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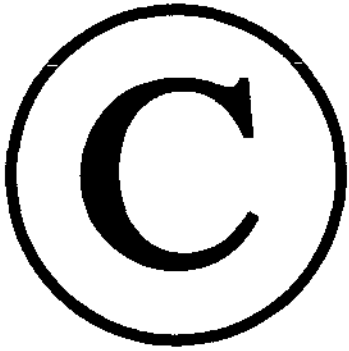

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ARTICLES

ARE COPYRIGHTS FOR AUTHORS OR THEIR CHILDREN?

By PIERRE N. LEVAL*
AND LEWIS LIMAN**

In the several years preceding the passage of the 1909 Copyright Act, at extended Congressional hearings, feverish debate was devoted to the duration of the copyright term. A central issue was whether the next copyright act should provide, like its predecessor, for a renewal term or for an extended fixed period of protection beyond the author's death, and whether the rights in the renewal term, if that route was chosen, should revert to the author in spite of the author's prior assignment.[1]

After a series of bills were proposed tending in a radically different direction, Congress enacted a bill granting a 28-year initial term followed by a 28-year renewal term. The provision for renewal was remarkably opaque, given the focus and intensity of the preceding debate, as to the effect of any prior assignment of the author's rights to the renewal term. It provided that:

> Section 24. [T]he author of such work, if still living, or the widow, widower or children of the author, if the author be not living, or if such author, widow, widower or children be not living, then the author's executors, or in the absence of a will, his next of kin shall be entitled to a renewal and extension of the copyright in such work for a further term of twenty-eight years . . . . Section 24 (originally Section 23), Copyright Act of 1909.

The language of the Act left unclear answers to many of the questions: Could an author prospectively assign or bequeath the renewal term? Would the renewal revert, in spite of such purported assignment or bequest either to the author or, if the author had died, to the statutorily designated successors?[2]

As to the author's power to assign prospectively her renewal interest in

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[1] The history of these debates is summarized in B. Ringer, Renewal of Copyright, Copyright Revision Study No. 31, at 113-122 (1960), prepared for the Senate Comm. on the Judiciary, Subcomm. on Patents, Trademarks and Copyrights, 86th Cong., 2d Sess. (1961).

[2] *See* Miller Music Corp. v. Charles N. Daniels, Inc., 362 U.S. 373, 380 (1960) (Harlan, J., dissenting) ("On its face, the section manifests no intention to deal

the event she survived the initial term, the Supreme Court eventually upheld that right.[3] On the other hand, in disputes between a prematurely deceased[4] author's assignee and a designated statutory successor to the renewal term (or assignee thereof), the Supreme Court twice ruled in favor of the statutory successor.[5] In neither case, however, did the Supreme Court address explicitly the conflict between the interest of the author in the assignability of his renewal term and the interest of the statutory successors.

In *Miller Music*, the question was whether the statutory interest of the author's executor (second in line of statutory successors, taking in the absence of a widow or widower, or children) would take precedence over an explicit assignment by the prematurely deceased author. The Court simply assumed (on counsel's concession)[6] that the prime statutory successors (widow or children) would take the renewal term if living, notwithstanding the author's prior assignment to a third party. The only question the Court considered was whether the second tier statutory interest of the executor should be treated according to different standards from that of the widow; the majority decided it should not.

Thirty years later in *Abend*, the majority opinion built on the rule assumed in *Miller Music* that statutory successors take the renewal term notwithstanding a prior assignment (or contrary testamentary disposition) by a prematurely deceased author. The issue was whether a different result should obtain where the prematurely deceased author had licensed the publication of a *derivative* work, rather a direct publication of the author's work. Again, the majority decided in favor of the statutory successors and against the assignee, following the *Miller* assumption that the assignee of the prematurely deceased author had acquired nothing.[7]

As a consequence of these rulings, an author's attempt to transfer rights

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with the problem of priority of rights as between an assignee and persons named in the section.").

[3] *See* Fred Fisher Music Co. v. M. Witmark & Sons, 318 U.S. 643 (1943).

[4] In this Comment, the term "prematurely deceased" refers to the death of an author prior to the date when the renewal term vests in her. When such vesting occurs is unclear. Under the Statute of Anne, the copyright would expire if the author did not survive the initial term. 8 Anne ch. 19, Section XI. Section 24 of the 1909 Act states that the "author . . . if still living . . . shall be entitled to a renewal . . . when application for such renewal shall have been made to the copyright office and duly registered therein within one year prior to the expiration of the initial term."

[5] *See* Stewart v. Abend, 100 S. Ct. 1750 (1990); *Miller Music*, 362 U.S. 373.

[6] *See Miller Music*, 362 U.S. at 375. The Court also cited DeSylva v. Ballentine, 351 U.S. 570 (1956), which, however, involved a dispute between statutory successors—the author's widow and illegitimate child—and not between a statutory successor and an author's assignee.

[7] *See Abend*, 110 S. Ct. at 1760.

to the renewal term under the 1909 Act[8], whether by contract or will, is ineffective unless the author survives the vesting of the renewal term.[9] The author dying before the renewal date possesses no rights in the renewal term to be transferred; only statutory successors can claim such rights.[10]

In these exercises in statutory construction, no arguments were made to the Supreme Court (or considered by it) that derived from the constitutional basis of copyright. This article poses the question whether there are constitutional considerations never advanced to the Supreme Court that might affect the interpretation of Section 24 as to the issue of precedence between a prematurely deceased author's assignee (or devisee) and her statutory successors.

The Copyright Clause empowers Congress "To promote the Progress of Science . . . by securing for limited times to Authors . . . the exclusive Right to their . . . Writings."[11] As a first observation, this empowerment is far more precisely tailored than other grants of power conferred in Section 8. Unlike the powers "To lay and collect taxes . . . , borrow Money . . ., regulate Commerce . . . , coin Money . . . , [and] declare War . . . ",[12] this empowerment was not written as a blank check to make any and all laws governing copies.[13]

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[8] The Copyright Act of 1909 determines the ownership of the copyright for all works created prior to January 1, 1978, the effective date of the 1976 Act. *See* Real Estate Data, Inc. v. Sidwell Co., 809 F.2d 366, 370-71 (7th Cir. 1987); Roth v. Pritkin, 710 F.2d 934, 937-40 (2d Cir.), *cert. denied*, 464 U.S. 961 (1983). The 1976 Act, by contrast, provides the cause of action for actions after its effective date. *See* Abend v. MCA, Inc., 863 F.2d 1465, 1479 n.19 (9th Cir. 1988), *aff'd sub nom.* Stewart v. Abend, 110 S. Ct. 1750 (1990); Walt Disney Prods. v. Air Pirates, 581 F.2d 751, 754 (9th Cir. 1978).

[9] A transfer by will might be effective if the author was not survived by a spouse or children, because the executor would then be the designated successor and would presumably be bound by the will. *See Miller Music*, 362 U.S. at 381 (Harlan, J., dissenting); Capano Music v. Myers Music, Inc., 605 F. Supp. 692, 697 (S.D.N.Y. 1985); Gibran v. Alfred A. Knopf Inc., 153 F. Supp. 854 (S.D.N.Y. 1957), *aff'd*, 225 F.2d 121 (2d Cir. 1958). The will, however, would be of no effect if the author were survived by spouse or children. The renewal term would pass directly to them by operation of the statute irrespective of contrary provisions in the author's will. In no event would an inter vivos assignment by contract or gift have effect.

[10] *See Miller Music*, 362 U.S. at 378; White Smith Music Publishing Co. v. Goff, 187 F. 247, 250 (1st Cir. 1911).

[11] U.S. CONST. art. I, § 8, cl. 8.

[12] U.S. CONST. art. I, § 8, cl. 1, 2, 3, 5, 11.

[13] The Court has held that the constitutional objectives limit Congress' power to pass patent laws. *See infra* note 46. In addition, the first Militia Clause, U.S. CONST. art. I, § 8, cl. 15, limits Congress's power to "call forth" the militia to three specified purposes—"to execute the Laws of the Union, suppress Insurrections and repel Invasions." The Supreme Court has expressly noted "the traditional understanding that 'the Militia' can only be called forth for three limited purposes" and has assumed that those purposes are judicially enforceable. It has held, however, that the Militia Clause does not limit Congress'

The Framers outlined with some specificity both the substance that the laws of copyright were to provide and the objectives they were to pursue.

Two distinct arguments deriving from the Copyright Clause have a bearing on the question in issue. First, in the face of the constitutional specification that exclusive rights were to be secured "to Authors," did Congress have the power to create a scheme that gave the same exclusive rights to nonauthors who claimed adversely to the author's expressed wishes? And even if Congress had such power,[14] might the Court have considered the constitutional specification in determining, as a matter of interpretation, whether Congress had in fact given the statutory successors precedence over the interests of the authors themselves? Second, Congress' authority was limited by the Constitution to establishing a copyright law that would "promote the Progress of Science" (*i.e.* the advance of knowledge). Might the Supreme Court consider in interpreting the ambiguous provisions governing precedence whether Congress intended the result that would better serve the Constitutional objective of "promot[ing] the Progress of Science"?

Author as Rightholder

The Constitution designates *authors* as the holders of "the exclusive Right to their . . . Writings." The first point to be recognized is that the designation of authors as beneficiaries of the right to copy represents a conscious choice and not merely a statement of a tautology. It was by no means inevitable that authors should be the beneficiaries of a copyright system. Other choices were possible. Indeed, in England in the two centuries prior to the passage of the Statute of Anne in 1709, the law was quite different. Far from promoting opportunities for free expression, it served as an instrument for royal censorship[15] which was accomplished by placing the exclusive right to print (and hence to make multiple copies) in the hands of a society of printers, the Stationers' Company, under the Crown's effective domination. By registering a particular work (whether old or new), a member of the Com-

independent powers under Section 8 "to provide for the common Defense," to "raise and support Armies," and to "make Rules for the Government and Regulations of the land and naval Forces". *See* Perpich v. Department of Defense, 110 S. Ct. 2418, 2427 (1990).

[14] We do not contend that the judicial interpretations of the 1909 statutory successor clause are unconstitutional. That is in part because contemporary understandings of Congress' Commerce Clause power surely encompass the power to pass such a statute, even absent authority derived from the Copyright Clause. (This question might, however, have been analyzed differently in 1909 when our understanding of the commerce power was less developed. *See The Trademark Cases*, 100 U.S. 82 (1879).) Our argument is rather that, as Congress was exercising its Copyright power in passing the 1909 Act, the ambiguous provisions of the successor clause should be illuminated by the limitations and objectives imposed by the Copyright Clause.

[15] B. KAPLAN, AN UNHURRIED VIEW OF COPYRIGHT 2-6 (1967).

pany would acquire the exclusive right to make copies of it. The profits to be gained from printing were thus allocated so as to serve the central purpose of controlling the dangers to established government born with the invention of the printing press. "Right of copy was the stationer's, not the author's."[16] This was not a system designed for the protection of authors' entitlements or for the stimulation of creative genius.

The Statute of Anne represented a fundamental shift in the concept of the copyright. It was a hybrid under which the licensed printers retained exclusive printing rights as to old texts; as to new texts, however, the Act for the first time established authors as holders of rights and declared a new objective which has become central to our thinking about copyright. The Act declared itself to be "for the Encouragement of Learning by vesting the Copies of printed Books in the Authors . . . ."[17] The preamble asserts the purpose to be "for the Encouragement of Learned Men to compose and write useful Books."[18] Thus the expressed theory of the statute was that authors could be induced to disseminate learning in society if they were given the benefit of exclusive ownership of the distribution of copies of their books.

This concern with the dissemination of learning became the central thrust of the Copyright Clause of the United States Constitution, which, as noted above, undertook to "Promote the Progress of Science . . . by securing . . . to Authors . . . the exclusive Right to their respective Writings . . . ."[19] Early on, Justice Story asserted that, "The power, in its terms, is confined to authors and inventors; and cannot be extended to the introducers of any new works or inventions."[20] The Supreme Court has since repeatedly emphasized that *authorship* is the source of copyright and that the protection of creative intellectual or aesthetic labor is the sole justification for the copyright estate.[21]

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[16] B. KAPLAN, *supra* note 15, at 5; *see also* L. PATTERSON, COPYRIGHT IN HISTORICAL PERSPECTIVE 8 (1968); R.F. WHALE, COPYRIGHT: EVOLUTION, THEORY AND PRACTICE 18 (1972) ("It was accordingly not an author's right but a publisher's right, and indeed it was the booksellers (publishers) who created the right for themselves as a necessary protection for their writings.").

[17] Statute of Anne, 8 Anne, c. 19.

[18] The statute's preamble reflects concern that authors were being deprived of control over their written work: "Printers, Booksellers and other Persons have of late frequently taken the liberty of printing, reprinting, and publishing or causing to be printed, reprinted, and published Books and other Writings without the Consent of the Authors or Proprietors of such Books and Writing to their very great Detriment and too often to the ruin of them and their Families." It proceeds to list a number of rights of the author or proprietor of the "Writings." 8 Anne, c. 19.

[19] U.S. CONST. art. I, § 8, cl. 8.

[20] J. STORY, COMMENTARIES ON THE UNITED STATES CONSTITUTION § 559 (1833).

[21] *See, e.g.*, Feist Publications, Inc. v. Rural Telephone Serv. Co., 59 U.S.L.W. 4251

The point is powerfully asserted in the Court's recent decision in *Feist Publications Inc. v. Rural Telephone Service Co.*.[22] The Court held that the Copyright Clause did not permit protection for the names, towns and telephone numbers in the white pages of a telephone book and their "mechanical or routine" arrangement in alphabetical order.[23] The Constitution's limitation that copyright be granted only to "authors" for "their respective writings" presupposed that the author to whom copyright was granted have exercised "some minimal degree of creativity."[24] The Court held that "[t]o qualify for copyright protection, a work must be original to the author."[25] As Justice O'Connor stressed, "copyright assures *authors* the right to their original expression" in order " '[t]o promote the Progress of Science and useful Arts,' "[26]

This is made clear by the Court's reliance on *The Trademark Cases*.[27] In those cases decided in 1879, the Supreme Court held that the Copyright Clause did not authorize a federal trademark statute that addressed original works of authorship but placed their protection in the hands of persons who were not authors. The Court held that the Copyright Clause did not give Congress power to enact an intellectual property regime unless its protection was limited to authors or those claiming under them. Because rights under the trademark law depended on "priority of appropriation rather than on "novelty, invention, discovery or any work of the brain,"[28] *i.e.*, authorship, the law was beyond the power conferred by the Copyright Clause. The Court noted that "while the word *writings* ["the exclusive Right to their respective Writings"] may be liberally construed," the constitutional clause limited Congress to protecting "*the fruits of intellectual labor*."[29]

Another example of such reasoning is *Yuengling v. Schile*.[30] The Circuit Court for the Southern District of New York there held that Congress could not constitutionally grant copyright to the assignee of an author who was not herself entitled to copyright. The plaintiff, who purchased rights to the work

(U.S. Mar. 27, 1991): United States v. Paramount Pictures, Inc., 334 U.S. 131, 138 (1948); Burrow-Giles Lithographic Co. v. Sarony, 111 U.S. 53 (1884).

22 59 U.S.L.W. 4251 (U.S. Mar. 27, 1991).

23 *Id.* at 4257.

24 *Id.* at 4252. The Court defined "author" "in a constitutional sense, to mean, 'he to whom anything owes its origin; originator; maker.' " *Id.* at 4253 (quoting *Burrow Giles Lithographic Co. v. Sarony*, 111 U.S. 53, 58 (1884)).

25 *Id.* at 4252; *see also id.* at 4253 ("facts do not owe their origin to an act of authorship").

26 *Id.* at 4254 (quoting U.S. CONST. art. I, 8, cl. 8) (emphasis added).

27 100 U.S. 82 (1879).

28 *Id.* at 94.

29 *Id.* The Court reserved the question whether trademark legislation would be supported by the Commerce Clause noting that Congress had not purported to invoke that power. *Id.* at 96.

30 12 F. 97 (C.C. S.D.N.Y. 1882).

from its European author, claimed that he had gone to great expense to produce the work and that it was of great value to him.[31] The court held that "[t]he right of any other person than the author or inventor must therefore be a purely derivative one."[32] "To a mere owner of a work as such, to a 'proprietor' in that sense only, without any express or implied transfer from the author or inventor of his right to a copyright, congress . . . is not by the constitution vested with the power to grant a copyright."[33]

Similarly, in interpreting the work made for hire provisions of the 1909[34] and 1976 Acts,[35] the courts have held that the rights of employers either are derivative of the rights of the author[36] or stem from the employer's own independent creative contribution.[37] Courts gave little weight to the theoretical

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[31] *Id.* at 98.

[32] *Id.* at 100.

[33] *Id.* at 106.

[34] 17 U.S.C. § 26 (1976 ed.) ("The word 'author' shall include an employer in the case of works made for hire").

[35] 17 U.S.C. §§ 101, 201(b) (1982); *see also* Community for Creative Non-Violence v. Reid, 490 U.S. 730 (1989).

[36] *Real Estate Data*, 809 F.2d at 371; *Roth v. Pritkin*, 710 F.2d at 937 n.3; May v. Morganelli-Heumann & Assocs., 618 F.2d 1363, 1369 (9th Cir. 1980); *see also* Scherr v. Universal Match Corp., 417 F.2d 497, 502 (2d Cir. 1962) (Friendly, J., dissenting) ("It has been suggested by some that, in order to be constitutionally viable, [the work for hire provision] must be limited to instances where an assignment of future copyright may fairly be implied"), *cert. denied*, 397 U.S. 936 (1965); M. NIMMER & D. NIMMER, NIMMER ON COPYRIGHT § 106(C) (1990) (hereinafter NIMMER ON COPYRIGHT) ("It would seem, however, that Section 201 (b) passes constitutional muster by reason of its further provision that the parties may agree 'otherwise' as to who 'owns all rights comprised in the copyright.' Congress has in effect created an implied assignment of rights from the employee-author to his employer—in the absence of an express agreement to the contrary.").

[37] *See* Picture Music Inc v. Bourne, Inc., 457 F.2d 1213, 1216 (2d Cir. 1972); Schmid Bros., Inc. v. W. Goebel Porzellanfabrik KG., 589 F. Supp. 497, 503 (E.D.N.Y. 1984) ("The Constitution . . . authorizes grants to 'authors' and not to their employers. An author may, of course, assign to her employer her rights to exploit the work. But an employer, to be regarded as an 'author,' must make some significant contribution to the work. The Constitution could hardly have contemplated that mere employment was enough."); *see also* Angel & Tannenbaum, *Works Made for Hire Under § 22*, 22 N.Y.L. SCH. L. REV. 209, 219 (1970) (noting that courts have justified granting authorship rights to an employer on the theory that the employer was the motivating factor in producing the work and was thus a type of author.)

Although prevailing authority gives the employer who commissions the work rights as author, *see, e.g.*, Community for Creative Non-Violence v. Reid, 490 U.S. 730 (1989) (1976 Act); Brattleboro Publishing Co. v. Winmill Publishing Corp., 369 F.2d 565 (2d Cir. 1966) (1909 Act), the early case law, perhaps moved by a sense that the employer could not be considered "author," treated the employer only as owner and gave the employee the statutory rights of au-

constitutional objection that might be made to the designation of employer as "author" in these circumstances, perhaps for the sound and practical reason that employers could easily achieve the identical result by contract without raising a question of conflict with the constitutional restriction.[38]

Indeed, one commentator wrote, after the passage of the 1909 Act but apparently oblivious to the bearing of his argument on the renewal provision of the Act:

> "Copyright can only, under the Constitution, be given to authors. . . . By a further process of construction, the word 'author' includes assigns or legal representatives of an author . . . . On the other hand, the Constitution would seem to exclude the granting of copyright to one who is not the author or does not claim under the author."[39]

The Court's interpretation of Section 24, conferring the renewal right on statutory successors regardless of the author's contrary disposition, indeed re-

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thorship including the renewal right. *See* Yardley v. Houghton Mifflin Co., 108 F.2d 28, 30-31 (2d Cir. 1939), *cert. denied*, 309 U.S. 686 (1940); Varmer, *supra* note 32, at 129 (citing Collier Engineer Co. v. United Correspondence School Co., 94 Fed. 152 (C.C.S.D.N.Y. 1899); Atwill v. Ferrett, 39 F. Case. 640 (C.C.S.D.N.Y. 1846)).

[38] The work for hire provision merely gives effect, without need for documentation, to an implied contract of assignment by which the author-employee assigns the copyright to the employer, as is commonly done explicitly with patents. An employee-author who wishes not to make such assignment is free to specify in the contract of employment that she will retain all the rights embodied in the copyright. 17 U.S.C. § 201(b). *See* NIMMER ON COPYRIGHT, *supra* note 306 at § 1.06[C] ("The same result could have been achieved even if the employee rather than the employer were deemed the 'author.' The fiction of the employer as author was employed for these purposes not in order to achieve substantive results that could not have been otherwise achieved, but rather because of the 'convenience and simplicity' of this manner of achieving such results."). Although under the 1976 Act the employee and employer may not alter the designation of the employer as author, they may provide by contract for an alternative disposition of the ownership of the copyright. *Id.* § 5.03[D]. There are additional consequences that follow from the designation as author: termination and renewal rights, the different duration of copyright, and the ability to exercise moral rights under foreign law. Those rights all could be accorded to the owner without any designation as author. *See* 1 P. GOLDSTEIN, COPYRIGHT: PRINCIPLES, LAW AND PRACTICE § 4.3, at 391 (1989); Community for Creative Non-Violence v. Reid, 846 F.2d 1485, 1490 n.7 (D.C. Cir. 1988), *aff'd*, 490 U.S. 730 (1989). *See also* Varmer, Works Made for Hire and on Commission, Copyright Revision Study No. 13, at 127-128 (1958), prepared for the Senate Comm. on the Judiciary, Subcomm. on Patents, Trademarks, and Copyrights, 86th Cong., 2d Sess. (1960); Angel & Tannenbaum, *supra* note 37, at 213-214.

