act

During the late 1950s, at Congress's request, the Copyright Office undertook a comprehensive study of the copyright law in connection with a proposed general revision of the 1909 Act. After commissioning studies from experts on various issues to be dealt with in the revision, the Register of Copyrights issued a report in 1961 summarizing the Office's recommendations.³⁷ On the issue of copyright in useful articles, the report approved the scope of existing regulations, and counseled against extending protection any further. It explained,

In the years since the *Mazer* decision, full protection under the copyright law has not proved inappropriate for "works of art" used as a design or decoration of useful articles. We do not believe, however, that it would be appropriate to extend the copyright law to industrial designs as such. In this area there is a delicate balance between the need for protection on the part of those who originate and invest in a design, and the possible effect of protection, if over-extended, in restraining competition. The term of copyright . . . is too long for ordinary design protection. And there are other fundamentals of the copyright statute—the provisions on notice, deposit, registration, publication, and liability of innocent distributors of infringing articles, for example—that are not suitable for the entire range of industrial designs.³⁸

As a substitute for copyright, the Register proposed the adoption of new legislation providing separate, *sui generis* protection for the designs of useful articles.³⁹

Such a separate design protection bill was at the time pending in Congress, having been introduced in 1957.⁴⁰ Its thrust was to protect the "original ornamental design of a useful article" for ten years. Versions of this bill

1960); *Scarves by Vera, Inc. v. United Merchants & Manufacturers, Inc.*, 173 F. Supp. 625 (S.D.N.Y. 1959).

³⁷ Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law, 87th Cong., 1st Sess. 14-15 (Comm. Print 1961).

³⁸ *Id.* at 13.

³⁹ *Id.* at 16.

⁴⁰ Numerous earlier bills intended to protect industrial designs had been introduced in Congress since 1914. See *Copyright Law Revision: Hearings on H.R. 2223 Before the Subcomm. on Courts, Civil Liberties and the Administration of Justice of the House Comm. on the Judiciary*, 94th Cong., 1st Sess. 1007 (1975) ("1975 Hearings").

met with some success over the years, passing the Senate five different times in the 1960s and '70s. By 1969, it had been joined to the general copyright revision bill as a separate title. It eventually made a short-lived appearance as Title II of the 1975 Senate-passed revision bill when it was forwarded to the House, but was deleted in conference.

The House Judiciary Committee, in its report, explained that it "chose to delete Title II in part because the new form of design protection provided by Title II could not truly be considered copyright protection and therefore appropriately within the scope of copyright revision."⁴¹ The Committee further objected to the lack of any provision for an agency to administer the new design protection system and the failure to specify whether the title covered typeface designs. The one substantive objection was as follows:

Finally, the Committee will have to examine further the assertion of the Department of Justice, which testified in opposition to the Title, that Title II would create a new monopoly which has not been justified by a showing that its benefits will outweigh the disadvantage of removing such designs from free public use.⁴²

Having rejected for the time the Copyright Office's recommended solution to the useful article problem,⁴³ Congress proceeded to take the Office's

⁴¹ H.R. Rep. No. 94-1476, 94th Cong., 2d Sess. 50 (1976), *reprinted in* 1976 U.S. Code Cong. & Ad. News 5659-5801 ("H.R. Rep.").

⁴² *Id.*

⁴³ That solution may now be closer to fruition. At the time this article was written, three design protection bills were pending in Congress: H.R. 902, 101st Cong., 1st Sess. (introduced Feb. 7, 1989); H.R. 3017, 101st Cong., 1st Sess. (introduced July 26, 1989); H.R. 3499, 101st Cong., 1st Sess. (introduced Oct. 19, 1989). A hearing was held on the bills before the House Subcommittee on Courts, Intellectual Property and the Administration of Justice on May 3, 1990. These bills, like the unsuccessful Title II, would each provide protection for a term of ten years for the "original design of a useful article," which makes the article "attractive or distinct in appearance to the purchasing or using public."

The system each bill creates is closer to copyright than to any other currently existing form of protection, although differing in some critical respects. All three bills exclude from the scope of protection designs that are not original, are staple or commonplace, or dictated solely by a utilitarian function of the useful article, as well as those composed of the "three-dimensional features of shape and surface" of clothing (as opposed to two-dimensional patterns). As under copyright law, the bills establish registration procedures and encourage but do not require the use of notice. Protection attaches upon the earlier of registration or first publication of the design, and is lost if an application for registration is not made within one year of first application. Each bill explicitly provides that its protection will not affect any rights available under copyright, patent or common law.

The availability of appropriate *sui generis* protection should relieve much of the pressure to resort to the copyright law to protect designs, but would not obvi-

existing regulations and codify them, with modifications, into law.⁴⁴ The result was the definitions in Section 101 of the 1976 Act of "useful article" and "pictorial, graphic and sculptural works"—adaptations of 37 C.F.R. § 202.10(a) (1949) and § 202.10(c) (1959). The most significant change from the regulations was the deletion of the word "sole" from the first sentence of the 1959 regulation, broadening the category of "useful article" to cover any article with even a single function that is utilitarian. This change limited the number of protectable works, since more works would now be subject to the separability standard.

The House Report explained Congress's purpose as follows:

In adopting this amendatory language [in the § 101 definitions], the Committee is seeking to draw as clear a line as possible between copyrightable works of applied art and uncopyrighted works of industrial design. A two-dimensional painting, drawing, or graphic work is still capable of being identified as such when it is printed on or applied to utilitarian articles such as textile fabrics, wallpaper, containers and the like. The same is true when a statue or carving is used to embellish an industrial product or, as in the *Mazer* case, is incorporated into a product without losing its ability to exist independently as a work of art. On the other hand, although the shape of an industrial product may be aesthetically satisfying and valuable, the Committee's intention is not to offer it copyright protection under the bill. Unless the shape of an automobile, airplane, ladies' dress, food processor, television set, or any other industrial product contains some element that, physically or conceptually, can be identified as separable from the utilitarian aspects of that article, the design would not be copyrighted under the bill. The test of separability and independence from "the utilitarian aspects of the article" does not depend upon the nature of the design—that is, even if the appearance of an article is determined by esthetic (as opposed to functional) considerations, only elements, if any, which can be identified separately from the useful article as such are copyrightable. And, even if the three-dimensional design contains some such element (for example, a carving on the back of a chair or a floral relief design on silver flatware), copyright protection would extend only to that element, and would not cover the over-all configuration of the utilitarian article as such.⁴⁵

ate the need to develop a workable model for copyright analysis. Copyright would still be appropriate for any separable artistic features of useful articles, offering the benefit of a much longer term of protection. See 17 U.S.C. § 302.

⁴⁴ In doing so, it deliberately approved the holding of *Mazer v. Stein*. See H.R. Rep. at 105; S. Rep. No. 94-473, 94th Cong., 1st Sess. 86-87 (1975).

⁴⁵ H.R. Rep. at 55 (emphasis added).

The Report thus stressed Congress's desire to exclude from protection the general class of industrial products, notwithstanding any "aesthetically satisfying" design. Most notable in the Report, however, is the reference to the possibility of copyright protection for an element that can be identified as separable from the useful article not physically but only conceptually. This language, perhaps derived from an earlier Register's report,⁴⁶ opened new vistas of protection, blurring the dividing line between art and non-art, and set the stage for subsequent analysis.⁴⁷

⁴⁶ Second Supplementary Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law: 1975 Revision Bill, p. 12 (Draft 1975) ("Second Supplementary Report") (stating that under then-existing Copyright Office regulations establishing the separability test, *see* note 17 above, protection was available for "those three-dimensional designs that can be conceptually separated and are capable of existing independently of the utilitarian aspects of the article embodying them," giving as examples lamp bases, carvings on furniture, costume jewelry and decorator items). *See also* testimony of Barbara Ringer, Register of Copyrights, in 1975 Hearings at 1858 (Copyright Office would not register the three-dimensional design of a useful article "unless something in it [could] be conceptually identified as a work of art in a very broad sense").

⁴⁷ The concept of physical separability seems obvious, but it has never been clearly delineated. The courts have assumed without discussion that they know physical separability when they see it, perhaps because the question is eclipsed by the comparative difficulty of determining conceptual separability. As commentators have noted, however, physical separability has been taken to mean different things in different contexts. *See, e.g.,* Denicola, *supra* note 2 at 730. The easy case is a removable, superfluous ornament, such as the Rolls-Royce winged figure. More difficult is a design painted on the back of a chair or imprinted on fabric, which cannot physically be pulled off the useful article that incorporates it. Yet the same design could and undoubtedly did have a prior independent physical existence as a painting or drawing. And because the design performs no useful function, its removal from the useful article would leave the article whole and functioning.

Straddling the borderline between physical and conceptual separability are the *Mazer* statuettes, the original impetus for the Copyright Office's adoption of the separability test. *See* note 28 above. It is true that the statuettes could be physically detached from the lamp shades, sockets and electrical wiring, and survive intact as free-standing sculpture. Nevertheless, as Nimmer points out, the statuettes were functional parts of the lamps, and the lamps themselves could not exist without them. *See* 1 M. & D. Nimmer, *Nimmer on Copyright* § 2.08[B][3] (1989) ("Nimmer"). Although it is appealing to think of the *Mazer* statuettes as an example of physical separability, such a definition would sweep too much in its path. Unless the statuettes were made as a hollow shell fitted around a bare stem, there is no principled way to distinguish them from the lamp housings in *Esquire v. Ringer*, at n.48. Both are part of the overall shape of a useful article, and are necessary to its utilitarian function; either shape, stripped of all of the lamps' other functional elements, such as bulbs and wiring, could be displayed on its own. The reasons many have perceived a difference between them are plain: the *Mazer* statuettes are representational

B. *Judicial Interpretation of the 1976 Act*

1. *Appellate Treatment Outside of the Second Circuit*

Several courts of appeals outside of the Second Circuit have had occasion to examine the new definitions in the 1976 Act. While the results have shed little light on the line-drawing problem, they illuminate some pitfalls to be avoided and raise interesting policy concerns.

The first two decisions, rendered after the effective date of the 1976 Act, involved works published before 1978, and were therefore technically governed by the 1909 Act. Nevertheless, as one might expect, the courts looked to the newly-enacted Act and its legislative history for guidance.

a. *Esquire v. Ringer*

In the first of these cases, *Esquire v. Ringer*,⁴⁸ the Court of Appeals for the District of Columbia Circuit relied on the legislative history of the 1976 Act and the definition of "useful article" in Section 101 in construing the 1909 Act and the regulations promulgated thereunder.⁴⁹ At issue in *Esquire* was the copyrightability of the overall shape of lighting fixtures of contemporary, abstract design. The Register of Copyrights had refused to register the fixtures, and the district court, concluding that this refusal discriminated against abstract art, had issued a writ of mandamus directing registration.⁵⁰

art (and hence more obviously separable at first glance), and evidence a higher degree of creative authorship than the *Esquire* fixtures. But these differences should have no bearing on the physical/conceptual distinction. Accordingly, it must be concluded that Nimmer's view that the statuettes demonstrate conceptual separability is correct. Indeed, although the Copyright Office now espouses the physical separability interpretation of *Mazer*, see Compendium of Copyright Office Practices II § 505.04 (1984) ("Compendium II"), the Register at the time of the 1976 revision apparently shared Nimmer's view. See Second Supplementary Report *supra* note 46, at 12 (giving lamp bases as an example of conceptual separability).

Once the *Mazer* situation is ruled out, a practical definition of physical separability becomes possible: if the artistic features can stand on their own as an independent work of art in the absence of *all* of the utilitarian features of the article, the artistic features are physically separable. Cf. Note, "Protection of the Design of Useful Articles: Current Inadequacies and Proposed Solutions," *supra* note 2, at 1063 (hereafter cited as "Hofstra Note") ("Physical separability requires the article's design features to remain intact after removal of its functional features"). In such circumstances, both the useful article and the work of art are able to co-exist intact. Under this test, it would not be necessary for the artistic features to be literally removable; the result should not turn on whether an ornament was applied with paint or with hammer and nails.

⁴⁸ 591 F.2d 796 (D.C. Cir. 1978), *cert. denied*, 440 U.S. 908 (1979).

⁴⁹ See also *Eltra Corp. v. Ringer*, 579 F.2d 294 (4th Cir. 1978) (relying on legislative history of 1976 Act in upholding validity of Copyright Office regulations under 1909 Act).

⁵⁰ 414 F. Supp. 939, 941 (D.D.C. 1976), citing *Mazer*, *supra*, and *Bleistein v. Donaldson Lithographing Co.*, *supra* note 21. In the district court's words, the fixtures

The court of appeals reversed, finding that the Register had not abused her discretion in applying the Copyright Office regulations to conclude that the fixtures contained no elements capable of independent existence as copyrightable works of art apart from their utilitarian aspect.

The Register interpreted the applicable regulation to bar registration of the overall shape of a utilitarian article, no matter how aesthetically pleasing. This interpretation was based on Congressional policy that industrial designs not be protected by copyright, as well as the concern that because aesthetic considerations affect the design of most useful objects, allowing registration of their shapes as works of art would open the door to protection for "the whole realm of consumer products."⁵¹

The court of appeals deferred to the Register's expertise, and found her interpretation to be supported by the 1976 Act. According to the court, the House Report, when read in its entirety, "indicate[d] unequivocally that the overall design or configuration of a utilitarian object, even if it is determined by aesthetic as well as functional considerations, is not eligible for copyright."⁵² The court flatly rejected the possibility of conceptual separability, dismissing as an "isolated reference" the statement in the House Report, quoted above, that the shape of an industrial product could be protected if it contained some element that could be identified as separable from its utilitarian aspects "physically or conceptually."⁵³

The court also invoked the 1976 Act in upholding the Register's failure to apply the explicit language of the regulation, which disqualified an article as a work of art only if its "sole intrinsic function" was its utility. The plaintiff argued that its lighting fixtures were intended to be "works of modernistic form sculpture," and therefore had an aesthetic function in addition to a utilitarian one. Because Congress had deleted the word "sole" from the definition of "useful article" in Section 101 of the new Act, however, requiring that the

were "a type of sculpture which is both original and aesthetically pleasing. Surely they would satisfy a Gropius or a Brancusi far more than would a Rembrandt portrait, and to many they are more artistic than some examples of sculpture found at such museums as the Corcoran or the Hirshhorn. . . . There cannot be and should not be any national standard of what constitutes art and the pleasing forms of the Esquire fixtures are entitled to the same recognition afforded more traditional sculpture."

⁵¹ 591 F.2d at 801, quoting the Register's brief in the district court in support of her motion to dismiss.

⁵² *Id.* at 804.

⁵³ *Id.* at 803-804. See also Milch, "Protection for Utilitarian Works of Art: The Design Patent/Copyright Conundrum," *supra* note 2, at 226-228 ("There exists no statutory or case law precedent, nor any language in the Act itself, to support the House Report's assertion that conceptual separability is sufficient to qualify a work for registration"); Gerber, *Book Review*, 26 U.C.L.A. L. Rev. 925, 939-942 (1979) (concluding that statutory language and H.R. Rep. read in their entirety require physical separability for protection).

article have only "an intrinsic utilitarian function," the court upheld the Register's interpretation.

The court distinguished *Mazer v. Stein* as addressing the narrower issue of "whether objects that are concededly 'works of art' can be copyrighted if incorporated into mass-produced utilitarian articles," as opposed to the issue before it, whether the overall shape of a utilitarian article could be copyrighted.⁵⁴

Finally, the court of appeals rejected the lower court's conclusion that the Register's interpretation amounted to discrimination against modern abstract art. While acknowledging the danger that its approach would lead to greater protection for representational art such as the *Mazer* statuettes than for abstract sculpture, the court concluded,

[W]e can see no justification, at least in the circumstances of this case, for extending the nondiscrimination principle of *Bleistein* to include action having an unintentional, disproportionate impact on one style of artistic expression. Such an extension . . . would undermine other plainly legitimate goals of copyright law—in this case the congressional directive that copyright protection should not be afforded to industrial designs.⁵⁵

The D.C. Circuit's reading of the law has rightly been criticized as overly restrictive.⁵⁶ The Act's legislative history explicitly recognizes the sufficiency of conceptual separability; the words need not be repeated to have meaning.⁵⁷ Moreover, it was plainly within Congress's power to adopt such an interpretation in drafting a new statute, without resort to statutory or judicial precedent. Once conceptual separability is accepted, the court's categorical exclusion of protection for the overall shape of a useful article is difficult to justify. Certainly the *Mazer* statuettes were as much part of the overall shape of a lamp as the housings sought to be protected in *Esquire*. And as one commentator has pointed out, if the same statuettes were made into cigarette lighters, with the mechanism contained inside, they should be no less protectable than as lamps.⁵⁸

⁵⁴ 501 F.2d at 804.

⁵⁵ *Id.* at 805.

⁵⁶ See, e.g., Brown, "Design Protection: An Overview," 34 U.C.L.A. L. Rev. 1341, 1353 (1987); Denicola, *supra* note 2 at 738; Hofstra Note, *supra* note 2 at 1057-59 and 1063 n.213.

⁵⁷ See *Kieselstein-Cord v. Accessories by Pearl, Inc.*, 632 F.2d 989, 993 (2d Cir. 1980), discussed *infra* at text at notes 77-79 (assertion that conceptual separability is insufficient for copyright protection "flies in the face of the legislative intent as expressed in the House Report").

⁵⁸ See Denicola, *supra* note 2 at 738.

b. *Norris Industries, Inc. v. International Telephone and Telegraph Corp.*

Several years later, the Eleventh Circuit had an opportunity to express its views in *Norris Industries, Inc. v. International Telephone and Telegraph Corp.*,⁵⁹ in examining the copyrightability of wire-spoked automobile wheel covers. It too relied on the 1976 Act and its legislative history in interpreting the 1909 Act, finding that "Congress intended to codify the existing practice of the Copyright Office with respect to the dichotomy between ornamental and useful articles."⁶⁰

First approving the district court's deference to the Register's classification of the wheel covers as useful articles,⁶¹ the court of appeals turned to the issue of separability. Although purporting to accept the conceptual separability test, the Eleventh Circuit limited protection to only those conceptually separable elements that constitute "ornamental, superfluous designs"⁶²—a standard hard to distinguish from traditional physical separability. Excluded from protection were "functional components of useful articles, no matter how artistically designed."⁶³ As a fall-back position, the court applied a categorical approach, noting that wheel covers "do not fall within any of the categories of fine or applied art which have been traditionally considered copyrightable."⁶⁴

c. *Fabrica Inc. v. El Dorado Corp.*

Perhaps the best example of judicial confusion over the useful article issue is the Ninth Circuit's opinion in *Fabrica Inc. v. El Dorado Corp.*,⁶⁵ decided within days of *Norris*. In *Fabrica*, the court held that advertising display folders containing carpet samples were uncopyrightable on the ground that they contained no artistic elements capable of existing independently of their utilitarian aspects. In reaching this decision, the court examined at length the history of the statute and regulations, characterizing the new Act as containing a "stricter test" for copyrightability. It quoted the House Re-

⁵⁹ 696 F.2d 918 (11th Cir.), cert. denied, 464 U.S. 818 (1983).

⁶⁰ *Id.* at 921.

⁶¹ This classification was based on the Copyright Office's determination that the wheel covers were not, as *Norris* claimed, purely decorative, but served the function of protecting the car's lugnuts, brakes, wheels and axles, thus falling within the Section 101 "useful article" definition. *Id.* at 922. But see 1 Nimmer § 2.08[B] at 2-95, n. 110.3 (distinguishing between utilitarian wheel covers and ornamental wire wheel designs placed thereon).

⁶² *Id.* at 923-924.

⁶³ *Id.* at 924.

⁶⁴ *Id.* See also *Eltra Corp. v. Ringer*, supra note 49, 579 F.2d at 298 (typeface "has never been considered entitled to copyright").

⁶⁵ 697 F.2d 890 (9th Cir. 1983).

port's "physical or conceptual separability" language,⁶⁶ but did not clearly indicate whether it would consider conceptual separability alone as sufficient.

The critical flaw in the opinion was the failure adequately to analyze whether the folders were in fact useful articles. The court's determination was based on the finding that "the folders' usefulness in marketing [was] their only reason for existence"—that they had no purpose "independent of their utilitarian function as advertising and marketing tools."⁶⁷ Nowhere did the court examine the statutory definition of a "useful article." If it had, the language of that definition should have made clear that the folders did not qualify.⁶⁸ In the court's own words, the function of the folders was as an advertising and marketing tool—that is, to convey information about the product advertised. Because they had no use other than to inform consumers, they could not be "useful articles" within the meaning of the statute. There was therefore no need for the court to consider the issue of separability.⁶⁹

d. Gay Toys, Inc v. Buddy L Corporation

The Sixth Circuit, by contrast, has recognized and correctly resolved the threshold definitional issue. In *Gay Toys, Inc. v. Buddy L Corporation*,⁷⁰ it held that a toy airplane is not a "useful article," and is therefore protectable without reference to the separability test.

The district court had reached the opposite conclusion, reasoning that toys serve an important function for children in growing up, and identifying as the "utilitarian and functional characteristics" of the toy the fact that "it permits a child to dream and to let his or her imagination soar."⁷¹ In reversing, the court of appeals described the function of a toy airplane as merely to portray a real airplane, thus taking it out of the statutory definition of "useful article."⁷² The court pointed out that many works of art invite dreaming and

⁶⁶ *Id.* at 893.

⁶⁷ *Id.* at 893-894.

⁶⁸ See 17 U.S.C. § 101, quoted above at text below note 3.

⁶⁹ While the court's reasoning was faulty, the result may have been correct. It may well be that the folders were uncopyrightable for other reasons, such as lack of sufficient creative expression.

⁷⁰ 703 F.2d 970 (6th Cir. 1983).

⁷¹ 522 F. Supp. 622, 625 (E.D. Mich. 1981).

⁷² 703 F.2d at 973. The Copyright Office too does not regard toys as useful articles. Taking the categorical approach, Compendium II of Copyright Office Practices § 504 states that "three-dimensional works falling outside the definition of useful articles, such as jewelry, toys, and wall plaques" may be registered under a traditional approach to authorship. See also *Monogram Models, Inc. v. Industro Motive Corp.*, 492 F.2d 1281, 1284 (6th Cir.), cert. denied, 419 U.S. 843 (1974) (model airplane kit held copyrightable). Mechanical features of games, on the other hand, have been held to be useful articles. See *Durham Industries*,

the exercise of imagination, and do not thereby constitute useful articles.⁷³

The court of appeals also rejected the district court's additional ground for its holding of uncopyrightability: that the airplane's design was based in part on economic considerations. The court again compared the airplane to a work of art, observing that economics could also play a part in the selection of canvas and colors for a painting. In the court's words, "The designer's or manufacturer's selection of certain features for economical reasons had nothing to do with whether the article is, to the consumer, a 'useful article' under the statute."⁷⁴

Because it did not reach the issue of separability, the Sixth Circuit took no position on the conceptual versus physical debate.⁷⁵ It also declined to decide whether the 1976 Act had broadened the useful article exception by eliminating the "sole intrinsic function" language, but noted that an argument could be made to that effect.⁷⁶

e. *Poe v. Missing Persons*

In *Poe v. Missing Persons*,⁷⁷ the Ninth Circuit again addressed the issue of what constitutes a useful article, and this time gave it closer attention than in the carpet display folder case.⁷⁸ The article at issue, created by an artist and fashion designer and entitled "Aquatint No. 5," resembled a two-piece women's swimsuit made of clear vinyl filled with colored crushed rocks. Reversing the district court's grant of summary judgment for the defendant, the court of appeals held that the question whether the article was a work of art or a utilitarian article of clothing was a disputed issue of material fact. The court did not articulate a test for separability, as it had no need to reach that

Inc. v. Tomy Corp., 630 F.2d 905, 914-915 (2d Cir. 1980); *Williams Electronics, Inc. v. Bally Mfg. Corp.*, 568 F. Supp. 1274, 1278-1281 (N.D. Ill. 1983).

⁷³ 703 F.2d at 973.

⁷⁴ *Id.* at 974.

⁷⁵ But see the hint of conceptual separability in dictum in the court's earlier opinion in *Schnadig Corp. v. Gaines Mfg. Co.*, 620 F.2d 1166, 1167 n.1 (6th Cir. 1980) ("Copyright is available to protect only the form of an object, as separated from its function, and if such a separation is not possible, copyright protection is unavailable").

⁷⁶ *Id.* at 973-974.

⁷⁷ 745 F.2d 1238 (9th Cir. 1984).

⁷⁸ *Fabrica, Inc. v. El Dorado Corp.*, discussed above in text at notes 65-69. The *Poe* court dismissed *Fabrica* as inapposite because the plaintiff there had not argued that the folder did not have a useful function. 745 F.2d at 1242. See also *Harper House Inc. v. Thomas Nelson Inc.*, 889 F.2d 197, 201-203 (9th Cir. 1989) (applying *Fabrica* to hold that non-textual, utilitarian features of personal organizer books, such as hinges, pockets for holding keys and coins, and blank note paper and forms, are uncopyrightable under the "useful article exception" to the statutory definition of "pictorial, graphic and sculptural works"; textual portions of organizers held to constitute "literary work" not subject to useful article exception).

issue. It did, however, identify several types of evidence as relevant to the trier of fact in a "useful article" case: (1) expert evidence concerning the usefulness of the article and whether any functional aspects could be separated from the artistic aspects; (2) evidence of the designer's intent; (3) testimony regarding industry custom and usage; and (4) evidence as to the article's marketability as a work of art.⁷⁹

2. *The Second Circuit*

The most thoughtful analyses of the issue are found in a trio of Second Circuit opinions decided since the effective date of the 1976 Act—each with a lengthy dissent. Despite the care which each panel has devoted to the issue, the standards articulated in these cases, and arguably their holdings, are not entirely consistent.

a. *Kieselstein-Cord v. Accessories by Pearl, Inc.*

In the first case, *Kieselstein-Cord v. Accessories by Pearl, Inc.*,⁸⁰ a panel of the Second Circuit⁸¹ held that two decorative belt buckles were copyrightable as a matter of law. The buckles were cast in gold and silver from molds made from hand-carved designs. The court described them as "solid sculptured designs," composed of various curved and parallel grooves inside an outer modified rectangle shape.⁸²

The plaintiff's buckles were sold primarily in high fashion and jewelry stores, at wholesale prices ranging from approximately \$150 to \$6,000. At least one of them was sometimes worn around the neck or elsewhere than around the waist. The plaintiff had become very successful, receiving various awards and honors for his work in jewelry and fashion design. Both buckles had been accepted by the Metropolitan Museum of Art for its permanent collection (subsequent to the commencement of the litigation).

The district court had granted summary judgment to the defendant, who sold exact copies of the buckles in common metals at a cheaper price, on the ground that the buckles were uncopyrightable as useful articles without separable, independently-existing artistic features.⁸³ The Second Circuit reversed.

The court of appeals, per Judge Oakes, began by giving recognition to the possibility of conceptual separability. Judge Oakes described the problem of determining when an artistic feature "can be identified separately from, and [is] capable of existing independently of, the utilitarian aspects of the article," as "particularly difficult because, according to the legislative history

⁷⁹ *Id.* at 1243.

⁸⁰ 632 F.2d 989 (2d Cir. 1980).

⁸¹ Circuit Judges Oakes and Van Graafeiland and District Judge Weinstein, sitting by designation.

⁸² 632 F.2d at 990.

⁸³ 489 F. Supp. 732 (S.D.N.Y. 1980).

... , such separability may occur either 'physically or conceptually.'"⁸⁴ While citing *Esquire, Inc. v. Ringer*,⁸⁵ he did not note the conflict between the Second Circuit's interpretation and the D.C. Circuit's rejection of conceptual separability as sufficient for protection.

Examining the buckles, the court concluded that they met the statutory test, as "conceptually separable sculptural elements." The basis for this conclusion was explained in a single sentence: "The primary ornamental aspect of the . . . buckles is conceptually separable from their subsidiary utilitarian function."⁸⁶ Apparently relying on the fact that the buckles had been worn as ornamentation elsewhere than at the waist, the court buttressed its conclusion by resort to the categorical approach, defining the buckles as "pieces of applied art" which could be considered jewelry—a traditional subject of copyright protection.⁸⁷

The meaning of the *Kieselstein-Cord* holding is not entirely clear. The court did not define or elaborate on its "primary ornamental" versus "subsidiary utilitarian" dichotomy, a dichotomy found nowhere in the statutory language or legislative history. At the very least, this dichotomy raises issues of degree and standard of proof. How do we decide which aspects of a work are primary and which secondary? If anything, it seems that the primary function of the belt buckles was utilitarian, since they were originally designed to be buckles and sold as such, regardless of the fact that some customers ended up wearing them as jewelry. And by how much must the ornamental aspect of the work predominate? What if both aspects are equal in importance? Finally, it is theoretically possible that the ornamental aspect may be primary, and yet not separable conceptually or physically from the utilitarian function.

In fact, although the primary/subsidiary distinction has been read as the test enunciated by the case,⁸⁸ it does not seem to be necessary to the court's conclusion. The court's basic holding is simply that the buckles contain conceptually separable sculptural elements—essentially, "we know it when we see it." The "primary/subsidiary" language can be viewed as mere description, not intended to constitute a rationale for future decision-making. Instead, the key to the decision is the following sentence: "We see in appellant's belt buckles conceptually separable sculptural elements, as apparently have the buckles' wearers who have used them as ornamentation for parts of the body other than the waist."⁸⁹ In other words, the buckles are conceptually

⁸⁴ 632 F.2d at 993.

⁸⁵ *Id.* See also *Durham Industries, Inc. v. Tomy Corp.*, 630 F.2d 905, 915 (2d Cir. 1980).

⁸⁶ *Id.*

⁸⁷ 632 F.2d at 993.

⁸⁸ See, e.g., Hofstra Note *supra* note 2 at 1060; Denicola *supra* note 2 at 733-734.

⁸⁹ 632 F.2d at 993.

separable because they not only can be but have been viewed as works of art unrelated to their function in attaching belts.

In dissent, Judge Weinstein found that the buckles were,

while admirable aesthetically pleasing examples of modern design, indubitably belt buckles and nothing else; their innovations of form are inseparable from the important function they serve—helping to keep the tops of trousers at waist level. . . . It is the originator's success in completely integrating the artistic designs and the functional aspects of the buckles that preclude [sic] copyright.⁹⁰

Quoting extensively from the legislative history of both the copyright act and proposed design legislation, Judge Weinstein concluded that Congress and the Supreme Court had struck a balance between free competition allowing inexpensive reproduction on the one hand, and providing incentives to the artist on the other, a balance that should not be disturbed by the court of appeals.⁹¹ He interpreted prior case law as extending copyright only to ornamental or superfluous designs contained within useful articles, but not to artistically-designed functional components. Characterizing these cases as favoring representational art as opposed to non-representational artistic forms, he warned against disturbing "[t]he relative certainty that has developed in this area of the law."⁹²

In essence, Judge Weinstein applied a physical separability test. While not explicitly rejecting the possibility of conceptual separability, and quoting the House Report language, he nevertheless cited *Esquire v. Ringer* with approval.⁹³ Certainly the buckles were shaped with their function in mind; certainly the artistic element could not be physically pulled off either actually or in theory. And yet, as the majority recognized, there were those who did see something in the plaintiff's works other than buckles, and actually used them for a purely aesthetic purpose.

b. Carol Barnhart Inc. v. Economy Cover Corp.

Almost exactly five years later, the Second Circuit had another opportunity to elucidate the issue in *Carol Barnhart Inc. v. Economy Cover Corporation*.⁹⁴ The works at issue in *Carol Barnhart* were four life-size polystyrene mannequins of human torsos, two nude and two clothed, designed for use in displaying clothing in stores. After the defendant began to sell cheaper duplicates of the plaintiff's forms, the plaintiff applied for and received copyright registration for the forms as "sculpture."

⁹⁰ *Id.* at 994.

⁹¹ *Id.* at 999.

⁹² *Id.* at 996.

⁹³ *Id.*

⁹⁴ 773 F.2d 411 (2d Cir. 1985) (Judges Mansfield, Meskill and Newman).

Upholding the district court's grant of summary judgment for the defendant, the Second Circuit panel held that the forms were not copyrightable. The majority opinion, written by Judge Mansfield, began by reviewing the statutory definition of "pictorial, graphic, and sculptural works," the legislative history, and prior case law. This review led it to the unremarkable conclusion that

while copyright protection has increasingly been extended to cover articles having a utilitarian dimension, Congress has explicitly refused copyright protection for works of applied art or industrial design which have aesthetic or artistic features that cannot be identified separately from the useful article. Such works are not copyrightable regardless of the fact that they may be "aesthetically satisfying and valuable."⁹⁵

This conclusion cannot be disputed; it does not, however, shed any additional light on the central problem of determining when separability exists.

In fact, the majority made no real effort in this regard, merely stating the result: that the aesthetic and artistic features of the forms were inseparable from the forms' use as utilitarian articles.⁹⁶ In so concluding, it rejected the plaintiff's arguments that the molds for the forms were made by traditional clay sculpting, indicating the use of craftsmanship, not just pure function, as well as evidence that people had responded to the forms as sculpture and used them for purposes other than displaying clothes. Unlike the *Kieselstein-Cord* court, which had found similar evidence of non-utilitarian use highly persuasive, the *Carol Barnhart* court dismissed this evidence as indicating only that the forms were aesthetically satisfying and valuable, not that they had artistic features capable of existing independently.⁹⁷

The panel further dismissed outright plaintiff's resort to the categorical approach—that the forms fell within the traditional category of sculpture of the human body, as both without support in the statute or legislative history, and conflicting with the anti-discrimination principle of *Bleistein*.⁹⁸ This complete rejection of the categorical approach also seems inconsistent with the Second Circuit's earlier analysis in *Kieselstein-Cord*.

The only real exposition of any rationale for the decision is found in the majority's attempt to distinguish *Kieselstein-Cord*:

[T]he ornamented surfaces of the [belt] buckles [in *Kieselstein-Cord*] were not in any respect required by their utilitarian functions; the artistic and aesthetic features could thus be conceived of as having been added to, or superimposed upon, an otherwise utili-

⁹⁵ 773 F.2d at 418.

⁹⁶ *Id.*

⁹⁷ *Id.*

⁹⁸ *Id.*, citing *Bleistein v. Donaldson Lithographing Co.*, *supra* n.21.

tarian article. The unique artistic design was wholly unnecessary to performance of the utilitarian function. In the case of the Barnhart forms, on the other hand, the features claimed to be aesthetic or artistic, e.g., the life-size configuration of the breasts and the width of the shoulders, are inextricably intertwined with the utilitarian feature, the display of clothes. Whereas a model of a human torso, in order to serve its utilitarian function, must have some configuration of the chest and some width of shoulders, a belt buckle can serve its function satisfactorily without any ornamentation of the type that renders the *Kieselstein-Cord* buckles distinctive.⁹⁹

Thus, while purporting to follow *Kieselstein-Cord* and quoting in passing its "primary/subsidiary" language, the *Carol Barnhart* opinion in fact enunciates a new standard: the object's artistic elements must be "wholly unnecessary" to its utilitarian function. This novel test is strikingly reminiscent of the concept of functionality in trademark law, which states that a design feature cannot be protected as a trademark if it is "essential to the use or purpose of the article or . . . affects the cost or quality of the article."¹⁰⁰ As applied to copyrightability determinations, such a standard will nearly always be the equivalent of the physical separability test. Any artistic features that are necessary to and inextricably intertwined with the object's utilitarian function will almost inevitably be physically inseparable; most superfluous ornamental design will be physically separable. Indeed, *Carol Barnhart* seems to recast the *Kieselstein-Cord* holding of copyrightability in restrictive physical separability terms, contrary to Judge Oakes' careful and conscious application of the principle of conceptual separability.¹⁰¹

It seems likely that the *Carol Barnhart* court's unacknowledged change of direction was influenced in part by concerns over the possible monopolization of the basic human form necessary to create a usable mannequin. Such concerns, however, are more appropriately dealt with in determining the scope of protection and the related issue of infringement. The copyrights in the plaintiff's designs would be limited to their particular forms of expression, with only very close or exact copies capable of constituting infringement. Competitors would remain free to make mannequins equally well-designed to incorporate natural, life-size configurations of the human body.

⁹⁹ *Id.* at 419.

¹⁰⁰ *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844, 850 n.10 (1982). See also *Stormy Clime, Ltd. v. Progroup, Inc.*, 809 F.2d 971, 975-978 (2d Cir. 1987); *Sicilia Di R. Biebow & Co. v. Cox*, 732 F.2d 417, 428-430 (5th Cir. 1984); *Re Morton-Norwich Products, Inc.*, 671 F.2d 1332 (C.C.P.A. 1982); 1 J.T. McCarthy, *Trademarks and Unfair Competition* § 7:26 (2d ed. 1984).

¹⁰¹ See also Judge Winter's dissent in *Brandir International, Inc. v. Cascade Pacific Lumber Co.*, 834 F.2d 1142, 1151 (2d Cir. 1987), discussed *infra* text at notes 137-140.

In a thorough and illuminating dissent, Judge Newman analyzed the meaning of conceptual separability, canvassing various standards and proposing a new one of his own. Judge Newman's starting point was the basic concept that conceptual separability "must mean something other than 'physical separability,'" so that "a design feature can be 'conceptually separable' from the utilitarian aspect of a useful article even if it cannot be separated physically."¹⁰² He then examined several approaches to the issue taken by courts and commentators:

1. *Usage*. This approach would rule out conceptual separability for an article used primarily to serve its utilitarian function, even if its design elements made it usable secondarily as a work of art. Judge Newman discerned "danger in this approach in that it would deny copyright protection to designs of works of art displayed by a minority because they are also used by a majority as useful articles."¹⁰³

2. *Kieselstein-Cord primary/subsidiary test*. Judge Newman found this approach unsatisfactory because of its practical problems. In his words: "[I]t offers little guidance to the trier of fact, or the judge endeavoring to determine whether a triable issue of fact exists, as to what is being measured by the classifications 'primary' and 'subsidiary.'"¹⁰⁴

3. *Nimmer's marketability test*. Under this approach, proposed by the late Professor Nimmer, conceptual separability would exist "where there is any substantial likelihood that even if the article had no utilitarian use it would still be marketable to some significant segment of the community simply because of its aesthetic qualities."¹⁰⁵ As Judge Newman recognized, this test creates two related problems: it risks protecting only forms within the domain of popular art, and on the other hand, it eliminates forms that many would consider works of art, but that only a few would actually wish to purchase for themselves.¹⁰⁶

4. *Aesthetic Appeal*. This approach, perhaps the simplest and easiest to apply, would find conceptual separability "whenever the design of a form has sufficient aesthetic appeal to be appreciated for its artistic qualities." Unfortunately for simplicity, as Judge Newman noted, the House Report makes clear that this approach has been rejected by Congress. In a well-chosen example, Judge Newman wrote:

A chair may be so artistically designed as to merit display in a museum, but that fact alone cannot satisfy the test of "conceptual sep-

¹⁰² 773 F.2d at 420-421.

¹⁰³ *Id.* at 421. Thus, for example, Judge Newman posited that a sculpture of the human body might be copied with impunity for commercial use in large quantities as a mannequin.

¹⁰⁴ *Id.* See also discussion above text at 86.

¹⁰⁵ 1 Nimmer § 2.08[B] at 2-99 (footnote omitted).

¹⁰⁶ 773 F.2d at 422. See also Denicola, *supra* note 2 at 734-735.

arateness." The viewer in the museum sees and apprehends a well-designed chair, not a work of art with a design that is conceptually separate from the functional purposes of an object on which people sit.¹⁰⁷

As to the majority's approach to the issue, Judge Newman did not criticize or even mention it explicitly, but explained its failings indirectly in a footnote. Noting the difference between the copyright principle of conceptual separability and the trademark principle of functionality, he explained,

Copyright law . . . does not deny copyright protection to a design simply because the design features are functional. If the design engenders a concept that is separable from the concept of the utilitarian function, the design is copyrightable.¹⁰⁸

He also addressed the majority's unspoken concern about monopolies for functional designs, finding it "adequately met by confining the scope of copyright protection to the precise expression of the proprietor's design."¹⁰⁹

Having ruled out all of these options, Judge Newman then outlined his own approach:

For the design features to be "conceptually separate" from the utilitarian aspects of the useful article that embodies the design, the article must stimulate in the mind of the beholder a concept that is separate from the concept evoked by its utilitarian function.¹¹⁰

The "beholder" to be considered is the ordinary, reasonable observer. The requisite "separateness" will exist "whenever the design creates in the mind of the ordinary observer two different concepts that are not inevitably entertained simultaneously."¹¹¹

This does not mean that the observer must fail to recognize the object's utilitarian function. Conceptual separability may also exist where this function

is perceived by observation, perhaps aided by explanation, if the concept of the utilitarian function can be displaced in the observer's mind while he entertains the separate concept of some non-utilitarian function. The separate concept will normally be that of a work

¹⁰⁷ 773 F.2d at 422.

¹⁰⁸ *Id.* at 420, n.1. See also *Brandir International, Inc. v. Cascade Pacific Lumber Co.*, 834 F.2d 1142, 1148 (2d Cir. 1987), discussed below in text at notes 120-140 (agreeing with Judge Newman that "the principle of conceptual separability of functional design elements in copyright law is different from the somewhat similar principle of functionality as developed in trademark law").

¹⁰⁹ *Id.*

¹¹⁰ *Id.* at 422.

¹¹¹ *Id.*

of art.¹¹²

Judge Newman cautioned that it should not be enough for the observer to entertain simultaneously the concepts of a work of art and a useful function. In order to maintain Congress' intent to exclude merely aesthetically pleasing useful articles from protection, he believed that "separateness" should be found only when the two concepts are independent and mutually exclusive—i.e., "when the non-utilitarian concept can be entertained in the mind of the ordinary observer without at the same time contemplating the utilitarian function."¹¹³

Under this approach, conceptual separability is an issue of fact to be decided on all the evidence. Judge Newman listed as relevant to this issue a visual examination of the object itself; evidence of the type and extent of non-utilitarian uses to which the object has been put; consumer purchases; expert opinion; and survey evidence.¹¹⁴ The test is the observer's impression based on *all* the evidence, not just his or her immediate reaction.

Applying his new standard, Judge Newman found that the plaintiff's two nude forms satisfied the conceptual separability test as a matter of law. From his inspection of the forms, he concluded that they "clearly engender[ed] an entirely separable concept of an art object, one that [could] be entertained in the mind without simultaneously perceiving the forms as mannequins at all."¹¹⁵ As to the clothed forms, he was less sure, finding summary judgment inappropriate and recommending a remand for trial on the issue of separability.¹¹⁶

The majority was not convinced. It dismissed Judge Newman's proposed standard in a footnote, criticizing it as "so ethereal as to amount to a 'non-test' that would be extremely difficult, if not impossible, to administer or apply."¹¹⁷ It reasoned:

Almost any utilitarian article may be viewed by some separately as art, depending on how it is displayed (e.g., a can of Campbell Soup or a pair of ornate scissors affixed to the wall of a museum of modern art). But it is the object, not the form of display, for which copyright protection is sought. Congress has made it reasonably clear that copyrightability of the object should turn on its ordinary use as viewed by the average observer, not by a temporary flight of fancy that could attach to any utilitarian object, including

¹¹² *Id.* at 422-423.

¹¹³ *Id.* at 423.

¹¹⁴ *Id.*

¹¹⁵ *Id.* at 425.

¹¹⁶ *Id.* at 426.

¹¹⁷ *Id.* at 419, n.5.

an automobile engine, depending on how it is displayed.¹¹⁸

As evidence of the "vague" and "illusory" nature of Judge Newman's test, the court pointed to his suggestion that some mannequins but not others would qualify as copyrightable sculpture, depending on factors such as the materials used, the configuration of the limbs, facial features and hair, and to his inability to determine whether the ordinary observer could perceive the plaintiff's two clothed forms as works of art. It also took issue with Judge Newman's alleged reliance on photographs in his assessment of the ordinary observer's reaction. According to the majority, the objects presented to the Copyright Office were hollowed-out three-dimensional forms with open backs, obviously designed to enable clothing to be pinned or tucked in, which could not be viewed as anything other than mannequins with a utilitarian function.¹¹⁹

c. *Brandir International, Inc. v. Cascade Pacific Lumber Co.*

The Second Circuit took yet another stab at this thorny issue in 1987, in a case involving an unusual bicycle rack. In *Brandir International, Inc. v. Cascade Pacific Lumber Co.*,¹²⁰ the plaintiff's work differed from those in *Kieselstein-Cord* and *Carol Barnhart* in that it had originally been created as a work of art, a wire sculpture. After a friend suggested that the sculpture would make a good bicycle rack, the plaintiff modified the design to make it work as a bicycle rack, and began mass manufacture and sales. The rack had won advertising and design awards and had been the subject of media attention.

Both the district court¹²¹ and the court of appeals held that the rack was not copyrightable. In reaching this conclusion, the court of appeals majority applied a new test of conceptual separability purportedly drawn from the 1983 article by Professor Robert C. Denicola, entitled "Applied Art and Industrial Design: A Suggested Approach to Copyright in Useful Articles."¹²² First, however, Judge Oakes, writing for the majority, reviewed the post-1976 Act precedents, reaffirming the Second Circuit's acceptance of conceptual separability as sufficient for protection.¹²³

Judge Oakes' treatment of his own opinion in *Kieselstein-Cord* was limited to this acceptance and a statement of the ultimate holding; he refrained from characterizing the test adopted. Expressing the belief that *Kieselstein-*

¹¹⁸ *Id.*

¹¹⁹ *Id.* Judge Newman has denied that he relied exclusively on the photographs, observing the difficulty West Publishing Company would have in reproducing the three-dimensional works in the F.2d reporter.

¹²⁰ 834 F.2d 1142 (2d Cir. 1987).

¹²¹ Copyr. L. Rep. (CCH) ¶ 26,017 (S.D.N.Y. 1986).

¹²² 67 Minn. L. Rev. 707 (1983) (hereinafter cited as "Denicola").

¹²³ 834 F.2d at 1144.

Cord had not been overruled, he adopted the *Carol Barnhart* majority's construction of the case, but noted lower court authority construing it differently.¹²⁴ Judge Oakes devoted more attention to Judge Newman's proposed test, describing his *Carol Barnhart* dissent as "illuminating."¹²⁵ Agreeing that none of the other approaches mentioned by Judge Newman in his dissent was "very satisfactory,"¹²⁶ the *Brandir* majority nevertheless ruled out his test with apparent reluctance, no doubt because it was bound under Circuit rules by *Carol Barnhart*'s interpretation of the law.

The Denicola test was presented as a compromise, with the majority theorizing wishfully that the *Carol Barnhart* panel might have resolved its differences had it been aware of the article¹²⁷ (a wish that appears to be based less on the compatibility of the approaches than on a hope for judicial harmony). In essence, the Denicola test focuses on the design process rather than the resulting work.¹²⁸ In Professor Denicola's words:

[T]he statutory directive requires a distinction between works of industrial design and works whose origins lie outside the design process, despite the utilitarian environment in which they appear. Copyrightability, therefore, should turn on the relationship between the proffered work and the process of industrial design. Because the dominant characteristic of industrial design is the influence of nonaesthetic, utilitarian concerns, copyrightability ultimately should depend on the extent to which the work reflects artistic expression uninhibited by functional considerations.¹²⁹

The *Brandir* court's version of this test, phrased "in the language of conceptual separability," was as follows:

[I]f design elements reflect a merger of aesthetic and functional considerations, the artistic aspects of a work cannot be said to be conceptually separable from the utilitarian elements. Conversely, where design elements can be identified as reflecting the designer's artistic judgment exercised independently of functional influences, conceptual separability exists.¹³⁰

¹²⁴ *Id.*, citing *Animal Fair, Inc. v. Amfesco Inds., Inc.*, 620 F. Supp. 175, 187-188 (D. Minn. 1985).

¹²⁵ *Id.*

¹²⁶ *Id.*

¹²⁷ *Id.* at 1145.

¹²⁸ Criticizing the courts' "unfortunate fixation on appearance alone," Professor Denicola states, "If the ultimate aim is to distinguish applied art from industrial design, theories focusing only on appearances cannot achieve the desired end. It is the *process* more than the result that gives industrial design its distinctive character." Denicola, *supra* note 122 at 743.

¹²⁹ Denicola, *supra* note 122 at 741, quoted in *Brandir* at 1145.

¹³⁰ 834 F.2d at 1145.

The court gave three reasons for preferring this approach: (1) that it was consistent with the results of prior cases; (2) that its emphasis on the design process avoided the problem of discrimination against nonrepresentational art; and (3) that it would not be too difficult to apply.¹³¹

Although the test articulated in *Brandir* purports to be a restatement of Denicola's approach, in fact the court's version differs in at least one significant respect. While Denicola seems to envisage a sliding scale of artistic expression versus functional concerns,¹³² the court suggests that *any* influence of functional considerations on the designer's judgment in creating the design elements disqualifies the work from protection. It is only where at least some design elements can be identified as created entirely independently of such functional influence that conceptual separability exists. It is not clear from the court's language, however, how great a portion of the work such design elements must represent, or how much functional influence leads to "merger."

In its first effort at applying the new test, the court found that the bicycle rack was uncopyrightable because its form was "influenced in significant measure by utilitarian concerns and thus any aesthetic elements cannot be said to be conceptually separable from the utilitarian elements."¹³³

The use of this test in analyzing the plaintiff's work was complicated by the fact that the rack had in a sense undergone two different design processes—one in its original incarnation as sculpture, and a second when it was transformed into a bicycle rack. Addressing this issue, the court explained that the use of one of plaintiff's original sculptures as a bicycle rack would not have caused it to forfeit copyright protection. Because, however, the designer had made changes in the sculpture to make it work better as a bicycle rack, "adapt[ing] the original aesthetic elements to accommodate and further a utilitarian purpose," those elements could no longer be considered conceptually separable—whether or not the reasonable observer could see the rack as a piece of minimalist sculpture. The court concluded,

While the RIBBON Rack may be worthy of admiration for its aesthetic qualities alone, it remains nonetheless the product of industrial design. Form and function are inextricably intertwined in the

¹³¹ *Id.* Each of these reasons is at best questionable. See discussion *infra* text at 158-175.

¹³² Denicola focuses on "the extent to which the work reflects either the independent perspective of the artist or the more integrated approach of the designer," Denicola *supra* note 122 at 746-747, without specifying any particular cut-off point for protection.

¹³³ 834 F.2d at 1147. Cf. *Durham Industries, Inc. v. Tomy Corp.*, *supra* note 85, 630 F.2d at 915 (shapes, dimensions and configurations of toys used in mechanical games held unprotectable where "dictated primarily by utilitarian considerations").

rack, its ultimate design being as much the result of utilitarian pressures as aesthetic choices.¹³⁴

Following the lead of the Carol Barnhart panel,¹³⁵ Judge Oakes dismissed without discussion a piece of evidence of a type that had struck him as critical in *Kieselstein-Cord*. There was evidence in the record of consumer perception of the rack as a pure work of art: one customer had refused to accept delivery until he was assured that what he saw was in fact a bicycle rack.¹³⁶

In a persuasive dissent, Judge Winter criticized the majority's test as "diminish[ing] the statutory concept of 'conceptual separability' to the vanishing point."¹³⁷ In contrast to Judge Oakes' optimism, Judge Winter argued that *Kieselstein-Cord* and *Carol Barnhart* were simply not reconcilable. He accused the *Carol Barnhart* majority of applying a physical separability test under the rubric of conceptual separability, an approach also taken, he asserted, by the majority's version of Denicola.¹³⁸ Judge Winter preferred Judge Newman's test as set out in his *Carol Barnhart* dissent, restating that test as "whether the design of a useful article, however intertwined with the article's utilitarian aspects, causes an ordinary reasonable observer to perceive an aesthetic concept not related to the article's use."¹³⁹

Judge Winter also took issue with the majority's and Denicola's focus on the process of creation, arguing that copyright protection should not turn on such fortuitous circumstances. He saw no reason why the rack's copyright status should vary depending on whether the designer "serendipitously chose the final design . . . during his initial sculptural musings or whether the original design had to be slightly modified to accommodate bicycles," noting that the statutory language turns on how the artistic elements of the useful article are perceived, not how they were developed.¹⁴⁰

d. Whimsicality, Inc. v. Rubie's Costume Co.

In its most recent encounter with the useful article issue, yet another panel of the Second Circuit¹⁴¹ provided an odd and potentially troublesome coda to the court's earlier trio of opinions. *Whimsicality, Inc. v. Rubie's Costume Co.*¹⁴² involved costume designs in the shapes of various animals and

¹³⁴ 834 F.2d at 1147.

¹³⁵ See text above at note 97.

¹³⁶ *Id.* at 1152.

¹³⁷ *Id.* at 1151.

¹³⁸ *Id.*

¹³⁹ *Id.*

¹⁴⁰ *Id.* at 1152.

¹⁴¹ Circuit Judges Timber and Winter, with District Judge Leisure sitting by designation.

¹⁴² 891 F.2d 452 (2d Cir. 1989).

objects. The district court had granted summary judgment to the defendant based on a holding that the costumes were not copyrightable. The court of appeals affirmed, but on a different ground: that the plaintiff had misrepresented the nature of its works to the Copyright Office as "soft sculptures" rather than "costumes," thereby making its registrations invalid and incapable of supporting an infringement action.¹⁴³ Although the court explicitly declined to reach the issue of copyrightability,¹⁴⁴ its discussion necessarily touched on the issue in concluding that registration would have been denied if the plaintiff had properly identified its works.

The court began with the categorical approach, noting the historical exclusion of clothing from the scope of copyright protection.¹⁴⁵ Acknowledging that physically or conceptually separable artistic features of useful articles are copyrightable, the court nevertheless indicated a reluctance to find such separability in clothing: "[C]lothes are particularly unlikely to meet that test—the very decorative elements that stand out being intrinsic to the decorative function of the clothing."¹⁴⁶ This is remarkable language—the "function" of decoration being precisely what is ordinarily conceived of as protected by copyright.

The court's next sentence has even broader implications, stating flatly that "useful articles standing alone may never be registered."¹⁴⁷ On its face, this statement rules out any protection for the overall design of a useful article, whether or not that design may be perceived as a work of art apart from the article's utilitarian function—in essence the holding of the D.C. Circuit in *Esquire v. Ringer*.¹⁴⁸ It seems unlikely, however, that the court intended to go this far, given its lack of any real analysis of the issue, or any citation to judicial or legislative authority. Rather, the context strongly suggests that the court was focusing primarily on Copyright Office practices, and exhorting applicants to specify those particular elements of a useful article that are separable and hence protectable.¹⁴⁹ For this reason as well as the peculiar facts presented, the decision should have little precedential value outside of the registration context.

Having decided that the plaintiff's works could not be registered as cos-

¹⁴³ *Id.* at 456. See 17 U.S.C. § 411(a) (making registration a precondition to bringing suit for infringement).

¹⁴⁴ 891 F.2d at 453.

¹⁴⁵ *Id.* at 455.

¹⁴⁶ *Id.*, citing *Brandir*, *supra* note 114 (emphasis added).

¹⁴⁷ *Id.*

¹⁴⁸ See discussion above in text at notes 48-58.

¹⁴⁹ 891 F.2d at 455. Cf. *Esquire v. Ringer*, *supra* note 48, 591 F.2d at 806 (finding that *Esquire's* submission of photographs of its entire lighting fixtures with its application for registration, without singling out the housings constituting the allegedly separable artistic features, supported the Register's determination of non-copyrightability).

tumes, the court then found that no reasonable observer could view them as "soft sculptures."¹⁵⁰ To the court, not only was this question not an issue for the trier of fact, but the answer was so plain that the plaintiff's characterization amounted to fraud on the Copyright Office.¹⁵¹

3. District Courts

District court cases construing the 1976 Act have achieved equally mixed results. As in the earlier cases, the holdings of several of the useful article cases are based on lack of originality.¹⁵² Other courts have shared the confusion evinced by the Second and Ninth Circuits in *Whimsicality* and *Fabrica* about what constitutes a useful function, ruling out protection for animal nose masks based on their "utilitarian purpose of creating humor,"¹⁵³ and for costumes based on their function of "enabl[ing] the wearer to masquerade."¹⁵⁴

Those lower courts that discuss the issue of separability have consistently found conceptual separability to be sufficient, relying on the Second Circuit's opinions in *Kieselstein-Cord*, *Carol Barnhart* and/or *Brandir*.¹⁵⁵

¹⁵⁰ 891 F.2d at 456.

¹⁵¹ The court persisted in this conclusion despite the Copyright Office's later assurance that it had not in fact been deceived as to the nature of the plaintiff's works, and had registered them knowing full well they were costumes. See Affidavit of Frank Vitalos, Chief, Visual Arts Section, submitted in conjunction with plaintiff's petition for rehearing. The Second Circuit's strong reaction may have been provoked by the plaintiff's apparent disingenuousness as described in the district court's opinion: apart from the applications for registration, every item of written material produced by the plaintiff described the articles as "costumes" and depicted them being worn by children. See 721 F. Supp. 1566, 1750 and n.4 (E.D.N.Y. 1989). Cf. *Masquerade Novelty, Inc. v. Unique Industries, Inc.*, 1990 U.S. Dist. LEXIS 556, pp. 11-12 (E.D. Pa. Jan. 18, 1990) (failure to display masks in photographs submitted with application for registration so as to convey their utilitarian function held to rebut prima facie evidentiary effect of registration).

¹⁵² See *Towle Mfg. Co. v. Godinger Silber Art. Co.*, 612 F. Supp. 986 (S.D.N.Y. 1985); *Past Pluto Productions Corp. v. Dana*, 627 F. Supp. 1435 (S.D.N.Y. 1986).

¹⁵³ *Masquerade Novelty, Inc. v. Unique Industries, Inc.*, 1990 U.S. Dist. LEXIS 556, p. 9 (E.D. Pa. Jan. 18, 1990).

¹⁵⁴ *Whimsicality, Inc. v. Rubie's Costumes Co.*, 721 F. Supp. 1566, 1574 (E.D.N.Y.), *aff'd in part on other grounds and vacated in part*, 891 F.2d 452 (2d Cir. 1989), discussed above at text to notes 142-151.

¹⁵⁵ See *Masquerade Novelty, Inc. v. Unique Industries, Inc.*, *supra* n.153; *Whimsicality, Inc. v. Rubie's Costumes Co.*, *supra* n.154; *Beverly Hills Design Studio (N.Y.) Inc. v. Morris*, 13 U.S.P.Q.2d 1889, 1895 (S.D.N.Y. 1989); *Sunset Lamp Corp. v. Alys Corp.*, 698 F. Supp. 1146, 1151 (S.D.N.Y. 1988); *National Theme Productions, Inc. v. Jerry B. Beck, Inc.*, 696 F. Supp. 1348, 1352 (S.D. Cal. 1988); *Act Young Imports, Inc. v. B. and E. Sales Co.*, 667 F. Supp. 85 (S.D.N.Y. 1986); *Animal Fair, Inc. v. Amfesco Inds., Inc.*, 620 F. Supp. 175, 187-88 (D. Minn. 1985), *aff'd without op.*, 794 F.2d 678 (6th Cir. 1986); *Trans-*

Stating the principle is one thing, however, and applying it is another. Many courts simply set forth their conclusion as to separability with no real analysis of how that conclusion was reached.¹⁵⁶ But whether conclusory or carefully reasoned, the holdings have been inconsistent. Thus, the courts have both upheld and denied protection for fanciful masks or costumes—all in the name of conceptual separability.¹⁵⁷ And while some courts determine conceptual separability as a matter of law, at least one has denied summary judgment, recommending the use of expert testimony and evidence as to the designer's evaluation of the work.¹⁵⁸

IV. ANALYSIS

A. The Proper Standard

1. The Denicola/Brandir Approach

The *Brandir* court's adoption of Professor Denicola's approach is regrettable, as the Denicola test contains several fundamental flaws. The test's reliance on the creative process rather than the *result* of that process can be found nowhere in the statutory language, legislative history, or judicial interpretation. Indeed, it is inconsistent with all of these authorities, as well as being out of step with other areas of copyright law.

To begin with, as Judge Winter pointed out in his dissent in *Brandir*, the emphasis on process is contrary to the language of the Copyright Act. Under the statute, the design of a useful article is protectable to the extent that the design incorporates artistic features "that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article."¹⁵⁹ The test is thus the appearance and nature of the article itself. While it may be possible in theory to use an examination of the process of creation to determine whether the artistic features "can be identified separately," this strains the language of the statute and contradicts its obvious

World Mfg. Corp. v. Al Nyman & Sons, Inc., 218 U.S.P.Q. 208, 211 (D. Del. 1982).

¹⁵⁶ See *Beverly Hills Design Studio (N.Y.) Inc. v. Morris*, *supra* note 155, 13 U.S.P.Q.2d at 1895 n.9; *Sunset Lamp Corp. v. Alsy Corp.*, *supra* note 155; *Act Young Imports, Inc. v. B. and E. Sales Co.*, *supra* note 155; *Vermont Castings, Inc. v. Evans Products Co.*, 215 U.S.P.Q. 758, 762-63 (D. Vt. 1981).

¹⁵⁷ Compare *National Theme Productions, Inc. v. Jerry B. Beck, Inc.* *supra* note 155, 696 F. Supp. at 1353-1354 (artistic features of animal costumes held separable from utilitarian purpose); *Act Young Imports, Inc. v. B. and E. Sales Co.*, *supra* note 155 (finding conceptual separability in animal-shaped backpacks); and *Animal Fair, Inc. v. Amfesco Inds., Inc.*, *supra* note 155 (same re: bear paw slippers) with *Whimsicality, Inc. v. Rubie's Costumes Co.*, *supra* note 154, 721 F. Supp. at 1573 (shapes of costumes held inseparable from their function); *Masquerade Novelty, Inc. v. Unique Industries, Inc.*, *supra* note 153 (no conceptually separable artistic elements in animal nose masks).

¹⁵⁸ *Trans-World Mfg. Corp. v. Al Nyman & Sons, Inc.*, *supra* note 155.

¹⁵⁹ 17 U.S.C. § 101 (definition of "pictorial, graphic and sculptural works").

intent. The House Report makes even clearer that it is the final product that is relevant, not the process: "The test of separability and independence from 'the utilitarian aspects of the article' does not depend upon the nature of the design—that is, even if the appearance of an article is determined by aesthetic (as opposed to functional) considerations, only elements, if any, which can be identified separately from the useful article as such are copyrightable."¹⁶⁰

Second, the Denicola/*Brandir* test is inconsistent with the reasoning and spirit of the Supreme Court's opinion in *Mazer v. Stein*.¹⁶¹ Unlike the bicycle rack in *Brandir*, the statuettes in *Mazer v. Stein* were originally designed specifically for use as lamp bases. While it is not clear from the opinion, it is quite possible that their form was influenced by this intended use—that they were designed to hold a lamp shade and encase electric wiring, and that their shape and size was chosen to make them suitable to stand on a table.¹⁶² If so, it is unclear whether they would be found separable under the *Brandir* version of the test. Even more important, the central holding of the case was that a work of art intended to be used as part of a useful article is copyrightable. It would be contrary to *Mazer's* basic philosophy to hold that if the design of the work is influenced by functional considerations as well as aesthetic, it cannot qualify for copyright protection.

In addition, the Denicola test, with its focus on "artistic expression uninhibited by functional considerations,"¹⁶³ the "unconstrained perspective of the artist,"¹⁶⁴ and the influence of "artistic motives"¹⁶⁵ and "purely aesthetic visions,"¹⁶⁶ seems to require an examination of the designer's motivations in creating the work. Assuming that the work's form is not dictated by function, and a number of options exist for its design,¹⁶⁷ how else can the judgment be made whether a particular choice is functional or aesthetic?¹⁶⁸ But

¹⁶⁰ H.R. Rep. at 55. While Professor Denicola notes this language in the House Report, Denicola, *supra* note 122 at 743, he is unable convincingly to show that it is not contradicted by his reliance on the influence of "artistic expression," "artistic motives" and "aesthetic visions" on the form of the work as the touchstone for separability. Cf. Compendium II § 505.05 (in determining separability, the aesthetic value of the design, the fact that its shape could have been designed differently, and the amount of work involved are all irrelevant).

¹⁶¹ See discussion above, text at notes 18-25.

¹⁶² Without reference to any evidence relating to the design process, Professor Denicola assumes that the form of the statuettes "is not responsive to utilitarian demands . . . [but] reflects purely aesthetic visions." Denicola *supra* note 122 at 742-43.

¹⁶³ *Id.* at 741.

¹⁶⁴ *Id.* at 742.

¹⁶⁵ *Id.*

¹⁶⁶ *Id.* at 743.

¹⁶⁷ *Id.* at 741-42 (positing an area where the choice of form is constrained but not dictated by functional concerns).