[39] A. WEIL, AMERICAN COPYRIGHT LAW 44-45 (1917).

gardless whether the author expressly disinherited the statutory designee, does precisely that: it grants "copyright to one who is not the author or does not claim under the author."[40]

The statutory successor provision cannot benefit from the purported justification that widows, widowers and children are the author's likely beneficiaries and that the author is otherwise incapable of protecting their interests. The author can, by contract, limit the copyright assignment or assign only the original term, leaving the remainder to a beneficiary. Surely, if the task undertaken is to "secur[e] . . . to Authors . . . the exclusive Right to their . . . Writings," an approach which nullifies those expressed gifts, wills and contractual assignments of the author, imposing statutorily mandated choices on her, is odd at best.

Had the provision for statutory successor been understood to function only in absence of assignment or devise by the author, it might be defended as an intestacy provision governing property consigned to the power of Congress, functioning where the author had failed to provide for the renewal term. Such a clause would have been subordinate to the author's express disposition. It could be seen as disposing of the author's property in accordance with the author's presumed wishes. As the section was interpreted, however, it cannot benefit from that justification, for the successor's rights prevail over those arising from the author's assignment or will. The rights found by the Supreme Court in this portion of Section 24 clearly are not the author's.

Congress would surely not have the power, consistent with the constitutional limitation, to create a copyright system that conferred the control and the benefits of a work of authorship on a governmental administrator in preference to the author. Nor could it grant a private eleemosynary institution the exclusive right to use, copy and sell a musical composition it had not created even if the income from that right would support public education and thus, in a sense, promote the progress of science.[41] The claim of the statutory successor to the renewal right is even more attenuated: it is not based on any creative contribution to the production of the work, on the

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[40] *Id.*

[41] H.R. 4332, introduced in the 89th Congress, would have given the Students' Association of the University of Texas "the exclusive right in interstate commerce to use, copy and sell" and "to control the use, copying and sale" of a specified version of the musical composition "The Eyes of Texas." See 111 Cong. Rec. 1892 (1965) (referring bill to Committee on Interstate and Foreign Commerce). In a letter to Rep. Oren Harris, a sponsor of the legislation, the Librarian of Congress opined that "[i]t is certainly arguable that legislation affording exclusive rights to the Students' Association rather than to the author or his heirs or next-of-kin may well be outside the scope of Congressional power under the Constitution." Letter from L. Quincy Mumford to Rep. Oren Harris, p.3 (undated) (on file with the authors).

consent of the author, or on any commitment that the income from the right will be used to promote learning or creativity. The objection that some commentators have made to the provision of copyright to nonauthors in other areas of the copyright law, such as the "work for hire" provisions,[42] applies more strongly to the statutory successorship provision of 24.[43]

The statutory successor provision of § 24 presents a conflict between the author's claims to ownership and those of a stranger to the process of authorship. Because by hypothesis the author has died before litigation begins, the conflict is sometimes perceived as one between the natural objects of an author's bounty—spouse or children—and a commercial interloper. The true conflict, however, is in fact between the author's own interest and the interests of those designated as successors in the statute. In the first place, the Supreme Court's interpretation of the statute prevents the author from exercising her own choice over inheritance.[44] More importantly, it impairs the author's ability to realize any of the profits of the renewal period; it even prevents the prematurely deceased author from exercising any artistic control over the manner of publication. As Justice Frankfurter recognized in *Fred Fisher*, but Justice Douglas did not in *Miller Music*, "If an author cannot make effective assignment of his renewal, it may be worthless to him when he is most in need."[45] If the interest created by the statutory successorship clause of § 24 takes precedence over the author's purported act of assignment, the author has lost any claim of ownership, benefit and control of the renewal term, except on condition of surviving the vesting date.

We therefore question whether the interpretation so easily assumed by

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[42] *See supra* notes 34-38.

[43] *See* NIMMER ON COPYRIGHT, *supra* note 36, § 1.06[C]; A. LATMAN, R. GORMAN & J. GINSBURG, COPYRIGHT FOR THE NINETIES: CASES AND MATERIALS 297 (1989). In *Schmid Bros.*, 589 F. Supp. 497, the court rejected the claim of Sister Hummel's employer and assignee to the renewal copyright in the famous porcelain dolls and granted the rights to her statutory successor. The employer, Sister Hummel's convent, argued that, in addition to being Sister Hummel's assignee, it was an employer for hire. The court rejected that claim on the grounds that an employer who makes no creative contribution to the work cannot be granted copyright. Without any further explanation, however, the court also held that the statutory successor, who was neither an employer nor a participant in the creative process, was, by virtue of statutory designation, entitled to the renewal right.

[44] In *Saroyan v. William Saroyan Found.*, 675 F. Supp. 843 (S.D.N.Y. 1987), for example, the court held that William Saroyan's bequest of copyrights in his works to a trust charged with maintaining his writings and disbursing its income was ineffective in light of the superior statutory rights of his estranged children. The Foundation claimed that Saroyan had had a stormy relationship with the children and that he had deliberately disinherited them. The court held that section 24 "provide[d] renewal rights for the author's family, regardless of the author's own wishes." *Id.* at 846.

[45] *Fred Fisher*, 318 U.S. at 657.

the Supreme Court in *Miller Music* carries out the intention of the Constitution that Congress may "secur[e] . . . to Authors . . . the exclusive Right to their . . . Writings." An interpretation of the renewal provision that gave precedence over the interest of statutory successors to dispositions made by the author, whether by will, gift, or contract, appears far more compatible with Congress' constitutional empowerment.

Promoting the Progress of Science

The constitutional purpose clause—"To promote the Progress of Science and useful Arts"[46]—has a second independent bearing on the conflict between an author's assignment and the successorship interest arising under the statute.

The congressional authority to grant copyrights rests on the premise that the provision of a financial incentive "promote[s] the Progress of Science and useful Arts."[47] The prospect of financial remuneration stimulates artistic creativity. For the most part, the copyright law is faithful to that constitutional foundation. When copyright is granted to the author, it rewards labors that promote the Progress of Science. Although disputes may exist among scholars as to whether copyright is necessary to encourage the production of creative works,[48] it at least does not discourage it. The further question of the extent of financial inducements to creativity is reasonably left to Congress.[49]

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[46] In the patent area, the Court has given force to the language of the preamble. *See* Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 146 (1989); Graham v. John Deere Co., 383 U.S. 1, 6 (1966) ("This is the *standard* expressed in the Constitution and it may not be ignored"); Cuno Engineering Corp. v. Automatic Devices Corp., 314 U.S. 84, 91 (1941); *see also* Great Atlantic & Pacific Tea Co. v. Supermarket Equipment Corp., 340 U.S. 147, 154 (1950) (Douglas, J., concurring).

[47] "The copyright law, like the patent statutes, makes reward to the owner a secondary consideration . . . . 'The sole interest of the United States and the primary object in conferring the monopoly lie in the general benefits derived by the public from the labors of authors.' " United States v. Paramount Pictures, Inc., 334 U.S. 131, 158 (1948) (*quoting* Fox Film Corp. v. Doyal, 286 U.S. 123, 137 (1931)). *See also* Twentieth Century Music Corp. v. Aiken, 422 U.S. 151, 156 (1975); Goldstein v. California, 412 U.S. 546, 555 (1973); Mazer v. Stein, 347 U.S. 201, 219 (1954).

[48] *Compare* Breyer, *The Uneasy Case for Copyright: A Study of Copyright in Books, Photocopies and Computer Programs*, 84 HARV. L. REV. 281 (1970) (hereinafter Breyer, *The Uneasy Case*); Breyer, *Copyright: A Rejoinder*, 20 U.C.L.A. L. REV. 75 (1972) *with* Tyerman, *The Economic Rationale for Copyright Protection for Published Books: A Reply to Professor Breyer*, 18 U.C.L.A. L. REV. 1100 (1971).

[49] *See* Sony Corp. v. Universal City Studios, 464 U.S. 417, 456 (1984); Deepsouth Packing Co. v. Laitram Corp., 407 U.S. 518, 530 (1972). It is therefore within the congressional power "to implement the stated purpose of the Framers by selecting the policy which in its judgment best effectuates the constitutional

Congress's powers, however, "in the last instance are subject to the limitation that it could not enact a provision which plainly did not and could not tend to promote the progress of science and arts."[50]

The statutory successor provision derives from a concern to promote the advance of knowledge and creative genius. It finds its roots in the two-term copyright provision of the Statute of Anne and the acts of the colonial legislatures. The two-term provision performed essentially a lapsing function. Works could enter the public domain at an accelerated rate if the author was deceased or was not interested in enforcing her rights. The Statute of Anne provided that after a first term of fourteen years, copyright for a second term of fourteen years was to be returned to the author if still living.[51] Of the twelve States that passed copyright laws prior to the Constitution's adoption, five provided single terms of protection, two followed the Statute of Anne, and the other five provided that, if the author survived the first term of fourteen years, a second term of the same length would be given to the author and his "heirs and assigns."[52] These provisions all made the second term dependent on the survivorship of the author, but did not provide for reversion. The first federal copyright law, enacted in 1790, followed the same format. It granted a first term of 14 years and, if the author or authors survived the first term, a second 14 year term to "be continued to him or them, his or their executors, administrators or assigns."[53]

The succeeding legislation reflected a curious, and perhaps inadvertent, shift in the orientation of copyright law. Whereas the previous legislation had provided that the copyright would lapse upon the death of the author prior to the renewal term, the Act of 1831 provided that if the author "being

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aim." *Graham v. John Deere Co.*, 383 U.S. at 6. This principle has had application to argument that particular works do not merit copyright protection. Notwithstanding the holdings of some early courts that obscene works with no redeeming social value cannot be granted copyright protection because they do not promote the progress of science, *see* Barnes v. Miner, 122 F. 480 (C.C. S.D.N.Y. 1903); Martinetti v. Maguire, 16 F. Cas. 920 (No. 9173) (C.C. Cal. 1867); Rogers, *Copyright and Morals*, 18 MICH. L. REV. 390 (1920), the courts have since held that Congress can reasonably eschew the inquiry whether protection of a particular work will further the constitutional objective. *See* Hutchinson Tel. Co. v. Fronteer Directory Co., 770 F.2d 128, 130 (8th Cir. 1985); Pacific & Southern Co. v. Duncan, 744 F.2d 1490, 1498 (11th Cir. 1984), *cert. denied*, 471 U.S. 1009 (1985); Mitchell Bros. Film Group v. Cinema Adult Theater, 604 F.2d 852, 860 (5th Cir. 1979), *cert. denied*, 445 U.S. 917 (1980); W. PATRY, LATMAN'S THE COPYRIGHT LAW 17 (6th ed. 1986).

50 A. WEIL, *supra* note 39, at 31.

51 "That after the Expiration of said Term of Fourteen Years, the sole Right of Printing or Disposing of Copies shall Return to the Authors thereof, if they are then Living for another Term of Fourteen Years." 8 Anne c. 19.

52 *See Fred Fisher*, 318 U.S. at 648-650.

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

dead, shall have left a widow or child, or children, either or all then living, the same exclusive right shall be continued . . . to such widow and child, or children, for the further term of fourteen years."[54] The intent of the Act was to give to "the author's widow and children that which theretofore they did not possess, namely, the right of renewal to which the author would have been entitled if he had survived the original term."[55] Because, however, it failed to address explicitly the situation in which the author has either bequeathed, assigned or licensed the renewal term, the statute, in the hands of subsequent interpreters, has had the anomalous effect of curtailing the author's ability to control and profit from her creations.

If the successorship statute were understood as an intestacy provision, assigning future rights in those renewal terms which authors had failed to dispose of to those who are presumptively the object of the author's bounty, it would present no serious conflict with the Constitutional objective. Even if it were understood as a mandated devolution provision, disposing of the author's renewal term in spite of contrary provisions in the author's will, it would not seriously interfere with incentives to create: as the act of creation would have occurred at least twenty-eight years before the renewal arises, the author would have been free in the interim, during her life, to dispose by contract. But the interpretation assumed by the Supreme Court in *Miller Music* and in *Abend*, which denies the author any say or control whatever over the renewal term except on condition of survival, preserving the renewal term intact for the benefit of the statutory successors, inhibits rather than promotes progress of science and useful arts.

The advancement of knowledge can be promoted by a copyright law taking opposite directions. The law can offer substantial inducements of private ownership to the author, trusting that the public knowledge will benefit from the resulting creativity. Or it can take the opposite tack of restricting the duration or extent of the author's ownership so as to place artistic creation in the public domain, free of the burden and expense that results from private ownership.[56] (This approach assumes that creative persons will create regardless of inducements.) The statutory renewal term, as interpreted by *Miller* and *Abend*, seems to serve the worst of both worlds. It impairs the author's salable interest in the renewal term (and virtually eliminates it when there is little chance that the author will survive until vesting); it deprives the author of artistic control as well, placing it rather in the hands of persons who were strangers to the creative process and were not chosen for their role by the author. Finally, it deprives the public of access to the work, except to the extent and at the price that the statutory successor chooses to establish.[57]

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[54] Act of Feb. 3, 1831, ch. XVI, 4 Stat. 436, § 2.

[55] *Fred Fisher*, 318 U.S. at 651.

[56] *See* Breyer, *The Uneasy Case*, *supra* note 48.

[57] It is not uncommon for heirs to suppress publication of an author's work for

Thus, although it is true that statutory successorship may in some circumstances provide an author more financial incentive to create than no renewal at all, the cost to the constitutional objective of promotion of the progress of knowledge is considerable.

The issue is acute for derivative works. From a creative standpoint, the right to create derivative works is a right of authorship which particularly advances the progress of science. Zechariah Chafee noted that, "The world goes ahead because each of us builds on the work of our predecessors. 'A dwarf standing on the shoulders of a giant can see farther than the giant himself.' "[58] A law that denies the author the right to make (or authorize) transformative use of her own work impedes the progress of science.

Because derivative works in all likelihood do not come into being until part of the initial term of the seminal work has expired, *Abend* prevents the original author from conveying, during the initial term, a dependable license to publish a derivative work that will be good in the renewal term: the class of spouses, children, heirs or next of kin who may claim as statutory successors will remain open until the original author's death. Should the author remarry, or beget or adopt children before dying, the takers under § 24 would be changed.

Imagine an elderly unmarried and childless author who wrote (and published) a fine novel 25 years ago. She is approached by a movie producer who offers a large sum of money to have her write a movie script based on the novel. She is ecstatic, not only to find such rewarding gainful employment, but also to see her novel expressed in film. The ecstasy, however, will last only until the movie producer consults a lawyer, at which point the offer will be withdrawn or reduced. For, unless the author can guarantee that she will survive the vesting of the renewal right, her right to license a derivative film would pass on her premature death to her statutory successors. The movie producer cannot be assured in advance of a right to exhibit the film, for the identity of the statutory successor cannot be known with certainty until the author's death.[59]

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personal reasons: the author's work may reveal sexual aberrations, marital infidelity or adversity with the heir which the latter prefers to suppress. It is not unknown for heirs to find the author's work embarrassing by reason of its divergence from bourgeois norms. Boswell's son believed his father's relation with Dr. Johnson demeaning and would have suppressed the Journals, see Breyer, *The Uneasy Case, supra* note 48, at 327; the wife of Sir Richard Burton, author of Arabian Nights, destroyed his translations of oriental erotica and his diaries because of their sexuality and "immodesty". *See* F. BRODIE, THE DEVIL DRIVES: A LIFE OF SIR RICHARD BURTON 19, 324-331 (1967).

[58] Chafee, *Some Reflections on Copyright Law: I*, 45 COLUM. L. REV. 503, 511 (1945).

[59] *See* Rohauer v. Killiam Shows, Inc., 551 F.2d 484, 493 (2d Cir.) ("the purchaser of derivative rights has no truly effective way to protect himself against the

The same concerns would interfere with the updating of a chemistry textbook. Assume that the author of a classic textbook wished to undertake a substantial revision incorporating the more recent learning. She seeks an advance from the publisher to carry her through the period of rewriting. No substantial advance will be forthcoming, for the publisher will be unable to obtain legal assurance that it will have the rights to the rewritten text after the initial term of the seminal text expires. Indeed, assuming that the completed revision has not yet been not published at the time of the author's death, a hostile or overly protective statutory successor can prevent any dissemination whatsoever throughout the renewal term of the original work.

Nor are these hypotheticals merely imaginary. The examples of motion pictures that have been withdrawn from public distribution for failure to obtain consent of statutory successors to publish in the renewal term, include *Thanks for the Memory, You Can't Take It With You, George Washington Slept Here,* and *The Man Who Came to Dinner*[60] (not to mention *Gone With The Wind* and *Rear Window* whose continued publication depended on payments to statutory successors).

The argument that the statutory successor provision is limited by the constitutional purposes of copyright is subject to possible rebuttal. The Congress has enacted, and the courts have not questioned, provisions extending the copyright term for subsisting works[61] notwithstanding the constitutional objection that such protection is no longer necessary to the creation of the

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eventuality of the author's death before the renewal period since there is no way of telling who will be the surviving widow, children or next of kin or the executor until that date arrives"); Bricker, *Renewal and Extension of Copyright*, 29 S. CAL. L. REV. 23, 33 (1955); Chafee, *Reflections on Copyright Law: II*, 45 COLUM. L. REV. 723 (1945). According to one commentator, the effect of the *Abend*'s interpretation of the 1909 Act is to place numerous derivative works in "copyright death." Nevins, *Rx for Copyright Death*, 1977 Wash. U.L.Q. 601. *But see* Cox, *View Through Rear Window' Looks Less Dire*, Nat'l L.J. p. 24, May 14, 1990.

In some circumstances the producer can obtain substantial protection by obtaining assignments from probable successors. If, for example the author has children, an assignment from any of them would likely be effective to convey at least a nonexclusive licence (vulnerable to competition from licenses conveyed by other statutory successors) if the assigning child survives until the time of vesting. More problematic is the case of the author who is married but has no children; worse still the author who has neither children nor spouse; for, in such cases, the author's subsequent marriage or remarriage would operate to override her contract to make a testamentary disposition in favor of the producer.

[60] *See* Mills Music, Inc. v. Snyder, 469 U.S. 153, 183 n.8 (1985); Jaszi, *When Works Collide: Derivative Motion Pictures, Underlying Rights, and the Public Interest*, 28 U.C.L.A. L. REV. 715, 739-740 (1981).

[61] *See* 17 U.S.C. § 304(a) & (b) (extending protection for subsisting copyrights); *see also* Act of 1831, 4 Stat. 436 § 16; Act of Mar. 3, 1893, 27 Stat. 743 ch. 215.

work and may impede its dissemination.[62] It might similarly be argued also that a renewal right exercisable only by statutory successors is consistent with the constitutional purposes because widows, widowers and children are the likely beneficiaries of the author's bounty and the renewal right may in general provide a greater incentive to produce writings that advance science than no renewal at all. But the arguments on both sides should at least be addressed.

If arguments had been made to the Supreme Court in *Miller Music* and *Abend* concerning the bearing of the constitutional limitations on the interpretation of this very opaque act of Congress, they might have influenced, and might yet influence, its interpretation of the statutory successors provision. An interpretation that permitted authors to exercise control over the licensing of their own works in the renewal term, notwithstanding premature death, would certainly have better supported the constitutional objective of promoting the progress of knowledge than an interpretation that protects the eventual rights of unknown statutory successors against any interference by the author.[63]

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[62] *See* 1 NIMMER ON COPYRIGHT, *supra* note 36, § 1.05[A][1], at 1-36.2 ("The extension of the term of protection for a work presently in copyright may arguably exceed the powers of Congress under the Copyright Clause of the Constitution. Such a extension may also constitute a violation of the freedom of speech guarantee of the First Amendment.").

[63] The Copyright Clause might also have bearing on the proper interpretation of the vesting date of the author's renewal interest. Section 24 of the 1909 Act provides that the author "if still living" or the statutory successors, if the author "be not living", "shall be entitled to a renewal and extension of the copyright in such work for a further term of twenty-eight years when application for such renewal and extension shall have been made to the copyright office and duly registered therein within one year prior to the expiration of the original term of copyright." 17 U.S.C. § 24. The statute does not specify on which date the author must be "still living" so that she, rather than the statutory successors, will be eligible for rights in the renewal term. Three possibilities are consistent with the ambiguous statutory language: (1) the right to renew might vest at the start of the period when application for the renewal may be filed—on the first day of the last year of the initial term (twenty seven years after the initial publication), to be perfected by registration during said year, *see* Tobias v. Joy Music, Inc., 204 F. Supp. 556, 559 (S.D.N.Y. 1962); (2) the right might vest upon actual registration during the last year of the initial term, *see* Frederick Music Co. v. Sickler, 708 F. Supp. 587 (S.D.N.Y. 1989); or (3) the right might not vest until the initial term has ended and the renewal term has commenced—twenty eight years and one day after its publication, *see* Marascalo v. Fantasy, Inc., 17 US PQ2d 1409) (C.D. Cal. 1990).

Some of the constitutional considerations reflected here argue on the one hand in favor of vesting the renewal right at the earliest possible time. Such interpretation of the ambiguous provision of the statute is more consistent with the specifications of the Copyright Clause that exclusive rights may be provided only for "authors" and that the purpose of such exclusive rights should be to stimulate

CONCLUSION

Consideration of the Constitution's Copyright Clause, and its bearing on the renewal term under Section 24 of the 1909 Act, might justify reinterpretation of the statutory successor provision. Because of Copyright Clause permits the grant of exclusive rights only to authors, should the Act be interpreted to give effect to a prematurely deceased author's dispositions, bringing the successorship provision into play only as a default, in the absence of such author's disposition? Does the constitutional objective of "promot[ing] the Progress of Science" further argue for such an interpretation of Section 24? Those difficult questions merit consideration.

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the "Progress of Science" or the advance of knowledge. On the other hand, it might be argued that a later vesting date, which makes it more likely that the renewal right will vest in statutory successors, might enhance the likelihood that the renewal will not be exercised and so serve the public interest in speedy entry of the previously copyrighted material into the public domain. The constitutional purposes identified in this Comment also might support an argument against the holding in *Silverman v. Sunshine Pictures Corp.*, 290 F. 804 (2d Cir.), *cert. denied*, 262 U.S. 758 (1923). The court held that in the absence of widow, widower, or children, and after the executor has been discharged, the next of kin succeed to the renewal right even though the statute, by its terms, permits the next of kin to take only in the "absence of a will." It reasoned: "the power of applying for copyright which springs into existence after the executor's discharge must vest somewhere." *Id.* at 805. The constitutional interests both of giving rights to the author and of promoting science favor appointing (or resuscitating) an executor to carry out the author's will, rather than moving to the third tier of succession as the *Silverman* court did. Even a finding of lapse for failure to satisfy the conditions of either the second or third tier—there being neither an executor in existence to take under the second tier nor an "absence of a will" for the next of kin to take under the third tier—might better serve a constitutional interest as this would at least favor the public interest of speedy entry into the public domain. These arguments have not been considered by the authorities that have debated the questions.

REFRACTING THE WINDOW'S LIGHT: *STEWART V. ABEND* IN MYTH AND IN FACT*

By DAVID NIMMER**

The writer thanks Elliott Brown, Ken Liebman, Peter Nolan, Louis Petrich, Lon Sobel, and Ed Zeldow for their input on prior drafts, for their disagreements with conclusions reached herein as much for their perceptive comments.
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The United States Supreme Court's recent ruling in the celebrated "Reat Window" case, *Stewart v. Abend*,[1] has caused great consternation within the motion picture studio community. It has also sparked a drive for legislative reform,[2] has confused the copyright bar both at home and abroad, and seems even to have generated a mythology as to its dire implications. Because more heat than light has emanated through that Rear Window, this article seeks to explain the case's posture within the peculiar structure of U.S. copyright reversions, to analyze its impact both within and without U.S. borders, and to debunk some of the growing mythology surrounding the opinion.

I. BACKGROUND

Since 1989, the United States has been a signatory to the Berne Convention. U.S. copyright law grants the standard term of protection mandated by the Berne Convention, *viz.*, life of the author plus fifty years.[3] However, that provision for copyright duration was introduced into American copyright law only upon passage of the Copyright Act of 1976, a wholesale revision of U.S. copyright law designed in part to pave the way for Berne adherence.[4] Previously, the durational provisions of U.S. copyright law were contained in the 1909 Copyright Act, which provided for an initial term of copyright for 28 years from the date of publication followed by a renewal term lasting an additional 28 years. By computing the term of copyright from the author's death rather than from the work's publication and by granting one unitary term rather than two distinct terms of copyright, the 1976 Act represents a signal departure from previous doctrine.

Yet the break with the past was not complete. Congress afforded a term running 50 years *post mortem auctoris* only with respect to works attaining a statutory copyright following January 1, 1978, the effective date of the 1976 Act. As to pre-existing works, their originally-accorded term of protection running from date of publication remained intact, except for an increase in the renewal term from 28 to 47 years. Against this patchwork background, the stage was set for a ruling, during the Berne era of U.S. copyright law, in which the Supreme Court construed the duration provisions of U.S. copyright law not as contained in the recent Berne implementation provisions, nor as they are contained in the regnant 1976 Act, but rather in the superseded

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[1] 110 S. Ct. 1750 (1990).

[2] See part II.C.3 *infra*.

[3] See Berne Convention (Paris text), art. 7(1).

[4] See H. Rep., p. 135. Actually, the United States (along with Japan) participated as an observer at the initial 1886 conference in Berne. The U.S. delegate obliquely indicated that American participation would be forthcoming: "The position and attitude of the United States is one of expectancy and reserve." See Ricketson, *The Birth of the Berne Union*, 11 Colum.-VLA J.L. & Arts 9, 29-30 (1986).

1909 Act; yet we shall see that this decision is rife with continuing, far-reaching import.

A. U.S. Reversion of Renewal Rights

The progenitor of Anglo-American copyright law, England's Statute of Anne, accorded copyright protection for 14 years and an additional 14 years upon appropriate renewal.[5] The 1909 Act similarly accorded an initial statutory copyright term for 28 years, and allowed for an additional 28-year term upon renewal of the work in the records of the United States Copyright Office. To illustrate, consider Cornell Woolrich's short story, *It Had to be Murder*, first published in 1942. Under the 1909 Act, its copyright endured for 28 years following publication. If timely renewed in 1970, the work secured an additional term, destined to expire in 1998; if not timely renewed, the work entered the U.S. public domain in 1970.

When Congress passed the 1976 Act, it did not transmute the short story's copyright subsistence into a single term calculated from the date of author Woolrich's death in 1968, as would apply to a short story written in 1978 or thereafter. Rather than protecting the short story until 2018, Congress retained the old scheme; but it tinkered with the old scheme by extending the renewal term by 19 years in order to accord a full copyright life of 75 years. Therefore, the 1942 short story's copyright, upon proper renewal, would be protected through 2017, rather than expiring in 1998.[6]

One may reasonably inquire why Congress acted as it did. First, when Congress saw fit in 1976 to do away with the complex and clumsy renewal structure in connection with works that had not secured statutory copyright before the effective date of the current Act, why did it elect to retain that structure as to works, such as the 1942 short story, which were already in statutory copyright upon such date? The legislative history explains this retention on the ground that the renewal expectancies created under the 1909 Act "are the subject of existing contracts, and it would be unfair and immensely confusing to cut off or alter these interests,"[7] as would be necessary if the duration of protection for such works were transformed to a unitary term of life plus fifty years.

Second, why had Congress included the renewal structure in the 1909 Act in the first place, rather than quadrupling the 14-years originally contemplated by the Statute of Anne and simply according one unitary 56-year

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[5] Anne c. 19. See Fred Fisher Music Co. v. M. Witmark & Sons, 318 U.S. 643, 647 (1943).

[6] In this case, the 75-year term happens to result in a terminus of protection (2017) that is virtually tantamount to a term of life plus 50 years (2018). In other cases, the disparity could be great, depending on the date of the author's death relative to first publication of the work.

[7] H. Rep., p. 139. See also Reg. Supp. Rep., pp. 93-94.

term?[8] At that time, the legislative purpose was not simply to avoid cutting off expectancies, as Congress could have chosen in 1909 to alter the durational scheme prospectively, as was done in 1976. The House Report for the 1909 Act explained its purpose as follows:

> It not infrequently happens that the author sells his copyright outright to a publisher for a comparatively small sum. If the work proves to be a great success and lives beyond the term of twenty-eight years, your committee felt that it should be the exclusive right of the author to take the renewal term, and the law should be framed as is the existing law, so that he could not be deprived of that right.[9]

What lay behind this Congressional solicitude for the creators of property in the copyright realm? It is not that "authors are congenitally irresponsible, that frequently they are so sorely pressed for funds that they are willing to sell their work for a mere pittance";[10] rather, that form of property designated copyright, unlike real property and other forms of personal property, is by its very nature incapable of accurate monetary evaluation prior to its exploitation.[11] Whether a popular song, novel or movie will strike the public fancy and prove a blockbuster or alternatively will meet the more common fate of complete oblivion poses a problem about which even the most knowledgeable expert can only speculate. In these circumstances, an author is necessarily in a poor bargaining position when initially negotiating the sale of copyright.[12] For that reason, a "second chance" may well be warranted for authors at a time when the economic worth of their works has been proven.

We may now at least appreciate, if not altogether accept, the paternalism that led to the dual term of U.S. copyright under the 1909 Act: the need for reversions to benefit authors some years later. Yet in its judicial implementation, this laudable goal degenerated into low comedy, if not outright tragedy for impoverished authors in their declining years. In *Fred Fisher Music Co. v. M. Witmark & Sons*,[13] the United States Supreme Court held that an assign-

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[8] In fact, Congress explicitly considered and rejected in 1909 the term of life plus fifty years, which was ultimately adopted in 1976. "It was urged before the committee that it would be better to have a single term without any right of renewal, and a term of life and 50 years was suggested. Your committee, after full consideration, decided that it was distinctly to the advantage of the author to preserve the renewal period." H.R. Rep. No. 2222, 60th Cong., 2d Sess. p. 14.

[9] H.R. Rep. No. 2222, 60th Cong., 2d Sess. p. 14. See 2 M. Nimmer & D. Nimmer *Nimmer on Copyright* (1991) § 9.06[B][1] [hereinafter: *Nimmer on Copyright*].

[10] Fisher Music Co. v. Witmark, 318 U.S. 643, 656 (1943).

[11] Bartok v. Boosey & Hawkes, Inc., 523 F.2d 941, 944-945 (2d Cir. 1975).

[12] See Ringer, "Renewal of Copyright," Copyright Office Study No. 31, p. 125.

[13] 318 U.S. 643 (1943).

ment of the right to renewal copyright executed by an author prior to the vesting of such renewal right is binding upon the author at vesting, so that thereafter the assignee and not the author is entitled to such renewal. This decision in large measure eviscerated the basic rationale for the renewal clause.[14] For if Congress intended to frame the renewal term in such manner that the author "could not be deprived of that right," then surely holding the renewal term assignable at any time prior to its vesting is to put substantially at naught that intention. Experience has shown that an author who lacks bargaining power will, of necessity, agree to assign renewal rights concurrently with assignment of the original term of copyright, if pressed to do so. As to those few authors fortunate enough to possess bargaining power sufficient to rebuff their publisher's importunings for an assignment of the renewal term simultaneous with the initial assignment, they may insist upon a reversion of copyright to themselves at some future time without the need to rely upon a statutory device for the purpose. Therefore, under the doctrine of *Fisher v. Witmark*, both authors with bargaining power and those without find the statutory provision for a renewal term largely meaningless—those without clout because they are unable to rely on the statutory renewal term due to assignments forced upon them if they wish to sell their works for an initial term of copyright, and those with bargaining power because they have no need to rely upon it.

Nonetheless, the renewal provisions were not utterly devoid of meaning under the 1909 Act, notwithstanding the assignability of the renewal expectancy. When the author did *not* live until renewal vesting, then the statute automatically accorded the renewal term to an enumerated list of beneficiaries, starting with the author's widow or widower and children, proceeding next (in the event of no surviving spouse or children) to the author's executor, and moving finally (in the absence also of an executor because the author failed to execute a will) to the next of kin.[15] This sequence is mandated by statute and not subject to consensual variation. Thus, if author A assigned the original and renewal term to company C during her lifetime and survived until renewal vesting, then C owns the renewal term despite any later disavowal by A or contrary provisions of her will. But if A died prior to renewal vesting, then notwithstanding that she disavowed all contact with her husband and children and left all her copyrights in her will to X, nonetheless the renewal term inures to her surviving husband and children. The latter, in short, obtain the renewal rights free and clear of any prior assignment (of other transfer) executed by the author.

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[14] Because *Fred Fisher* thwarted the rationale for renewal, Congress devised a new system for protecting authors under the Copyright Act of 1976, namely an inalienable right to terminate transfers. Mills Music, Inc. v. Snyder, 105 S. Ct. 638, 656 (1985) (White, J., dissenting). See 3 *Nimmer on Copyright* chap. 11.

[15] 17 U.S.C. § 24 (1909 Act). See 17 U.S.C. § 304 (1976 Act).

Of course, that provision is of significance for such succeeding classes, and not for the author personally. The net effect of the 1909 Act reversion of renewal structure, therefore, was to benefit those authors with enough foresight to die prior to renewal vesting of their works;[16] by contrast, authors who were inconsiderate enough to live until commencement of the renewal term thereby deprived their heirs of any of the benefits that Congress was generous enough to confer.[17]

B. Rohauer—*"Son of the Sheik"*

With the foregoing sketch of U.S. copyright reversions in mind, we may now turn to the precursor of the Supreme Court's *Abend* decision. In *Rohauer v. Killiam Shows, Inc.*,[18] the Second Circuit Court of Appeals confronted a case in which an author had granted motion picture rights in her novel to the defendants,[19] who produced a motion picture based on the novel, the highly-successful silent movie starring Rudolph Valentino, "Son of the Sheik." In granting motion picture rights, the author purported to grant rights for the renewal as well as the original term of copyright. Defendants obtained a copyright in the motion picture as a derivative work, and 28 years thereafter renewed that copyright. In the interim, however, the author died before the original term of copyright in the novel had expired, so that thereafter the renewal rights in the novel were claimed by the author's daughter, who was the only member of the successor renewal class.[20] Because the daughter was not bound by her mother's prior grant of exclusive renewal rights to defendants,[21] the daughter proceeded to grant exclusive motion picture and television rights in the novel for the renewal period to plaintiffs. When the defendants thereafter continued the public performance of the motion picture, plaintiffs sued for infringement of their copyright in the novel. The Second Circuit held for defendants by reason of the grant of motion picture rights from the author of the novel to defendants' predecessor. This result was reached despite the court's acknowledgment that, because the au-

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16 Of course, this "benefit" is of the spiritual variety—it is the metaphysical pleasure that inures to authors On High from observing the natural object of their bounty continuing to enjoy earthly rewards from the deceased author's toil.

17 It should now be apparent why Congress eliminated reversion of renewal rights and scrapped the entire reversion of renewal scheme in the 1976 Act. In its place, Congress substituted a provision for termination of transfers 35 years after their making. Most importantly, Congress provided that such termination right was not waivable in advance, thus saving this scheme from the construction placed in *Fisher v. Witmark*, which gutted the reversion mechanism.

18 551 F.2d 484 (2d Cir.), *cert. denied*, 431 U.S. 949 (1977).

19 For simplicity's sake, the discussion herein omits the fact that the author actually conveyed rights to the defendant's predecessor.

20 See 2 *Nimmer on Copyright* § 9.04[A].

21 See 2 *Nimmer on Copyright* § 9.06[C].

thor did not live until renewal vesting, it was the author's daughter who was entitled to claim the renewal. The court further acknowledged that the daughter was not bound by her mother's purported exclusive grant of renewal rights to defendants. The daughter, therefore, had the power to make the grant which she in fact made to the plaintiffs. Moreover, the court conceded that because the author did not survive to renewal vesting, the original grant from the author would not authorize the defendants, after commencement of the renewal period, to produce a new motion picture based upon the novel. The Second Circuit nevertheless held that the defendants could continue to exploit during the renewal term any motion picture, based upon the novel, that had been validly produced prior to the renewal term.

Rohauer provoked a firestorm of criticism.[22] The gist of the problem was that Judge Friendly's opinion managed simultaneously to hold the author's grant of renewal rights valid and invalid—invalid insofar as it purported to grant exclusive rights during the renewal period and invalid also insofar as it purported to authorize new productions made after commencement of the renewal period, but valid insofar as it authorized the continued exploitation during the renewal period of any film first produced during the original term of copyright.[23]

C. Abend—*"Rear Window"*

In *Abend*, the Supreme Court confronted essentially the same fact-pattern as in *Rohauer*. Author Cornell Woolrich wrote *It Had to be Murder*, a short story first published in 1942. Based in Woolrich's assignment in 1945[24] of both the initial and renewal term in his work, Alfred Hitchcock translated the story to the screen in the 1954 film, "Rear Window." Woolrich died in 1968, prior to the 1970 (1942 + 28 years) renewal vesting of the story. Fol-

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[22] See, e.g., 1 *Nimmer on Copyright* § 3.07[A].

[23] Skepticism about the viability of that resolution extended beyond the scholarly commentary to judicial opinions as well. For instance, in *Russell v. Price*, 612 F.2d 1123, 1128 n.16 (9th Cir. 1979), *cert. denied*, 446 U.S. 952 (1980), the Ninth Circuit referred to this distinction in *Rohauer* as "unconvincing" given that the 1909 Act "made no distinction between a copyright owner's right to authorize copying or exhibition of the work as it appears in an existing derivative work and the right to authorize creation of a new derivative work."

[24] This story's chain of title is summarized by the Court as follows:

> In 1945, Woolrich agreed to assign the rights to make motion picture versions of six of his stories, including 'It Had to Be Murder,' to B.G. De Sylva Productions for $9,250. He also agreed to renew the copyrights in the stories at the appropriate time and to assign the same motion picture rights to De Sylva Productions for the 18-year renewal term. In 1953, actor Jimmy Stewart and director Alfred Hitchcock formed a production company, Patron, Inc., which obtained the motion picture rights in 'It Had to Be Murder' from De Sylva's successors in interest for $10,000.
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> 110 S. Ct. at 1755.

lowing Woolrich's death without any surviving widow or children, the executor of his estate assigned the renewal expectancy to Sheldon Abend[25] for $650 plus a 10% share of Mr. Abend's receipts, if any, from exploitation of the copyright. The fact that Woolrich had previously assigned the renewal term to defendants did not deter either the executor or Mr. Abend from claiming the renewal term in derogation of defendant's rights, given the familiar proposition that an assignment of the renewal expectancy from an author who does not survive to renewal vesting is a nullity. The litigation commenced when Mr. Abend, as plaintiff, filed suit for copyright infringement based on defendants' re-release of "Rear Window" in theatres, on television, and on videocassette during the renewal term of the underlying short story.

After Mr. Abend lost in district court, the case went to the Ninth Circuit Court of Appeals.[26] A dividend panel of that court reversed, largely agreeing with the criticism of *Rohauer* set forth above.[27] Although the full critique need not be set forth herein, suffice it to note that in *Miller Music Corp. v. Charles N. Daniels, Inc.*,[28] the Supreme Court long ago observed that "assignees of renewal rights take the risk that the rights acquired may never vest in their assignors." Judge Pregerson, writing on behalf of the Ninth Circuit, concluded that the Supreme Court's *Miller Music* opinion "provides ineluctable authority for Mr. Abend's position" and on that basis held defendants' activity infringing.[29]

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[25] Mr. Abend is frequently described as a "literary agent." See Time Magazine, May 7, 1990, p. 91; Communications Daily, April 30, 1990, p. 5; Facts on File World News Digest, May 11, 1990, p. 344. More precisely, Mr. Abend is a speculator who purchases contingent interests, and then seeks vindication of his rights through U.S. and foreign courts. Cf. 110 S. Ct. at 1756.

[26] Abend v. MCA, Inc., 863 F.2d 1465 (9th Cir. 1988).

[27] See part I.B. *supra*, which largely recapitulates 1 *Nimmer on Copyright* § 3.07[A] (1987 ed.). As noted at the outset, portions of this article are drawn from that treatise.

[28] 362 U.S. 373 (1960).

[29] 863 F.2d at 1475. The dissent objected that the quirk of fate that Woolrich died prior to renewal vesting should not be dispositive of the rights of the parties. 863 F.2d at 1487 (Thompson, J., dissenting) ("It just doesn't make sense.") Nonetheless, the Supreme Court's *Miller Music* opinion gives decisive significance to that "quirk of fate" in determining copyright ownership. In fact, contrary to the perspective of the Ninth Circuit dissent, Congress intended in general under the 1909 Act to limit grants to the initial term of copyright, and to allow a reversion to the author or author's estate for the renewal term. See 2 *Nimmer on Copyright* § 9.02. That intent was largely undercut, however, by the Supreme Court's decision in *Fred Fisher Music Co. v. M. Witmark & Sons*, 318 U.S. 643 (1943), creating a giant loophole in the doctrine of reversion of renewal rights. See 2 *Nimmer on Copyright* § 9.06[B][1]. It is the *Fred Fisher* opinion that elevates a "quirk of fate" in determining copyright ownership. By contrast, *Abend*—which follows the established doctrine of *Miller Music*—is in harmony with the original Congressional intent underlying the renewal doc-

In affirming *Abend*, the Supreme Court majority[30] agreed with the Ninth Circuit and rejected the Second Circuit's *Rohauer* opinion. Justice O'Connor's majority opinion actually viewed the issue as rather simple. Given the purpose of the renewal structure of cutting off assignees and affording a "second chance" to the author or author's heirs, and given the familiar proposition that an author who does not survive until renewal vesting has not conveyed an operative interest in the underlying work, the Court quickly concluded that the defendants possessed no right to continue to exploit *It Had to be Murder* as contained in "Rear Window" following reversion of the short story's renewal term. "[I]f the author dies before the commencement of the renewal period, the assignee holds nothing. If the assignee of all of the renewal rights holds nothing upon the death of the assignor before arrival of the renewal period, then, *a fortiori*, the assignee of a portion of the renewal rights, *e.g.*, the right to produce a derivative work, must also hold nothing."[31] However, the Supreme Court continued its analysis precisely because of the contrary holding in *Rohauer*, which the Court refuted at length.[32] The Court ultimately sustained its initial reading that exploitation of "Rear Window" constituted copyright infringement of Mr. Abend's rights in the Woolrich short story.