¹⁶⁸ At least one court has interpreted the test as essentially equivalent to a trademark

the Supreme Court rejected such a test in *Mazer v. Stein*, choosing not to adopt the approach of a lower court in another case involving the same statutes, which held that it was the "intent and purpose" of the designer which determined copyrightability.¹⁶⁹

Even outside of the useful article context, a focus on motive is out of place in the field of copyright law. The creator's intent is not the test of copyrightability for any other type of work. Rather, the issue is always the nature of the work itself—whether to an objective observer it contains sufficient original creativity to constitute authorship.¹⁷⁰ The creator may well have intended such a result without having been successful in achieving it.¹⁷¹ In the area of infringement too, motive is irrelevant; unauthorized copying is still unlawful when done innocently or even unconsciously.¹⁷²

Finally, Denicola's approach creates practical problems of application.¹⁷³ Most difficult is the question of degree: What level of functional considerations must be present before the work becomes uncopyrightable? It is very unlikely that any useful article will have artistic features that have not been influenced in some way by the article's intended use—if only to avoid interfering with that use, e.g., by unobtrusive placement. And the relative importance of functional and aesthetic concerns may vary at different stages in the design process, as the article proceeds through drafts or revisions.¹⁷⁴

functionality determination. See note 100 above; *National Theme Productions, Inc. v. Jerry B. Beck, Inc.*, *supra* note 155, 696 F. Supp. at 1354 (finding separability where the article's artistic features "simply do not advance their utilitarian purpose").

¹⁶⁹ 347 U.S. at 203, n.3, citing *Stein v. Benaderet*, 109 F. Supp. 364, 365 (D. Mich. 1952).

¹⁷⁰ Although Professor Denicola is correct in noting that "[e]mphasis on the creative process has long been part of copyright law," Denicola *supra* note 122 at 744 n.171, the requisite creative authorship must be embodied in the work itself. See 37 C.F.R. § 202.10(a) (1981). The choices made by the creator may be relevant to the article's protectability as they inform its appearance, but the reasons for those choices have not been regarded as critical.

¹⁷¹ Thus, for example, Rauschenberg's "White Painting," currently on display at the National Gallery, which consists of seven panels each painted a solid white, was undoubtedly the product of the artist's purely aesthetic vision. The work nevertheless would not be accepted for registration by the Copyright Office, as it would be considered to contain insufficient creative expression. See Compendium II § 503.02(a).

¹⁷² See, e.g., *ABKCO Music, Inc. v. Harrisongs Music, Ltd.*, 722 F.2d 988, 998-999 (2d Cir. 1983); *Sheldon v. Metro-Goldwyn Pictures Corp.*, 81 F.2d 49, 54 (2d Cir.), *cert. denied*, 298 U.S. 669 (1936).

¹⁷³ Professor Denicola himself acknowledges that his test is difficult to apply. Denicola *supra* note 122 at 747 and n.183.

¹⁷⁴ The result may be that, as in *Brandir*, an early version of the work is protectable while a later revision is not. See Judge Winter's dissent, quoted above in text to note 132; 1 Nimmer § 2.08[B] at 2-102 (criticizing *Brandir* as "hing[ing] copy-

There will also be problems of proof. While any issue of fact can be hard to prove, this particular test turns on motivation and subjective intent, calling for testimony from designers who are more than likely to have a personal stake in the outcome.¹⁷⁵

2. Judge Newman's "Displacement" Test

The test proposed by Judge Newman in his dissent in *Carol Barnhart* has many advantages over the Denicola/Brandir approach. It dovetails much better with the language and intent of Section 101, as well as the general approach of the copyright law.

To begin with, Judge Newman's test is consistent with the statute's focus on the actual appearance of the useful article, as it turns on the observer's perception of the article itself.¹⁷⁶ Moreover, the test makes sense on an intuiti-

right protection on the historical accident of whether or not changes take place in the industrial design process").

¹⁷⁵ See Brown, "Design Protection: An Overview," *supra* n. 56, at 1351 (noting "the ambiguities of reconstructing the designer's purpose" mandated by the Denicola test, and the room the test creates for "self-serving declarations of aesthetic aims").

¹⁷⁶ The Compendium of Copyright Office Practices incorporates language strikingly similar to Judge Newman's in describing conceptual separability:

Conceptual separability means that the pictorial, graphic, or sculptural features, while physically inseparable by ordinary means from the utilitarian item, are nevertheless clearly recognizable as a pictorial, graphic, or sculptural work which can be visualized on paper, for example, or as free-standing sculpture, as another example, independent of the shape of the useful article, i.e., the artistic features can be imagined separately and independently from the useful article without destroying the basic shape of the useful article. The artistic features and the useful article could both exist side by side and be perceived as fully realized, separate works—one an artistic work and the other a useful article. Thus, carving on the back of a chair, or pictorial matter engraved on a glass vase, could be considered for registration.

¶ 505.03 (emphasis added).

The end of the same sentence, however, introduces a note of ambiguity. The requirement that "the basic shape of the useful article" must remain intact has the ring of physical separability. See note 47 above. Indeed, the remainder of this paragraph goes on to whittle away at the idea of conceptual separability until it seems to be left with nothing more than actual physical separability:

The test of conceptual separability, however, is not met by merely analogizing the general shape of a useful article to works of modern sculpture, since the alleged "artistic features" and the useful article cannot be perceived as having separate, independent existences. The shape of the alleged "artistic features" and of the useful article are one and the same, or differ in minor ways; any differences are de minimis. The mere fact that certain features are nonfunctional or could have been designed differently is irrelevant under the statutory definition of pictorial, graphic, and sculptural works. Thus, the fact that a lighting fixture might resemble abstract sculpture would not transform the lighting fixture into a copyrightable work.

tive level, harmonizing with *Mazer v. Stein*. Reduced to basics, it says that an object that can be seen as a work of art deserves protection as a work of art.¹⁷⁷ Under the Supreme Court's reasoning in *Mazer*, such an object should not be disqualified simply because it can *also* be seen and used as a useful article. If a copyrightable work of art remains copyrightable when it is later incorporated into a useful article, reversing the sequence of events and starting with its appearance in the useful article should not make the same work uncopyrightable.

Judge Newman's test also shares some of the benefits of the Denicola/*Brandir* approach. It too avoids the problem of discriminating between representational and abstract art, as either type of art can in theory be recognized as such by the ordinary observer. While some danger of discrimination inheres in any "art versus non-art" test,¹⁷⁸ this cannot be avoided entirely, given the Congressional directive to distinguish between "pictorial, graphic and sculptural works" and aesthetically-pleasing designs of useful articles, and requiring the identification of the article's artistic features.¹⁷⁹ The danger can, however, be minimized by confiding the determination to the ordinary observer and adopting appropriate guidelines, making clear that the fact-finder is not to evaluate the merits of the work, or to rule out either abstract art or art it simply does not like.¹⁸⁰ Limiting the inquiry to "Is it a form of art?" rather than "Is it good or familiar art?" will avoid discrimination to the extent possible under the statute—and certainly more than a pure physical separability test.¹⁸¹

¹⁷⁷ It is noteworthy that the immediately post-*Mazer* Copyright Office regulation formulated the issue in similar terms, limiting copyright in useful articles to cases where "the object is clearly a work of art in itself." See above, text at notes 26-27. The Office's subsequently adopted separability test can be viewed as an attempt to clarify this language rather than to repudiate it. See also testimony of Barbara Ringer, Register of Copyrights, in 1975 Hearings, quoted above at note 46.

¹⁷⁸ See Denicola, *supra* note 122 at 731 (expressing concern that an approach basing separability on "an inquiry into one's willingness to recognize the design as art, in spite of its utilitarian properties," would require judges to "accede to the role of art critics"). Even the Denicola test does not completely eliminate this problem, as it still requires a determination of what constitutes "artistic expression." *Id.* at 741.

¹⁷⁹ A similar threshold level of discrimination is inevitable in applying standards of minimal creative authorship to determine whether an article qualifies for protection as a pictorial, graphic or sculptural work. See Compendium II § 503.02(a) and (b). See also 1 Nimmer § 2.08[B] at 2-83 ("[U]nless a work evidences some creative authorship, it cannot by definition be regarded as a work of art").

¹⁸⁰ Cf. H.R. Rep. at 54 ("the definition of 'pictorial, graphic and sculptural works' carries with it no implied criterion of artistic taste, aesthetic value, or intrinsic quality").

¹⁸¹ See *Esquire v. Ringer*, *supra* at note 55 and accompanying text.

Finally, Judge Newman's test accommodates Congress's concern that copyright should not extend to useful articles that are merely aesthetically pleasing. The observer must see the article at least in part as a work of art, not just an elegant functional item. And to the average person, a beautifully designed television set remains a television set, not a sculpture.¹⁸²

In the face of all of these advantages, the test has one weakness: it is more complex than necessary. By requiring that the artistic concept actually "displace" the utilitarian one, it imposes a burden on the fact-finder to discern an either-or view in the observer's mind. To Judge Newman, separability exists only if the two concepts "are not inevitably entertained simultaneously."¹⁸³ In other words, the observer must be able to see the object, at least temporarily, as *exclusively* a work of art. But exclusivity is neither realistic nor required by the statute.

As a general rule, people do not view things in such categorical terms. When presented with a lamp that has a statuette for its base, they may recognize the statuette as a work of art regardless of its use in the lamp, but are unlikely to be able to forget its use as a lamp and see it solely as sculpture. Both functions are likely to exist in their minds separately but simultaneously. And nothing in the statute or its history demands so stringent an approach; the test is whether the artistic features "can be identified separately from . . . the utilitarian aspects," not whether they can displace them entirely.

3. The Proposed "Duality" Test

Given all of the above considerations, the best solution is an adaptation of Judge Newman's test that focuses on "duality" rather than "displacement." This adaptation would preserve the core of the test—the emphasis on the ordinary observer's ability to perceive the object as a work of art. It would drop, however, the "either/or" aspect—the additional requirement that this perception be capable of completely displacing the perception of usefulness. Instead, it would be sufficient if the observer could perceive the article as having both functions, whether simultaneously or one at a time.

Judge Newman explicitly rejected such a "duality" approach in *Carol Barnhart*, fearing that it would "subvert the Congressional effort to deny copyright protection to designs of useful articles that are aesthetically pleasing."¹⁸⁴ It is true that the requirement of displacement, because it is more stringent, leaves a wider safety zone between well-designed useful articles and works of art. It does so, however, by excluding, without any principled justification, articles that can in fact be perceived as works of art. Despite Judge Newman's concern, the "duality" test, properly applied, is also faithful to

¹⁸² See Judge Newman's "well-designed chair" example in his *Carol Barnhart* dissent, quoted above in text to note 107.

¹⁸³ 773 F.2d at 422.

¹⁸⁴ *Id.* at 423.

Congressional intent, ruling out protection where observers see no more than an aesthetically pleasing useful article.

With this modification, Judge Newman's test is workable practically, despite the misgivings of the *Carol Barnhart* majority. It is no more vague than many other factual issues decided by the courts every day—notably, the issue of likelihood of confusion in trademark cases, which also depends on the mental reaction of the ordinary member of the public.¹⁸⁵ To the extent the test is "ethereal" or hard to pin down, it is again the inevitable result of the statutory structure requiring line-drawing on an art versus utility continuum, especially when the work involves abstract art.

Moreover, there will be no shortage of evidence for the fact-finder to consider. Various types of relevant evidence have already been identified by courts and commentators. They include the marketability of the article as a work of art;¹⁸⁶ its actual use as a work of art;¹⁸⁷ whether it was originally created as a work of art;¹⁸⁸ and expert testimony as to whether the article can be perceived as a work of art.¹⁸⁹ Consumer reactions to the article will also be helpful, whether unsolicited or in the form of survey evidence.¹⁹⁰

Under the proposed test, copyrightability should turn on the ordinary observer's perception of the object in itself, regardless of context. While it is possible that a particularly suggestive context could influence the result, leading to the majority's criticism in *Carol Barnhart* that "[a]lmost any utilitarian article may be viewed by some separately as art, depending on how it is displayed,"¹⁹¹ such a context should not be conclusive. Thus, the fact that a museum may display a useful article on its wall and call it "art" does not

¹⁸⁵ Cf. *Vacheron & Constantin-Le Coultre Watches, Inc. v. Benrus Watch Co.*, 260 F.2d 637, 640 (2d Cir. 1958) (Hand, J.) ("[T]he mere fact that the meaning of the phrase 'works of art' admits of debate does not make it different from many statutes whose interpretation is every day regarded as reviewable by courts").

¹⁸⁶ See 1 Nimmer § 2.08[B] at 2-96.2.

¹⁸⁷ See *Kieselstein-Cord*, 632 F.2d at 993.

¹⁸⁸ See *Brandir*, 834 F.2d at 1146-1147.

¹⁸⁹ See *Carol Barnhart*, 773 F.2d at 419 n.5, 423; *Poe v. Missing Persons*, 745 F.2d at 1243. The use of expert opinion may not be free from difficulty. As a general rule, expert testimony is considered inadmissible on the ultimate issue of unlawful appropriation in copyright cases because of the "ordinary observer" standard, but is received on the issue of copyrightability. See *Arnstein v. Porter*, 154 F.2d 464, 468 (2d Cir. 1946). Because the "duality" test also entails reference to the "ordinary observer," it could be argued that expert testimony is not appropriate. The preferable approach, however, would be to apply the ordinary rules of evidence, allowing expert testimony whenever it "will assist the trier of fact to understand the evidence or to determine a fact in issue." F.R.E. 702. See also F.R.E. 704(a) (opinion testimony on ultimate issue admissible).

¹⁹⁰ See *Carol Barnhart*, 773 F.2d at 419 n.5, 423.

¹⁹¹ *Id.* at 419, n.5.

necessarily mean that the article is copyrightable. The very point of such a display, or of Marcel Duchamp's inverted urinal, is its incongruity. The artist is saying, "Let's look at this object as art even though we normally see it as non-art." While the display in its entirety, including an elaborate manner of presentation, might constitute a work of art, the object itself would not be seen as art by a reasonable person outside of the extraordinary context.

B. *The Analytical Framework*

The choice of the proper standard in itself is not enough. Much of the confusion in this area of the law stems from the telescoping of several different inquiries into one: the issue of separability. Most pernicious from a doctrinal perspective is the tendency of the courts to merge the initial inquiry into whether the artistic elements embodied in a useful article are separable with the question of the proper *scope* of copyright in those elements. Out of fear of granting too much protection, they grant none.

In order properly to analyze the protectability of any particular work, all of the following steps must be performed in order:

1. *Is the work a useful article?*

This question requires examining the function of the article in light of the statutory definition in Section 101. This is a critical first step in the analysis—if a work is not a useful article, its artistic elements need not be separable from its function to be protectable.

Some courts omit this step altogether; others misapply it, assuming that a work with any function other than the purely aesthetic qualifies as a useful article. Thus, for example, in the *Fabrica* case,¹⁹² the display folders were held uncopyrightable because of their advertising function, despite the fact that they merely conveyed information, disqualifying them as useful articles under Section 101. Similarly, the artist Christo's "Running Fence," cited as an example of conceptual separability by Nimmer and the court in *Kieselstein-Cord*,¹⁹³ probably is not a useful article, as it never actually served as a fence (nor was it intended to do so).

2. *Are the work's artistic elements physically or conceptually separable from its functional elements?*

Physical separability is a relatively straightforward determination.¹⁹⁴

¹⁹² 697 F.2d 890 (9th Cir. 1983), discussed above in text at notes 65-69. For a similar misunderstanding, see *Flag Fables, Inc. v. Jean Ann's Country Flags and Crafts, Inc.*, Copyr. L. Rep. (CCH) ¶ 26,533 (D. Mass. 1990) (in context of notice requirement, decorative banner held to constitute useful article because it "may function as a flag even in the absence of any design," e.g., to mark a particular location).

¹⁹³ 1 Nimmer § 2.08 at 2-97; 632 F.2d at 993.

¹⁹⁴ See note 47 above.

With respect to conceptual separability, this question should be answered by applying the "duality" test outlined above.

3. *Do the separable artistic elements contain sufficient original authorship to merit protection?*

This question, essential to the copyrightability of any work,¹⁹⁵ is often ignored in the context of useful articles. Once separability is found, the work is declared copyrightable. The converse is also true: the courts tend to collapse originality into the issue of separability—i.e., if the artistic elements show only minimal original creativity, they are likely to be found not to be separable. This muddies the law, and may make separability a higher hurdle to overcome than it should be. The correct approach should be, after a finding of separability, to then determine whether the separable elements meet the general standard of originality.¹⁹⁶

On the other hand, many courts have avoided the need to decide the issue of separability by relying solely on a lack of sufficient original authorship. This approach is completely appropriate, analogous to avoiding the issue of copyrightability in an infringement case by finding no substantial similarity.

4. *Does the defendant's work constitute an infringement?*

While this final question need be posed only in infringement cases, and should be posed only after separability and originality have been found, its existence has unfortunately played a role in many threshold determinations of copyrightability. The fact that a work is held copyrightable does not, of course, mean that all copying is necessarily an infringement. As in other areas of copyright law, what has been taken must amount to substantial protected expression rather than unprotectable ideas.¹⁹⁷ Thus, for example, a finding that the mannequins in *Carol Barnhart* were copyrightable would not stop a competitor from making mannequins with human features of the same size and general style—as long as he or she did not copy the particular ex-

¹⁹⁵ See generally 1 Nimmer § 2.01; *L. Batlin & Son, Inc. v. Snyder*, 536 F.2d 486 (2d Cir.), cert. denied, 429 U.S. 857 (1976); *Alfred Bell & Co. v. Catalda Fine Arts, Inc.*, 191 F.2d 99 (2d Cir. 1951).

¹⁹⁶ While most features that contain insufficient original creativity are also likely not to be conceptually separable, this will not always be the case. For example, a carving on the back of a chair in the form of two concentric circles would be conceptually separable, but insufficiently original for protection. See text at n.170 above.

¹⁹⁷ See *Narell v. Freeman*, 872 F.2d 907, 910-912 (9th Cir. 1989); *Frybarger v. International Business Machines Corp.*, 812 F.2d 525, 529 (9th Cir. 1987); *Walker v. Time Life Films, Inc.*, 784 F.2d 44, 48 (2d Cir.), cert. denied, 476 U.S. 1159 (1986); *Warner Bros., Inc. v. American Broadcasting Cos.*, 720 F.2d 231, 239-40 (2d Cir. 1983); 3 Nimmer § 13.03[B][2]; Patry, *Latman's The Copyright Law* 197 (6th ed. 1986).

pressive details of the plaintiff's works.¹⁹⁸

The courts therefore should not stretch to deny copyrightability in order to prevent manufacturers from monopolizing a particular market in useful articles. To the extent that form is intertwined with function, the infringement analysis ensures that the function remains free for competitors to copy despite the existence of copyright protection for the form.

V. CONCLUSION

Given the nature of the problem, there can be no easy, predictable solution to the issue of copyright in useful articles. As in so many other areas of copyright law, each case poses unique facts that strain against abstract formulations, no matter how well conceived and articulated. Nevertheless, greater clarity is both possible and desirable. The proposed "duality" test, applied in the framework of all the appropriate steps of copyright analysis, should minimize the confusion in this area and lead to more consistent results.

¹⁹⁸ See 1 Nimmer § 2.08[B] at 2-103. For a good example of a court drawing this distinction in the useful article context, see *National Theme Productions, Inc. v. Jerry B. Beck, Inc.*, 696 F. Supp. 1348, 1354-1356 (S.D. Cal. 1988).

90. WHEN AN AUTHOR'S MARRIAGE DIES: THE COPYRIGHT-DIVORCE CONNECTION

BY FRANCIS M. NEVINS, JR.*

I. INTRODUCTION

There it sits, buried in the pages of Title 17 of the U.S. Code, a single sentence of seventy-six words, patiently waiting for people to pay attention.

When an individual author's ownership of a copyright, or of any of the exclusive rights under a copyright, has not previously been transferred voluntarily by that individual author, no action by any governmental body or other official or organization purporting to seize, expropriate, transfer, or exercise rights of ownership with respect to the copyright, or any of the exclusive rights under a copyright, shall be given effect under this title except as provided under Title 11.¹

On January 1, 1978, when the Copyright Revision Act of 1976 went into effect, there was born a relationship between two areas of law which had never previously shared a common border, namely copyright and matrimony, or more precisely copyright and divorce. But to this day only a tiny number of the attorneys who practice in either of these fields are aware of their interconnection, and it has likewise escaped the notice of most law professors. Indeed the members of Congress who worked on the statute seem not to have known that they were forging a link between copyright and divorce either.

It is the purpose of this article to describe how Section 201(e) came to be enacted; to argue that the principle it embodies is sound and desirable even though adopted by inadvertence; to compare the treatment of copyright interests in divorce cases with the rules laid down by Congress and the federal courts for the treatment in divorce cases of other federally created forms of property; to explore the issues at the edges of the principle's core of plain meaning; and to advocate a few minor changes in the language of the section that will clarify the policy without weakening the principle.

II. MOSTLY MYOPIA: LEGISLATIVE HISTORY AND EARLY SCHOLARLY DISCUSSIONS OF SECTION 201(e)

The single sentence that makes up Section 201(e) denies legal effect to any involuntary expropriation by any governmental office or official of any individual author's interest under any copyright. The primary and originally

*Professor of Law, St. Louis University School of Law

¹ 17 U.S.C. § 201(e) (1978).

the sole intended target of this rule is the expropriation of copyright interests by a foreign government. But the plain meaning of the section's language is that it also applies to copyright expropriations by the federal government itself or by any of the states. And the six final words of the provision, added after the effective date of the Copyright Revision Act² and excluding bankruptcy proceedings under Title 11 from the scope of the rule, confirm the view that all other domestic copyright expropriations are subject to Section 201(e).

The impact of this rule on state domestic relations law is clear. Since January 1, 1978, state courts have been precluded from involuntarily awarding any share of a married author's copyrights to his or her non-author spouse as matrimonial property in a divorce action. Copyright is a form of property created by federal statute³ and specifically authorized by the Constitution.⁴ There can be no doubt that Congress has power under the Supremacy Clause⁵ to preclude state courts from dividing this or any other federally created form of property between divorcing spouses. Whether this rule as applied to copyright interests is a wise one will be considered later. The subject of the present section is how the rule came to be enacted at all.

"Dr. Hood," exclaimed Father Brown in one of Chesterton's classic stories about that priestly sleuth, "you are a great poet! You have called an uncreated being out of the void."⁶ By this standard the legislators responsible for Section 201(e) were great poets one and all. They created an interface between copyright law and divorce law *ex nihilo* and by inadvertence.

What triggered the provision ultimately codified as Section 201(e) was the announcement by the Soviet Union in February 1973 that it would thenceforward adhere to the Universal Copyright Convention.⁷ As a member of the Convention, the U.S.S.R. would be obliged to extend copyright protection to works that originated in any of the Convention's more than sixty member nations, including the United States,⁸ and under the Convention's principle of national treatment, the works of Soviet authors would be entitled to copyright protection in any other member nation, including the United States, on the same basis as the protection that nation extended to its own

² See notes 46-47 *infra* and accompanying text.

³ The first federal copyright law was enacted shortly after the Constitution was ratified. Act of May 31, 1790, ch. XV, 1 Stat. 124.

⁴ U.S. Const., art. I, § 8, cl. 8.

⁵ U.S. Const., art. VI, § 2.

⁶ G.K. Chesterton, "The Absence of Mr. Glass," in *The Wisdom of Father Brown* 29 (1914).

⁷ For a general review of the announcement, see 56 *Business Week* 57-61 (1973); 203 *Publishers' Weekly* 32-33 (1973).

⁸ Universal Copyright Convention, July 24, 1971, art I, 25 U.S.T. 1341, T.I.A.S. No. 7868, 216 U.N.T.S. 134, 136.

authors.⁹ At first the Soviet move was acclaimed in Congress as "a long-overdue acceptance" of "responsibility toward the authors and other creators of works distributed and performed in the Soviet Union. . . ."¹⁰ However, some legislators such as Senator John McClellan saw the move as part of a strategy designed to prevent publication in the United States and other Western democracies of works by Alexander Solzhenitsyn and other Soviet dissidents.¹¹ If the U.S.S.R. were to nationalize all overseas rights in, say, a Solzhenitsyn novel, could it not then sue in the U.S. courts to enjoin the novel's American publication?¹²

The Authors League of America was also concerned about such a Soviet ploy and prevailed upon Senator McClellan to take prompt action to counter it. In March of 1973 McClellan introduced S. 1359, which provided that any copyright would "remain the property of the author . . . regardless of any law, decree or other act of a foreign state or nation which purports to divest the author . . . of the United States copyright in his work."¹³ The substance of McClellan's provision was later incorporated into the copyright revision bill as subsection (c) of section 104, which is headed "Subject matter of copyright: National origin;"¹⁴ the Senate passed the provision in that form on September 9, 1974.¹⁵

In the next copyright revision bills, introduced in Congress early in 1975,¹⁶ the provision remained as it was in Section 104. Testifying before the House Subcommittee on May 8 of that year, Joel W. Biller, Deputy Assistant Secretary of State for Commercial Affairs and Business Activities, supported this provision in principle but pointed out that its form and language needed some improvement.¹⁷ After consulting with Irwin Karp, the Authors League's general counsel, Register of Copyrights Barbara Ringer contended that the provision dealt not with national origin but rather with copyright

⁹ See *id.* art. II.

¹⁰ 119 Cong. Rec. 9387 (1973).

¹¹ *Id.*

¹² A number of commentators have argued that even without Section 201(e) a federal court "might readily deny injunctive relief to a foreign government that it thought was using copyright for repressive purposes." P. Goldstein, *Testing the Limits of Copyright: Pre-Empted State Doctrines, Involuntary Transfers and Compulsory Licenses*, 24 U.C.L.A. L. Rev. 1107, 1127 (1977). See also 3 M. Nimmer, *Copyright*, § 10.04 (1988).

¹³ S. 1359, 93rd Cong., 1st Sess. (1973).

¹⁴ S. 1361, 93rd Cong., 2d Sess. (1974).

¹⁵ *Id.*

¹⁶ S. 22, 94th Cong., 1st Sess. (1975); H.R. 2223, 94th Cong., 1st Sess. (1975).

¹⁷ *Copyright Law Revision: Hearings on H.R. 2223 Before the Subcomm. on Courts, Civil Liberties, and the Admin. of Justice of the House Comm. on the Judiciary*, 94th Cong., 1st Sess. 120 (1975) [hereinafter *Hearings*] (statement of Joel W. Biller, Deputy Asst. Sec. of State for Commercial Affairs and Business Activities).

ownership and therefore recommended that the provision should be redrafted along more general lines and moved to Section 201, which is headed "Ownership of copyright."¹⁸ The Senate Subcommittee accepted Ms. Ringer's suggestion. In the version of S.22 reported on June 13, 1975 to the full Senate Judiciary Committee, the provision is placed where it was ultimately enacted into law, as Section 201(e), and in the exact language ultimately adopted and quoted above except for minor stylistic changes and except for the last six words.¹⁹

The history of the provision in the House is analogous. During hearings in May 1975 the Copyright Office stressed "the fundamental principle that copyright derives from authorship"²⁰ and proposed extending the anti-expropriation doctrine of what was then Section 104(c) to encompass expropriation by any government "including the United States or any subdivision of it."²¹ In August, the Library of Congress recommended to Judiciary Committee Chairman Peter Rodino that the House should accomplish this goal by adopting the language recently accepted by the Judiciary Committee of the Senate.²² That the general thrust of the new language was clearly understood is apparent from the relevant document. "The provision is no longer directed against foreign governments [alone] since the same principle applies to the United States government."²³ The specific impact of the language on divorce proceedings is never mentioned.

By the time of the House Subcommittee hearings on the revision bill in November, the anti-expropriation provision had been moved to Section 201(e) and was substantially in the form quoted at the beginning of this article. Register Ringer testified that the expanded version of the provision did not purport to alter existing law²⁴ but seems to have meant merely that the anti-expropriation doctrine followed the basic principle that the author is the "fountainhead" of protection and therefore should not be subject to involuntary copyright seizure by government.²⁵ In fact, the language of Section 201(e) would clearly work a vast change in existing law insofar as it would preclude state courts from involuntarily awarding copyright interests as matrimonial property, but the Register seems not to have been aware of this consequence. The only areas of domestic law she mentioned in her testimony

¹⁸ Second Supplementary Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law, October-December 1975 p. 17.

¹⁹ S. Rep. No. 94-473, 94th Cong., 1st Sess. (1975).

²⁰ Briefing Papers on Current Issues Raised by H.R. 2223, May 7, 1975, p. 2078.

²¹ *Id.*

²² Letter from the Acting Librarian of Congress, John G. Lorenz, to the Hon. Peter W. Rodino, House Judiciary Committee (August 26, 1975).

²³ *Id.*

²⁴ *Hearings, supra* note 17, at 1890 (statement of Barbara Ringer, Register of Copyrights).

²⁵ *Id.*

were the filing of a petition in bankruptcy by an author and the foreclosure of a mortgage on a copyright, both of which she viewed as outside the scope of Section 201(e) since declaring bankruptcy or hypothecating a copyright would clearly count as voluntary transfers by the author.²⁶ "Well," remarked Representative Robert E. Drinan at the close of her testimony, "I guess we are supposed to be glad that you have a noncontroversial chapter, but it is not as interesting as the others."²⁷

The final report of the House closely tracks Ringer's testimony on the subject of Section 201(e). "It is the intent of the subsection that the author be entitled, despite any purported expropriation or involuntary transfer, to continue exercising all rights under the United States statute, and that the governmental body or organization may not enforce or exercise any rights under this title in that situation."²⁸ The only scenario in the legislators' minds seems to have been one where the expropriating governmental unit keeps the copyright for itself, not the divorce situation where the court forcibly transfers some of an author's copyright interests to his or her ex-spouse. But that situation clearly falls within the provision's broad language. Section 201(e), says the House Subcommittee, protects authors against "laws and decrees" which purport to divest them of copyright interests but not against situations like bankruptcy where authors have "voluntarily consented to legal processes by their overt actions."²⁹

²⁶ *Id.*

²⁷ *Id.* at 1891.

²⁸ H.R. Rep. No. 1476, 94th Cong., 2d Sess., at 123, reprinted in 1976 U.S. Code Cong. & Admin. News 5659, 5739.

²⁹ *Id.* It is possible that Section 201(e)'s rule against copyright expropriation should be read as applying only to the federal government and not to the governments of the states. This view of the statute would cause the pre-emption issue to vanish in a puff of smoke. The legislative history seems to provide no support for this position except perhaps for the statement in the Library of Congress letter to Chairman Rodino that the principle now "applies to the United States government." See text accompanying note 23 *supra*. But there are several reasons for rejecting this view. First, it runs counter to the thrust of generations of Supreme Court decisions holding constitutional limitations on the federal government applicable to the states. See L.H. Tribe, *American Constitutional Law* § 11-12 (2d ed. 1988). Second, it runs counter to a growing body of judicial and scholarly opinion that another provision of the Copyright Act which by its terms is clearly applicable to the federal government alone—namely, Section 105's denial of copyright protection to federal government works—applies also by analogy to any attempt to copyright a work created by state or local government. See M.J. Nodiff, *Copyrightability of Works of the Federal and State Governments Under the 1976 Act*, 32 Copyright Law Symposium 43 (1986). Thirdly and most importantly, since there seems never to have been the remotest likelihood of the federal government taking action to seize a copyright interest, this reading would reduce the domestic aspect of Section 201(e) to absurdity, like a law forbidding mining for gold on the sun. Faced with a

The copyright revision bill was passed by both houses of Congress, signed by President Ford on October 19, 1976, and became effective for most purposes on January 1, 1978. Even before its effective date, scholarly analyses of the new act began to appear in law journals. None of them, however, noticed or discussed the impact of Section 201(e) on divorce. Even Professor Goldstein in his biting critique of the provision³⁰ overlooks its matrimonial aspect. "What began as a bit of misplaced xenophobia," he argues, "has evolved into a bizarre rule of nullification."³¹ His attack on the section is based on four propositions, some of which are not at all persuasive. His first point is that the Soviet government is unlikely to use copyright expropriation as a means of halting publication of dissidents' work in the United States because doing so would lead to intensified discussion in the media of the ideas and themes of the work and also to negative publicity for the U.S.S.R. Therefore, he argues, Section 201(e) is fatally flawed in its origins since it is intended to frustrate a highly improbable event.³² This part of his analysis seems to reflect an overly rosy view of the rationality of totalitarian regimes and also of the extent to which commentators relying on the doctrine of fair use³³ would be protected by future courts. If J.D. Salinger can enjoin commentators from quoting or paraphrasing unpublished material to which he holds copyright,³⁴ why can't the Soviet government? Goldstein's second point is that Section 201(e) is flawed jurisprudentially since protection of authors against involuntary expropriation of their work, while "a noble principle," is not "basic either to copyright or to American jurisprudence."³⁵ The simple answer is: High time it was made so! His third contention is that the provision is flawed in its draftsmanship inasmuch as it offers no criterion for distinguishing voluntary from involuntary transfers. In this context he discusses such examples as filing for bankruptcy, mortgaging a copyright and going to work for the government,³⁶ but does not consider marriage or divorce. The question of what counts as an involuntary transfer is crucial and will be discussed in detail later in this article.³⁷ Finally, Goldstein contends that Section 201(e) is redundant. "Under Section 502(a) of the New Act, injunctive relief for copyright infringement is discretionary. A federal court might readily deny injunctive relief to a foreign government that it thought

choice between a silly and a meaningful interpretation of a statute, we are obliged to opt for the latter.

³⁰ P. Goldstein, *Testing the Limits of Copyright: Pre-Empted State Doctrines, Involuntary Transfers and Compulsory Licenses*, 24 U.C.L.A. L. Rev. 1107 (1977).

³¹ *Id.* at 1124.

³² *Id.*

³³ 17 U.S.C. § 107 (1978).

³⁴ *Salinger v. Random House, Inc.*, 811 F.2d 90 (2d Cir. 1987).

³⁵ P. Goldstein, *supra* note 30, at 1125.

³⁶ *Id.*

³⁷ See text accompanying notes 112-128 *infra*.

was using copyright for repressive purposes."³⁸ It is not clear why he objects to the statutory transformation of his "might" into a must.

The comments on Section 201(e) in the late Professor Melville Nimmer's seminal treatise on copyright³⁹ are briefer and more dispassionate but not of much substantive import. Nimmer suggests that if the Soviet Union were to attempt "indirect censorship beyond its borders," the Universal Copyright Convention "would not have required recognition by American courts of the validity of such a seizure, so that Section 201(e) was probably unnecessary in order to effectuate the stated purpose."⁴⁰ He then considers the provision's "possible impact on domestic transactions such as attachment pursuant to judicial proceedings, the rights of unpaid sellers to reclaim property, etc."⁴¹ But his discussion does not go much beyond citing the House Report to the effect that a transfer pursuant to a bankruptcy proceeding or mortgage foreclosure would be deemed voluntary.⁴² Nimmer too seems not to have noticed the drastic impact of Section 201(e) on the law of divorce.

The only commentator who clearly saw the provision's matrimonial significance was a law student, William Patry, who went on to become Editor-in-Chief of this Journal. His article "Copyright and Community Property: The Question of Preemption"⁴³ concentrates on whether the treatment of copyrights as a community asset in community property states is pre-empted by Section 201(e)—an issue we shall consider later in this article—⁴⁴ but he is sharply aware that the problem goes beyond community property jurisdictions and extends to every state in the union. "[B]y section 201(e)'s extension to domestic actions, it would appear that a divorce or probate court in *any* state is disabled from awarding to a nonauthor spouse interests in his or her author spouse's copyright involuntarily, for the award as an enforceable state action would work an involuntary transfer within the meaning of 201(e)."⁴⁵

Except for this lone sentence there has been a deafening silence on the subject from litigators, commentators and the courts, and only a single

³⁸ P. Goldstein, *supra* note 30, at 1127.

³⁹ 3 M. Nimmer, *Copyright*, § 10.04 (1978).

⁴⁰ *Id.*

⁴¹ *Id.*

⁴² *Id.* Nimmer does evoke the possibility that Sec. 201(e) may be at odds with the work for hire doctrine, which provides that works created by an employee pursuant to an employment relationship belong not to the employee but to the employer. See 17 U.S.C. § 101 (1987). His tentative conclusion is that voluntarily entering into an employment relationship is tantamount to a voluntary transfer of rights and therefore is not affected by the antiexpropriation provision. We shall later consider whether voluntarily entering into a marriage should be analysed the same way. See text accompanying notes 112-120 *infra*.

⁴³ 28 Bull. Copr. Soc'y 237 (1981).

⁴⁴ See text accompanying notes 112-128 *infra*.

⁴⁵ Patry, *supra* note 43, at 267.

whisper from Congress. On November 6, 1978, an amendment was passed to Section 201(e), providing that the prohibition on involuntary transfers was applicable "except as provided under title 11."⁴⁶ As Nimmer rightly pointed out,⁴⁷ the addition of these six words made it clear that involuntary as well as voluntary bankruptcies were outside the ambit of Section 201(e)'s pre-emption.

Meanwhile, in the years since the new Copyright Act went into effect, an increasing number of states have adopted a policy of "equitable division" of property upon divorce, which in practice means that half the value of what each spouse acquired during the marriage is turned over to the other, regardless of the form in which an asset might have been owned.⁴⁸ It follows that where one of the divorcing spouses owns copyrights, these too are apt to be split down the middle just like personalty or realty. There are no reported cases in which such a division of a copyright interest has been ordered by a court, but as we shall see in a later section,⁴⁹ a 50-50 split was agreed to by the author spouse in the leading case in this field. Indeed, such a division quite likely would be agreed to by any author spouse's attorney in any property settlement negotiation—unless that attorney knew of Section 201(e) and argued that it precludes such a division as to copyright interests. The overwhelming majority of divorce lawyers know nothing of copyright and therefore cannot conceive of such an argument. Blindness marches on.

III. AUTHORS' RIGHTS: THE FRAMEWORK AND CONTEXT OF SECTION 201(e)

Rules that become law by inadvertence are likely to be bad, but the rule of Section 201(e) as applied to divorce seems a good one in the sense that it fits well within a broad framework of reforms favoring authors found in the Copyright Act and in other legislation too. A number of the innovations in the 1978 statute were intended to enhance the rights of the author as against the claims of businesspeople who intervene between the author and the ultimate consumer of a work and even as against the ultimate consumer himself if he seeks to exploit the work economically—and sometimes even if he doesn't. A brief review of some of these provisions should help set the policy of Section 201(e) and its application to divorce cases in their larger context.

The starting point of all analysis of copyright ownership of a work is the first sentence of Section 201(a): "Copyright in a work protected under this title vests initially in the author or authors of the work."⁵⁰ It follows that anyone else who claims rights in a work must ordinarily show that such

⁴⁶ Act of November 6, 1978, Pub. L. 95-598, 92 Stat. 2676.

⁴⁷ 3 M. Nimmer, *supra* note 39, at n.5.

⁴⁸ See Gerald D. McClellan, *Equitable Distribution Law and Practice* 3 (1985).

⁴⁹ See notes 97-98 *infra* and accompanying text.

⁵⁰ 17 U.S.C. § 201(a) (1982).

rights were transferred to him by the author. The kinds of transfers that the statute accepts and the kinds it nullifies will be considered later.⁵¹

If the work in question, however, is classified as a work made for hire, the starting point of ownership analysis shifts. Section 201(b) provides: "In the case of a work made for hire, the employer or other person for whom the work was prepared is considered the author for purposes of this title, and, unless the parties have expressly agreed otherwise in a written instrument signed by them, owns all of the rights comprised in the copyright."⁵² Definitions of "work made for hire" are provided in Section 101. The work made for hire provision in the previous copyright statute, enacted in 1909,⁵³ although vesting authorship in the employer for hire, contained no definition of the term, but by the time Congress was preparing the current statute, judicial decisions had expanded the concept to go far beyond works created within the scope of employment by people who under traditional agency criteria were employees to include virtually all works created by independent contractors pursuant to special order or commission.⁵⁴ Congress redressed the balance in favor of the latter type of authors by enacting a restrictive definition of the sorts of commissioned works that could be considered works made for hire. In order to come within the definition, a specially ordered or commissioned work must fall within one of nine substantive categories of work—a contribution to a collective work, a part of a movie or other audiovisual work, a translation, a supplementary work, a compilation, an instructional text, a test, answer material for a test, or an atlas—and in addition the parties must "expressly agree in a written instrument signed by them that the work shall be considered a work made for hire."⁵⁵ In 1984, the Second Circuit Court of Appeals threw this legislative purpose into chaos by holding that if an independent contractor was closely enough supervised by the commissioning party, their relationship counted as one of employee and employer and the restrictive definition in the Copyright Act was to be ignored.⁵⁶ The Supreme Court has recently rejected this dubious exercise in judicial creativity and restored the work made for hire doctrine to the pro-author terms that Congress clearly intended.⁵⁷

Other pro-author aspects of the copyright statute have not been subjected to judicial tampering and remain as Congress enacted them. An excellent example is the statutory abolition of the notorious *Pushman* doctrine. Federal copyright protection under the 1909 act ordinarily began only upon

⁵¹ See Sections V-VII *infra*.

⁵² 17 U.S.C. § 201(b) (1982).

⁵³ Act of March 4, 1909, 35 Stat. 1075.

⁵⁴ *Easter Seal Society v. Playboy Enterprises*, 815 F.2d 323, 327 (5th Cir. 1987).

⁵⁵ 17 U.S.C. § 101 (1982).

⁵⁶ *Aldon Accessories Ltd. v. Spiegel, Inc.*, 738 F.2d 548 (2d Cir. 1984).

⁵⁷ *Community for Creative Non-Violence v. Reid*, 109 S. Ct. 2166 (1989).

publication of a work with proper notice;⁵⁸ if an infringement occurred prior to publication the author was relegated to whatever remedies were available under state law. One doctrine of state law creative people thought outrageously unfair was the *Pushman* rule governing relations between an artist and the purchaser of a painting, sculpture or other one-of-a-kind physical embodiment of a work. Under *Pushman*, such a purchaser not only owned the physical embodiment as an item of tangible personal property, but also owned all rights in the intangible work itself, for instance the right to authorize and profit from its commercial reproduction, unless these rights were specifically reserved by the artist in a written instrument.⁵⁹ Now that pre-publication protection is federalized, Sections 201 and 202 nullify *Pushman* and establish with respect to these sorts of creative works the same starting point for ownership analysis as elsewhere in the Copyright Act: the author begins by owning all rights in the work and others may claim rights only via transfer from the author.

What kinds of documents and what kinds of acts constitute transfers from the author? Congress grappled with this question in two provisions within the basic ownership statute. Section 201(d)(1) tells us that: "The ownership of a copyright may be transferred in whole or in part by any means of conveyance or by operation of law, and may be bequeathed by will or pass as personal property by the applicable laws of intestate succession."⁶⁰ And Section 201(e), quoted at the beginning of this article,⁶¹ precludes recognition of any *involuntary* transfer by operation of law except pursuant to the bankruptcy statute. These two provisions do not fit together as neatly as they should, but in the light of the pro-author thrust of Section 201 as a whole, the legislative scheme can be discerned.

Transfers from the author are divided into two categories: those that take place upon the author's death and those that take place in his or her lifetime. *Post mortem* transfers are further subdivided into those pursuant to the author's will and those pursuant to the relevant state law of intestate succession. Both subtypes are clearly recognized as valid under Section 201(d).⁶² There can be no involuntariness issue, of course, in the case of a transfer by will. Theoretically it is perhaps arguable that applying state intestacy law to determine who owns the works of an author who died without a

⁵⁸ Act of March 4, 1909, Ch. 320, § 10, 35 Stat. 1075.

⁵⁹ *Pushman v. New York Graphic Society*, 287 N.Y. 302, 39 N.E.2d 249 (1942).

⁶⁰ 17 U.S.C. § 201(d)(1) (1982).

⁶¹ See note 1 *supra*.

⁶² Although valid in principle, a bequest of copyright interests in an author's will is subject to being "bumped" by the complex renewal provisions of the Copyright Act. For a full discussion of this fascinating subject, see Nevins, *The Magic Kingdom of Will-Bumping: Where Estates Law and Copyright Law Collide*, 35 J. Cop'r. Soc'y. 77 (1988).

will might violate Section 201(e) insofar as it might be deemed a governmental act exercising ownership rights in the absence of a voluntary transfer by the author. But common sense dictates that there is no other rational way of handling this situation; and besides, where the author died intestate, who would ever have standing to raise the issue?

Transfers during the author's lifetime are likewise subdivided into two categories: voluntary and involuntary. Section 201(d)(1) clearly recognizes *inter vivos* transfers of copyright "in whole or in part by any means of conveyance . . .," but also recognizes transfers "by operation of law. . . ." How is this language to be squared with Section 201(e)? Obviously by reading Subsection (e)'s voluntariness requirement into Subsection (d)(1), or in other words, by requiring that the transfer, whether by the author or by operation of law, be grounded in the author's consent in one form or another.⁶³

At this point there arises a crucial question: How readily should courts imply the author's consent? Until very recently, the pro-author policy undergirding the statute's work-made-for-hire provisions was temporarily frustrated by the Orwellian judicial fiction that a commissioning party who closely enough supervised the created of a commissioned work counted as the creator's employer and therefore automatically owned all rights in the work unless the parties had agreed otherwise in writing.⁶⁴ In the same manner the pro-author policy undergirding the statute's basic ownership provisions could easily be frustrated by too prompt a judicial willingness to find implied consent by the author to all sorts of transfers by operation of law that are not consensual in any meaningful sense of the word. To date, there have been no such judicial decisions in the realm of divorce, for the simple reason that no one seems to have litigated the 201(e) issue in this or indeed any other context. Once the legal community becomes better informed about the situation, however, some decisions of the sort are exceedingly likely. The proper bounds of the concept of implied consent will be treated later in this article,⁶⁵ but it should be clear from the analysis already presented that an author's marriage *per se* cannot be held to constitute implied consent to judicial division of his or her copyright interests upon divorce without doing violence to the pro-author policies of the Copyright Act.

Recent developments elsewhere in the law reflect the same pro-author thrust found in the copyright statute. The European concept that a creator has certain "moral rights" over and above those granted by copyright law⁶⁶

⁶³ This reading is shared by D. Nimmer, *Copyright Ownership by the Marital Community: Evaluating "Worth,"* 36 U.C.L.A. L. Rev. 383, 407-409 (1988).

⁶⁴ See text accompanying note 56 *supra*.

⁶⁵ See text accompanying notes 115-120 *infra*.

⁶⁶ For a handy summary of the rights generally held to be embraced within the concept of moral rights, see E.J. Damich, *Moral Rights in the United States and Article 6bis of the Berne Convention: A Comment on the Preliminary Re-*

has slowly, fitfully, and sometimes perhaps unwisely been imported into American jurisprudence through a number of judicial and statutory innovations. In the landmark case of *Gilliam v. American Broadcasting Companies*,⁶⁷ the Second Circuit held that, at least in the absence of a disclaimer, a mutilated or truncated or distorted version of an author's work would give rise to a cause of action under Section 43(a) of the federal trademark statute, the Lanham Act, which forbids false statements of origin on goods moving in interstate commerce.⁶⁸ California,⁶⁹ New York⁷⁰ and a few other states have enacted statutes forbidding anyone but the artist to deface, mutilate, alter or destroy a work of fine art and authorizing a range of remedies including injunctive relief, actual damages, punitive damages, attorney fees and expert witness fees. California has also adopted a resale royalty statute,⁷¹ requiring the purchaser of an art work to pay a certain percentage of any resale profit to the artist, his or her estate, or a state arts organization—a statute that has generated litigation and literature on the issue of whether it should be held pre-empted by the Copyright Act.⁷² Pointing in the same direction as these state statutes were the bills debated in 1985 in Congress to establish a Commission to study whether to require payment of a fee to the author whenever a copy of one of his or her works is borrowed by a patron of a public library,⁷³ and the proposed 1988 amendments that would have permitted the key creative people involved in the making of a black-and-white motion picture to block the release of a colorized version of the film authorized by the studio that owns the copyright.⁷⁴ The wisdom or foolishness of these developments has been discussed extensively⁷⁵ and need not be rehearsed here. What seems beyond discussion is that "authors' rights" provisions are spread all over today's legal landscape and form a framework within which Section 201(e) of the Copyright Act, as applied to state divorce actions, makes a great deal of sense.

port of the *Ad Hoc Working Group on U.S. Adherence to the Berne Convention*, 10 Columbia—VLA Journal of Law and the Arts 513, 547-557 (1986).

⁶⁷ 538 F.2d 14 (2d Cir. 1976).

⁶⁸ 15 U.S.C. § 1125(a) (1982).

⁶⁹ Cal. Civil Code § 987 (West 1982).

⁷⁰ N.Y. Arts and Cultural Affairs Law § 14.03 (McKinney 1984).

⁷¹ See Cal. Civil Code § 986 (West 1982).

⁷² See, e.g., *Morseburg v. Baylon*, 621 F.2d 972 (9th Cir.), cert. denied, 449 U.S. 983 (1980) (holding the California resale royalty law not pre-empted by the 1909 Copyright Act).

⁷³ H.R. 5571, 99th Cong., 2d Sess. (1985); S. 658, 99th Cong., 1st Sess. (1985).

⁷⁴ H.R. 4897, 100th Cong., 2d Sess. (1988).

⁷⁵ Schneck, *Closing the Book on the Public Lending Right*, 63 N.Y.U. L. Rev. 878 (1988); White, *The Colorization Dispute: Moral Rights Theory as a Means of Judicial and Legislative Reform*, 38 Emory L.J. 237 (1989); Cook, *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).

IV. *BEYOND THE ORBIT OF COPYRIGHT: PRE-EMPTION VS. STATE LAW DIVISION OF OTHER FORMS OF FEDERALLY CREATED PROPERTY*

State law dividing copyright interests upon an author's divorce is pre-emptible by federal law for the simple reason that copyright is a federally created and federally regulated form of property. It is not, however, the only form of property controlled by federal law. Although these other forms of property are not directly relevant in the copyright context because of the special pro-author policies that come into play therein, it may still be useful to broaden the scope of our inquiry by attempting a brief survey of how state laws dividing one's interest in other federally governed forms of property have fared in the Supreme Court and Congress when challenged on grounds of pre-emption.

Every reported case of this sort which the Supreme Court has decided arose in a community property jurisdiction. In the first of the breed, *McCune v. Essig*,⁷⁶ the scene was the state of Washington and the conflict was between a decedent's widow and daughter over title to public domain land that was subject to the federal homestead law. The widow relied on a provision of the federal statute giving title to the surviving spouse alone where the husband has died,⁷⁷ while the daughter claimed a share in the land under Washington statutes dealing with intestate distribution of community property.⁷⁸ In a brief opinion, the Court reversed the Washington judicial judgment for the daughter and held the state law pre-empted.

California, jurisprudentially the most significant of the community property states, was the locus of *Wissner v. Wissner*.⁷⁹ While in the armed forces, the husband took out a military life insurance policy under the National Service Life Insurance Act of 1940, which gave the insured the right to designate the beneficiary.⁸⁰ Originally Wissner named his wife, but when the marriage began to founder he substituted his mother as beneficiary without his wife's knowledge or consent. Wissner had used community earnings to pay at least part of the premiums; California, the state where he was domiciled, characterized the policy as community property.⁸¹ Nevertheless, upon Wissner's death the Veterans Administration paid the proceeds to his mother. The widow sued in the California courts and was awarded half the value of the policy, but the Supreme Court reversed on the ground that the paramount

⁷⁶ 199 U.S. 382 (1905).

⁷⁷ U.S. Rev. Stats. title XXXII, ch. 5, §§ 2291-2292, p. 420 (1874), *repealed by* Pub. L. 94-579, title VII, § 702, October 21, 1976, 90 Stat. 2787.

⁷⁸ 1 Ballinger's Code §§ 4488-4491 (1897).

⁷⁹ 338 U.S. 655 (1950).

⁸⁰ National Service Life Insurance Act of 1940, 38 U.S.C. § 802(g) (1946).

⁸¹ Cal. Civil Code § 161(a).

federal statute, giving the insured an absolute right to designate the beneficiary, pre-empted state community property law to the contrary.

Twelve and fourteen years later, respectively, came a matched pair of cases dealing with title to U.S. Savings Bonds. In *Free v. Bland*,⁸² which emanated from Texas, the dispute was between the decedent's son by her first marriage, who was the principal devisee under her will, and her second husband, who was named on the bonds as co-owner. A Treasury regulation gave co-owners of such bonds the status of joint tenants with a right of survivorship.⁸³ The Texas Supreme Court, however, upheld the son's claim to half the bonds' value under state community property doctrine, refusing to recognize the overriding nature of the federal regulation to the contrary, and asserting that the Supremacy Clause does not operate "in matters of purely private ownership where the interests of the United States are not involved."⁸⁴ The U.S. Supreme Court promptly reversed on pre-emption grounds in an opinion by Chief Justice Warren. "The relative importance to the State of its own law is not material when there is a conflict with valid federal law, for the Framers of our Constitution provided that the federal law must prevail."⁸⁵

The case was soon followed by another savings bond ownership dispute, *Yiatchos v. Yiatchos*, coming like *McCune v. Essig* from the state of Washington.⁸⁶ Mr. Yiatchos, a married man, purchased the bonds with community funds. By their terms the bonds were payable upon his death to his brother, but by his will "all cash and bonds" were to be divided equally among his relatives, including his brother but not including his wife. After Yiatchos' death his brother sued in Washington to establish his sole ownership of the savings bonds, relying on the same federal regulation upheld in *Free v. Bland*.⁸⁷ The Washington Supreme Court held that under state community property law half the bonds' value went to Yiatchos' widow and the other half to the six testamentary devisees. Insofar as the state judgment concerned the half of the bonds' value which under the community property law the decedent was free to bequeath as he chose, the U.S. Supreme Court reversed, holding that that half belonged to Yiatchos' brother pursuant to the federal regulation, and that the Supremacy Clause precluded Washington from requiring "that the bonds be disposed of by will or by state intestacy provisions. . . ."⁸⁸ Insofar as the state judgment concerned the other half, which community property law did *not* permit Yiatchos to bequeath as he chose, the Court vacated and remanded for further state proceedings. The basis for this

⁸² 369 U.S. 663 (1962).

⁸³ 31 C.F.R. § 315.70(b) (1988).

⁸⁴ Quoting *Hilley v. Hilley*, 161 Tex. 569, 342 S.W.2d 565, 570 (1961).

⁸⁵ 369 U.S. at 666.

⁸⁶ *Yiatchos v. Yiatchos*, 376 U.S. 306 (1964).

⁸⁷ *Supra* note 82.

⁸⁸ 376 U.S. at 312.

ruling, however, was not state law *per se* but the federal regulations themselves, under which the brother would be entitled to this half also unless the decedent "committed fraud or breach of trust tantamount to fraud. . . . It would seem obvious that the bonds may not be used as a device to deprive the widow of property rights which she enjoys under Washington law and which would not be transferable by her husband but for the survivorship provisions of the federal bonds."⁸⁹ On remand the state court was directed to consider whether the widow had consented to or ratified her late husband's disposition of the bonds, holding that if she had, "the conduct of the husband was not, for federal purposes, fraud or breach of trust sufficient to avoid the command of the regulations, and [the brother] would be entitled to all the bonds."⁹⁰

Not until its two most recent decisions in this area did the Court consider pre-emption of state community property laws in the context of divorce, but these decisions are neatly in line with the non-divorce holdings already discussed. In *Hisquierdo v. Hisquierdo*,⁹¹ the Justices reversed a California Supreme Court ruling that benefits under the federal Railroad Retirement Act⁹² constituted community property and were subject to division upon divorce. And in *McCarty v. McCarty*⁹³ the Court held California's community property law pre-empted as applied to military retirement pay in the event of divorce. Shortly after each of these decisions was handed down, Congress amended the relevant statute so as to subject the federal benefit at issue to state judicial division when a beneficiary was divorced.⁹⁴

If the Supreme Court or a lower federal court were to agree with the thesis of this article and rule that state judicial division of a divorcing author's copyright interests was preempted by Section 201(e), Congress of course would have the power to do what it did after *Hisquierdo* and *McCarty*: revise the statute so as to express its intent that states be free to divide copyrights in such a situation. That it would be bad policy for Congress to exercise its power in this way will be argued in a later section.⁹⁵

V. COPYRIGHT, DIVORCE AND PRE-EMPTION IN COMMUNITY PROPERTY STATES

If Section 201(e) means what it plainly says, state law purporting to divide a divorcing author's copyright interests is pre-empted no matter what form the law takes; that is, regardless of whether the author's copyright is

⁸⁹ *Id.* at 309.

⁹⁰ *Id.* at 310.

⁹¹ 439 U.S. 572 (1979).

⁹² 45 U.S.C. § 231 (1982).

⁹³ 453 U.S. 210 (1981).

⁹⁴ *Hisquierdo* was superseded by 45 U.S.C. § 231(m)(b)(2) (1983) and *McCarty* by 10 U.S.C. § 1408 *et seq.* (1982).

⁹⁵ See Section VII *infra*.

expropriated by virtue of an individual judicial decision on "equitable division" grounds or because of general community property statutes. The Supremacy Clause would be an empty shell if a state could avoid pre-emption simply by declaring itself a community property jurisdiction. Nevertheless, the two principal law review articles that deal with the problem⁹⁶ concentrate on the community property situation, and the single relevant case to date stems from a community property state. Therefore, separate treatment of this problem seems appropriate.

*In re Marriage of Worth*⁹⁷ developed out of the 1982 divorce of Frederick L. Worth, the author of two trivia encyclopedias written and published in 1977 and 1981 while he was married. In the stipulated 1982 divorce decree, which was drafted by Worth's attorney,⁹⁸ the parties agreed that "all future royalties" from the books would be divided equally between them. Since the document was a consent decree, it would clearly constitute one of the situations where a right under a copyright has "been transferred voluntarily by [the] individual author" and therefore would not have been subject to later attack by Worth on grounds of Section 201(e). In my opinion, it is hard to avoid wondering whether Worth had been advised of that provision by his attorney before signing the consent decree, and, if not, whether a malpractice suit against the attorney might be investigated. In any event, the later litigation between the Worths had nothing to do with the validity of the 1982 decree. Two years after the divorce, Worth filed a federal copyright infringement suit against the maker of the Trivial Pursuit board game, prompting his ex-wife to seek and obtain a state superior court order declaring her entitled to half of any recovery from the suit. Since the proceeds of an infringement action are not considered "royalties,"⁹⁹ Worth appealed the order on the ground that it was not justified by the terms of the consent decree. While that appeal was pending, his infringement suit was rejected on both the district and appellate court levels.¹⁰⁰ For all practical purposes these federal developments rendered his state court appeal moot.

The California Court of Appeal, however, justified deciding the case "on the most hypertechnical basis"¹⁰¹ on the ground that Worth's petition for

⁹⁶ W. Patry, *Copyright and Community Property: The Question of Preemption*, 28 Bull. Copr. Soc'y 237 (1981); D. Nimmer, *Copyright Ownership by the Marital Community: Evaluating "Worth"*, 36 U.C.L.A. L. Rev. 383 (1988). See also Perlstein, *Copyright as Community Property: Questions About Worth Are More Than Merely Trivial*, 9 Entertainment L. Rep. 3 (1988).

⁹⁷ 105 Cal. App. 3d 768, 241 Cal. Rptr. 135 (1987).

⁹⁸ 105 Cal. App. 3d at 773-774, 241 Cal. Rptr. at 137.

⁹⁹ A royalty is generally defined as compensation given to the copyright owner for permission to use a work. Black, *Law Dictionary* 1195 (5th ed. 1979) (cited in *In re Marriage of Worth*, 105 Cal. App. 3d at 773, 241 Cal. Rptr. at 136).

¹⁰⁰ *Worth v. Selchow & Righter Co.*, 827 F.2d 569 (9th Cir. 1987).

¹⁰¹ D. Nimmer, *supra* note 96, at 390 n.35.

certiorari was still pending. On the merits, the court ruled that the issue of the ownership of copyright in the trivia books (as opposed to ownership of all future royalties therefrom) had not been addressed in the 1982 consent decree,¹⁰² and then went on to hold (a) that copyrights *per se* constitute community property under California law¹⁰³ and (b) that insofar as they affect copyrights, the state community property laws are not pre-empted by the Copyright Act.¹⁰⁴ It is only (b) that concerns us here.

The court's pre-emption analysis, if turned in by a law student on an examination, would hardly merit a D. An attempt is made to distinguish *McCarty*,¹⁰⁵ *Hisquierdo*¹⁰⁶ and their predecessors on the premise that in each of those cases "the ownership of federal benefits was expressly defined by Congress to be the separate property of the designated recipient."¹⁰⁷ But this is precisely what Congress also did in Section 201(a) of the Copyright Act! "Copyright in a work protected under this title vests initially in the author or authors of the work."¹⁰⁸ The court goes on to cite these very words but emphasizes the word "initially" and finds nothing in the provision "which . . . precludes the acquisition of a community property interest by a spouse."¹⁰⁹ This is simply a restatement of the losing argument in *McCarty* and *Hisquierdo* in the form of a conclusion. The only other argument the *Worth* court puts forward is that "the Copyright Act expressly provides for co-ownership as well as transfer of all or part of a copyright."¹¹⁰ But using these provisions to justify *involuntary* co-ownership or transfer of copyright is clearly illegitimate in view of the plain language of Section 201(e)—language which the court of appeal simply ignores! Not long after this travesty on judicial reasoning was handed down, *Worth's* federal petition for certiorari was denied by the Supreme Court,¹¹¹ and understandably he chose not to incur more legal fees by seeking federal review of the state court of appeal ruling which in economic terms had become meaningless to him. If not for this happenstance, *In re Marriage of Worth* would almost certainly have been overturned.

In the most thought-provoking law review article generated by the case,¹¹² David Nimmer seems to acknowledge that the *Worth* pre-emption analysis is indefensible but attempts to justify the decision on grounds of his

¹⁰² 105 Cal. App. 3d at 775-776, 241 Cal. Rptr. at 138-139.

¹⁰³ 105 Cal. App. 3d at 773-775, 241 Cal. Rptr. at 136-138.

¹⁰⁴ 105 Cal. App. 3d at 776-778, 241 Cal. Rptr. at 139-140.

¹⁰⁵ *Supra* note 93.

¹⁰⁶ *Supra* note 91.

¹⁰⁷ 105 Cal. App. 3d at 777, 241 Cal. Rptr. at 139.

¹⁰⁸ 17 U.S.C. § 201(a) (1982).

¹⁰⁹ 105 Cal. App. 3d at 777, 241 Cal. Rptr. at 139.

¹¹⁰ *Id.*

¹¹¹ 108 S. Ct. 1271 (1988).

¹¹² D. Nimmer, *supra* note 96.

own. Inasmuch as Section 201(d)(1) mentions copyright transfer "by operation of law," Nimmer agrees with the court that the Copyright Act does not preclude a married author's "initial" copyright ownership from being "transferred to the marital community"¹¹³ under state community property law. The problem with his analysis is that this community ownership comes into being under state law at the moment the work comes into legal existence under the Copyright Act¹¹⁴ and is therefore also "initial" in nature, thus creating a conflict which permits of only one resolution under the Supremacy Clause. One might try to dodge this conclusion by contending that community ownership of the copyright springs into being at an instant distinguishable in theory from the metaphysical moment of "initial" ownership by the individual author when the work begins to be protected by the Copyright Act. But what then is to be done with Section 201(e)'s prohibition of involuntary transfers? The *Worth* court, as we have seen, declined to mention the problem. Nimmer faces the issue and suggests that the very act of getting married in a community property state might be held to constitute implied consent to copyright transfer in the event of divorce—a suggestion which, if accepted by the federal courts, would avoid Section 201(e).¹¹⁵

Certainly Nimmer is right when he states that "the application of community property laws to copyrighted works stands or falls based on whether married authors have implicitly consented to transfers of their works Absent such consent *Worth's* holding cannot comply with Section 201(e) of the Copyright Act, and hence would clearly be preempted."¹¹⁶ Where he goes off the tracks is in proposing that "one can plausibly maintain that such 'consent' automatically accompanies the decision to marry."¹¹⁷ In a footnote he seems to concede that this is a tenuous argument when he describes as "even more tenuous"¹¹⁸ the suggestion that "consent may be implied from a married person's choice to reside in one of the eight community property states."¹¹⁹ There is a simple answer to tortuous arguments like these. First, nothing in these suggestions is limited to the eight jurisdictions generally recognized as community property states.¹²⁰ Why shouldn't getting

¹¹³ *Id.* at 401.

¹¹⁴ Copyright under the present statute subsists in a work from the moment it is "fixed in any tangible medium of expression" 17 U.S.C. § 102(a) (1982).

¹¹⁵ D. Nimmer, *supra* note 96, at 406.

¹¹⁶ *Id.* at 409.

¹¹⁷ *Id.*

¹¹⁸ *Id.* at 406 n.113.

¹¹⁹ *Id.* Cf. W. Patry, *supra* note 96, at 268-269 (questioning whether residence can form the basis for implied joint authorship).