One of the most noteworthy features of the *Abend* Ninth Circuit holding was the court's denial of Mr. Abend's request for an injunction to restrain further exploitation of "Rear Window," notwithstanding a holding of infringement.[33] The court noted that injunctive relief is discretionary and may be denied in special circumstances.[34] The court then concluded that

> such special circumstances exist here. The "Rear Window" film resulted from the collaborative efforts of many talented individuals other than Cornell Woolrich, the author of the underlying story. The success of the movie resulted in large part from factors completely unrelated to the underlying story, "It Had To Be Murder."

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trine, in that it declines to carve out yet another exception to reversion of renewal rights.

30 Five justices joined in the majority opinion, one concurred in the result, and three dissented.

31 110 S. Ct. at 1760. "Petitioners have been 'deprived of nothing. Like all purchasers of contingent interests, [they took] subject to the possibility that the contingency may not occur.' *Miller Music*, *supra*, at 378." *Id.*

32 *Id.* at 1760-68 (Treatise cited). The dissent would have adopted the rationale of *Rohauer*. *Id.* at 1769-78 (Stevens, J., dissenting). The nub of the disagreement revolved around the interpretation of Section 7 of the 1909 Act.

33 863 F.2d at 1479, citing 3 *Nimmer on Copyright* § 14.06[B].

34 "Professor Nimmer . . . states that 'where great public injury would be worked by an injunction, the courts might . . . award damages or a continuing royalty instead of an injunction in special circumstances.' " 863 F.2d at 1479, quoting 3 *Nimmer on Copyright* § 14.06[B].

> It would cause a great injustice for the owners of the film if the court enjoined them from further exhibition of the movie. An injunction would also effectively foreclose defendants from enjoying legitimate profits derived from exploitation of the "new matter" comprising the derivative work . . . . We also note that an injunction could cause public injury by denying the public the opportunity to view a classic film for many years to come.[35]

The Supreme Court twice sidestepped its opinion of reconsidering that ruling, effectively allowing the denial of injunction to stand.[36] As will be seen below,[37] it is essential to bear in mind the denial of an injunction when evaluating *Abend*'s impact.

The net effect of the *Abend* ruling is accordingly financial—during the renewal term of the short story,[38] profits from the exploitation of the motion picture must be shared in an apportioned amount[39] (i.e., less than 100%)[40] with the story's copyright owner.[41] Given that no case has yet set that rate in the context of an *Abend*-type violation, it will take some time until a track record emerges as to what amount that will be.[42] In addition, it remains to be

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[35] *Id.* at 1479. The court prefaced its whole discussion of remedy with the following remarks:

> Defendants invested substantial money, effort, and talent in creating the 'Rear Window' film. Clearly the tremendous success of that venture initially and upon release is attributable in significant measure to, inter alia, the outstanding performances of its stars—Grace Kelly and James Stewart—and the brilliant directing of Alfred Hitchcock. The district court must recognize this contribution in determining Mr. Abend's remedy.

863 F.2d at 1478. These comments refer to the entire remedial discussion—which includes apportionment of profits—rather than simply to the injunction.

[36] *Id.* at 1757 ("The Court of Appeals also addressed at length the proper remedy, an issue not relevant to the issue on which we granted certiorari. We granted certiorari to resolve the conflict between the decision in *Rohauer, supra*, and the decision below."), 1768 ("whether the derivative work may continue to be published is a matter of remedy, an issue which is not before us").

[37] See part III.B *infra*.

[38] U.S. copyright in the story expires in 2017 (1942 + 75); copyright in the motion picture subsists, by contrast, until 2029 (1954 + 75). From 2018 onward, the owners of the motion picture may exploit the film without incurring any *Abend* liability.

[39] See 3 *Nimmer on Copyright* § 14.03[C].

[40] Even 10% of these amounts would be a substantial figure. See 110 S. Ct. at 1768 ("defendants "received $12 million from the release of the motion picture received the [short story's] renewal term"). This writer has been informed that the $12 million figure cited by the Supreme Court represents worldwide receipts.

[41] 863 F.2d at 1480. The Supreme Court majority opinion ratifies that approach. See n.86 *infra*.

[42] See part II.C.3 *infra*.

seen whether the apportionment will be limited to domestic receipts—as seems appropriate given that the case construed a feature of U.S. copyright law—or whether a judge could somehow be persuaded to include foreign revenue as well in the calculus.[43]

II. DOMESTIC IMPLICATIONS

Following the above exposition of *Abend*, it remains to analyze its implications. Already, a vast mythology of the case's dire potential has arisen; the death of western civilization—or at least of its principal historic manifestation, i.e. classic Hollywood movies—is being proclaimed in some quarters. The cries begin by heralding "devastation"[44] and grow increasingly fervent.[45] Yet although some rightly fear *Abend* as a fire-breathing dragon in certain instances, those same individuals will find that in other instances the threat is no greater than that posed by a senescent housecat. And the latter occurrences are probably more numerous than the former. There is even a possibility, *mirabile dictu*, that *Abend* will help those same forlorn individuals oppressed under the *Abend* yoke, in almost as many instances as it harms.

A. Myth #1: The Case is a Radical New Development

Speaking on behalf of the motion picture studio community, one observer called the consequences of *Abend* "potentially staggering."[46] "It's a noose around the neck for owners of these works," said this observer. "It's very unfortunate. It's got potentially very broad ramifications."[47] Others predicted an "avalanche of lawsuits and [that] the public could see fewer

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[43] It will be shown below that the studio does not commit any violation through continued exploitation of the film in, e.g., Canada and the United Kingdom. See part III.B *infra*. At first blush, therefore, revenue earned in those countries should be excluded from the amounts which defendant must share. It could be responded that various precedents exist in which U.S. courts exercise jurisdiction over acts committed abroad that either originate, cross, or end in U.S. territory, and that worldwide exploitation of "Rear Window" falls into that paradigm. See cases collected in 3 *Nimmer on Copyright* § 17.02. See also London Film Prods. Ltd. v. Intercontinental Communications, Inc., 580 F. Supp. 47 (S.D.N.Y. 1984) (U.S. court accepts subject matter jurisdiction over copyright infringement that took place in Chile). But to the extent that all predicate acts that gave rise to jurisdiction in the *Abend* litigation occurred in the United States, the remedy should be coterminous with the violation, and hence limited to U.S. revenue. Cf. 3 *Nimmer on Copyright* § 14.06[C].

[44] " 'Rear Window' decision may have chilling effect on classic video releases," Video Marketing, vol. 11, no. 9, May 14, 1990, p. 1.

[45] See part II.A *infra*.

[46] "Ruling on Hitchcock film causes Hollywood alarm," The Times, April 26, 1990, Overseas News section.

[47] "Hollywood Worried About High Court Ruling on 'Rear Window' Profits," Associated Press, April 26, 1990, PM Cycle.

movie classics" because of *Abend*.[48] Clearly, the Supreme Court's ruling shocked many.

A bit of reflection suffices to show, however, that that shock[49] reflected more heartfelt hope than reasoned reliance on well-established doctrine. After all, the 1990 *Abend* doctrine simply construed the language of the 1909 Act in a way not far afield from previous cases arising under the Act.[50] It was the 1977 *Rohauer* "Son of the Sheik" decision that threw a monkey wrench into interpretation of the 1909 Act.[51] Naturally, Hollywood was more than happy to take advantage of *Rohauer*'s construction of the 1909 Act for a dozen years, as would any sensible beneficiary of a court decree regardless of its doctrinal footing; but contemplative observers, even inside studio legal departments,[52] never lost sight of the fact that *Rohauer* was a lone case whose rationale courts and commentators alike questioned.[53] Seen in that light, *Abend*'s rejection of the much-criticized *Rohauer* case was less an earthquake[54] than the natural settling of legal ground into its accustomed contours.

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[48] The Associated Press, April 25, 1990, Wednesday, AM cycle.

[49] " 'Everyone's in shock,' one industry observer said, citing speculation that case could change structure of deals involving film libraries." Communications Daily, April 30, 1990, p. 5.

[50] Cf. Russell v. Price, 612 F.2d 1123, 1128 n.16 (9th Cir. 1979), *cert. denied*, 446 U.S. 952 (1980). One perspective on the congruence of *Abend* with pre-*Rohauer* law emerges from observing how the same parties viewed the respective merits of their positions prior to issuance of the *Rohauer* decision. In 1974—i.e. two years before the Second Circuit's *Rohauer* decision—Mr. Abend filed an infringement action against the same defendants subsequently named in the 1990 *Abend* case, with respect to the same property. At that time, the defendants paid Mr. Abend $25,000 in settlement of his copyright infringement claims. 110 S. Ct. at 1756.

[51] "It was the Rohauer decision that was an abrupt reversal of the general understanding, not the recent Supreme Court opinion, contends a Harvard Law School copyright professor. 'For years it was taken for granted when you bought a contingent renewal, you hoped the author would live—but you knew that was the risk of renegotiating if he didn't,' says Prof. Lloyd Weinreb. He predicts the Stewart opinion will not take films off the shelf, adding 'The studios are just crying in their beer.' " The National Law Journal, May 14, 1990, p. 24.

[52] According to one in-house attorney, " 'Any decent studio has prepared itself for this all along.' Given studio hopes raised by the *Rohauer* decision, he calls the 'Rear Window' opinion 'a disappointment, but no surprise.' " *Id.*

[53] See Part I.B *supra*.

[54] "The low rumbling emanating from greater Los Angeles on April 24 was no earthquake; it was a shock wave rattling through the entertainment industry, touched off by the U.S. Supreme Court's decision in *Stewart v. Abend*." New York Law Journal, May 8, 1990, Outside Counsel Section, p. 1.

B. Myth #2: All Pre-1978 Works Are Implicated

The critical first question in grappling with *Abend* is the scope of its application. For only when a given property falls within the *Abend* framework does the spectre of its potential pitfalls arise. Although a superficial glance at the case calls into question all works that gained statutory copyright under the 1909 Act, i.e. from 1909 through 1977, it would be mistaken to conclude, for instance, that every 1970 motion picture is at peril and every 1980 film beyond risk.

1. Non-Application to Pre-1978 Works

Given that old films no longer languish in the can and that the market seems ever-growing for cable television and videotape exploitation of movies from all eras, a 1970 movie—which may have had virtually no present value in 1975—is currently a commodity worth exploiting. Let us therefore start our analysis with a motion picture about which we know only one fact—it was produced and first published in 1970. Is this particular title at risk? The answer is "yes" only if a confluence of factors applies:

(1) The core of *Abend* is its holding that derivative works infringe once the underlying works on which they are based revert to a new proprietor. Almost all motion pictures are derivative works, to the extent that they incorporate an underlying script[55] and perhaps underlying songs on the motion picture sound track. We may therefore provisionally presume that this 1970 movie is a derivative work, based on a screenplay that of necessity pre-dated January 1, 1978. Thus far, therefore, *Abend* may apply.

(2) The doctrine of U.S. reversions of renewal rights is inapplicable to works created by employees in the course of their duties.[56] Those movies based on screenplays written by employees on the studio lot (and incorporating songs composed by studio composers) are accordingly exempt from *Abend* liability.

(3) On the assumption that this particular 1970 motion picture was based on a literary work written in other than for-hire capacity, the next question is whether the renewal term for the underlying work has been effectively conveyed. For instance, if this 1970 movie had been based on a short story written in 1940, renewed in 1968, and licensed to the film's producers in 1969, then no renewal of the underlying work lies in the future, and hence no

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[55] Under the 1909 Act, an unpublished script incorporated into a motion picture falls into a special category. See part II.D *infra*. The consequences of renewal solely of the motion picture and not of the script are treated below. See *id.* With respect to a renewal of the script by the deceased screenwriter's heirs, an *Abend* risk is possible; more analysis is required for that highly specialized situation.

[56] 17 U.S.C. § 304(a). On the work for hire doctrine generally, see 1 *Nimmer on Copyright* § 5.03.

subsequent[57] possibility exists of an *Abend* problem arising. Conversely, to the extent that the 1970 movie is based on a 1965 short story, it may not be known until 1993 (1965 + 28 years) whether the author will live until renewal vesting. If the author is imprudent enough to live through 1993, the studio need have no concern concerning reversions, so long as that author has executed the typical contract transferring both the initial and renewal terms. Further, even if the author dies before 1993, if the studio has taken the added precaution[58] of obtaining an assignment from the spouse or children who ultimately accede to the renewal interest, the *Abend* scenario is usually[59] avoided.[60]

(4) Even assuming the worst on the first three factors, no *Abend* issue will arise unless one or more of the renewal claimants—usually the widow, widower, or children of the deceased author—timely files a renewal application for the underlying work.[61] It may be that the universe of deceased authors of valuable underlying work whose heirs are savvy enough to renew in a timely fashion will be quite limited.[62]

As noted above, *Abend* arose in a posture in which a 1942 short story formed the basis for a 1954 movie, and the story author died before 1970 renewal vesting. To illustrate the foregoing analysis, consider how judicious alteration of the *Abend* facts produces a contrary result:

—A 1954 movie based on a 1920 short story. In that instance, the 1920 short story was either renewed in 1948 or fell into the public domain in that year. Therefore, as the movie release in 1954, no possibility exists that the story's renewal term will subsequently revert; it has already either vested and been transferred to the studio[63] or it has been irremediably forfeited.

—A 1954 movie based on a 1942 short story, but the author lived until

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57 See n.65 *infra*.

58 See n.54 *supra*.

59 An exception occurs if, at renewal vesting, the deceased author has left no living spouse or children. At that point, the renewal goes to the author's executor or (absent a will) next of kin. Even when the studio acts with utmost care, it may be impossible to identify those latter classes, much less to secure advance licenses from them.

60 One article identified as a potential *Abend*-risk "any film based on a literary or musical work registered in the USA prior to 1978 for which the [renewal rights] did not lie with the author because he or she had died before that right was vested in him." "Rear Window Ruling Could 'Cause Chaos,' " *Screen Finance*, June 28, 1990. As noted in the text above, that risk does not apply even if the author dies, assuming that the author's heir who is in fact entitled to renew has previously assigned away the renewal term (or, as noted in the text below, neglects to renew in a timely fashion.)

61 See 2 *Nimmer on Copyright* § 9.05[B].

62 Sheldon Abend certainly is not the typical heir. See n.25 *supra*.

63 The other possibility, analytically, is that the short story was renewed in 1948 by the deceased author's heirs, who have remained mute in the interim but whose

renewal vesting in 1970[64] and died the next day. In that case as well, the renewal term vested in the studio, which vesting is not subject to post-*Abend* defeasance.

—A 1954 movie based on a 1942 short story, in which the author died before 1970 renewal, but in which the heirs neglected to renew the work in a timely fashion. In this case, the underlying work enters the public domain in 1970. Even if the heirs realize their mistake in 1971 and thereupon attempt to renew, it is too late. Given that no underlying copyright subsists, the heirs have no basis on which to urge an *Abend* challenge.

—A 1954 movie based on a 1942 short story, in which the author died before 1970 renewal and the heirs did attempt to renew, but underlying registration of the work was denied.[65] Failing underlying registration, the Copyright Office denies renewal.[66] The net effect once again is to obviate an *Abend* problem as to a work that has fallen into the public domain.

Instant commentaries following the Court's decision estimated that the number of films subject to *Abend* liability numbered between 600 and 1000.[67] Given the sophisticated and fact-specific analysis required to determine whether even one motion picture faces an *Abend* problem, it is to be questioned whether these figures rely on anything other than sheer guesswork. A

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interests will now be rekindled by the *Abend* case. In this writer's consultations, that paradigm has yet to emerge.

[64] Remarkably, the date of renewal vesting remains unsettled even after *Abend*. 110 S. Ct. at 1759 n.2. The various theories hold that the date is January 1, 1970, or December 31, 1970, or the particular date in 1970 in which the renewal registration was filed. See 2 *Nimmer on Copyright* § 9.05[C]. Recent cases from the Southern District of New York and the Central District of California have reached contradictory rulings, perhaps setting the stage for judicial resolution of this issue.

[65] It may be impossible to register an underlying work for various reasons; for instance, the registering party may lack possession of copies of the "best edition" of the subject work. See 37 C.F.R. § 202.19(b)(1)(i), 37 C.F.R. § 202.20(b)(2)(ii). With respect specifically to motion pictures, see 37 C.F.R. § 202.20(c)(2).

[66] 37 C.F.R. § 202.17(d)(1). An exception exists for certain U.C.C. claimants who are able to swear to various facts concerning ownership and original publication, and who submit appropriate documents and copies of the work to the Copyright Office. 37 C.F.R. § 202.17(d)(2).

[67] "Rear Window Ruling 'Could Cause Chaos'," *Screen Finance*, June 28, 1990 (600); " 'Rear Window' decision may have chilling effect on classic video releases," Video Marketing, vol. 11, no. 9, May 14, 1990, p. 1 (700); "High Court Solves Hitchcock Mystery: Overrules Rohauer' in Stewart v. Abend'," New York Law Journal, May 8, 1990, p. 1 (700); "700 Films May Face Copyright Scrutiny," Billboard Magazine, May 5, 1990, p. 1; "Fate of Many Hollywood Classics Ensnarled in Legal Conundrum; Future Exhibition of Movie Classics in Peril," Nat'l Law Journal, June 4, 1990, p. 4 ("potentially more than a thousand").

case-by-case evaluation is necessary before drawing any conclusion regarding any particular property, such as the hypothetical 1970 movie discussed above. Many concrete cases undoubtedly will resolve themselves without any *Abend* problem. My own experience during the year since the Court handed down *Abend* leads me to guess that, following many thousands of individual analyses, the corpus of affected properties will not be as high as predicted.

2. Application to Post-1978 Works

Now let us move to a film produced in 1980, or even a feature scheduled for principal photography in 1992. Of course, a 1980 motion picture is not governed by the renewal structure, which applies only to pre-1978 works. But a 19890 film could be based on a 1970 novel, or include songs from 1965. And even for a movie was yet unmade which will not be released until 1992, it could be based upon a story published in 1977, the renewal term for which will last from 2005 through 2052. One can imagine a movie being made in 1992 pursuant to a license from the author of a 1977 short story, who dies in 1999. Thereafter, upon re-release of the movie in 2050 (i.e. during the story's renewal term), a potential *Abend* problem is posed.

As of 1991, the primary danger zone for current productions consists of songs and literary works published between 1963 and 1978, which were not works for hire, the authors of which are still alive. Works that were first published in 1962 or earlier entered their renewal term no later than 1990, and thus the renewal term is no longer an expectancy; works that were first published in 1978 or later achieved protection under the 1976 Act, and hence never fall within the renewal structure; for both, an *Abend* situation cannot materialize in the future. Works that were written in a for-hire relationship likewise fall outside the *Abend* framework. Works whose authors are currently dead are subject to a somewhat different analysis than applies when the author is still alive, as explained below.[68]

With the passing of every year, the danger zone recedes by one year. Thus, in 1992, the *Abend* risk applies to works first published between 1964 and 1978; in 1993, to works first published between 1965 and 1978. By 2006, the problem of new productions facing an *Abend* risk disappears.

C. Myth #3: There is No Defense

1. Impact on Future Works

Because of the above danger zone, *Abend* could exert a negative impact on owners of rights in pre-1978 works. For example, a film producer might decline to synchronize a pre-1978 song that is in its initial copyright term and choose instead a post-1978 song (or a pre-1962 song already renewed by its author or transferee), justly fearing that use of the former song might give rise

[68] See part II.C.1 *infra*.

to an *Abend* problem when the song enters its renewal term. This worry is cogently expressed by the *Abend* dissent:

> Ironically, by restricting the author's ability to consent to creation of a derivative work with independent existence, the Court may make it practically impossible for the original author to sell his derivative rights late in the original term and to reap the financial and artistic advantage that comes with the creative of a derivative work.[69]

Nonetheless, insurance or other devices[70] arising out of the ingenuity of the copyright bar may arise to neutralize the *Abend* risks posed in such situations. For instance, an evaluation could arise in 1992 that an *Abend* risk is posed only[71] if the songwriter, her husband, and their three children are all dead upon renewal vesting in 2003. The likelihood of such a contingency being minuscule, an inexpensive insurance policy[72] might protect against the risk.[73]

Consider a song first published in 1970, jointly written by songwriters A and B. In 1991, A is dead, survived by spouse C and children K1 and K2, the spouses of K1 and K2 and their respective children, G1, G2, G3, and G4, and grandchildren G5 and G6 from a pre-deceased child, K3; B is alive, currently married to D, and has kids K4, K5. A studio that wishes to use the song for a 1992 movie faces a risk that, upon commencement of the renewal

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69 110 S. Ct. at 1777 (Stevens, J., dissenting).

70 The discussion of this article is part and parcel of that process.

71 Some additional wrinkles are set forth in the discussion and footnotes below.

72 The type of policy discussed in the text is available from various life insurance companies: a multiple life policy, payable only upon the death of all the insureds. That policy would pay an agreed amount (e.g. $1 million) in the event of multiple deaths. From the insurance proceeds, the studio would have to pay all *Abend* claims. Because the magnitude of such claims has not yet been established, see part II.C.3 *infra*, prudence dictates taking out a policy in a large amount to protect against all contingencies. If all the insureds die prior to renewal vesting and the author's heirs neglect to renew the work in timely fashion, the policy amount would be entirely net profit to the studio.