¹²⁰ These eight states are Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas and Washington. W. McClanahan, *Community Property Law in the United States*, § 1:1 (1982), cited in D. Nimmer, *supra* note 96, at 384 n.4. Nimmer also cites Comment, *Selected Problems in the Equal Management of*

married or choosing to live in a non-community property state whose courts practice "equitable division" of assets upon divorce be likewise construed as implied consent to the transfer? But what follows from this line of reasoning is that either by community property legislation or by judicial practice, *any* state may exempt itself from the pre-emption doctrine and the Supremacy Clause. Such a result would stand our system of federalism on its head and is most unlikely to be countenanced by the federal courts that eventually must review and, if reason prevails, overturn *In re Marriage of Worth*.

The proposal with which Nimmer concludes his article has even less to commend it. As we have seen, Section 201(e) protects only an *individual* author's rights under a copyright where they have not previously been transferred by that *individual* author.¹²¹ Not every author, of course, is an isolated individual. The Act recognizes the existence of collaboration on creative work and defines a "joint work" as "a work prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole."¹²² Section 301(a) provides that the authors of a joint work "are coowners of copyright in the work."¹²³ Such authors may be unrelated, like Rodgers and Hammerstein, or may be related without being married, like the cousins Frederic Dannay and Manfred B. Lee who wrote detective fiction as Ellery Queen.¹²⁴ Or, like the popular historians Will and Ariel Durant, they may be married to one another. If any of these types of partnerships break up, it is perfectly fair and within the intent of Section 201(e) that the joint work copyright interest be divided between or among the collaborators. Nimmer concludes his article by proposing that the very act of getting married within a community property state should be construed by the courts as giving rise to a rebuttable presumption of consent that in case they divorce, (a) the spouses shall be treated as joint authors, sharing all future proceeds of the author spouse's work, and (b) the author spouse shall have sole authority to dispose of rights in his or her work.¹²⁵ Any nonauthor spouse who rebuts this presumption would be deprived of his or her status as joint author.¹²⁶ This proposal is open to some of the same objections as Nimmer's previous suggestion about implied consent and to others besides. It has no basis in the parties' actual intent.¹²⁷ It is radically contrary

Community Property, 60 Tulane L. Rev. 821, at 821 n.2 (1986), for the proposition that Wisconsin is a community property state in everything but name.

¹²¹ See text accompanying note 1 *supra*.

¹²² 17 U.S.C. § 101 (1982).

¹²³ *Id.* at § 201(a).

¹²⁴ See Nevins, *Royal Bloodline: Ellery Queen, Author and Detective* (1974).

¹²⁵ D. Nimmer, *supra* note 96, at 414-415.

¹²⁶ *Id.*

¹²⁷ Nimmer claims that his presumptions "comport with the author's 'common sense' view of the effects and agreements underpinning marriage." *Id.* at 414 n.149. I suspect that few other authors would agree.

to the Copyright Act's pro-author policy. It may not be inherently limited to community property jurisdictions.¹²⁸ It permits states to opt out of the preemption doctrine and the Supremacy Clause *ad libitum*. Where author and spouse have moved to a community property state after their marriage or after the author created some or all of his or her works, and in any number of other factual situations common in our mobile society, the Nimmer proposal guarantees abundant litigation from which only lawyers will benefit. For all these reasons it ought not to be adopted by any court.

VI. AT THE EDGES: OTHER ISSUES UNDER SECTION 201(e)

Insofar as it affects divorce, Section 201(e) represents sound policy, but it has not been drafted with the precision such policy requires. Assuming that the federal courts reject *Worth* and the fictions proposed for community property states by Nimmer, a state court might still seek to frustrate the Copyright Act's policy by placing undue stress on particular words and phrases in Section 201(e) and using them in effect to gut the statute. As long as the provision remains unamended by Congress, it is up to the federal courts to guard against such strategies.

One possible move of this sort would impact upon only a small number of individual copyright owners, namely those superstars who for tax or other reasons have formed corporations to hold copyright in their works.¹²⁹ Suppose one of these lucky souls is going through a divorce. Could the non-author spouse argue that the corporate form of copyright ownership takes the work out of Section 201(e)'s protection and subjects it to federally unfettered judicial division? Both on policy grounds and on the basis of close scrutiny of the statute the answer should be No. As long as *ownership* of the copyright is the individual author's, the name appearing in the copyright notice should be irrelevant.

The next move to be considered stems from the provision which the divorcing couple in *Worth* agreed upon and embodied in their consent decree, namely that "all future royalties" from the trivia encyclopedias were to be divided equally between them.¹³⁰ In the absence of such an agreement, could a court impose this provision on the author spouse and justify its action under Section 201(e) on the theory that an involuntary division of future royalties is distinguishable from a transfer of "ownership of a copyright, or of any of the

¹²⁸ See Section VI *infra*, second paragraph from end.

¹²⁹ In the last years of his life when most of his books were best sellers, the late John D. MacDonald organized John D. MacDonald Publishing, Inc., in whose name those books were copyrighted. See, e.g., J.D. MacDonald, *Cinnamon Skin* (1982). Evan Hunter, who writes crime fiction as Ed McBain, has formed HUI Corporation for the same purpose. See, e.g., E. McBain, *The McBain Brief* (1982).

¹³⁰ See text accompanying note 98 *supra*.

exclusive rights under a copyright?" Nothing in the statutory language helps answer this question, but the statutory policy of protecting authors strongly indicates that here too the answer should be No. Most of the cash value of any copyright resides in contractual royalty arrangements between the owner and the honorable businesspeople—publishers, performers, film-makers and the like—who wish to make commercial use of the work. If the proceeds of all such agreements are taken out of the reach of Section 201(e), nothing is left for the statute to operate on except the proceeds of suits against infringers. A result of this sort fits poorly with the pro-author policies of the Copyright Act.

But if the state court may not divide between the divorcing spouses either the copyright as a whole, or any of the rights comprising the copyright, or the future royalties from a work, it retains some power to divide property in what it deems an equitable manner without running afoul of Section 201(e). Certainly it may so divide any proceeds from the work that the author receives up to the time of the divorce. Where the author also owns significant amounts of property other than copyrights, there seems no reason in principle why the court may not utilize a form of affirmative action, awarding the non-author spouse more than half thereof so that he or she winds up with roughly half the value of the author's total property holdings. Such a move will usually be preceded by a bitter dispute between "expert" witnesses as to the future value of the author's copyrights—an issue which will never be accurately resolved until we have time travel—and state courts frustrated by Section 201(e) may tend to side automatically with the non-author. The results may be unsatisfactory to the point of outrage, but nothing in the Copyright Act ties the state's hands here. Of course, those authors with few significant assets other than copyrights are *pro tanto* immune from this scenario.

Another strategy of a more dubious nature may also tempt state courts. Could it be argued that some, most, or all spouses of copyright owners contribute economically or metaphysically or somehow or other to the creation of the authors' works—by working outside the home, or keeping the house clean, or answering the phone when the authors are in the throes of creation—and thereby qualify as joint authors so that division of the copyright is not precluded by Section 201(e)? Traditional pre-emption principles indicate that such an argument must fail. Congress has defined joint works in Section 101 of the Copyright Act¹³¹ and a state should not be able to invent its own definition for divorce cases.¹³²

¹³¹ See text accompanying note 122 *supra*.

¹³² In *DeSylva v. Ballentine*, 351 U.S. 570 (1956), the Supreme Court dealt with a related but distinguishable problem in federalism. Section 24 of the Copyright Act of 1909, now located at 17 U.S.C. § 304(a), provided that where an author died in a work's initial copyright term, the highest priority to renew copyright

But suppose a non-community property state irked by Section 201(e) seeks to evade the federal mandate by borrowing one of the fictions mentioned by Nimmer for community property states, ruling that the very act of getting married or residing in that state constitutes implied consent to the "equitable division" of the author spouse's copyright interests in case of divorce. Certainly there is nothing in the nature of these fictions which prevents them from being invoked outside community property states. Indeed in a state that recognizes "palimony" claims they might even be applied to suits by a live-in lover or companion of an author who never married the claimant at all. But the objections to recognizing such fictions, which have been listed above in connection with community property states,¹³³ apply with equal force regardless of the state's position on community property. No federal court should sustain a state court decision of this ilk.

On the other hand, a person who is not the author of a work may own a copyright interest therein on some basis other than authorship, for example through inter vivos transfer from the author, or through a bequest in the author's will, or pursuant to the relevant law of intestate succession, or by operation of the perverse "will-bumping" mechanism in the Copyright Act.¹³⁴ If such a non-author copyright owner is going through a divorce action, Section 201(e) by its terms would seem not to apply at least in three of the four above situations, so that the state court would not be precluded from awarding a share in the copyright interest to the owner's spouse. Since the statute comes into play only when the author's ownership "has not previously been transferred voluntarily by that individual author," the state court's hands are not tied if the copyright owner acquired his rights through inter vivos transfer or testamentary bequest. It would not seem too radical a leap to apply the same principle where the copyright owner acquired the rights via intestate succession. But where ownership resulted from the "bumping" of the author's will, paradoxically enough the language of Section 201(e) does

in the work belonged to the author's "widow, widower, or children. . . ." The 1909 Act unlike the 1976 Act (see Section 101, definition of "children"), did not, however, define "children." In order to determine whether an author's illegitimate children come within the federally created class, the Court held it "proper . . . to draw on the ready-made body of state law [from California where the parties were domiciled] to define the word 'children' in Sec. 24. This does not mean that a State would be entitled to use the word 'children' in a way entirely strange to those familiar with its ordinary usage, but at least to the extent that there are permissible variations in the ordinary concept of 'children' we deem state law controlling." 351 U.S. at 581. The distinction between that case and our present situation is that the term "joint work" is defined by the Copyright Act, and therefore a state has no leeway in carving out a definition of its own.

¹³³ See Section V *supra*, second paragraph from end.

¹³⁴ See Nevins, "The Magic Kingdom of Will-Bumping: Where Estates Law and Copyright Law Collide," 35 *Journal of the Copyright Society* 77 (1988).

seem to bar the state court from dividing the copyright interest. There is no earthly policy reason why one who becomes a copyright owner purely by operation of law, and in defiance of the author's express testamentary wishes, should be the only successor who, like the author himself, is protected from having the copyright interest divided in a divorce action. If the fiction of a voluntary transfer from the author is justified anywhere in this area of the law, here is the place.

VII. GUIDE FOR THE PERPLEXED: HOW TO DEAL WITH THE COPYRIGHT-DIVORCE PROBLEM

This article has stoutly defended the principle of Section 201(e) as a sound one where it impacts on divorce, but that principle is neither constitutionally required nor sacrosanct. It is not even rooted in pre-1978 copyright legislation. After the anticipated eventual federal court rejection of *Worth* or for that matter tomorrow, Congress is free to eliminate the provision's applicability to divorce just as it overturned the Supreme Court's *Hisquierdo* and *McCarty* decisions. To do so, however, would be short-sighted in the extreme. The statutory reversals of those cases seem clearly to have depended on two intertwined facts—that the vast majority of those entitled to military pensions or Railroad Retirement Act benefits are men¹³⁵ and the vast majority of those seeking a share of such benefits in divorce proceedings are women—and on a Congressional perception that *Hisquierdo* and *McCarty* were harmful to women as a class.¹³⁶ These factors simply do not carry over into the field of copyright. As common sense indicates and a glance at any card catalog in a library will confirm, a creative person with copyright interests is as likely to be a woman as a man. A spouse seeking division of copyright interests in a divorce case is as likely to be a man as a woman. The crucial conflict on this battleground is not between women and men but between one group of women and another; that is, between those women who are copyright authors and those who are married to copyright authors. Thus the feminist dimension of the problem cancels itself out, and the policy question for Congress, if it has a gender element at all, becomes: which of these groups of women should the law favor? In view of the pro-author thrust that is evident elsewhere in the Copyright Act and also in related legislation,¹³⁷ the answer

¹³⁵ For example, military enlistment at the time of *McCarty* was approximately 91% male and 9% female. *Military Market*, 38:11 (November 1987), at 47. Railroad employment figures have consistently averaged approximately 93% male and 7% female. U.S. Railroad Retirement Board, *Statistical Supplement to 1985 Annual Report* (April 1989), Table D-2, at 110.

¹³⁶ 129 Cong. Rec. H6-149-6150 (daily ed. August 1, 1983) (statement of Rep. Seiberling discussing *Hisquierdo*); S. Rep. No. 97-502, 97th Cong., 2d Sess. (1982) (discussing *McCarty*).

¹³⁷ See Section III *supra*.

should be obvious. The principle of Section 201(e) as applied to divorce should be kept as is.

On a few key points of detail, however, legislative reconsideration and amendment of the provision seem eminently in order. The statutory language should be changed to make it clear that Section 201(e) may not be evaded by the use of concepts like presumed or constructive voluntariness or implied consent to an official transfer unless that element is rooted in a voluntary act directly linked to copyright itself, such as mortgaging a copyright or filing for bankruptcy, the examples cited in the legislative history.¹³⁸ It would also be helpful if the language were amended to specify that future royalties from a copyright no less than rights under a copyright are protected from state divorce court division by Section 201(e). Obviously the limitations on an author's rights that are set forth in the Copyright Act itself—for instance, the work made for hire doctrine¹³⁹ and the various compulsory licenses scattered throughout the statute¹⁴⁰—do not count as involuntary transfers under Section 201(e), but clarification of this point would do no harm.

The provision's most undesirable aspect as it now stands has nothing to do with divorce but stems from its applicability to any and every involuntary transfer except under the Bankruptcy Act. The effect of this broad coverage is to create a truly absurd interface between copyright law and state tort and contract law, gifting defendants who happen to be copyright owners with roughly the same protections afforded to the beneficiaries of spendthrift trusts.¹⁴¹ Let us take a worst-case scenario. A successful author with no significant assets other than copyrights goes out driving while drunk and maims a child for life. If the defendant refuses to pay voluntarily the tort judgment against her, Section 201(e) clearly bars the court from levying on her copyright interests. No conceivable policy goal justifies this result but it clearly follows from the broad language of the provision.¹⁴² Of course, if the defendant can be thrown involuntarily into bankruptcy, Section 201(e) by its terms becomes inapplicable and her copyright interests can be taken from her in order to satisfy the judgment.¹⁴³ But it would be simpler and much fairer to plaintiffs if civil judgments of this sort were taken out of the reach of Section 201(e) and thus made subject to state seizure without the necessity of involuntary bankruptcy proceedings.

¹³⁸ See text accompanying note 26 *supra*.

¹³⁹ See text accompanying notes 52-57 *supra*.

¹⁴⁰ For a full discussion of these licenses, see P. Goldstein, *supra* note 30, at 1128.

¹⁴¹ See IIA A.W. Scott and W.P. Fratcher, *Trusts*, § 152 (4th ed. 1987).

¹⁴² Any judicial attempt to evade Section 201(e) on the argument that committing the tort was a voluntary act constituting implied consent to seizure of the author's copyrights to satisfy the tort judgment would be open to the same objections discussed in Sections V and VI *supra*.

¹⁴³ As a judgment creditor, the plaintiff in this situation would enjoy priority over all general creditors of the defendant. 11 U.S.C. § 507 (1982).

These are the flaws in the federal statute as it stands. Correcting them as advocated here would not harm but strengthen the basic policy thrust of the provision. Towards the same end it would be helpful if Congress empowered the Copyright Office to adopt a regulation implementing Section 201(e) by refusing recordation of any claim of copyright ownership obtained in divorce proceedings by an author's former spouse without clear and convincing evidence of the author's actual consent to the transfer.¹⁴⁴

But the copyright-divorce problem can be most fairly and effectively grappled with not by legislators, administrators or judges but by each individual copyright owner and his or her spouse or spouse-to-be. Irrespective of federal or state statutes, a man and a woman may make their own law on this subject, entering into a pre-nuptial or post-nuptial agreement that in the event of divorce the author's copyright interests either *shall* or *shall not* be divided, whichever the parties choose. If they agree that copyright interests shall be split, the agreement clearly satisfies the voluntariness requirement of Section 201(e) and the divorce court may give effect to their agreement without federal intervention. If they agree that copyright interests shall not be split, the non-author spouse will be estopped to seek division thereof if they divorce.

It is only where a couple cannot or do not make such an advance agreement that Section 201(e) should come into play at all. When this sort of couple divorces, there the statute sits, buried in the pages of Title 17 of the U.S. Code, a single sentence of seventy-six words, patiently waiting for people to pay attention.

¹⁴⁴ Section 205(b) of the Copyright Act provides that, upon receipt of any document transferring copyright ownership or pertaining to a copyright, together with the appropriate fee, the Register of Copyright "shall . . . record the document and return it with a certificate of recordation." The present Copyright Office regulation accordingly contains no such restriction on recordation as advocated in this article. See 37 C.F.R. § 201.4 (1988). The amendment of Section 205(b) is a prerequisite to the kind of regulation suggested here.

91. WHEN IMITATION IS NOT THE SINCEREST FORM OF FLATTERY: THE SEARCH FOR A STANDARD FOR PERFORMERS' RIGHTS

by RANDY EDER*

Today a celebrity no longer merely receives fees for his work. A celebrity also retains ownership in an image, a style, and, if he chooses, can derive a steady flow of income from them. Celebrity endorsements of products have enormous economic and commercial value. Trading on images such as Marilyn Monroe, Elvis Presley, and Bela Lugosi's Count Dracula has been an invaluable marketing strategy. Also, visual and vocal images that recreate and imitate pop culture help sell products. Use of popular music taps into the consciousness of a targeted demographic group. The appeal of a celebrity endorsement transcends language barriers because of the emotional connection between the artist and his audience.

When a celebrity chooses to endorse a product, he is commercially exploiting his fame in return for income and public exposure. Some celebrities have cashed-in on their fame by endorsing products through advertisements. Michael Jackson purportedly received \$50 million for appearing in a series of Pepsi Cola commercials.¹ Politicians (even unsuccessful ones) have also been reaping benefits from their public recognition. Geraldine Ferraro tells us to drink Pepsi-Cola. After retiring from his battles with the Great Communicator, Tip O'Neill took up Quality Inn's cause by popping out of a suitcase. Other celebrities, such as Billy Joel, the Beatles, and Bette Midler, have, however, consistently refused to endorse products.

When advertisers fail to get the celebrity of their choice to perform or do not wish to pay a willing performer his stated fee, imitators are often hired to recreate a celebrity's image or voice. This procedure can be regarded as a copycat technique. The final effect conveys a perception among consumers, either consciously or subconsciously, that the celebrity is, in fact, endorsing the product, thereby giving the product a certain appeal. Celebrities have claimed for years that copycat techniques violate some legal right. As the evolution of the right of publicity illustrates, the right that is violated is often difficult to define.

The first genre of copycat litigation came in the form of so-called look-

*Ms. Eder is a student at Georgetown University Law Center and will graduate in May 1991. She received her A.B. degree from Harvard University in 1987.

¹ Note, *Advertisers Beware: Bette Midler Doesn't Want to Dance*, 9 LOY. ENT. L.J. 43 (1989).

alike suits.² Woody Allen successfully sued Men's World, a clothing store, and R & S, an advertising agency, over a June 1986 *Newsday* ad that used a look-alike modeling men's clothes.³ A federal court held that the imitation "evoked a 'schliemiel' persona Allen cultivated up through *Annie Hall*."⁴ In another instance, Jackie Onassis successfully sued Christian Dior New-York, Inc.⁵ for the use of a look-alike in one of its advertisements. These decisions, however, did not eliminate the use of look-alikes, but merely necessitated disclaimers on the advertisements so that consumers would not be confused into believing that the celebrity was endorsing the product.⁶

A second genre of cases has evolved with respect to so-called sound-alikes,⁷ where the muddled body of publicity law is currently being applied with fervor in the music industry due to the lack of copyright protection for performances. Federal copyright law prohibits the unauthorized copying of songs, but does not prohibit unauthorized performances of songs where the celebrity who made the song popular is not the copyright owner of the song and the copyright owner grants permission to perform the song. For years advertisers have taken advantage of this lack of protection in the copyright law by making imitation renditions of famous versions of songs, thereby trading on well-known images. Imitations are economically attractive because advertisers do not want to chance the failure of a multi-million dollar campaign with a new jingle that has not yet been accepted by the public.

Another common practice is the borrowing of an artist's phrasing or characteristic vocal style in an original piece of music composed for an advertisement.⁸ Litigation in this area focuses on questions outside of copyright law, and instead implicates various state and federal unfair competition doctrines.

Sound-alike litigation began in the early 1970s in *Sinatra v. Goodyear Tire & Rubber Co.*,⁹ in which Nancy Sinatra unsuccessfully sued Goodyear and its advertising agency Young and Rubicam on an unfair competition

² A look-alike suit can be defined as one where the plaintiff sues the defendant for appropriation of his physical characteristics in an advertisement, thereby attempting to trick consumers into believing the plaintiff is, in fact, endorsing the product.

³ *Allen v. Men's World Outlet, Inc.*, 679 F. Supp. 360 (S.D.N.Y. 1988).

⁴ *Id.* at 362.

⁵ *Onassis v. Christian Dior New-York, Inc.*, 122 Misc.2d 603, 472 N.Y.S.2d 254 (N.Y. Sup. Ct. 1984), *aff'd*, 110 A.D.2d 1095, 488 N.Y.S.2d 943 (1985).

⁶ See *Allen v. Men's World Outlet, Inc.*, 679 F. Supp. at 369.

⁷ A sound-alike suit can be defined as one where the plaintiff claims the defendant appropriated his vocal style for use in advertisements, thereby attempting to deceive consumers into believing that the plaintiff is endorsing the product.

⁸ *Rothenberg, Suit Deters Ad Jingles That Mimic Singers*, N.Y. Times, Sept. 12, 1988, at D6, col. 1.

⁹ 439 F.2d 711 (9th Cir. 1970), *cert. denied*, 402 U.S. 906 (1971). See text at note 156.

claim for Goodyear's unauthorized commercial use of her rendition of "These Boots Are Made For Walkin'." Eighteen years later, the Ninth Circuit ruled in favor of Bette Midler in *Midler v. Ford Motor Co.*¹⁰ In this case, when Ford and its advertising agency Young and Rubicam used a sound-alike imitation of Midler's popular version of "Do You Want To Dance" for its Mercury car commercials, the court found Midler's right of publicity claim sufficient to protect against unauthorized appropriation of her voice.

The *Midler* decision has set off a new wave of copycat litigation. Vanna White¹¹ is suing Samsung Electronics America and its agency, Deutsch, New York, for a television commercial promoting Samsung's video cassette recorders. White claims the advertisement attacks her credibility as a game show presenter because the commercial features a robot on a game show set. Patti Page is suing Asher/Gould Advertising, Inc. for a television commercial which imitates Page's rendition of her popular version of the song "Old Cape Cod."¹² Rodney Dangerfield is suing Park Inns International Inc. to stop what he considers an imitation of his voice, even though the advertisements have a disclaimer: "celebrity voice impersonated." Tom Waits is suing Frito-Lay Inc. and its agency, Tracy/Locke of Dallas, for imitating his vocal style in a radio commercial for Doritos Salsa Rio tortillo chips. Bobby Darin's son, Dodd Darin, is suing McDonald's Corp. and its agency, Davis, Ball & Colombatto for \$10 million over "Mac Tonight" commercials that feature a piano player with a crescent-moon head singing his father's number one 1959 hit "Mack the Knife." Darin claims that his father's vocal style and gestures should be protected in the same way that lyrics and music are protected.¹³ One news report commented in McDonald's defense that "the lounge-lizard that looks like a Mother Goose character obviously is not Darin . . . Besides . . . Darin has been dead for 15 years. Who in their right mind would imagine he was selling hamburgers?"¹⁴

Copyright litigation has been unpredictable at best. The trend appears to favor a broadening of intellectual property rights in a celebrity's persona, unless the imitation of a celebrity contains its own highly expressive and creative additions. As with derivative works,¹⁵ publicity protection should extend only to the material contributed by such an author and not to any of the preexisting work. Celebrities are rightly worried that aspects of their identity

¹⁰ 849 F.2d (9th Cir. 1988). See text at note 180.

¹¹ Best known for her role as a presenter in the television game show "Wheel of Fortune," and as the distinguished author of *Vanna Speaks!* Cf. Harpo Marx, *Harpo Speaks*.

¹² *Page v. Asher/Gould Advertising, Inc. et al.*, No. 90-0098 (C.D. Cal. filed Jan. 9, 1990).

¹³ *Singers Howl Over Copycat Ads*, *Newsday*, Oct. 15, 1989 at 56.

¹⁴ *Id.*, quoting attorney Richard Kurnit who represented the models who imitated Woody Allen and Jackie Onassis.

¹⁵ Cf. 17 U.S.C. § 103 (1989).

that they have spent their entire lives developing may lawfully be appropriated as soon as they achieve stardom. Advertisers are even more nervous because they no longer know whether the copycat techniques which were once commonly acceptable in the advertising community are still legally permissible. Standards need to be established to define as clearly as possible the circumstances in which imitations are permitted or prohibited.

PART I: OVERVIEW

The right of celebrities to control the use of their personae¹⁶ in the commercial market¹⁷ is generally found in an amorphous body of law known as the right of publicity.¹⁸ A celebrity is symbolized by his persona, for that is how the public identifies him. This persona presumably has commercial value if others intentionally attempt to exploit it. Consequently, a celebrity's persona is a valuable symbolic asset that can be thought of as a commodity. Thus, the right of publicity tort is essentially commercial in nature.¹⁹ The right prohibits the unauthorized commercial use of a celebrity's persona to market products. The rationale for protecting the right of publicity can be thought of as:

[P]reventing unjust enrichment by the theft of good will. No social purpose is served by having the defendant get some aspect of the plaintiff that would have market value and for which he would normally pay.²⁰

¹⁶ "Persona" has been described as "the symbolic effect of a celebrity's name, image, or attributes, including characters or characteristics unique to a celebrity. It is critical to distinguish between the products of celebrities, which are their performances or works, and the personae by which those works are identified by the public." Simon, *Right of Publicity Reified: Fame As Business Asset*, 30 N.Y.L. SCH. L. REV. 699, 703 (1985).

¹⁷ "Commercial market" is a term used to describe the use of advertising in various media forms to sell products." Note, *Advertisers Beware: Bette Midler Doesn't Want to Dance*, 9 LOY. ENTER. L.J. 43, n. 1 (1989).

¹⁸ The term "right of publicity" was explicitly recognized for the first time in *Haelan Laboratories v. Topps Chewing Gum, Inc.*, 202 F.2d 866 (2d Cir.), cert. denied, 346 U.S. 816 (1953). The various definitions of the right of publicity include "the right to be free from commercial exploitation," Hoffman, *The Right of Publicity: An Analytical Update*, 14 FORDHAM L. REV. 453 (1981); and "the right of each person to control and profit from the publicity values which he has created or purchased," Nimmer, *The Right of Publicity*, 19 LAW & CONTEMP. PROBS. 203, 215 (1954).

¹⁹ See Felcher & Rubin, *Privacy, Publicity, and Portrayal of Real People by the Media*, 88 YALE L.J. 1577 (1979). But cf. New York Civ. Rights Law §§ 50-51 (McKinney 1976 & Supp. 1989) which views the right of publicity within the right of privacy rubric, and thus not as a commercial tort.

²⁰ *Zacchini v. Scripps-Howard Broadcast Co.*, 433 U.S. 562, 576 (1977), quoting *Kalvin, Privacy in Tort Law - Were Warren and Brandeis Wrong?*, 31 LAW & CONTEMP. PROBS. 326, 331 (1966).

The right of publicity has changed dramatically in the last three decades. The emergence and development of the right of celebrities to control the use of their persona has resulted in many confusing and contradictory cases as well as enormous amounts of scholarly commentary. Court decisions reflect an uncertainty about what type of right is involved when a party appropriates a celebrity's name, likeness, personal style, or voice for commercial purposes. Courts often extend protection to the celebrity and then formulate some doctrinal analysis to support the protection.²¹ Due to lack of doctrinal uniformity, the right of publicity cannot be broken into clearly articulated components. No one standard has yet been adopted. Consequently, a complainant often asserts a multiplicity of claims whose range includes invasion of privacy, misappropriation of name and likeness, trademark infringement, copyright infringement, and unfair competition.²² The right of publicity has been in a precarious state due to disagreement over why the right exists,²³ how the right is created, the assignability of the right, preemption by copyright law, descendibility of the right, and first amendment issues which possibly trump the right of publicity.²⁴ This disagreement, however, has not deterred what appears to be a trend toward greater protection of a celebrity's persona,²⁵ as this article will illustrate. My own view embraces this trend. A celebrity's persona deserves a workable form of protection against unwanted and unauthorized exploitation.

²¹ Simon, *Right of Publicity Reified: Fame As Business Asset*, *supra* note 16, at 699.

²² See, e.g., *National Bank of Commerce v. Shaklee Corp.*, 503 F. Supp. 533 (W.D. Tex. 1980) (complainant asserted all of these claims).

²³ *Zacchini v. Scripps-Howard Broadcasting Co.*, 433 U.S. 562 (1977) (The court stated the right of publicity exists to protect the property interests in personality and to punish exploitative commercial behavior). Other rationales for the right of publicity include protection of professional reputation and prevention of unjust enrichment.

²⁴ See Denicola, *Copyright and Free Speech: Constitutional Limitations on the Protection of Expression*, 67 CAL. L. REV. 283, 286 (1979) ("[W]hen the recognition of private rights would prohibit or curtail forms of communication that advance [first amendment] interests, the private rights must yield to the constitutional interests); *contra United States v. Bodin*, 375 F. Supp. 1265, 1267 (W.D. Okla. 1974) (It is hard to find "as any protected first amendment right a privilege to usurp the benefits of the creative and artistic talent, technical skills, and investment necessary to produce a . . . performance").

²⁵ One commentator has called this trend "an unseemly rush to protect celebrities that has clouded orderly development of a 'right of publicity.'" Simon, *Right of Publicity Reified: Fame As Business Asset*, *supra* note 16, at 699.

II: EVOLUTION OF THE RIGHT OF PUBLICITY FROM COMMON LAW

A. From the Right of Privacy

The right of publicity developed from the common law right of privacy. Since there has been considerable confusion between these two rights, any discussion of the right of publicity first requires an analysis of the right of privacy and the relationship between the two rights.

The modern right of privacy developed at the turn of the century from the publication of the famous Warren and Brandeis article, *The Right of Privacy*.²⁶ The right of privacy was devised to redress mental suffering caused by unauthorized use of a person's private identity. Interestingly, one of the arguments given in support of the cause of action was the existence of common law copyright, which found its origin as a species of private property in England in 1558.²⁷ The right of privacy was subsequently defined as:

The unwarranted appropriation or exploitation of one's personality, the publicizing of one's private affairs with which the public has no legitimate concern, or the wrongful intrusion into one's private activities, in such a manner as to outrage or cause mental suffering, shame, or humiliation to a person of ordinary sensibility.²⁸

Brandeis and Warren's plea for relief from the yellow journalism of the late nineteenth century did not immediately reach receptive judicial ears. In *Roberson v. Rochester Folding Box Co.*,²⁹ the New York Court of Appeals rejected the plaintiff's claim of injured feelings resulting from the unauthorized use of plaintiff's photograph to advertise defendant's flour product.³⁰ The New York legislature immediately responded to the court's decision by enacting a statutory right to privacy.³¹

Perhaps reflecting Southern sensibilities, the Warren and Brandeis privacy model was recognized as a common law right in Georgia, three years after the New York courts had rejected it. In *Pavesich v. New England Life Ins. Co.*,³² the Georgia Supreme Court found a common law right protecting

²⁶ Warren and Brandeis, *The Right of Privacy*, 4 HARV. L. REV. 193 (1890).

²⁷ *Id.* at 195 n.1. For a recent article by a prominent judge on the relationship between the right of privacy and copyright, see Leval, *Fair Use or Foul?*, 36 J. COPYRIGHT SOC'Y 167, 178-179 (1989) (reviewing English notions of privacy and copyright law).

²⁸ Hoffman, *The Right of Publicity: An Analytical Update*, 14 INTELL. PROP. L. REV. 3, 6 (1982), quoting from *Continental Optical Co. v. Reed*, 119 Ind. App. 643, 648, 86 N.E.2d 306, 308 (1949), quoting from 138 A.L.R. 22.

²⁹ 171 N.Y. 538, 64 N.E. 442 (1902).

³⁰ *Id.* at 556, 64 N.E. at 447.

³¹ N.Y. Civ Rights Law §§ 50-51 (McKinney 1976 & Supp. 1989).

³² 122 Ga. 190, 50 S.E. 68 (1905).

"hurt feelings" from unconsented exposure arising out of an insurance company's use of plaintiff's photograph in an advertisement.

Both common law and statutory recognition of the right of privacy are predicated on protecting "the feelings and privacy of the 'little man' " ³³ from unauthorized commercial appropriation of his personality. ³⁴

This rationale is derived from a turn of the century perspective. ³⁵ Modern day's chief avenues for commercial exploitation, television and radio, were not available at that time. ³⁶ In fact, society looked down on those who used their names for commercial purposes. ³⁷

Elements

In an influential article entitled simply *Privacy*, ³⁸ Dean William Prosser delineated four distinct categories of privacy invasion as comprising the right of privacy, placing them in the societal context just outlined. Most states have recognized these four categories. ³⁹ The only common thread among the categories is that "each represents an interference with the right of plaintiff . . . 'to be let alone' " and be free from injured feelings. ⁴⁰

The first category prohibits intrusion on private affairs. ⁴¹ The second category prohibits public disclosure of private facts which serve no public

³³ *Bi-Rite Enterprises, Inc. v. Button Masters*, 555 F. Supp. 1188, 1198 (S.D.N.Y. 1983).

³⁴ See Halperin, *The Right of Publicity: Commercial Exploitation of the Associative Value of Personality*, 39 VAND. L. REV. 1199, 1204 n. 25 (1204), citing *Crump v. Berkeley Newspapers, Inc.*, 320 S.E.2d 70, 85 (W. Va. 1984) ("The right has primarily served to prevent the emotional harm which results from the unauthorized use of an individual's name or likeness to promote a particular product or service"); *Flores v. Mosler Safe Co.*, 7 N.Y.2d 276, 280, 164 N.E.2d 853, 855, 196 N.Y.S.2d 975, 978 (1959) ("The primary purpose of this legislation was to protect the sentiments, thoughts and feelings of an individual").

³⁵ Halperin, *The Right of Publicity: Commercial Exploitation of the Associative Value of Personality*, *supra* note 34, at 1205.

³⁶ See Gordon, *The Right of Property in Name, Likeness, Personality, and History*, 55 N.W., U.L. REV. 553, 554-55 (1966) ("The innovators of the privacy doctrine could not have foreseen the advent of radio, television and motion pictures, and the concomitant scope and variety of commercial exploitations of name, likenesses and personalities of individuals").

³⁷ Halperin, *The Right of Publicity: Commercial Exploitation of the Associative Value of Personality*, *supra* note 34, at 1205.

³⁸ Prosser, *Privacy*, 48 CAL. L. REV. 383 (1960).

³⁹ See Restatement (Second) of Torts, § 652C at 380 (1977) ("One who appropriates to his own use or benefit the name or likeness of another is subject to liability to the other for invasion of his privacy").

⁴⁰ *Id.* at 389.

⁴¹ See, e.g., *Dietmann v. Time, Inc.*, 284 F. Supp. 925 (D.C. Cal. 1968) (search without a warrant).

service, yet cause personal embarrassment.⁴² The third category prohibits publicity that places an individual in a false light in the public eye.⁴³ The fourth category prohibits unauthorized appropriation of a person's name or likeness for the defendant's advantage. This category is distinct from the first three because it suggests a proprietary cause of action, much like the right of publicity.

Confusion is inevitable between Prosser's fourth category of the right of privacy and the right of publicity because the same conduct violates both rights: appropriation of an attribute of an individual for the financial benefit of defendant. The focal point of the two claims are, however, different. The focal point of privacy rights centers around hurt feelings. Privacy plaintiffs seek redress for the mental anguish suffered as a result of the unauthorized publicity of their private identities. Under privacy rights, little attention is given to plaintiff's lost profits or defendant's profits. The profits of the appropriator are given only as evidence of misappropriation.⁴⁴

The focal point of a publicity claim centers around the appropriator's use of the persona for profit. While publicity plaintiffs may suffer some mental anguish from having their names and images publicized in connection with products or services they have not endorsed, publicity plaintiffs principally seek to vindicate a property interest⁴⁵ in their identities in order to protect the commercial value of their names and images or to keep their images untarnished by commercial endorsement. The unauthorized use of a name or image violates a celebrity's right "to control and profit from the publicity values which he has created or purchased."⁴⁶ It has thus become essential to distinguish the famous plaintiff from the not famous plaintiff because their interests are different.

Assignability and Devisability

A privacy right is neither assignable nor devisable⁴⁷ since it is a personal

⁴² See, e.g., *Taylor v. K.T.V.B., Inc.*, 96 Idaho 202, 525 P.2d 984 (1974) (news broadcast showing plaintiff arrested and taken naked from his home).

⁴³ See, e.g., *Steding v. Battistoni*, 3 Conn. Cir. Ct. 76, 208 A.2d 559 (Cir. Ct. 1964) (defendant filed suit in plaintiff's name without authorization).

⁴⁴ Simon, *Right of Publicity Reified: Fame As Business Asset*, *supra* note 16, at 716.

⁴⁵ "Whether it is labelled a 'property' right is immaterial; for here, as often elsewhere, the tag 'property' simply symbolizes the fact that courts enforce a claim which has a pecuniary worth." *Haelan Laboratories, Inc. v. Topps Chewing Gum, Inc.*, 202 F.2d 866, 868 (2d Cir. 1953).

⁴⁶ Nimmer, *The Right of Publicity*, 19 LAW & CONTEMP. PROB. 203, 216 (1954).

⁴⁷ The heirs of a person whose privacy rights have been violated have no recourse to enforce those rights because privacy rights do not survive death. *Hendrickson v. California Newspapers, Inc.* 48 Cal. App.3d 59, 121 Cal. Rptr. 249 (1975). See also *New Era Publications Int. v. Henry Holt & Co.*, 695 F. Supp. 1493, 1505 (S.D.N.Y. 1988); *aff'd on other grounds*, 873 F.2d 576 (2d Cir. 1989), and *id.*, 873 F.2d at 588 n.4 (Oakes, J., concurring).

right.⁴⁸ The right of privacy can only be asserted by the living person whose privacy has been invaded.⁴⁹

B. *Right of Publicity as a Common Law Right*

Background

As a common law right, the right of publicity is different from those to which it has been analogized. It resembles the doctrine of misappropriation in that its purpose is to protect against unjust enrichment.⁵⁰ Like copyright law, it has a rationale of encouraging creative endeavors through economic incentives.⁵¹ These analogous claims will be examined below.

The right of publicity emerged from the personal right of privacy. The path from the right of privacy to the current, albeit muddled, right of publicity doctrine began with *Haelan Laboratories Inc. v. Topps Chewing Gum Inc.*,⁵² in which the Court of Appeals for the Second Circuit (per Judge Frank), interpreting New York law, explicitly recognized an independent property right it called the right of publicity:

We think that, in addition to and independent of the right of privacy . . . a man has a right in the publicity value of his photograph, i.e. the right to grant the exclusive privilege of publishing his picture. . . .

This right might be called a "right of publicity." For it is common knowledge that many prominent persons . . . would feel sorely deprived if they no longer received money for authorizing advertisements, popularizing their countenances, displayed in newspapers, magazines, busses, trains and subways. This right of publicity would usually yield them no money unless it could be made the subject of an exclusive grant which barred any other advertiser from using their picture.⁵³

In *Haelan*, Judge Frank upheld a major league baseball player's right of publicity in the value of his likeness for use on bubble gum trading cards. The decision resulted in a newly enunciated common law of publicity, separate from the right of privacy, protecting commercial exploitation of the identities of well-known individuals.

⁴⁸ Prosser, *LAW OF TORTS* § 117 at 804, 814-815 (4th Ed. 1971).

⁴⁹ *Coverstone v. Davies*, 38 Cal.2d 315, 322-324, 239 P.2d 876 (1952); *Werner v. Times Mirror Co.*, 193 Cal. App.2d 111, 116, 14 Cal. Rptr. 208 (1961); *Metter v. Los Angeles Examiner*, 35 Cal. App.2d 304, 310, 95 P.2d 491 (1939).

⁵⁰ See, e.g., *Zacchini v. Scripps-Howard Broadcasting Co.*, 433 U.S. 562, 576 (1977).

⁵¹ *Id.* at 577.

⁵² 202 F.2d 866 (2d Cir.), cert. denied, 346 U.S. 816 (1953).

⁵³ *Id.* at 868.

Parameters

The judicially created right of publicity protects the actual or potential economic value of a celebrity's persona from unauthorized commercial exploitation. If a celebrity has worked to create a distinctive persona, then he has a right to protect this persona from misappropriation by others. The right of publicity allows a celebrity exclusive rights over the commercial value in his attributes.⁵⁴ A celebrity has the right to capitalize on the reputation and popularity (or notoriety) he has established for himself. Essentially, the right permits a celebrity to control and profit from the publicity values he has created in himself.⁵⁵ This sort of property "usually carries no overhead, no maintenance" and might even be viewed as an unencumbered source of wealth.⁵⁶

A right of publicity action typically involves the appropriation of a well-known person's persona in order to trade on and commercially benefit from the use of that person's good-will.⁵⁷ Unauthorized use of a celebrity's attributes decreases the celebrity's future marketability, loosens control over his reputation, possibly alters his public image, and prohibits him from reaping the financial rewards associated with the appropriation. The theory behind the right of publicity is that a celebrity should have the sole power to enjoy the fruits of his own labor and to prohibit against unjust enrichment to the misappropriator.⁵⁸ Thus, the right of publicity is a property right protecting an economic interest - the commercial value of a celebrity's attributes.

Elements

To prevail on a right of publicity claim, a plaintiff must prove three elements:

First, he must establish that his publicity rights are worth protecting, i.e. that he is a true celebrity and not simply a private citizen complaining about his privacy-type right to be let alone. Second, he must prove that at least one his attributes has been clearly represented to the public such that unauthorized use is tied to him. Finally, he must prove that the unauthorized portrayal is not

⁵⁴ *Zacchini v. Scripps-Howard Broadcasting*, 433 U.S. 562, 575 (1977).

⁵⁵ This requirement of exploitation explains why celebrities, and other public officials, do not have a cause of action under the right of privacy. They have waived such right through voluntary entrance into the public eye or through voluntary self-commercialization. See *Lerman v. Flynt Distr. Co.*, 745 F.2d 123, 131 (2d Cir. 1984), cert. denied, 471 U.S. 1054 (1985); *Bi-Rite Enterprises, Inc. v. Button Master*, 555 F. Supp. 1188, 1198 (S.D.N.Y. 1983).

⁵⁶ Newcomb, *The New Aristocracy*, *Forbes*, Oct. 3, 1988, at 114.

⁵⁷ Note, *Right of Publicity and Copyright Preemption After "Baltimore Orioles,"* 40 RUTGERS L. REV. 971, 979 (1988).

⁵⁸ Hoffman, *The Right of Publicity: An Analytical Update*, 14 INTELL. PROP. REV. 3, 12-13 (1982).

privileged or not merely an incidental use, but rather is a true commercial use causing him damage or some irreparable injury.⁵⁹

2. *Publicity Rights Must Be Worth Protecting*

This element of the publicity claim has two prongs. The first prong requires the plaintiff to be a celebrity in order to have standing. The second prong requires the plaintiff to have exploited his celebrity status in a manner that will give rise to economic harm in the event of unauthorized uses of his name or personality attributes. Under the second prong, a wide range of tests have been applied to determine whether a person has adequately created a right of publicity. For example, one commentator has listed the possible range of tests to include:

[W]hether a person has created a business to market his name or likeness in areas other than the person's primary area of activity; whether a person has exploited his name or likeness while living, without creating a business for this purpose in areas other than the person's primary area of activity; whether a person has recognized the value of the right of publicity merely by entering into the person's primary area of activity; and recently, whether the person exploited the right of publicity while living was found to be totally unnecessary to creation of the right.⁶⁰

2. *Clear Representation of a Celebrity's Attributes*

The plaintiff in a right of publicity claim must prove that defendant used the celebrity's personal attributes in a clearly identifiable manner. To comprehend this element of a publicity claim, it is first important to understand the umbrella of protection that the right of publicity protects. Case law has differed as to what the right encompasses.

Two distinct patterns have emerged in the interpretation of the right of publicity.⁶¹ The first pattern retains the traditional right of publicity notion

⁵⁹ *Id.* Other commentators have broken down the components of the right of publicity in alternate ways. For example, Professor Simon has listed four elements necessary for a publicity plaintiff to prevail: 1) a celebrity must be involved; 2) the defendant must have commercially used the celebrity's personal attributes; 3) the defendant's commercial use of such attributes must have been unauthorized; 4) the appropriated attributes must have been presented to the public in an identifiable manner. Simon, *Right of Publicity Reified: Fame As a Business Asset*, 30 N.Y.L. SCH. L. REV. 699, 707-710 (1985).

⁶⁰ McLane, *The Right of Publicity: Dispelling Survivability, Preemption and First Amendment Myth Threatening to Eviscerate a Recognized State Right*, 20 CAL. W.L. REV. 415, 416 (1983).

⁶¹ Note, *The Right of Publicity and Vocal Larceny: Sounding Off On Sound-Alikes*, 57 FORDHAM L. REV. 445, 450 (1988).

by limiting the right to name or likeness.⁶² The Woody Allen and Jackie Onassis cases against companies that imitated them in advertisements by using look-alikes⁶³ are examples of this pattern. Based on this traditional approach, courts have refused to recognize any need for protecting a celebrity's style and personal characteristics. This view does not look to the interest that the right of publicity protects. Instead, the traditional approach defines the right of publicity by the method in which the right has been appropriated. Requiring that appropriation be only in name or visual likeness incorrectly adopts Prosser's doctrinal analysis rather than the proper property analysis.

The second pattern favors a broad standard in defining a celebrity's persona and often recognizes not only distinct physical characteristics, but also any symbolic traits associated with the celebrity. This expansive approach correctly views the right of publicity under a property rubric. Moreover, it defines the right by focusing on whether the purported appropriation suggested the plaintiff in any manner, rather than focusing on whether the appropriation took only his name or visual likeness. The real value of a celebrity is not confined to his name or picture, but rather encompasses the celebrity's total identity and associated symbols.

Courts recently, and rightly, have been applying the second pattern and, consequently, do not require the appropriation of name or exact likeness of a celebrity in order for the celebrity to prevail. Generally, courts have identified protected attributes to include names,⁶⁴ likeness,⁶⁵ voices,⁶⁶ characters,⁶⁷ performances,⁶⁸ and symbols⁶⁹ associated with the celebrity as elements pro-

⁶² See e.g., *Haelan Laboratories v. Topps Chewing Gum Inc.*, 202 F.2d 866 (2d Cir.), cert. denied, 346 U.S. 816 (1953) (Baseball players have exclusive rights in their likeness).

⁶³ *Allen v. Men's World Outlet, Inc.*, 679 F. Supp. 360, 367 (S.D.N.Y. 1988); *Onassis v. Christian Dior New-York, Inc.*, 122 Misc.2d 603, 611-616, 472 N.Y.S.2d 254, 261-264 (Sup. Ct. 1984), aff'd, 110 A.D.2d 1095, 488 N.Y.S.2d 943 (1985).

⁶⁴ *Joel v. Various Does*, 499 F. Supp. 791 (E.D. Wis. 1980) (appropriation of singer Billy Joel's name on t-shirts).

⁶⁵ *Onassis v. Christian Dior New-York*, 122 Misc.2d 603, 611-616, 472 N.Y.S.2d 254, 261-264 (N.Y. Sup. Ct. 1984), aff'd, 110 A.D.2d 1095, 488 N.Y.S.2d 943 (1985) (appropriation of Jackie Onassis' image).

⁶⁶ *Midler v. Ford Motor Co.*, 849 F.2d 460 (9th Cir. 1988) (appropriation of singer's distinctive vocal style).

⁶⁷ *Groucho Marx Prods., Inc. v. Day & Night Co.*, 523 F. Supp. 485 (S.D.N.Y. 1981), rev'd, 689 F.2d 317 (2d Cir. 1982) (appropriation of Marx Brothers' manner of performance by imitating their style and appearance in a play).

⁶⁸ *Zacchini v. Scripps-Howard Broadcasting Co.*, 433 U.S. 562 (1976) (appropriation of entire human cannonball act).

⁶⁹ *Motschenbacher v. R.J. Reynolds Tobacco*, 498 F.2d 821 (9th Cir. 1974) (Court found appropriation of "signs and symbols" with which Motschenbacher was associated); *Midler v. Ford Motor Co.*, 849 F.2d 460 (9th Cir. 1988) (Court found Midler's distinctive vocal style to be signs and symbols associated with her).

tected by the right of publicity.

3. *Unprivileged Appropriation*

The third element requires that the use of the celebrity's persona was unauthorized and unprivileged. Proof of unauthorized use can be difficult because in the entertainment industry rights are often broadly assigned.⁷⁰ For example, in *Brinkley v. Casablancas*,⁷¹ the court held that Christie Brinkley, a celebrity model, had her right of publicity violated where, in a poster modeling project, she had not signed the customary written release authorizing distribution of her photograph, even though she had orally agreed to it and had participated in the project. Presumably, had she signed the agreement, no violation would have been found even though the specific use on posters was not enumerated.

There are some unauthorized portrayals that are privileged under the First Amendment.⁷² First Amendment issues often are raised regarding information about public figures.⁷³ For example, the First Amendment dictates that the right of privacy is waived by a celebrity to the extent that the information disseminated about him is either actual news or to the extent that the celebrity has made his life public.⁷⁴ Additionally, the "First Amendment protects much of what the media does in reproduction of likenesses or sounds."⁷⁵ The right of publicity thus can be subordinated to First Amendment freedoms, thereby limiting a celebrity's right of publicity cause of action.

The First Amendment, however, does not provide a defense to a right of publicity action when a celebrity's entire performance is used for news purposes. In *Zacchini v. Scripps-Howard Broadcasting Co.*,⁷⁶ the Supreme Court held that protection under a right of publicity for a news television program's unauthorized airing of a human cannonball performance in its entirety did not conflict with the First Amendment. The general rule is that if the purpose of a news report featuring a celebrity or a celebrity's persona is "'informative or cultural' the use is immune; 'if it serves no function but merely exploits the individual portrayed, immunity will not be granted.'"⁷⁷

⁷⁰ Simon, *Right of Publicity Reified: Fame As Business Asset*, *supra* note 16, at 709.

⁷¹ 80 A.D.2d 428, 438 N.Y.S.2d 1004 (N.Y. App. Div. 1981).

⁷² U.S. CONST. amend. I ("Congress shall make no law . . . abridging the freedom of speech, or of press . . .").

⁷³ See *Gertz v. Robert Welch, Inc.*, 418 U.S. 323 (1974).

⁷⁴ *Id.* See e.g., *Time v. Hill*, 385 U.S. 274 (1967); *New York Times Co. v. Sullivan*, 376 U.S. 254 (1964).

⁷⁵ *Midler v. Ford Motor Co.*, 849 F.2d 460, 462 (9th Cir. 1988).

⁷⁶ 433 U.S. 562 (1977).

⁷⁷ *Felcher and Rubin, Privacy, Publicity and the Portrayal of Real People by the Media*, 88 YALE L.J. 1577, 1596 (1979), quoted in *Midler v. Ford Motor Co.*, 849 F.2d 460, 462 (9th Cir. 1988).

In line with the general rule, uses that only incidentally reproduce the celebrity's persona have been found not to be an unlawful appropriation. One court has held that under the New York Civil Rights Law, a magazine was free to use unauthorized photographs of a celebrity in connection with an advertisement "so long as the reproduction was used to illustrate the quality and content of the periodical in which it originally appeared. . . ."⁷⁸ Building on this decision, a subsequent case found that *Sports Illustrated's* use in promotional material of Joe Namath's picture from an earlier article on the 1969 Super Bowl was permissible because the use was merely incidental to an advertisement for the magazine's contents and the use of the photograph did not indicate Namath's endorsement of the magazine.⁷⁹ This incidental use exception is similar to that embodied in the fair use defense in the copyright law.⁸⁰

Assignability and Devisability

Since the right of publicity is a property right, it is assignable during the life of the celebrity.⁸¹ Without a right of assignability, a celebrity would not be able to fully exploit his own name and likeness. Even though courts and commentators recognize assignability as a characteristic of the right of publicity, courts have disagreed whether inheritability and devisability are also characteristics of the right of publicity.

One line of cases, exemplified by *Lugosi v. Universal Pictures*,⁸² holds that the right of publicity expires upon death of the celebrity and, therefore, is not descendible. In this case, Bela Lugosi gave Universal Pictures the right to exploit his portrayal of Dracula in connection with the movie *Dracula*. The issue in the case concerned whether Universal Pictures could continue to exploit Lugosi's Dracula after the actor's death. The majority of the California Supreme Court was of the opinion that Lugosi's heirs could not prevent Universal's continued exploitation of Lugosi after his death, holding "the right to exploit name and likeness is personal to the artist and must be exercised, if at all, by him during his lifetime."⁸³ The *Lugosi* court reasoned that "a rule of

⁷⁸ *Booth v. Curtis Publishing Co.*, 15 A.D. 343, 350 223, N.Y.2d 737 (N.Y. App. Div. 1st Dept.), *aff'd w/o opn.*, 11 N.Y.2d 907 (1962). See also Hoffman, *The Right of Publicity: An Analytical Update*, *supra* note 16, at 14.

⁷⁹ *Namath v. Sports Illustrated*, 48 A.D.2d 487, 488, 371 N.Y.S.2d 10, 11 (N.Y. App. Div. 1st Dept. 1975). But *cf. id.*, dissent. See also, Hoffman, *The Right of Publicity: An Analytical Update*, *supra* note 18, at 14.

⁸⁰ 17 U.S.C. § 107 (1978). See *Italian Book Co. v. ABC*, 458 F. Supp. 65 (S.D.N.Y. 1978).

⁸¹ *Haelan Laboratories, Inc. v. Topps Chewing Gum, Inc.*, 202 F.2d 866 (2d Cir. 1953).

⁸² 25 Cal.3d 813, 603 P.2d 425 (1979). Following this decision, the California legislature enacted statutory right of publicity protection that included descendibility. See discussion *infra*, text at notes 116-122.

⁸³ *Id.* at 824 n.8, 608 P.2d at 431 n.8. See also *Memphis Development Foundation v. Factors Etc., Inc.*, 616 F.2d 956 (6th Cir. 1980); *Factors Etc., Inc. v. Pro Arts*,

non-descendability is justified by the personal nature of the right, coupled with the difficulty in judicially selecting an appropriate durational limitation were it held descendible to one's heirs."⁸⁴ Other courts have limited inheritability or descendability to cases where the celebrity's name or likeness has been exploited during the celebrity's lifetime.⁸⁵

Limiting inheritability and descendability confuses the property nature of the right of publicity with the personal nature of the right of privacy. To hold that descendability is not a characteristic of the right of publicity is to erroneously equate the right of publicity with a personal right.

Expiration of publicity rights goes against the right's underlying policy considerations. The primary policy motivation behind the right of publicity is that "the protection provides an economic incentive for [celebrities] to make the investment required to produce a performance of interest to the public."⁸⁶ Survivability is a prerequisite necessary to ensure the right and to enhance the economic incentive for celebrities to invest in creativity. The value of publicity rights thus should extend to a celebrity's heirs. An investment in a persona should be treated as any other investment for future generations. Such investments should not merely evaporate because of death; they are property and should be inheritable and devisable.

The alternative to the *Lugosi* approach, and it is submitted, the better reasoned line of cases, views the right of publicity as descendible, regardless of whether a celebrity commercially exploited his publicity rights during his lifetime. In *Martin Luther King, Jr., Center for Social Change, Inc. v. American Heritage Prod.*,⁸⁷ the court upheld Dr. King's heirs' right of publicity when American Heritage Products marketed unauthorized plastic busts of Dr. King. The *King* court found that regardless of whether a celebrity took commercial advantage of his fame during lifetime,⁸⁸ "the right of publicity survives the death of its owner and is inheritable and devisable."⁸⁹ The court reasoned that the right of publicity rewards talented individuals and encourages creativity. The court developed a clear rationale for its decision:

[T]here is no reason why, upon a celebrity's death, advertisers

Inc., 652 F.2d 278 (2d Cir. 1981) (Second Circuit accepted the Sixth Circuit's interpretation of Tennessee law.).

⁸⁴ *Id.* at 824 note 8, 608 P.2d at 431 note 8.

⁸⁵ *Hicks v. Casablanca Records*, 464 F. Supp. 426 (S.D.N.Y. 1978) (case was decided on first amendment grounds, although other courts have relied on its dicta to the effect that the right of publicity is descendible if that right had been exploited during the celebrity's life.).

⁸⁶ *Zacchini v. Scripps-Howard Broadcasting Co.*, 433 U.S. 562, 576 (1977).

⁸⁷ 694 F.2d 674 (11th Cir. 1982).

⁸⁸ *Id.* at 683 ("In our view, a person who avoids exploitation during his life is entitled to have his image protected against exploitation after his death just as much if not more than a person who exploited his image during life").

⁸⁹ *Id.* at 682.

should receive a windfall in the form of freedom to use with impunity the name or likeness of the deceased celebrity who may have worked his or her entire life to attain celebrity status. The financial benefits of that labor should go to the celebrity's heirs. . . .⁹⁰

This line of cases effectively, and rightly, rejects any remnants of the privacy mode of analysis in right of publicity claims.

Remedies

A successful right of publicity claim is rewarded by damages and injunctive relief. Injunctive relief allows the celebrity to reassert control over his persona in deciding how, and if, the commercial value of his attributes will be used. Courts have also issued ex parte seizure orders and inspection and discovery orders.⁹¹ Damages in a publicity action amount to the value, or percentage thereof, received by the appropriator from use of the unauthorized persona of the celebrity or the celebrity's financial loss or the impairment of his publicity value.⁹²

For example, in *Apple Corps Limited v. Leber*,⁹³ the Beatles successfully sued those involved with the production of Beatlemania, a group of Beatle look-alike and sound-alike men performing live on stage twenty-nine of the more popular Lennon-McCartney songs.⁹⁴ The court granted the Beatles injunctive relief and over \$7 million in damages.⁹⁵ The court found the damage award was not limited to "out of pocket loss. [Instead] [h]arm consists in the taking of a right and the measure of damages is the reasonable value of what

⁹⁰ *Id.* quoting from Chief Justice Bird's dissent in *Lugosi v. Universal Pictures*, 160 Cal. Rptr. 323, 332, 603 P.2d 425, 434 (1979).

⁹¹ Such cases are often T-shirt cases brought by rock stars. See *Billy Joel and Root Beer Rags, Ltd. v. Various John Does*, 499 F. Supp. 791 (E.D. Wis. 1980); *Factors Etc., Inc. v. Pro Arts, Inc.*, 579 F.2d 215 (2d Cir. 1978); *Estate of Presley v. Russen*, 513 F. Supp. 1339 (D.N.J. 1981).

⁹² Note, *The Right of Publicity As A Means Of Protecting Performers' Style*, 14 LOY. L.R. 129, 137 (1980). Assessment of future damages requires consideration of such factors as the relative fame of the plaintiff and the market value of the celebrity's publicity rights. *Id.*

⁹³ 12 Med. L. Rptr. 2280 (Cal. Sup. Ct. L.A. County 1986).

⁹⁴ *Id.* at 2281.

⁹⁵ The court asserted that the uncontradicted evidence in record showed that the Beatles were such a great success in the mid-70s, that they could have named their own price for licensing a production such as Beatlemania. The court arrived, without explanation, of a royalty rate of 12½ percent of gross of the live performances as the fair market value of the right taken by Beatlemania and \$2 million for the right taken by the movie. *Id.* at 2283. Tom Waits was recently awarded \$2.5 million in his suit against Frito-Lay and Tracy-Locke Inc. The jury included \$1.5 million punitive damages in this figure. The case is on appeal.

defendant has taken."⁹⁶ The court, however, did not award punitive damages because it found defendant had not acted maliciously.

C. Statutory Creation of the Right of Publicity

State law deals with the right of publicity in one of three ways: "1) by common law only; 2) by statute that is cumulative to the common law; or 3) by statute that codifies the common law."⁹⁷ In New York and California, the states where most celebrities and advertisers are concentrated, the legislatures have adopted statutes dealing with the right of publicity. The difference in these two statutes is illustrative of the confusion surrounding the proper standard for the right of publicity.

1. New York

New York has not recognized the common law rights of privacy or publicity. At the turn of the twentieth century, the New York legislature, however, did enact a statutory right to privacy.⁹⁸ The statute provides:

A person, firm or corporation that uses for advertising purposes, or for purposes of trade, the name, portrait or picture of any living person without having first obtained the written consent of such person is guilty of a misdemeanor.⁹⁹

If a person's name, portrait or picture is used without prior consent, he may "restrain the use thereof; and may also sue and recover damages for any injuries sustained by reason of such use."¹⁰⁰

In short, a plaintiff must meet three requirements to make out a violation of the statute: 1) defendant's use of name, portrait or picture, 2) for advertising or trade purposes and 3) without the written consent of the plaintiff.

Duration and Descendibility

Claims brought under the privacy rubric pursuant to Sections 50 and 51 are considered personal in nature, and as such may be enforced only by the party himself.¹⁰¹ Accordingly, the Sections 50 and 51 rights are not assignable during the plaintiff's lifetime and terminate at death.¹⁰²

⁹⁶ *Id.*

⁹⁷ Note, *Right of Publicity and Vocal Larceny: Sounding Off on Sound-Alikes*, 57 *FORDHAM L. REV.* 445, 450 n. 53 (1988).

⁹⁸ N.Y. Civ. Rights Law §§ 50-51 (McKinney 1976 & Supp. 1989).

⁹⁹ *Id.* at § 50.

¹⁰⁰ *Id.* at § 51.

¹⁰¹ *Rosemont Enterprises, Inc. v. Random House, Inc.*, 58 Misc.2d 1, 294 N.Y.S.2d 122, *aff'd*, 32 A.D.2d 942, 301 N.Y.S.2d 948 (1968).

¹⁰² *Pirone v. Macmillan, Inc.* 894 F.2d 579 (2d Cir. 1990); *Antonetty v. Cuomo*, 131 Misc.2d 1041, 502 N.Y.S.2d 902 (1986).

Application

New York protects the right of publicity under the statutory privacy rubric and limits publicity claims to "name, portrait or picture." The New York Court of Appeals held in *Stephano v. News Group Publications, Inc.*¹⁰³ that this statutory right of privacy forecloses any independent common law right of publicity in New York:

[T]he statute applies to any use of a person's picture or portrait for advertising or trade purposes . . . [T]he statute parallels the common law right of publicity which generally provides for any commercialization of the individual's personality without his consent. . . . Since the "right of publicity" is encompassed under the Civil Rights Law as an aspect of the right of privacy, which . . . is exclusively statutory. . . , the plaintiff cannot claim an independent common law right of publicity.¹⁰⁴

The *Stephano* court incorrectly adopted a privacy interpretation of the right of publicity. The statute clearly delineates appropriation of "name, portrait or picture" as the sole basis for bringing a privacy claim. Mere suggestion of a celebrity's intangible characteristics is not actionable under New York's privacy statute. Appropriation of symbols, voices, characters, performances, and other intangible qualities associated with a celebrity are not protected in New York. By strict statutory construction,¹⁰⁵ the *Stephano* court extinguished any hope of a common law right of publicity.

New York publicity victims seeking redress are forced to either pigeon-hole their claims into the statutory confines of "name, portrait or picture" or frame their complaints in terms of other legal theories such as unfair competition. This *Stephano* predicament was well played out in *Allen v. National Video, Inc.*¹⁰⁶ In *Allen*, Woody Allen sued for damages and an injunction to halt his impersonation by a look-alike model in advertisements for video cassette rental outlets. Allen claimed the look-alike advertisements violated his right to privacy, his common law right of publicity and his rights under section 43(a) of the Lanham Act.¹⁰⁷

The *Allen* court followed the *Stephano* decision, holding that "no separate common law cause of action to vindicate the right of publicity exists in New York."¹⁰⁸ The court analyzed Allen's "cause of action for privacy and publicity together under the general rubric of privacy."¹⁰⁹ Basically, the

¹⁰³ 64 N.Y.2d 174, 474 N.E.2d 580, 485 N.Y.S.2d 220 (1984).

¹⁰⁴ *Id.* at 183, 474 N.E.2d at 584, 485 N.Y.S.2d at 224 (footnotes and citations omitted).

¹⁰⁵ *Id.*

¹⁰⁶ 610 F. Supp. 612 (S.D.N.Y. 1985).

¹⁰⁷ *Id.* at 617.

¹⁰⁸ *Id.* at 621.

¹⁰⁹ *Id.* at 621.

court forced Allen to confine his complaint to the claim that the use of a look-alike amounted to a "picture" under the privacy statute.¹¹⁰ The court failed to decide the case on the "picture" issue, instead finding Allen had a valid claim under the federal Lanham Act. The *Allen* court, however, did call upon the legislature "to fashion a workable remedy to protect the pecuniary interests of celebrities in the market value of their identity."¹¹¹ The legislature has not yet responded.