73 The further question arises whether an insurance company will issue a type of policy analogous to errors and omissions insurance, which pays only if the legal contingencies of the *Abend* ruling eventuate. This writer has attempted to procure such policies on behalf of clients. Because the process of underwriting new types of insurance policies can be quite lengthy, such attempts have not yet resulted in a commercial offering. The process of underwriting would be immensely facilitated if the insurance companies could know precisely the magnitude of the *Abend* risk, for example via corrective legislation setting the relevant limits. See part II.C.3 *infra*. In addition, because insurance policies typically exclude wilful conduct, it would aid the underwriting process should the courts follow the suggestion of this article and hold *Abend* violations nonwilful. See part II.C.2.b. *infra*.

term in 1998, an *Abend* problem will arise. But if the studio can obtain sufficient current assignments, the magnitude of that risk diminishes almost to the vanishing point. In particular, the relevant universe in 1992 of potential claimants for the 1998 renewal consists of C, K1, and K2 on behalf of A's undivided half-interest in the song,[74] and of B or, if B is dead in 1998, D, K4, and K5 on behalf of B's undivided half-interest in the song. Therefore, to the extent that the studio secures assignments in 1992 from each of C, K1, K2, B, D, K4, and K5, and if *any one*[75] *of those seven*[76] *individuals* survives until renewal vesting in 1998, then even in the song's renewal term the studio will have all it needs[77] to continue[78] to exploit its motion picture.[79] Given that the odds of all seven dying in the next few years is minute, the risk of proceeding is correspondingly small. That small risk may in the future be susceptible to coverage by insurance, as mentioned above. Further, the risk can

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[74] Assuming the survivorship of any one of those three, the spouses of K1 and K2 and G1-G6 will take nothing when the renewal expectancy matures. See 2 *Nimmer on Copyright* § 9.04[A].

[75] Under U.S. copyright law, any one co-owner—acting even without the consent of the balance of the co-owners of even contrary to their explicit request—can convey a license in the copyrighted work (albeit non-exclusively). 1 *Nimmer on Copyright* § 6.10. (it should be noted that foreign copyright law is generally to the contrary. *Id.* § 6.10[C]. See n. 137 *infra*.) Under U.S. precedents, the only time the single co-owner is barred from so acting is when all the joint owners have agreed in advance to act only unanimously. *Id.* § 6.10[B]. In addition, an argument exists that when one nonexclusive motion picture license from a single joint owner destroys the value of the copyright for the non-licensing fellow owners, such a license should be barred as an impermissible destruction. *Id.* § 6.10[A]. It is to be hoped that such an argument would not extend to an *Abend* setting, in order to facilitate the types of arrangements contemplated in the text.

[76] Of the seven individuals, the only one whose status is subject to subsequent defeasance is D, current spouse of B. If, prior to 1998, B divorces D and marries E, then E steps into D's shores as contingent renewal claimant.

[77] Of course, apart from B divorcing D, it is also possible that B will have more kids in 1998, either biologically or through adoption, and the studio will not have obtained rights from those kids, K6 and K7. But as long as K4 or K5 survive until 1998, the addition of K6 and K7 does not detract from the grant to studio of a non-exclusive license from other claimants, which is all that the studio needs, given the principle that a grant from one co-owner is adequate to convey a non-exclusive license under U.S. copyright law.

[78] The current discussion is limited to the United States. On the impact abroad, see n.137 *infra*.

[79] A contrary argument can be maintained when some but not all of the parties survive until the moment of renewal vesting; this argument posits that the parties, when they intentionally conveyed their interests, acting only upon the assumption that all would survive, and did not wish to divide the corpus among a non-exclusive studio licensee and non-exclusive heirs' ownership. See 2 *Nimmer on Copyright* § 9.06[B][3]. That problem can be avoided through careful drafting, specifying the intent of the parties even if all do not survive.

be marginally lessened even further by gaining rights from G1 through G6, the survivors of whom may collectively qualify as A's next of kin in the event that C, K1, and K2 all die before 1998.[80]

Given the somewhat laborious nature of the above analysis, some studios may simply choose the easy path for future projects and categorically reject *Abend*-risk works rather than seeking a safe path through the jungle.[81] In such instances, owners of rights in some pre-1978 works will be economically harmed by the *Abend* ruling. But any time a director with enough clout demands song "X" from 1975 for a current production, and assuming the songwriters of "X" and their families are amendable,[82] the studio will be able to accommodate the director's wish with the sufficient licensing labor.

2. Impact on Existing Works

A separate question is posed as to the corpus of existing motion pictures that could face an *Abend* challenge. Some have painted a bleak picture indeed regarding *Abend*'s upshot. The litigator who represented the defeated studio before the Supreme Court has claimed that the decision "won't have a chilling effect [on video]; it'll have a deadly effect. If your film falls in this category, you're dead."[83]

A disinterested view is not nearly so gloomy. One need not say *Gute Nacht* to all those old films so much as *Guten Abend*.

a. Injunction

The Ninth Circuit approach deliberately crafted its relief to avoid the motion picture industry's "dire prediction"[84] that producers would be led to "withdraw films from distribution to avoid infringing the copyright in the underlying work,"[85] with the result that "[t]he public will then be denied access to countless classic films."[86] The particular device that the Ninth Circuit chose was to deny injunctive relief notwithstanding a finding of infringe-

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[80] See n.74 *supra*.

[81] "The most damaging aspect of the case, however, may be that it will dissuade producers from using good work from the 1960s and 1970s for fear of encountering copyright problems in the future." "Rear Window Ruling Could 'Cause Chaos," *Screen Finance*, June 28, 1990.

[82] Putting aside licenses from music publishers, if the songwriters are not currently amenable, the studio cannot proceed to make the movie even currently before the *Abend* problem matures, for lack of a synchronization license during the original copyright term. The wrinkle added by *Abend* for the renewal term is that prudence demands that the studio obtain the permission currently not only of the songwriters, but of their families as well.

[83] "'Rear Window' decision may have chilling effect on classic video releases," Video Marketing, vol. 11, no. 9, May 14, 1990, p.1.

[84] 863 F.2d at 1477 n.15.

[85] *Id.*

[86] *Id.* As stated by the *Abend* Supreme Court majority, the issue boils down to

ment.[87] For the court recognized that movies result "from the collaborative efforts of many talented individuals other than . . . the author of the underlying story," meaning that "[i]t would cause a great injustice for the owners of the film if the court enjoined them from further exhibition of the movie."[88] Thus, at the same time that it dethroned *Rohauer*, the *Abend* Circuit decision partially protected the financial interests of the motion picture industry by limiting the relief available in these circumstances.[89] In this way, *Abend* combines fidelity to the principles underlying the renewal doctrine with sensitivity to the equities of the situation.

The Supreme Court had the option of reviewing that portion of the decision; yet in affirming, it let stand the simultaneous holding of infringement and denial of an injunction.[90] Thus, it can be maintained that, at least *sub silentio*, the Court has approved of this resolution in *Abend*-style cases.[91]

b. Wilfulness

Assuming the unavailability of an injunction,[92] what is the legal status of an exhibitor who continues to show an *Abend*-risk film? Typically, a defendant acts "wilfully" when acting with knowledge that its conduct constitutes copyright infringement.[93] Aggrieved plaintiffs will undoubtedly brand current exploitations—undertaken *ex hypothesi* with full knowledge of how the Supreme Court has ruled and that the property in question is subject to that ruling—as wilful infringements.[94] The inquiry remains whether that characterization is accurate.

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sharing a portion of the proceeds with the author's heirs during the reversionary term. 110 S. Ct. at 1764.

87 The Ninth Circuit had previously imposed a similar scheme in Universal City Studios, Inc. v. Sony Corp of America, 659 F.2d 963 (9th Cir. 1981); on that occasion, however, the Supreme Court reversed the Ninth Circuit's liability analysis, and hence threw out the remedy discussion. See 464 U.S. 417 (1984).

88 See part I.C *supra*.

89 But see part II.C.3 *infra*.

90 Cf. 17 U.S.C. Sec. 406(b), which in the case of one who has a defense in an infringement action by reason of having been misled by the omission of a copyright notice, allows a court instead of issuing an injunction to require as a condition of permitting the continuation of the infringing undertaking that the infringer pay to the copyright owner a reasonable license fee in an amount and on terms fixed by the court.

91 See part I.C *supra*.

92 See parts II.C.2.a *supra*.

93 Fitzgerald Pub. Co. v. Baylor Pub. Co., 807 F.2d 1110, 1115 (2d Cir. 1986).

94 Wilfulness is not an element of an infringement case. See 3 *Nimmer on Copyright* § 13.08. However, to the extent that a plaintiff can prove a defendant's wilfulness, the maximum award of statutory damages increases from $20,000 to $100,000. 17 U.S.C. § 504(c). Moreover, in seeking an award of defendant's profits, the plaintiff who can prove wilfulness is in a better posture to disallow overhead or other expenses. See 3 *Nimmer on Copyright* § 14.03[B].

Although a 1991 screening of "Rear Window" meets the above "typical" definition of wilfulness, it is submitted that that definition is inapplicable to the unusual posture of the case. The Ninth Circuit has expressly denied an injunction to avoid withdrawing the motion picture from circulation. Part of its rationale stemmed from its realization that "an injunction could cause public injury by denying the public the opportunity to view a classic film for many years to come."[95] The Supreme Court has affirmed that ruling with the expressed hope that renewal heirs will profit from future distribution of the affected works, rather than recovering nothing via their suppression.[96] That judicial encouragement to continue screening "Rear Window" entails the conclusion—at odds with the more typical posture of infringements—that such post-ruling exploitations are not deserving of the additional opprobrium placed upon the "wilful."[97]

In other cases as well, it sometimes happens that courts uphold a finding of infringement yet deny an injunction. For instance, in one recent case, plaintiff's laches barred entry of an injunction against defendants' infringing biography of L. Ron Hubbard.[98] Given the deliberate denial of an injunction, it would be absurd for plaintiff to re-institute litigation for post-judgment book sales by claiming newly "wilful" conduct, notwithstanding that such conduct would meet the "typical" definition of being an activity undertaken with defendant's full knowledge that its conduct constitutes judicially-certified infringement. By parallel reasoning, wilfulness is lacking in the case discussed above.

If Universal's suppositious exploitation of "Rear Window" following the *Abend* ruling is not wilful, what about other usages? Given that the adjudication of Universal as infringing on Woolrich's short story does not make its subsequent exploitations of the offending work wilful, *a fortiori* a studio's future exploitation of a work which has *not* been adjudicated infringing should not be considered wilful.[99] It follows that the systematic denial of injunctions

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[95] See part I.C. *supra*.

[96] 110 S. Ct. at 1764.

[97] See n.94 *supra*.

[98] New Era Publications Intern., ApS v. Henry Holt & Co., 873 F.2d 576 (2d Cir. 1989). In a rancorous dispute when the matter went before the Second Circuit en banc, the only point of agreement was the following: "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." New Era Publications Intern., ApS v. Henry Holt and Co., Inc., 884 F.2d 659, 661, 663 n.1 (2d Cir. 1989), *cert. denied*, 110 S. Ct. 1168 (1990) (Newman, J., dissenting).

[99] The contrary argument is that an injunction was denied in "Rear Window" because of its unique status, but the case at bar is a pedestrian movie that should be enjoined. See part II.C.2.a *supra*. If that construction holds sway (contrary to the position of this article), the conclusion in the text regarding wilfulness is rendered suspect. See the following footnote.

in *Abend*-type cases should categorically[100] negate holdings of wilfulness.[101]

c. Damages

Finally, the question remains how to assess damages for *Abend* violations. It follows from the considerations set forth above[102] that the figure should be set at a level that encourages the studios to keep exploiting the relevant motion pictures, thereby yielding a return to the literary (or other) work's renewal claimants. Manifestly, damages equal to 95% of the studio's net profits would effectively dry up the incentive to continue such exploitation; at the other end of the spectrum, damages set at 1% would probably have no appreciable impact, making any recovery for the renewal claimant illusory. It remains for the courts to calibrate the appropriate figure based on evidence in actual cases.

Let us imagine that a consensus emerges from the cases that an assessment of p% will amply reward *Abend* claimants without killing the studio goose that lays the golden eggs. It is important to add that that figure of p% should be limited to the studio's net receipts. In other words, the studio should not be held jointly and severally liable, in addition, for q% of a subdistributor's profits, 4% of the theater's profits, etc. This resolution is consistent with those cases that decline to award joint liability on all infringers' profits except in the case of wilful infringements and the like,[103] given the conclusion above that wilfulness is lacking for *Abend*-type violations.[104]

3. Potential Legislative Reform

To complete the disinterested view proffered above, it must be conceded that although the Court's *sub silentio* approval of withholding an injunction should suffice to protect the studios, it will not do so ineluctably.[105] The possibility exists, notwithstanding that Mr. Abend himself lost his request for an injunction, that future litigants in *Abend*-type cases could win on the same issue. Circuits apart from the Ninth could treat the Supreme Court's silence on the subject as an invitation to craft relief according to their own standards of equity. And even a court in the Ninth Circuit could conclude that an

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100 If the denial of an injunction in the *Abend* case is viewed as a specific exemption for that film rather than a categorical ruling, the conclusion cannot follow. See part II.C.3 *infra*.

101 As previously noted, such a construction would additionally aid the process of insuring against *Abend* risks. See n.73 *infra*.

102 See parts II.C.2.a-II.C.2.b *supra*.

103 See 3 *Nimmer on Copyright* § 12.04[C][3].

104 See Part II.C.2.b *supra*.

105 The Court's opinion itself recognizes that when the parties start with very different economic expectations, "negotiated economic accommodation will be impossible." However, the Court concluded that "[t]hese arguments are better addressed by Congress than the courts." 110 S. Ct. at 1764.

injunction is appropriate in a case lacking "the outstanding performances of . . . Grace Kelly and James Stewart and the brilliant directing of Alfred Hitchcock."[106] Plaintiffs can be anticipated routinely to distinguish the movie at bar from the stellar achievements of Kelly, Stewart, Hitchcock *et al.*[107]

In addition, as noted above, the *Abend* case only *partially* protects the financial interests of the motion picture industry. That is, in theory, the studios will have the incentive to keep generating income by exploiting classic motion pictures; for only a portion of the revenues thereby earned must be shared with the renewal claimants, and the balance goes into the studios' coffers. But in practice, even if a consensus of a workable p% will ultimately emerge from the cases, the uncertainties of litigation in the meanwhile may tip the balance against continued profitable exploitation. For the *Abend* decision announces no standards for determining the appointment, and previous cases—all of which arose in fact patterns far removed from the unique posture of derivative works lawfully prepared and subsequently exploited following reversion of the underlying works on which they were based—provide little guidance.[108]

Given that it may take many dozens of litigated cases and the passage of years before a benchmark emerges—during which time motion picture proprietors may reasonably conclude that the unknown magnitude of the *Abend* litigation risk makes exploitation too problematic given the small returns anticipated—it would be most helpful at present to have legislative intervention.[109] Only Congress can pronounce by fiat the schedule of payments for

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[106] 863 F.2d at 1478, quoted in n.37 *supra*. As previously noted, that language from the Ninth Circuit opinion is directed at the general discussion of remedy; it is not aimed specifically at the question of injunctions. See *id.*

[107] Unless the courts are determined to compete with the Academy of Motion Picture Arts and Sciences by awarding judicial "Oscars," it is an uncomfortable role for the judiciary to weigh the achievements of one movie versus another. Cf. Bleistein v. Donaldson Lithographing Co., 188 U.S. 239, 250 (1903) ("It would be a dangerous undertaking for persons trained only to the law to constitute themselves judges of the worth of pictorial illustrations . . . .") (Holmes, J.)

[108] For instance, in Sheldon v. Metro-Goldwyn Pictures Corp., 309 U.S. 390 (1940), the Supreme Court allocated 20% of defendant's profits from the picture "Letty Lynton" to infringement. The defendant's usage of materials from the plaintiff's literary work had never been authorized. Translated to the *Abend* fact pattern, the studio can be anticipated to argue that its incorporation of elements from Woolrich's short story—with authorization—should militate towards a smaller allocation. Mr. Abend can be anticipated to argue for a greater allocation, responding that the studio's earnings from "Rear Window" prior to the story's renewal in 1970 so exceeded the few thousand dollars originally paid that the studio should pay the lion's share of its $12 million earnings since 1970. How the courts will resolve that argument cannot currently be foreseen.

[109] Two types of legislative redress are possible: (1) legislative reversal of the

Abend-type claims—e.g., that every song synchronized on a movie's sound track shall be entitled to x% of net profits, that all the underlying literary works will together split y% of net profits, that other miscellaneous works incorporated into films will be entitled to z%. At the same time, Congress could clarify that the revenue to be apportioned is only domestic receipts, not worldwide revenue.[110] And to avoid disputes over which deductions are permissible in computing net profits,[111] Congress could even determine that it is simpler to award ¼ x% or ⅔ z% of gross receipts, thus avoiding altogether the messy business of computing net profits. All of these devices are true to the spirit of the *Abend* decision; they remove the practical barriers to film exploitation, encouraging the studios to generate income from classic motion pictures, part of which income is shared with the literary (or other) work's renewal claimants.

D. Myth #4: The Result Was An Across-the-Board Defeat for the Motion Picture Studios

A further question arises in the wake of *Abend*—in the case of a pre-1978 movie that was based on an unpublished[112] work, and in which only the movie had been renewed, can the studio freely produce and distribute a remake of the original motion picture?[113] In analyzing this question, we must turn to some of the unarticulated consequences of *Abend*; the conclusion is

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Supreme Court's construction of the 1909 Act; or (2) leaving the liability analysis unchanged, but limiting plaintiffs' remedies for Abend-type violations. Is either suspect under the United States Constitution? To avoid considerations of potential violations of the Due Process or Takings Clauses through usurpation of vested interests, this article does not address proposals of type (1). As to type (2), the question arises whether those same Constitutional clauses permit Congress to limit remedies prospectively as to existing copyrights. Given that no challenge has arisen to Congress' authority to limit prospectively the remedies available for existing copyrights in the context of the Satellite Home Viewer Act of 1988, the working hypothesis herein will be harmonized with that experience and the answer therefore will be assume to be affirmative. See Act of November 16, 1988, Pub. L. 100-667, 102 Stat. 3935 (prospectively subjecting exploitation of existing works to newly created compulsory license), adding 17 U.S.C. § 119. See generally 2 *Nimmer on Copyright* § 8.18[F].

110 See part I.C. *supra*.

111 Cf. Buchwald v. Paramount Pictures Corp., 17 Media L. Rptr. 1257 (L.A. Superior Court 1990).

112 The analysis below treats the special consequence of lack of publication of an underlying work followed by publication of the derivative work into which it is embodied. See, e.g., Classic Film Museum, Inc. v. Warner Bros., Inc., 597 F.2d 13 (1st Cir. 1979). See 1 *Nimmer on Copyright* § 3.07[C].

113 Within several months of the *Abend* Ninth Circuit decision, several motion picture studios consulted with this writer in precisely the factual posture described in the text.

that the Court's ostensibly anti-studio ruling contains a silver lining for motion picture proprietors.

Both *Rohauer* and *Abend* dealt with situations in which the underlying work had been renewed separately from the later derivative work, i.e. the motion picture. For that reason, it was clear to both courts that the owners of the underlying works could, for example, prevent the studios, during the renewal term, from producing a remake of the movies based on those underlying works. By contrast, consider the common situation[114] in which a motion picture released before 1978 was based on an unpublished work, and in which renewal was effectuated only for the movie, not for the underlying work.[115] In such a situation, the better view is that publication of the movie constituted publication of the hitherto unpublished underlying work as well.[116] Twenty-eight years thereafter, renewal was required to continue protection for both the movie and the underlying work.[117]

When a copyright is owned jointly by several individuals, renewal by only one such individual in her name alone suffices to renew the interest of each.[118] In addition, under certain circumstances beneficial owners can file renewal claims on behalf of legal owners.[119] With that background in mind, based on the logic of *Rohauer*, an author's heirs could contend that the renewal of the movie constituted *pro tanto* a renewal of the portions of the underlying work embodied in the movie. Further, the author herself could urge the same argument in instances in which the author survives renewal vesting, and in which the author's initial assignment did not unambiguously include renewal rights.[120] Under this view, when the studio renewed all ele-

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114 Again, this writer has encountered that fact pattern on numerous occasions.

115 A separate question is posed as to proper copyright notice. Publication of the motion picture constituted a divestive publication of the underlying work; applying the doctrine of indivisibility, a copyright notice on the film solely in the name of the studio would be tantamount to unnoticed publication vis-a-vis the underlying work that is not fully owned by the studio, meaning that the author's rights in the underlying work would terminate upon publication of the motion picture. See 3 *Nimmer on Copyright* § 10.01[A]. Nonetheless, given the judicial retreat from the doctrine of indivisibility as evidenced by Goodis v. Untied Artists Television, Inc., 425 F.2d 397 (2d Cir. 1970), most courts would currently avoid that harsh result. See 3 *Nimmer on Copyright* § 10.01[B]. See also Abend v. MCA, Inc., 863 F.2d 1465, 1469 (9th Cir. 1988), *aff'd on other grounds sub nom.* Stewart v. Abend, 110 S. Ct. 1750 (1990). As a consequence, the underlying work would not have been injected into the public domain upon initial publication of the motion picture, and the question of its continued copyright protection would remain live 28 years thereafter upon renewal of the movie.