2. California

California has adopted a more expansive, more liberal, and infinitely more preferable notion of the right of publicity:

Any person who knowingly uses another's name, voice, signature, photograph, or likeness, in any manner, on or in products, merchandise, or goods, or for purposes of advertising or selling . . . without such person's prior consent . . . shall be liable for any damages sustained by the person. . . .¹¹²

California is the only state that expressly grants statutory, albeit limited protection to voices.¹¹³ The statute does not protect celebrities whose voices have been imitated, since the term "likeness" refers to a visual, not a vocal imitation.¹¹⁴ However, if a celebrity's claim does not fall within one of the statute's listed categories, the celebrity may pursue any other cause of action he might have at common law, for the statute says its remedies are "cumulative,"¹¹⁵ thereby implying that common law causes of action exist.

Duration and Descendibility

The duration and the descendibility of a celebrity's publicity rights are codified in Section 990 of the Civil Code.¹¹⁶ Section 990(h) defines a "deceased personality" to be a person whose persona had commercial value at the time of his death. The celebrity rights are "freely transferable in whole or in part, by contract or by means of trust or testamentary documents."¹¹⁷ If no transfer has been made at time of death, the rights pass to the spouse,

¹¹⁰ *Id.* at 622. But cf. *Tin Pan Apple, Inc. v. Miller Brewing Co.*, 88 Civ. 4085 (S.D.N.Y. filed May 21, 1990) (in suit by rap group the "Fat Boys" against advertiser using sound and look-alikes, court holds on motion for Rule 12(b)(6) dismissal that look-alikes may violate §§ 50 and 51, but that sound-alikes do not).

¹¹¹ *Id.* at 624.

¹¹² CAL. CIV. CODE § 3344(a) (Deering 1984 and Supp. 1990).

¹¹³ Note, *Right of Publicity and Vocal Larceny: Sounding Off on Sound-alikes*, *supra* note 61, at 455.

¹¹⁴ *Midler*, 849 F.2d at 463.

¹¹⁵ CAL. CIV. CODE § 3344(g).

¹¹⁶ *Id.* at § 990.

¹¹⁷ *Id.* at § 990(b).

children and grandchildren according to a statutory scheme.¹¹⁸ Any person claiming to be a successor-in-interest to the publicity rights of the deceased personality must register his claim with the Secretary of State.¹¹⁹ These registered claims become public records.¹²⁰ If there are no survivors in the statutory categories of succession the publicity rights terminate.¹²¹ Assuming a legitimate transfer occurs, the rights are valid for fifty years after the deceased personality's death.¹²²

PART III: ANALOGOUS CLAIMS: MISAPPROPRIATION AND UNFAIR COMPETITION

Some courts have redressed commercial appropriation of a celebrity's persona by invoking the traditional principle of unfair competition, and within that category, misappropriation. Both actions are similar to the right of publicity for each requires that the defendant appropriate something without authorization from the plaintiff, to the plaintiff's financial detriment. The common lynchpin of these actions is the taking of efforts, creative or labor-intensive, of others. Before the wide acceptance of the right of publicity, unfair competition had been the primary source of reliance for a celebrity seeking protection of his persona.¹²³

2. Misappropriation

Misappropriation and common law claims of violation of the right of publicity are nearly indistinguishable in theory.¹²⁴ The misappropriation cause of action derives from the Supreme Court's decision in *International News Service v. Associated Press*,¹²⁵ where the court held that defendant news service, International News Service (INS), committed the unlawful act of unfair competition by misappropriating plaintiff's uncopyrighted published news stories from east coast newspapers and printing these stories in its west coast subscribing newspapers. INS's conduct was unlawful because it took the plaintiff's "quasi-property"¹²⁶ news gathering efforts and sought to "reap where it had not sown."¹²⁷ Misappropriation is thus a species of unjust enrichment.

¹¹⁸ *Id.* at § 990(d).

¹¹⁹ *Id.* at § 990(f)(2).

¹²⁰ *Id.* at § 990(f)(4).

¹²¹ *Id.* at § 990(e).

¹²² *Id.* at § 990(g).

¹²³ Note, *The Right of Publicity As A Means Of Protecting Performers' Style*, 14 LOY. L. REV. 129, 157 (1980).

¹²⁴ *Zacchini v. Scripps-Howard Broadcasting Co.*, 433 U.S. 562, 576 (1977).

¹²⁵ 248 U.S. 215 (1918).

¹²⁶ *Id.* at 236.

¹²⁷ *Id.* at 239.

Reluctance to Apply Misappropriation Theory

Courts have been reluctant to rely on a theory of misappropriation for publicity plaintiffs for a number of reasons.¹²⁸ First, even though misappropriation and the right of publicity are premised on nearly identical theories, the two claims are nevertheless distinct. First, misappropriation should be used when the defendant appropriates a tangible product, one that arises from the sweat of the brow. Right of publicity claims should be invoked when the defendant appropriates an intangible, symbolic element of a persona. Second, the threshold requirement to meet a misappropriation claim is very low. Plaintiff merely needs to show that defendant took something of value that plaintiff produced.¹²⁹ Third, the tort of misappropriation was created as a business tort and the typical parties in a misappropriation case are competing business organizations.¹³⁰ Fourth, misappropriation looks to the intentions of the defendant.¹³¹ Intention is (or should be) irrelevant for the publicity claim.

2. *Unfair Competition*

Unfair competition protects against a defendant either passing off a service or good as his own or from making a service or good appear to be linked to the plaintiff. Section 43(a) of the federal Lanham Act¹³² provides a statutory cause of action for unfair competition.

Elements

An unfair competition claim generally requires three elements. First, a showing of actual competition between plaintiff and defendant. Some courts do not find the first element to be problematic for the publicity plaintiff. For example, in *Lahr v. Adell Chemical Co.*,¹³³ Bert Lahr, the actor who played the cowardly lion in *The Wizard of Oz*,¹³⁴ successfully challenged on unfair competition grounds the imitation of his voice in a duck cartoon in a commercial for "Lestoil." The court reasoned that the imitation of Lahr's "style of vocal comic delivery [was] distinctive and original [in] pitch, inflection, accent and comic sounds,"¹³⁵ and that defendant had "saturated [Lahr's] audience to the point of curtailing his market."¹³⁶ Again in *Allen v. National*

¹²⁸ Simon, *Right of Publicity Reified: Fame As Business Asset*, *supra* note 16, at 735.

¹²⁹ *Conan Properties, Inc. v. Conans Pizza, Inc.*, 752 F.2d 145, 156 (5th Cir. 1985).

¹³⁰ See *United States Golf Ass'n v. St. Andrews Sys., Data-Max, Inc.*, 749 F.2d 1028, 1038-1039 (3d Cir. 1984) (direct competition necessary to finding of misappropriation).

¹³¹ Simon, *Right of Publicity Reified: Fame As Business Asset*, *supra* note 16, at 726.

¹³² 15 U.S.C. § 1125(a) (1988).

¹³³ 300 F.2d 256 (1st Cir. 1962).

¹³⁴ Metro-Goldwyn-Mayer (1939).

¹³⁵ *Lahr*, 300 F.2d at 257.

¹³⁶ *Id.* at 259.

Video, Inc.,¹³⁷ the court found that the Lanham Act protects a celebrity's "commercial investment in the drawing power of his or her name and face in endorsing products and in marketing a career."¹³⁸ The court went on to say that the Lanham Act is "implicated in cases of misrepresentation regarding the endorsement of goods and services."¹³⁹

Other courts, however, find the lack of direct competition between the parties to be reason enough to dismiss an unfair competition claim. For example, in *Sinatra v. Goodyear Tire & Rubber Co.*,¹⁴⁰ the court rejected Nancy Sinatra's unfair competition claim because "[t]here is no competition between Nancy Sinatra and Goodyear Tire Company. Appellant is not in the tire business and Goodyear is not selling phonorecords."¹⁴¹

The second element of an unfair competition claim requires a showing of passing-off. Passing-off involves the making of false representations to the public, thereby deceiving them into believing that the plaintiff's goods or services are really those of the defendant's. This criterion is established by proof of likelihood of confusion. This element is difficult for a celebrity to prove, especially one who is deceased.¹⁴² In addition, this second element is superfluous for a publicity plaintiff. The right of publicity is a property right. Consequently, the focal point of the right should be on appropriation, not on whether the public is confused.

The third element of an unfair competition claim requires the appropriated item to have acquired a secondary meaning. The *Lugosi* court suggested that the only way to acquire a secondary meaning of one's publicity values is through business ventures.¹⁴³ There is no reason why a celebrity must commercially exploit his persona in order to prevent others from exploiting it. Celebrity status may be, and typically is, achieved by professional accomplishments. It is only when this status is achieved that commercial exploitation becomes economically feasible. A celebrity may rightly believe, however, that his professional reputation will be damaged by association with all or some marketing of products or services. To deny such a celebrity a right to enjoin unauthorized exploitative uses of his name or likeness obviously would be unfair.

¹³⁷ 610 F. Supp. 612 (S.D.N.Y. 1985).

¹³⁸ *Id.* at 625-626.

¹³⁹ *Id.* See also *Tin Pan Apple, Inc. v. Miller Brewing Co.*, 88 Civ. 4085 (S.D.N.Y. filed May 21, 1990) (suit by rap group the "Fat Boys" against advertiser using look and sound-alikes stated cause of action under Section 43(a)).

¹⁴⁰ 435 F.2d 711 (9th Cir. 1970), *cert. denied*, 402 U.S. 906 (1971).

¹⁴¹ *Id.* at 714.

¹⁴² See Bobby Darin's case against McDonald Corp., text at n.12, *supra*.

¹⁴³ *Lugosi v. Universal Pictures*, 25 Cal.2d 813, 818, 603 P.2d 425, 428, 160 Cal. Rptr. 323, 326 (1979).

PART IV: FEDERAL COPYRIGHT PREEMPTION

Even if a publicity plaintiff can prove he has established a secondary meaning in himself with respect to his name or likeness, some courts have held the claim is preempted by copyright law.¹⁴⁴

Comparisons between copyright law¹⁴⁵ and publicity rights are useful because of preemption problems and because they have similar policy motivations: both are designed to encourage creativity.¹⁴⁶ Nevertheless, while various components of the right of publicity are similar to the attributes of copyright law, the two rights are not synonymous. Publicity law protects against unauthorized appropriation of a celebrity's persona. Copyright law protects against unauthorized appropriation of works of authorship.

A "bedrock" of the 1976 Copyright Act was unification of state and federal copyright protection. Contrary to the practice under the 1909 Act, all works of authorship, published and unpublished, are now protected federally in order "to avoid the practical difficulties of determining and enforcing an author's rights under the differing laws and in the separate courts of the various states."¹⁴⁷ This principle of uniformity is codified in Section 301,¹⁴⁸ which establishes a two-step test for preemption. First, the work must fall within the protected subject matter encompassed by Sections 102 and 103. Second, if the work does come within the protected subject matter, the state right must be equivalent to one of the exclusive rights granted in Section 106.

Section 301(a) thus exempts from preemption: 1) subject matter that does not fall within Sections 102 and 103 (regardless of the nature of the right asserted) and 2) subject matter that falls within Section 102 or 103 where the

¹⁴⁴ See discussion of this issue in *Midler v. Ford Motor Co.*, 849 F.2d 460, 462 (9th Cir. 1988).

¹⁴⁵ The applicable law is codified in the Copyright Act, 17 U.S.C. §§ 101 *et seq.* (1989).

¹⁴⁶ "The economic philosophy behind the clause empowering Congress to grant patents and copyrights is the conviction that encouragement of individual effort by personal gain is the best way to advance public welfare through the talents of authors and inventors in 'science and useful arts.'" *Mazer v. Stein*, 347 U.S. 201, 219 (1954); *Zacchini v. Scripps-Howard Broadcasting Co.*, 433 U.S. 562 (1977) (right of publicity).

¹⁴⁷ H.R. REP. No. 1476, 94th Cong., 2d Sess. 129 (1976).

¹⁴⁸ 17 U.S.C. 301(a):

On or after January 1, 1978, all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106 in works of authorship that are fixed in a tangible medium of expression and come within the subject matter of copyright as specified by sections 102 and 103, whether created before or after that date and whether published or unpublished, are governed exclusively by this title. Thereafter, no person is entitled to any such right or equivalent right in any such work under the common law or statutes of any State.

state common or statutory rights asserted are not equivalent to the exclusive rights granted by Section 106 of the Copyright Act.

1. *Subject Matter Preemption*

The Copyright Act protects "original works of authorship fixed in any tangible medium of expression, now known or later developed from which they can be perceived, reproduced, or otherwise communicated."¹⁴⁹ A work is "fixed" if it is "sufficiently permanent or stable to permit it to be perceived, reproduced or otherwise communicated for a period of more than a transitory duration."¹⁵⁰

While a song notated in sheet music or embodied in a phonograph is "fixed," an extemporaneous speech or an improvisation that is not being simultaneously taped is not, and therefore is ineligible for federal protection. They are, consequently, eligible for state law protection.¹⁵¹ A publicity persona typically consists of "subject matter" elements such as names, likenesses, performance styles, and even such "symbols" as Michael Jackson's one white glove. Even though fixed, such persona are not subject to federal protection because they do not constitute the "writings" of an "author."¹⁵² In general, since a persona does not fall within the subject matter of the Act, the Copyright Act does not preempt state law.

2. *Equivalent Rights Preemption*

There are, however, some elements of a celebrity's persona that are embodied in protectible subject matter, e.g. a motion picture, and, arguably, the second prong of the preemption test must be examined. Professor Nimmer has stated regarding this prong:

If under state law the act of reproduction, performance, distribution or display . . . will *in itself* infringe the state created right, then such right is preempted. But if other elements are required, in addition to or instead of, the acts of reproduction, performance, distribution or display in order to constitute a state created cause of action, then the right does not lie "within the general scope of copyright," and there is no preemption.¹⁵³

Decision making in this area is problematic, since the courts correctly do not rely on the language of the complaint, but instead examine the nature of

¹⁴⁹ 17 U.S.C. § 102(a) (1989).

¹⁵⁰ 17 U.S.C. § 101 (definition of "fixed"). (The Copyright Act also provides protection for live broadcasts and performances when the work is being simultaneously recorded.).

¹⁵¹ *Midler*, 849 F.2d at 462. But cf. generally *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 109 S.Ct. 971 (1989).

¹⁵² I Nimmer, *Nimmer on Copyright* § 1.08[B] (1987).

¹⁵³ *Id.* at § 1.101[B].

the claim asserted; i.e., the elements necessary to state a *prima facie* cause of action. Where the elements are different from those required for copyright infringement, e.g. deception or a fiduciary relationship, preemption is avoided. The mere assertion of elements additional to those required for copyright infringement will be insufficient unless the additional elements *qualitatively* change the nature of the claim.¹⁵⁴

It seems clear that privacy rights are beyond the reach of Section 301. Copyright involves an author's economic interest in his writings. The essence of a privacy action, on the other hand, is not to redress the economic effects of unauthorized acts of reproduction, but to redress personal injuries stemming from the hurt feelings associated with the act of unauthorized reproduction of name or likeness.

It also seems clear that the right of publicity is generally beyond the preemptive reach of Section 301. The subject matter covered is generally not covered by Sections 102 and 103, and the nature of the rights asserted are not generally equivalent to those granted in Section 106, as a review of the cases will demonstrate.¹⁵⁵

3. Application of Copyright Claims in Publicity Cases

The Early Cases: Strict Preemption

In *Sinatra v. Goodyear Tire & Rubber Co.*,¹⁵⁶ the court held that Nancy Sinatra's unfair competition claim¹⁵⁷ against Goodyear and its advertising agency Young and Rubicam was preempted by federal copyright law. Young and Rubicam had contacted Sinatra to appear in Goodyear's advertising campaign. No contract was ever concluded.¹⁵⁸ Nevertheless, Young and Rubicam went ahead and produced and exhibited six radio and television commercials around a musical background using "These Boots Are Made For Walkin'," a song Sinatra had recorded earlier. The female vocalist was neither shown on the commercials nor identified by name.

Sinatra claimed she had popularized the song and was identified with it.

¹⁵⁴ See *Mayer v. Josiah Wedgwood & Sons, Ltd.*, 601 F. Supp. 1523, 1535 (S.D.N.Y. 1985). But cf. *Baltimore Orioles, Inc. v. Major League Baseball Players Ass'n*, 805 F.2d 663, 677-678 n.26 (7th Cir. 1986).

¹⁵⁵ Importantly, legislative reports accompanying the 1976 Act state an intent not to preempt privacy and publicity claims. See H.R. REP. NO. 94-1476, 94th Cong., 2d Sess. 132 (1976); S. REP. NO. 94-473, 94th Cong., 1st Sess. 115 (1975). Cf. Shipley, *Publicity Never Dies, It Just Fades Away: The Right of Publicity and Federal Preemption*, 66 CORNELL L. REV. 673, 707 (1981) (arguing for preemption on the ground that both copyright and the right of publicity involve an individual's economic interests).

¹⁵⁶ 435 F.2d 711, (9th Cir. 1970), cert. denied, 402 U.S. 906 (1971).

¹⁵⁷ Unfair competition is defined by Cal. Civ. Code § 3369 (West 1970) ("unlawful, unfair or fraudulent business practice and unfair, untrue or misleading advertising . . .").

¹⁵⁸ *Sinatra v. Goodyear Tire & Rubber Co.*, 439 F.2d at 713.

She further asserted that her rendition of the song and the arrangement had acquired a "secondary meaning," protectible under California law. Sinatra also alleged that Young and Rubicam deliberately imitated her style, and that the dress and physical appearance of the girls who appeared in the commercial were an imitation of her dress and appearance.¹⁵⁹ The total effect of the commercial "was intentionally accomplished for the purpose of deceiving the public into believing that the plaintiff was a participant in the commercials."¹⁶⁰

The Ninth Circuit found there was no unfair competition because Goodyear and Sinatra were not in the same business and because there was no passing-off by Goodyear of Sinatra's rendition as its own by either "simulation of name, slogan, device or other unfair trade practice."¹⁶¹

The court also stated a concern that judgment in Sinatra's favor would contravene the policies of the federal Copyright Act since Sinatra claimed "the sound in connection with the music, lyrics and arrangement, which made her the subject of popular identification, ought to be protected."¹⁶² The court noted that Goodyear had paid Criterion Music, the copyright owner of the song, a large sum of money to obtain the license of the song and all of its arrangements. Sinatra had no rights to the song since she neither wrote the song,¹⁶³ owned the copyright to the song, nor acquired a license for the use of the song. Consequently, Sinatra did not own the rights which would have protected the secondary meaning she asserted.¹⁶⁴ In sum, the court concluded that "to allow unfair competition protection where Congress has not given federal protection is in effect granting state copyright benefits without the federal limitations of time to permit definite public domain use."¹⁶⁵

Preemption was also found in *Booth v. Colgate-Palmolive Co.*,¹⁶⁶ in which actress Shirley Booth sued Colgate-Palmolive and its advertising agency for their imitation of the voice she had developed in her role in the then popular television series, "Hazel."¹⁶⁷ Of significance to the court was the fact that the disputed commercial imitated plaintiff's voice without attribution.¹⁶⁸ The court held that the mere voice imitation, without more, did not constitute unfair competition because of the "strong federal policy favor-

¹⁵⁹ *Id.* at 712.

¹⁶⁰ *Id.*

¹⁶¹ *Id.* at 714.

¹⁶² *Id.* at 716. See also *id.* at 714.

¹⁶³ Lee Hazelwood was the composer of "These Boots Are Made For Walkin'."

¹⁶⁴ *Sinatra v. Goodyear Tire & Rubber Co.*, 439 F.2d at 717.

¹⁶⁵ *Id.* at 718.

¹⁶⁶ 362 F. Supp. 343 (S.D.N.Y. 1973).

¹⁶⁷ "Hazel" was broadcast weekly from 1961 to 1965 by NBC, and from 1965 to 1966 by CBS.

¹⁶⁸ See *Price v. Worldvision Enterprises, Inc.*, 455 F. Supp. 252, 258 (S.D.N.Y. 1978).

ing free competition in ideas which do not merit [copyright] protection."¹⁶⁹

The Later Cases: Partial or No Preemption

Four years after the *Booth* decision, the Supreme Court signalled a new trend in liberalizing the right of publicity by holding in *Zacchini v. Scripps-Howard Broadcasting Co.*¹⁷⁰ that the State of Ohio was not prevented by the First and Fourteenth Amendments from upholding a state right of publicity claim. Although *Zacchini* did not involve a claim of copyright, copyright was referred to in the opinion¹⁷¹ and other courts have followed the *Zacchini* decision in cases where copyright was more directly implicated.¹⁷²

The anomaly to this liberalizing trend is found in *Baltimore Orioles v. Major League Baseball Players*,¹⁷³ where the court addressed the issue whether Major League Baseball Clubs ("Clubs") own the exclusive broadcast rights to the Major League Baseball Players ("Players") during the performances of major league baseball games. The court found that the performances were themselves copyrightable works under Section 102(a).¹⁷⁴ In addition, since the Players were employees of the Clubs and their baseball performances were within the scope of their employment, there was a presumption that the games were works made for hire under Section 201(b).¹⁷⁵ Since there was no written agreement between the Clubs and Players to the contrary, the Players did not rebut the statutory presumption that the Clubs own the copyright.¹⁷⁶ The court went on to say that the Club's copyright in the telecasts of the games preempted the Player's right of publicity in their performances under Section 301(a) because the right of publicity was believed not to differ in kind from copyright. Citing the *Haelan Laboratories, Inc. v. Topps Chewing Gum* case, among others, the court added that a claim of unauthorized use by the Clubs of a player's name or likeness on players cards or the marketing of a game based on the player's career statistics would not

¹⁶⁹ *Booth v. Colgate-Palmolive Co.*, 362 F. Supp. at 346, quoting *Lear, Inc. v. Adkins*, 395 U.S. 653, 656, 89 S.Ct. 1902, 23 L.Ed.2d 610 (1969).

¹⁷⁰ 433 U.S. 562 (1977).

¹⁷¹ *Id.* at 577.

¹⁷² See, e.g., *Bi-Rite Enterprises, Inc. v. Button Master*, 555 F. Supp. 1188 (S.D.N.Y. 1983); *Carson v. Here's Johnny Portable Toilets, Inc.* 218 U.S.P.Q. 1 (6th Cir. 1983); *Factors, Etc., Inc. v. Pro Arts, Inc.*, 496 F. Supp. 1090 (S.D.N.Y. 1980), *rev'd. on other grounds*, 652 F.2d 278 (2d Cir. 1981), *cert. denied*, 102 S.Ct. 1973 (1982). See also *Lugosi v. Universal Pictures*, 215 Cal.3d 425, 448 (1979) (Bird, C.J. dissenting).

¹⁷³ 805 F.2d 663 (7th Cir. 1986).

¹⁷⁴ *Id.* at 668. It appears that the court confused fixation with originality. Uncopyrightable subject matter such as baseball games qua games do not become copyrightable by being fixed.

¹⁷⁵ *Id.* at 670. The court did not address the question whether the clubs or the networks were the employer-for-hire of the telecasts.

¹⁷⁶ *Id.* at 672.

be preempted.¹⁷⁷

The court's attitude toward the case as a whole is revealed in its characterization of the Player's complaint as an "attempt to obtain *ex post* what they did not negotiate *ex ante*,"¹⁷⁸ in labor negotiations. The court's added that "[t]he Players remain free to attain their objective by bargaining with the Clubs for a contractual declaration that the Players own a joint or an exclusive interest in the copyright of the telecasts."¹⁷⁹

The most recent case to discuss the issue of federal copyright preemption of a publicity claim is *Midler v. Ford Motor Co.*¹⁸⁰ Actress/singer Bette Midler brought a case almost factually identical to *Sinatra* against Ford Motor Company and its advertising agency Young and Rubicam. In this case, Ford bought the rights to the 1958 song "Do You Wanna Dance" for use in a commercial for its Mercury Sable Car. Midler refused Young and Rubicam's offer to sing her 1973 rendition of the song in the commercial. Young and Rubicam then arranged for a former member of Midler's backup group, the "Harlettes," to recreate Midler's version of the song for the commercial. The imitation was apparently uncannily accurate.

A threshold issue was whether Midler's complaint even stated a valid cause of action. In holding that it did, the court created a new state common law cause of action prohibiting the unauthorized impersonation of a voice for commercial purposes. The court limited the availability of this tort to appropriation cases "when a distinctive voice is widely known and is deliberately imitated in order to sell a product."¹⁸¹ The *Midler* court next addressed the preemption issue and found that Midler's claim was not preempted by copyright law. The court distinguished *Sinatra* on the ground that Sinatra claimed "secondary meaning" in her song, while Midler did not. The *Midler* court added:

If Midler were claiming a secondary meaning to "Do You Want To Dance" or seeking to prevent the defendants from using that song, she would fail like Sinatra. But that is not the case. Midler does not seek damages for Ford's use of "Do You Want To Dance," and thus her claim is not barred by federal copyright law.¹⁸²

Thus, with the exception of the circumstances detailed in the *Baltimore Orioles* decision, current law seems to hold that a state created common law right of publicity is not generally preempted by Section 301 of the Copyright Act.

¹⁷⁷ *Id.* at 676 n.24.

¹⁷⁸ *Id.*

¹⁷⁹ *Id.*

¹⁸⁰ 849 F.2d 460 (9th Cir. 1988).

¹⁸¹ *Id.* at 463.

¹⁸² *Id.* at 462.

PART V: POLICY ISSUES ON DURATIONAL LIMITATION

Copyright protection gives authors a limited monopoly for a predetermined number of years.¹⁸³ This limited term is mandated by the Constitution.¹⁸⁴ Once copyright protection expires, the work enters the public domain.

Some critics assert that publicity protection should receive the same durational treatment that copyright protection receives.¹⁸⁵ The argument is that since Section 301 does not preempt rights of publicity such as those asserted in the characters of Laurel and Hardy,¹⁸⁶ publicity law and copyright law will clash when the copyright for Laurel and Hardy films expire, since while the film will be in the public domain, commercial use of the characters may still be enjoined because the right of publicity lasts as long as the celebrity's status lasts. The critics conclude that this anomaly contravenes the public policy of free use of intellectual property once such property has entered the public domain.

The right of publicity should not expire at death. Instead, the right of publicity is a property interest that should be freely transferrable, by contract during lifetime and bequest at death. If a celebrity dies without devising his publicity rights, his heirs should be the sole successors as determined by state statute,¹⁸⁷ but limited to the celebrity's spouse, children, and grandchildren. Any further inheritance would create absurd results; why should a 23rd cousin twice removed from Beethoven be able to assert publicity rights in Beethoven's name or likeness against an advertiser (or anyone else)?

In addition, all claims in publicity rights should be registered with the Secretary of State and available to the public, thereby warning potential appropriators of a possible conflict of interest.

PART VI: CONCLUSIONS AND IMPLICATIONS

Advertisers have been successfully trading on pop culture and the images that such culture evokes for some time by using imagery that taps into universal experiences and associations. Another device advertisers effectively have used is product endorsement by celebrities. Celebrity endorsements allow the public to consciously or subconsciously identify with the celebrity, and thereby with the product.

Celebrities expend enormous efforts in creating their images and there-

¹⁸³ 17 U.S.C. § 302.

¹⁸⁴ U.S. CONST. art. I, § 8, cl. 8. (Congress is allowed "[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right in their respective Writings and Discoveries").

¹⁸⁵ See, e.g., Shipley, *Publicity Never Dies: It Just Fades Away: The Right of Publicity and Federal Preemption*, *supra* note 154 at 725.

¹⁸⁶ See *Price v. Hal Roach Studios*, 400 F. Supp. 836 (S.D.N.Y. 1975) (court held right of publicity not preempted by federal copyright law).

¹⁸⁷ See, e.g., CAL. CIV. CODE § 990(d).

fore deserve to reap the benefits derived from those efforts. Celebrity images have enormous commercial value to both the celebrity, who can, if he chooses, derive a steady flow of income from endorsements and the advertiser, who seeks to "trade" on the celebrity's status with the consumer public. Celebrities should be allowed to fully protect their valuable symbolic assets in their persona. An enhanced and consistent right of publicity can assure such protection.

In the past, publicity actions have been approached through the privacy rubric. The traditional approach to publicity actions has allowed redress for appropriations only of name or likeness, the advertising mediums of the late 19th Century. Modern day advertising practices include appropriations of voices and vocal styles, two areas excluded under the privacy model.

Fortunately, most courts and some legislatures have distinguished the right of privacy from the right of publicity. As a result, courts have begun to adopt an expansionist interpretation of the right by not limiting it to the traditional privacy notion of name or likeness. Additionally, courts are recognizing the devisability of the right of publicity, thereby acknowledging the right as a property interest.

California is at the forefront of these developments. The recent *Midler* decision has left open further opportunities for expansion of the right. The *Midler* decision is important for three reasons. First, the opinion liberally interpreted the publicity doctrine by including unauthorized sound-alikes within the right. Second, the opinion rejected the traditional view of focusing on what the appropriator took, focusing instead on the appropriator's conduct. Third, the court held copyright preemption can be avoided so long as a celebrity does not assert a secondary meaning in his persona, and explicitly, in his vocal style.

Alternate Legal Theories

Until such time as the right of publicity is well developed in all states, celebrities may consider relying on common law claims of misappropriation and unfair competition. Both claims have analogous policy implications, namely the right to be free from unauthorized appropriation of property rights. These claims may, however, prove ineffective in fighting off persona appropriations.

First, they may be construed as requiring that the defendant and plaintiff be in direct competition with one another. A publicity plaintiff may fail on this requirement since the marketing of personal attributes and the marketing of commercial products may not always be directly competitive.

Second, an unfair competition claim requires that defendant pass-off his product as plaintiff's, or otherwise make false representations to the public about plaintiff's association with or sponsorship of defendant's product. This

element of likelihood of confusion is, though, difficult to establish and overreaches the elements that should be required of a publicity plaintiff.

Finally, proof of "secondary meaning" is often required in unfair competition claims. Assertion of a secondary meaning, however, can lead to copy-right preemption, as seen in the *Sinatra* case.

Implications for Advertisers

Advertisers are understandably concerned about the expansion of the right of publicity. Advertisers have a history of using already established and publicly accepted images when creating product endorsements. The expansionist approach to publicity analysis will limit the devices available for advertising.

It is not longer enough, if it ever was, for an advertiser to license the rights to a song in order to recreate a popular version of the song. The advertiser should also obtain the celebrity's permission to use his publicity rights. Refusal by the celebrity to grant such permission does not justify going ahead anyway.

Nor should disclaimers such as "This is a celebrity impersonator" eliminate liability. A disclaimer will avoid public confusion regarding endorsement of the product. Public confusion, however, is not an element of a right to publicity cause of action. Instead, appropriation of a property interest, i.e., the celebrity's persona, is the issue. A disclaimer of legitimacy on stolen goods does not eliminate liability for stealing the goods. Consequently, a disclaimer should not excuse unauthorized appropriation of a publicity interest.

The end result is simply stated: either get permission or don't use it. Far from chilling the advertising of products, this result will increase creativity. Advertisers are, after all, paid to be creative. Now is the time for them to prove their worth.

PART II

LEGISLATIVE AND ADMINISTRATIVE
DEVELOPMENTS*United States***92. U.S. CONGRESS. HOUSE OF REPRESENTATIVES.**

H.R. 4263. A bill to amend section 107 of title 17, United States Code, relating to fair use, to clarify that such section applies to both published and unpublished copyrighted works. Introduced by *Mr. Kastenmeier* on March 14, 1990; and referred to the Committee on the Judiciary. (101st Congress, 2d Sess.).

This amendment would clarify that section 107 applies equally to unpublished as well as published works. Upon introduction Rep. Kastenmeier stated this "does not mean that all uses of unpublished works will be considered fair use, just as not all uses of published works are now considered fair use. It does, however, mean that the same guidelines, set forth in section 107, will apply to published works and to unpublished works, and that these factors apply equally to all such works."

93. U.S. COPYRIGHT OFFICE.

Cable compulsory license. Specialty station determination: preliminary findings and request for comments. Notice of preliminary findings and request for comments. *Federal Register*, vol. 55 no. 65 (Apr. 4, 1990), pp. 12575-76.

The Copyright Office received 55 affidavits in response to its request for information regarding television broadcast stations claiming to qualify for specialty station status under the Federal Communication Commission's former distant signal carriage rules. The Office compiled a list of the stations that submitted affidavits. It is now soliciting comments as to whether any of the listed stations fail to qualify as a specialty station. The Office welcomes information that is factual and specific concerning stations and their alleged specialty station qualifications.

94. U.S. COPYRIGHT ROYALTY TRIBUNAL.

Adjustment of the syndicated exclusivity surcharge. Notice of effective date of proceeding. *Federal Register*, vol. 55, no. 54 (Mar. 20, 1990), p. 10280.

In response to a request for a ruling as to the effective date of the new adjustment to the syndicated exclusivity surcharge, the Tribunal gives notice

that the adjustment will be effective for the first semiannual accounting period of 1990, payments to be made July 1—August 29, 1990.

95. U.S. COPYRIGHT ROYALTY TRIBUNAL.

Commencement of 1988 cable distribution proceeding. Notice. *Federal Register*, vol. 55, no. 45 (Mar. 7, 1990), pp. 8166-67.

With the exception of the Devotional claimants, all claimants to the 1988 cable copyright royalty distribution proceeding have reached a settlement. The agreement stipulates that no controversies exist in Phase I of the proceeding, that Phase I percentage allocations will be based on those adopted in the 1983 distribution proceeding, and that any controversies in Phase II will be resolved among the parties to the settlement. Accordingly, the Tribunal is withholding the Devotional claimants' share of the royalty fund and making a full distribution of the remainder of the royalties in all other Phase I claimant categories.

96. U.S. COPYRIGHT ROYALTY TRIBUNAL.

Determination of negotiated jukebox licenses. Notice of proposed determination. *Federal Register*, vol. 55, no. 26 (Feb. 7, 1990), p. 4218.

The Amusement and Music Operators Association and the three performing rights societies have reached an agreement in principle as to substantive terms concerning a voluntary jukebox license. Section 116A of the Copyright Act directs the Tribunal, within one year of March 1, 1989, to determine whether sufficient negotiated licenses are in effect to suspend the jukebox compulsory license. Thus, the Tribunal seeks comments as to whether the proposed agreement, if finalized, would cover a quantity of music not substantially smaller than the quantity of music performed on jukeboxes in the year ending March 1, 1989. If it is determined that the agreement meets the criteria, the jukebox compulsory license will be suspended for 1990 and for all other years covered by the negotiated jukebox license. Otherwise the agreement would apply to those who are bound by it and the compulsory license would continue to apply to those not party to the agreement.

97. U.S. COPYRIGHT ROYALTY TRIBUNAL.

1987 Cable royalty distribution proceeding. Notice of final determination of Devotional Claimants controversy. *Federal Register*, vol. 55, no. 33 (Feb. 16, 1990), pp. 5647-52.

The Tribunal has determined that the Devotional Claimants' share of royalty fees paid by cable systems for secondary transmissions during 1987 should be distributed as follows: Settling Devotional Claimants, 99.2% of the basic royalty and 100% of the 3.75% royalty; and Christian Television Corp., .8% of the basic royalty.

98. CUSTOMS SERVICE.

19 C.F.R., Parts 12, 24, and 133. Enforcement of protection of semiconductor chip products; patent surveys. Proposed rule; correction; extension of comment period. *Federal Register*, vol. 55, no. 16 (Jan. 24, 1990), pp. 2386-87.

This document extends to March 26, 1990, the period for comment on proposed Customs regulation that would enable persons seeking protection from infringing semiconductor chip products (mask works) to obtain the agency's assistance in preventing pirated chips from being imported into the U.S.

99. U.S. FEDERAL COMMUNICATIONS COMMISSION.

47 C.F.R., Part 76. Broadcast services; cable television inquiry. Notice of inquiry. *Federal Register*, vol. 55, no. 10 (Jan. 16, 1990), pp. 1484-86.

The Commission is conducting a study of the cable industry's operations in order to prepare and submit to Congress a report analyzing the effect on the video services marketplace of substituting market forces for cable rate regulation and, if appropriate, to recommend legislation. The inquiry will focus on three major areas: (1) local market issues relating to cable market power and competition; (2) national market issues, such as the effect of cable's horizontal concentration and vertical integration on competition for programming between large cable operators and smaller operators and non-cable delivery media; and (3) interrelationships among these issues and possible remedies to the problems such relationships can raise.

100. U.S. FEDERAL COMMUNICATIONS COMMISSION.

47 C.F.R., Part 76. Cable services; availability of broadcast signals on cable television systems. Notice of inquiry; withdrawal and incorporation into another proceeding. *Federal Register*, vol. 55, no. 42 (Mar. 2, 1990), p. 7509.

The Commission has terminated this inquiry because the issues raised are encompassed in a more comprehensive study that the agency is conducting of the cable industry's operations (55 FR 10184).

101. U.S. FEDERAL COMMUNICATIONS COMMISSION.

47 C.F.R., Part 76. Cable hearings. Notice; public hearing. *Federal Register*, vol. 55, no. 10 (Jan. 16, 1990), pp. 1483-84.

The Commission is holding three field hearings in connection with its comprehensive study on the status of the cable industry's operations since enactment of the Cable Communications Policy Act of 1984. The hearings will be in Los Angeles, Cal. on February 12, 1990, Orlando, Fla. on March 2, 1990, and St. Louis, Mo. (date to be announced). The Los Angeles hearing will focus on the impact of the Cable Act and subsequent cable tv develop-

ments on program supply and the production community. (See also notice at 55 FR 3415).

102. 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. *Federal Register*, vol. 55, no. 14 (Jan. 22, 1990), p. 2187.

The Trade Representative is soliciting public comments to help the office: (1) identify countries that deny adequate and effective protection of intellectual property rights or that deny fair and equitable market access to U.S. persons who rely on intellectual property protection; and (2) determine which of the identified countries are priority foreign countries.

PART V

BIBLIOGRAPHY

A. BOOKS AND TREATISES

1. *United States Publications*

103. GADBAW, R. MICHAEL AND TIMOTHY J. RICHARDS. Intellectual property rights: global consensus, global conflict? Boulder & London: Westview Press (1988), 412 p.

This publication examines the multilateral consideration of intellectual property issues and reviews the attitudes of seven developing countries—Argentina, Brazil, India, Mexico, Republic of Korea, Singapore and Taiwan. It provides a study of the long-term economic benefits to developing nations offered by intellectual property protection, detailed information on the intellectual property regime and prospects for reform in each nation.

104. GOLDSTEIN, PAUL. Copyright: principles, law and practice. 3 vols. Boston: Little, Brown and Company, (1989).

This treatise explores the copyright doctrine of United States copyright law, and introduces the following related perspective on the copyright system: "the state and federal laws—such as contract protection for ideas, unfair competition, trade secrets and the right of publicity—that frequently abut copyright law in protecting literary, artistic and musical works; the international copyright system; and the principles that underlie copyright law and the institutions and practices that pervade it." The treatise will be reviewed in detail in a forthcoming issue of the Journal.

105. KIM, YOON BAE. Current trends in counterfeiting practices and intellectual property system in Korea. Seoul, Korea: Y.B. Kim, Lees & Associates (1988), 165 p.

Mr. Kim reviews the intellectual property system in South Korea and provides an overview of anti-counterfeiting activities undertaken by the government and private sector.

106. PLATT, SUZY. Respectfully quoted. Washington, D.C.: U.S. Government Printing Office (1989), 520 p.

This is a compilation of 2100 quotations requested by Members of Congress and their staffs for more than 75 years. The author is a member of the CRS staff, and quotations were taken from the "CRR (Congressional Reading Room) Quote File."

107. RICKETSON, SAM. The Berne Convention for the protection of literary and artistic works: 1886-1986. London: The Eastern Press Ltd. (1989), 1030 p.

This comprehensive work, commemorating the centenary of the Berne Convention for the protection of literary and artistic works in September 1986, is the first full-length commentary in English on the Convention to be published since the seminal study by Dr. Ladas in 1938. The author explores the origins of the Convention and the development of international copyright protection, providing along the way a complete historical analysis of the steps by which the present provisions of the Convention were reached. This volume is a must; an outstanding work of scholarship, beautifully written and thoroughly researched.

108. U.S. OFFICE OF TECHNOLOGY ASSESSMENT. Computer software and intellectual property: background paper. Wash., DC. (1990).

This report reviews copyright, patent, and trade secret protection and discusses current issues regarding legal protection for computer software. It also identifies some of the normative and positive questions that Congress should consider in its continuing oversight of computers, software, and intellectual property in its quest to determine how software fits in the intellectual property system.

B. ARTICLES FROM LAW REVIEWS AND COPYRIGHT PERIODICALS

1. United States

109. BELTRAN, MILAGROS DEL CORRAL. Authors' rights in Spain: comments on the intellectual property law of Spain. *Columbia—VLA Journal of Law and the Arts*, vol. 13, no. 4 (Summer 1989), pp. 477-505.

This article discusses Spain's intellectual property law of 1987, which repealed the law of 1879. The new law attempts to incorporate scattered legislation regarding author's rights over the years and to respond to the needs of authors arising out of new technologies in reproduction and circulation since the last century. The author explores the structure of the new law, giving special attention to "works made for hire," limits on the rights of authors, and moral rights in general.

110. EINHORN, DAVID A. Copyright and patent protection for computer software: are they mutually exclusive? *IDEA*, vol. 30, no. 3 (1990), pp. 275-278.

This article gives a summary of current law covering the copyrightability of software and the eligibility of software for utility and design patents. It examines the different aspects of computer software that patents and copyrights protect and the differing scopes of these forms of protection. It also

discusses relevant case law and existing copyright and patent regulations to determine their influence on the joint protection issue.

111. ERSTLING, JAY A. The Semiconductor Chip Protection Act and its impact on the international protection of chip designs. *Rutgers Computer and Technology Law Journal*, vol. 15, no. 2 (1989), pp. 303-351.

Mr. Erstling gives an overview of the Semiconductor Chip Protection Act and a look at the protection of foreign chip designs. Section 903(a) and 914 of the Chip Act are discussed in detail. This article also investigates chip protection in Japan, Sweden, Canada, Switzerland, and Finland and discusses efforts to establish a multilateral treaty among WIPO's 117 member states.

112. GELLER, PAUL EDWARD. Copyright protection in the Berne Union: analyzing the issues. *Columbia—VLA Journal of Law and the Arts*, vol. 13, no. 4 (Summer 1989), pp. 435-77.

This article, divided into four sections, deals with the nature of copyright protection provided by the Berne Union. Among the countries that belong to the Berne Union where the Convention is self-executing, it discusses which Berne Act applies. Where the Berne Convention is not self-executing, the article discusses the country's domestic copyright law.

113. HIRAKAWA, OSAMU AND KENICHI NAKANO. Copyright protection of computer interfaces in Japan. *EIPR*, vol. 12, no. 2, (Feb. 1990), pp. 46-58.

The protection of computer software in Japan is discussed along with a review of Japan's ground breaking 1982 case *Taito v. I.N.G. Enterprises*. In this case, the Tokyo District Court affirmed the principle that computer programs constitute "works" protected by the Copyright Law of Japan. The authors also investigate the 1985 "program works" amendment to the Japanese Copyright Law, which states that in both their program code and terminal screen manifestation, computer "interface" elements are protected.

114. JARETT, STACY L. Joint ownership of computer software copyright: a solution to the work for hire dilemma. *University of Pennsylvania Law Review*, vol. 137, no. 4 (Apr. 1989), pp. 1251-1279.

The author discusses copyrightability of computer software, the definition of works made for hire under the Copyright Act of 1909 and change and compromise that brought about the 1976 copyright revision. Cases discussed include *Aldon Accessories Ltd. v. Spiegel, Inc.* and *Easter Seal Society for Crippled Children and Adults of Louisiana Inc. v. Playboy Enterprises*. The author also deals with joint ownership of copyright.

115. KATZMAN, JULIE. Joint authorship of commissioned works. *Columbia Law Review*, vol. 89, no. 4 (May 1989), pp. 867-97.

Ms. Katzman discusses commissioned works as works made for hire and commissioned works as works of joint authorship. In the context of section 101 of the 1976 Copyright Act, the author discusses the term "interdependence and intent" in creating a joint work.

116. KRASIK, ELAINE B. Taking of verbatim quotations in *Maxtone-Graham v. Burtchaell*; an unfair use. *University of Pittsburgh Law Review*, vol. 49, no. 2 (Winter 1988), pp. 617-657.

In this note, the author examines the case *Maxtone-Graham v. Burtchaell*. This case explored the boundaries of the concept of fair use in the taking of verbatim quotations from a prior work. Ms. Krasik discusses the facts of the case and looks at the protection for the first and second authors. She also analyzes the policies underlying fair use, including the public interest factor, the purpose and character of the use of the work in question, and the amount and substantiality of the portion used.

117. KU, LINLIN. Does software need more copyright protection? *Communications and the Law*, vol. 11, no. 4 (Dec. 1989), pp. 3-23.

This article reviews the legislative history of providing copyright protection for computer software and judicial application of the copyright law. It explores trade secret and patent law protection of software. It discusses the issues of whether copyright adequately protects computer software and proposes policies concerning proper protection.

118. KURTZ, LESLIE A. Copyright: the scenes a faire doctrine. *Florida Law Review*, vol. 41, no. 1 (Winter 1989), pp. 79-114.

The author defines the term "scenes a faire" as "obligatory scene" or, as the courts defined it in the case of *Alexander v. Haley*, "incidents, characters or settings which are, as a practical matter, indispensable in the treatment of a given topic." Other areas of discussion include originality of a work, evidence of copying, permissible copying, and why "scenes a faire" are unprotectible.

119. LANDES, WILLIAM M. and RICHARD A. POSNER. An economic analysis of copyright law. *The Journal of Legal Studies*, vol. XXIII (2) (June 1989), pp. 325-65.

The authors discuss the evolution and major doctrines in copyright law from an economic standpoint. Section I of this article develops the basic economic model of copyright protection, including an analysis of the optimal degree of that protection. Section II applies the model to the principal doctrines of copyright and considers such questions as the originality requirement for copyright protection, the distinction between ideas and expression,

the absence of copyright protection for utilitarian works, the protection of derivative works, and the issue of fair use.

120. LIM, BYUNG KWON. Protection of computer programs under the Computer Program Protection Law of the Republic of Korea. *Harvard International Law Journal*, vol. 30, no. 1 (Winter 1989), pp. 171-93.

This article looks at the Computer Program Protection Law that was enacted by Korea's National Assembly in 1986 and which came into effect in July 1987. Before the passage of this law, computer program protection was primarily found in Korea's patent, copyright, contract, tort and criminal laws. The author provides the statutory framework of copyright for computer programs under the Computer Program Protection Law and discusses registration of computer programs as well as remedies against copyright infringement. The article reviews limitations on computer program copyright, including public and personal use exceptions and the fair-use exception. The author questions whether foreign governments and foreign program copyright owners will view Korea's new law as providing adequate protection.

121. NAKAJIMA TOHRU. Legal protection of computer programs in Japan: the conflict between economic and artistic goals. *Columbia Journal of Transnational Law*, vol. 27, no. 1 (1988), pp. 143-169.

This study explores the background of the 1985 amendment to Japan's copyright law, including the position taken by two agencies of the Japanese government, the Ministry of International Trade and Industry and the Agency for Cultural Affairs, concerning computer programs. The author recounts how the judiciary has interpreted the Japanese copyright law and discusses compulsory licensing and moral rights in computer programs.

122. NIMMER, DAVID. The impact of Berne on United States copyright law. *Cardozo Arts & Entertainment Law Journal*, vol. 8, no. 1 (1989), pp. 27-47.

This article, derived from a speech delivered by David Nimmer at an international copyright symposium held at Cardozo School of Law on March 16, 1989, focuses on the Berne Convention Implementation Act of 1988. Copyright formalities such as notice, registration, and recordation are discussed along with issues such as works in the public domain and moral rights.

123. RUGHA, VICKI L. Ownership of interviews: a theory for protection of quotations. *Nebraska Law Review*, vol. 67, no. 4 (1988), pp. 675-95.

The author reviews common law copyright protection as well as statutory copyright protection for quotations. She provides a detailed discussion on the rights of an interviewer, including the use of quotes by an interviewer and the amount and substantiality of quotes that are used.

124. SAUNDERS, BRENDA J. Imperfect property . . . defective protection for bona fide purchases of copyright. *Entertainment & Sports Law Journal*, vol. 5, nos. 1 and 2 (Fall 1988), pp. 13-42.

In this note, Ms. Saunders examines the difference between intellectual property and real property law. She investigates the substantive requirements for copyright ownership, including the creation of a copyright as property, ownership of copyright, procedural requirements for vindicating copyrights, and the transfer of rights prior to registration.

125. SCHIRA, JEFFREY S. Sovereign immunity to copyright infringement actions after *Atascadero*. *Ohio State Law Journal*, vol. 50, no. 1 (1989), pp. 197-214.

This note discusses the case of *Atascadero State Hospital v. Scanlon* involving a state's eleventh amendment immunity under the federal employment discrimination laws. Lower courts have cited the language used in *Atascadero* as being applicable in copyright infringement cases. The history and progeny of *Atascadero* with respect to copyright infringement actions are discussed.

126. SOBEL, LIONEL S. The framework of international copyright. *Cardozo Arts & Entertainment Law Journal*, vol. 8, no. 1 (1989), pp. 1-27.

The author provides his framework for an international copyright system that would determine whether and to what extent a copyrighted work from one country would receive copyright protection in another. He compares copyright laws of countries of the world and examines treaties and systems of reciprocity in a variety of countries.

127. THIBODEAU, DAVID J. and MICHIEL VAN BREMEN. International protection of copyrightable works under the Berne Copyright Convention—what's a hacker to do? *New Hampshire Bar Journal*, vol. 30, no. 3 (Spring 1989), pp. 143-151.

The authors discuss the Berne Convention and the reasons why the U.S. refused to join the Berne Convention for so many years. The authors also investigate how joining Berne affects U.S. author's rights and what authors can now do to protect his/her rights.

2. Foreign

128. CORNISH, W.R. Moral rights under the 1988 Act. *EIPR*, vol. 11, no. 12 (Dec. 1989), pp. 449-453.

The author analyzes moral rights under the 1988 U.K. Act, including "the right to be identified," "the right to object to derogatory treatment of a work" and the "right to privacy." Mr. Cornish believes the provisions of each are elaborate but add no great new protection for authors.

129. DEFALQUE, LUCETTE. Copyright—free movement of goods and territoriality: recent developments. *EIPR*, vol. 11, no. 12 (Dec. 1989), pp. 435-439.

This article investigates the protection of industrial and commercial property in the Treaty of Rome. The author states that the expression "industrial and commercial property" in Article 36 of the Treaty has been an area of controversy. Rights of an author such as the right of reproduction and the right of performance are investigated in detail, and the author also reviews case law relating to the protection of copyright.

130. PRESCOTT, PETER. The origins of copyright: a debunking view. *EIPR*, vol. 11, no. 12 (Dec. 1989) pp. 453-456.

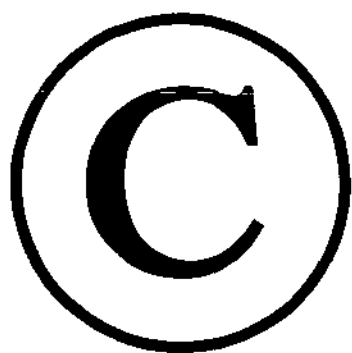
Mr. Prescott reviews the history of copyright in England and discusses the Statute of Anne and the Licensing Act of 1694. The author states that the Statute of Anne was brought about to reconcile Scotland and England in their commercial ventures, not by English publishers concerned about legal copyright protection.

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EDITORS' NOTE

The Editors wish to apologize for the delay in this issue. The issue was scheduled to have been published in late summer, and contain the presentations given at the annual meeting. Unfortunately, some speakers decided they did not want their remarks published; one speaker threw out his notes, while another has still not delivered a repeatedly promised text. We then belatedly decided to publish a special end-of-the-101st Congress issue, discussing the amendments made to the Copyright Act. Unfortunately, the budget impasse delayed the passage of the amendments to a date far beyond anyone's expectations (October 27). We are working hard to get the next volume out on schedule.

**PRESIDENT'S REPORT TO ANNUAL MEETING OF THE
COPYRIGHT SOCIETY OF THE U.S.A.: TRIBUTE TO HERMAN
FINKELSTEIN**

June 4, 1990

This past year was a successful year for our society. By that I mean that the society maintained a healthy level of membership—we have 974 members compared with 912 members last year. We have remained solvent—we have about \$278,000 compared with about \$235,000 last year. Part of that difference is a matter of timing of bills.

Thanks to our editor, Bill Patry, and excellent contributions from authors, we continue to publish the leading journal in our field.

We have distributed a list of our programs over the past two years. It shows how well rewarded were the considerable efforts of our copyright luncheon circle and dinner seminars committee, Gene Girden and Adria Kaplan, Co-Chairmen, and Joe Beard, Bill Patry, Monroe Price and Stan Rothenberg. We are also indebted to Jane Ginsburg for recommending our Brace lecturers, Judges Pierre Leval and Richard Owen, who made scholarly and lively contributions to this outstanding lecture series.

Joe Beard and Mike Pollack are again responsible for arranging the annual meeting as they arranged the mid-year meeting in Boston. Until you have organized one of these meetings you cannot appreciate how much time, work and judgment are required. Joe Beard, a one-time navy captain, has treated me like an admiral who should never be troubled, or perhaps I should say trusted, with details.

I also direct a thankful nod to my associate, Bill Lewis, who much helped me carry out my responsibilities. Bill is not with us because his wife is about to give birth.

The Journal, The Copyright Circle Luncheons and The Dinner Seminars, The Brace Lecture and the Mid-Year and Annual Meetings, these, essentially, are the Society's functions. Ours is a useful enterprise in which we learn something from the programs, get to meet new colleagues, put faces to names, renew old friendships and, at our annual meetings, play some games and have some fun. I'm not sure that is precisely how our charter reads but then it was drawn by another generation of draftsmen. That, really, is the end of my report as president.

I would like now, with your indulgence, to add a few words to those who have heard from Ralph Brown, Judge Kupferman, Stanley Rothenberg and Paul Goldstein about one of the best lawyers of that other generation working in the copyright field, Herman Finkelstein, a former president of the Copyright Society, whose death on May 20 at the age of 87 marks the end of an era.

The era I refer to is one that stretches back to the early 1950's when a small group of lawyers met occasionally at The Columbia University Club to talk about United States adherence to an international copyright convention, eventually the U.C.C. The group included BMI's counsel, Sydney Kaye, the Book Publisher's counsel, Horace Manges, the Songwriter's counsel John Schulman, and the Music Publisher's counsel Sidney Wattenberg, in addition to Herman and a few others—Morris Ebenstein, Ed Sargoy and Sam Tannenbaum, I believe. They were most of the giants in the copyright field then. It was from those small, informal meetings that the Copyright Luncheon Circle later sprang, to be run for many years by Chuck Seton and Sam Tannenbaum.

Yesterday, Ralph Brown referred to Herman as "the mentor of us all." That statement is literally true of me, and a few others here tonight. It is figuratively true of all of us.

Herman was a force. He was brilliant and possessed of extraordinary energy. At our annual dinner in 1983, at Mohonk, The Society honored Herman, who had just turned 80. I spoke on that occasion and reviewed his great contributions to ASCAP's life and legal history.

He played a leadership role in his day that no one plays today. That is in part because there are so many more of us practicing copyright law and sharing the load. But only in part, because the larger reason has to do with his forceful personality and his brilliance. He was among the top 2 or 3 in the class of 1927 at Yale Law School. From there he went on to be the first law clerk to Judges Tom Swan and Learned Hand. Indeed, the first law clerk to any Circuit Court Judge.

That came about in a curious way. In 1927 only Supreme Court Justices had law clerks whose salaries were paid by the government. Tom Swan, Dean of the Yale Law School, had just been appointed to the Second Circuit. He invited Herman to be his law clerk and Learned Hand's. They paid his salary out of their own pockets. It was then the going Wall Street rate—\$1800 per year. (In 1950 when Herman hired me, the rate had shot up—to \$3600.)

Herman was fond of telling how Learned Hand called him into his chambers one day and told him that he had been talking to Justice Frankfurter and had mentioned that he now had a law clerk whose salary he and Judge Swan were paying. Justice Frankfurter told Judge Hand that he thought a federal criminal statute prohibited a Federal Judge from sharing the emoluments of his office with anyone. Judge Hand asked Herman to check that statute.

Herman found that, indeed, there was such a statute and that it had never been enforced. He so reported. Judge Hand responded, "Well, Herman, if you won't mind sharing a cell with me, I won't mind sharing one with you."

For many years, indeed, so long as both judges lived, Herman was the senior law clerk to both and arranged for the Annual Clerks' Dinners for them. He remained a friend of both judges throughout their lives and formed friendships with many of the clerks who came along later.

Betty Finkelstein, Herman's wife of some sixty years, told me last Thursday that Herman had two loves: His family and his profession. She was right, of course. What she could not know—what no one could know who did not work closely with Herman was the way Herman immersed himself in his work. It was total immersion.

Freud tells us that, ideally, work should play the same part in the life of an adult that play does in the life of a small child. A small child becomes totally involved in his play. Of course, for a child the total immersion is a pleasurable experience. Herman's total immersion was not always pleasurable—for him or for those who worked with him.

But it was for the most part. He genuinely loved his work. He genuinely believed in the rightness of his representation of ASCAP. He genuinely believed in the role of advocate.

When I first knew Herman, forty years ago, he signed every letter that went out of the ASCAP legal department. No lawyer was permitted to sign any letter for years, until Herman was satisfied that the lawyer had been trained to the exacting standard he applied to everyone: facts had to be dug out and gotten right. They had to be stated the best way they could be stated. Every letter was viewed as a piece of advocacy.

Herman was fond of saying, "I run a Tiffany Operation." What he meant was that every piece of work he put his hand to had to be as fine as he could make it. Herman polished letters to students commenting on their prize-winning essays in ASCAP's Nathan Burkan Memorial competition with the same concentrated effort he brought to his affidavits and briefs.

In any organization, power and responsibility flow to those who seek it. For many years, Herman Finkelstein was the most important ASCAP figure, apart from members, not only because he was good, but also because he was always ready to assume responsibility and to exercise authority.

There are too many people here tonight who worked for and with Herman for me to suggest, had I any wish to dissemble, that he was always a joy to be around. He could be very sharp in his criticism. But his criticism was objective and always directed at the work, never at the person. That, indeed only that, made it tolerable for those of us who stayed with him. Of course, not everyone did. Some left and pursued careers elsewhere. Most succeeded and Herman was very proud of those he felt he had helped become better lawyers.

Herman once told me, years ago, that he wanted to be respected but he was not interested in being liked. He was certainly respected. He was among the most highly regarded in our field for decades. And, despite the fact that

he was pretty crusty, he was also very well-liked. Socially, he was extremely charming. Herman was genuinely interested in people. He was a book collector who read books. He enjoyed literature and, before he came to the office most mornings, he spent an hour or so reading his favorite authors. One of those was George Bernard Shaw, whose direct and plain style he much admired and emulated.

Herman has taught us all and left his mark on a number of us, and it is a firm and deep imprint. His style of lawyering will be around for a while. Times change and Herman's ways of thinking about the law as a profession may seem quaint to some lawyers today. He loved the analytic part, and he loved being an advocate. Money really meant little to him. It was of mostly symbolic significance. He had to be, and he was, the highest salaried person at ASCAP. He used to refer to his salary as his "retainer" and it was always clear to the ASCAP Board of Directors that he was their *counsel*, not their employee in the usual sense of that term. Billable hours as the mark of a successful lawyer, indeed the term one hears today, "The Law Business"—that kind of thing was not for him. Herman Finkelstein was a remarkable man and he had a remarkable career. We are all his beneficiaries.

PART I ARTICLES

131. CONTRIBUTION OF THE BAR TO THE DEVELOPMENT OF COPYRIGHT LAW

By STANLEY ROTHENBERG*

The contribution of the Bar to the past 200 years of copyright can be seen and appreciated by a tour of selected cases which have significantly established or changed the then state-of-the-law. It was legal insight, vision, creativity and advocacy, along with occasional myopia, which was responsible for the changes—whether the lawyers involved were practitioners or judges or the professors who taught them. These turn-the-tide cases, and others like them, in which members of the bar participated, and which fortunately the Congress occasionally corrected, represent the Bar's lasting contribution to the law of copyright.

Before we board the tour bus, I will point out that if you take literally the statement "contributions by the bar to copyright," as distinguished from contributions by the bar to copyright *law*, the list of contributions by lawyers to the Library of Congress catalog of copyright entries is remarkably impressive, even apart from frequently-cited publications of my fellow panel members Justice Kupferman,¹ Professor Goldstein,² Senator Mathias³ and Bill Patry.⁴ I refer, rather, to such non-legal copyrights as:

—the periodical *North American Review*, founded in the early 1800's by Richard Henry Dana, Sr., lawyer, poet, critic and essayist;

—the 1840 American sea classic, *Two Years Before the Mast*,

*Mr. Rothenberg is a partner in the New York City law firm of Moses & Singer, a past president of the Copyright Society of the U.S.A., and an Adjunct Professor at Cardozo Law School. This is a transcript of a talk delivered June 4, 1990, at the 14th Annual Meeting of the Copyright Society of the U.S.A. at The Montauk Yacht Club, Montauk, N.Y.

¹ T. KUPFERMAN, 7 COPYRIGHT PROBLEMS ANALYZED (1952) and 1953 COPYRIGHT PROBLEMS ANALYZED (1953) (reprinted collectively as COPYRIGHT PROBLEMS ANALYZED by Fred B. Rothman Co. in 1966).

² P. GOLDSTEIN, COPYRIGHT: PRINCIPLES, LAW AND PRACTICE (1989).

³ Mathias, Jr., *Some Unhurried Reflections on Copyright*, 6 Cardozo Arts & Ent. L.J. 101 (1987).

⁴ W. PATRY, THE FAIR USE PRIVILEGE IN COPYRIGHT LAW (1985).

by lawyer Richard Henry Dana, Jr. of the Massachusetts bar;⁵

—the marvelous "Tutt & Tutt" law firm stories published in the 1920's by New York City prosecutor Arthur Train;

—the musical standards by the legally trained composer Arthur Schwartz, compositions in the 1930's such as "Dancing in the Dark," and "You and the Night and the Music;"

—more recently, screenplays for the 1968 motion pictures *The Thomas Crown Affair* and *Bullitt* by Alan Trustman, member of the New York and Massachusetts bars;

and, in 1987 and 1990, the novels *Presumed Innocent* and *Burden of Proof* by Scott Turow, member of the Illinois bar.

Now to get back on the tour bus. Although the first federal copyright statute was enacted in 1790, our starting point is the year 1834, the year of the first copyright decision of the Supreme Court, the famous case of *Wheaton v. Peters*.⁶ Defendants' counsel, Ingersoll, in a printed argument, and Sergeant, orally, successfully maintained that there was no federal common law copyright, that common law copyright was not part of the common law of Pennsylvania and, in any event, that after a work is published, if the work is to be protected, protection must come from the Copyright Act, following compliance with its required formalities. The case also held, in the briefest of statements, and without any explanation, that Henry Wheaton, the court reporter, could not claim copyright in the written opinions of the Supreme Court, and that the judges of the Court could not confer on any reporter any such right. Fifty-four years later, in 1888, the same court, albeit, of course, consisting of entirely different judges, in *Banks v. Manchester*,⁷ upheld the argument of the defendant's attorney, Richard A. Harrison, of Columbus, Ohio, that copyright was also not available in respect of state court decisions. But this time the Supreme Court explained its decision, as follows: since the public is assumed to know the law, then the law, as it is interpreted in the form of judicial opinions, which are binding on every citizen, is public property; thus, the laws of the land—statutory and decisional—are in the public domain.

We now return to that earlier period of *Wheaton v. Peters*, when the reported cases generally gave only the surname of counsel, making it difficult for us to track down information about the lawyers involved. The law directories of Martindale and of Hubbell did not appear until around 1870. They

⁵ Dana is also noted for being a defendant in the celebrated "fair use" case of *Lawrence v. Dana*, 15 F. Cas. 26 (C.C.D. Mass. 1869) (No. 8,136).

⁶ 8 U.S. (8 Pet.) 591 (1834). See Abrams, *The Historic Foundation of American Copyright Law: Exploding the Myth of Common Law Copyright*, 29 WAYNE LAW R. 1119 (1983), for a brilliant examination of this case.

⁷ 128 U.S. 244 (1888).

merged to become Martindale-Hubbell in 1931. Moreover, the early directories did not provide biographical material, simply name and address.

Five years after *Wheaton v. Peters*, in *Gray v. Russell*⁸ in 1839, and again two years later, in *Folsom v. Marsh*,⁹ Supreme Court Justice Joseph Story, riding circuit with the Circuit Court for the District of Massachusetts, set down the foundation for the fair use doctrine. It will be recalled that Massachusetts was Justice Story's home state, he having been a law professor at Harvard and an eminent treatise writer, both while serving on the Supreme Court. In fact, in *Gray v. Russell*, Mr. Justice Story cites *Story on Equity Jurisprudence*, which had been published three years earlier. The subjects of the disputes were an annotated Latin grammar in *Gray v. Russell* and the letters of the late President George Washington in *Folsom v. Marsh*. In *Gray v. Russell*, Phillips and Robins, counsel for the plaintiffs, successfully argued that even though the plaintiffs' work consisted of a Latin grammar and annotations, all of which were in the public domain, "the preparation and collection of these notes from these various sources . . ." and "[t]he plan, the arrangement, and the combination of these notes in the form in which they are collectively exhibited [in plaintiffs' work], belong exclusively to [plaintiff]." Thus, compilations had received protection long before express references in the 1909 Copyright Act to (1) the copyrightability of compilations and (2) protection against the creation of other versions of a copyrighted literary work. In dictum, Justice Story said that sometimes there might be a question of whether or not the taking amounted to a piracy, if, for example, the extracts were designed for *bona fide* criticism. Then, he said, it would require examination of whether the second work would prejudice or supersede the original work, whether it would be adapted to the same class of readers, and other considerations of the same sort. Moreover, Justice Story said, in many cases, the question may turn not so much upon the quantity but upon the quality of the selected material. In *Folsom v. Marsh*, Justice Story's prior dictum served as the basis for the broader expounding of his famous fair use doctrine. Plaintiff's counsel were Robbins and Willard Phillips, very possibly the successful counsel in *Gray v. Russell*. I say "possibly" because the report of the earlier case does not contain Mr. Phillips' first name, and Mr. "Robbins" is spelled with one "b" whereas there are two "b's" in "Robbins" in the *Folsom v. Marsh* report.

The continuing struggle over what should and should not be protectable was dealt with again in 1845, in respect of an arithmetic book, in the historic case of *Emerson v. Davies*.¹⁰ The plaintiff's argument was adopted by the Circuit Court for the District of Massachusetts, the court upholding the au-

⁸ 10 F. Cas. 1035 (C.C.D. Mass. 1839) (No. 5,728).

⁹ 9 F. Cas. 342 (C.C.D. Mass. 1841) (No. 4,901).

¹⁰ 8 F. Cas. 615 (C.C.D. Mass. 1845) (No. 4,436).

thor's copyright and stating that "the plan, arrangement and combination of his materials" is copyrightable. This case not only resembles *Gray v. Russell*, but Justice Story, again writing for the Circuit Court of the District of Massachusetts, refers to that case and says, "from the doctrine therein stated I feel not the slightest inclination to depart." Plaintiff's counsel in *Emerson v. Davies* were John Pickering, who represented the unsuccessful defendant in *Gray v. Russell*, obviously much the wiser for it, and George Ticknor Curtis, author of the first American treatise on copyright, published two years later in 1847. Curtis was also the author of a treatise on patent law and represented such famous inventors as Charles Goodyear, Samuel F.B. Morse and Cyrus McCormick. During the industrial expansion of our young nation, patent law was more lucrative than copyright law. In fact, *Curtis on Patents* was revised on three separate occasions, but *Curtis on Copyright* saw only one edition. Mr. Curtis was also the author of a supplement to *Story on Equity Pleadings* (1869) and married Justice Story's daughter, Louisa. To illustrate how different the practice of law was in those days, George Ticknor Curtis argued the 1857 case of the slave Dred Scott before the Supreme Court, on which court sat George's brother Benjamin Robbins Curtis. Benjamin Robbins wrote a dissenting opinion; i.e., he sided with his sibling. The other dissenter was Justice John McLean, the judge who had written the opinion for the majority in *Wheaton v. Peters*.

In 1858, the year after he resigned from the Supreme Court, Benjamin Robbins Curtis argued the copyright case of *Greene v. Bishop*¹¹ in the Circuit Court for the District of Massachusetts. Justice Curtis represented the defendant. The works in conflict were English grammars. The court held for the plaintiff, citing, as you might expect, *Emerson v. Davies*, the arithmetic book litigation in which brother George succeeded before Justice Story. Amusingly enough, the court also cited brother George's treatise on copyright three times. As we have seen, copyright protection was being afforded the nonliteral content of a work, by way of the plan and arrangement of a work; however, the underlying principle was not sufficient to protect Harriett Beecher Stowe, eight years later, against an unauthorized German-language translation of her best-selling novel, "Uncle Tom's Cabin," often cited as being among the causes of the Civil War. In the infamous case of *Stowe v. Thomas*,¹² in 1853, defendant's counsel, Messrs. Goepp and Brewster, persuaded the Circuit Court for the Eastern District of Pennsylvania, with its large German-speaking population, that when the Copyright Act states that a copyrighted work is protected against copying, it means that the infringing work must be a literal copy, that the German-language translation is not a

¹¹ 10 F. Cas. 1128 (C.C.D. Mass. 1858) (No. 5,763).

¹² 23 F. Cas. 201 (C.C.E.D. Pa. 1853) (No. 13,514).

copy, and that anyone can see it by simply placing the corresponding pages of the two books alongside one another.

Until then, the question of unauthorized translation had not been decided in either England or the United States. *Curtis on Copyright* was of the opinion that an unauthorized translation was an infringement. In France the jurists were divided. The statute then in force, the Act of 1831, provided that any unauthorized printing, publishing or importing of a copy of a copyrighted book was an infringement. The court in *Stowe v. Thomas*, by Supreme Court Justice Robert Grier riding circuit, said that the author is the creator of the ideas in the book, and of the combination of words to represent them, that the translation took the ideas in the book but *not* the combination of words, and thus was *not* a copy of the book. In fact, the court went even further than it had to, stating: "By publication of her book the creations of the genius and imagination of the author have become as much public property as those of Homer and Cervantes. Uncle Tom and Topsy are as much *publici juris*, as Don Quixote and Sancho Panza. All her conceptions and inventions may be used and abused by imitators, playwrights and poetasters. They are no longer her own." It is regrettable that the case did not come before Justice Story, who, based on his previously decided cases protecting the nonliteral plan and arrangement of a work, might have gone the other way.

In 1870 Congress enacted its first overhaul of the Copyright Act since the Act of 1831. Apparently, Justice Grier's message that the issue of translations and dramatizations was a matter for the legislature was heard. Thus, among the changes made in 1870 was the reservation to the authors of the right to translate and to dramatize their own works. Oh yes, there had also been unauthorized dramatizations of "Uncle Tom's Cabin."

Notwithstanding the protection accorded by Justice Story to "the plan, arrangement and combination" of materials in both *Gray v. Russell* and *Emerson v. Davies*, such protection, according to the Supreme Court in 1880 in the landmark case of *Baker v. Selden*¹³ did not extend to the ideas and methods embodied in a book explaining a system of bookkeeping. In reversing the Circuit Court for the Southern District of Ohio, the high court held that "[t]he copyright of a book on book-keeping cannot secure the exclusive right to make, sell, and use account-books prepared upon the plan set forth in such books And, of course, in using the art, the ruled lines and headings of accounts must necessarily be used as incident to it."

The attorneys for the successful appellants were Alphonso Taft and H.P. Lloyd. One could only wonder what the "H.P." stood for. It appeared that way both on the briefs and in Martindale. Alphonso Taft was Secretary of War and Attorney General under President Ulysses S. Grant and father of William Howard Taft, who was our 27th president and 10th Chief Justice of

¹³ 101 U.S. 99 (1880).

the United States; he was also the grandfather of U.S. Senator Robert Alphonso Taft from Ohio.

The opinion in *Baker v. Selden* was written by Justice Joseph B. Bradley, who has been described by the late Professor Charles Fairman, constitutional law scholar from Harvard, as having "one of the most acute and powerful minds in the court's entire roster." Can you imagine the stifling effect on our society if *Baker v. Selden* had decided that the description of a system in a copyrighted book could protect the author of the book against unauthorized use of the system described in the book? It should thus be clear from a comparison of the various cases we have touched on so far, that lawyers frequently had a difficult task explaining to their clients, as well as to judges and members of Congress, which content of a copyrighted work is protectable and against what kind of unauthorized taking or use.

Twenty-three years later, the year following his elevation to the Supreme Court, Oliver Wendell Holmes, Jr. sat on his first federal copyright case, writing his famous 1903 opinion, in *Bleistein v. Donaldson Lithographing Co.*,¹⁴ involving a circus poster. The issue was whether it was a "pictorial illustration," as plaintiff's counsel argued, or, a work "connected with the fine arts," as defendants' counsel argued it had to be. Mr. Justice Holmes, in finding that the circus poster qualified as either one, uttered some legendary phrases that we copyright lawyers, almost nine decades later, keep coming back to. My favorite example is, "It would be a dangerous undertaking for persons trained only to the law to constitute themselves final judges of the worth of pictorial illustrations. . . . Their very novelty would make them repulsive until the public had learned the new language in which their authors spoke." Clearly Mr. Justice Holmes saw the coming of Robert Mapplethorpe and Senator Jesse Helms.

I would note, however, that the attorneys for plaintiff, Messrs. Arthur Von Briesen and Ansley Wilcox, of Buffalo, New York, pointed out in their brief the danger of judicial art critics, albeit nowhere near as eloquently as did Justice Holmes. We should thus bear in mind that one can gain a good deal of insight into the wisdom behind a judicial opinion by examining the underlying briefs of counsel in the case. In fact, in one brief the writer acknowledged cribbing from the briefs of counsel in cases which he cited in support of his position. I am reminded of a statement in Professor Zechariah Chaffee's great article, "Reflections on Copyright," that a dwarf standing on the shoulders of a giant can see further than the giant.

The same year as *Bleistein*, 1903, in *Edison v. Lubin*,¹⁵ the Court of Appeals for the Second Circuit, upheld copyright in Thomas Edison's motion picture newsreel of the launching of a ship. Photographs, you will recall,

¹⁴ 188 U.S. 239 (1903).

¹⁵ 112 F. 240 (2d Cir. 1903).

were added to the list of copyrightable subject matter in 1865, whereas motion pictures did not get listed in the Copyright Act until an amendment in 1912. Edison had put one copyright notice on each motion picture, so the defendant, who made an unauthorized copy of the film, argued that a separate copyright notice was required on each frame of the film. Defendant was not successful. The motion picture as a whole was protected as a photograph. You will also remember that Tom Edison gave us the phonograph, or "speaking machine," in 1877, and in 1891 patented his camera for taking motion pictures on a band of film.

Yet in 1908, when, in *White-Smith Music Pub. Co. v. Apollo Co.*,¹⁶ the Supreme Court was confronted with someone who had made unauthorized recordings of a musical composition by way of perforated player piano music rolls, the Court reverted to the rationale of *Stowe v. Thomas*, and held that the device was not a copy, and thus was not an infringement. And our circus poster hero, Mr. Justice Holmes, reluctantly concurred in the judgment of the court, confirming that old adage, "nobody's perfect."

As you all know, the phonograph married the motion picture, resulting in sound motion pictures. And dialogue, you may recall, was introduced by Al Jolson in his film *The Jazz Singer* for Warner Brothers in 1927. *Macloon v. Vitagraph*,¹⁷ before the Second Circuit Court of Appeals in 1929, is an example of one of the many kinds of contractual disputes arising out of the new technology. In his opinion, Judge Manton described the grant of rights at issue as a grant of two rights: (i) a grant of motion picture rights to the musical play, and (ii) a grant of the mechanical right to record the words and music of the play for reproduction in synchronism or time relation with the motion picture. The play owner's 1927 contract with the plaintiff play producer reserved to the play owner motion picture rights. The producer claimed that the owner of the play violated an implied negative covenant by granting talking motion picture rights to defendant Vitagraph, the "talkies" part of Warner Brothers. The producer's counsel was one of the leading trial lawyers of the day, Max D. Steuer. On oral argument he was asked whether motion pictures included talking motion pictures. Carelessly, Steuer answered, "yes," and thus blew the case, because the owner had reserved only the motion picture rights, and had not expressly reserved the right to record the words and music; thus, arguably, the right to record—that is, the talking motion picture rights—may have been subject to an implied negative covenant. Therefore, Steuer's concession was fatal. However, Steuer would nonetheless have lost the case against Vitagraph because the plaintiff failed to file his instrument of transfer, and Vitagraph was found to be a *bona fide* purchaser.

¹⁶ 209 U.S. 1 (1908).

¹⁷ 30 F.2d 634 (2d Cir. 1929).

Parenthetically, Judge Manton was subsequently convicted of accepting a bribe (in an unrelated matter) and removed from the bench.

Returning to the good guys, representing Vitagraph were two young lawyers, one of whom, Joe Hazen, was later to give up practicing law in order to become a partner of motion picture producer Hal Wallis, forming the successful Wallis-Hazen Productions. The other young lawyer, Morris Ebenstein, was to become an eminent member of the copyright bar, whose landmark cases involved many current members of this Society. For example, there was *Hammett v. Warner Bros. Pictures, Inc.*¹⁸ in 1949 in the Second Circuit Court of Appeals. The *Hammett* case was a precursor of the 1954 Ninth Circuit decision in the famous Sam Spade case, *Warner Bros. Pictures Inc. v. Columbia Broadcasting System, Inc.*¹⁹ On Warner Brothers' brief in the Second Circuit, in addition to Ebenstein, there were our own founding father, Justice Theodore Kupferman, and our former member of the Board of Trustees, Harry Olson. Lawyers on the brief for mystery writer Dashiell Hammett, the creator of Sam Spade, included our past president Leonard Zissu and his partner, long-time Copyright Society member Alan Stein. Ebenstein's lasting influence on copyright law is reflected not only in the major cases on which he worked, which included the renewal copyright case of *DeSylva v. Ballantine*²⁰ in the Supreme Court in 1956, but in his mentorship to many, very fortunate, young lawyers. Significantly for me, the first case that I worked on was the petition for certiorari from that troublesome Ninth Circuit Sam Spade decision. Morris at 88 is living in Fairhope, Alabama, and is eagerly available to me when I have a tough copyright problem to bat around.

The copyright bar is noted for its mentors—but now is not the time for that story. However, I will mention, in homage to our outgoing president, one more mentor of the copyright bar: Nathan Burkan, listed in Martindale's law directory for 1917 as Nathaniel Burkan. Burkan successfully represented Victor Herbert against Shanley's Restaurant in 1917 in the Supreme Court.²¹ The opinion by Mr. Justice Holmes resulted in the explosive expansion of ASCAP, which Burkan had been instrumental in forming in 1914. Burkan counted among his disciples Louis Frohlich and Charles Schwartz, authors, in 1918, of the seminal treatise, *The Law of Motion Pictures*; Samuel Tannenbaum, one of the Society's founding fathers, who also co-founded an outstanding copyright search firm, Johnson & Tannenbaum; and Herman Finkelstein, another of our founding fathers, who, unfortunately, passed away this past month. Herman was Bernie Korman's mentor and his predecessor as general counsel of ASCAP, and Bernie faithfully carries on Herman's role

¹⁸ 82 U.S.P.Q. 27 (2d Cir. 1949).

¹⁹ 216 F.2d 945 (9th Cir. 1954), *cert. denied*, 348 U.S. 971 (1955).

²⁰ 351 U.S. 570 (1956), *petition for rehearing denied*, 352 U.S. 859 (1956).

²¹ *Herbert v. Shanley*, 242 U.S. 591 (1917).

as a copyright mentor—as Fred Koenigsberg and Ross Charap, both of whom are here today, can testify.

Looking back, it seems to me that two of the most significant changes in the past 200 years of American history are reflected in the two most recent copyright decisions of the Supreme Court. Last year, Justice Thurgood Marshall, writing for a unanimous court in *Community for Creative Non-Violence v. Reid*,²² resolved the work-made-for-hire conflict among the circuits—finding for the District of Columbia, and Fifth Circuits against the Second, Fourth and Seventh Circuits. This year, Justice Sandra Day O'Connor, writing the majority opinion in *Stewart v. Abend*,²³ in resolving a derivative work/renewal copyright conflict between the Second and Ninth Circuits, upheld the Ninth Circuit. The significance of these decisions in pure copyright terms is the apparent decline of the Second Circuit Court of Appeals as the copyright authority among the Circuit Courts. In light of the Ninth Circuit's videocassette decision in *Cohen v. Paramount*,²⁴ in 1988, and the Ninth Circuit's recent successes in the Supreme Court, perhaps the Second Circuit's television decision, in 1968, in *Bartsch v. Metro-Goldwyn-Mayer, Inc.*²⁵ would be at risk if that basic new technology contractual issue were to reach the Supreme Court today. In geopolitical terms, the shift of the high court's copyright endorsement from the Second Circuit to the Ninth Circuit may reflect the industrial decline of the Northeast and the increasing population, wealth and political clout of the West. But more important, Justice Marshall is the first black on the Supreme Court, although it is 125 years since the end of the Civil War. Justice O'Connor is the first woman appointed to the high court, although it is 70 years since the 19th Amendment to the Constitution granted women the right to vote.

It is thus apparent to me, based on this tour of selected cases, and some commentary, that progress in copyright, as in the political and social condition generally, does not come quickly or easily—but as society becomes more enlightened one can reasonably hope for further improvement, not only in the human condition but in copyright law in particular, especially in light of the energetic and generous assistance abundantly furnished by a creative and scholarly copyright bar.

²² 109 S. Ct. 3166 (1989).

²³ 58 U.S.L.W. 3677 (1990).

²⁴ 845 F.2d 851 (9th Cir. 1988).

²⁵ 391 F.2d 150 (2d Cir.), cert. denied, 393 U.S. 826 (1968).

132. THE 101ST CONGRESS: A REVIEW OF AMENDMENTS TO THE COPYRIGHT ACT—THE EDITORS

On October 27, 1990, after the longest session since the end of World War II, Congress adjourned and headed for the campaign trail and cries of "throw the rascals out." One member who was not returned was Robert W. Kastenmeier, chairman of the House Subcommittee on Courts, Intellectual Property, and the Administration of Justice. For virtually his entire 32-year career in Congress, Mr. Kastenmeier had been intimately involved in copyright law. The 1976 Act, the 1984 Semiconductor Chip Protection Act, adherence to the Berne Convention, and the six pieces of copyright legislation passed by the 101st Congress represent only his most visible accomplishments.

As a service to our readers, we present the highlights of the changes made to the Copyright Act by the 101st Congress. The amendments themselves are reproduced in an appendix, along with the floor statements accompanying passage.

Chronologically, the new legislation was enacted as follows: (1) doubling of the Copyright Office fees (effective January 3, 1991); (2) reduction in the number of Copyright Royalty Tribunal commissioners from five to three; (3) abrogation of states' sovereign immunity for copyright infringement; (4) visual artists moral rights—architectural works—computer software rental ban. This final package has a complex procedural history that will cause those outside of Washington considerable research, if not confusion. In order to spare our readers such unpleasanties, we set forth that history in as straightforward a manner as possible.

The visual artists' moral rights—architectural works—computer software rental amendments were enacted on December 1, 1990 as titles VI, VII, and VIII, respectively of P.L. 101-650, a federal court reform bill (H.R. 5316). The amendments did not begin as part of the federal court reform bill; each has a separate history, and an additional history as part of a different package. We take the procedural history of each bill up separately, followed by a substantive analysis of all the amendments made by the 101st Congress.

VISUAL ARTISTS MORAL RIGHTS

On June 20, 1989, Chairman Kastenmeier and Mr. Markey introduced H.R. 2690. On June 16, 1989, Senator Kennedy introduced S. 1198, a related (though not identical) bill. After a hearing on October 19, 1989, the House Subcommittee on Courts, Intellectual Property, and the Administration of Justice marked up H.R. 2690 on February 28, 1990 and, as amended, ordered it reported on the full Judiciary Committee. The Judiciary Committee took up the bill on March 28, 1990 and ordered it favorably reported out. (H.R.

REP. NO. 101-514). The House passed the bill on June 5, 1990, but it was not acted on by the Senate. The Senate held a hearing on S. 1198 on June 20, 1989. Senator Kennedy got S. 1198 favorably approved by the Senate Subcommittee on Patents, Copyrights, and Trademarks on June 28, 1990, but never got it reported out by the Judiciary Committee.

On September 27, 1990, the House passed H.R. 5498, a package bill containing computer software rental and architectural works. (See below). As a floor amendment, Chairman Kastenmeier had H.R. 2690 attached as title III of H.R. 5498. H.R. 5498 (but as S.198, see below) was then sent over to the Senate. On October 19, 1990, the Senate passed S.198, but with a number of modifications to the visual artists and computer software rental provisions, and with four additional titles tacked on. These additional titles involved, respectively, civil RICO reform, antitrust intellectual property reform, abrogation of states' sovereign immunity for patent infringement, and sports lottery reform.

Informal member and staff conferences attempted to resolve the differences between the House and Senate passed versions of S. 198. On October 26, 1990, a deal was reached. Only the titles on visual artists, architectural works, and computer software rental would be passed. The House would accept the Senate version of visual artists, and the Senate agreed to a slightly modified version of the House computer software rental title. The architectural works provisions were identical in both houses. These three titles were to be attached to S. 2648, a federal courts reform package then awaiting floor action in the Senate. On October 1990, after removing last minute holds put on the bill, S. 2648 passed, with visual artists as title VI. In a parliamentary move, the Senate sent S. 2658 over to the House as H.R. 5316 (the House passed version of Federal courts reform). On that same day, the House passed H.R. 5316. President Bush signed the bill on December 1, 1990.

ARCHITECTURAL WORKS

On February 7, 1990, Chairman Kastenmeier introduced two bills to extend copyright protection to the built, three-dimensional design of architectural works, H.R. 3990 and 3991, in order to place the United States unequivocally in compliance with its obligations under the Berne Convention. The bills followed a June 19, 1989 report of the Register of Copyrights expressing concern that existing U.S. law was not Berne-compatible. No companion bill was ever introduced in the Senate, nor did the Senate a hearing on the issue.

After a March 14, 1990 hearing on H.R. 3990 and H.R. 3991, on August 3, 1990, Chairman Kastenmeier introduced a clean bill, H.R. 5498, containing three titles: an amended version of H.R. 3990, an amended version of a computer software rental bill (H.R. 2740), and a bill on fair use (H.R. 4263). On September 14, 1990, the Subcommittee on Courts, Intellectual Property, and the Administration of Justice marked-up and ordered H.R. 5498 favora-

bly reported to the Judiciary Committee, after amending the bill to delete the fair use title. The Judiciary Committee reported out H.R. 5498 on September 21st. (H.R. REP. NO. 101-735). The full House passed the bill on September 27th, with an amendment adding visual artists moral rights (see above) as title III. In a parliamentary move, H.R. 5498 was sent over to the Senate as S. 198. As discussed above, the architectural works provision was subsequently passed as title VII of the Federal Court Reform bill (H.R. 5316), along with visual artists and computer software rental.

COMPUTER SOFTWARE RENTAL

On January 29, 1989, Senator Hatch introduced S. 198, a bill to ban the rental of computer software for purposes of direct or indirect commercial advantage. A companion bill was introduced by Mr. Synar on June 22, 1989 (H.R. 2740). A hearing on S. 198 was held by the Senate Subcommittee on Patents, Copyrights, and Trademarks on March 19, 1989, and amended to include provisions exempting lending by nonprofit educational institutions and libraries and Nintendo games (although not by name). The bill was now, however, reported out by the Judiciary Committee until August 19, 1990. (S. REP. NO. 101-265). The Senate passed S. 198 on May 1, 1990.

On June 30, 1990, the House Subcommittee on Courts, Intellectual Property, and the Administration of Justice held an oversight hearing on computer software and copyright, including H.R. 2740. As noted above in the discussion on architectural works, on August 3, 1990, Chairman Kasttenmeier introduced a clean bill containing three titles, title I of which was an amended version of H.R. 2740.

On September 14, 1990, the Subcommittee marked up H.R. 5498 and favorably reported it to the Judiciary Committee. On September 18, 1990, when the Judiciary Committee took up H.R. 5498, Mr. Hyde offered an amendment to delete the controversial "*Red-Baron*" section of the software rental title. (See below). After debate, the amendment was defeated by a voice vote, and the Committee ordered H.R. 5498 reported without amendment. (H.R. REP. NO. 101-735). On September 27th, H.R. 5498 passed the House; but in a parliamentary move, it was sent over to the Senate as S. 198 (the bill number for Senator Hatch's software rental bill). On October 19th, the Senate took up the House-passed version of S. 198 and deleted the *Red-Baron* section.

On October 25, following informal member and staff conferences, it was agreed to reinsert the *Red-Baron* section, but with a one year "sunrise" (delaying the effective date for one year) and a "sunset" expiration date of October 1, 1995. On October 27th, the Senate passed the Federal Courts reform bill with computer software rental as title VIII.

With this procedural history behind us, we can now analyze the substance of the amendments to the Copyright Act made by the 101st Congress.

COPYRIGHT OFFICE FEE INCREASE

On July 3, 1990, President Bush signed H.R. 1622 into law as P.L. 101-318. Effective January 3, 1991, the bill doubles the Copyright Office fees. The new fees will be as follows: *registration of claims to copyright*: \$20; *renewal applications*: \$12; *recordation of documents*: for a document of six pages or less consisting of no more than one title, \$20. Additional titles are ten dollars each; *additional certificates*: \$8; *searches*: \$20 per hour; *filing notice of intention to make and distribute phonorecords* (under section 115(b)): \$12; *receipt for deposits*: \$4; *special handling*: for both registrations and recordation, \$200 (in addition to regular fee). For each additional claim, the fee is \$50; *full-term retention of copyright deposits*: \$135.

Beginning in 1995, and five years thereafter, the Register of Copyrights is authorized to increase the fees by the percent change in the annual average for the preceding calendar year of the Consumer Price Index.

COPYRIGHT ROYALTY TRIBUNAL

On July 3, 1990, President Bush signed H.R. 3046 into law as P.L. 101-319. The number of Copyright Royalty Tribunal commissioners is reduced from five to three, but the remaining three commissioners receive a pay grade increase. Effective January 1, 1991, commissioners will be paid \$104,600 annually (SES Level V). The Register of Copyrights also got an increased pay grade in this legislation. Effective January 1, 1991, the Register will be paid \$100,500 (SES Level IV). The legislation also directs the Librarian of Congress to establish not more than four Associate Register of Copyrights positions, in accordance with recommendations from the Register of Copyrights.

SOVEREIGN IMMUNITY

After a disastrous series of lower court decisions construing the Supreme Court's decision in *Atascadero State Hospital v. Scanlon*, 473 U.S. 234 (1985) as barring awards of monetary damages against states and their instrumentalities found guilty of copyright infringement, identical bills were introduced by Mr. Kastenmeier on February 17, 1989 (H.R. 1131) and by Senator DeConcini on March 2, 1989 (S. 497) to reverse these decisions. The House Subcommittee on Courts, Intellectual Property, and the Administration of Justice held two hearings on H.R. 1131 (April 12 and July 11, 1989). On July 25, 1989, the Subcommittee marked up H.R. 1131, and unanimously adopted an amendment offered in the nature of a substitute by Chairman Kastenmeier. On July 28, 1989, Mr. Kastenmeier introduced a clean bill version of this amendment as H.R. 3045. On October 13, 1989, the full Judiciary Committee favorably reported the bill out. (H.R. REP. NO. 101-282). The House passed H.R. 3045 on October 26, 1990.

On the Senate side, a hearing on S. 497 was held on May 17, 1989. The Senate Subcommittee on Patents, Copyrights, and Trademarks favorably ap-

proved the bill on October 18, 1989. At the Senate Judiciary Committee mark-up on June 5, 1990, Senator Grassley offered—and the Committee approved—an amendment severely limiting the amount of attorneys' fees that could be awarded against infringing states. See S. REP. NO. 101-305. The Senate passed S. 497 as amended on June 26, 1990. On October 15, 1990, a conference committee was held. The Senate version was defeated by a vote of nine to one, the one being Senator Grassley. (The conference report, H.R. REP. NO. 101-887, omits Senator Grassley's name as a conferee, and erroneously gives 1989 as the date of the report).

On October 19, 1990, the Senate agreed to the conference report. The House agreed to it on October 26th, and President Bush signed H.R. 3045 into law as P.L. 101- 553 on November 15, 1990.

The legislation simply declares that states, instrumentalities of states, and officers or employees of states and their instrumentalities acting in their official capacity are "subject to the provisions of this title [17] in the same manner and to the same extent as any nongovernmental entity." In light of the fact that copyright is a strict liability tort, individual state employees should now have an incentive not to infringe copyrights. The bill is entirely prospective, governing "violations that occur on or after the date of enactment." See H.R. REP. NO. 101-282 at 13.

VISUAL ARTISTS MORAL RIGHTS

Visual artists moral rights proposals have a strong Massachusetts connection. On the House side, Father Drinan introduced legislation in 1979 (before the Pope put a halt to such activities). After Father Drinan resigned from Congress, Barney Frank took up the artists' cause. When Mr. Frank lost interest, Edward Markey took over. On the Senate side, Edward Kennedy has been the legislation's proponent.

During the 101st Congress, the two houses of Congress were united in favoring legislation, but were split over a number of specific provisions, the principal one being whether artists should be able to waive their rights. P.L. 101- 650 answers that question affirmatively. The legislation should be regarded as an initial, extremely tentative step toward a federal regime for moral rights, a step that required considerable compromising in order to gain the acquiescence of industries (and certain conservative Senators) strongly opposed to such a regime. Viewed in this light, some of the legislation's truly embarrassing drafting becomes understandable, if not still regretted.

COVERED SUBJECT MATTER

The bill protects "works of visual arts," defined as paintings, drawings, prints, and sculpture in their original embodiment and in limited editions of 200 or fewer (if signed and consecutively numbered). Reproductions are excluded, as are the following:

- (A)(i) any poster, map, globe, chart, technical drawing, diagram, model, applied art, picture or other audiovisual work, book, magazine, newspaper, periodical, data base, electronic information service, electronic publication, or similar publication;
- (ii) any merchandising item or advertisement, promotional, descriptive, covering, or packaging material or container;
- (iii) any portion or part of any item described in clauses (i) and (ii);
- (B) any work made for hire;
- (C) any work not subject to copyright protection under this title.

RIGHTS COVERED

Three rights are provided in a new Section 106A: (1) a right of attribution; (2) a right of integrity; and, (3) a right to prevent destruction of copies of the work. The right of attribution encompasses the right to claim authorship of a work the artist has created, the right to prevent the use of a work the artist has not created, and the right to prevent the use of the artist's name on a work the artist created, but which has been subsequently distorted, mutilated, or modified in a way that would be prejudicial to the artist's honor or reputation. The right of integrity is limited to intentional acts or omissions that distort, mutilate, or modify the work in a way that would be prejudicial to the artist's honor or reputation. The right to prevent destruction of copies is limited to works of recognized stature, and appears to be an absolute right, since the legislation states that "any intentional or negligent destruction of th[e] work is a violation ***." Exceptions are provided for modification of works that are the result of the passage of time or the inherent nature of the materials (§ 106A(c)(1)), and that are "the result of conservation, or of the public presentation, including lighting and placement ***." (§ 106A(b)).

The rights may not be transferred, but may be waived, provided the waiver is express, in writing, and specifically identifies the work and the uses to which the waiver applies. (§ 106A(e)). The rights vest in the author "whether or not the author is the copyright owner." (§ 106A(b)). The rights expire at the author's death (§ 106A(d)), but state laws that grant equivalent rights which extend beyond the author's death are not preempted. (§ 301(f)(2)(C)). It is not clear whether such laws are preempted during the author's life.

The bill is partly retroactive, applying to works created before the date of enactment where title to the copy has not been transferred as of the effective date of the legislation (six months after the date of enactment, June 1, 1991).

ARCHITECTURAL WORKS

One of the issues raised the Berne Convention adherence hearings was protection for "architectural works": the built design of a work of architecture. After punting the issue to the Register of Copyrights for a post-Berne adherence study, the Register punted back to Congress as a result of an acrimonious debate within the Copyright Office over whether existing law protected at least some architectural works and over the proper standard of conceptual separability for pictorial, graphic, and sculptural works embodied in useful articles. In order to place U.S. law unequivocally in compliance with our Berne obligations, Chairman Kastenmeier introduced, on February 7, 1990, two bills: H.R. 3990 and H.R. 3991. No companion bills were ever introduced in the Senate nor did the Senate hold a hearing on the issue. H.R. 3991, which would have extended protection only to unique architectural works was dead on arrival.

After a hearing on March 14, 1990 before the Subcommittee on Courts, Intellectual Property, and the Administration of Justice developed some suggestions for revision, Chairman Kastenmeier introduced a clean bill version of H.R. 3990 as title III of H.R. 5498. (See discussion above). This is the version that was enacted. No amendments were made after introduction.

The most striking aspect of the legislation is the way it integrates architectural works into the existing copyright law. In contrast to the Berne implementing bills and to some extent even H.R. 3990, the legislation is quite brief, containing very few provisions that treat architectural works differently from other works of authorship. For example, the general standards of originality and infringement apply, as do the general statutory provisions on exclusive rights and remedies.

COVERED SUBJECT MATTER

An "architectural work" is defined as

the design of a building as embodied in any tangible medium of expression, including a building, architectural plans, or drawings. The work includes the overall form as well as the arrangement and composition of spaces and elements in the design, but does not include individual standard features.

The definition differs in three significant ways from the definition found in H.R. 3990. First, only the design of "buildings" rather than the design of "buildings and other three-dimensional structures" are protected. The purpose of the deletion of "or other three-dimensional structures" was to exclude bridges, highway overpasses, pedestrian walkways, canals, dams, and the like. (H.R. REP. NO. 101-735 at 19-20). The deletion has the effect, however, of raising more sharply the question "What is a 'building'?" The legislative report states that the term encompasses not only structures inhabited by humans, such as housing, office buildings, and religious institutions, but also

some structures used by humans, including gazebos, pergolas, and garden pavilions. *Id.* at 19-20.

Second, "architectural works" can be embodied (fixed) not only in buildings, but also in plans, drawings, or computers, a fact that affects duration, and, in some cases may lead to confusion, since architectural plans and drawings remain separately protected as pictorial or graphic works, while architectural works are given their own subject matter category in new § 102(a)(8). This new subject matter category was deliberately provided in order to avoid application of the separability test applicable to pictorial, graphic, and sculptural works embodied in useful articles. In lieu of this test, a two-step analysis will be used: "First, an architectural work should be examined to determine whether there are original design elements present, including overall shape and interior architecture. If such design elements are present, a second step is reached to examine whether the design elements are functionally required. If the design elements are not functionally required, the work is protectible without regard to physical or conceptual separability." H.R. REP. NO. 101-735 at 20-21.

The third difference in the definition of "architectural work" is found in the final sentence of the definition in the bill as passed, which provides some guidance on the nature of authorship in architectural works, including clarification that interior architecture is protected. See H.R. REP. NO. 101-735 at 18.

Copyright owners of protected architectural works are granted the same exclusive rights as other copyright owners, with two exceptions. First, an exemption is provided for two dimensional representations of works located in or ordinarily visible from public places. (§ 120(a)). Second, notwithstanding the architectural work copyright owner's general right to prepare derivative works, the owner of a building embodying a protected architectural work may make alterations to the building, and may destroy the building. (§ 120(b)). State and local landmark, historic preservation, zoning, or building codes are not preempted. (§ 301(b)(4)).

The bill is partly retroactive. It covers architectural works that are both unconstructed on the date of enactment (December 1, 1990) *and* that are embodied in plans or drawings that are also unpublished on that date. As an incentive to construct these works, the legislation terminates protection on December 31, 2002 if the architectural work has not been constructed by that date. Guidance on the rather complicated durational rules for these works is given in the legislative report. See H.R. REP. NO. 101-735 at 24-25.

COMPUTER SOFTWARE RENTAL

In 1988, during the second session of the 100th Congress, Senator Hatch introduced S. 2747, a bill to ban the rental of computer software for purposes

of direct or indirect commercial advantage. A field hearing was held in Provo, Utah on August 24, 1988, but no further action was taken.

On January 25, 1989, during the first session of the 101st Congress, Senator Hatch reintroduced S. 2747 as S. 198. On June 22, 1989, Mr. Synar introduced a companion bill, H.R. 2740. (An identical bill (H.R. 5297) was subsequently introduced by Mr. Barton on July 18, 1990). S. 198 and H.R. 2740 were patterned after the Record Rental Act of 1984 (extended in 1988 with a scheduled expiration date of October 1, 1997. As enacted, the computer software rental ban is also scheduled to generally expire on that date).

A number of amendments were made in the bills as they proceeded through Congress, including (1) an exemption for lending by nonprofit educational institutions and libraries; (2) an exemption for the rental of Nintendo games (though not by name); (3) a provision ensuring that computer programs embodied in cars, microwave ovens and other machines or products could be rented without liability; (4) a grandfather, nonretroactivity provision permitting individuals who purchased copies of computer software before the date of enactment to dispose of those copies in any manner allowed before the date of enactment; and, (5) a controversial provision reversing the Fourth Circuit's decision in *Red-Baron Franklin Park, Inc. v. Taito Corp.*, 883 F.2d 275 (4th Cir. 1989), *cert. denied*, 110 S. Ct. 869 (1990). *Red-Baron* upheld a claim by the copyright owner of an electronic audiovisual game intended for use in coin-operated arcade games that Section 109 of title 17 does not act as a limitation on copyright owners' Section 106(4) public performance right. This section of the bill threatened to kill the whole package of amendments. A compromise was worked out delaying the effective date of the section until one year after the date of enactment (December 1, 1991), with an expiration date of October 1, 1995.

Appendix

Act of July 3, 1990,
P.L. 101-318,
101st Cong., 2d Sess., 104 Stat. 288

SEC. 2. FEES OF COPYRIGHT OFFICE.

(a) FEE SCHEDULE.—Section 708(a) of title 17, United States Code, is amended to read as follows:

“(a) The following fees shall be paid to the Register of Copyrights:

“(1) on filing each application under section 408 for registration of a copyright claim or for a supplementary registration, including the issuance of a certificate of registration if registration is made, \$20;

“(2) on filing each application for registration of a claim for renewal of a subsisting copyright in its first term under section 304(a), including the issuance of a certificate of registration if registration is made, \$12;

“(3) for the issuance of a receipt for a deposit under section 407, \$4;

“(4) for the recordation, as provided by section 205, of a transfer of copyright ownership or other document covering not more than one title, \$20; for additional titles, \$10 for each group of not more than 10 titles;

“(5) for the filing, under section 115(b), of a notice of intention to obtain a compulsory license, \$12;

“(6) for the recordation, under section 302(c), of a statement revealing the identity of an author of an anonymous or pseudonymous work, or for the recordation, under section 302(d), of a statement relating to the death of an author, \$20 for a document covering not more than one title; for each additional title, \$2;

“(7) for the issuance, under section 706, of an additional certificate of registration, \$8;

“(8) for the issuance of any other certification, \$20 for each hour or fraction of an hour consumed with respect thereto;

“(9) for the making and reporting of a search as provided by section 705, and for any related services, \$20 for each hour or fraction of an hour consumed with respect thereto; and

“(10) for any other special services requiring a substantial amount of time or expense, such fees as the Register of Copyrights may fix on the basis of the cost of providing the service.

The Register of Copyrights is authorized to fix the fees for preparing copies of Copyright Office records, whether or not such copies are certified, on the basis of the cost of such preparation.”.

(b) **ADJUSTMENT OF FEES.**—Section 708 of title 17, United States Code is amended—

(1) by redesignating subsections (b) and (c) as subsections (c) and (d), respectively; and

(2) by inserting after subsection (a) the following:

“(b) In calendar year 1995 and in each subsequent fifth calendar year, the Register of Copyrights, by regulation, may increase the fees specified in subsection (a) by the percent change in the annual average, for the preceding calendar year, of the Consumer Price Index published by the Bureau of Labor Statistics, over the annual average of the Consumer Price Index for the fifth calendar year preceding the calendar year in which such increase is authorized.”.

(c) **CONFORMING AMENDMENT.**—Section 704(e) of title 17, United States Code, is amended by striking out “708(a)(11)” and inserting in lieu thereof “708(a)(10)”.

(d) **EFFECTIVE DATE.**—

(1) **IN GENERAL.**—The amendments made by this section shall take effect 6 months after the date of the enactment of this Act and shall apply to—

(A) claims to original, supplementary, and renewal copyright received for registration, and to items received for recordation in the Copyright Office, on or after such effective date, and

(B) other requests for services received on or after such effective date, or received before such effective date for services not yet rendered as of such date.

(2) **PRIOR CLAIMS.**—Claims to original, supplementary, and renewal copyright received for registration and items received for recordation in acceptable form in the Copyright Office before the effective date set forth in paragraph (1), and requests for services which are rendered before such effective date shall be governed by section 708 of title 17, United States Code, as in effect before such effective date.

SEC. 3. TECHNICAL AMENDMENTS.

(a) **SECTION 111.** Section 111 of title 17, United States Code, is amended—

(1) in subsection (c)(2)(B) by striking out “recorded the notice specified by subsection (d) and”; and

(2) in subsection (d)—

(A) in paragraph (2) by striking out “paragraph (1)” and inserting in lieu thereof “clause (1)”;

(B) in paragraph (3) by striking out "clause (5)" and inserting in lieu thereof "clause (4)"; and

(C) in paragraph (3)(B) by striking out "clause (2)(A)" and inserting in lieu thereof "clause (1)(A)".

(b) SECTION 801.—Section 801(b)(2)(D) of title 17, United States Code, is amended by striking out "111(d)(2)(C) and (D)" and inserting in lieu thereof "111(d)(1)(C) and (D)".

(c) SECTION 804.—Section 804(a)(2)(C)(i) of title 17, United States Code, is amended by striking out "115" and inserting in lieu thereof "116".

(d) SECTION 106.—Section 106 of title 17, United States Code, is amended by striking out "118" and inserting in lieu thereof "119".

(e) EFFECTIVE DATE.—(1)—the amendments made by subsections (a) and (b) shall be effective as of August 27, 1986.

(2) The amendment made by subsection (c) shall be effective as of October 31, 1988.

(3) The amendment made by subsection (d) shall be effective as of November 16, 1988.

Approved July 3, 1990.

LEGISLATIVE HISTORY—H.R. 1622 (S. 1271):

HOUSE REPORTS: No. 101-279 (Comm. on the Judiciary).

SENATE REPORTS: No. 101-267 (Comm. on the Judiciary).

CONGRESSIONAL RECORD:

Vol. 135 (1989): Oct. 16, considered and passed House.

Vol. 136 (1990): June 13, S. 1271 and H.R. 1622 considered and passed Senate.

Act of July 3, 1990, P.L.101-319,
101st Congress, 2d Sess., 104 Stat. 290

An Act

To reduce the number of Commissioners on the Copyright Royalty Tribunal, to change the salary classification rates for members of the Copyright Tribunal and the United States Parole Commission, for the Register and Associate Registers of Copyrights, and for the Deputy and Assistant Commissioners of Patents and Trademarks, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Copyright Royalty Tribunal Reform and Miscellaneous Pay Act of 1989".

SEC. 2. COPYRIGHT ROYALTY TRIBUNAL AND COPYRIGHT OFFICE.

(a) MEMBERSHIP OF THE COPYRIGHT ROYALTY TRIBUNAL; LAPSED TERMS; PAY.—Section 802(a) of title 17, United States Code, is amended to read as follows:

"(a) The Tribunal shall be composed of three Commissioners appointed by the President, by and with the advice and consent of the Senate. The term of office of any individual appointed as a Commissioner shall be seven years, except that a Commissioner may serve after the expiration of his or her term until a successor has taken office. Each Commissioner shall be compensated at the rate of pay in effect for level V of the Executive Schedule under section 5316 of title 5."

(b) COPYRIGHT OFFICE.—Section 701 of title 17, United States Code, is amended by adding at the end the following new subsection:

"(e) The Register of Copyrights shall be compensated at the rate of pay in effect for level IV of the Executive Schedule under section 5315 of title 5. The Librarian of Congress shall establish not more than four positions for Associate Registers of Copyrights, in accordance with the recommendations of the Register of Copyrights. The Librarian shall make appointments to such positions after consultation with the Register of Copyrights. Each Associate Register of Copyrights shall be paid at a rate not to exceed the maximum annual rate of basic pay payable for GS-18 of the General Schedule under section 5332 of title 5."

SEC. 3. PAY RATES FOR PAROLE COMMISSION.

(a) CHAIRMAN.—Section 5315 of title 5, United States Code, is amended by adding at the end the following:

"Chairman, United States Parole Commission."

(b) OTHER COMMISSIONERS.—Section 5316 of title 5, United States Code, is amended by adding at the end the following:

“Commissioners, United States Parole Commission (8).”.

SEC. 4 PAY RATES FOR DEPUTY AND ASSISTANT COMMISSIONERS OF PATENTS AND TRADEMARKS.

Section 5316 of title 5, United States Code, is amended by adding at the end the following:

“Deputy Commissioner of Patents and Trademarks.

“Assistant Commissioner for Patents.

“Assistant Commissioner for Trademarks.”.

SEC. 5. EFFECTIVE DATE; BUDGET ACT.

(a) EFFECTIVE DATE.—The amendments made by this Act shall take effect on the date of the enactment of this Act.

(b) BUDGET ACT.—Any new spending authority (within the meaning of section 401 of the Congressional Budget Act of 1974) which is provided under this Act shall be effective for any fiscal year only to the extent or in such amounts as are provided in appropriations Acts.

Approved July 3, 1990. _____

LEGISLATIVE HISTORY—H.R. 3046 (S. 1272):

HOUSE REPORTS: No. 101-329 (Comm. on the Judiciary).

SENATE REPORTS: No. 101-268 (Comm. on the Judiciary).

CONGRESSIONAL RECORD:

Vol. 135 (1990): Nov. 13, considered and passed House.

Vol. 136 (1990): June 13, S. 1272 and H.R. 3046 considered and passed Senate.

COPYRIGHT REMEDY CLARIFICATION ACT

Act of November 15, 1990, P.L. 101-553, 101st Cong., 2d Sess. 104 Stat. 2749

SECTION 1. SHORT TITLE.

This Act may be cited as the "Copyright Remedy Clarification Act".

SEC. 2. LIABILITY OF STATES, INSTRUMENTALITIES OF STATES, AND STATE OFFICIALS FOR INFRINGEMENT OF COPYRIGHT AND EXCLUSIVE RIGHTS IN MASK WORKS.

(a) COPYRIGHT INFRINGEMENT.—(1) Section 501(a) of title 17, United States Code, is amended by adding at the end the following: "As used in this subsection, the term 'anyone' includes any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his or her official capacity. Any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this title in the same manner and to the same extent as any nongovernmental entity."

(2) Chapter 5 of title 17, United States Code, is amended by adding at the end of the following new section:

"§ 511. Liability of States, instrumentalities of States, and State officials for infringement of copyright

"(a) IN GENERAL.—Any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his or her official capacity, shall not be immune, under the Eleventh Amendment of the Constitution of the United States or under any other doctrine of sovereign immunity, from suit in Federal court by any person, including any governmental or nongovernmental entity, for a violation of any of the exclusive rights of a copyright owner provided by sections 106 through 119, for importing copies or phonorecords in violation of section 602, or for any other violation under this title.

"(b) REMEDIES.—In a suit described in subsection (a) for a violation described in that subsection, remedies (including remedies both at law and in equity) are available for the violation to the same extent as such remedies are available for such a violation in a suit against any public or private entity other than a State, instrumentality of a State, or officer or employee of a State acting in his or her official capacity. Such remedies include impounding and disposition of infringing articles under section 503, actual damages and profits and statutory damages under section 504, costs and attorney's fees under section 505, and the remedies provided in section 510."

(3) The table of sections at the beginning of chapter 5 of title 17, United States Code, is amended by adding at the end the following new item:

"Sec. 511. Liability of States, instrumentalities of States, and State officials for infringement of copyright."

(b) INFRINGEMENT OF EXCLUSIVE RIGHTS IN MASK WORKS.—

(1) Section 910(a) of title 17, United States Code, is amended by adding at the end the following: "As used in this subsection, the term 'any person' includes any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his or her official capacity. Any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this chapter in the same manner and to the same extent as any nongovernmental entity."

(2) Section 911 of title 17,, United States Code, is amended by adding at the end the following new subsection:

"(g)(1) Any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his or her official capacity, shall not be immune, under the Eleventh Amendment of the Constitution of the United States or under any other doctrine of sovereign immunity, from suit in Federal court by any person, including any governmental or nongovernmental entity, for a violation of any of the exclusive rights of the owner of a mask work under this chapter, or for any other violation under this chapter.

"(2) In a suit described in paragraph (1) for a violation described in that paragraph, remedies (including remedies both at law and in equity) are available for the violation to the same extent as such remedies are available for such a violation in a suit against any public or private entity other than a State, instrumentality of a State, or officer or employee of a State acting in his or her official capacity. Such remedies include actual damages and profits under subsection (b), statutory damages under subsection (c), impounding and disposition of infringing articles under subsection (e), and costs and attorney's fees under subsection (f)."

SEC. 3. EFFECTIVE DATE.

The amendments made by this Act shall take effect with respect to violations that occur on or after the date of the enactment of this Act.

FLOOR STATEMENTS ON H.R. 3045, COPYRIGHT REMEDY
CLARIFICATION ACT, 136 CONG. REC. H12977 (October 26, 1990).

Mr. KASTENMEIER. Madam Speaker, I call up the conference report on the bill (H.R. 3045) to amend chapters 5 and 9 of title 17, United States Code, to clarify that States, instrumentalities of States, and officers and employees of States acting in their official capacity, are subject to suit in Federal court by any person for infringement of copyright and infringement of exclusive rights in mask works, and that all the remedies can be obtained in such suit that can be obtained in a suit against a private person or against other public entities, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to the rule, the conference report is considered as having been read.

The SPEAKER pro tempore. The gentleman from Wisconsin [Mr. KASTENMEIER] will be recognized for 30 minutes, and the gentleman from California [Mr. MOORHEAD] will be recognized for 30 minutes.

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

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

Madam Speaker, I urge my colleagues to approve the conference report on H.R. 3045, the Copyright Remedy Clarification Act. This act is a very simple piece of legislation. As its name implies, it clarifies that the intent of Congress, when it passed the 1976 Copyright Act, was that all remedies for copyright infringement would apply to States, as well as to private individuals. Because certain recent Supreme Court cases raised doubts about whether the 1976 language was sufficient to achieve this result, legislation is needed.

There were sound policy reasons for Congress' decision in 1976, as my subcommittee heard on our hearings this Congress from the Register of Copyrights and other experts in the copyright and sovereign immunity fields. The decision in 1976 was arrived at after extensive negotiations among all interested parties. It was a fair balance then, and it continues to be today.

As a result of today's uncertainty about whether all copyright infringement remedies are applicable when States infringe a copyright, real problems have arisen. In too many cases, States are unlawfully using copyrighted materials without paying for them. There is no valid reason why States that infringe copyrights should be held to a lesser standard than is applied to a private individual. To hold States to a lesser standard would violate the essential purposes of our copyright laws and the constitutional mandate supporting those laws. It would discourage creativity and dissemination of copyrighted works to the public, and it would be unfair and nonsensical. For example, unless we clarify the law, a private institution such as the University

of Southern California would have to pay damages if it violates UCLA's copyright, but UCLA would be immune if it violated USC's copyright.

For these many reasons, Congress must clarify that States are fully liable for copyright infringement. This bill does just that and I urge my colleagues to approve the conference report.

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

Madam Speaker, I rise in support of the conference report on H.R. 3045, the Copyright Remedy Clarification Act. I would like to commend the chairman of the Subcommittee on Courts, Intellectual Property and the Administration of Justice, Mr. KASTENMEIER, as well as the other members of the subcommittee, especially the gentleman from New York [Mr. FISH] the gentleman from Illinois [Mr. HYDE] and the gentleman from North Carolina [Mr. COBLE] for their excellent work on the legislation. Likewise Senators DECONCINI, HATCH, and SIMON are to be commended for their initiative on the legislation in the other body.

This important legislation serves the overriding purpose of restoring Congress's original intent when it enacted the 1976 Copyright Act that: The same remedies shall be available for such infringements by State governments as are available for infringements by private parties.

Madam Speaker, each of the various remedies contained in the Copyright Act, including injunctions, actual and statutory damages and attorneys fees and costs, is an integral part of the comprehensive remedy that Congress devised in 1976 and is essential to the act's overall effectiveness. The legislation now before us recognizes this important point and deserves the immediate and full support of the House.

Mr. KASTENMEIER. Madam Speaker, I yield back the balance of my time.

Mr. MOORHEAD. Madam Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the conference report.

There is no objection.

The conference report was agreed to.

A motion to reconsider was laid on the table.

Act of December 1, 1990, P.L. 101-650, 101st Cong., 2d Sess., 104 Stat. 5089

(Purpose: To amend title 28, United States Code, to provide for civil justice expense and delay reduction plans, authorize additional judicial positions for the courts of appeals and district courts of the United States, provide for the implementation of certain recommendations of the Federal Courts Study Committee, modify judicial discipline and removal procedures, and for other purposes)

TITLE VI—VISUAL ARTISTS RIGHTS

SEC. 601. SHORT TITLE.

This title may be cited as the "Visual Artists Rights Act of 1990".

SEC. 602. WORK OF VISUAL ART DEFINED.

Section 101 of title 17, United States Code, is amended by inserting after the paragraph defining "widow" the following:

"A 'work of visual art' is—

"(1) a painting, drawing, print, or sculpture, existing in a single copy, in a limited edition of 200 copies or fewer that are signed and consecutively numbered by the author, or, in the case of a sculpture, in multiple cast, carved, or fabricated sculptures of two hundred or fewer that are consecutively numbered by the author and bear the signature or other identifying mark of the author; or

"(2) a still photographic image produced for exhibition purposes only, existing in a single copy that is signed by the author, or in a limited edition of 200 copies or fewer that are signed and consecutively numbered by the author.

"A work of visual art does not include—

"(A)(i) any poster, map globe, chart, technical drawing, diagram, model, applied art, motion picture or other audiovisual work, book, magazine, newspaper, periodical, data base, electronic information service, electronic publication, or similar publication;

"(ii) any merchandising item or advertising, promotional, descriptive, covering, or packaging material or container;

"(iii) any portion or part of any item described in clause (i) or (ii);

"(B) any work made for hire; or

"(C) any work not subject to copyright protection under this title."

SEC. 603. RIGHTS OF ATTRIBUTION AND INTEGRITY.

(a)—RIGHTS OF ATTRIBUTION AND INTEGRITY.—Chapter 1 of title 17, United States Code, is amended by inserting after 106 the following new section:

"§ 106A. Rights of certain authors to attribution and integrity

"(a) RIGHTS OF ATTRIBUTION AND INTEGRITY.—Subject to section

107 and independent of the exclusive rights provided in section 106, the author of a work of visual art—

“(1) shall have the right—

“(A) to claim authorship of that work, and

“(B) to prevent the use of his or her name as the author of any work of visual art which he or she did not create;

“(2) shall have the right to prevent the use of his or her same as the author of the work of visual art in the event of a distortion, mutilation, or other modification of the work which would be prejudicial to his or her honor reputation; and

“(3) subject to the limitations set forth in section 113(d), shall have the right—

“(A) to prevent any intentional distortion, mutilation, or other modification of that work which would be prejudicial to his or her honor or reputation, and any intentional distortion, mutilation, or modification of that work is a violation of the right, and

“(B) to prevent any destruction of a work of recognized stature, and any intentional or grossly negligent destruction of that work is a violation of that right.

“(b) SCOPE AND EXERCISE OF RIGHTS.—Only the author of a work of visual art has the rights conferred by subsection (a) in that work, whether or not the author is the copyright owner. The authors of a joint work of visual [art] are coowners of the rights conferred by subsection (a) in that work.

“(c) EXCEPTIONS.—The modification of a work of visual art which is a result of the passage of time or the inherent nature of the materials is not distortion, mutilation, or other modification described in subsection (a)(3)(A).

“(2) The modification of a work of visual art which is the result of conservation, or of the public presentation, including lighting and placement, of the work is not a destruction, distortion, mutilation, or other modification described in subsection (a)(3) unless the modification is caused by gross negligence.

“(3) The rights described in paragraphs (1) and (2) of subsection (a) shall not apply to any reproduction, depiction, portrayal, or other use of a work in, upon, or in any connection with any item described in subparagraph (A) or (B) of the definition of ‘work of visual art’ in section 101, and any such reproduction, depiction, portrayal, or other use of a work is not a destruction, distortion, mutilation, or other modification described in paragraph (3) of subsection (a).

“(d) DURATION OF RIGHTS.—(1) With respect to works of visual art created on or after the effective date set forth in section 9(a) of the Visual Artists Rights Act of 1990, the rights conferred by subsection (a) shall endure for a term consisting of the life of the author.

"(2) With respect to works of visual art created before the effective date set forth in section 9(a) of the Visual Artists Rights Act of 1990, but title to which has not, as of such effective date, been transferred from the author, the rights conferred by subsection (a) shall be coextensive with, and shall expire at the same time as, the rights conferred by section 106.

"(3) In the case of a joint work prepared by two or more authors, the rights conferred by subsection (a) shall endure for a term consisting of the life of the last surviving author.

"(4) All terms of the right conferred by subsection (a) run to the end of the calendar year in which they would otherwise expire.

"(e) **TRANSFER AND WAIVER.**—(1) The rights conferred by subsection (a) may not be transferred, but those rights may be waived if the author expressly agrees to such waiver in a written instrument signed by the author. Such instrument shall specifically identify the work, and uses of that work, to which the waiver applies, and the waiver shall apply only to the work and uses so identified. In the case of a joint work prepared by two or more authors, a waiver of rights under this paragraph made by one such author waives such rights for all such authors.

"(2) Ownership of the rights conferred by subsection (a) with respect to a work of visual art is distinct from ownership of any copy of that work, or of a copyright or any exclusive right under a copyright in that work. Transfer of ownership of any copy of a work of visual art, or of a copyright or any exclusive right under a copyright, shall not constitute a waiver of the rights conferred by subsection (a). Except as may otherwise be agreed by the author in a written instrument signed by the author, a waiver of the rights conferred by subsection (a) with respect to a work of visual art shall not constitute a transfer of ownership of any copy of that work, or of ownership of a copyright or of any exclusive right under a copyright in that work."

(b) **CONFORMING AMENDMENT.**—The table of sections at the beginning of chapter 1 of title 17, United States Code, is amended by inserting after the item relating to section 106 the following new item:

"106A. Rights of certain authors to attribution and integrity."

SEC. 604. REMOVAL OF WORKS OF VISUAL ART FROM BUILDINGS.

Section 113 of title 17, United States Code, is amended by adding at the end thereof the following:

"(d)(1) In a case in which—

"(A) a work of visual art has been incorporated in or made part of a building in such a way that removing the work from the building will cause the destruction, distortion, mutilation, or other modification of the work as described in section 106A(a)(3), and

"(B) the author consented to the installation of the work in the building either before the effective date set forth in section 9(a) of the Visual Artists Rights Act of 1990, or in a written instrument executed on or after such

effective date that is signed by the owner of the building and the author and that specifies that installation of the work may subject the work to destruction, distortion, mutilation, or other modification, by reason of its removal, then the rights conferred by paragraphs (2) and (3) of section 106A(a) shall not apply.

“(2) If the owner of a building wishes to remove a work of visual art which is a part of such building and which can be removed from the building without the destruction, distortion, mutilation, or other modification of the work as described in section 106A(a)(3), the author’s rights under paragraphs (2) and (3) of section 106A(a) shall apply unless—

“(A) the owner has made a diligent, good faith attempt without success to notify the author of the owner’s intended action affecting the work of visual art, or

“(B) the owner did provide such notice in writing and the person so notified failed, within 90 days after receiving such notice, either to remove the work or to pay for its removal.

For purposes of subparagraph (A), an owner shall be presumed to have made a diligent, good faith attempt to send notice if the owner sent such notice by registered mail to the author at the most recent address of the author that was recorded with the Register of Copyrights pursuant to paragraph (3). If the work is removed at the expense of the author, title to that copy of the work shall be deemed to be in the author.

“(3) The Register of Copyrights shall establish a system of records whereby any author of a work of visual art that has been incorporated in or made part of a building, may record his identity and address with the Copyright Office. The Register shall also establish procedures under which any such author may update the information so recorded, and procedures under which owners of buildings may record with the Copyright Office evidence of their efforts to comply with this subsection.”.

SEC. 605. PREEMPTION.

Section 301 of title 17, United States Code, is amended by adding at the end the following:

“(f)(1) On or after the effective date set forth in section 9(a) of the Visual Artists Rights Act of 1990, all legal or equitable rights that are equivalent to any of the rights conferred by section 106A with respect to works of visual art to which the rights conferred by section 106A apply are governed exclusively by section 106A and section 113(d) and the provisions of this title relating to such sections. Thereafter, no person is entitled to any such right or equivalent right in any work of visual art under the common law or statutes of any State.

“(2) Nothing in paragraph (1) annuls or limits any rights or remedies under the common law or statutes of any State with respect to—

"(A) any cause of action from undertakings commenced before the effective date set forth in section 9(a) of the Visual Artists Rights Act of 1990;

"(B) activities violating legal or equitable rights that are not equivalent to any of the rights conferred by section 106A with respect to works of visual art; or

"(C) activities violating legal or equitable rights which extend beyond the life of the author."

SEC. 606. INFRINGEMENT ACTIONS.

(a) **IN GENERAL.**—Section 501(a) of title 17, United States Code, is amended—

(1) by inserting after "118" the following: "or of the author as provided in section 106A(a)"; and

(2) by striking out "copyright" and inserting in lieu thereof "copyright or right of the author, as the case may be. For purposes of this chapter (other than section 506), any reference to copyright shall be deemed to include the rights conferred by section 106A(a)."

(b) **EXCLUSION OF CRIMINAL PENALTIES.**—Section 506 of title 17, United States Code, is amended by adding at the end thereof the following:

"(f) **RIGHTS OF ATTRIBUTION AND INTEGRITY.**—Nothing in this section applies to infringement of the rights conferred by section 106A(a)."

(c) **REGISTRATION NOT A PREREQUISITE TO SUIT AND CERTAIN REMEDIES.**—(1) Section 411(a) of title 17, United States Code, is amended in the first sentence by inserting after "United States" the following: "and an action brought for violation of the rights of the author under section 106A(a)".

(2) Section 412 of the title 17, United States Code, is amended by inserting "an action brought for a violation of the rights of the author under section 106A(a) or" after "other than".

SEC. 607. FAIR USE.

Section 107 of title 17, United States Code, is amended by striking out "section 106" and inserting in lieu thereof "sections 106 and 106A".

SEC. 608. STUDIES BY COPYRIGHT OFFICE.

(a) **STUDY ON WAIVER OF RIGHTS PROVISION.**—

(1) **STUDY.**—The Register of Copyrights shall conduct a study on the extent to which rights conferred by subsection (a) of section 106A of title 17, United States Code, have been waived under subsection (e)(1) of such section.

(2) **REPORT TO CONGRESS.**—Not later than 2 years after the date of the enactment of this Act, the Register of Copyrights shall submit to the Congress a report on the progress of the study conducted under paragraph (1). Not later than 5 years after such date of enactment, the Register of Copyrights shall submit to the Congress a final report on the results of the study conducted under paragraph (1), and any recommendations that the Register may have as a result of the study.

(b) **STUDY ON RESALE ROYALTIES.**—

(1) **NATURE OF STUDY.**—The Register of Copyrights, in consultation with the Chair of the National Endowment for the Arts, shall conduct a study on the feasibility of implementing—

(A) a requirement that, after the first sale of a work of art, a royalty on any resale of the work, consisting of a percentage of the price, be paid to the author of the work; and

(B) other possible requirements that would achieve the objective of allowing an author of a work of art to share monetarily in the enhanced value of that work.

(2) **GROUPS TO BE CONSULTED.**—The study under paragraph (1) shall be conducted in consultation with other appropriate departments and agencies of the United States, foreign governments, and groups involved in the creation, exhibition, dissemination, and preservation of works of art, including artists, art dealers, collectors of fine art, and curators of art museums.

(3) **REPORT TO CONGRESS.**—Not later than 18 months after the date of the enactment of this Act, the Register of Copyrights shall submit to the Congress a report containing the results of the study conducted under this subsection.

SEC. 609. FIRST AMENDMENT APPLICATION.

This title does not authorize any governmental entity to take any action or enforce restrictions prohibited by the First Amendment to the Constitution of the United States.

SEC. 610. EFFECTIVE DATE.

(a) **IN GENERAL.**—Subject to subsection (b) and except as provided in subsection (c), this title and the amendments made by this title take effect 6 months after the date of the enactment of this Act.

(b) **APPLICABILITY.**—The rights created by section 106A of title 17, United States Code, shall apply to—

(1) works created before the effective date set forth in subsection (a) but title to which has not, as of such effective date, been transferred from the author, and

(2) works created on or after such effective date, but shall not apply to any destruction, distortion, mutilation, or other modification (as described in section 106A(a)(3) of such title) of any work which occurred before such effective date.

(c) **SECTION 608.** Section 608 takes effect on the date of the enactment of this Act.

TITLE VII—ARCHITECTURAL WORKS

SEC. 701. SHORT TITLE.

This title may be cited as the “Architectural Works Copyright Protection Act”.

SEC. 702. DEFINITIONS.