116 See 1 *Nimmer on Copyrights* § 4.12[A].

117 See *id.* § 3.07[C].

118 See 2 *Nimmer on Copyright* § 9.05[E].

119 See *id.* § 9.05[D].

120 See 2 *Nimmer on Copyright* § 9.06.

ments that it owned, those elements included the underlying work given that the studio owned a limited right therein, *viz.*, exploitation of the underlying work as embodied in the pre-existing motion picture. As fellow owners of rights in the underlying work along with the studio, the heirs could thus claim that the studio's renewal inured to their benefits as well.

But switching to the logic of *Abend*, the studio's renewal of the motion picture has no application to the underlying work given that the renewal applies only to elements owned by the studio, *viz.*, cinematographic elements and additions to the story not present in the underlying work. The studio cannot secure renewal of any elements from the original work—even those embodied in the motion picture—because *Abend* rules that the studio owns no such elements during the renewal term. Accordingly, the heirs cannot claim that the studio's renewal inures in any manner to their benefit. For even if the renewal of the motion picture is construed as an application to renew in the name of a party who has no rights in the subject work is a nullity.[121] Therefore, a renewal application in the name of the studio, in cases in which the studio has no interest in the underlying work (as *Abend* dictates) cannot serve validly to renew the underlying work.

Following these scenarios to their logical conclusions, the upshot is that *Abend* is more favorable to the studios than *Rohauer* in the foregoing situations. For under a liberal reading of *Rohauer*, the studio has renewed the underlying work, in which the heirs can now claim rights and thereby prevent the studio from producing a remake or sequel. But under *Abend*, by contrast, the heirs have unambiguously lost all rights in the underlying work through failure to renew, leaving the studio free not only to continue to exploit the original motion picture, but to produce remakes, sequels, and all other derivative works as well. Moreover, only the studio may continue to exploit the original motion picture throughout the movie's copyright term, as the studio owns the cinematographic elements therein exclusively. As to a remake or sequel, by contrast, all parties are nominally free to use the public domain underlying work for that purpose. Nonetheless, to the extent that a viable remake or sequel must incorporate elements both from the underlying work *and* the first motion picture, then the studio's rights are effectively exclusive as to these media as well.

To conclude concretely, imagine a 1930 release of a motion picture entitled "Windows" based on an unpublished short story written in 1925 entitled *Murder*, and in which only the former were renewed.[122] When the movie is

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[121] See 2 *Nimmer on Copyright* § 9.05[D].

[122] As a variant, imagine that "Windows" were released in February 1930 following publication of *Murder* in January 1930, and that renewal solely for the former were effectuated in March 1957.

renewed in 1957, that renewal is *timely* to renew the underlying work.[123] But the question remains whether such a motion picture renewal substantively *applies* to the underlying literary work. A logical extension of *Rohauer* would answer that question in the affirmative, meaning that the studio would have perpetuated its grantor's copyright to its potential detriment. Such is the consequence of *Rohauer*'s gerrymandering of the significance of renewal. A logical extension of *Abend*, by contrast, would answer that question in the negative, meaning that the studio is free to do whatever it wishes with the underlying work. Again, this consequence flows automatically from *Abend*' scrupulous adherence to the significance of renewal. In light of this disparity—and because this population of works may be almost as numerous as those negatively affected works—the *Abend* decision should be viewed in less than cataclysmic terms, even by the studio community.[124]

III. Effects Abroad

The question remains what impact *Abend* will exert abroad. Immediately after the Court's ruling, an in-house attorney at the defeated motion picture company commented that the decision's ruling was limited to U.S. borders. "The studio can distribute 'Rear Window' in every country in the world—in Canada, England, anywhere—except in the U.S."[125] This assertion, like the prediction that thousands of works would be adversely implicated, warrants scrutiny. The situation is more complex than a simple blanket rule of nonapplication. But unlike the former estimate, which has been shown to be questionable,[126] the commentary concerning lack of application abroad is probably, although not ineluctably, accurate. Testing this proposition requires some care.

A. Breaching the Impermeable Wall

Consider the copyright rules of the newly-formed nation of Mythologia.[127] For audiovisual works, Mythologian copyright law determines ownership and liability according to the copyright law of the work's country of origin.[128] The remedy for infringement under Mythologian law is always an

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123 See 2 *Nimmer on Copyright* § 9.05[B]. The same consideration applies to the variant hypothetical contained in the preceding footnote.

124 Cf. "View Through 'Rear Window' Looks Less Dire," The National Law Journal, May 14, 1990, p. 24.

125 "Supreme Court Rules Against Classic Film Owners," Los Angeles Times, April 25, 1990, part F, p. 1.

126 See part II.B.1 *supra*.

127 This writer conjured it up fifteen minutes ago for the purposes of illustrating this section.

128 Within international copyright jurisprudence, it is typically the law of the protecting nation, rather than the country of origin, that is controlling; but exceptions do exist. See Geller, "International Copyright: An Introduction" § 5 in Nim-

injunction against the suspect activity.[129] Therefore, if Sheldon Abend files suit for copyright infringement in Mythologia based on current exploitation of "Rear Window," he will be adjudged the victor and will win an injunction. Given that this counterexample "refutes" the contention that *Abend* has no extraterritorial implications, the sole task remaining is to determine whether, in actuality, any nation's copyright laws are congruent with Mythologia's.

Although it is true that, by and large, copyright laws are not extraterritorial, that rule is not absolute. No hard-and-fast rule exists whereby the law of every country in the world can be discounted as falling into the Mythologia paradigm. Instead, a country-by-country analysis, starting with Afghanistan and proceeding through Zimbabwe, would be required before reaching a conclusion as to how impermeable the wall is in this particular instance. That herculean labor is beyond the scope of this article. But the framework and beginning of analysis is set forth below. In brief, *Abend* will exert an effect in county X if the county, like Mythologia, follows three principles:

1. Country X gives effect within its own borders to United States reversion of renewal rights:

2. Country X adopts the rational of *Abend* over that of *Rohauer*; and

3. Country X is willing to enter an injunction under these circumstances.

B. Aligning the Three Factors

If we start with the countries mentioned above—Canada and England—we soon discover that factor (1) above is inapplicable in those nations. The United Kingdom determined, in a case decided in 1963,[130] that an assignment of United States renewal rights is binding even if the assignor does not survive until renewal vesting, contrary to the rule applicable in the United States.[131] Canada, presumably, would follow the rule of that case as well.[132] Given that factor (1) does not hold under English and Canadian copyright laws, one need inquire no further to conclude that *Abend* is wholly without significance within those jurisdictions.

Yet the conclusion does not follow that factor (1) does not apply in any country. Consider a country that is among the primary foreign markets for

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mer & Geller, eds., *International Copyright Law and Practice* (1991). Notably, the doctrine of comparison of terms forfeits copyright in the protecting nation by virtue of expiration of the copyright in the country of origin. *Id.* § 5[2]. The laws of Mythologia, it must be conceded, go a good deal farther than comparison of terms in deferring to the laws of the country of origin.

129 The laws of many nations grant injunctions for copyright infringement.

130 Campbell, Connelly & Co., Ltd. v. Noble [1963] 1 All E.R. 237 (Ch.).

131 See part I.A *supra*.

132 Vaver, "Canada" § 3[3][c] n.119 in Nimmer & Geller, eds., *International Copyright Law and Practice* (citing *Campbell, Connelly*).

U.S. motion pictures: Japan.[133] No case has arisen calling for a Japanese court to determine the applicability within Japan of a U.S. reversion of renewal rights. However, Teruo Doi, the preeminent commentator on Japanese copyright law, has expressed the opinion that the American reversion could be binding within Japan as well.[134] At least with respect to a contract executed on U.S. soil between two U.S. nationals about a work whose country of origin is the United States, it is reasonable to posit, along with Professor Doi, that all parties to the contract bargained with knowledge of the contingent reversion, which intent therefore may govern their rights under Japanese as well as U.S. law.[135]

Until Japan either accepts or rejects Professor Doi's construction, Japan remains a country—and commercially a very significant one at that—that *may* apply factor (1). Further, until other nations' laws are similarly examined, it remains possible that others as well will follow Mythologia rather than the United Kingdom on factor (1).[136] It therefore becomes necessary to examine the other factors.

Factor (2) is very difficult to address today. The question is whether a country that recognizes U.S. reversions of renewal rights would hold the distributor of a derivative work based on the reverted work to be an infringer, as did *Abend*, or not liable, as did *Rohauer*. Given that the issue remained live and highly contested under the U.S. 1909 Act until the *Abend* decision in 1990, it should not be surprising to find the issue still unresolved today in societies less litigious than the United States, which is to say the rest of the planet. This writer is aware of no square resolution of the *Rohauer/Abend* dichotomy outside the United States. Yet unless factor (2) is added to factor

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133 In every concerted international copyright analysis that this writer has undertaken on behalf of motion picture studios, Japan has been among the top five markets.

134 Doi, "Japan" § 3[3][b] in Nimmer & Geller, eds., *International Copyright Law and Practice*.

135 Following general principles of jurisprudence, copyright law is not extraterritorial in its application. See American Banana Co. v. United Fruit Co., 213 U.S. 347, 356 (1909) ("For another jurisdiction, if it should happen to lay hold of the actor, to treat him according to its notions rather than those of the place where he did the acts, not only would be unjust, but would be an interference with the authority of another sovereign, contrary to the comity of nations, which the other state concerned might justly resent.") Nonetheless, the inquiry here is not whether Japan will preempt its own laws in favor of U.S. copyright laws, but what impact in Japan a certain course of conduct among the parties will import. Cf. 3 *Nimmer of Copyright* § 10.03[D].

136 This question is a subset of larger question in international private law—the cross-border validity of contractual assignments. For a discussion of various theories that could govern in this arena, see 3 *Nimmer on Copyright* § 17.11; Geller, "International Copyright: An Introduction" § 6[2] in Nimmer & Geller, eds., *International Copyright Law and Practice*.

(1), no problem will inure in a given country, such as Japan,[137] from simple exploitation of the subject motion picture.

Factor (3) remains. Let us posit for a moment that a Japanese court, faced with potential litigation by Mr. Abend over "Rear Window," would resolve factors (1) and (2) in his favor. The final question posed is whether the court would also enter an injunction. For absent an injunction, Mr. Abend would win simply an accounting of damages, a remedy already coming his way in the United States under the Supreme Court's decision. As noted above,[138] it remains currently unresolved whether the district court will award Mr. Abend a portion of worldwide receipts from "Rear Window" during the story's renewal term, or a portion solely of U.S. receipts. If the former, then Mr. Abend will already be in a position to share in Japanese revenue, and a supplemental action in Japan would be simply duplicative. And even if the latter, the only result would be to saddle the studio with a duty to share a portion of the revenue with Mr. Abend vis-a-vis Japan, an unwelcome additional burden no doubt, but one that the studio already bears vis-a-vis the United States. Thus, no qualitatively different effect would inure abroad absent entry of an injunction.

At this juncture, it would be piling speculation on top of conjecture to guess whether, *if* Japan recognizes U.S. reversions *and* adopts an *Abend* rationale, it would *also* issue an injunction. The likelihood is probably quite small. The chances that any nation would follow each of the three factors set forth above is marginally larger, but still probably most unlikely. One can therefore tentatively support the contention, set forth above, that "[t]he studio can distribute 'Rear Window' in every county in the world except in the U.S."[139] Yet a firm conclusion that this proposition holds must await an exhaustive analysis of the three factors listed above under the internal laws of every nation on Earth.

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137 The problem becomes geometrically more complicated when joint works are at issue. Thus, reverting to the fictitious 1970 song posited above, it was concluded that survival of any one of those seven individuals until renewal vesting would suffice to grant the U.S. motion picture authority to continue to exploit the work. See part II.C.1 *supra*. That conclusion followed because, under U.S. copyright law, a non-exclusive grant from only one co-owner of a copyright is sufficient. See *id.* The contrary rule, however, pertains in Japan. See Doi, "Japan" § 4[1][a] in Nimmer & Geller, eds., *International Copyright Law and Practice*,. These disparities should provide some sense of the thorny issues posed in this arena.

138 See part I.C *supra*.

139 In addition, the Ninth Circuit's refusal to countenance entry of an injunction and the Supreme Court's affirmance of the case in that posture means that the studio can distribute 'Rear Window' in the United States as well, so long as it pays the apportioned amount of its profits to be set by the district court.

IV. CONCLUSION

The final tally is that some good and some bad inure to both motion picture studios and owners of pre-1978 works in the wake of *Abend* ruling. The decision is not a sea change of unprecedented scope, as the early reports would have it, and even as to the bad parts, simple ameliorative legislation would afford relief. In any event, because of the significance of this case, its progeny will bear inspection for many years to come.

EXAMINING THE "REAR WINDOW" DECISION

By HERBERT P. JACOBY*

The decision last year by the United States Supreme Court in the so-called "Rear Window" case[1] has been greeted with considerable surprise and concern in certain quarters of the entertainment industry. In my opinion such a reception has been quite undeserved. Indeed, I like to think that, but for a colossal blunder on my part, this litigation might never have arisen; but if it had, it would almost certainly never have reached the United States Supreme Court.

The first portion of the foregoing statement is predicated on the fact that nearly 20 years ago, Mr. Abend notified Universal Pictures that its continued showings of the motion picture "Rear Window" constituted an infringement of the renewal copyright he had acquired in the Cornell Woolrich story on which that film had been based. When Universal failed to heed this warning, Abend in 1974 instituted an action for infringement in the United States District Court for the Southern District of New York, whereupon Universal ran for cover and settled the suit for a payment of $25,000. These matters might well have rested, but for an event which took place nearly three years later in 1977.

That event was the holding of the Second Circuit Court of Appeals in *Rohauer v. Killiam Shows, Inc.*[2] and our topic this evening might just as well have been entitled "examining the *Rohauer* decision," because it is simply not possible to examine one of these decisions without examining the other. That litigation was a contest between Raymond Rohauer and Paul Killiam, two relative pgymys in the motion picture industry who bore one another an unusual amount of ill-will. Killiam had administered a painful drubbing to Rohauer in a case involving the classic film "The Birth of a Nation" and Rohauer was thirsting for revenge. He believed that the following set of circumstances afforded him such an opportunity.

A well known British author named Edith Maude Hull had written a novel entitled "The Sons of the Sheik," as a sequel to her highly successful book "The Sheik," the filmed version of which had established the reputation of Rudolph Valentino as the male sex idol of his day. Following an application for *ad interim* copyright under § 22 of the 1909 Copyright Act, the sequel was published and formally copyrighted in the United States in May of 1925, where it rapidly became a best seller. On December 7, 1925, one Jo-

*This paper was delivered at a Practising Law Institute seminar on June 12, 1991.

[1] *Stewart v. Abend*, 110 Sup. Ct. 1750.

[2] 551 F.2d 484 (2d Cir. 1977).

seph Moscowitz, in exchange for a payment of $21,000, acquired the motion picture rights to the sequel from Ms. Hull by a contract in which she expressly agreed to renew the copyright in her book and to assign the motion picture rights therein for the renewal term to Moscowitz, or his successors in interest.

Once again, Rudolph Valentino was selected to play the male lead in the film which was renamed "The Son of the Sheik." This version which was released and copyrighted in 1926 proved to be a box-office smash for its day.

Time passed, and in 1943 Mrs. Hull died, long prior to the expiration of the original term of U.S. copyright in her book. That copyright was ultimately renewed on May 22, 1952 by her surviving daughter, Cecil W. Hull. Nearly thirteen years later, and on May 6, 1965, Cecil W. Hull licensed the exclusive motion picture and television rights in her mother's work for the United States to Rohauer. In the meantime, ownership of the motion picture "The Son of the Sheik" passed through various hands and on March 18, 1954 the U.S. copyright therein was renewed by Art Cinema Associates, the then copyrighted proprietor. Following a number of mesne assignments ownership of the motion picture and the U.S. renewal copyright therein ended up with Killiam Shows, Inc.

Once again time passed, and in 1971 Killiam Shows, Inc. licensed "The Son of the Sheik" for exhibition by means of television over the facilities of the Educational Broadcasting Corporation and the film was shown on WNET (Channel 13) in New York on July 13, 1971. Now Rohauer was ready to pounce and, on the recommendation of his British solicitor, retained me to bring an infringement action against Killiam Shows Inc. and the Educational Broadcasting Corporation, as well as Bowery Savings Bank which had sponsored the showing.

Believing that, in light of the Second Circuit decision in the Madame Butterfly case, *G. Ricordi & Co. v. Paramount*,[3] and the U.S. Supreme Court's holding in *Miller Music v. Daniels*,[4] this suit would be a relative "push-over," I gladly accepted the assignment. Indeed, my most difficult problem appeared to be arranging through a British court for Cecil W. Hull, who was confined to a nursing home in England, to become a co-plaintiff, since under the 1909 Copyright Act, as you will recall, it was essential that the copyright proprietor be made a party to any action for infringement. Once this had been accomplished, the litigation went forward.

The case was tried before District Judge Arnold Bauman in early 1974. As his last official act before departing the Bench for the greener fields of Shearman & Sterling, Judge Bauman handed down an elaborate opinion on

[3] 189 F.2d 469 (2d Cir. 1951).

[4] 362 U.S. 373 (1960).

August 8, 1974 in favor of Rohauer.[5] The opinion was, as I have said, "elaborate" but not so much because of its treatment of the basic copyright infringement issue, which covered only two pages[6] and went off largely on the authority of the *Ricordi* and *Miller Music* cases, as because of the welter of defenses unsuccessfully thrown up by the defendants to which eight of the nine subdivisions of the opinion[7] were devoted.

Rohauer was delighted with this result, but as might have been expected, an appeal followed in due course. For this purpose Killiam retained the services of Professor Peter Jaszi, then beginning his illustrious career in copyright law at The American University. With the assistance of an associate named Jeffrey Squires, Jaszi prepared a brilliant brief, which in turn drove me to producing one of my better efforts. Impressive *amici* briefs were submitted by Gerald Meyer, Esq. (in support of Killiam) and by Irwin Karp, Esq. (in support of Rohauer).

It was at this point that I committed the colossal blunder adverted to at the opening of my remarks. Two days before the appellate argument was scheduled to take place, I received a phone call from the law clerk to Circuit Judge Henry Friendly, unquestionably the Second Circuit's leading copyright authority. The clerk explained to me that Judge Friendly was extremely anxious to participate in the determination of this appeal, but due to a severe attack of phlebitis, was confined to his home. Accordingly, he told me, Judge Friendly was requesting me to consent that he take part in deciding this appeal, even though it would not be possible for him to be present at the oral argument. Perhaps this unusual request should have alerted me to the possibility that I might be making a fatal mistake, but such a thought never occurred to me, and I naively gave the approval that I was all too soon to regret.

Argument took place before Circuit Judges Sperry Waterman and William Mulligan—neither of whom had achieved a reputation in the copyright field—with a vacant seat to Judge Waterman's right. As the argument progressed, I felt that I had won over the two sitting Judges to my point of view, and that they were completely persuaded by what I was saying. Never have I left a courtroom more firmly convinced that I had prevailed and that a favorable decision would be forthcoming speedily.

But, alas, I had figured without the Judge who wasn't there. Less than two months later my mistake came home to roost, and a lengthy opinion written by Judge Friendly, and concurred in by both of his brethren, was handed down reversing the judgment in Rohauer's favor and dismissing his complaint on the merits.

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[5] 379 F. Supp. 723.

[6] 379 F. Supp. at 727-728.

[7] 379 F. Supp. at 728-736.

At the very outset of his opinion Judge Friendly labelled the case as "raising a question of copyright law of first impression," involving the necessity of reconciling § 7 of the 1909 Act, dealing with derivative works, with § 24 of that Act, dealing with copyright renewal. In treating § 7 and its "force and validity" language, however, Judge Friendly conveniently ignored the construction which only a few months previously a different panel of the Second Circuit had placed on that phrase in the so-called Monty Python case, *Gilliam v. American Broadcasting Companies.*[8] Although that decision was specifically called to its attention, the *Rohauer* panel failed even to cite or attempt to distinguish it. Instead, by selectively referring to a really irrelevant comment made by a witness in the course of the Congressional hearings on the 1909 Act, Judge Friendly virtually read that language out of § 7 as having no significance for present purposes.

He then proceeded to dismiss the authority of *Fitch v. Shubert*[9] and *G. Ricordi & Co. v. Paramount Pictures Inc.*,[10] on which Judge Bauman had relied, as failing to address "the question here at issue." Next, the United States Supreme Court's ruling in *Miller Music v. Daniels*[11] which was really controlling, was similarly brushed aside as having "no real bearing on the issue," with the result that Judge Friendly concluded "as a matter of copyright law" there was no previous decision in point.

He then enunciated the very heart of his opinion, which was founded upon the concept on an "independent property right" for derivative works, in the following statement:

> We do not believe that despite language in the cases to the effect that the proprietor of a derivative copyright is 'protected' only as to 'the new matter' conceived by him, and that a statutory successor obtains a 'new estate' in the underlying copyright, that the vesting of renewal copyright in the underlying work in a statutory successor deprives the proprietor of the derivative copyright of a right, stemming from the § 7 'consent' of the original proprietor of the underlying work, to use so much of the underlying copyrighted work as has already been embodied in the copyrighted derivative work, as a matter of copyright law.[12]

This startling proposition, according to Judge Friendly, represented "only a slight extension" of the "alternate" ground for decision in *Edmonds v. Stern.*[13] That "alternate" ground for decision in *Edmonds* was, of course,

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[8] 538 F.2d 14, (2d Cir. 1976).
[9] 20 F. Supp. 314 (SDNY 1937).
[10] Supra.
[11] Supra.
[12] 551 F.2d at 492.
[13] 248 F. 897 (2nd Cir. 1918).

pure *dictum* in a case which had absolutely nothing to do with renewal copyright, but spoke in terms of "a right of property" for derivative works in a completely different context. Thus, this allegedly "slight extension" was in truth and in fact a veritable giant step taken to bridge a yawning chasm in Judge Friendly's reasoning.