(a) **ARCHITECTURAL WORKS.**—Section 101 of title 17, United States Code, is amended by inserting after the definition of “anonymous work” the following:

“An ‘architectural work’ is the design of a building as embodied in any tangible medium of expression, including a building, architectural plans, or drawings. The work includes the overall form as well as the arrangement and composition of spaces and elements in the design, but does not include individual standard features.”.

(b) **BERNE CONVENTION WORK.**—Section 101 of title 17, United States Code, is amended in the definition of “Berne Convention work”—

(1) in paragraph (3B) by striking “or” after the semicolon;

(2) in paragraph (4) by striking the period and inserting “; or”; and

(3) by inserting after paragraph (4) the following:

“(5) in the case of an architectural work embodied in a building, such building is erected in a country adhering to the Berne Convention.”.

SEC. 703. SUBJECT MATTER OF COPYRIGHT.

Section 102(a) of title 17, United States Code, is amended—

(1) in paragraph (6) by striking “and” after the semicolon;

(2) in paragraph (7) by striking the period and inserting “; and”; and

(3) by adding after paragraph (7) the following: “(8) architectural works.”.

SEC. 704. SCOPE OF EXCLUSIVE RIGHTS IN ARCHITECTURAL WORKS.

(a) **IN GENERAL.**—Chapter 1 of title 17, United States Code, is amended by adding at the end the following:

“§ 120. Scope of exclusive rights in architectural works

“(a) **PICTORIAL REPRESENTATIONS PERMITTED.**—The copyright in an architectural work that has been constructed does not include the right to prevent the making, distributing, or public display of pictures, paintings, photographs, or other pictorial representations of the work, if the building in which the work is embodied is located in or ordinarily visible from a public place.

“(b) **ALTERATIONS TO AND DESTRUCTION OF BUILDINGS.**—Notwithstanding the provisions of section 106(2), the owners of a building embodying an architectural work may, without the consent of the author or copyright owner of the architectural work, make or authorize the making of alterations to such building, and destroy or authorize the destruction of such building.”.

(b) **CONFORMING AMENDMENTS.**—(1) The table of sections at the beginning of chapter 1 of title 17, United States Code, is amended by adding at the end of the following:

“120. Scope of exclusive rights in architectural works.”.

(2) Section 106 of title 17, United States Code, is amended by striking “119” and inserting “120”.

SEC. 705. PREEMPTION.

Section 301(b) of title 17, United States Code, is amended—

- (1) in paragraph (2) by striking “or” after the semicolon;
- (2) in paragraph (3) by striking the period and inserting “; or”; and
- (3) by adding after paragraph (3) the following:

“(4) State and local landmarks, historic preservation, zoning, or building codes, relating to architectural works protected under section 102(a8).”.

SEC. 706. EFFECTIVE DATE.

The amendments made by this title apply to—

(1) any architectural work created on or after the date of the enactment of this Act; and

(2) any architectural work that, on the date of the enactment of this Act, is unconstructed and embodied in unpublished plans or drawings, except that protection for such architectural work under title 17, United States Code, by virtue of the amendments made by this title, shall terminate on December 31, 2002, unless the work is constructed by that date.

TITLE VIII—COMPUTER SOFTWARE

SEC. 801. SHORT TITLE.

This title may be cited as the “Computer Software Rental Amendments Act of 1990”.

SEC. 802. RENTAL OF COMPUTER PROGRAMS.

Section 109(b) of title 17, United States Code, is amended—

(1) by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively;

(2) by striking paragraph (1) and inserting the following:

“(b)(1)(A) Notwithstanding the provisions of subsection (a), unless authorized by the owners of copyright in the sound recording or the owner of copyright in a computer program (including any tape, disk, or other medium embodying such program), and in the case of a sound recording in the musical works embodied therein, neither the owner of a particular phonorecord nor any person in possession of a particular copy of a computer program (including any tape, disk, or other medium embodying such program), may, for the purposes of direct or indirect commercial advantage, dispose of, or authorize the disposal of, the possession of that phonorecord or computer program (including any tape, disk, or other medium embodying such program) by rental, lease, or lending, or by any other act or practice in the nature of rental, lease, or lending. Nothing in the preceding sentence shall apply to the rental, lease, or lending of a phonorecord for nonprofit purposes by a nonprofit library or nonprofit educational institution. The transfer of possession of a lawfully made copy of a computer program by a nonprofit educational institution to another nonprofit educational institution or to faculty, staff, and students does not constitute rental, lease, or lending for direct or indirect commercial purposes under this subsection.

“(B) This subsection does not apply to—

“(i) a computer program which is embodied in a machine or product and which cannot be copied during the ordinary operation or use of the machine or product; or

“(ii) a computer program embodied in or used in conjunction with a limited purpose computer that is designed for playing video games and may be designed for other purposes.

“(C) Nothing in this subsection affects any provision of chapter 9 of this title.

“(2)(A) Nothing in this subsection shall apply to the lending of a computer program for nonprofit purposes by a nonprofit library, if each copy of a computer program which is lent by such library has affixed to the packaging containing the program a warning of copyright in accordance with requirements that the Register of Copyrights shall prescribe by regulation.

“(B) Not later than three years after the date of the enactment of the Computer Software Rental Amendments Act of 1990, and at such times thereafter as the Register of Copyright [s]considers appropriate, the Register of Copyrights, after consultation with representatives of copyright owners and librarians, shall submit to the Congress a report stating whether this paragraph has achieved its intended purpose of maintaining the integrity of the copyright system while providing nonprofit libraries the capability to fulfill their function. Such report shall advise the Congress as to any information or recommendations that the Register of Copyrights considers necessary to carry out the purposes of this subsection.”, and

(3) by striking paragraph (4), as redesignated by paragraph (1) of this section, and inserting the following:

“(4) any person who distributes a phonorecord or a copy of a computer program (including any tape, disk, or other medium embodying such program) in violation of paragraph (1) is an infringer of copyright under section 501 of this title and is subject to the remedies set forth in sections 502, 503, 504, 505, and 509. Such violation shall not be a criminal offense under section 506 or cause such person to be subject to the criminal penalties set forth in section 2319 of title 18”.

SEC. 803. PUBLIC DISPLAY OR ELECTRONIC VIDEO GAMES.

Section 109 of title 17, United States Code, is amended by adding at the end the following:

“(e) Notwithstanding the provisions of sections 106(4) and 106(5), in the case of an electronic audiovisual game intended for use in coin-operated equipment, the owner of a particular copy of such a game lawfully made under this title, is entitled, without the authority of the copyright owner of the game, to publicly perform or display that game in coin-operated equipment, except that this subsection shall not apply to any work of authorship

embodied in the audiovisual game if the copyright owner of the electronic audiovisual game is not also the copyright owner of the work of authorship.”.

SEC. 804. EFFECTIVE DATE.

(a) **IN GENERAL.**—Subject to subsection (b), the amendments made in sections 102, 104 and 105 shall take effect on the date of enactment. The amendments made by section 103 shall take effect one year from the date of enactment.

(b) **PROSPECTIVE APPLICATION.**—Section 109(b) of title 17, United States Code, as amended by section 102 of this Act, shall not affect the right of a person in possession of a particular copy of a computer program, who acquired such copy before the date of the enactment of this Act, to dispose of the possession of that copy on or after such date of enactment in any manner permitted by section 109 of title 17, United States Code, as in effect on the day before such date of enactment.

(c) **TERMINATION.**—The amendments made by section 102 shall not apply to rentals, leaseings, or lendings (or acts or practices in the nature of rentals, leaseings, or lendings) occurring on or after October 1, 1997. The amendments made by section 103 shall not apply to public performances or displays that occur on or after October 1, 1995.

SEC. 805. RECORDATION OF SHAREWARE.

(a) **IN GENERAL.**—The Register of Copyrights is authorized, upon receipt of any document designated as pertaining to computer shareware and the fee prescribed by section 708 of title 17, United States Code, to record the document and return it with a certificate of recordation.

(b) **MAINTENANCE OF RECORDS; PUBLICATION OF INFORMATION.**—The Register of Copyrights is authorized to maintain current, separate records relating to the recordation of documents under subsection (a), and to compile and publish at periodic intervals information relating to such recordations. Such publications shall be offered for sale to the public at prices based on the cost of reproduction and distribution.

(c) **DEPOSIT OF COPIES IN LIBRARY OF CONGRESS.**—In the case of public domain computer software, at the election of the person recording a document under subsection (a), 2 complete copies of the best edition (as defined in section 101 of title 17, United States Code) of the computer software as embodied in machine-readable form may be deposited for the benefit of the Machine-readable Collections Reading Room of the Library of Congress.

(d) **REGULATIONS.**—The Register of Copyrights is authorized to establish regulations not inconsistent with law for the administration of the functions of the Register under this section. All regulations established by the Register are subject to the approval of the Librarian of Congress.

136 CONG. REC. S17574, October 27, 1990

Amendment no. 3204

Mr. BIDEN. Mr. President, on behalf of myself and Senator THURMOND, I send a substitute amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Delaware [Mr. BIDEN], for himself and Mr. THURMOND, purposes an amendment numbered 3204.

Mr. BIDEN. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

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

The text of the amendment is printed in today's RECORD under "Amendments Submitted.")

Mr. KENNEDY. Mr. President, artists in America, as in every other country and civilization, have been the recorders and preservers of the national spirit. The creative arts are an expression of the character of the country; they mirror its accomplishments, warn of its failings, and anticipate its future. As Katherine Anne Porter wrote in 1940:

The arts live continuously. They outlive governments and creeds and societies, even the very civilizations that produce them. . . . They are what we find again when the ruins are cleared away.

The bill which the Senate has approved today, the Visual Artists Rights Act, will establish new protections for art and artists in America. Under its provisions artists will have the right to claim authorship of a work when it is displayed, and to disclaim the work if it is mutilated or altered. In addition, the bill prohibits the intentional mutilation of grossly negligent destruction of a work of visual art.

Painters and sculptors deserve this action. We are not talking about unearned benefits, but long overdue rights. Visual artists create unique works. If those works are mutilated or destroyed, they are irreplaceable.

A companion bill has been approved by voice vote in the House. I commend Congressman KASTENMEIER and Congressman MARKEY for their diligence and skill in bringing this legislation to enactment. The bill has evolved as a consensus approach to the legitimate needs of painters and sculptors. Earlier concerns expressed by art dealers, conservators, and museum professionals have been addressed so that there remains no opposition to the legislation.

It is the product of extensive hearings by the Subcommittee on Patents, Copyright and Trademarks. I am indebted to Senator DECONCINI for his help in providing a forum for the bill. Expert witnesses were consulted in all

aspects of the art community. It is clear that current law does not adequately protect either the artists or their works.

Although many other countries around the world already guarantee these basic rights to artists, the United States has been slow to embrace them. It is time for Congress to act and to acknowledge America's responsibility to its creative artists.

Our artists are the chroniclers and guardians of an important part of our national heritage. They express the character of our country, and they contribute immensely to our national spirit. They deserve these modest safeguards for their creativity.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Delaware.

The amendment (No. 3204) was agreed to.
p.S. 17577

Mr. HATCH. Mr. President, I am pleased to join with my colleagues in the passage of S. 2648, dealing with civil justice reform. This bill creates 85 new Federal judgeships. This will go a long way to expediting both criminal and civil cases in the Federal system. I commend Chairman BIDEN and Senator THURMOND for their work on this matter. Chairman BIDEN, has recognized the dire need for new judgeships and has acted with statesmanship and skill in seeking this necessary increase.

This bill also contains the Computer Software Rental Amendments Act, which I introduced as S. 198. We have spent over 3 years attempting to move this important legislation.

The computer software industry, is a dynamic and blossoming source of growth for our Nation's economy. Yet today it is threatened by an emerging software rental industry which would make it possible for software users to make illegal copies; creating the potential for lost sales and the subsequent collapse of the software industry. This practice, if it is allowed to continue, will be devastating, and one of the brightest stars of the modern U.S. economy will be extinguished in its infancy.

The overwhelming rationale for renting a computer program is to make an unauthorized copy. Computer software cannot be enjoyed for an evening's entertainment and then returned. To have meaning to a user, the software packages require mastery of complex user manuals, often running hundreds of pages in length. Even after a user has mastered the use of a program, it has little value until he or she adds his or her own data base to the program. The functions of learning how to use a program and utilizing it in connection with one's own data base cannot be accomplished in the few hours or days available under a rental arrangement without copying the program and displacing a legitimate sale of the program.

The provision which we are voting on today provides software protection by prohibiting the rental of computer software unless authorized by the

copyright owner. This portion of this legislative package has been the subject of extensive hearings and lengthy negotiations. I believe that it is a worthwhile change in the law.

House p.H13311

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

Mr. Speaker, the bill before us represents the consolidation of various pieces of legislation passed by the House during this Congress and amended by the Senate earlier today.

Title VI includes the Visual Artists Rights Act. This section, which reflects minor amendments to the version of the bill passed by the House earlier this year, provides rights [of] "attribution" and "integrity" to certain visual artists. The purpose of these provisions is to protect both the reputations of such artists and the works of art they create.

Title VII incorporates the provisions of the House-passed Architectural Works Copyright Protection Act, which creates a new category of copyright subject matter for the constructed design of buildings.

Title VIII is a modified version of the Computer Software Rental Amendments Act passed by the House last month. These provisions create a narrowly focused exemption to the "first sale" doctrine of copyright law by prohibiting the unauthorized direct or indirect commercial rental of computer software.

Mr. Speaker, I must say that I am not enthusiastic about bringing to the floor a bill that reflects such a diverse collection of legislative initiatives. I would point out, however, that each piece of this bill has—in either an identical or similar form—already been approved by the House this Congress. In addition, the changes made by the Senate are reasonable and acceptable. In short, this is a solid legislative package and I urge my colleagues to support it. p. H13312

Mr. KASTENMEIER. Mr. Speaker, I rise in support of H.R. 5316, an omnibus administration of justice and intellectual property improvements package. The bill creates 85 new Federal judgeships. Six additional titles of the bill were initiated or processed by the House Judiciary Committee's Subcommittee on Courts, Intellectual Property, and the Administration of Justice, which I chair. I would like to add my thoughts about these titles, centering on Senate changes to previously passed House versions.

TITLE VI—VISUAL ARTISTS RIGHTS

Title VI, the Visual Artists Rights Act of 1990, protects the integrity of the works of visual artists and the reputations and honor of those artists. By creating a right of integrity, it protects society against the mutilation and destruction of those works of visual art that make up an important part of our

cultural heritage, and gives individual artists the legal right to prevent distorting changes in their work. By also creating a right of attribution, the act gives visual artists the legal right to prevent misattributions of their work. While this title is not necessary for this country's adherence to the Berne Convention, a very important international copyright treaty that the United States recently joined, it certainly strengthens our commitment to that convention.

The Senate has in certain respects amended the bill that was passed by the House, but in my opinion, and that of the Copyright Office, those amendments either do not harm the essential purpose of the bill, or they in fact add clarity to our work product.

One clarification provides that no governmental entity is authorized by this act to take any action or enforce any restrictions prohibited by the first amendment to the U.S. Constitution. I believe that the act in the form passed by the House did not authorize any such action or restriction, but of course, even if it had, the first amendment would prevail. This clarification is therefore acceptable.

A second amendment removes the House requirement that distortions, mutilations, or modifications of the work forming the basis of violations of the right of attribution be done intentionally or negligently. The artist must still, however, show that the distortion, mutilation, or other modification is prejudicial to his or her honor or reputation. This is an appropriate modification to the scope of the right of attribution.

A third amendment requires that actionable violations of the right of integrity through distortion, mutilation, or other modification be done intentionally, rather than negligently.

A fourth amendment separates destruction of works of visual art from distortions, mutilations, or modifications. For such destructions to be actionable, they must involve works of recognized stature. The required state of mind is intentional or grossly negligent. This change does not affect our adherence to the Berne Convention since the convention does not create a destruction right.

p.H13314

A fifth amendment creates an exception to the integrity right to clarify that a modification of a work that results from the passage of time or the inherent nature of the materials is not actionable. The House version permitted legal action if such modification was the result of gross negligence. Appropriately, this change does not apply to the destruction right. In addition, the Copyright Office has advised me that the practical effect of the amendment may be minimal, since the Senate continues to permit causes of action for destruction, mutilation, or other modifications that are not the result of the passage of time, but which are the result of gross negligence.

A sixth amendment relates to the presentation exception. The modifica-

tion of a work that is the result of a public presentation or conservation carried out in a grossly negligent manner remains actionable. The House version did not distinguish between public and private presentations, but in my opinion, this distinction will have no practical effect.

A seventh amendment limits the duration of the rights of attribution and integrity to the life of the author. The House bill extended the duration to the term applied to economic rights: the life of the author plus 50 years. While I believe that the interests of consistency in the copyright law support the House position, I am willing to go along with the Senate amendment because of an eighth, and very important, amendment to the preemption section of the act.

This eighth amendment narrows the scope of the general preemption language. It clarifies that Congress does not intend to preempt section 989 of the California Civil Code, the "cultural heritage protection," or any other similar State code. I believe that, in light of the Senate's limitation on the duration of the rights afforded by the act, this amendment is necessary to ensure compatibility with the Berne Convention.

Article 6bis of Berne in effect allows the United States to terminate some part of the moral rights of authors at the death of the author to the extent that our domestic law provided such a limitation at the time of our accession to the convention. Because the act terminates the rights it confers in works created on or after its effective date at the death of the author, it is necessary expressly to provide for the post-mortem continuation of some aspects of the rights of attribution and integrity.

The approach taken by the Senate is to provide that State and common law rights that survive the death of the author are not preempted by the system of rights created by the act. The act does not expand or contract State or common law protections of artists' rights. It provides only that to the extent State and common law rights and remedies endure beyond the death of the author, such rights and remedies shall not be affected by the provisions of the act. Nor does the act require that State or common law causes of action akin to moral rights be extended past the death of the author where they are not now so extended. By so doing, we leave undisturbed the preexisting law based upon which the Berne Implementation Act of 1988 dealt with the general question of artists' rights.

The final Senate change concerns the effective date of the act. It provides that the rights created by this act are limited to works created after the effective date and to works created before the effective date, but title to which, as of the effective date, has not been transferred. This amendment in fact avoids takings clause arguments, and in this respect is salutary.

Without the efforts of the gentleman from Massachusetts [Mr. MARKEY], the senior Senator from Massachusetts, Senator KENNEDY, and my colleague from California [Mr. MOORHEAD], this bill could not have become

law. I would like to express my gratitude to them for their hard work and patience.

TITLE VII—ARCHITECTURAL WORKS

Title VII provides intellectual property protection for certain types of architectural works. Its purpose is to bring the United States into compliance with very significant multilateral treaty obligations under the Berne Copyright Convention with respect to works of architecture, by creating a new category of copyright subject matter for the constructed design of buildings. Title VII is in all respects the same as title II of H.R. 5498, which I introduced with the ranking minority member, Mr. MOORHEAD, and which passed the House just last month. Architecture is a form of artistic expression that performs a very significant societal function. As a son of my congressional district, Frank Lloyd Wright, observed: "Buildings will always remain the most valuable aspect in a people's environment, the one most capable of cultural reaction." It is appropriate that we react, not only culturally, but legislatively as well, to promote and protect architectural expression.

TITLE VIII—COMPUTER SOFTWARE RENTAL

Title VIII is the Computer Software Rental Act of 1990, originally introduced by a key member of my subcommittee, Mr. SYNAR, and which passed the House on September 27. The software rental legislation balances the rights of software owners and users by establishing a narrowly drafted exception to the first sale doctrine [of] copyright law. The continued progress of software—the technology that makes computers work and fuels our information society—will result from a reduction of the first sale rights of purchasers. The only real difference between the House-passed bill and the Senate amendment addresses an anomaly in current copyright law that prevents certain coin-operated equipment—electronic video games—from being used for their intended purpose. Called the Red Baron controversy, the bill circumscribes the public performance right for the playing of electronic games. However, at the insistence of the Senate the provision is subjected to both a sunrise—effective 1 year after the date of enactment—and a sunset—after 5 years.

The Senate made a technical change to title VIII at the request of the Association of Shareware Professionals and I agree with that change. The amendment authorizes the Library of Congress to accept public domain computer software rather than, as before, public domain shareware. I recognize that creators of computer shareware typically retain copyright in their works.

In response to correspondence and inquiries about the scope of the proposed legislation—such as a letter to me from the Institute of Electric and Electronics Engineers and another from United Technologies—some thoughts supplementing the House report are necessary.

Section 802 of title VIII of H.R. 5316 amends section 109(b) of title 17,

United States Code, to give copyright owners of computer programs the right to prohibit the direct or indirect rental, lending, or lease of their computer programs for purposes of direct or indirect commercial advantage. There are, however, three exceptions to this right. These exceptions are for: First, non-profit libraries and nonprofit educational institutions; second, computer programs embodied in a machine or product and which cannot be copied during the ordinary operation or use of the machine or product; and, third, computer programs embodied in limited purpose computers designed for playing video games. Questions regarding the first two exceptions have arisen.

At the request of nonprofit educational institutions, the following provision was included in new section 109(b)(1)(A), title 17, United States Code:

The transfer of possession of a lawfully made copy of a computer program by a nonprofit educational institution to another nonprofit educational institution or to faculty, staff, and students does not constitute rental, lease, or lending for direct or indirect commercial purposes under this subsection.

Certain for-profit companies have required whether this language implies that the common practices of employees of a company carrying portable computers and associated software to other worksites, and of transferring employer-owned software among employees at the same location would be considered to constitute direct or indirect commercial advantage.

p.H73315

The bill is not intended to prohibit these common practices. The sole purpose of the quoted language is to highlight legitimate activities that occur in a nonprofit educational setting. The committee did not intend the provision to imply that similar activities, if carried out by for-profit entities, would be infringing. The transfer of copies within a single entity, whether nonprofit or for-profit, is exempt.

I have also heard concern that section 802 would interfere with the existing legitimate rental market for machines that are not themselves computers but which contain computer programs that govern or facilitate their operations as well as for computer hardware itself. This question was carefully considered by my subcommittee and the committee. In my view, the provisions of new subsection 109(b)(1)(i) adequately allow the rental of computer hardware that embody computer programs which cannot be copied during the ordinary operation or use of that machine, including the lease or lending of computers embodying software, by, for example, hotels and airports for patrons' individual business purposes. The touchstone in all these cases is whether the computer program embodied in the computer being rented or leased can be copied during the ordinary operation of the computer. The loading of a computer program into a computer is a copying of the program, and, if unauthorized or not exempt under other provisions of the Copy-

right Act, is an infringement. The focus of this bill is not on this question, but rather on the rental of a computer program that has already lawfully been loaded into a computer or other machine or product. If, after having been embodied in the computer or other machine or product, such a computer program can be copied during the ordinary operation of that machine or product, then the exemption does not apply.

Related questions have arisen with respect to purchase leasebacks of hardware and software, and software purchase return policies. The question whether a transaction is a sale or a lease is typically one of State law. The computer industry uses a variety of license agreements, ranging from shrink wrap licenses for over-the counter software to lengthy negotiated contracts for mainframe computers. Congress cannot draft legislation that addresses every such conceivable fact situation. We, however, should not disturb legitimate commercial activities that routinely involve a variety of products, one of which may include software. For example, most retail stores have return policies for purchases of products. Sometimes these policies include restocking charges. Where software is purchased under such policies, there is no rental or lease. On the other hand, where a store offers to repurchase software for a substantial part of the purchase price and offers free blank diskettes for copying, questions may arise whether the activity involves indirect commercial advantage.

In conclusion, I would again like to thank the gentleman from Texas [Mr. BROOKS], the gentleman from New York [Mr. FISH], and the gentleman from California [Mr. MOORHEAD] for their support and cooperation in bringing this fine piece of legislation to the floor. I would also like to express my appreciation to the Senator from Delaware [Mr. BIDEN], the Senator from Iowa [Mr. GRASSLEY], and the Senator from Wisconsin [Mr. KOHL] for their able leadership on the court reform aspects of the legislation, and to the Senator from Massachusetts [Mr. KENNEDY], the Senator from Arizona [Mr. DECONCINI], and the Senator from Utah [Mr. HATCH] for their unflagging efforts to pass the intellectual property components of the package.

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

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

Mr. MOORHEAD. Mr. Speaker, I would like to commend the gentleman from Texas Chairman BROOKS, the gentleman from New York Mr. FISH and the gentleman from Wisconsin Mr. KASTENMEIER, on bringing this legislation to the floor and for the compromises reached with the other body. The time constraints and various pressures that they and the committee have operated under have been considerable and to bring this important issue to the House reflects highly on their deep concerns for civil justice, court reform, and copyright revision.

p.H13316

Mr. Speaker, this legislation also contains a number of copyright provisions, especially the limitation on computer software rental, of which I am a cosponsor.

The potential loss to the U.S. economy should the rental of software become any more widespread can be seen clearly when we look to the losses suffered by the U.S. software developers by virtue of their inability to restrict commercial copy[ing] of their products in many foreign markets.

The future of U.S. trade in products and services based on intellectual and industrial properties, is critically dependent on a worldwide system of laws that provide adequate and effective protection against theft and unauthorized exploitation by others. Many of the newly industrialized countries and less developed countries do not have effective protection. How serious is this? A 1988 study prepared by the U.S. International Trade Commission, estimated the aggregate worldwide losses in sales for the U.S. as a result of inadequate, international copyright protection, range from \$23 to \$65 billion. This can also be translated into 300,000 to 600,000 jobs lost for the American worker. More than 80 countries, including the United States, belong to the Berne Convention. We became members as of March 1, 1989, as a result of legislation I cosponsored last Congress.

Mr. Speaker, this is important legislation, it represents the hard work of a number of Congressman over many years and I urge its adoption.

The SPEAKER pro tempore (Mr. ECKART). A question is on the motion offered by the gentleman from Texas [Mr. BROOKS] that the House suspend the rules and concur in the Senate amendment to the bill, H.R. 5316.

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

A motion to reconsider was laid on the table.

PART II

**LEGISLATIVE AND ADMINISTRATIVE
DEVELOPMENTS***United States of America and Territories***133. U.S. CONGRESS. HOUSE OF REPRESENTATIVES.**

Report to the Chairman, Subcommittee on Courts, Intellectual Property, and the Administration of Justice, Committee on the Judiciary. *Technology transfer: Copyright law constrains commercialization of some federal software*, (GAO/RCED-90-145 Technology Transfer and Copyright Law, June 1, 1990), 51 p.

The purpose of this study was to examine federal agencies' efforts to comply with the prohibition on copyrighting government works, the extent to which the copyright law has constrained the transfer of federal computer software to U.S. businesses, and the pros and cons of amending the law to allow federal agencies to copyright software. The study finds that: (1) federal agencies have not improperly copyrighted software developed by federal workers; (2) efforts to transfer government software with potential commercial applications to U.S. businesses have been constrained to a significant but not precisely determinable extent because the government cannot copyright and license software; (3) copyright and licensing authorities would stimulate the transfer of federal software with commercial applications to U.S. businesses by providing protection for their investments; and (4) royalty-sharing authority also would give federal researchers an incentive to further develop and document the software. The report suggests that Congress consider amending either the Copyright Act or the Federal Technology Transfer Act to provide for furthering the commercialization of federal software while addressing concerns about access and maintaining federal laboratories' basic research mission.

134. U.S. COPYRIGHT ROYALTY TRIBUNAL.

Determination of negotiated jukebox licenses. Notice of determination. *Federal Register*, vol. 55, no. 60 (Mar. 28, 1990), pp. 11428-29.

The Tribunal has determined that the negotiated jukebox license between the AMOA and ASCAP/BMI/SESAC is in effect and covers a quantity of music not substantially smaller than the quantity of music performed on jukeboxes from Mar. 1, 1988 to Mar. 1, 1989. The jukebox compulsory license is, therefore, suspended for the term of the negotiated license which is Jan. 1, 1990 through Dec. 31, 1999.

135. U.S. COPYRIGHT ROYALTY TRIBUNAL.

1987 Cable royalty distribution proceeding. Notice of final determination of music controversy. *Federal Register*, vol. 55, no. 62 (Mar. 30, 1990) pp. 11988-93.

The Tribunal previously published its determinations concerning adoption of the settlement reached by all Phase I parties and the resolution of the controversy within the devotional claimants category of Phase II. Now, having resolved the Phase II music category, the Tribunal announces its decision to award ASCAP 58% and BMI 42% of the music category's royalty share.

136. U.S. COPYRIGHT ROYALTY TRIBUNAL.

37 C.F.R., Parts 301 and 306. Determination of negotiated jukebox licenses. Notice of proposed rulemaking. *Federal Register*, vol. 55, no. 84 (May 1, 1990), p. 18131.

The Tribunal is proposing to amend some of its jukebox royalty rate rules. The amendments will conform the rules to changes in the jukebox licensing procedure provided by the Berne Convention Implementation Act of 1988, the resulting voluntary agreement between the performing rights societies and the jukebox operators trade association, and the Tribunal's subsequent suspension of the jukebox compulsory license.

137. U.S. COPYRIGHT ROYALTY TRIBUNAL.

Adjustment of the basic and 3.75% cable royalty rates. Notice. *Federal Register*, vol. 55, no. 95 (May 16, 1990), pp. 20294-95.

The Tribunal plans to consider adjustment of the basic and 3.75% cable royalty rates. This notice asks for comments on whether this proceeding should (1) be restricted to the issue of syndicated exclusivity blackout, for which the Tribunal has already been petitioned, or (2) include cost-of-living adjustments and/or a general review of the 3.75% rate, for which the Tribunal would need to be petitioned by a copyright owner or user with a substantial interest in the rate.

138. U.S. COPYRIGHT ROYALTY TRIBUNAL.

37 C.F.R., Parts 301, 306. Determination of negotiated jukebox licenses. Final rule. *Federal Register*, vol. 55, no. 132 (July 10, 1990), pp. 28196-97.

As a result of the voluntary agreement between ASCAP/BMI/SESAC and AMOA, the jukebox compulsory license was suspended through 1999. The Tribunal is amending certain of its rules to conform them to the suspension action. As a consequence of the agreement, the Tribunal will not engage in any rate setting for the jukebox license for the 10 years that the agreement is in force.

139. U.S. COPYRIGHT ROYALTY TRIBUNAL.

37 C.F.R., Part 308. Adjustment of the syndicated exclusivity

surcharge. Final rule; final determination. *Federal Register*, vol. 55, no. 159 (Aug. 16, 1990), pp. 33604-13.

With the FCC's reinstatement of its syndicated exclusivity blackout rules, the CRT has concluded that the syndicated exclusivity surcharge paid by cable systems is no longer reasonable and should be eliminated. Thus, the Tribunal has amended its rules to eliminate the surcharge, except in the case of the Grade B exemption (i.e., when a cable system is importing a distant commercial VHF station which places a predicted Grade B contour over the cable system and the station is not significantly viewed). In such cases, the syndicated exclusivity surcharge shall continue to be paid at the same level as before.

140. U.S. DEPARTMENT OF DEFENSE.

48 C.F.R., Parts 211 and 252. Department of Defense, Federal Acquisition Regulation Supplement; Acquisition and distribution of commercial products. Proposed rule and request for comments. *Federal Register*, vol. 55, no. 133 (July 11, 1990), pp. 28514-32.

The agency has proposed changes to the DOD FAR Supplement to amend part 211, "Acquisition and Distribution of Commercial Products," and to add new clauses at part 252.211. The revisions establish policy and procedures for use of a simplified uniform contract format to acquire commercial items. Included in the proposed language is a clause which covers patent, trademark, and copyright indemnification for the government and all subsequent users of the supplies furnished under contracts for computer software and other commercial items.

141. U.S. FEDERAL COMMUNICATIONS COMMISSION.

47 C.F.R., Part 76. Broadcast services; cable television inquiry. Policy statement. *Federal Register*, vol. 55, no. 155 (Aug. 10, 1990), pp. 32631-35.

In compliance with a directive included in the Cable Communications Policy Act of 1984, the Commission conducted a study of the cable television industry and now releases the report of its findings and recommendations. The report concludes that robust competition in the video marketplace has not yet fully evolved and that such competition, with fostering by the government, will more efficiently provide a better safeguard against undue rate increases or service failings and a greater diversity and choice than rules and regulations designed to mimic competition or otherwise compensate for its absence. The recommendations made in the report include (1) adopting a must carry regime to safeguard local broadcast stations so long as the compulsory copyright license for local broadcast programming exists; and (2) terminating the must carry regime as well as the compulsory copyright license upon enactment of programming access provisions that promote emergence of alternative multichannel distributors.

PART IV

JUDICIAL DEVELOPMENTS IN LITERARY AND
ARTISTIC PROPERTY

A. DECISIONS OF U.S. COURTS

RECENT DEVELOPMENTS IN COPYRIGHT: SELECTED ANNOTATED CASES

By DAVID GOLDBERG*

MARY L. KEVLIN,**

SHERI L. ROSENFELD AND JANE DELFAVERO***

I. JURISDICTION AND PROCEDURAL ISSUES

A. Jurisdiction and Venue

Arthur Young & Co. v. City of Richmond, 895 F.2d 967 (4th Cir. 1990)

Fourth Circuit reversed dismissal for lack of subject matter jurisdiction. Plaintiff was engaged to design and implement an on-line customer information and billing system for defendant. Defendant claimed plaintiff was repeatedly late in fulfilling deadlines, and plaintiff claimed defendant owed it additional sums for extra work. Defendant locked plaintiff out of workplace, whereupon plaintiff sued in state court. Plaintiff subsequently registered copyright in program and sued in federal court for copyright infringement. District court dismissed suit under Rule 12(b)(6), finding that dispute was essentially contractual and that copyright infringement was not "principal and controlling issue of the case." Fourth Circuit reversed. Applying well-pleaded complaint test, appellate court reasoned that plaintiff had properly pleaded copyright infringement and had sought remedies provided by Act. Fact that most complex and disputed issue of case concerned ownership did not defeat subject matter jurisdiction in federal court.

*Cowan, Liebowitz & Latman, P.C., New York, N.Y. Adjunct Professor of Law, New York University School of Law.

**Cowan, Liebowitz & Latman, P.C., New York, N.Y. Adjunct Professor of Law, The Benjamin N. Cardozo School of Law.

***Cowan, Liebowitz & Latman, P.C., New York, N.Y.

These annotations cover cases decided since our report at the Annual Meeting of 1989 and reported through the issue of U.S.P.Q. of May 14, 1990 and through LEXIS's Circuit Court database in the PATCOP library through May 21, 1990.

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Borden v. Katzman, 881 F.2d 1035 (11th Cir. 1989)

Eleventh Circuit reversed decision awarding judgment to plaintiff in a declaratory judgment action seeking to establish plaintiff's right to publish English translation of nineteenth century book. Defendant had retained plaintiff to translate such book to be used as a resource for a book defendant was writing. Defendant conceded plaintiff's ownership of copyright in translation. However, she contended plaintiff had fiduciary duty not to publish translation and thereby impair market for defendant's book. Appeals court held district court lacked subject matter jurisdiction of dispute, since plaintiff's action neither presented claim for infringement nor required construction of Copyright Act. Rather, question of whether defendant gave plaintiff book in confidence found to raise state law issues only, which do not require construction of Copyright Act.

Daniel Wilson Productions, Inc. v. Time-Life Films, Inc., No. 88 Civ. 7306 (S.D.N.Y. Apr. 19, 1990)

Court denied defendants' motion to dismiss for lack of subject matter jurisdiction. Plaintiff had entered licensing agreement with Time-Life Films to distribute two movies produced by plaintiff. Plaintiff alleged that license did not include home video distribution and that Time-Life exceeded license by sublicensing home video distribution of film. Plaintiff alleged that such distribution infringed its copyrights in films, and sought injunction, impoundment, profits, damages and attorney's fees. Court rejected argument that action was essentially contract action. Following *T.B. Harms Co. v. Eliscu*, 339 F.2d 823 (2d Cir. 1964), court reasoned that suit arose under Copyright Act because complaint was for remedy provided by Act, i.e., for infringement. Court rejected "essence" test applied in some decisions as contrary to *T.B. Harms* and as too complicated to apply. Accordingly, court found that it had subject matter jurisdiction.

Powell v. Green Hill Publishers, Inc., 719 F. Supp. 743 (N.D. Ill. 1989)

As part of publishing agreement, plaintiff granted all rights in book to defendant for duration of copyright. In return, defendant was obligated to register copyright in plaintiff's name and pay royalties. When plaintiff found that copyright had not been registered, he registered copyright, terminated contract and sued, claiming that defendant was continuing to publish and distribute book. Defendant moved to dismiss, claiming that there was no subject matter jurisdiction under 28 U.S.C. § 1338(a) because rights of parties under contract had to be determined before copyright issue could be adjudicated. Court rejected motion, holding that since "plaintiff claims copyright infringement and seeks remedies expressly under the copyright laws," the case "arose under" federal law and court had subject matter jurisdiction. Contract points raised by defendant were affirmative defenses and did not

prevent exercise of jurisdiction. Since state law claim arose out of same facts as main claim, it fell within court's pendent jurisdiction power and defendant's motion to dismiss that claim failed as well.

Texas v. West Publishing Co., 882 F.2d 171 (5th Cir. 1989), cert. denied, 110 S. Ct. 869 (1990)

Appellate court affirmed that subject matter jurisdiction did not exist over Texas' action which sought declaration that West's copyright in arrangement of certain Texas statutes was invalid. In 1925, Texas adopted arrangement of statutes which permitted no room for expansion. West reviewed subsequent statutory changes and additions and arranged statutes for which legislature had indicated no placement in West-generated arrangement of statutes. West claimed copyright in this arrangement. After bill to officially adopt West arrangement was defeated, Texas sued West for declaratory judgment that West's copyright in statutory arrangement was invalid. Appellate court concluded that neither prong of case or controversy requirement had been met. First, conduct of Texas was not in "adversarial conflict" with West because Texas had not shown it had or planned to publish West statutory arrangement commercially. Noncommercial intragovernmental publication which had gone on for years without conflict could not satisfy this requirement. Second, Texas did not satisfy requirement for "real and reasonable apprehension of litigation." Fact that West had lobbied against state bill which would have officially adopted West statutory arrangement was not equivalent to threat of suit. Moreover, West's litigation with commercial publisher in which counterclaim for infringement of statutory arrangement was asserted was too indirect to be cognizable threat against Texas. Accordingly, appellate court affirmed dismissal of suit for lack of subject matter jurisdiction.

Foster v. WNYC-TV, 14 U.S.P.Q.2d 1048 (S.D.N.Y. 1989)

Motion to dismiss granted because there was no subject matter jurisdiction with respect to claims against defendant Trinidad and Tobago Television under Copyright Act, where sole infringing act shown by plaintiff was single broadcast of plaintiff's work within nation of Trinidad and Tobago. Plaintiff failed to show required nexus between infringement and United States.

Nor did court find breach of "Caribbean Basin Economic Treaty" which plaintiff claimed protected intellectual property rights of U.S. citizens in Trinidad and Tobago. Court found that "treaty" was merely a letter from Ambassador of Trinidad and Tobago to U.S. Trade Representative and not a ground upon which personal or subject matter jurisdiction could be based.

Kansas Gas & Electric v. Eye, No. 63,127 (Sup. Ct. Kan. Apr. 13, 1990)

Without explaining basis for its power to do so, Kansas Supreme Court

reviewed issue of whether plaintiff had valid copyright in files illicitly copied by defendant. Nor did Court consider issue of whether plaintiff's other claims of right to confidentiality or privilege with regard to copied material were preempted by Copyright Act. Instead, Court merely held that plaintiff had no valid copyright in copied material and no right to confidentiality under state law.

Fox-Rich Textiles, Inc. v. Malden Mills Industries, Inc., Copyright L. Rep. (CCH) ¶ 26,503 (S.D.N.Y. 1989)

Claims dismissed as to defendant East Bank because there was no personal jurisdiction under New York CPLR §§ 302(a)(1) or 302(a)(2). East Bank's shipments to New York only accounted for .03% of its total sales and it had not shipped infringing goods to New York. Court refused to dismiss claims against defendant Spartan, which had shipped infringing goods to New York, and thus committed a tort within New York. Since cause of action arose from acts of defendant which conferred personal jurisdiction, nexus requirements of CPLR § 302(a) were satisfied and personal jurisdiction existed over Spartan. Since long arm jurisdiction existed, venue also proper on copyright claim. Court may also thus assert "pendent venue" on related unfair competition/false designation of origin and tortious interference claims.

Brode v. Tax Management, Inc., 11 U.S.P.Q.2d 1235 (N.D. Ill. 1989)

Court found personal jurisdiction over individual defendant under Illinois long-arm statute, where defendant wrote to plaintiff in Illinois concerning preparation of revised edition of work at issue, monitored its progress via correspondence and phone calls and where contract was contemplated to be performed in Illinois. Such conduct was transaction of business in Illinois and action arose from such conduct.

B. Standing

Editions Groupe i v. SRO Promotions, Inc., Copyright L. Rep. (CCH) ¶ 26,424 (S.D.N.Y. 1989)

Court dismissed action by two plaintiffs who had previously sued defendant for infringement of same musical composition. Previous suit was dismissed because one plaintiff was no longer owner of copyright and other had not recorded assignment. Previous plaintiffs sued again adding as plaintiff composer of music who had assigned copyright in exchange for royalties. District court dismissed two previous plaintiffs on grounds of res judicata, but denied motion to dismiss as to composer. Under § 501(b), composer was "beneficial owner" with standing to sue.

C. Jury Trial

Raydiola Music v. Revelation Rob Inc., 729 F. Supp. 369 (D. Del. 1990)

Copyright infringement defendant has no right to jury trial where plaintiff only requests injunctive relief and statutory damages. Because court found wording of 17 U.S.C. § 504(c) and legislative history behind it ambiguous, it went on to examine whether there is a Seventh Amendment right to a jury trial in these circumstances. Right to jury trial under Constitution exists only if action is one which involves rights and remedies of type enforced in an action at law and test of whether remedy is legal or equitable turns on analysis of pre-merger custom, remedy sought and practical abilities and limitations of juries. Pre-merger custom was inconclusive and determination of infringement is not beyond competence of juries, so court held that "nature of the remedy" element was determinative. Examining Supreme Court decisions which involved nature of copyright damages, court determined that statutory damage provision is neither penalty nor forfeiture, but rather remedial. Purpose of statutory damages is to remedy a wrong which otherwise would go unpunished, and range of statutory damages is subject to exercise of discretion. Thus, statutory damages should be characterized as equitable, and there is no right to jury trial.

D. Justiciability

Xerox Corp. v. Apple Computer, Inc., 14 U.S.P.Q.2d 1512 (N.D. Cal. 1990)

Court found that there was no case or controversy in Xerox's claim for declaratory judgment that it was sole owner of copyright in Star software including overlapping features found in Apple's copyrighted Lisa and Macintosh Finder software. Xerox alleged that it was unable to license its software because Apple had wrongfully claimed ownership of substantial portions of Xerox's software and might sue licensees as infringers and Xerox as contributory infringer. Court found no support for reasonable apprehension of such litigation. Apple had not threatened Xerox or its two current licensees. Before dismissing, however, court allowed Xerox limited discovery to enable it to substantiate its allegations as to fear of liability.

Court dismissed on pleadings counts seeking order directing Copyright Office to strike Apple's registration for its Lisa and Macintosh Finder software. Xerox argued that Apple unlawfully copied part of Xerox's Star software and intentionally omitted fact in Apple's copyright applications that Lisa and Macintosh Finder programs were derivative works based on Xerox Star program. Court rejected that it had authority to direct Register to cancel registrations, reasoning that there was no support that Congress intended to create such private remedy. Unlike Lanham Act, Copyright Act does not explicitly provide for directing cancellation of registrations by courts. More-

over, § 701 of Act provides that all administrative functions are responsibility of Register "unless otherwise specified." Copyright Office has promulgated regulations related to cancellation of registrations. Court did not address fact that Copyright Office practice normally is to consider cancellation on its own initiative rather than in response to request by adverse party to registrant.

East/West Ventures v. Wurmfeld Associates, P.C., 722 F. Supp. 1064 (S.D.N.Y. 1989)

Court denied defendant's motion to dismiss count for declaration of no copyright infringement of defendant's architectural plans. Defendant had created architectural plans for development site and was subsequently terminated by property owner. Property owner sold property to plaintiff who commissioned architects and filed resulting plans with local authority. Defendant, claiming new architects' plans infringed his plans, sued for copyright infringement but later withdrew suit when plans were withdrawn from local authority pending re-zoning requirements. Plaintiff instituted suit for declaration that plans prepared by second architects did not infringe defendant's plans. Defendant moved to dismiss for lack of case or controversy, which was denied by district court. Court noted that defendant still maintained position that plaintiff's plans were infringing. Court, however, suspended action on claim, pending refile plans for local authority approval.

E. Discovery

New Era Publications International ApS v. Carol Publishing Group, 12 U.S.P.Q.2d 1921 (S.D.N.Y. 1989)

Court granted plaintiff's request for production of defendant's unpublished manuscript concerning Scientology and its founder, which plaintiff alleged infringed its copyright in materials authored by L. Ron Hubbard. Such production was justified in view of plaintiff's submission of evidence in support of its allegation of infringement and in view of plaintiff's loss of other lawsuits on grounds of laches for failure to proceed in a timely manner.

F. Miscellaneous

Foster v. WNYC-TV, 14 U.S.P.Q.2d 1048 (S.D.N.Y. 1989)

Plaintiff failed to plead infringement sufficiently even though he had used copyright infringement complaint form provided in Fed. R. Civ. Pr. Complaint had alleged that plaintiff was "sole proprietor of all rights, title and interest" in the work, when in fact plaintiff had granted broadcast rights to defendant WNYC-TV. On defendant's motion, court dismissed copyright claims against WNYC-TV.

Corto v. Fujisankei Communications International, Inc., Copyright L. Rep. (CCH) ¶ 26,435 (S.D.N.Y. 1989)

Court denied plaintiff's application for leave to file second amended

complaint reinstating copyright claims asserted in original complaint, but omitted from amended complaint. Basis for decision was court's conclusion that plaintiff had been dilatory and had subjected defendant, which moved to dismiss both original complaint and amended complaint, to needless expense. Court, however, refused defendant's request under § 505 to assess against plaintiff costs and attorney's fees incurred in responding to abandoned copyright claim of original complaint, believing such a result would be "too draconian."

Zomba Enterprises Inc. v. Club Magic Inc., 13 U.S.P.Q.2d 1256 (S.D. Tex. 1989)

In suit for infringement of performance right, court denied defendant's motion to amend answer to allege cross-claims for miscalculation of license and misrepresentation against ASCAP as new party to suit. Cross-claims were not same as plaintiff's copyright claims, nor were they defenses to plaintiff's claims, nor would ASCAP be liable to defendant on any of plaintiff's claims. Nothing in Federal Rules of Civil Procedure found to provide basis for amendment.

II. COPYRIGHTABILITY

A. Fact-Based Works

Nash v. CBS, Inc., 899 F.2d 1537 (7th Cir. 1990)

Seventh Circuit affirmed summary judgment for defendant CBS, finding that "Simon and Simon" tv episode did not take protectible expression from plaintiff's books which expounded theory that criminal John Dillinger had not been killed by FBI in 1934. Plaintiff had engaged in extensive research and interviews and set forth in several books his theory that Dillinger had learned of FBI trap for him and substituted a look-alike who was killed in his stead. Embarrassed FBI subsequently engaged in cover up of Dillinger's escape. Court affirmed that defendant's tv episode which used idea that Dillinger did not die, that deceased had some physical differences from Dillinger and that Dillinger may have lived out his days on West Coast, took only unprotected historical facts. Seventh Circuit stated that protectible expression in historical works exists in words and arrangement of facts used. Seventh Circuit retreated from its earlier decision in *Toksvig v. Brace Pub. Co.*, 181 F.2d 664 (7th Cir. 1950), to extent that *Toksvig* confused "work or ideas with expression" and reiterated view expressed in *Rockford Map Publishers, Inc. v. Directory Service Co.*, 768 F.2d 145 (7th Cir. 1985), that copyright "does not protect hard work (divorced from expression)." Because CBS had used plaintiff's work only as source of facts and ideas "to which they added their distinctive overlay," no expression was taken as matter of law.

Applied Innovations, Inc. v. Regents of the University of Minnesota, 876 F.2d 626 (8th Cir. 1989)

Court affirmed that MMPI personality test questions and scoring materials owned by University of Minnesota were copyrightable and infringed by defendant's software which permitted scoring and analysis of test results. Court rejected argument that test questions which consisted of short declaratory sentences such as "I am a good mixer" lacked sufficient originality. Court reasoned that statements were not merely fragmentary words or phrases and "at least within the context of the administration of the MMPI" satisfied "minimal" originality standard. Although terminating it "close question," appellate court also found that test statements and testing data were not uncopyrightable facts or processes or methods. Appellate court relied upon finding below that although authors used statistical models and mathematical formulas, testing data were further adjusted on basis of authors' expertise and clinical experience. Court affirmed damages of over \$226,000 in lost profits for University's exclusive software licensee as well as over \$162,000 in lost royalty payments to University. Court, however, affirmed denial of attorney's fees and recall remedy to plaintiff.

Kansas Gas & Electric v. Eye, No. 63,127 (Sup. Ct. Kan. Apr. 13, 1990)

Plaintiff electric company had obtained injunction against defendants, who had illicitly obtained copies of files from confidential internal safety program of nuclear power plant. Files consisted of concern disclosure statements, confidentiality agreements, investigative work plans and papers, notes and safety evaluation reports.

Court found files not copyrightable, because plaintiff had not provided analysis in compilation of material. Without that analytical step, court reasoned, materials consisted of merely uncopyrightable facts and ideas and thus injunction was inappropriate.

B. *Compilations*

Harper House, Inc. v. Thomas Nelson, Inc., 889 F.2d 197 (9th Cir. 1989)

Court reversed and remanded for new trial plaintiff's copyright infringement claim based on alleged copying of plaintiff's organizers by defendants. Plaintiff had obtained copyright registrations for its Day Runner and Running Mate organizers, claiming authorship in text and compilation and editing of data. Many of forms in defendants' organizer were marked up versions of forms in plaintiff's organizers, although organizer instructions in each were different. In jury trial, district court refused defendants' requested jury instructions which made clear that blank forms, utilitarian features and standard elements such as calendars are not protected and that only selection,

coordination and arrangement of uncopyrightable materials is protected. Jury rendered verdict for plaintiff on copyright claim awarding profits of over \$4,000,000 and damages of over \$1,800,000. Appellate court reversed, finding that jury instructions were inadequate. Appellate court found that nontextual aspects of organizer such as ruler, pockets, hinges and graphic designs of blank forms, were compilation of pictorial, graphic and sculptural elements and were uncopyrightable in themselves as useful articles. Moreover, many of elements in plaintiff's organizers were not copyrightable because they were either blank forms or common property such as standard calendars and area code maps. Appellate court noted, however, that unique selection, coordination and arrangement of such uncopyrightable items in combination with copyrightable text, was copyrightable compilation. Such compilations, consisting largely of uncopyrightable components, are only protected against "bodily appropriation of expression." Because jury instructions gave inadequate guidance, appellate court remanded for new trial on copyright claim.

Roulo v. Russ Berrie & Co., Inc., 886 F.2d 931 (7th Cir. 1989), cert. denied, 110 S. Ct. 1124 (1990)

Court affirmed district court holding that unique arrangement of uncopyrightable elements of greeting cards, such as size, color of paper, ink and border designs, and use of stripes, ellipses and single-face format, was entitled to protection. Court found "ample" evidence in record to support jury verdict of substantial similarity, where verse in greeting cards differed but parties' cards each contained sentimental messages and had similar composition.

Kregos v. The Associated Press, 731 F. Supp. 113 (S.D.N.Y. 1990)

Plaintiff sought protection for published "pitching form" which calculated and presented statistics for starting pitchers in upcoming baseball games. Defendant moved for summary judgment on ground that form was not original, that form was not protectible under idea/expression merger doctrine, that it was a "blank form" for recording facts, or alternatively, that its own form did not infringe because not substantially similar to plaintiff's.

Plaintiff claimed that form was protectible as compilation of facts and data, and that it was original since no other form included all these statistics in same order. Reviewing standards set out in *Financial Information, Inc. v. Moody's Investors Service*, 808 F.2d 204 (2d Cir. 1986), court determined that key issue was "whether the form in its entirety can be considered sufficiently original in light of the selection or coordination of the plaintiff." Expressly distinguishing *Eckes v. Card Prices Update*, 736 F.2d 859 (2d Cir. 1984), court determined that plaintiff had not exercised sufficient creativity in selection of statistics to be included to render form protectible, since most of statis-

tics, as well as coordination of these statistics, had been expressed in others' forms.

In reviewing idea/expression merger doctrine, court found that, due to space restrictions imposed by newspapers, there were only a limited number of practical ways of expressing outcome predictive pitching statistics. This limitation was shown by fact that all publishers of these statistics include certain data, such as wins, losses, innings pitched, and earned run average, but do not use theoretically possible categories, such as balks or pitches thrown. Order of presentation of categories was also fairly standard. Relying on *Matthew Bender & Co. v. Kluwer Law Book Publishers*, 672 F. Supp. 107 (S.D.N.Y. 1987), court determined that, in light of limited number of practical arrangements of form, plaintiff's selection and arrangement was not sufficient to receive protection.

Court also held, that while not technically "blank form," work is sufficiently analogous in that it is not sufficiently original to convey information to reader about plaintiff's analysis. Summary judgment granted to defendant.

C. Pictorial, Graphic and Sculptural Works

Whimsicality, Inc. v. Rubie's Costumes Co., 891 F.2d 452 (2d Cir. 1989)

Appellate court affirmed judgment for defendant in suit alleging infringement of plaintiff's costumes on different grounds from district court, but remanded on issue of attorney's fees. Plaintiff applied to register 6 costumes as soft sculptures, submitting photos of costumes laid out flat, and registrations were issued. Plaintiff sued defendant *inter alia* for copyright infringement. District court found that plaintiff's costumes were uncopyrightable useful articles. Appellate court declined to reach useful article issue. Instead, Second Circuit found that validity of plaintiff's copyright registration was undermined by plaintiff's fraud on Copyright Office, because plaintiff's attorney knew Copyright Office would probably reject application if it were for costumes and thus attorney described works as soft sculpture and submitted photo of costumes laid flat in effort to disguise true nature of works. Appellate court also remanded initial denial of attorney's fees to defendant, noting that plaintiff's willful misrepresentation falls within meaning of bad faith under Second Circuit's attorney fee award standard for prevailing defendants.

Masquerade Novelty, Inc. v. Unique Industries, Inc., No. 89-6926 (E.D. Pa. Jan. 16, 1990)

Court held that animal nose masks were useful articles which did not possess artistic elements conceptually separable from their utilitarian purpose. Court thus granted defendant's summary judgment motion. Plaintiff had obtained copyright registrations for its animal masks. Application described works as nose masks; deposit copies were photos of masks on flat

background. Court noted that art embodied in useful article is protected only when "art came into existence for reason entirely unrelated to the utilitarian purpose of the useful object." Here court found configuration of noses was key to utilitarian purpose of "creating humor." Fact that Copyright Office had issued registrations did not alter result. Although plaintiff had not misdescribed works in applications as was case in *Whimsicality, Inc. v. Rubies Costumes Co.*, 721 F. Supp. 1566 (S.D.N.Y.), *affirmed*, 891 F.2d 452 (2d Cir. 1989), court found that deposit of photos on flat background constituted omission which tainted registration and was sufficient to undercut presumption of prima facie validity otherwise created by registrations. [EDITORS' NOTE: This decision was subsequently reversed on appeal].

Beverly Hills Design Studio (N.Y.) Inc. v. Morris, 13 U.S.P.Q.2d 1889 (S.D.N.Y. 1989)

On defendants' motion for an order requiring plaintiffs to post security bond, court held defendants would be likely to recover both costs and attorney's fees in defense of action for infringement of commercial textile patterns. Court agreed with Register of Copyright that patterns which are used as templates to cut fabric pieces and contain no instructions or other expression, are useful articles not eligible for copyright protection. In contrast with registrable patterns which contain copyrightable textual expression in form of instructions, and artistic pictorial expression depicting appearance of clothing articles, plaintiffs' patterns found to be two dimensional designs of useful (clothing) articles themselves. Thus, no "conceptually separate aesthetic element" found, entitling them to protection under *Brandir International Inc. v. Cascade Pacific Lumber Co.*, 834 F.2d 1142 (2d Cir. 1987). Plaintiffs failed to overcome "considerable weight" accorded to Register of Copyrights' two rejections of plaintiffs' application to register patterns.

Kern River Gas Transmission Co. v. Coastal Corp., No. 89-2831 (5th Cir. May 8, 1990)

On interlocutory appeal from denial of preliminary injunction, Fifth Circuit affirmed district court's decision on different grounds. Plaintiff and defendant were competitors for Federal Energy Regulatory Commission ("Commission") approval to build natural gas pipeline. Defendant copied portions of maps submitted to Commission by plaintiff in support of plaintiff's application to build pipeline, and used such copies in furtherance of defendant's own application. Defendant won approval to build pipeline, and plaintiff sued for damages and to prevent defendant from using maps for any purpose.

District court held idea of location of pipeline was inseparable from its expression in lines drawn on 1:250,000 scale maps, but that copyright attached to 1:24,000 scale maps. However, district court found plaintiff had

failed to show irreparable harm, and that in "totality of circumstances," defendant's use of maps was fair use because route depicted in map was only governmentally approved route. Appellate court disagreed that 1:24,000 scale maps were copyrightable. In Fifth Circuit's view, 1:24,000 scale map differed from larger maps in scale only and lines created by plaintiff expressed idea of location of pipeline in only effective way. Fifth Circuit termed issue not one of originality but, rather, of copyrightable expression. Since maps were uncopyrightable, Fifth Circuit did not reach fair use question.

Gentieu v. John Muller & Co., 712 F. Supp. 740 (W.D. Mo. 1989)

Defendants' motion for summary judgment granted in suit alleging infringement of plaintiff's photographs of "floating babies." Defendant agency created promotional brochure for maternity unit in 1985, which utilized photograph by defendant photographer of naked baby devoid of background. Plaintiff's photographs of naked babies with no background (creating impression of floating babies) were published in 1986. Defendant agency, upon seeing plaintiff's photos, requested plaintiff to send examples to defendant for possible use in 1986 brochure for maternity unit. Finding plaintiff's photos unsuitable, defendant agency instead used new photos by photographer who did original shot in 1985 brochure. Court found that plaintiff's copyright in floating baby photos did not protect idea of naked baby photos or poses. Plaintiff had to show copying of her technique, because her protection was limited to identical copying of copyrightable elements of her work. Because defendant photographer had utilized similar floating baby technique prior to exposure to plaintiff's works, court found no copying as matter of law.

D. Government Works

Applied Innovations, Inc. v. Regents of the University of Minnesota, 876 F.2d 626 (8th Cir. 1989)

Applying 1909 Act, court affirmed that MMPI personality test and scoring materials funded partly by a WPA grant were copyrightable. Court affirmed that WPA regulation which provided that copyright should not be sought for supported research except in certain circumstances was inapplicable because regulation had not been published in *Federal Register* and there was insufficient evidence of actual knowledge of regulation by university officials. Appellate court accordingly found it unnecessary to reach district court's alternative holding that exception to barring copyright protection in regulation applied.

E. Computer Works

Johnson Controls, Inc. v. Phoenix Control Systems, Inc., 886 F.2d 1173 (9th Cir. 1989)

Preliminary injunction against defendant's competing computer program to control wastewater treatment plants upheld. Court found that struc-

ture, sequence and organization of plaintiff's program were copyrightable. Fact that plaintiff customized program for each customer indicated that there might "be room for individualized expression" as did special master's finding that plaintiff used an unusual means of accomplishing one function. Thus, idea did not merge with expression. Appellate court also upheld finding of copying. Because defendant was composed of former employees of plaintiff, access was clear. Sufficient similarities existed to support finding of substantial similarity.

Service & Training, Inc. v. Data General Corp., Civil No. JFM-89-2119 (D. Md. 1990)

Court held that defendant's MV/ADEX computer diagnostics program was sufficiently original to be protectible. Data General had registered program and plaintiff had not overcome burden of rebutting presumption in favor of validity of registration. Nor had plaintiff shown that program was "derivative." Court found fact that this program had 1200 files, compared to 200 files contained in earlier version, strong evidence that work was original, not derivative.

F. Derivative Works

Bates v. Actors Heritage Inc., 11 U.S.P.Q.2d 1732 (S.D.N.Y. 1989)

Designs based on traditional Greek comedy and tragedy masks held copyrightable derivative works. Plaintiff's sweat shirt design met originality standard by adding musical notes above mask designs, although mask designs themselves did not constitute original contribution. Because defendant copied only plaintiff's mask designs and not musical notes, defendant did not infringe plaintiff's copyright. Under § 103, protection extends only to new material added to preexisting works.

Creeks U.S.A. Corp. v. Roger Gimbel Accessories, Copyright L. Rep. (CCH) ¶ 26,510 (C.D. Cal. 1989)

Court denied cross motions for summary judgment in infringement suit involving key chains with mini hightop sneakers. Applying substantial originality test evincing artistic rather than physical skill announced in *Batlin & Son, Inc. v. Snyder*, 536 F.2d 486 (2d Cir.), cert. denied, 429 U.S. 857 (1976), court found that factual issue existed as to whether certain features of plaintiff's mini-sneaker satisfied test. Other features, however, such as use of fewer lacing holes in mini-sneaker and use of herringbone rather than molded soles were functional differences beyond scope of copyright.

Simon v. Birraporetti's Restaurant Inc., 720 F. Supp. 85 (S.D. Tex. 1989)

Summary judgment granted to defendant in suit alleging infringement of photographic poster. Plaintiff's photograph depicting man dressed as Santa

Clause rummaging through attic was first published without copyright notice in December, 1977. Thereafter, plaintiff created poster from photograph, which was published with copyright notice in November, 1979. Second version of poster was created in 1985. In March, 1986, defendant offered to purchase rights to poster, but plaintiff refused to sell. In October, 1986, defendant commissioned advertisement based on plaintiff's poster. Plaintiff registered poster with Copyright Office in November, 1986. Defendant's advertisement published in December, 1986.

Court held plaintiff's poster lacked sufficient originality to qualify as separately copyrightable derivative work where only addition to underlying photograph was "barely visible title beneath . . . photograph." Furthermore, court stated that even if copyright in poster were not invalid, plaintiff's claim would still fail because underlying photograph, published without copyright notice, entered public domain in 1977 when 1909 Act was still in effect. Plaintiff's state law claims of conversion, misrepresentation and unjust enrichment were preempted.

JBJ Fabrics, Inc. v. Brylane, Inc., 714 F. Supp. 107 (S.D.N.Y. 1989)

Plaintiff obtained copyright registration for fabric design adapted from painting purchased from design house which sells designs to textile converters. In infringement suit involving fabric design, court rejected defendant's motion for summary judgment. Although there was no written transfer of copyright in painting to plaintiff, court held that plaintiff could own copyright in derivative fabric design. Plaintiff's failure to indicate on copyright application that fabric design was based on painting did not automatically invalidate copyright in fabric design absent showing of deliberate falsification, an issue of fact precluding summary judgment. Court found sufficient originality in fabric design to qualify as derivative work. Court also rejected defendant's contention that plaintiff's copyright was invalid because plaintiff's use of painting in fabric design was unauthorized in view of fact that there was no written transfer of rights. Court reasoned that non-exclusive license could have been granted without a writing and noted that in any event plaintiff could still procure a retroactive license or assignment of right to make derivative works.

Secure Services Technology Inc. v. Time and Space Processing Inc., 722 F. Supp. 1354 (E.D. Va. 1989)

Plaintiff's variations to standard binary digit code used in "handshake protocol" for facsimile machine used to send and receive classified material held to lack copyrightable authorship as matter of law. Standard "handshake protocol" allowed individual machine manufacturers to make some modifications which plaintiff did. Defendant reverse engineered plaintiff's modified protocol in order to make compatible machine. Even applying minimal stan-

dard of originality required of derivative work, court found because form, timing, order and content of plaintiff's protocol were dictated by standard protocol, plaintiff's "minor reordering or variance of binary signals does not rise to level of copyrightable material." Court, accordingly, granted summary judgment to defendant.

Anderson v. Stallone, 11 U.S.P.Q.2d 1161 (C.D. Cal. 1989)

Summary judgment granted to defendants in suit alleging screenplay of movie "Rocky IV" infringed plaintiff's thirty-one page treatment. Plaintiff wrote treatment as sequel to movie "Rocky III" in June, 1982, giving Stallone credit as co-author. In May, 1982, Stallone had outlined his ideas in interviews with press for story line of what eventually became "Rocky IV" movie. Court noted two separate grounds for decision. First, court found plaintiff's treatment infringed Rocky characters developed in "Rocky" I, II and III movies. As an unauthorized derivative work, plaintiff's treatment was not copyrightable. Court rejected plaintiff's argument that non-infringing portions of derivative works such as plaintiff's treatment are protectible. Court reasoned sentence of House Report on § 103(a), preserving protection for non-infringing parts of infringing works, applied to compilations, not derivative works. Second ground for grant of summary judgment was court's finding of no substantial similarity between two works.

G. Originality of Authorship

Bibbero Systems Inc. v. Colwell Systems Inc., 893 F.2d 1104 (9th Cir. 1990)

Ninth Circuit affirmed grant of summary judgment to defendant holding that plaintiff's "superbill" medical billing form was an uncopyrightable blank form. Form consisted of lengthy checklist of typical diagnoses and services performed, simple clauses assigning insurance benefit to doctor and authorizing release of patient information, and boxes for patient information. List of diagnoses were categories developed by American Medical Association or government publications. Court declined to follow *Norton Printing Co. v. Augustana Hospital*, 155 U.S.P.Q. 133 (N.D. Ill. 1967), which had held that form there "conveyed information" and was thus copyrightable through selection of categories of information to be requested. Instead, Court followed "brightline" rule of *John H. Harland Co. v. Clarke Checks*, 711 F.2d 966 (11th Cir. 1983), that forms are unprotectible unless they directly convey information. In present case, purpose of form was to record information; "until the form is filled out, it conveys no information about the patient, the patient's diagnosis, or the patient's treatment." In footnote, court rejected idea that form could be a compilation. "[T]he superbill consists in its entirety of one uncopyrightable blank form and hence cannot be copyrightable as a compilation."

Atari Games Corp. v. Oman, 888 F.2d 878 (D.C. Cir. 1989)

Court reversed district court's affirmance of refusal by Copyright Office to register copyright in Atari's "Breakout" video game as audiovisual work. Copyright Office refusal was based on insufficient authorship. Atari brought review proceeding in district court under Administrative Procedure Act. Appellate court expressed concern that Copyright Office analysis had focused on non-copyrightability of component parts of video game to exclusion of overview of work as whole as "series of images" as specified in statutory definition of audiovisual works. Court was also uncertain whether higher level of creativity had been imposed by Copyright Office than usual minimal level, and if so, why different standard was justified. Further, court did not believe merger of idea and expression was shown here or that finding of use of scenes a faire justified denial of copyright protection to work as whole (albeit such issues might go to scope of protection afforded in infringement context). Accordingly, court reversed summary judgment for Register and remanded to Copyright Office for reconsideration of copyrightability of game.

Safeguard Business Systems, Inc. v. Reynolds and Reynolds Co., No. 88-1426 (E.D. Pa. Mar. 30, 1990)

Court found plaintiff's "one-write" medical accounting system forms unprotectible. Forms consisted of instructions for generating proof of posting and receipts, and for computing daily and monthly accounts receivable. Form also contained special shading and lettering intended to guide user through proof section of form. Copyright Office had refused to register "design, format and arrangement" of form.

Court found no difference between these forms and forms reviewed in *Bibbero Systems Inc. v. Colwell Systems, Inc.*, 893 F.2d 1104 (9th Cir. 1990). Existence of color-coding and lettering visual guides were "not sufficiently informative to be subject to copyright." Court also found that Register of Copyrights had not abused discretion in refusing to register form and that Register's decision was entitled to some deference.

III. OWNERSHIP

A. Work for Hire

Nadel & Sons Toy Corp. v. William Shaland Corp., Copyright L. Rep. (CCH) ¶ 26,493 (S.D.N.Y. 1989)

After trial, court dismissed suit alleging that defendant's inflatable unicorn infringed copyright in plaintiff's inflatable unicorn, *inter alia*, because plaintiff did not own copyright in work. Plaintiff contended that its president went to Orient where he communicated his concept of unicorn in detail to manufacturer, that manufacturer's artist provided merely pair of hands to execute president's concept and that president subsequently requested various changes in prototype made. Court, however, found president's trial testi-

mony lacked credibility in view of his conflicting deposition testimony. Court found instead that manufacturer's artist was creator of work and that artist was not employee for hire after *CCNV* decision by Supreme Court.

Karl Falkenstein, Inc. v. Lustrelon, Inc., Copyright L. Rep. (CCH) ¶ 26,539 (E.D. Pa. 1990)

Lamp bases designed for plaintiff partly by self-employed designer were not works made for hire by designer although designer was paid monthly retainer for years with no additional compensation if designs were successful. Court determined that under *CCNV*, designer was not employee. Plaintiff, however, was co-owner of copyrights in works in issue because plaintiff's president participated in design process and thus was joint author. Fact that plaintiff did not mention co-author in copyright application did not invalidate registrations. After finding that defendant had infringed plaintiff's copyright in lamp, court awarded defendant's gross profits of in excess of \$480,000 with no deductions or apportionment since defendant had not met its burden to show costs attributable to infringing lamp nor to show grounds for apportionment.

B. Transfer of Ownership

Kenbrooke Fabrics Inc. v. Soho Fashions Inc., 13 U.S.P.Q.2d 1472 (S.D.N.Y. 1989)

Court dismissed complaint for failure to record sufficient instrument showing assignment to plaintiff of copyright in fabric imprinting screens (pre-effective date of Berne Convention Implementation Act), and unclear hands. In absence of contemporaneous memorialization of purported transferor's intent to transfer copyright in screens, as contrasted with manifest intent to transfer screens themselves, and witness testimony by purported transferor, court rejected plaintiff's logical argument that it would have made no sense for plaintiff to acquire screens without exclusive right to reproduce patterns from screens. Court adverted to sharp distinction drawn in Act between ownership of material object and copyright in design embodied in such object. Court also noted Act's silence on whether recordation constitutes *prima facie* evidence of title, as does a certificate of registration. Copyright Office recorded assignment to plaintiff based upon letter from plaintiff stating copyright had been transferred to it; contemporaneous letter from purported agent of transferor directing third party exerting control over screens to release screens to plaintiff; and certification under oath made by plaintiff's attorney, without personal knowledge, stating letter from purported agent of transferor authorized transfer of copyright to plaintiff. Without deciding question, court held plaintiff's failure to advise Copyright Office in attorney's certification of full facts defeated judicial deference to agency's expertise in recording documents, which would underlie such a presumption.

Valente-Kritzer Video v. Pinckney, 881 F.2d 772 (9th Cir. 1989), *cert. denied*, 110 S. Ct. 879 (1990)

On defendants' motion for summary judgment, plaintiff video producer's claims of breach of contract, tortious breach of contract and fraud, arising out of defendants' failure to perform agreement transferring to plaintiff rights to produce and market videocassette version of defendants' best-selling book "Callenetics," held by district court be preempted by Copyright Act.

On appeal, plaintiff's breach of contract and tortious breach of contract claims held barred by failure to comply with § 204(a) of Act (copyright statute of frauds). Ninth Circuit accepted that § 204(a) not only may bar copyright infringement actions, but also breach of contract claims concerning oral agreements to transfer exclusive copyright rights. Letter from defendants' attorney to plaintiffs, expressly reserving defendants' right to comment on enclosed draft agreement prepared by plaintiff and revised by defendants' attorney, not sufficient memorialization of oral agreement to transfer right to prepare derivative work. Plaintiff's fraud claim not preempted, however, because fraud claim not substantially equivalent to copyright infringement claim since "extra element" of misrepresentation required.

C. Joint Works

S.O.S., Inc. v. Payday, Inc., 886 F.2d 1081 (9th Cir. 1989)

Court found that defendant failed to raise issue of material fact that defendant's employee was joint author of computer software at issue. Defendant's employee described what functions software needed to perform and how it was to sort data, but did no coding and did not contribute to design of visual displays. Court found that "person who merely describes to an author what the commissioned work should do, or look like is not a joint author." Rather, to be a joint author, person must contribute more than "direction or ideas: one must 'translate an idea into a fixed, tangible expression entitled to copyright protection.'"

Ashton-Tate Corp. v. Ross, 728 F. Supp. 597 (N.D. Cal. 1989)

Declaratory judgment action brought by Ashton-Tate Corp. to determine ownership of a spreadsheet computer program marketed by plaintiff, called "Full Impact." Defendant Ross claimed joint ownership interest in such program based upon his prior collaboration with one Wiggington. In 1984-1985, Ross and Wiggington had worked on develop spreadsheet program. Wiggington had been responsible for interface system, while Ross had worked independently on development of program's "engine" or "back end." Wiggington brought interface system he had created to Ashton-Tate after Ross and Wiggington had differences over publication and marketing of program they were creating.

Court held Ross was not joint author of Full Impact since he had con-

tributed no copyrightable matter to system developed by Wiggington and later incorporated into program. Court stated: "In the field of computer programing [sic] it is settled that once a program reaches the source code or object code stage of development, it is an expression subject to copyright protection. . . . But prior to this state of development, ideas become expressions only if they are 'original works of authorship fixed in any tangible medium of expression, . . . , from which they can be perceived, reproduced, or otherwise communicated.'" Court rejected Ross' argument that handwritten list of user commands given to Wiggington by Ross was a sufficient fixed expression of Ross' ideas to be entitled to protection. Rather, court found such list was "only an idea" which "told Wiggington what tasks [Ross] believed the interface should allow the user to perform."

Intown Enterprises, Inc. v. Barnes, 721 F. Supp. 1263 (N.D. Ga. 1989)

Court found that residential developer who commissioned architectural drawings owned copyright in plans as work made for hire and as joint author. Applying actual control test (case was decided prior to Supreme Court's decision in *CCNV v. Reid*), court found developer supervised and participated in creation of plans to sufficient extent to own copyright as work made for hire. For same reason, court also found developer to be joint author as matter of law.

D. Contracts and Licenses

United States Naval Institute v. Charter Communications, Inc., 875 F.2d 1044 (2d Cir. 1989)

Appellate court found that paperback publishing license which provided for paperback publication no earlier than October 1985 was breached by substantial retail paperback sales in September 1985 and reversed district court's decision. Purpose of delay in paperback publication is to give hardback sales a period in which there is no competition. Defendant paperback publisher was entitled to ship prior to October 1985 in accord with custom in industry, but premature retail sales of 400,000 copies violated agreement because paperback publisher was not permitted to cause substantial retail sales prior to publication date. Defendant had reason to know that plaintiff hardcover publisher intended restriction against such sales and in any event as drafter of agreement, provision should be interpreted against defendant.

S.O.S., Inc. v. Payday, Inc., 886 F.2d 1081 (9th Cir. 1989)

Appellate court held that agreement between software creator and user which specified that programs were property of software creator which "retain[ed] all rights of ownership" should be construed in light of copyright laws and policy. State laws of contract construction are applied only to extent not in conflict with federal copyright law. Here, agreement should be construed in light of policy that copyright licenses are assumed to prohibit

any use not authorized. Phrase retaining all rights of ownership was unambiguous; defendant was entitled to use program but could not copy or modify it. Question whether defendant's copying and modifying plaintiff's program infringed plaintiff's copyright was remanded to district court. Issue of whether plaintiff breached contract by offering protected copy of software to defendant only if defendant assumed additional expense also remanded as were defendant's defenses going to validity of plaintiff's copyright.

Apple Computer Inc. v. Microsoft Corp., 717 F. Supp. 1428 (N.D. Cal. 1989)

Court granted partial summary judgment to defendants on plaintiff's claim of infringement of plaintiff's computer user interface. Court had previously held that license agreement between parties was not complete defense to infringement suit. On defendant's subsequent motion for partial summary judgment, court found that license agreement which permitted use of visual displays in defendant's Windows 1.0 program covered all visual displays at issue except overlapping window system and specified changes in appearance and manipulation of icons. Thus, court granted partial summary judgment to defendant on covered displays but reserved judgment as to whether defendants' use of overlapping windows and certain features of icons constituted infringement.

Rosenfeld v. Saunders, 728 F. Supp. 236 (S.D.N.Y. 1990)

Trustee brought action on behalf of two testamentary trusts as owners of intellectual property rights in five volume medical treatise. During testator's lifetime, he had been principal author and editor of comprehensive reference work published by defendant Saunders, known as "Bible" of plastic surgery. Trustee sought preliminary injunction to halt dissemination by Saunders of competing work by testator's student and assistant editor, which plaintiff alleged infringed copyright in testator's work. Plaintiff also asserted unfair competition and reverse palming off under § 43(a) of Lanham Act and various state law claims on motion.

On copyright claim, court found plaintiff had failed to establish ownership of valid copyright, since testator transferred copyright to publisher under 1961 contract with publisher. Court rejected plaintiff's claim that publisher's contract for competing work effectively cancelled prior contract with testator, thus triggering 1961 contract provision whereby trusts could demand assignment of copyright. Plaintiff's application for a preliminary injunction based upon copyright infringement, accordingly, was denied.

IV. FORMALITIES

A. Notice

Applied Innovations, Inc. v. Regents of the University of Minnesota, 876 F.2d 626 (8th Cir. 1989)

Applying 1909 Act, appellate court found that copyright notice for *Journal of Psychology* issues in which much of MMPI personality test and scoring was originally published invested statutory copyright in MMPI articles in journal. No individual copyright notice for article appeared in name of authors, and there was no evidence that authors had registered unpublished manuscripts of articles or had reserved other rights. Journal renewed copyright by renewing copyright in particular issues in which MMPI articles appeared. University of Minnesota properly established its chain of title by showing that it was assignee of journal. By contrast, portions of MMPI test which were first published in *Journal of Applied Psychology* were held in public domain because that journal had not renewed its copyright. Appellate court, unlike district court, found it unnecessary to apply doctrine of *Goodis v. United Artists Television, Inc.*, 425 F.2d 397 (2d Cir. 1970). In order to circumvent technical pitfall of indivisibility doctrine, *Goodis* found that magazine notice covered individual articles published without separate notice and imposed constructive trust to benefit authors. Appellate court distinguished *Goodis* because there author had granted or reserved other rights than magazine rights, whereas here there was no evidence authors had reserved rights or had granted some rights to others. Court thus concluded that journal was statutory copyright owner and that University of Minnesota had standing to sue for infringement of MMPI test and scoring materials as assignee of journal's copyrights.

Lloyd v. Schlag, 884 F.2d 409 (9th Cir. 1989)

Court affirmed findings that plaintiff's predecessor in interest failed to make reasonable efforts to cure lack of copyright notice on jewelry. Predecessor testified that she called various distributors and sent same letters in attempt to cure notice. Where no documentary support of testimony was introduced, apart from notice to defendant of claim of copyright in designs, finding against credibility of testimony ruled not clearly erroneous.

Princess Fabrics, Inc. v. CHF, Inc., 12 U.S.P.Q.2d 1845 (S.D.N.Y. 1989)

After trial at conclusion of which court dismissed plaintiff's infringement claim based upon complete omission of copyright notice from fabric in issue, plaintiff urged that court had overlooked cure provisions of § 405(a)(2). Court ruled dismissal of plaintiff's claim was proper where plaintiff had taken no corrective measures with respect to omitted notice in advance of trial, nor had it described at trial any corrective measures set in motion.

Valve & Primer Corp. v. Val-Matic Valve & Manufacturing Corp., 730 F. Supp. 141 (N.D. Ill. 1990)

Court dismissed claims of infringement of two of plaintiff's product bulletins because plaintiff failed as matter of law to make reasonable efforts to add notice. Bulletins were originally published without notice in 1978. Notice was added when revised versions were published in November 1979 and April 1980 respectively. Copyright applications for both works were filed in May 1979. Court found that as of that date plaintiff knew or should have known that notice had been omitted from previously published copies. Failure to attempt to add notice to copies sent to customers or distributors and instead waiting for next version's publication did not constitute reasonable effort under § 405.

Intown Enterprises, Inc. v. Barnes, 721 F. Supp. 1263 (N.D. Ga. 1989)

Defendant was held not entitled to innocent user defense under § 405 because no notice was required to be placed on plaintiff's unpublished architectural plans for residential home. Court held that neither filing of plans with local authorities, distribution of plans to subcontractors for bidding nor building house based upon plans constituted publication. Because § 405 applies only to situations in which required notice was omitted and here no notice was required, innocent user defense was unavailable.

Flag Fables, Inc. v. Jean Ann's Country Flags and Crafts, Inc., 730 F. Supp. 1165 (D. Mass. 1990)

Defendants moved for summary judgment on ground that plaintiff's copyright in its flags and banners was invalid because it had not taken proper steps to cure omission of notice. Plaintiff argued that flags were "useful articles" and thus 17 U.S.C. § 401(b)(2) applied, and omission of publication date from notice was appropriate. Since reasonableness of cure is a question of material fact, court denied motion, but went on to examine useful article questions. Court held that a "useful article" is determined by "whether or not the article in question has a function apart from the display of the protected design." Since flag may function as flag regardless of design placed on it, court determined that it was useful article and year date in notice was not required.

Spectravest Inc. v. Fleet Street Ltd., 13 U.S.P.Q.2d 1457 (N.D. Cal. 1989)

Court rejected as matter of law defendant's argument that plaintiff's copyright notice in garments was illegible. Plaintiff placed notice for fabric design on label sewn into neckline of garments. Fact that close examination might be necessary to see notice did not render it invalid, and defendant produced insufficient evidence of illegibility of notice.

Leon B. Rosenblatt Textiles, Ltd. v. Jon Woods Fashions, Ltd.,
Copyright L. Rep. (CCH) ¶ 26,489 (S.D.N.Y. 1989)

Court denied both parties' summary judgment motions in fabric design infringement case, because issues of fact existed as to whether legible copyright notice was on plaintiff's fabric purchased by defendant and as to whether plaintiff made reasonable efforts to cure notice if it were illegible.

B. Registration

Secure Services Technology Inc. v. Time and Space Processing Inc., 722
F. Supp. 1354 (E.D. Va. 1989)

Fact that plaintiff had not yet received registration for binary digit code for facsimile machine protocol did not mean suit must be dismissed. Court noted that registration dated back to date of filing application and that plaintiff had filed application. "Otherwise, the owner of a copyright would be left in a legal limbo while the Copyright Office considers whether he qualifies for a certificate of registration." Court, however, granted defendant's summary judgment motion on other grounds.

Heyman v. Salle, Copyright L. Rep. (CCH) ¶ 26,443 (S.D.N.Y. 1989)

Summary judgment denied to both plaintiffs and defendants in suit alleging infringement of photograph. Plaintiffs were professional photographer who created photograph in issue and his collaborator with whom he created a book entitled "Pop Art." "Pop Art" was initially published in 1965 and contained photograph in issue. Copyright was secured for "Pop Art," but not for photograph apart from collective work. Plaintiffs alleged defendants infringed copyright in photograph by creating stage backdrop of scene depicted in photograph. Defendants contended that under § 103(b) of Act, copyright in collective work does not extend protection to separate component parts thereof, like photograph.

Court held copyright in book protected photograph in issue since photograph was part of contribution made by author of such collective work. Reliance laid on *Educational Testing Service v. Katzman*, 793 F.2d 533 (3d Cir. 1986) and § 404 of Act. However, court concluded that differences between two works in issue precluded finding of substantial similarity as a matter of law.

C. Renewal and Termination

Stewart v. Abend, 58 U.S.L.W. 3511 (Apr. 24, 1990)

Supreme Court affirmed Ninth Circuit's reversal of summary judgment in defendants' favor, holding that owner of renewal copyright in underlying story on which motion picture was based could sue film's distributors for infringement.

Cornell Woolrich published original story "It Had to Be Murder" in 1942, subsequently assigning motion picture rights in story and agreeing to

renew copyright in original story and assign motion picture rights in same for renewal term. Highly successful film "Rear Window" based on story was produced in 1954. Woolrich died prior to expiration of initial copyright term and his executor renewed copyright in story and assigned it to plaintiff. Defendants re-released "Rear Window" in 1980, and plaintiff sued for copyright infringement of story.

Supreme Court granted *certiorari* to resolve split of authority in Second and Ninth Circuits. Second Circuit held on similar facts in *Rohauer v. Kilham Shows, Inc.*, 551 F.2d 484 (2d Cir.), *cert. denied*, 431 U.S. 949 (1977), that owner of derivative work—i.e., motion picture—may continue to exploit that work according to original grant from author of underlying work—i.e., novel—even though grant of rights in underlying work had lapsed due to death of author prior to renewal term. Second Circuit reasoned separate property right inhered in derivative work and equities favored derivative work owner that had made substantial copyrightable contribution to original work. Divided Ninth Circuit rejected *Rohauer* decision in *Abend* decision below, 863 F.2d 1465 (9th Cir. 1988). Ninth Circuit placed reliance on *Miller Music Corp. v. Charles N. Daniels, Inc.*, 362 U.S. 373 (1960), which held that transferee of renewal rights from an author takes only an expectancy, subject to author's survival into renewal term. Thus, Ninth Circuit held defendants' exploitation of "Rear Window" during renewal term of copyright in underlying story constituted infringement.

Writing for majority, Justice O'Connor found issue easily resolved in favor of holder of renewal copyright in underlying work. If, as Court held in *Miller Music*, assignee of all renewal rights has nothing if author does not survive into renewal term, *a fortiori*, assignee of only a portion of those rights—derivative work owner—also must have nothing. Court rejected *Rohauer's* created exception to *Miller Music* for derivative works as inconsistent with statutory rights of author and heirs in underlying work during renewal term, and copyright principles generally. "Indeed, the plain language of § 7 [of 1909 Act] supports the view that the full force of copyright in the pre-existing work is preserved despite incorporation into the derivative work. See 17 U.S.C. § 7 (1976 ed.) (publication of the derivative work 'shall not affect the force or validity of any subsisting copyright upon the matter employed'). . . ." Nor was Court sympathetic to policy arguments made by defendants, believing such matters "better addressed by Congress." Justice O'Connor also argued that lengthy dissenting opinion by Justice Stevens positing independent status of derivative works based on § 7 [of 1909 Act] was wrong, since it failed to take account of language concerning continued validity of subsisting copyright on "matter employed or any part thereof."

Court left intact Ninth Circuit's remedy approach, stating remedy issue was "not relevant to . . . issue on which [Court] granted *certiorari*." Ninth Circuit had denied injunctive relief because it viewed "the collaborative ef-

forts of many talented individuals other than . . . the author of the underlying story" as evidencing "special circumstances." Ninth Circuit therefore limited plaintiff's remedy to damages, including lost revenues due to impairment of plaintiff's ability to license new derivative works, and an apportioned share of profits attributable to use of underlying story.

D. Publication

Academy of Motion Picture Arts and Sciences v. Creative House Promotions, Inc., 728 F. Supp. 1442 (C.D. Cal. 1989)

Court found that Oscar statuette had been published prior to 1978 without notice and had thus entered public domain. Oscar statuettes had been distributed to winners without explicit restrictions from 1929 to 1941. After that time, winners were prohibited from selling or otherwise disposing of Oscars without offering them back to Academy and were restricted in manner of advertising Oscar. Court found that this distribution did not qualify as limited publication because purpose of distribution to winners was not "limited." Court reasoned that recipients could freely advertise Oscar with minor identification limits and that Academy's distribution of Oscars had commercial purpose of promoting film industry, thus taking distribution outside rationale of limited publication doctrine. Although unnecessary to reach question, court also noted that fact that Oscar recipients prior to 1941 could dispose of Oscar or sell it also argued against limited publication. Because Oscar statuette was in public domain, court dismissed copyright claim against advertising specialty company which distributed allegedly similar Star awards. Court also dismissed trade dress and related unfair competition claims.

Bull Publishing Co. v. Sandoz Nutrition Corp., 13 U.S.P.Q.2d 1678 (N.D. Cal. 1989)

Plaintiff book publisher claimed infringement of its book on behavioral weight management by defendant's Optifast weight loss program manual. Defendant moved for summary judgment on basis that plaintiff's work was derived from earlier works by same authors that had fallen into public domain or alternatively that publisher had no rights in earlier versions of work.

Court found that plaintiff's book was a derivative work based on earlier student manuals written by same authors, and that publisher had standing to sue because all copyrights had been transferred to publisher as part of publishing agreement. Court then examined whether student manuals had been published without sufficient notice as to put them into public domain. Court found that although distribution was limited both in number of people receiving manuals and purpose for which manual was distributed, material questions of fact remained regarding whether students were granted reproduction or distribution rights and whether proper notice had been affixed. Therefore, summary judgment motion denied.

V. INFRINGEMENT

A. Access and Copying

Nadel & Sons Toy Corp. v. William Shaland Corp., Copyright L. Rep. (CCH) ¶ 26,493 (S.D.N.Y. 1989)

Court dismissed suit alleging infringement of plaintiff's inflatable unicorn *inter alia* because no showing of access had been made. Although copyright application recited publication date of August 1982, earliest evidence of publication of plaintiff's work was in 1983 after defendant's work had been created in November 1982. Additionally, court found substantial differences in defendant's unicorn and that defendant's work was "noticeably different" from plaintiff's.

Collins & Aikman Corp. v. Carpostan Industries, Inc., 720 F. Supp. 561 (D.S.C. 1989)

Although plaintiff established *prima facie* case of copying by showing of access and substantial similarity, court held defendant had independently created upholstery fabric design in issue. Court concluded similarity in appearance of two designs was unavoidable due to common objective to produce machine-made fabric simulating look of silk suiting. Judgment entered in favor of defendant on consolidated preliminary injunction application and trial on issue of liability, based on finding that defendant had been more successful in this attempt than plaintiff, credibility of defendant's witness on issue of independent creation and finding that type of dissimilarities between two designs evidenced more than "a studied effort to make minor distinctions."

Gund, Inc. v. Russ Berrie and Co., 701 F. Supp. 1013 (S.D.N.Y. 1988)

In action alleging infringement of a stuffed plush ostrich toy, court held defendant failed to rebut inference of copying raised by close similarity between two products. Defendant's evidence of independent creation did not "meet even the most minimal burden that could rebut . . . inference of copying," where defendant's Korean pattern maker who had created accused toy neither testified at hearing nor submitted an affidavit. Court stated that under these circumstances, a negative inference might be drawn; however, court declined to do so on motion presented. Defendants' rejected evidence of independent creation consisted of testimony by defendant's vice president of product development that she had instructed Korean division to "develop something like Laverne . . .," a plush flamingo toy in defendant's line. Preliminary injunction granted where court found striking similarities in creative expression and "total concept and feel" and there was evidence in record that defendant's Korean office had a copy of plaintiff's catalog showing plaintiff's product at time of alleged independent creation.

Cholakian v. MTV Networks, Inc., 725 F. Supp. 754 (S.D.N.Y. 1989)

Court denied preliminary injunction against defendant's dragon and fish characters and environmental design aired in its tv show entitled "Eureeka's Castle." Plaintiff created a "Dragon's Tale" with animated dragon and fish characters which he alleged were infringed by defendant's show. Although plaintiff had submitted his treatment to defendant's programming personnel, court found insufficient proof of access by defendant's puppet designer who denied seeing plaintiff's materials and who stated that he rarely interacted with programming personnel. Moreover, court found that although there were some general similarities in parties' dragon and fish characters, dissimilarities stood out and overall appearance was not substantially similar. Court accordingly denied preliminary injunction.

B. Substantial Similarity

Novak v. NBC, 716 F. Supp. 745, *later op.*, 724 F. Supp. 141 (S.D.N.Y. 1989)

Summary judgment granted to defendants on three of four claims of copyright infringement. Plaintiffs alleged comedy sketches they had written and performed on "Video Vaults" tv program were infringed by sketches appearing on "Saturday Night Live" and "Off the Wall" tv programs produced and broadcast by defendants. Court limited plaintiffs' claim to whether plaintiffs' scripts were infringed since scripts, and not tv, performances, were registered works. In evaluating substantial similarity, court compared defendants' scripts to plaintiffs' scripts, notwithstanding that claim was that defendants' tv sketches infringed. Court's refusal to consider plaintiffs' tapes of sketches is further anomaly since court relied on prior submission by plaintiffs' to defendants of audition tapes containing subject sketches, to find that access to plaintiffs scripts was not in issue.

Court found similarities between plaintiffs' and defendants' sketches on "Attila the Hun," "Frankenstein" and "Fifth Beatle," related only to unprotected ideas of those characters and scenes a faire. However, issue of fact presented as to plaintiffs' sketch involving gangster who is "rubbed out" at conclusion of tv interview in which mask is mistakenly superimposed over interviewer's, and not mob informant's, face. Court found black box device is not properly regarded as scene a faire. Although defendant's sketch involving gangster utilized black box device differently, court held such use by defendants created issue of fact as to substantial similarity between two sketches.

Green v. Procter & Gamble, Inc., 709 F. Supp. 418 (S.D.N.Y. 1989)

Defendants' toothpaste commercials found not substantially similar to plaintiff's script and synopsis for animated toothpaste commercial as matter of law. Plaintiff's script featured two human professional cavity makers inside a mouth with teeth portrayed as rolling hills. One warned other of great

cleansing and both were chased away by wave of toothpaste. Although defendants' commercials also shared idea of cavity makers being chased off by toothpaste, similarities were only as to unprotectible ideas. Manner of expression of this idea in defendants' commercials was held dissimilar.

Brady v. Orion TV Productions, Inc., Copyright L. Rep. (CCH) ¶ 26,523 (S.D.N.Y. 1990)

Court granted defendants' summary judgment motion concerning claim of infringement of plaintiff's storyline by "Cagney and Lacey" episode, but denied motion directed to implied contract claim for improper use of novel episode idea. Court noted some similarities between plaintiff's 3 page storyline and "Cagney and Lacey" episode in that both dealt with off duty police officers who witness a crime, who shoot criminal, whose conduct is misunderstood and who are suspended but later exonerated and reinstated. Court found that similarities, however, were on unprotectible idea level and that there was no similarities in mood, theme, development, dialogue or characterizations. Court thus granted defendants' motion for summary judgment on copyright infringement claim but found that factual issues existed as to idea misappropriation claim on implied contract theory.

Jones v. CBS, Inc., 733 F. Supp. 748 (S.D.N.Y. 1990)

Court found no substantial similarity between plaintiff's pilot script for a television program and defendant's program "Frank's Place." Character of voodoo woman in plaintiff's script was not unique or well-developed enough to be copyrightable and defendant's character was similar only in fact that she practiced magic. Plots of two programs were also not similar except in broadest outline of story—both involved a disappearing body and magic. Court also rejected plaintiff's claim that programs were similar in "concept and feel." Summary judgment was granted to defendant.

Stillman v. Leo Burnett Co., 720 F. Supp. 1353 (N.D. Ill. 1989)

Court denied summary judgment dismissing plaintiff's claim that defendant had copied plaintiff's television commercial. Court discussed confusing Seventh Circuit analysis and tests in *Atari, Inc. v. North American Philips Consumer Electronics Corp.*, 672 F.2d 607 (7th Cir. 1982) and instead adopted Ninth Circuit extrinsic/intrinsic test. Under bifurcated Ninth Circuit test, court found issues of fact precluded granting summary relief. However, court stated this did not end inquiry. Rather, court must in addition look to whether similarity of expression derives from 1) inextricably intertwined idea/expression; 2) use of same process or technique; or 3) common idea only capable of expression in stereotyped form. If any of these three are found, similarity is only as to non-protectible expression and no copyright infringement has occurred. Court concluded plaintiff's arrangement of eight silent screens with black and white lettering followed by a sound color screen

was in no way dictated by idea of silent commercial. Therefore, defendant's copying of such format, if found, would not be exclusively as to non-protectible expression, and summary judgment accordingly was denied.

Recycled Paper Products, Inc. v. Pat Fashions Industries, Inc., 731 F. Supp. 624 (S.D.N.Y. 1990)

Plaintiffs' motion for preliminary injunction granted for infringement of plaintiff's "Theodore Bear" teddy bear which appeared on greeting cards and many licensed products. Court found that bear which appeared on defendants' maternity shirts was substantially similar to Theodore Bear. Both bears were of similar size and adorned with ribbons and were "short, squat, rounded bears drawn with fatuous expressions, and garnished with small, rounded ears." Although there were small differences, court found overall look and feel substantially similar. Although defendants maintained hardship factor favored them in view of remaining inventory of shirts, court rejected argument and granted preliminary injunction.

Coston v. Product Movers, No. 89-4865 (E.D. Pa. May 1, 1990)

Court found no substantial similarity between plaintiff's and defendants' works, which were both advent calendars which depicted Santa Claus and on which dates from December 1 to 25 were shown on Santa's beard and were to be covered by cotton balls as each date passed. Court held that use of cotton balls to fill in Santa's beard was merely "idea." Applying *Arnstein v. Porter* test for substantial similarity, plaintiffs' and defendants' expression of that idea were quite different.

Pasillas v. McDonald's Corp., 11 U.S.P.Q.2d 1880 (C.D. Cal. 1989)

Defendant's man-in-the-moon mask was not substantially similar in expression to plaintiff's man-in-the-moon mask as matter of law. Only features common to masks were ideas of such masks and indispensable or standard treatment such as use of human features and crescent shapes. Masks were otherwise quite different. Court rejected defendant's motion for attorney's fees, however, because in Ninth Circuit finding of bad faith is necessary and was not present here.

Cranston Print Works Co. v. California Dimensions, Inc., 90 Civ. 655 (S.D.N.Y. March 17, 1990)

Preliminary injunction granted to plaintiff on claim of infringement of its "Crazy Quilt" fabric design. Defendant's fabric used same colors and color combinations, same quilt pattern and same size quilt pieces as plaintiff's. Reviewing other fabric infringement cases, Court held that even though no two pieces of quilt were identical, way that pieces were positioned, approximate dimension, color and color schemes were "strikingly similar" and had same aesthetic appeal. Court also inferred copying from fact that three of four

allegedly infringing designs were virtually photographic reproductions of plaintiff's patterns and defendant had consented to entry of permanent injunction as to those designs. Preliminary injunction granted to plaintiff on fourth design.

JBj Fabrics, Inc. v. Dynasty Prints, Inc., 716 F. Supp. 745 (S.D.N.Y. 1989)

On liability portion of bifurcated trial, court held defendant's textile pattern infringed plaintiff's pattern. Access to plaintiff's pattern established, in part, by fact that plaintiff and defendant had same customer, which had been first to alert plaintiff to defendant's infringement. Substantial similarity found, despite fact that plaintiff's pattern was larger and contained design features not present in defendant's pattern. Court considered it "noteworthy" that "not a single distinctive element" had been added to defendant's pattern.

S.C. Johnson & Son, Inc. v. Turtle Wax, Inc., 14 U.S.P.Q.2d 1254 (N.D. Ill. 1989)

Court denied defendant's motion for judgment on pleadings concerning infringement of plaintiff's furniture polish label by defendant's label for competing product. Court rejected argument that plaintiff's copyright extended to textual elements only, because form TX for literary works rather than form VA for visual works was used. Court found that both labels had similar reddish vertical pin striping on yellow background and dark area with ribbon below and company name above. Plaintiff's allegation that its label is distinctive must be accepted as true on motion and similarities could not be termed insubstantial as matter of law.

C. Public Performance

Fermata International Melodies, Inc. v. Champions Golf Club, Inc., 712 F. Supp. 1257 (S.D. Tex. 1989)

Cross motions for summary judgment involving plaintiffs, members of ASCAP, and defendants, a private golf club and its president, based upon alleged unauthorized public performance of plaintiffs' copyrighted songs in club's restaurant. Court found as a matter of law that performance before twenty-one members and their guests constituted "public performance." Legislative history, it was clear to court, embraces performances in "semi-public" places, such as clubs, within ambit of § 101. In addition, twenty-one members plus guests were a "substantial number of persons outside of a normal circle of a family and its social acquaintances."

Defendants' affirmative defenses of estoppel, waiver, laches and bad faith rejected. Court held ASCAP's response to defendants' letter request, which fell short of providing defendants with a complete list of music licensed by ASCAP, fully discharged ASCAP's obligation to defendants. "A copyright

owner's obligation is merely to respond to a written request asking whether specific compositions are in the owner's collection." Laches and bad faith defenses also without merit where defendants produced no evidence to show plaintiffs' actions in seeking voluntary compliance were unreasonable or that defendants suffered prejudice as a result of plaintiffs' delay in instituting action.

Van Halen Music v. Foos, 728 F. Supp. 1495 (D. Mont. 1989)

Court found that defendant owner of roller rink infringed performance rights in four compositions as matter of law. Court rejected defense that defendant offered payment for license that was refused by ASCAP because defendant was unwilling to enter written license. Court reasoned that defendant nevertheless performed compositions without license and issued injunction, awarded statutory damages of \$2,000, costs and attorney's fees of \$1,725.

D. Computer Works

Telemarketing Resources v. Symantec Corp., 12 U.S.P.Q.2d 1991 (N.D. Ca. 1989)

In "look and feel" suit alleging infringement of screens in plaintiff's computer outlining program, court found similarities in defendant's computer outlining program screens were either of nonprotected material or had been licensed by plaintiff to programmer of defendant's program. Defendant programmer sold to plaintiff "PC-Outline" program which was inspired by an earlier program of defendant. As part of sale agreement, plaintiff granted to programmer right to use certain aspects of PC-Outline. Defendant programmer then created Grandview program for defendant company which plaintiff claimed infringed look and feel of its PC-Outline program. Many alleged similarities in programs' screens were found uncopyrightable ideas or standard industry treatments. For example, listing of same four options in menu screen which were inherent in outlining program, and existence of same functions in menu though called something different, constituted idea of program. Background color of blue held functional and excluded from protection. Other features were found licensed to defendant programmer. When these elements were extracted, works were not substantially similar in expression as matter of law.

Bull HN Information Systems, Inc. v. American Express Bank Ltd., No. 88 Civ. 2103 (S.D.N.Y. Apr. 6, 1990)

Court denied Rule 12(b)(6) motion to dismiss claim of infringement of "functions" of plaintiff's software. Defendant allegedly wrote program which copied structure, organization and sequence of plaintiff's program. Defendant's program was designed to run on IBM computers rather than on plaintiff's computers. Defendant conceded that plaintiff stated claim of infringement of software, but contended that allegation of copying functions of

plaintiff's program improperly claimed copyright protection for ideas. Court rejected argument, finding that allegation of functional similarity was part of claim of wholesale copying of plaintiff's program. Court noted that issue of whether defendant infringed copyright in plaintiff's program would depend at least partly "on whether the infringing software duplicates the [program's] operating environment to such an extent that the duplication was unnecessary to the purpose or function of the infringing program." This was factual issue not resolvable on motion to dismiss. Court, however, did dismiss infringement claim of computer language because plaintiff had no separate registration for this work.

Technical, Inc. v. Allpax Products, Inc., No. 90-872 (E.D. La. March 22, 1990)

Plaintiff's motion for preliminary injunction granted against infringement of plaintiff's food sterilization control program and use of trade secrets contained in plaintiff's programs and other materials. Defendants were former employees of plaintiff and formed corporate defendant. Defendants presented idea to plaintiff for retailing unit combining plaintiff's food sterilization program with food sterilizer manufactured by third party. When plaintiff declined opportunity, parties entered agreement which allowed corporate defendant to buy plaintiff's products and if plaintiff could not supply such products within 120 days, defendant would have right to manufacture products and to use necessary copyrights, patents and know-how of plaintiff. Defendants had outstanding order to plaintiff for 2 food sterilization control systems. Defendants made copies of plaintiff's computer programs and other information without plaintiff's consent. Because plaintiff had not told defendant whether plaintiff intended to fill 2 orders, individual defendant gave programmer flow chart from which to program part of system for defendant. Court found unauthorized copies of plaintiff's programs made by defendant were infringements and enjoined use and ordered return of copied materials. Court rejected as premature defense that defendant was licensed to use program, since 120 days plaintiff had to fill order had not yet expired.

National Medical Advisory Services, Inc. v. Kolb, 12 U.S.P.Q.2d 1638 (4th Cir. 1989) [opinion designated unpublished]

Use by defendant of plaintiff's copyrighted computer program in connection with preparation of a written proposal to market a similar computer system constitutes copying. Proposal qualifies as a "copy" because it is a "material object in which the work was embodied in a sufficiently permanent form to allow it to be perceived." An expert had testified that program described in proposal was 98-99% likely to be plaintiff's. Court also upheld district court finding that defendant's daughter's duplication of program to

show to prospective customer was violation of both exclusive right to reproduce and exclusive right to distribute work.

Statutory damages and attorneys fees denied because registration occurred subsequent to acts of infringement. Defendant's purported registration of plaintiff's program could not form basis of damage and fee award because it was void.

E. Importation

Red Baron-Franklin Park, Inc. v. Taito Corp., 883 F.2d 275 (4th Cir. 1989), cert. denied, 110 S. Ct. 869 (1990)

Appeals court reversed district court's determination that plaintiff in declaratory judgment action had not infringed defendant's copyright in video game "Double Dragon" by purchasing circuit boards for game from "gray market" and importing and offering game for public use in video arcades without defendant's permission. District court held defendant's initial sale in Japan of such circuit boards extinguished copyright rights at issue, under first sale doctrine embodied in § 109. On appeal, defendant did not challenge district court's ruling with respect to distribution right, but contended first sale doctrine is inapplicable to performance right. Court framed issues as: (1) whether plaintiff's use of Double Dragon constitutes public performance; and (2) if so, whether first sale doctrine has any application to performance right.

Reliance laid on § 101 definitions of "perform" and "public" in finding that use of video game was public performance. In reaching second answer, court rejected plaintiff's argument that first sale doctrine should have application to performance right since from price and complexity of materials required to set up game, defendant would be fairly said to know circuit boards have utility only in hands of one who intends to exploit them commercially. Though terming plaintiff's argument as one having a "certain superficial, logical appeal," court concluded that by its terms § 109(a) is limited in effect to distribution right under § 106. Court followed Third Circuit case law construing § 109 as limited to distribution right, and declined to follow Second Circuit case law suggesting that sale of motion picture print may convey right to perform it publicly.

F. Contributory or Vicarious Infringement

BMI v. Beloff, 10 U.S.P.Q.2d 1687 (D.N.D. 1988)

Nightclub owners held vicariously liable for performance of copyrighted music. Court rejected assertion that owners had no control over what bands played because owners had right and ability to supervise infringing activity and financial stake in activity. Fact that BMI refused to give list of copyrighted material was also rejected as defense. Court found that defendants acted willfully, having consciously decided to end previous license. Court

awarded \$6,500 in statutory damages and found plaintiff was also entitled to attorney's fees.

G. *Derivative Works*

Paramount Pictures Corp. v. Video Broadcasting Systems, Inc., 724 F. Supp. 808 (D. Kan. 1989)

Court denied preliminary injunction, finding defendant neither had created unauthorized derivative works nor had impermissibly edited plaintiff's copyrighted works by placing local advertisements on blank, lead-in tape of plaintiff's motion picture videocassettes sold or rented to public. Defendant's business was inserting local advertisements for which it charged its advertiser clients a fee and, in turn, paid retail video stores for privilege of recording onto videocassettes owned by stores. Pursuant to plaintiff's contract with a leading national soft drink manufacturer, commercials already appeared at beginning of tapes; sometimes advertisements placed by defendant ran over such advertisements and also FBI warning on tapes. Court, however, held defendant's additions did not "recast, transform or adapt" plaintiff's motion picture so as to constitute an unauthorized derivative work. Plaintiff's claim of unauthorized distribution of derivative works therefore failed and was held barred by first sale doctrine. Court also rejected plaintiff's claim of unauthorized editing of plaintiff's copyrighted works. Court distinguished cases cited by plaintiff in support of claim on basis that defendant's additions did not affect integrity of plaintiff's copyrighted works, namely, motion pictures. Plaintiff's Lanham Act claims also were rejected and no irreparable harm was found due to plaintiffs' delay in bringing suit of almost one year from receipt of defendant's response to plaintiff's cease and desist letter.

H. *Miscellaneous*

Brode v. Tax Management, Inc., 14 U.S.P.Q.2d 1195 (N.D. Ill. 1990)

Court denied defendants' motion for summary judgment to extent that plaintiff claimed infringement of his tax portfolio after license agreement with defendant TMI expired. Prior to expiration of license, defendant TMI had ceased sales of books containing plaintiff's portfolio. BNA, TMI's parent, however, had licensed Mead Data to incorporate plaintiff's portfolio into LEXIS database, and work was available online after license expired. Court dismissed plaintiff's copyright claim to extent that conduct involved occurred prior to license expiry date. Defendant was not required to get portfolio back from subscribers of looseleaf service because first sale of work had occurred prior to license's expiration. Also, because BNA's authorization of placing portfolio in LEXIS database and initial publication on LEXIS database occurred prior to license expiration, these events were not actionable. Issue of fact existed, however, as to whether plaintiff's portfolio was reproduced after expiration of license by being called up on LEXIS. Furthermore, court found

TMI's authorization to Mead to have portfolio online and availability of copies of portfolio for sale through LEXIS after license expired violated plaintiff's distribution right. Court accordingly denied defendants' summary judgment motion to extent conduct occurred after license expired.

Major League Baseball Promotion Corp. v. Colour-Tex Inc., 14 U.S.P.Q.2d 1177 (D.N.J. 1990)

Court held that defendant licensee exceeded scope of license by granting sublicense to make Spuds MacKenzie T-shirts without permission of licensor where permission was required by license itself. Sublicensee therefore could not claim authorization as defense to infringement claim by licensor because licensee had no power to make that authorization. Both licensee and sublicensee were liable for acts committed by sublicensee where sublicense was not approved by licensor.

SBK Catalogue Partnership v. Orion Pictures Corp., 723 F. Supp. 1053 (D.N.J. 1989)

Plaintiff SBK was owner of 50% interest in composition infringed by defendants. Plaintiff composers had attempted to unilaterally rescind grant of ownership of copyright to SBK's predecessor in interest by sending a letter stating that they revoked conveyance of ownership. Composers then entered into publishing agreement with new company, Wanessa, which sent letters to BMI, Canadian Music Reproduction Rights Agency, Ltd., and all sub-publishers, informing them that it, not SBK, was owner of 50% interest in compositions and that all royalties should be sent to it. Composers also filed for copyright registration of new version of the composition.

SBK claimed that composers infringed its copyright in composition because their grant to Wanessa violated SBK's exclusive rights to authorize distribution and creation and registration of new work violated its right to prepare derivative works under subpublishing agreement. Composers claimed that they could not be liable for infringement because they were "beneficial owners" and they were subpublishers of composition with right to make derivative works. Court held that, as beneficial owners, composers only had right to proceeds from songs, not an independent right to use or license work themselves unlike co-owners who have independent rights. Thus, unlike co-owners, beneficial owners are capable of infringing copyright. Since composers did not submit their actual subpublishing agreement and "standard" rule publishing agreement only granted right to create new versions of work, not to register them, status as subpublisher did not shield composers from liability.

Court denied SBK's motion for summary judgment on infringement, since mere sending of ineffective letter of rescission does not constitute infringement. Although composers had received royalties, SBK had not shown

exact source of royalties or direct proof of distribution by composers or Warena; "[c]ourt is of the opinion that the mere act of 'authorizing,' without proof that the party so authorized actually distributed copies of the copyrighted work, does not constitute copyright infringement." Without direct proof that composers' authorization caused infringement, court compelled to deny summary judgment.

Southern Building Code Congress International Inc. v. Florida Construction School Inc., 39 PTCJ 350 (M.D. Fla. 1989)

Plaintiff administered standardized test to certify persons as building inspectors. Defendant's president sat for test twice and copied questions; he was caught copying on second occasion. Defendant reproduced questions and distributed them to students, affixing copyright notice in its name. Plaintiff sued, claiming violation of Copyright Law and § 43(a) of Lanham Act, and requested an injunction and damages to cover cost of rewriting exam. Plaintiff also claimed defendant created potential for public injury by undermining test for inspectors. Court found copyright infringement and that use of defendant's name on copyright notice was trademark violation.

V. DEFENSES/EXEMPTIONS

A. Fair Use

New Era Publications International, ApS v. Henry Holt & Co., 884 F.2d 659 (2d Cir. 1989) (en banc), cert. denied, 110 S. Ct. 1168 (1990)

In a seven to five vote, Second Circuit denied defendant's petition for rehearing en banc. Dissenting opinion expressed view that rehearing was warranted to clarify panel's decision and thereby prevent withholding from publication entirely lawful writings in the fields of scholarly research, biography and journalism. Specifically, dissenting opinion endorsed vitality of distinction between copying of expression "to enliven prose" and that "to report a fact accurately and fairly." Dissenting opinion also attempted to correct perceived ambiguity in panel's opinion which suggests that once infringement is found, injunction is always proper remedy absent applicability of equitable defense, such as laches. Dissenting opinion stressed discretion inherent in issuing an injunction under § 502, and importance of public interest in decision to award such relief. Concurring opinion disagreed with dissenters that purpose of use of copied expression, beyond first fair use factor of whether work is one of criticism, scholarship or research, should be considered in fair use analysis.

New Era Publications International, ApS v. Carol Publishing Group, 729 F. Supp. 992 (S.D.N.Y. 1990), rev'd, Nos. 90-7181, 90-7193 (2d Cir. May 24, 1990)

District court enjoined publication of defendants' biography critical of

Ron Hubbard in present form, rejecting argument that quotes from Hubbard's works were fair use. Defendant author, former Scientology adherent who became disillusioned, wrote critical biography of Scientology's founder using over 4,000 words quoted from 48 of Hubbard's published materials. In analyzing fair use defense, court found that although purpose of defendant's biography in general could be classified as criticism or scholarship, many specific passages copied were not used for such fair use purposes. For example, some quoted passages were set apart at beginning of chapters without any commentary. Quotations from factual passages were sometimes justified but often facts could have been taken without expression. Nature and purpose of use thus favored plaintiff. Although Hubbard's works were partly factual and some passages taken were factual, many others were taken from Hubbard's creative writings and thus court found that nature of copyrighted work factor also favored plaintiff. Although amount taken was quantitatively small in relation to voluminous Hubbard writings, court noted qualitative significance of passages taken to defendant's work. 2.7% of defendant's work consisted of passages taken from Hubbard's writings and court found this factor to favor plaintiff. On one hand, court noted that defendant's work might impair plaintiff's works or planned authorized biography of Hubbard; on other hand, that such harm was speculative and thus potential impact on market factor favored neither party. District court found since three factors favored plaintiff, fair use defense would be rejected, and reasoned that injunction would not unduly burden defendants since work was still in manuscript stage and infringing passages could be deleted without great difficulty.

Second Circuit reversed, finding that all four statutory fair use factors favored defendant. Because defendant's work was critical biography, appellate court found that work fell into favored categories of criticism, scholarship or research. Appellate court disagreed that defendant used quotations from Hubbard's works gratuitously and found instead that author used quotations partly to convey facts and that "even passages used for their expression are intended to convey the author's perception of Hubbard's hypocrisy and pomposity, qualities that may best (or only) be revealed through direct quotation." Even quotes set off to begin chapters without comment appeared "to serve the author's purpose by juxtaposing the grandiose expression of the quotations with the banal (to the author) material contained in the chapter." Appellate court rejected that previous decision in *New Era Publications International, ApS v. Henry Holt & Co.*, 873 F.2d 576 (2d Cir. 1989), cert. denied, 110 S. Ct. 1168 (1990), held that copying for purposes of demonstrating character defects cannot amount to fair use. "Rather, the passage rejects the claim that the purpose of the use entitles it to 'special consideration.'"

With respect to nature of copyrighted works, appellate court found fact that copying was from published rather than unpublished works was "critical" since scope of fair use is narrower for unpublished works. Further,

although body of Hubbard writings is diverse, most of quoted works were factual. Appellate court also found that quantity of taking in relation to Hubbard's works was small and quality of copied material was not heart of plaintiff's works. Fact that quotes made up 2.7% of defendant's work not significant enough to tip third factor toward plaintiff. Court also found that potential impact on plaintiff's works favored defendant since potential purchasers of plaintiff's proposed authorized biography were not likely to be deterred by unauthorized work critical of Hubbard. To extent that they were, reason was not likely to be because of copied material but because defendant's book persuaded reader that Hubbard was charlatan. This type of injury is not cognizable under copyright law. Moreover, unlike previous *New Era* decision, there was no taking of unpublished materials and thus no threatened harm to market value of previously unpublished material. Appellate court thus reversed injunction against publication of defendant's biography.

Association of American Medical Colleges v. Carey, 728 F. Supp. 873 (N.D.N.Y. 1990)

Plaintiff author of Medical College Admission Tests (MCATs) challenged New York Truth in Testing Law, which required testing groups to reveal and make part of public record questions and answers used in grading standardized tests, as well as studies involving those tests. Plaintiff moved for summary judgment on ground that disclosure provisions violated its exclusive copyright rights and thus were preempted under Supremacy Clause of Constitution. Defendants argued that provisions were not preempted because they were "fair use."

Although fair use is a question of fact, court determined that summary judgment was available because there were no facts to be tried. On issue of purpose of use, court found for defendants because disclosure provisions are clearly meant to benefit the public and are for purpose of comment and criticism.

As to nature of work, court agreed with earlier cases that standardized test would be considered "unpublished," even though it had been exposed to public for a limited purpose. Relying on *New Era Publications v. Henry Holt & Co.*, 873 F.2d 576 (2d Cir.), *reh'g and reh'g en banc denied*, 884 F.2d 659 (2d Cir. 1989), and *Salinger v. Random House, Inc.*, 811 F.2d 90 (2d Cir. 1987) for premise that "unpublished works normally enjoy complete protection," court found in favor of plaintiff on second factor. "Amount and substantiality of portion used" factor also weighed in favor of plaintiff because provisions required that all graded questions and answers be revealed and made part of public record, where anyone could have access to them. Court stated that more narrowly tailored disclosure might be compatible with fair use, but present provision was not.

Finally, court found for plaintiff on factor measuring effect of use on

market for copyrighted work. Plaintiff stated that future market for questions would be destroyed because questions could not be reused since examinees who had read questions would have unfair advantage. Court rejected defendants' argument that plaintiff could write new questions. "[P]laintiff is generally not required to change its operations when another individual or entity is interfering with its ownership rights under the Federal Copyright Act in order to make the fair use exception fit." Also, defendants had ten years in which to conduct discovery and still could not show that the marketability of test questions would not be adversely affected.

Since three of the four factors weighed heavily in favor of plaintiff, court found that disclosure provisions of New York statute did not constitute fair use under 17 U.S.C., § 107. Court also rejected defendants' contention that these provisions fell under archival exception of 17 U.S.C. § 108, since provisions would cause works to be put in archive against will of copyright owner, resulting in copying and distribution of copyrighted unpublished works. Since neither exception protected disclosure provisions, these provisions are preempted.

B. Miscellaneous Exemptions

Foresight Resources Corp. v. Pfortmiller, 719 F. Supp. 1006 (D. Kans. 1989)

Court denied plaintiff's motion for preliminary injunction, finding that enhancement of plaintiff's computer program by defendant fell within § 117 "adaptation" exemption. Defendant was lawful owner of copy of plaintiff's program. Defendant had consultant add five files to plaintiff's program which defendant used in asbestos removal consulting business. Defendant did not sell plaintiff's program or enhancements. Court found that addition of files was permitted adaptation of program under § 117 in order to be able to use program. Fact that consultant rather than employee of defendant made enhancements did not alter availability of exemption since § 117 permits owners of software "to make or authorize the making of . . . adaptation of that computer program." Court reasoned that many purchasers of software are not able to make enhancements and that prohibiting use of outside consultants for this purpose would make § 117 enhancement right illusory. In order to insure that defendant did not sell copy of plaintiff's software with enhancements in violation of § 117, however, court issued preliminary injunction against sale of enhancements by defendant to others.

Gnossos Music v. DiPompo, 13 U.S.P.Q.2d 1539 (D. Me. 1989)

Court granted summary judgment to plaintiff for infringement of musical compositions which were publicly performed in defendant's restaurant. Court rejected that defendant's restaurant was covered by § 110(5) exemption because (1) restaurant included 1,824 square feet of public space, with two

dining rooms and banquet room and thus was not type of small commercial establishment contemplated in exemption; (2) although radio used was home-type equipment, eight to ten ceiling speakers used were not home-type equipment; and (3) music was "further transmitted." Court also rejected argument that plaintiff had burden of showing performance was for profit since this fact was presumed because restaurant enterprise was for profit.

Little Mole Music v. Mavar's Supermarket No. 4, 12 U.S.P.Q.2d 1209 (N.D. Ohio 1989)

Supermarket and its president were found to have infringed copyrights in musical compositions. Magistrate rejected that § 110(5) exemption applied. Magistrate found that receiving apparatus in supermarket with 6 to 10 speakers mounted in ceiling connected to 9 radio receivers was not type commonly used in private homes. Magistrate also found that received music was further transmitted to public where store was over 10,000 square feet and where transmissions were received in manager's office and then further transmitted through ceiling speakers to store.

C. *Statute of Limitations, Laches, etc.*

Roulo v. Russ Berrie & Co., Inc., 886 F.2d 931 (7th Cir. 1989), *cert. denied*, 110 S. Ct. 1124 (1990)

Plaintiff's twenty-one month delay in filing action for infringement of greeting card line held not sufficient to bar award of profits on ground of laches. "A two-year delay in filing an action following knowledge of the infringement has rarely been held sufficient to constitute laches," citing, *Piper Aircraft Corp. v. Wag-Aero, Inc.* Moreover, defendant could not assert that its distribution was based on plaintiff's acquiescence, where defendant began its marketing prior to plaintiff's knowledge of defendant's actions. Plaintiff explained her delay as based on need to inquire into facts to determine merit of her claim.

Stone v. Williams, 891 F.2d 401 (2d Cir. 1989)

Second Circuit had affirmed summary judgment against plaintiff due to laches but vacated it and granted rehearing on basis of finding that defendants had perpetrated fraud on plaintiff. Court was persuaded to reopen case on basis of Alabama Supreme Court ruling that defendants fraudulently concealed from plaintiff her identity as illegitimate daughter of composer Hank Williams. Since defendants knew of plaintiff's claim long before she did, they would not be allowed to claim prejudice due to her delay, thus summary judgment was inappropriate.

Hal Roach Studios, Inc. v. Richard Feiner & Co., 896 F.2d 1542 (9th Cir. 1989)

Ninth Circuit reversed district court award of summary judgment to

plaintiff licensor in declaratory judgment action to determine television rights to Laurel and Hardy silent films after expiration of expressed term of license agreement. Court found defendant licensee's reformation counterclaim based on mutual mistake was time barred. Defendant knew or should have known of change in copyright law which established counterclaim. District court committed reversible error in going beyond pleadings and striking affirmative defense that plaintiff's copyrights were invalid.

Hoey v. Dixel Systems Corp., 716 F. Supp. 222 (E.D. Va. 1989)

Court dismissed copyright claim for infringement of plaintiff's software for infringing acts for which cause of action accrued more than 3 years prior to filing lawsuit, but denied dismissal for subsequent infringing acts. Court construed § 507(b) as not providing for a waiver by plaintiff of infringing acts within 3 year limitation period on basis that some acts occur outside 3 year period. Also § 507(b) held not to provide a reach back to plaintiff for acts occurring outside limitations period if act of infringement occurred within statutory period.

Goldsmith v. Main Line Book Co., Copyright L. Rep. ¶ 26,473 (S.D.N.Y. 1990)

Defendants' motion to dismiss on basis of statute of limitations denied. Although infringement had commenced more than three years before action was instituted, plaintiff's allegations that he only knew of infringement two years prior to suit and that infringement was continuing were sufficient to defeat motion. Plaintiff may recover damages for three year period prior to filing complaint.

D. Miscellaneous

Olan Mills, Inc. v. Hy-Vee Food Stores, Inc., 731 F. Supp. 1416 (N.D. Iowa 1990)

Court denied plaintiff's summary judgment motion in case involving alleged infringement of 4 photographs. Plaintiff's investigator took 4 of plaintiff's photographs to defendant for enlargement and reproduction. Defendant had investigator sign release to effect that investigator was owner of copyright in photos and released defendant from any liability. Court found that issue of fact existed as to whether investigator had authority as plaintiff's agent to permit copying of photos and thus whether consent defense of defendant was valid.

VII. REMEDIES

A. Damages

Walt Disney Co. v. Powell, 897 F.2d 565 (D.C. Cir. 1990)

Appellate court reversed and remanded statutory damage award of \$15,000 per each of 6 infringements of Mickey Mouse and Minnie Mouse

copyrights. Appellate court affirmed that infringements were willful and thus qualified for higher statutory damage award. Fact that defendant ceased selling blatantly infringing shirts after being caught "red handed" did not undermine finding of willfulness. District court, however, erred in treating copyright in 6 different poses of Mickey Mouse and Minnie Mouse as separate works under § 504(c)(1) which provides for statutory damage award for infringement of "any one work." Although not defined, "work" is one with "separate economic value and copyright li[fe] of [its] own." Although Mickey Mouse and Minnie Mouse were two separate works under this definition, 6 different poses of Mickey Mouse and Minnie Mouse were not separate works. Appellate court thus reversed and remanded for redetermination of statutory damage award based on infringement of 2 works.

Business Trends Analysts, Inc. v. Freedonia Group, Inc., 887 F.2d 399 (2d Cir. 1989)

Appellate court affirmed finding of infringement of plaintiff's robotics study by defendant's study and award of defendant's profits, but reversed damage award. Unable to sell infringing studies at original price of \$1,500, defendants sold 37 studies at discount price of \$150 in attempt to expand customer base. District court awarded plaintiff, defendant's profits of \$5,666. Additionally, district court awarded damages of over \$49,000 based on added market advantage and goodwill achieved by defendants by discounted sales calculated as original sales price of \$1,500 minus \$150 charged multiplied by 37 copies. Second Circuit affirmed profits award. Although not rejecting concept of added value per se as component of profits or damages, appellate court found insufficient evidence to support valuation of this element here.

Frank Music Corp. v. MGM, Inc., 886 F.2d 1545 (9th Cir. 1989), cert. denied, 110 S. Ct. 1321 (1990)

Court apportioned 75% of profits attributable to single act of hotel musical revue tribute to MGM motion pictures to copyright owner of movie "Kismet," on which act was based. In apportioning parties' relative contributions to act's success, court reasoned defendant's production contributions involving expensive costumes and lavish sets should not be credited too highly, since they would be taken into account when deducting defendant's costs. Court noted benefit of doubt always must be resolved in favor of copyright owner. Award based on 2% of hotel's profits affirmed as indirect profits attributable to act's promotional value.

Knor Enterprises, Inc. v. Eagle Publications, Inc., 878 F.2d 138 (4th Cir. 1989)

Court reversed award of nominal damages for infringement of military telephone directory and remanded for new trial on damage issue. Plaintiff produced telephone directory of military bases in area. In soliciting advertis-

ers for competing directory, defendant was found to have infringed plaintiff's directory by reproducing portions of plaintiff's directory, including original copyrighted advertisements. District court awarded \$1 in nominal damages, finding that infringement was minimal and thus that defendant could not have gained measurably from infringement. Appellate court reversed, reasoning that once plaintiff had proved defendant's revenues, defendant had burden under § 504 of proving portions not resulting from infringement. Since military directory was defendant's only product, this was not a case in which a defendant derived revenues from numerous sources and thus it would be unjust to apply statutory standard strictly. Here, burden should have been on defendant to prove portion of income not resulting from infringement. Case was remanded for new trial on damage issue.

Roulo v. Russ Berrie & Co., Inc., 886 F.2d 931 (7th Cir. 1989), cert. denied, 110 S. Ct. 1124 (1990)

Court affirmed damage award of \$4.3 million based on defendant's profits from greeting card line held to be infringing. Award deemed appropriate under either a deterrence or an unjust enrichment theory, even if plaintiff's actual losses may have been less. Further, no error found in jury's rejection of defendant's suggested apportionment of profits between infringing and non-infringing elements of cards, where defendant appropriated "total concept and feel" of plaintiff's cards and award was approximately \$700,000 less than amount of defendant's profits according to testimony of plaintiff's expert.

Goldenberg v. Doe, 731 F. Supp. 1155 (E.D.N.Y. 1990)

Court refused to award plaintiff actual damages or costs for defendant's conceded infringement. Defendant admitted renting infringing video of plaintiff's Hebrew comedy act in defendant's video rental store, but defendant ceased rentals immediately upon demand by plaintiff. Plaintiff was Israeli comedian whose act was videotaped. Plaintiff had agreement with another for royalties on tapes sold in Israel. Option to exploit videotape outside Israel by other could be exercised under agreement by paying plaintiff \$75,000. Although other initially decided to take up option and paid plaintiff \$3,000 on account, he subsequently changed his mind allegedly because of defendant's infringements and plaintiff voluntarily repaid \$3,000. Statutory damages were unavailable because infringement preceded registration of work. Court found that defendant had made no profits on renting videotape and that plaintiff's claimed actual damages were too speculative or nonexistent. Plaintiff claimed that New York audience for his live act was diminished because of availability of tape in defendant's rental store. Defendant's records showed tape had only been rented 43 times. Court found link between two events too speculative. Court also discounted plaintiff's claimed damage of

loss of \$75,000 fee for option to exploit tape outside Israel. Court found credibility strained by theory that option was cancelled because of defendant's de minimis infringement.

Spectravest Inc. v. Fleet Street Ltd., 13 U.S.P.Q.2d 1457 (N.D. Cal. 1989)

Court found defendant guilty of willful infringement of plaintiff's fabric designs as matter of law. Defendant's employee purchased garments made of plaintiff's copyrighted fabric patterns and copied them, claiming she saw no legible notice. Facts that plaintiff had sued employer for infringement of another design copied by her at same time and that defendant did not show illegibility of notice supported finding of willfulness. Plaintiff was accordingly entitled to statutory damages in excess of \$10,000 per infringement as well as attorney's fees but further evidence was necessary to make determination.