Confronted with the writings of such eminent experts as Melville Nimmer, Barbara Ringer and Seymour Bricker, all of whom unequivocally supported the conclusion at which Judge Bauman had arrived, Judge Friendly simply stated that they had not come to grips with the real problem with which he was dealing. At the same time, he placed emphasis on an obscure footnote in an article by Donald Engel, dealing with a completely unrelated topic, in order to conclude that, in any event, the authorities were not in accord on the subject.

Contrary to "the prevailing understanding of the 1909 Act*** that owners of renewal rights in a copyrighted work might exercise a veto power over continued performance of a derivative work that had been created under a first term grant,"[14] Judge Friendly expressed the view that "little force" could be ascribed to the apparent practice in the industry of obtaining consents from statutory successors. This because, he explained, "when the consent can be obtained cheaply, it is obvious good sense to get it, so long as the law remains unsettled."

Observing that the equities "lie preponderantly in favor of the proprietor of [a] derivative work," who was powerless to protect himself contractually, Judge Friendly quite unrealistically pointed out that the proprietor of the underlying work was, on the other hand, free to limit his grant solely to the original term of copyright, if he chose to do so. In the very same vein, Judge Friendly then concluded his opinion by calling attention to the not yet effective provisions of § 203(b)(1) and § 304(c)(6)(A) of the 1976 Act, creating the new termination right, as evidencing "a belief on the part of Congress of the need for special protection for derivative works." Because the 1976 legislative language deprived statutory successors of a *third* bite at the apple by way of termination rights, Judge Friendly found it appropriate to deprive them of a *second* bite as well, by way of the renewal provisions of the 1909 Act.

It was this ingeniously crafted opinion, I respectfully submit, and not the "Rear Window" decision, that marked a revolutionary change in the law. Of course, *Rohauer* was not the only case I have ever lost during the past 50 years—there have been two, or possibly three, others—but it quite definitely hurt the most, knowing as I did that it had been so very wrongly decided. Indeed, I found Judge Friendly's opinion so totally demoralizing that my futile attempt to secure certiorari[15] was, at best, a very feeble effort.

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[14] White J., in *Mills Music v. Snyder* 469 U.S. 153 at 184.

[15] 431 U.S. 949.

Over the course of the next few years, I derived some small solace from the fact that Professor Nimmer devoted 7 pages of the next edition of his Treatise to lambasting Judge Friendly's opinion, and demonstrating that its legerdemain consisted entirely of smoke and mirrors. Then, in 1979 the Ninth Circuit in its opinion in *Russell v. Price*[16] pointed out[17] that "the so-called 'new property rights' theory which [*Rohauer*] seems to adopt had been consistently rejected in earlier decisions," citing both *Ricordi* and *Gilliam*, and strongly intimated that Judge Friendly's opinion might not be followed in that Circuit. Some two years later in 1981, I crossed swords once again with the team of Peter Jaszi and Jeffrey Squires in *Filmvideo v. Hastings*,[18] in which they attempted unsuccessfully to induce the Second Circuit to expand the application of *Rohauer*, and had the satisfaction of having Judge Van Graafeiland label Judge Friendly's decision as an "aberration."

(Incidently, these last two decisions answer the questions raised in the brochure as to whether a derivative work which has passed into the public domain by virtue of a failure of renewal may be exploited by an unrelated third party, so long as the underlying work on which it was based remains protected. That answer is, very clearly, a negative one).

Judge Friendly's decision in *Rohauer* remained an albatross around my neck for fully a decade. Despite the sharp criticism to which it had been subjected in subsequent decisions, and although the case had never been cited with approval, it continued to be the law on which the motion picture industry and many others relied. As a result, the owners of the picture "Rear Window," notwithstanding their previous expensive skirmish with Sheldon Abend, were emboldened to reissue that film on a nationwide basis for theatrical purposes, to license television showings, and to embark on a well advertised program of marketing videocassettes, all of which ultimately brought them revenues totally in excess of $12,000,000.

Rising to the challenge, Abend instituted a new suit for infringement, but this time took care to select the Ninth Circuit rather than the Second, as the venue for his action. This litigation presented the exact mirror image of the facts in *Rohauer*. Cornell Woolrich authored the story "It Had To Be Murder" published in Dime Detective Magazine and copyrighted in February of 1942. In 1945, he sold the motion picture rights to this story, along with five others, for $9,250, promising in the contract to renew the copyright and to assign the motion picture rights under the renewal to the purchaser.

The film based on Woolrich's story had been copyrighted in 1954, and that copyright had been appropriately renewed. However, Woolrich himself had died in 1968, unsurvived by widow or children, leaving a will which es-

[16] 612 F.2d 1123 9th Cir. 1979.

[17] Id. at 1127.

[18] 668 F.2d 91 (9th Cir. 1981).

tablished a trust of his assets for the benefit of Columbia University. His executor, Chase Bank, renewed the copyright in the Woolrich story on December 29, 1969, and thereafter assigned that renewal to Abend for $650 plus 10% of any proceeds derived therefrom.

A motion for summary judgment dismissing Abend's complaint was in due course granted by the District Court on the authority of *Rohauer*, but on appeal the Ninth Circuit refused to follow the Second Circuit and reversed by a 2 to 1 vote.[19] This created the classic situation for the granting of certiorari, and the case was argued before the United States Supreme Court in January of 1990. My good friend Irwin Karp had been nice enough to invite me to join in an *amicus* brief urging affirmance being written by him and Barbara Ringer, and in April of that year I was delighted to learn at long last that by a 6 to 3 vote the Supreme Court had overruled *Rohauer*.

Justice O'Connor, who wrote for the majority, carefully analyzed Judge Friendly's opinion on a point by point basis—from his virtual repeal of the "force and validity" clause of § 7 of the 1909 Act, to his wholly inappropriate invocation of the termination provisions of the 1976 Act—and proceeded to demonstrate that each and every one of his arguments was seriously flawed. In her lengthy opinion, Justice O'Connor rescued the Supreme Court's own 1960 decision in *Miller Music v. Daniels*, supra, from the oblivion to which Judge Friendly had consigned it, and utilizing the holding in that case, she effectively demolished the concept of a "new property right" for derivative works with the simple but irrefutable observation that:

> If [under *Miller Music*] the assignee of all renewal rights holds nothing upon the death of the assignor before arrival of the renewal period, then *a fortiori* the assignee of a portion of the renewal rights—e.g. the right to produce a derivative work, must also hold nothing.

Yet to illustrate that heresies are slow to die, Justice Stevens writing on behalf of himself, Chief Justice Rehnquist and Justice Scalia, penned a dissent in which he made a valiant but failed effort to resuscitate the doctrine that "a derivative work once copyrighted is completely independent of the underlying work".

Thus, after a life span of 13 years, 3 months and 17 days *Rohauer* received a well-deserved funeral, mourned only by those to whom Judge Friendly's "aberration" had meant an unwarranted economic windfall. As a consequence, the law was once again restored to what it had always been in the pre-*Rohauer* era, and that, I can assure you, is the only change that the decision in *Stewart v. Abend* wrought.

Over the past year I have, from time-to-time, wondered whether there

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[19] 863 F.2d 1465 (9th Cir. 1988).

would have ever been a "Rear Window" case if I had had the foresight to give Judge Friendly's clerk a negative response to his telephonic request.

COPYRIGHT PROTECTION FOR ARTIFICIAL INTELLIGENCE SYSTEMS

By MORTON DAVID GOLDBERG AND DAVID O. CARSON*

Introduction

Among the intellectual property aspects of artificial intelligence ("AI") to be considered at this conference is "what protection, if any, should be granted to the various artificial intelligence systems themselves."[1] The statement of the issue suggests that there is some question whether AI systems are entitled to any protection whatsoever. It may also imply that AI systems are in relevant respects different from the works that previously have been recognized as forms of intellectual property.

It would be presumptuous for lawyers to pretend to resolve whether AI is qualitatively different from previous works,[2] but works of AI don't appear to be sufficiently mysterious to raise insurmountable questions about their entitlement to copyright.[3]

Our thesis is that AI systems[4] face—and should face—no more difficulty

*Schwab, Goldberg, Price & Dannay, New York.

[1] World Intellectual Property Organization, *WIPO Worldwide Symposium on The Intellectual Property Aspects of Artificial Intelligence; General Information and Provisional Program* 3, ¶ 7 (Doc. No. SAI/INF/1, November 12, 1990) ("WIPO Program Notes"). This paper was delivered at the Symposium.

[2] *See*, however, R. PENROSE, THE EMPEROR'S NEW MIND (1989), and H. & S. DREYFUS, MIND OVER MACHINE (1986), for analyses that attempt to debunk the notion that AI is or can be truly "intelligent."

[3] Other aspects of intellectual property law also offer protection to many AI systems. Although copyright is the most widely-used form of intellectual property protection for software, computer programs sometimes can be protected as trade secrets, *See* G. Peterson, *Trade Secret Rights in Computer Technology*, in THE LAW AND BUSINESS OF COMPUTER SOFTWARE § 3.03(b) (1990); University Computing Co. v. Lykes-Youngstown Corp., 504 F.2d 518 (5th Cir. 1974); *Warrington Assoc., Inc. v. Real Time Engineering Systems, Inc.*, 522 F. Supp. 367 (N.D. Ill. 1981); and software-related inventions (if not the software itself) may be protected, in appropriate circumstances, by patents. *See* II C. SHERMAN, H. SANDISON & M. GUREN, COMPUTER SOFTWARE PROTECTION LAW § 403.1(c) (1990); *In re Iwahashi*, 888 F.2d 1370 (Fed. Cir. 1989). In general, however, it is more difficult to meet the requirements for trade secret and patent protection than the requirements for copyright. Because some AI systems may find that copyright is the only form of intellectual property protection available to them, we confine ourselves to examining the copyrightability of AI systems.

[4] "System" can be a dangerous word in copyright. *See* discussion *infra*, in text at nn.49-58. However, with a caveat, we defer to WIPO's choice of terminology, *see* n.1, *supra*, and accompanying text. The caveat is that when we refer to an

than traditional computer programs in obtaining copyright protection. Since the world copyright community is in general agreement that computer programs are entitled to copyright, AI systems should enjoy the same status. We do not suggest that all AI systems are copyrightable; they must meet the requirements that any copyrightable work must meet, *e.g.*, be original works of authorship. But the mere fact that a work is an AI system should not disenfranchise it from the world of copyright.

What is Artificial Intelligence?

We don't propose to define what artificial intelligence is or to explain it (certainly not for the experts at this conference), but only to state a basic premise for our discussion of AI copyright protection. Our description of various types of artificial intelligence is not authoritative or complete; it provides only a basic outline of the AI characteristics relevant to copyright.[5]

The WIPO Program Notes[6] provide descriptions of three categories of AI: expert systems, perception systems and natural-language systems. We use these categories as AI models for our analysis of copyrightability.[7]

Expert Systems

Expert systems, described by WIPO as the most important existing practical application of AI, are computer programs for solving problems in specialized fields of knowledge. Expert systems may be used to diagnose medical conditions and recommend treatment to diagnose problems in machinery, to engage in financial analysis, to determine geological conditions, and to solve problems in a number of other specialized areas.[8]

AI "system," we refer to the computer program and/or database in the particular AI application, and not to the method or process of the AI application, or to its procedure, concept, principle, etc.

[5] We base the descriptions that follow not upon technical expertise of our own, but upon our review of the literature and discussions with AI specialists.

[6] *Supra*, n.1, at 3.

[7] The WIPO Program Notes do not mention neural networks, still another branch of AI, which take a different approach from expert systems, perception systems and natural-language systems. This may be because, as another panelist at this symposium has noted, neural network systems are still in their infancy and are "perhaps too trivial to warrant consideration of the concept of artificial intellect." A. Johnson-Laird, *Neural Networks: The Next Intellectual Property Nightmare?*, THE COMPUTER LAWYER 7, 14 (March 1990). Johnson-Laird anticipates that within the next 10 years, neural networks may be developed that approximate the intelligence of a bumblebee. *Id.* at 14. Although, as Johnson-Laird observes, this is "no mean feat," *id.*, it suggests possibly the limited practical benefits that can be expected from neural networks in the foreseeable future. In any event, we follow the WIPO Program Notes in not including them in our consideration at this time.

[8] F. Hayes-Roth, *Expert Systems*, in ENCYCLOPEDIA OF ARTIFICIAL INTELLIGENCE 287, 288 (1990). *See generally* D. WATERMAN, A GUIDE TO EXPERT

There are two main components to any expert system: a knowledge base and an inference engine. The knowledge base contains the expertise of one or more specialists in a particular field ("domain experts"); the expertise typically is expressed as rules in the form of "if-then" statements.[9] For example, one rule in a knowledge base for an expert system that engages in legal reasoning may be: "If the plaintiff was negligent in the use of the product, the theory of contributory negligence applies."[10] Since the domain expert is not likely to have expertise in computer programming, the knowledge base is created by a knowledge engineer, someone with computer programming skills who interviews the domain experts and translates their expertise into a language that the computer can understand.[11]

However, an expert system requires more than a collection of specialized knowledge or rules. It requires also the ability to reason—to apply its knowledge to a particular situation. That is the mission of the inference engine, the second component of the AI system. The inference engine contains general problem-solving knowledge that permits it to decide logically how to apply the specialized rules to the facts the user suppliers, in order to solve the problem the user poses.[12]

Ready-made expert systems are not unusual. They consist of an inference engine and support tools such as a knowledge base editor[13] and an explanation facility,[14] and theoretically are able to solve problems in any number of areas after the appropriate knowledge base for the area is created and input.[15]

An expert system might be considered a hybrid of a computer program

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SYSTEMS 244-299 (1986) ("WATERMAN"), for a catalog of expert systems, with brief descriptions of each system.

9 WATERMAN at 20-21 and 63-69. Alternatively, the knowledge base may be organized in "semantic nets" which are based on relationships between objects, concepts or events (*e.g.* the relationship expressed in the statement, "The Queen Mary is an ocean liner"), or in "frames" which associate features or attributes with nodes representing concepts or objects. *Id.* at 70-77.

10 *Id.* at 16. Parenthetically, we note that such a legal rule would be applicable presumably in a jurisdiction that recognizes contributory negligence, but would have to be modified in those jurisdictions following the trend to adopt comparative negligence. *See, e.g.*, Li v. Yellow Cab Company of California, 13 Cal. 3d 804, 532 P.2d 1226 (1975).

11 WATERMAN at 9.

12 WATERMAN at 18-19; M. COVINGTON AND D. DOWNING, DICTIONARY OF COMPUTER TERMS 120 (1989).

13 A knowledge base editor assists in loading information into the knowledge base. WATERMAN at 92-93.

14 An explanation facility explains to the user how the expert system has reached its particular conclusions. WATERMAN at 39-91. *See* W.R. Swartout, *Explanation*, in ENCYCLOPEDIA OF ARTIFICIAL INTELLIGENCE, *supra*, n.8, at 298-300.

15 F. Hayes-Roth, *supra*, n.8, at 294-295; WATERMAN at 83.

and a database.[16] But, as with computer programs generally, the presence of data (or a "database") as a component needn't change for us its essential nature as a computer program—albeit a sophisticated one.

Perception Systems

Perception systems (e.g., "computer vision") are systems that permit a computer to "perceive" the world, typically by providing the computer with a "sense" of "sight" or "hearing." An optical character recognition system (OCR), which permits the computer to "read" printed text, is a well-known example of computer vision.[17] In a sense, the more advanced OCR's are expert systems that contain a number of computerized "experts" such as topological experts (*e.g.*, loop, concavity and line-segment detectors, which recognize various aspects of letters) and word-context experts (which have knowledge of the possible words in a given language), as well as an "expert manager" programmed with knowledge as to which expert to use in a particular situation.[18]

There are also computer vision systems that "see" and "recognize" objects in the real world, functions that require an ability to discern shapes and edges of objects that is more advanced than that of the OCR. In addition to "seeing" the object, the computer vision system must also "recognize" it, typically by comparing what it sees to the object models it stores in its knowledge base. The recent conflict in the Persian Gulf provided striking examples of military applications of computer vision systems.[19]

Speech recognition systems do for hearing what computer vision systems do for sight. As with computer vision, speech recognition systems are based on the principle of pattern recognition, requiring a knowledge base not only of words, but also of elements such as phonemes, syntax and semantics.[20]

Natural-Language Systems

As we've noted, many perception systems have elements that require, at some level, an understanding of human language. Natural language itself is a promising field in AI, within and outside the context of perception systems. Programs are being developed to translate from one language to another, or to prepare short abstracts of lengthy texts. A program may also have a natu-

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[16] It is probably only a slight oversimplification to consider the knowledge base to be a form of database and the inference engine to be a form of computer program. We will revisit this characterization later to consider its copyright implications. *See* discussion *infra* at pp. 6-16.

[17] R. KURZWEIL, THE AGE OF INTELLIGENT MACHINES ("KURZWEIL") 272-275 (1990).

[18] KURZWEIL at 238-247, 272-274.

[19] For a general discussion of computer vision, *see id.* at 247-262.

[20] *Id.* at 263-270.

ral language ability simply to permit a lay user to communicate easily with the computer.

A natural language program must understand the meanings of words, which requires creating a dictionary database (or utilizing a dictionary already available in machine-readable form). However, that is only the beginning. Since words have different meanings in different grammatical and textual contexts, the system must apply the AI technology of semantic analysis and must understand the rules of syntax. A technique called pragmatic analysis utilizes knowledge about the real world to assist the program in making choices about the meaning of words and sentences.[21] A natural language system therefore is very much a knowledge-based system, requiring that the computer have "knowledge" of the rules of language, the meanings of words and the world in general.

AI From the Perspective of Copyright

From what we've described, it is apparent that, to determine its copyrightability, a typical AI system can be viewed as consisting of one or more computer programs and one or more databases. The United States copyright statute provides an example of an approach that is helpful in the inquiry.

Under U.S. copyright law, "computer program" has a particular meaning. The Copyright Act defines a computer program as

> a set of statements or instructions to be used directly or indirectly in a computer in order to bring about a certain result.[22]

The Draft Model Copyright Law considered by WIPO proposes a similar definition.[23]

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[21] *Id.* at 303-312.

[22] Section 101 of the Copyright Act of 1976, 17 U.S.C. § 101. The definition of "computer program" was added to § 101 in 1980 as part of an amendment recommended by the National Commission on New Technological Uses of Copyrighted Works (CONTU). The definition is taken from the FINAL REPORT OF THE NATIONAL COMMISSION ON NEW TECHNOLOGICAL USES OF COPYRIGHTED WORKS (1979) ["CONTU FINAL REPORT"] at 12.

It is important to note, however, that the definition of a copyrighted work is not the definition of the scope of its protection. To illustrate, a motion picture is defined in the U.S. statute as, essentially, a work that consists of "a series of related images" which impart a sense of motion, "together with accompanying sounds, if any" (17 U.S.C. § 101); but the copyright on a motion picture does not protect merely the "images" and the "sounds." It also protects, for example, the detailed plot of the motion picture. Similarly, see discussion at n.58, *infra*, as to the scope of copyright protection of a computer program, embracing not merely the literal text of the work's "statements" or "instructions" but also its nonliteral structure, sequence and organization ("SSO").

[23] The WIPO International Bureau has proposed the following definition:

A 'computer program' is a set of instructions expressed in words, codes,

Does that definition cover elements of an AI system—e.g., the inference engine and the knowledge base of an expert system? The inference engine appears to be what we traditionally consider to be a computer program: a set of instructions for the computer to execute.[24] The knowledge base typically contains statements, and those statements are used directly or indirectly in the computer to bring about a result (*e.g.*, predicting a determination of liability in a product liability case).[25] As a related question, then, does the knowledge base itself qualify for copyright protection separately as a "computer program" under the U.S. law? That's an interesting question. But for at least a few reasons, it's not necessary to reach it.

First, as with copyrighted works generally, a computer program frequently includes elements of a database and elements of works that can be classified in other categories. For example, computer programs include audiovisual elements such as screen displays.[26]

Second, in determining copyrightability it may not be necessary (or appropriate) to examine separately—apart from the computer program itself—the individual AI elements such as the knowledge base of an expert system, the stored object models of a perception system, or the dictionary in a natural language system.[27] In a similar context (analyzing the copyrightability of an

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schemes or in any other form, which is capable, when incorporated in a machine-readable medium, of causing a 'computer'—an electronic or similar device having information-processing capabilities—to perform or achieve a particular task or result.

World Intellectual Property Organization, Committee of Experts on Model Provisions for Legislation in the Field of Copyright, First Session, Geneva, February 20 to March 3, 1989, DRAFT MODEL PROVISIONS FOR LEGISLATION IN THE FIELD OF COPYRIGHT, Memorandum Prepared by the International Bureau of the World Intellectual Property Organization (WIPO), Doc. No. CE/MPC/I/2-II (October 20, 1988), § 1 (vii).