Flyte Tyme Tunes v. Miszkiewicz, 715 F. Supp. 919 (E.D. Wisc. 1989)

Court awarded attorney's fees as well as statutory damages of \$2,500 for each of 7 infringements of plaintiffs' musical compositions by performing them in defendants' establishment. Because defendants had previously been sued by ASCAP members and ignored repeated warnings, court felt statutory damage award above minimum was justified to deter future infringements and that attorney's fees were merited in view of willfulness of defendants' infringement.

Brode v. Tax Management, Inc., 14 U.S.P.Q.2d 1195 (N.D. Ill. 1990)

Court rejected argument that plaintiff was precluded as matter of law from seeking statutory damages and attorney's fees. Plaintiff alleged that defendants had infringed copyright in plaintiff's tax portfolio by making portfolio available on LEXIS after license to defendant expired. Defendant contended that since plaintiff had not recorded assignment of copyright until after infringement commenced, that § 412 disallowed statutory damages and attorney's fees. Court rejected argument, noting that registration of work pre-dated infringement and that there is no requirement for recordation of assignment under § 412. Court, however, found no evidence to support finding of willfulness as matter of law.

Love v. New York City, 13 U.S.P.Q.2d 1988 (S.D.N.Y. 1989)

Defendant distributed copies of book, which had been held to infringe plaintiff's work in an earlier action, after copyright on work had been registered. Registration had taken place after initial infringement. Court held that distribution by present defendant was part of same infringement that took place before registration and thus plaintiff could not recover statutory damages for actions of WNYC Television. "[S]tatutory language supports the conclusion that infringement occurring both before registration and after

must be said to have 'commenced' before registration, such that the latter infringement cannot give rise to statutory damages and attorney's fees."

Manufacturers Technologies, Inc. v. Cams, Inc., 728 F. Supp. 75 (D. Conn. 1990)

On damages portion of bifurcated trial, court awarded plaintiff \$353,144.50 for defendants' infringement of computer program used to generate cost estimates in metal-working field. Court found "persuasive" plaintiff's proof equating plaintiff's damages with lost profits it would have made but for defendants' infringement. Although plaintiff's retail price and corresponding profit per unit were substantially greater than defendants', court found significant overlap in market for plaintiff's and defendants' programs due to limited number of such programs available and fact that both programs were featured in same trade publications. However, court held that a "modest diminution" in number of plaintiff's lost sales was necessary to account for price and profit differential, and other competitors selling similar software. Accordingly, court found plaintiff had lost 35 sales, where plaintiff's expert testified to 43 lost sales, plus or minus 17 sales. Applying gross profit per unit figure to which parties had stipulated, and subtracting out certain advertising and cost of goods expenses allocated to lost sales, court arrived at figure of \$348,638 in actual damages. In addition, court awarded plaintiff \$4,606.50, representing defendants' profits on sales of non-competitive programs, as benefit to defendants not accounted for in award of plaintiff's profits.

Kleier Advertising Co. v. James Miller Chevrolet, Inc., 722 F. Supp. 1544 (N.D. Ill. 1989)

Plaintiff can recover lost license fees in addition to defendants' profit from use of plaintiff's copyrighted advertising, because license fees represent a saved cost distinct from the profit attributable to infringement. Court refused to offset recovery by amount of license fees received from other infringers since that amount had no relation to the costs saved by this defendant, and this defendant should not be unjustly benefitted by the earlier disgorgement by other infringers.

Bishop v. Wick, 11 U.S.P.Q.2d 1360 (N.D. Ill. 1988)

Defendant who copied plaintiff's program (by having anticopying program removed) infringed plaintiff's copyright in program. Court rejected defendant's argument that plaintiff's registered program was different from version copied because two versions were substantially identical and in any event admitted infringer "may not contest effectiveness of plaintiff's copyright registration procedures." Court awarded plaintiff actual damages based upon ordinary licensing fees for plaintiff's program as well as defendant's profits for total of over \$68,000.

Illinois Bell Telephone Co. v. Haines and Co., Inc., No. 85 C 7644
(N.D. Ill. May 11, 1989)

Plaintiff's motion for summary judgment on damages, attorney's fees and injunctive relief granted, following grant of summary judgment to plaintiff one month earlier on issues of validity of copyright in plaintiff's telephone directories and infringement by defendants. Plaintiff claimed entitlement to statutory damages of \$10,000 for each directory infringed over two year period after defendants chose not to renew licensing agreement with plaintiff. Court directed award of \$8,250 for each of 28 infringements—approximately twice licensing fee defendants would have paid pursuant to plaintiff's standard agreement in effect at time of infringements—to cause disgorgement of profit and discourage future violations. Award of costs and attorney's fees under § 505 held appropriate where defendants could have avoided litigation by responding to plaintiff's prior offers to defendant to make restitution. Permanent injunction justified based on continuous nature of defendant's infringing activities.

Video Views, Inc. v. Studio 21, Ltd., 12 U.S.P.Q.2d 1558 (N.D. Ill. 1989)

Following a jury trial in which defendants were found to have willfully infringed plaintiff's copyrights by publicly displaying two movies, defendants moved for judgment notwithstanding verdict on willfulness issue only. Court held that letter from plaintiff to defendants, notifying defendants of need to acquire license for displaying movies, did not support finding of willfulness where letter did not refer to titles infringed by defendants. Plaintiff's other arguments failed for same reason. Jury award of \$30,000 statutory damages—\$5,000 per infringement plus \$10,000 per infringement for willfulness—reduced to \$10,000, \$5,000 for each of two infringements only.

Intown Enterprises, Inc. v. Barnes, 721 F. Supp. 1263 (N.D. Ga. 1989)

Court found defendant infringed plaintiff's copyrighted architectural plans by copying plans and using infringing plans to build house. Court adopted reasoning in *Robert R. Jones Associates v. Nino Homes*, 858 F.2d 274 (6th Cir. 1988), that plaintiff could recover not only for copying of plans but also for building based upon plans. Because factual issues existed as to lost sales to plaintiff and as to defendant's profits, summary judgment as to plaintiff's actual damage recovery was precluded. Plaintiff was not entitled to statutory damages or attorney's fees because infringement occurred prior to registration.

B. Attorney's Fees

Warner Bros., Inc. v. Dae Rim Trading, Inc., 877 F.2d 1120 (2d Cir. 1989)

Court affirmed denial of attorney's fees to plaintiff but reversed award of

attorney's fees to defendant. Warner Brothers sued defendant "mom and pop" variety store for copyright infringement of two characters from movie "Gremlins." District court found that defendant had unwittingly purchased 12 dolls resembling one character from Gremlins. Six dolls were purchased by plaintiffs' investigator; other six were returned to supplier when defendant learned dolls were infringements. Warner Bros. obtained *ex parte* search and seizure order which was executed by plaintiff's agent rather than marshal. This procedure was later found to be in contradiction to Supreme Court impoundment rules. Although defendant agreed to permanent injunction and statutory damages of \$250, Warner Brothers nevertheless pursued litigation to press for statutory damages and attorney's fees. District court found defendant was prevailing party in succeeding in showing no willfulness and awarded attorney's fees to defendant in view of plaintiff's unreasonable and oppressive prosecution of action. Second Circuit affirmed denial of attorney's fees to plaintiff but reversed award to defendant. Court found neither party's success was "sufficiently significant" to warrant fee award where defendant litigated in good faith against unreasonable demands for damages and attorney's fees while plaintiff pursued litigation as deterrent to infringers. In view of heavier burden on defendants, court concluded neither party should be awarded fees.

Appellate court also dismissed appeal by plaintiff's lawyer concerning district court's criticism of his conduct, finding that plaintiff's attorney was not party and that there was no final order to appeal. Court criticized his disregard of rules and his inclusion in his brief of inappropriate matter not of record. Appellate court awarded against plaintiff's attorney personally damages of \$1,000 and double costs of appeal taken by plaintiff and plaintiff's attorney.

Applied Innovations, Inc. v. Regents of the University of Minnesota, 876 F.2d 626 (8th Cir. 1989)

Noting that Eighth Circuit had not yet articulated definitive standard for award of attorney's fees, court affirmed denial of attorney's fees to University of Minnesota which had prevailed in its infringement suit against use of MMPI personality test questions and scoring materials by defendant. Court found it unnecessary to adopt standard but noted that fees should not be awarded routinely to prevailing plaintiffs, citing *Lieb v. Topstone Industries, Inc.*, 788 F.2d 151 (3rd Cir. 1986). Here, district court did not abuse discretion where it found "litigation involved numerous complex or novel questions which defendant had litigated vigorously and in good faith."

Video Views, Inc. v. Studio 21, Ltd., 12 U.S.P.Q.2d 1558 (N.D. Ill. 1989)

Following trial, court denied assessment of attorney's fees and costs

under § 505 of Act against either party on cross-motions for such relief. In determining which party was "prevailing party" under § 505, court deemed it proper to apportion success; thus, plaintiff was prevailing party on two claims where infringement was found and defendant was prevailing party on other nine where no infringement was found. Court sided with "majority" of circuit courts in holding that defendant was not entitled to fees and costs, since plaintiff's claim was not found to be frivolous or made in bad faith. Plaintiff was not entitled to fees and costs either. Although defendant's status as a non-willful infringer was not dispositive, court held it was one of several factors which militated against such an award. Other factors appropriate for consideration according to court included: 1) presence of complex or novel legal issue litigated by defendant vigorously and in good faith; 2) plaintiff's bad faith in prosecution; 3) defendant's good faith attempt to avoid infringement and 4) inadequacy or defects in plaintiff's pleadings. Court focused on fourth listed factor, noting that although plaintiff had litigated claim in good faith, court had dismissed action shortly before time initially set for trial, upon discovery that plaintiff's corporate charter had been revoked. Such defect was found by court to be an indication of plaintiff's preparedness, which also weighed against award of attorney's fees and costs in plaintiff's favor.

Little Mole Music v. Spike Investment, Inc., 720 F. Supp. 751 (W.D. Mo. 1989)

Defendant's conceded infringement of plaintiff's public performance rights in musical compositions because of unlicensed jukebox resulted in liability of defendants who managed jukebox. Argument by defendants that they were innocent infringers was rejected in light of their experience in jukebox maintenance field and their awareness that management of jukeboxes in issue was in shambles when they took over management and that none of jukeboxes bore requisite licenses. Court accordingly fixed statutory damages of \$10,000 (\$1,000 per infringement) and awarded attorney's fees of over \$17,000. Court noted that there is no rule that attorney's fees cannot exceed damages awarded.

Board of Trustees of Leland Stanford Junior University v. Associated Business Consultants, Inc., 14 U.S.P.Q.2d 1326 (D. Kans. 1989)

Award of attorney's fees to prevailing plaintiff was proper given finding of willful infringement by defendant and thus would be appropriate even if Tenth Circuit were to adopt requirement of bad faith to justify award. Court approved fees and expenses of over \$100,000 as reasonable.

Burger-Moss v. Steinman, 13 U.S.P.Q.2d 1495 (S.D.N.Y. 1989)

Attorney's fees and sanctions granted against plaintiffs' counsel where counsel knew that access could not be proven, but allowed defendants to prepare and file motion for summary judgment before consenting to judgment.

While Court mentions § 505 of Act, award covering reimbursement for fees for motion for summary judgment is made under 28 U.S.C. § 1927 for unreasonably and vexatiously multiplying proceedings.

C. *Injunction/Impoundment*

Warner Bros., Inc. v. Dae Rim Trading, Inc., 877 F.2d 1120 (2d Cir. 1989)

Second Circuit affirmed that rules promulgated by Supreme Court pursuant to 1909 Act authorizing seizures of infringing articles by marshal were still in effect and were not followed in search and seizure order executed by plaintiff. Plaintiff obtained *ex parte* search and seizure order which authorized plaintiff's agent to search for and seize infringing articles, means of making same and records and documents and to render fruits of search to plaintiff's attorney. This procedure violated Supreme Court Rules which require marshal to seize infringing articles pursuant to writ, to return seizure to court and to retain seized articles pursuant to court order. Court rejected argument that Supreme Court Rules of Practice were no longer in effect. When § 25 of 1909 Act was repealed in 1948, statute expressly provided that procedural rules promulgated by Supreme Court were not repealed. This provision was retained in 28 U.S.C. § 2072. Court also rejected argument that § 503 of 1976 Act authorized seizure and impoundment by private parties. Rule 65 of Federal Rules of Civil Procedure permits issuance of TRO in order to preserve status quo. *Ex parte* order directing agent of plaintiff's attorney to search for and seize goods, records and documents and to give them to plaintiff's attorney is not act to preserve status quo. Because appellate court found that district court's finding that plaintiff's conduct was vexatious and unreasonable was not clearly erroneous, it affirmed award of nominal \$100 statutory damages and denial of attorney's fees to plaintiff.

Walt Disney Co. v. Powell, 897 F.2d 565 (D.C. Cir. 1990)

Court affirmed grant of permanent injunction against infringement not only of Mickey Mouse and Minnie Mouse copyrights which were works at issue, but also of other Disney characters not involved in suit. Where "there had been a history of continuing infringement [as here] and a significant threat of future infringement remains, it is appropriate to permanently enjoin the future infringement of works owned by the plaintiff but not in suit."

Allied Marketing Group, Inc. v. CDL Marketing, Inc., 878 F.2d 806 (5th Cir. 1989)

Appellate court remanded to district court for determination of defenses asserted against copyright and trade dress infringement claims as condition of maintaining grant of preliminary injunction. Plaintiff sued defendants for infringement of postcard mailers and moved for preliminary injunction. District court granted preliminary injunction, but opinion did not make findings

concerning *inter alia* defenses of omission of copyright notice and that plaintiff had copied its mailer from third party. Appellate court remanded for findings on these defenses as well as on defenses to trade dress infringement claim. Appellate court noted with respect to preliminary injunction factors: that incalculable damage to plaintiff's goodwill would satisfy irreparable harm factor, that potential damage to plaintiff's goodwill would outweigh harm to defendant since defendant could use other promotional methods and that public interest factor was not implicated simply because state authorities felt plaintiff's mailers were too similar to United Postal Service notices (since this objection also pertained to defendants' mailer).

Cuddle Wit, Inc. v. Chan, 14 U.S.P.Q.2d 1572 (S.D.N.Y. 1989)

Court denied plaintiff's motion for preliminary injunction because plaintiff's delay in instituting suit showed no irreparable harm. Relying on *Citibank, N.A. v. Citytrust*, 756 F.2d 273 (2d Cir. 1985), court found that plaintiff had not sufficiently explained its delay of seven months from trade show, when it saw infringing goods, to institution of action. Court did not credit plaintiff's testimony that it could not obtain copies of defendant's catalogue and was not persuaded by plaintiff's argument that the company was "too busy" to commence a lawsuit.

Brockman Music v. Miller, No. 89-40650 (W.D. Mich. Mar. 28, 1990)

On motion of plaintiff, an ASCAP member, for entry of a default judgment based upon defendants' unauthorized performance of four musical compositions, court permanently enjoined defendants from performing not only four compositions of plaintiff, but any and all material licensed by ASCAP unless and until defendants obtained appropriate licenses. In addition, court awarded plaintiff statutory damages and attorney's fees. Broad injunction justified because of defendants' willfulness in refusing to pay license fees and renew license agreement, despite repeated demands. Court cited recent decision of District Court of Massachusetts in *Brockman Music v. Mass Bay Lines, Inc.*, Copyright L. Rep. (CCH) ¶ 26,259, 26,269 (1988) (enjoining defendants from performing any musical composition in ASCAP repertory.

Warner Bros. Inc. v. Rooding, Copyright L. Rep. (CCH) ¶ 26,454 (N.D. Ill. 1989)

Court granted TRO against defendant's parachuting from helicopter wearing Batman costume on day Warner Bros.' "Batman" movie was to be released. Defendant issued press release which indicated that his jump was to help promote movie. Plaintiffs sued for copyright and trademark infringement. Court granted TRO finding irreparable injury to plaintiffs. Defendant subsequently voluntarily consented to permanent injunction.

D. Prejudgment Interest

Frank Music Corp. v. MGM, Inc., 886 F.2d 1545 (9th Cir. 1989), *cert. denied*, 110 S. Ct. 1321 (1990)

On issue of first impression in Ninth Circuit, prejudgment interest held available under 1909 Copyright Act. Court reasoned since prejudgment interest was awarded in patent cases before inclusion of express provision in Patent Act, silence in either 1909 or 1976 Copyright Act did not imply congressional intent to refuse such relief. Court noted common law rule that prejudgment interest awarded only on liquidated or ascertained damages, but also prior decisions, applying prejudgment interest to unliquidated damages to compensate a plaintiff fairly. Since under 1909 Act, plaintiffs recover only greater of defendant's profits or plaintiff's actual damages, court concluded prejudgment interest ordinarily should be awarded to such prevailing plaintiffs to compensate them fully. Result accords with purpose of preventing unjust enrichment underlying profits remedy. Also, interest is another form of indirect profit from infringement, which should be relinquished to copyright owner.

Tracy v. Skate Key, Inc., 14 U.S.P.A.2d 1248 (S.D.N.Y. 1990)

Prejudgment interest was not available where sum awarded by jury (\$7,500 in actual damages and \$57,500 for defendant's profits) was found sufficient to serve all legitimate goals of the Copyright Act. Copyright Act, unlike Patent Act, does not expressly allow prejudgment interest, but because both protect same interests, court looked to determine whether Congress was attempting to distinguish patent from copyright when it passed the section allowing interest. Court determined that no distinction was meant and that therefore patent cases provided proper authority for determination of whether prejudgment interest was available in present case.

In patent infringement cases, interest is available from date of liquidation of damages or from date of infringement in exceptional cases. In present case, plaintiff's award was not liquidated until date of judgment. Prejudgment interest on unliquidated damages was available only when necessary to compensate a plaintiff fairly. Court found that compensation was fair because jury had chance to adjust it but did not.

Also, costs recoverable under 17 U.S.C. § 505 do not include funds paid to freelance law clerks, and fees charged by accounting consultant other than expert witness fee. In addition, expert witness fees of \$2500 were open to attack. Since application for costs was "grossly overreaching," court exercised discretion and denied application in full.

E. Rule 11

Business Guides, Inc. v. Chromatic Communications Enterprises, Inc., 892 F.2d 802 (9th Cir. 1989)

Court held that represented parties are subject to objective standard of reasonableness when determining whether their conduct should be subject to sanctions. In doing so, it rejected Second Circuit rule in *Calloway v. Marvel Entertainment Group*, 854 F.2d 1452 (2d Cir. 1988), which held that "objectively reasonable test" was only appropriate in evaluating conduct of attorneys, and instead followed Fourth Circuit. Court noted, however, that "what is objectively reasonable for a client may differ from what is objectively reasonable for an attorney." Following this standard, appellate court upheld lower court ruling and found that plaintiff had failed to conduct reasonable factual inquiry into accuracy of "seeds," allegedly false information planted in plaintiff's work, which were basis of claim. Plaintiff had failed to check accuracy before filing TRO papers and before filing of affidavit which purported to clarify which seeds were basis of claim. Court, reversing district court in part, found no violation of Rule 11 in plaintiff's oral representations and testimony during hearing, since Rule 11 only applies to "pleading, motion, or other paper." Court also refused to award attorneys' fees to defendant for appeal.

Lloyd v. Schlag, 884 F.2d 409 (9th Cir. 1989)

Court affirmed imposition of Rule 11 sanctions upon plaintiff who brought copyright infringement suit without recording assignment from creator of jewelry to plaintiff. District court granted defendant's motion to dismiss. When plaintiff filed Rule 60(b) motion after transfer had been recorded, district court granted plaintiff's motion but also granted defendant's Rule 11 motion for attorney's fees and costs incurred in defendant's original motion to dismiss and in defense of plaintiff's Rule 60(b) motion. Appellate court affirmed imposition of sanctions with respect to initial motion to dismiss, finding that reasonable attorney would have discovered that recordation was prerequisite to suit and that it had not been done. Fact that plaintiff made good faith error not a defense. Appellate court, however, found connection between failure to record and plaintiff's subsequent 60(b) motion to be too tenuous to justify imposition of sanctions for costs of defending this motion and reversed sanctions with respect to this motion.

Burger-Moss v. Steinman, 13 U.S.P.Q.2d 1495 (S.D.N.Y. 1989)

Court found violation of Rule 11 where plaintiffs' counsel signed pre-trial order knowing that access, an essential element of their claim, could not be proven. Sanctions only granted against counsel, as knowledge of legal standards governing claim was "peculiarly within counsel's province."

Hudson's Bay Co. New York, Inc. v. Seattle Fur Exchange, Inc.,
Copyright L. Rep. (CCH) ¶ 26,526 (S.D.N.Y. 1990)

Court refused to award Rule 11 sanctions against attorney who relied on a doubtful case for motion for rehearing of dismissal of claim due to failure to register copyright. "[I]t is possible that [counsel] saw in *Orth-O-Vision's* 'equitable discretion' language a seed from which a winning agreement in this Court could blossom," and therefore sanctions were inappropriate.

Tracy v. Skate Key, Inc., 14 U.S.P.Q.2d 1248 (S.D.N.Y. 1990)

Plaintiff's motion for Rule 11 sanctions denied. No attorneys' fees available under 17 U.S.C. § 505 since work was registered more than three months after first publication, and Court viewed motion as attempt to substitute sanctions for fees. Plaintiff had not moved at any earlier time for sanctions, even though some disputed events had occurred more than two years earlier and defendant had twice moved for summary judgment. Nor had defendant's twelve affirmative defenses unduly added to plaintiff's burden of proof, especially in light of plaintiff's numerous claims of copyright and trademark infringement, unfair competition, dilution and fraud.

Flag Fables, Inc. v. Jean Ann's Country Flags and Crafts, Inc., 730 F. Supp. 1165 (D. Mass. 1990)

Rule 11 sanctions are not available even though counsel, well-versed in intellectual property law, relied on an obviously discredited case for summary judgment motion on ground of deliberate omission of notice. Factual allegations as to cure provisions were legitimate potential grounds for summary judgment, negating sanctions. Sanctions also not available for motion to vacate preliminary injunction where counsel had reasonable belief that court had incorrectly interpreted authority and court in fact modified its interpretation as a result of motion.

F. Miscellaneous

Beverly Hills Design Studio (N.Y.) Inc. v. Morris, 13 U.S.P.Q.2d 1889 (S.D.N.Y. 1989)

Court granted defendants' motion for an order requiring plaintiffs to post a bond as security for costs and attorneys' fees incurred in defense of plaintiffs' action for, *inter alia*, copyright infringement of textile patterns. Bond for costs ordered where plaintiffs' financial condition found precarious. In addition, although not expressly within Local Rule authorizing bond requirement, court held attorneys' fees properly includable in bond where defendants would be likely to recover them under § 505, citing *Bon Publishers, Inc. v. Home Box Office, Inc.*, 82 Civ. 3968 (S.D.N.Y. December 20, 1982). Court held defendants would be likely to prevail and recover both costs and attorneys' fees.

Weneha Music Co. v. Weatherman, 11 U.S.P.Q.2d 1395 (W.D. Mo. 1989)

Court granted plaintiffs' unopposed motion for summary judgment based upon defendants' unauthorized public performance of musical compositions. Permanent injunction, statutory damages of \$10,000 for each of three infringements and attorney's fees of \$5,821 and costs awarded where (1) defendant's violations were deemed willful based on prior warnings from plaintiffs, and (2) defendants had failed to respond to plaintiffs' motions for summary judgment and non-compliance with discovery demands, and court's order to show cause why plaintiff's motions should not be granted.

VIII. PREEMPTION

Stillman v. Leo Burnett Co., 720 F. Supp. 1353 (N.D. Ill. 1989)

Plaintiff's claim under Illinois law that defendants misrepresented origin of idea for tv commercial held not preempted by Copyright Act. Defendants had claimed that they created accused commercial through "lucky inspiration," rather than based upon plaintiff's pre-existing work. Court rejected defendants' argument that every copyright violation inherently involves a degree of misrepresentation as to identity of author of infringing work and, therefore, plaintiff's state claims were preempted. Court stated that distinction lies in expression/idea dichotomy; since plaintiff's allegations went to defendants' claims regarding idea for commercial and not expression, copyright law would not prohibit state claims asserted by plaintiff. In court's view state law also serves a different purpose from copyright law. State law prevents others from fraudulently taking credit for, and benefitting from, plaintiff's ability to develop novel ideas. In contrast, court found copyright law protects plaintiff's right to reap benefits of particular expression employed by plaintiff in creating his commercial.

Association of American Medical Colleges v. Carey, 728 F. Supp. 873 (N.D.N.Y. 1990)

Summary judgment granted to plaintiff on ground that New York's Truth in Testing Act is preempted by Supremacy Clause of the Constitution. The New York statute required testing groups to disclose all questions and answers used in grading standardized tests. Court held that statute's disclosure provisions violated testing groups' exclusive rights to publish, reproduce and distribute tests and were not protected by fair use or archive exceptions of Copyright Law. Therefore disclosure provisions of statute were preempted. Preemption supported by conflict between disclosure provisions and federal copyright regulations which protected secrecy of exams.

Davis & Davis v. S&T World Products, Copyright L. Rep. (CCH) ¶ 26,481 (N.Y. Sup. Ct. App. Div. 1989)

Court upheld lower court's refusal to dismiss plaintiff's breach of oral

license claim. "[I]nsofar as the plaintiffs have alleged a breach of a licensing agreement, going beyond merely averring unauthorized use of copyrightable material, we find that the plaintiffs' first cause of action is not preempted by Federal Copyright Law. . . ."

CEO Marketing Promotions Co. v. Heartland Promotions Inc., 39

PTCJ 528 (N.D. Ill. Feb. 13, 1990)

Court granted motion to dismiss misappropriation claim on ground that claim was preempted by § 301. Plaintiff alleged that defendant took exclusive sublicense to market plans but instead distributed inferior product while continuing to use plaintiff's advertising materials. Because alleged misappropriation was distribution of plaintiff's advertising materials, court found claim preempted as equivalent to copyright protection.

Balboa Insurance Co. v. Trans Global Equities, 218 Cal. App. 3d 1327, 267 Cal. Rptr. 787 (Cal. App. 1990)

Appellate court affirmed that unfair competition claims based on trade secrets and breach of confidential relationship and of fiduciary duty were not preempted, but that misappropriation claim was preempted. Plaintiff had loaned money to defendant company to finance development of software to track insurance status of collateral. Later plaintiff took security interest in software. When defendant company was unable to repay debt, defendant company gave plaintiff's affiliate license to use software. Plaintiff's affiliate enhanced software and took over defendant company's loan tracking operations. Defendant later formed competing tracking service and took many of plaintiff's accounts and certain employees. Plaintiff sued for unfair competition, alleging misappropriation through defendant's use of software enhancements, use of confidential information and improper solicitation of customers and employees. Appellate court found that trade secret claim, and breach of fiduciary duty or confidential relationship claims contained requisite extra element, e.g., existence of confidential relationship or trade secret, and thus were not preempted. Misappropriation of plaintiff's software enhancements, by contrast, contained no such extra element and claim was accordingly preempted.

Brode v. Tax Management, Inc., 14 U.S.P.Q.2d 1195 (N.D. Ill. 1990)

Court held right of publicity claim preempted as matter of law. Plaintiff alleged that defendant's unauthorized licensing of plaintiff's tax portfolio was commercial exploitation of his name. Portfolio was available on LEXIS. Court found that work online was fixed and that right infringed was equivalent to right of reproduction or distribution of work and thus was preempted under § 301. Court, however, found that factual issues existed on claim of copyright infringement of portfolio after license from plaintiff to defendant expired.

Garrido v. Burger King Corp., Copyright L. Rep. (CCH) ¶ 26,536 (Fla. App. 1990)

On appeal from grant of summary judgment dismissing complaint for lack of subject matter jurisdiction, court affirmed in part, reversed in part and remanded. Plaintiff's complaint alleged unauthorized and uncompensated use of ideas contained in proposed advertising campaign which plaintiff presented orally to defendant. Court affirmed summary judgment in defendant's favor as to conversion and theft causes of action, holding that such claims were preempted under § 301(a) of Copyright Act. Court stated gravamen of those two claims was unauthorized taking and/or use of ideas, and since elements required to prove claims were not qualitatively different from those required to prove copyright infringement, claims were preempted. In contrast, since court found essential elements of plaintiff's idea misappropriation claim—i.e., novel idea revealed in confidence with expectation of payment—were outside of purview of copyright, misappropriation claim was not preempted. Likewise, plaintiff's cause of action for breach of an implied-in-fact contract was not preempted, since an agreement to pay for ideas, which could not receive monopoly protection under copyright law, would give rise to qualitatively different rights from copyright rights. Plaintiff's misrepresentation claim also stated a valid cause of action, since additional element of fraudulent or deceptive conduct in entering contract took claim outside of subject matter of copyright.

James v. Delilah Films Inc., 12 U.S.P.Q.2d 1387 (N.Y. Sup. Ct. 1989)

Plaintiffs' claims for misappropriation, unjust enrichment, punitive damages, injunctive relief and an accounting held preempted under § 301 of Copyright Act. Court was sympathetic to, but not persuaded by, plaintiffs, members of 1960's "girl groups" or their successors-in-interest, who brought suit against filmmaker for unauthorized, non-pecuniary use of previously published film clips of groups' performances. Since plaintiffs conceded clips were owned by various third parties who may or may not have registered them, and court found clips came within subject matter of copyright, plaintiffs' claims were dismissed. Court rejected plaintiffs' argument that sound portion of clips could be protected separately from audio portion under § 301(c) exemption from preemption applicable to sound recordings fixed prior to 1972.

Cinema Concepts Theatre Service Co. v. Filmack Studios, 11 U.S.P.Q.2d 1564 (N.D. Ill. 1989)

Plaintiff's misappropriation claim based on defendant's removal of plaintiff's copyright notice from movie trailers held preempted. Court found right allegedly violated not qualitatively different from rights protected by Copyright Act. Any profits derived from trailers were from copying them rather

than from removing copyright notice. Court also dismissed claims against individual defendants since complaint failed to allege either that individuals supervised infringing activity or derived financial benefit from it.

Princess Fabrics, Inc. v. CHF, Inc., 12 U.S.P.Q.2d 1845 (S.D.N.Y. 1989)

Plaintiff's state unfair competition claim based upon defendant's admitted copying of a photograph of plaintiff's fabric and placement of such copied photograph on defendant's package, held preempted where copyright in plaintiff's fabric had been lost. Court reasoned that to extent plaintiff's claim even alleged unfair competition, state law could provide no greater protection than that provided under Copyright Act.

Sun Studs, Inc. v. ATA Equipment Leasing, Inc., 710 F. Supp. 1297 (D. Ore. 1987)

Plaintiff's motion for permanent injunctive relief based on infringement of common law copyright in computer program denied under § 301(a) of Act. Court rejected plaintiff's argument that a computer program, created prior to effective date of 1976 Act, fell within § 301(a)(2) exception to preempted claims "for undertakings commenced before January 1, 1978." Court relief on case law which recognized that "undertakings" must refer to infringing acts and not creation of copyrighted work, otherwise § 301(2) would be rendered meaningless. Since allegedly infringing acts began in 1987, plaintiff's copyright claim was preempted.

United Video, Inc. v. FCC, 890 F.2d 1173 (D.C. Cir. 1989)

Court rejected petition brought by cable television companies that FCC "syndex" rules imposing copyright liability for cable retransmission of syndicated television programming as to which broadcasters had purchased exclusive rights were preempted under compulsory licensing scheme of § 111 of Act. Court found "abundant evidence" in text and history of 1976 Act that Congress had been aware of syndex rules when it passed Act, and allowed such rules to remain in effect. Court further held that § 111 does not grant a blanket right to retransmit broadcast signals, since that section expressly conditions license on cable systems' conformance with FCC rules, regulations or authorizations. According to court, Act also explicitly acknowledges possibility of alteration of syndex rules by FCC, by instructing Copyright Royalty Tribunal to adjust rates "[i]n the event of any change in the rules and regulations of the [FCC] with respect to syndicated and sports program exclusivity. . . ." 17 U.S.C. § 801(b)(2)(C). Court concluded compulsory licensing scheme of § 111 is not a comprehensive solution to copyright liability issues posed by cable television, but rather, an efficient mechanism for making cable companies pay for those signals they are authorized by FCC to carry. Court left it for Congress to resolve anomaly of co-existing compulsory scheme, and

regulation that could greatly limit set of signals over which scheme would be effective.

Bull Publishing Co. v. Sandoz Nutrition Corp., 13 U.S.P.Q.2d 1678 (N.D. Cal. 1989)

Court dismissed plaintiff's reverse passing off claim under California law as preempted. Plaintiff had claimed that defendant took portions of plaintiff's work and published them as defendant's. Court stated that "real harm alleged is the use of protected work without permission rather than the potential confusion caused by the placing of defendant's copyright notice on the publication containing plaintiff's text," which was equivalent of claim covered by copyright and thus preempted.

Xerox Corp. v. Apple Computer, Inc., 14 U.S.P.Q.2d 1512 (N.D. Cal. 1990)

Court dismissed on pleadings Xerox's unfair competition and unjust enrichment claims against Apple Computer as preempted. Xerox alleged that by claiming title to copyrights in its Lisa and Macintosh Finder software that was allegedly based on Xerox's Star software, Apple had created confusion in industry to dissuade others from dealing with Xerox. Court found that confusion alleged was not as to source of origin by consumers and thus that no extra element existed to avoid preemption.

IX. MISCELLANEOUS

A. Antitrust

Illinois Bell Telephone Co. v. Haines and Co., Inc., No. 85C 7644 (N.D. Ill. May 11, 1989)

Summary judgment granted to counter-defendants on claims alleging federal and state antitrust violations. Court held evidence did not support finding that public telephone company and companies which purchased listing information from it misused utility's copyrights in telephone directories. Under rule of reason analysis, ten year contract between utility and other companies did not go beyond what was reasonably necessary to effectuate non-exclusive license, and court found no evidence of anti-competitive impact. Further, court found no evidence in record that companies paid less than counterclaimant for listings, where counterclaimant (though not other companies which paid a flat fee) was charged on a per listing basis under standard licensing agreement. 2400% price increase for residential listings and 3600% price increase for business listings over six year period not evidence of price discrimination where resulting rates were within range of rates charged by other telephone companies. Claim that purchase of unnecessary listings was illegally tied to purchase of necessary listings also failed since, by definition, tying arrangement requires two separate products. No evidence found of predatory conduct based upon utility's filing of underlying copyright

action where (1) court previously decided validity of utility's copyright, and (2) even if invalid, good faith attempt to protect copyright interest would be defense to action for attempted monopolization.

B. Constitutional Questions

United States v. ASCAP, 708 F. Supp. 95 (S.D.N.Y. 1989)

Petitioner sought review of a decision of a Panel of arbitrators, claiming his rights had been violated under Due Process Clause of U.S. Constitution and Article 75 of New York law. Underlying dispute concerned percentage of profits paid per performance by ASCAP to "jingle" writers like petitioner. Basis of application was claim that Panel should have considered appeal *de novo*. Jurisdiction founded in court's continuing supervision over 1950 ASCAP Consent Decree.

Court rejected petitioner's argument that court's approval of Consent Decree, requiring ASCAP to establish grievance procedure at issue, constitutes sufficient state action to invoke Due Process protections. Case distinguished from *Mount St. Mary's Hospital v. Catherwood*, 26 N.Y.2d 493, 311 N.Y.S.2d 863 (1970), cited by petitioner, since there court ordered, rather than merely approved, use of an arbitration procedure. Court also denied petitioner's importunings to find ASCAP quasi-governmental entity subject to constitutional challenge. Petitioner's application granted in part, however. Since appellate role of Panel found within ambit of Article 75, N.Y. Civ. Prac. L. & R., Panel had power to make limited *de novo* review of decision. Matter remanded to Panel for opportunity to re-evaluate factual findings and consider any evidence that may have been improperly excluded by Board.

C. Cable/Satellite Transmissions

Barris Industries, Inc. v. Worldvision Enterprises, Inc., 875 F.2d 1446 (9th Cir. 1989)

Ninth Circuit affirmed that as between distributor of tv program and owner of copyright in program, it is contract between parties which determines who will receive statutory cable retransmission royalties under § 111. Worldvision was distributor of "Newlywed Game" tv show for producer Barris Industries. Agreement between parties entered into in 1977 specified that Worldvision was to be paid 30 percent of gross receipts (defined as license fees received under license agreements) as "full and complete compensation" for licensing game show for tv exhibition (defined so as to exclude cable). Appellate court rejected Worldvision's argument that Copyright Royalty Tribunal's 1984 ruling determined that distributor is entitled to compulsory cable royalties. Agreeing with *NBC v. Copyright Royalty Tribunal*, 848 F.2d 1289 (D.C. Cir. 1988), Ninth Circuit found that proper distributee of royalties is not necessarily owner of copyright and that contract between relevant parties determines who should ultimately receive statutory royalties. Here, court found

that Worldvision's evidence of Barris' post-contract conduct did not support a construction of parties' contract to which contract was "reasonably susceptible." Appellate court accordingly affirmed award of 100% of cable royalties to Barris as matter of law because agreement clearly specified that Worldvision's "full and complete compensation" was portion of license fees obtained.

Showtime/The Movie Channel, Inc. v. Covered Bridge Condominium Association, 881 F.2d 983 (1989), *vacated on procedural grounds*, 895 F.2d 711 (11th Cir. 1990)

Defendant appealed from an order granting final summary judgment and permanent injunction in favor of plaintiffs, cable operators. Underlying dispute stemmed from defendant members' unauthorized viewing of cable programming through use of earth satellite dish owned in common. Defendant did not deny that its members had, without permission or payment, intercepted plaintiffs' transmissions. Rather, defendant maintained it was statutorily exempt from liability under § 605(b) of 1984 Cable Act. Court explained exemption in § 605(b) imposes three requirements: (1) a private viewing; (2) unencrypted programming; and (3) no established marketing system or, alternatively, an established marketing system from which claimant has obtained authorization. Court held defendant had failed to qualify for § 605(b) immunity, since a marketing system was in place for associations, albeit not individuals, to obtain programming services, and defendant lacked proper authorization. Court further explained that statutory exemption was intended to benefit individuals in rural areas who otherwise could not get programming because there was no market to service them, and condominium association did not fall within this protected class.

United Video, Inc. v. FCC, 890 F.2d 1173 (D.C. Cir. 1989)

Court denied petition for review brought by cable television companies and upheld FCC reinstatement of syndicated exclusivity ("syndex") rules. Such rules protect local broadcasters by preventing cable importation of distant signals carrying syndicated television programs as to which a local broadcaster has purchased exclusive rights. In 1980, FCC had eliminated syndex protection, following effective date of 1976 Copyright Act which created a compulsory licensing scheme for cable retransmissions of programming, 17 U.S.C. § 111. Exclusivity of network programming had always been retained by FCC and was not challenged in present case.

Court held agency's reinstatement of syndex rules was neither arbitrary nor capricious for want of support in rulemaking record; that Commission had authority to impose rules; and that need for change was adequately articulated by Commission, thus meeting District of Columbia Circuit standard for agency action departing from previous course. Basis for Commission's decision upheld by court was finding that program duplication on cable and

broadcast television discouraged diversity in programming through lowered prices for syndicated programs and reduced effectiveness of advertising. Changed circumstance since 1980 justifying reinstatement of syndex rules was unexpected growth of cable television industry leading to its status as a full competitor to network television.

D. Bankruptcy Proceedings

In the Matter of Remick, Copyright L. Rep. (CCH) ¶ 26,460 (W.D. Mo. Bky. 1989)

Court issued decree of nondischargeability of damages accruing from willful copyright infringements after defendant was unequivocally told to stop playing musical compositions on radio station. Liability is not dischargeable in bankruptcy under § 523(a)(6) of Bankruptcy Code if defendant injured property willfully and maliciously. Standard applied in Eighth Circuit is whether conduct was of type which was or should have been recognized to cause harm to creditor. After defendant received unequivocal cease and desist notice following expiration of license to play music on radio station, continued playing constituted willful and malicious conduct under Bankruptcy Act and any liability for infringements after that date was not dischargeable in bankruptcy proceeding.

In re Elms, Copyright L. Rep. (CCH) ¶ 26,527 (E.D. La. Bky. 1990)

Bankruptcy court concluded as matter of law that judgment against debtor for willful copyright infringement was not dischargeable in bankruptcy proceeding. Elms was officer of company which knowingly failed to pay jukebox royalty fee. BMI had obtained judgment against Elms and his company for willful copyright infringement. Because Elms had ability to supervise infringing conduct and knew failure to pay royalties violated copyright law, court concluded that BMI's judgment against him would not be discharged pursuant to § 523(a)(6) of Bankruptcy Act.

BMI v. Game Operators Corp., Copyright L. Rep. (CCH) ¶ 26,543 (D. Kan. 1990)

In suit for unlicensed performance of musical compositions, defendants filed motion contending court was without jurisdiction to hear case, based upon defendants having filed petition in bankruptcy. Plaintiffs maintained automatic stay provision of Bankruptcy Act, 11 U.S.C. § 362, did not apply to claims in issue, since all of alleged infringements occurred after defendants had filed. Court first determined it had jurisdiction to decide applicability of § 362, relying on cases from Second, Fifth and Sixth Circuits. Automatic stay held not to bar case *sub judice*. Court relied on legal treatise and Third Circuit case law construing language of § 362(a)(1) as to applicability of stay ("... or other action or proceeding against the debtor that was or could have been commenced before the commencement of the case under this title or to

recover a claim against the debtor that arose before the commencement of the case under this title") (emphasis added). However, court stated propriety of hearing action on merits was a separate question, and that it would consider abstaining from case if it were subsequently informed bankruptcy court was assuming control of case under 11 U.S.C. § 105

PART V

BIBLIOGRAPHY

A. BOOKS AND TREATISES

1. United States Publications

142. DANNAY, RICHARD. Current Developments in Copyright Law 1990. N.Y.: Practising Law Institute (1990), 520p.

This is a course handbook designed to supplement and provide information for the Practising Law Institute's "Current Developments in Copyright Law" program. The work may be used as a reference manual by attorneys and related professionals. Its list of topics includes copyright fundamentals, compilations and factual narrative works, international developments, and protection of literary and graphic characters. An update on the Copyright Office and legislative developments also is provided.

143. EPSTEIN, MICHAEL A. Modern intellectual property. 2d ed. 1 vol. looseleaf. Englewood Cliffs, N.J.: Prentice Hall Law & Business, (1989).

Modern Intellectual Property is a comprehensive guide to the subject of intellectual property. It details how corporations and other business entities can protect information and materials that are commercially important and competitively sensitive. It gives extra emphasis to computer software and concludes with a chapter on the ownership of employee inventions.

144. GOLDBERG, MORTON DAVID. Computer software 1990: protection and marketing. N.Y.: Practising Law Institute (1990), 712p.

This course handbook provides up-to-date, accurate, and authoritative information regarding the protection and marketing of computer software. The publication is designed to serve as an educational supplement to the Institute's "Computer Software" program as well as a reference manual for attorneys and others. The topics covered include critical issues in software licensing, considerations in contracting for the development and marketing of custom software, and copyright, trade secret and trademark protection for computer software.

145. NORDEMAN, WILHELM. International copyright and neighboring rights law: commentary with special emphasis on the European community. New York: VCH Publishers (1990), 727 p.

This book offers a complete presentation of international conventions dealing with copyright and neighboring rights. Commentaries are provided on the Berne, Universal, Rome, and Phonogram Conventions. It also in-

cludes detailed changes in American copyright law effected by U.S. adherence to the Berne Convention 1989, as well as English translations of most of the important conventions.

2. Foreign Publications

146. LESTER, DAVID AND PAUL MITCHELL. Joynson-Hicks on UK copyright law. London, England: Sweet & Maxwell (1989), 541 p.

This publication provides a concise summary of the U.K. Copyright, Designs and Patents Act of 1988. In each chapter, a summary of the relevant provisions of the new Act is provided, with a comparison to the 1956 Act. It is intended as a book for lawyers and lay persons where copyright is a vital aspect of the relevant business, either in terms of copyright owner or user.

B. ARTICLES FROM LAW REVIEWS AND COPYRIGHT PERIODICALS

1. United States

147. BENJAMIN, LINDA. Tuning up the Copyright Act: substantial similarity and sound recording protections. *Minnesota Law Review*, vol. 73, no. 4 (Apr. 1989), pp. 1175-1203.

Ms. Benjamin discusses state and federal protection for recording artists and the protection of musical works under the Copyright Act of 1976. In examining the concept of unfair competition, the author states that the law of unfair competition may bar the simulation of sound recordings when the simulation deceives the audience into identifying the replication as the original. Cases discussed in this article include *Sinatra v. Goodyear Tire and Rubber Co.* and *Midler v. Ford Motor Co.* Ms. Benjamin also devotes a section of the article to a discussion of the need for expansion in copyright protection for recording artists and flaws in existing state law doctrines.

148. BENTLY, LIONEL. Sampling and copyright: is the law on the right track? *The Journal of Business Law*, (Sept. 1989), pp. 405-14.

Mr. Bently defines "sampling" as a new song composed from snatches of old works that have been electronically manipulated. The article investigates the civil liabilities in conjunction with this practice. It discusses the new moral rights introduced in Britain's Copyright, Designs and Patents Act of 1988, and the question of whether "sampling" takes a "substantial part" of the original work.

149. BLANCHFIELD, JR., GARRETT D. Black and white (and red all over): "colorization" in the courts and in the government. *Hamline Journal of Public Law and Policy*, vol. 10, no. 1 (Spring 1989), pp. 59-77.

The author describes the process of colorization in detail. He also dis-

cusses colorization and moral rights in the courts, including the right of paternity and the right of integrity. He devotes the second half of the article to an overview of colorization and moral rights in legislation, along with a discussion of the provisions of the Film Preservation Act of 1988.

150. BRAGA, CARLOS ALBERTO PRIMO. The economics of intellectual property rights and the GATT: a view from the south. *Vanderbilt Journal of Transnational Law*, vol. 22, no. 2 (1989), pp. 243-265.

Mr. Braga explores the position of less developed countries in respect to trade-related aspects of intellectual property rights in multi-lateral trade negotiations. He also reviews the protection of intellectual property rights and how it affects the economy of less developed countries.

151. FRANCIS, MICHELE V. States escape liability for copyright infringement? *Pepperdine Law Review*, vol. 16, no. 3. (1989) pp. 663-87.

The author discusses the scope of the eleventh amendment and looks at early case law development, particularly the case of *Parden v. Terminal Railway Co.* and *Employees of Department of Public Health & Welfare v. Department of Public Health & Welfare*. He reviews the purpose and scope of copyright law and takes an in-depth look at the Copyright Act of 1976, including a discussion of federal court interpretation of copyright law and the eleventh amendment. *Atascadero State Hospital v. Scanlon* and *Richard Anderson Photography v. Radford University* are cases that receive special notice.

152. GADBAW, R. MICHAEL. Intellectual property and international trade merger or marriage of convenience. *Vanderbilt Journal of Transnational Law*, vol. 22, no. 2 (1989), pp. 223-243.

The author reviews the Omnibus Trade and Competitiveness Act of 1988 which deals with intellectual property rights and the U.S. trade policy. The author also examines the interaction between trade and intellectual property rights through U.S. law, GATT and WIPO. The Semiconductor Chip Protection Act of 1984 is discussed as well.

153. HALE, D.J. *Vault Corp. v. Quaid Software Ltd.*: Limits to copyright protection for computer programs. *Tulane Law Review*, vol. 64, no. 1 (Nov. 1989), pp. 270-79.

Mr. Hale analyzes the *Vault Corp.* case, in which Vault brought a copyright infringement action in the Eastern District of Louisiana against Quaid Software Ltd. seeking an injunction to prevent Quaid from selling and marketing its "Copywrite" program which circumvented Vault's copy protection device. The district court denied injunctive relief to Vault. The author investigates the Court of Appeals' reasoning in affirming the lower court's decision.

154. HATCH, ORRIN G. Better late than never: implementation of the 1886 Berne Convention. *Cornell International Law Journal*, vol. 22, no. 2 (Spring 1989), pp. 171-97.

Senator Hatch provides a brief history of the U.S. copyright law and early U.S. international copyright efforts as well as U.S. efforts after the 1855 Berne Conference. The author also discusses U.S. withdrawal from UNESCO, and increased pirating of U.S. copyright material abroad. Finally, Senator Hatch talks about moral rights and congressional treatment of the moral rights issue along with compulsory licenses and formalities.

155. HILL, ANNE MARIE. The "work for hire" definition of the Copyright Act of 1976: conflict over specially ordered or commissioned works. *Cornell Law Review*, vol. 74, no. 3 (March 1989), pp. 559-86.

Ms. Hill investigates the evolution of the work for hire doctrine under common law and under the Copyright Acts of 1909 and 1976. She also discusses works made under employer-employee independent contractor relationships. Cases analyzed include *Yardley v. Houghton Mifflin Co.* and *Brattleboro Publishing Co. v. Windmill Publishing Corp.*

156. KASTENMEIER, ROBERT W. AND DAVID BEIER. International trade and intellectual property: promise, risks, and reality. *Vanderbilt Journal of Transnational Law*, vol. 22, no. 2 (1989), pp. 285-309.

The authors emphasize the Uruguay round of GATT negotiations with a look at potential benefits to intellectual property owners and risks to American business interests. Intellectual property protection in the developing countries, and the concepts of user fees and development of a registration system in developing countries are also discussed.

157. KAUFMAN, PAGE M. The enforceability of state "shrink-wrap" license statutes in light of *Vault Corp. v. Quaid Software, Ltd.* *Cornell Law Review*, vol. 74, no. 1 (Nov. 1988), pp. 222-44.

This note examines the effectiveness of the Copyright Act in protecting computer software and the case law defining the scope of the rights protected under the Copyright Act. It discusses the purpose and provisions of "shrink-wrap" license agreements and their enforceability in the absence of state "shrink-wrap" laws. The author also examines the scope and effectiveness of the Louisiana and Illinois "shrink-wrap" statutes.

158. KAWAMURA, TARO J. Digital audio tape technology, formidable challenge to the American copyright system. *The American University Journal of International Law and Policy*, vol. 4, no. 2 (Spring 1989), pp. 409-443.

Mr. Kawamura discusses the influence of technology on American copyright law, the development of copyright in the United States, the concept of

neighboring rights, and fair use. He analyzes Japan's copyright system, including fair use and neighboring rights under Japan's copyright law. There is also an analysis of the protection afforded performers and record producers and a look at digital audio tape systems.

159. KERNOCHAN, JOHN M. The distribution right in the United States of America: review and reflections. *Vanderbilt Law Review*, vol. 42, no. 3 (Oct. 1989), pp. 1407-41.

Mr. Kernochan discusses distribution rights, the first sale doctrine, and other limitations on distribution rights. He also discusses of avoiding the first sale doctrine and how particular types of works, including unpublished works, books, music, drama, film and visual arts, are distributed.

160. KOEBERLE, BRIAN, E. Play it again Samantha? Another argument for U.S. adherence to article 6bis of the Berne Convention. *Duquesne Law Review*, vol. 27 no. 3, (Spring 1989), pp. 609-625.

This article focuses on moral rights. The author discusses suggestions that the U.S. Copyright Act be amended to provide for protection of moral rights. The author also states that even though Congress has recently passed Berne Convention implementing legislation, it has done so in "complete disregard of Article 6bis, the moral rights provision of Berne, thus making United States adherence to Berne moral rights neutral." The author believes it is now up to the courts to take charge of the moral rights issue and that the Film Integrity Act of 1987 is simply piecemeal legislation in the area of moral rights.

161. KRETSCHMER, MARC T. Copyright protection of software architecture; just say no! *Columbia Business Law Review*, vol. 1988, no. 3 (1988), pp. 823-55.

The author discusses the development of software protection and the federal courts' inconsistent treatment of copyright protection for software architecture. He reviews several cases, including *Whelan Associates Inc. v. Jaslow Dental Laboratory, Inc.* and *Broderbund Software, Inc. v. Unison World, Inc.*, and devotes attention to the consequences of denying copyright protection to software architecture.

162. KUNZ-HALLSTEIN, HANS PETER. The United States proposal for a GATT agreement on intellectual property and the Paris Convention for the protection of industrial property. *Vanderbilt Journal of Transnational Law*, vol. 22, no. 2 (1989), pp. 265-285.

Mr. Kunz-Hallstein investigates the competence of the Paris Union and GATT as they are concerned with international protection of industrial property. He reviews the principles of the Paris Convention and the enforcement of treaty obligations under that Convention.

163. KWALL, ROBERTA ROSENTHAL. Governmental use of copyrighted property: the sovereign's prerogative. *Texas Law Review*, vol. 67, no. 4 (March 1989), pp. 685-86.

The author discusses copyrighted property and the exercise of eminent domain over it. She then provides a framework to categorize governmental uses of copyrighted property into three major groups: free bargaining paradigm, the compensated use paradigm, the uncompensated use paradigms. In the last section, Ms. Kwall discusses the liability of government entities for unlawful uses of copyright property.

164. LANDAU, MICHAEL B. The colorization of black-and-white motion pictures: a grey area in the law. *Loyola of Los Angeles Law Review*, vol. 22, no. 4 (June 1989), pp. 1161-88.

Mr. Landau comments on the basic principles that define colorized motion pictures as derivative works. He discusses the copyrightability of colorized films and the "sufficient originality" requirement. He also looks at aesthetic criticism, moral rights, the Lanham Act, and the concept of unfair competition and how they relate to colorization of film.

165. MENELL, PETER. An analysis of the scope of copyright protection for application programs. *Stanford Law Review*, vol. 41, no. 5, (May 1989), pp. 1045-1105.

Mr. Menell gives an overview of the design of application programs and analyzes the scope of legal protection for application program codes. He provides an introduction to computer technology, including a look at software engineering and technological advancements in application programming. Program code protection through copyright and patent laws is also discussed, as well as the scope of legal protection for computer-human interfaces.

166. NEUMEYER, VICKY GERL. Software copyright law: the enforceability sham. *Loyola Law Review*, vol. XXXV, no. 2 (1989), pp. 485-507.

Ms. Neumeyer devotes this article to the topic of enforceability of software copyright. She reviews the history of the copyright law, and the various factors that contribute to the problem of enforceability. Cases discussed include *Gershwin Publishing Corp. v. Columbia Artists Management, Inc.* and *Sony Corp. of America v. Universal City Studios, Inc.*

167. News notes: copyrights. *USPQ2d*, vol. 14, no. 5 (Apr. 30, 1990).

Current developments in copyright law were the focus of the Practising Law Institute's June 25-26 seminar. Topics covered included copyright ownership and transfer, and Copyright Office and legislative developments.

168. News notes: international copyright laws. *USPQUSPQ2d*, vol. 14, no. 5 (Apr. 30, 1990).

The *25th Supplement, 1987-1988 to Copyright Laws and Treaties of the World*, prepared by UNESCO and WIPO, is now available. The work documents legislative activities in 1987 and 1988 affecting many international agreements, including the Berne Copyright Union and the Universal Copyright Convention. It also includes revisions to the statutes of almost every country as well as new chapters for those countries issuing copyright protection for the first time.

169. ODDI, SAMUEL. Contributory copyright infringement: the tort and technological tensions. *Notre Dame Law Review*, vol. 64, no. 1 (1989), pp. 47-105.

Mr. Oddi discusses the tort of contributory infringement and analyzes the *Betamax* case in detail. He divides his study into standards used for direct infringement, the misuse of intellectual property, and the duty owed to intellectual property owners.

170. OMAN, RALPH. Intellectual property rights. *CRS Review*, vol. 11, Nos. 7-8. (July-Aug. 1990), pp. 23-25.

The Register of Copyrights points out that in the wake of advanced telecommunications and information technology, the U.S. is pursuing two main objectives. First, it desires to maintain an up-to-date copyright system that gives enough proprietary rights to stimulate creativity and investment while not inhibiting free circulation of ideas and information to assure a highly competitive, innovative marketplace. Second, it wishes to strengthen existing bases of international protection and forge a consensus around new standards of protection. He reports on legislative and administrative efforts to achieve these goals.

171. PARK, FREDDIE K. Community for Creative Nonviolence v. Reid: needed insight in interpreting the "work for hire" provision of the Copyright Act of 1976. *George Mason University Law Review*, vol. 11, no. 4 (Summer 1989), pp. 141-67.

This article focuses on the current status of the "work for hire" doctrine and the various interpretations of the 1976 Copyright Act's "work for hire" provision. The author discusses the case of *Community for Creative Non-Violence v. Reid* and reviews the district court's as well as the D.C. Court of Appeals' opinions. Mr. Park analyzes and comments on the concept of joint authorship as a potential loophole to circumvent the effect of a literal interpretation of the 1976 Act's "work for hire" provision.

172. REICHMAN, J.H. Computer program as applied scientific know-how: implications of copyright protection for commercialized university research. *Vanderbilt Law Review*, vol. 42, no. 3 (Apr. 1989), pp. 639-725.

Mr. Reichman's study of copyright protection for computer programs consists of a history of protection for programs. He also addresses new directions in legal protection for new technologies, including expanding opportunities for legal protection of university research. The topic of academics as employee-authors is also discussed, along with the eligibility and scope of protection for software designs.

173. SAXER, SHELLEY ROSS. Baltimore Orioles, Inc. v. Major League Baseball Players Association: the right of publicity in game performances and federal copyright preemption. *UCLA Law Review*, vol. 30 no. 1 (April 1989), vol. 26, pp. 861-888.

The author discusses whether baseball players should be entitled to a greater share of revenues from game telecasts and, if so, whether contracts with owners should determine revenue shares. The case of the *Baltimore Orioles, Inc. v. Major League Baseball Player's Association* is discussed along with the right of publicity, Section 301 of the Copyright Act of 1976, and the difference between the copyrightability of the players' performance and the telecast of the performance.

174. VAN VELZEN, LAURA LEE. Injecting a dose of duty into the doctrine of *droit moral*. *Iowa Law Review*, vol. 74, no. 3 (March 1989), pp. 629-681.

Ms. Van Velzen analyzes the development of the *droit moral* doctrine. She divides her study into several areas, including an overview of the Berne Convention, the *droit moral* protection it provides authors, and a look at U.S. federal legislation, notably the Berne Convention Implementation Act of 1989. The focus of state statutes that have enacted moral rights legislation is also investigated, including the scope of rights protected.

175. WAGNER, CRAIG A. Motion picture colorization, authenticity, and elusive moral right. *New York University Law Review*, vol. 64, no. 3 (June 1989), pp. 628-725.

The author states that present laws do not provide adequate protection against the colorization of black and white motion pictures. The author believes that color tinting destroys the authenticity of early black and white films as culturally significant works of art. Mr. Wagner provides an overview of the important principles of copyright law and their relationship to the motion picture industry. He also examines federal trademark statutes as a remedy against alteration of a filmmaker's work and examines the concept of moral rights.

176. WARNER, MICHAEL. Infringement of the exclusive right to prepare derivative works: reducing uncertainty. *Minnesota Law Review*, vol. 73, no. 6 (June 1989), pp. 1521-53.

The author provides a brief history of the exclusive right to prepare derivative works, along with an analysis of technological and legislative changes in copyright. The author also discusses two different applications by the courts of the exclusive right to prepare derivative works. He believes that using a traditional substantial similarity analysis as a test for infringement of the exclusive right to prepare derivative works creates uncertainty, reduces authors' incentives, and inhibits innovation.

177. YEN, ALFRED C. A first amendment perspective on the idea/expression dichotomy and copyright in a work's "total concept and feel." *Emory Law Journal*, vol. 38, no. 2 (Spring 1989), pp. 393-437.

Mr. Yen examines the free speech problems caused by the courts' reliance on the idea/expression dichotomy to keep copyright within its first amendment limits. The author also examines cases such as *Landsberg v. Scrabble Crossword Game Players, Inc.* which allow extremely general and abstract similarities between works to serve as a basis for copyright claims. The author also provides some suggestions which he believes will bring the copyright law back to the limits of the first amendment.

2. Foreign

178. BOOK REVIEW: BRAHM, LAWRENCE J. Intellectual property law in the People's Republic of China. *EIPR*, vol. 12, no. 5 (May 1990), p. 183.

This book is divided into three sections: trademarks, patents and copyrights, with emphasis on legislation, applications and registrations. The author provides a draft of China's copyright law as well as trademark registration applications.

179. CHENGSI ZHENG AND MICHAEL D. PENDLETON. China's first court decision on copyright. *Jiang v. Qiao* and the film 'Hospital Ward No. 16.' *EIPR*, vol. 12, no. 6 (June 1990), pp. 217-19.

This decision in China by the High Court of Jiang province involved a dispute between a novelist and the screen writer of *Hospital Ward No. 16*. The authors state that most copyright disputes concerning films in China are in fact disputes about screenplays. Jiang had said that he was the co-author of the screenplay and that without his permission his co-author, Qiao, had licensed the right to produce a film based on the screenplay. Jiang sued Qiao for copyright infringement. The High Court ruled that copyright for the film would be shared jointly by the two parties.

180. CORNISH, W.R. Computer program copyright and the Berne Convention. *EIPR*, vol. 12, no. 4 (April 1990), pp. 129-33.

Mr. Cornish discusses the 1971 Paris Act of the Berne Convention, which states, in part, that countries can provide authors with an exclusive right to authorize reproduction of their literary and artistic works provided that such reproduction does not conflict with normal exploitation of the work and does not unreasonably prejudice the legitimate interests of the author. He then analyzes the limitation of the reproduction right under article 9(2) and also whether reverse engineering should be used to discover the basic ideas of computer programs.

181. DILLENZ, WALTER. Functions and recent developments of continental copyright societies. *EIPR*, vol. 12, no. 6 (June 1990), pp. 191-196.

This article reviews recent developments in Europe concerning copyright collecting societies. The copyright societies of Germany, Austria and Switzerland are investigated in detail along with their development in the past decade.

182. DAWSON, NORMA. IRELAND - Copyright/characters in TV soap opera. *EIPR*, vol. 12, no. 2 (Feb. 1990), p. D-24.

The author states that Ireland's Radio Telefis Eireann (RTE), which holds the copyright in a number of Irish television series, is in negotiation with Irish Actors Equity concerning contracts which prevent actors from exploiting the characters they play in a series. The RTE has stated that the soap-opera stars may earn money from advertising provided they do not portray the characters they play.

183. GOLDBLATT, MARK. Copyright protection for computer programs in Australia: the law since Autodesk. *EIPR*, vol. 12, no. 5 (May 1990), pp. 170-75.

The author discusses the Australia software case of *Autodesk, Inc. and Autodesk Australia Pty Ltd. v. Martin Peter Dyason, Christine Dyason and Peter Vincent Kelly*, which is the first case to interpret an amendment to the Australian Copyright Act dealing with copyright protection for computer programs. The author reviews the case of *Apple Computer, Inc. v. Computer Edge Pty Ltd.* The author also discusses copyright infringement in computers and the concept of reproduction or adaptation in a material form.

184. JEHORAM, HERMAN COHEN. The relationship between copyright and neighboring rights. *Revue Internationale du Droit D'Auteur*. No. 144 (April 1990), pp. 81-133.

Dr. Jehoram defines neighboring rights as they apply to copyright and takes a close look at performers' rights and the Rome Convention. He states that the

rights conferred on performers in the Rome Convention are very weak. He also discusses the rights of producers of phonograms and broadcasters.

185. KANG, ALBAN. BOOK REVIEW: Wei, Law of copyright in Singapore. *EIPR*, vol. 12, no. 4 (April 1990), p. 147.

This book by George Wei discusses the 1987 Singapore Copyright Act which updated the Imperial Copyright Act of 1911 and is modeled after the Australian Copyright Act. The reviewer states that the book is useful to anyone interested in copyright law, whether they be students, lawyers or businessmen. There is a discussion of the history of copyright protection, the duration of protection, and who is entitled to this protection. The book provides a history of bilateral treaties between the U.S. and Singapore, including a discussion of the protection of foreign copyright materials in Singapore. There are separate chapters on copyright infringements, defenses, and remedies.

186. KARJALA, DENNIS S. Japanese courts interpret the "algorithm" limitation on the copyright protection of computer programs. *EIPR*, vol. 12, no. 7 (July 1990), pp. 235-41.

Mr. Karjala discusses a recent decision by the Tokyo High Court that held that "processing flow" is not subject to copyright protection in a computer program. Both the lower and higher courts denied plaintiff's infringement claim with respect to another program that was not literally copied. The Japanese courts have taken a less protective view of protection of computer programs under copyright law than have U.S. courts. The author analyzes the Japanese case, *System Science Corp. v. Tokyo Sokki K.K.*, in detail.

187. METAXAS, GEORGE. Production of databases: quietly steering in the wrong direction? *EIPR*, vol. 12, no. 7 (July 1990), pp. 227-35.

The author discusses legal aspects of the protection of databases and the EC Commission's Green Paper on Copyright as it pertains to databases. The author provides his alternative to copyright protection for databases, primarily a "sui generis" approach.

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