[24] *See* M. COVINGTON AND D. DOWNING, DICTIONARY OF COMPUTER TERMS 120 (1989).

[25] See text at n.10, *supra*.

[26] "Copyright protection applies to the user interface, or overall structure and organization of a computer program, including its audiovisual displays, or screen 'look and feel.' "

Telemarketing Resources v. Symantec Corp., 12 U.S.P.Q.2d 1991, 1993 (N.D. Cal. 1989). *See also* Lotus Development Corp. v. Paperback Software Int'l, 740 F. Supp. 37, 79-80 (D. Mass 1990). The U.S. Copyright Office expresses the same view, in its Notice of Decision concerning Registration and Deposit of Computer Screen Displays, 53 Fed. Reg. 21817 (June 10, 1988):

". . . [A] copyrightable expression owned by the same claimant and embodied in a computer program, or first published as a unit with a computer program, including computer screen displays, is considered a single work. . . . Where a work contains different kinds of authorship, the registration class will be determined on the basis of which authorship predominates."

[27] *See* Allen-Myland, Inc. v. International Business Machines Corp., 746 F. Supp.

audiovisual work), the U.S. Court of Appeals for the District of Columbia has emphasized the Copyright Act's "apparent recognition that the whole—the 'series of related images'—may be greater than the sum of its several or stationary parts."[28]

Third, if we were to look at AI elements like those we've just described, we would find that they're similar to the literary works that are databases or compilations. One definition of a "compilation," similar to that in many copyright laws is:

> a work formed by the collection and assembling of preexisting materials or of data that are selected, coordinated, or arranged in such a way that the resulting work as a whole constitutes an original work of authorship. The term 'compilation' includes collective works.[29]

A perception system's library of stored object models fits comfortably into this definition. Take, for example, a hypothetical system designed to recognize geometric shapes. The compilation is protected as a whole, although a single circle or square stored in the program would not be entitled, in and of itself, to copyright protection. The single circle or square most likely would not be considered to have sufficient originality to qualify for copyright, but the collection of geometric figures that the programmer decided to include in the program may qualify for protection as a compilation. Similarly, the dictionary in a natural language program may qualify for protection as a compilation, just as a more traditional dictionary would.

520, 531-532 (E.D. Pa. 1990), where the court rejected the counterclaim defendant's contention that a portion of the copyright owner's microcode consisting largely of a list of parts was not copyrightable because it lacked sufficient originality. The court pointed out that the copyright owner's 3090 system "cannot function properly" without that portion of the microcode, and rejected the attempt to break up the program into its component parts, concluding that "the work must be reviewed as a whole, not just reviewed or analyzed part by part." (Quoting M. Kramer Mfg. Co., Inc. v. Andrews, 783 F.2d 431, 439 (4th Cir. 1986).)

Database compilations are commonly elements of a computer program. But even if not, a computer program should not be denied protection for programming elements (especially those otherwise protectible, such as data compilations) merely because the elements might not appear to fit comfortably into a traditional definition of computer programs. Indeed, the statutory definition of "computer programs" is not the provision of the Copyright Act that gives them protection; rather, computer programs are copyrightable as literary works. *See* Section 106 of the Copyright Act of 1976, 17 U.S.C. § 106, the definition of "literary works" in section 101, 17 U.S.C. § 101, and the discussion of "literary works" in text at nn.32-38, *infra*.

[28] Atari Games Corp. v. Oman, 888 F.2d 878, 881-882 (D.C. Cir. 1989). See also n.22, *supra*.

[29] Section 101 of the U.S. Copyright Act of 1976, 17 U.S.C. § 101.

Such elements of AI programs most likely would also be considered databases. A relevant non-legal definition of a "database" would be:

> A collection of related information about a subject organized in a useful manner that provides a base or foundation for procedures such as retrieving information, drawing conclusions, and making decisions.
>
> Any collection of information that serves these purposes qualifies as a database, even if the information is not stored on a computer.[30]

An expert system's knowledge base is a collection of related information about a particular subject; it is organized in a useful manner; and it provides a foundation for procedures such as drawing conclusions and making decisions. As a database, it would be copyrightable. Although databases are not defined or expressly mentioned in the U.S. Copyright Act, the definition of "compilation" quoted above clearly includes databases ("collection and assembling of . . . data . . ."). As CONTU noted, "[t]he unauthorized taking of substantial segments of a copyrighted data base should be considered infringing, consistent with the case law developed from infringement of copyright in various forms of directories."[31]

AI systems therefore fall within categories of protected works already

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[30] *Que's Computer User's Dictionary* 130 (1990).

Another definition has been proposed in the Commission of the European Communities in its GREEN PAPER ON COPYRIGHT AND THE CHALLENGE OF TECHNOLOGY—COPYRIGHT ISSUES REQUIRING IMMEDIATE ACTION (Commission Document COM (88) 172 final, Brussels, of June 7, 1988), ¶ 6.1.1.:

> The term 'data base' is used in this chapter to mean a collection of information stored and accessed by electronic means. It may be a collection of full-text material, that is to say, existing copyright works, in which case an analogy might be made between the data base and a generalized or specialized library. It may be a compilation of extracts of works, similar to an anthology or a documentation centre, from which relevant parts of works may be obtained. It may be a collection of material which is in the public domain, such as lists of names and addresses, prices, reference numbers. There is here a similarity with catalogues, timetables, price lists and other such reference material in printed form. Lastly, it may consist of the electronic publishing of a single but voluminous work, such as an encyclopedia.

Subsequently, in the FOLLOW-UP TO THE GREEN PAPER (COM/584/90-FINAL, Dec. 5, 1990), ¶ 6.2.2.(2), the Commission reported on responses to its questionnaire on the protection of databases:

> As regards a definition of 'database', several participants proposed a broad definition which includes the following elements:
>
> a) collection, organization and storage of data;
> b) Information in a digital form in which it can be processed by means of a computer.

It is self-evident that the knowledge bases of various AI systems would fit within this definition.

[31] CONTU FINAL REPORT at 42.

recognized in the copyright law, even though, as in the United States, the law may not specifically designate "computer programs" or "databases" as separate categories. Again as in the United States, it is common for "computer programs" and "databases" to be protected as "literary works." Literary works are one of the seven categories of "works of authorship" in which copyright protection subsists under the U.S. Copyright Act,[32] and are defined as:

> works, other than audiovisual works, expressed in words, numbers, or other verbal or numerical symbols or indicia, regardless of the nature of the material objects, such as books, periodicals, manuscripts, phonorecords, films, tapes, disks or cards, in which they are embodied.[33]

By its own terms, this broad definition would include AI systems and traditional computer programs, which are clearly works "expressed in words, numbers or other verbal or numerical symbols or indicia," and typically embodied in media such as tapes or disks. Indeed, the legislative history of the 1976 Copyright Act reveals that Congress recognized that the "literary works" embraced by copyright would include both computer programs and databases:

> The term 'literary works' does not connote any criterion of literary merit or qualitative value: it includes catalogs, directories, and similar factual, reference, or instructional works and compilations of data. It also includes computer data bases, and computer programs to the extent that they incorporate authorship in the programmer's expression of original ideas, as distinguished from the ideas themselves.[34]

As such, AI systems, whether viewed as pure computer programs or as a combination of computer programs and databases, thus qualify for copyright protection under the 1976 Copyright Act as literary works.

United States copyright law is not unusual in its approach to protection of computer programs and data bases. Copyright systems generally offer similar protection to computer programs, usually as literary works;[35] and compi-

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[32] *See* Section 102(a) of the Copyright Act of 1976, 17 U.S.C. § 102(a).

[33] Section 101 of the Copyright Act of 1976, 17 U.S.C. § 101.

[34] H.R. REP. NO. 1476, 94th Cong., 2d Sess. 54 (1976) (emphasis supplied).

[35] *See, e.g.*, Copyright Act, § 10(1) (definition of literary work) [Australia]; Copyright Statute, Art. 2 [Dominican Republic]; Copyright Statute [Law No. 57-298 on Literary and Artistic Property (as amended up to July 3, 1985, including Law No. 85-660 of July 3, 1985, *Journal Officiel* 7495 (1985))], Art. 3 [France]; Copyright Statute, Art. 2(1), item 1 [Germany]; Copyright Act of 1957 (as amended by Copyright Amendment Bill No. XIX of 1984), § 2(o) [India]; Copyright Act 1982 [as amended up to September 19, 1987] Arts. 1(g)

lations and databases are typically also protected by copyright.[36] Indeed, it is fair to say that there is now an international consensus that computer programs and databases are copyrightable. For example, the proposed Model Copyright Law considered by WIPO's Committee of Experts would include computer programs among the subject matter of copyright, either as a subcategory of "works expressed in writing" (which, in turn, is a subcategory of "literary and artistic works") or as a separate category (but still a category of "literary and artistic works").[37] The Committee of Experts agreed that computer programs should be included in the non-exhaustive list of literary and artistic works covered by copyright.[38] Moreover, the experts generally agreed that computer programs are entitled to at least the minimum rights prescribed by the Berne Convention for the Protection of Literary and Artistic Works (Paris Act 1971).[39]

The proposed Model Copyright Law would also protect databases. Sec-

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& 11(k) [Indonesia]; Copyright Law, §§ 2(I) (*xbis*) and 10(I)(ix) [Japan]; The Copyright Act 1987, § 7 (definition of literary work) [Singapore]; and Copyright, Designs and Patents Act 1988, § 3(1)(b) [United Kingdom]. Copyright protection for computer software has also been recognized by judicial action in many countries where there is no legislation expressly recognizing it.

For surveys of computer program copyright laws throughout the world, *see* M. Keplinger, *International Protection for Computer Programs*, 1991 PACIFIC RIM COMPUTER LAW CONFERENCE IV-3 (Computer Law Association 1991); J. Keustermans & I. Arckens, INTERNATIONAL COMPUTER LAW ch. 7 (1988). *See also* M. Kindermann, *The International Copyright of Computer Software*, COPYRIGHT—MONTHLY REVIEW OF THE WORLD INTELLECTUAL PROPERTY ORGANIZATION 201 (April 1988).

[36] *See, e.g.*, Copyright Act, § 10(1) (definition of Literary work) [Australia]; Law No. 158 of 1961 on Copyright in Literary and Artistic Works (as amended) § 49 [Denmark]; Copyright Statute, Art. 2 [Dominican Republic]; Copyright Act of 1957 (as amended by Copyright Amendment Bill No. XIX of 1984), § 2(o) [India]; Copyright Law §§ 2(I) (*xter*), 12 and 12*bis* [Japan]; The Copyright Act 1987, § 7 (definition of literary work) [Singapore].

[37] World Intellectual Property Organization, Committee of Experts on Model Provisions for Legislation in the Field of Copyright, First Session, Geneva, February 20 to March 3, 1989, DRAFT MODEL PROVISIONS FOR LEGISLATION IN THE FIELD OF COPYRIGHT, Memorandum Prepared by the International Bureau of the World Intellectual Property Organization (WIPO), Doc. No. CE/MPC/I/2-II (October 20, 1988) §§ 3(1)(i) and 3(1)(xii).

[38] World Intellectual Property Organization, Committee of Experts on Model Provisions for Legislation in the Field of Copyright, Third Session, Geneva, July 2 to 13, 1990, PREPARATORY DOCUMENT, DRAFT MODEL LAW ON COPYRIGHT, Memorandum Prepared by the International Bureau of the World Intellectual Property Organization (WIPO), Doc. No. CE/MPC/III/2 (March 30, 1990), ¶ 144. *See also* World Intellectual Property Organization, Committee of Experts on Model Provisions for Legislation in the Field of Copyright, Third Session, Geneva, July 2 to 13, 1990, REPORT ADOPTED BY THE COMMITTEE, Doc. No. CE/MPC/III/3 (July 13, 1990), ¶ 82.

[39] *Id.*, ¶ 85.

tion 4 states that "collections of works, of expressions of folklore or of *mere facts or data*, such as encyclopedias, anthologies and *data bases* which, by reason of selection and arrangement of their contents, are original," shall also be protected as copyrightable works.[40]

Similarly, the European Community has decided as a matter of community law that computer programs are to be protected by copyright. In its Green Paper on copyright, the EC Commission recognized that "at national and international level" there is a "general acknowledgment of the advantages for creators, right holders, users and society as a whole of a 'copyright' solution to the problem of ensuring adequate protection of programs against unauthorized reproduction."[41] The Commission acknowledged that in its member states, both case law and legislation had increasingly recognized the application of copyright to computer programs.[42] It concluded that a directive should be issued, "explicitly protecting computer programs under copyright law in the broad sense;"[43] and such a directive is currently under discussion.[44] The Commission has rejected notions of protecting computer programs under a regime of neighboring rights or a *sui generis* regime.[45]

Copyright protection for databases is also under consideration by the EC. The *Green Paper*[46] addressed the question without coming to any specific conclusions;[47] and a Directive is likely to be promulgated this year to

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[40] World Intellectual Property Organization, Committee of Experts on Model Provisions for Legislation in the Field of Copyright, First Session, Geneva, February 20 to March 3, 1989, DRAFT MODEL PROVISIONS FOR LEGISLATION IN THE FIELD OF COPYRIGHT, Memorandum Prepared by the International Bureau of the World Intellectual Property Organization (WIPO), Doc. No. CE/MPC/I/2-II (October 20, 1988) § 4(1)(ii) (emphasis supplied).

[41] Commission of the European Communities, GREEN PAPER ON COPYRIGHT AND THE CHALLENGE OF TECHNOLOGY—COPYRIGHT ISSUES REQUIRING IMMEDIATE ACTION (Commission Document COM (88) 172 final, Brussels, of June 7, 1988), ¶ 5.3.4.

[42] *Id.*, ¶¶ 5.3.7 & 5.3.8. *See*, n.35, *supra*.

[43] *Id.*, ¶ 5.6.2. *See, id.*, ¶ 5.8.1.

[44] *See, e.g.*, Commission of the European Communities, PROPOSAL FOR A COUNCIL DIRECTIVE ON THE LEGAL PROTECTION OF COMPUTER PROGRAMS (Commission Document COM (88) 816 final—SYN 183, of January 5, 1989); Commission of the European Communities, FOLLOW-UP TO THE GREEN PAPER, (Commission Document COM/58490-FINAL, Brussels, December 5, 1990); Council of the European Communities, COMMON POSITION ADOPTED BY THE COUNCIL ON 13 DECEMBER 1990 WITH A VIEW TO THE ADOPTION OF A DIRECTIVE ON THE LEGAL PROTECTION OF COMPUTER PROGRAMS (Document No. 10652/1/90, Brussels, 14 December 1990) ("COMMON POSITION").

[45] FOLLOW-UP TO THE GREEN PAPER, *supra*, n.44, ¶ 5.2.2.(b).

[46] *Supra*, n.41.

[47] *See* FOLLOW-UP TO THE GREEN PAPER, ¶ 6.1.2. ("The conclusions of this chapter of the Green paper were left relatively open ended, with no firm indication

harmonize copyright protection for databases within the Community.[48]

A Few Words About "Systems"

We've been discussing copyright protection for AI "systems," using the terminology that WIPO has used[49]—and terminology common in the field. Of course, copyright protection for an AI system doesn't necessarily mean that the "system" (in the sense of an idea, procedure, process, method of operation, etc.) embodied in the particular computer program and/or database is protected; but let us clarify the issue as framed, because at first blush it would appear to present an insurmountable obstacle to copyrightability. "Systems" (in the sense, again, of an idea, etc.) generally are not entitled to copyright protection.[50] So one might question whether an artificial intelligence "system" would be eligible for copyright.

We have here what a distinguished jurist described in an analogous copyright context as "the one-word-one-meaning-only fallacy."[51] The mere use of the label "system" to identify what might otherwise be a copyrightable work does not disqualify the work from copyright protection. To consider a "system" ineligible for copyright protection regardless of the context in which the term is used would be ironic, since context plays such a major role in AI systems used to recognize the meaning of language. But, more to the point: even though "computer system" is frequently used as a synonym for "computer program," the legally infelicitous phrasing is irrelevant to protecting

being given of specific action by the Commission in view of the rapid development of this new sector.")

48 *See id.*, ¶ 6.2.2 and 6.3.

49 *See* text at n.1, *supra*.

50 For example, the United States copyright statute provides that copyright protection does not extend "to any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied. . . ." Section 102(b) of the Copyright Act of 1976, 17 U.S.C. § 102(b).

51 In an era when the U.S. copyright jurisprudence was riddled and saddled with formalities relating to "investive" publication (obtaining copyright by first public distribution of copies with proper notice affixed) and "divestive" (forfeiting copyright by distribution without proper notice), Judge Jerome Frank observed:

> "In deciding whether certain acts constitute 'publication,' . . . numerous conflicting cases . . . by their holdings, though not in their stated rationale, raise more than a suspicion that the term "publication" is clouded by semantic confusion where the term is defined for different purposes, and that we have here an illustration of the one-word-one-meaning-only fallacy. . . It is, however, perfectly clear that the word 'publication' does not have the same legal meaning in all contexts. . . [T]he courts apply different tests of publication. . . . In each case the courts appear so to treat the concept of 'publication' as to prevent piracy."

American Visuals Corp. v. Holland, 239 F.2d 740, 742-744 (2d Cir. 1956).

the expression in the program; and there's no reason why the protection for AI "systems" should be determined any differently.

The provision in United States law that disqualifies "systems" from copyright simply elaborates the traditional dichotomy between ideas, which cannot be protected by copyright, and expression, which can be protected[52]—a principle found in most copyright regimes.[53] Thus, if what is meant by "system" is merely what we usually consider to be the process, procedure or method of operation by which tasks are performed, the simple answer is that copyright offers no protection for such a system. However, WIPO doesn't appear to be using the phrase that way; and we certainly are not. We believe that an "AI system" also contains *expression* of the process or method, and that—as with computer programs generally—such expression is copyrightable.

The U.S. Congress made this clear when it discussed computer programs in the legislative history of the 1976 copyright law revision:

> Some concern has been expressed lest copyright in computer programs should extend protection to the methodology or processes adopted by the programmer, rather than merely to the 'writing' expressing his ideas. Section 102(b) is intended, among other things, to make clear that the expression adopted by the programmer is the copyrightable element in a computer program, and that the actual processes or methods embodied in the program are not within the scope of the copyright law.[54]

When asking whether an AI "system" is protectible under copyright law, then, one first must ask what is meant by "system." That is what an appellate court did when a litigant contested the copyright of a "replacement parts numbering system" and argued that, in excluding "systems" from copyright, § 102(b) of the U.S. Copyright Act automatically disqualified the plaintiff's work from copyright because the work was called a "system":

> All that the idea/expression dichotomy embodied in § 102(b) means in the parts numbering system context is that appellant could not copyright the idea of using numbers to designate replacement parts. Section 102(b) does not answer the question of whether appellant's particular expression of that idea is copyrightable.[55]

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[52] See no. 49, *supra.*

[53] *See* World Intellectual Property Organization, BACKGROUND READING MATERIAL ON INTELLECTUAL PROPERTY 209 (1988). Thus, for example, under French law, ideas, concepts and methods are not protected by copyright. R. Plaisant, *France*, § 2[1]pb][i], in P. Geller & M. Nimmer, INTERNATIONAL COPYRIGHT (1990).

[54] H.R. REP. NO. 1476, 94th Cong., 2d Sess. 57 (1976).

[55] Toro Company v. R&R Products Co., 787 F.2d 1208, 1212 (8th Cir. 1986). *See*

The court, in other words, properly looked behind the label for the copyrighted work and required that the work itself be examined to determine whether it was subject to copyright.[56] Similarly, an AI "system" should be eligible for copyright protection in the United States and elsewhere for the particular form of expression of that system, but not for the idea—e.g., the idea of using artificial intelligence to accomplish a particular goal.

The principle can be illustrated by MYCIN, one of the pioneering AI expert systems, that physicians use to diagnose causes of infection and recommend drug treatment.[57]

Copyright clearly would not prevent somebody else merely from creating his or her own AI system independently to fit the same description as MYCIN. But creating a system by copying the expression from MYCIN just as clearly would be an act of copyright infringement—whether the expression copied is the literal expression of statements, instructions, data, etc. or their nonliteral expression, their structure, sequence and organization ("SSO").[58]

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also 1 M. & D. NIMMER, NIMMER ON COPYRIGHT § 2.03[D], which takes the position that it would be a misreading of § 102(b)

> "to interpret it to deny copyright protection to 'the expression' of a work, even if that work happens to consist of an 'idea, procedure process, etc.' Thus, if a given 'procedure' is reduced to written form, this will constitute a protectible work of authorship so as to preclude the unlicensed copying of 'the expression' of the procedure, even if the procedure per se constitutes an unprotectible 'idea.' Therefore, although § 102(b) denies that copyright may 'extend to' an 'idea, procedure, process, etc.,' as contained in a given work it does not deny copyright to a work merely because that work consists of an 'idea, procedure, process, etc.' "

[56] *See also* Apple Computer, Inc. v. Franklin Computer Corp., 714 F.2d 1240 (3d Cir. 1983), *cert. dismissed*, 464 U.S. 1033 (1984) where the court upheld the copyrightability of operating system programs despite the defendant's objection that an operating system is either a "process, "system," or method of operation."

[57] One commentator's description of MYCIN is as follows:

> MYCIN assists physicians in the selection of appropriate antimicrobial therapy for hospital patients with bacteremia, meningitis, and cystitis infections. The system diagnoses the cause of the infection (e.g., the identity of the infecting organism is pseudomonas) using knowledge relating infecting organisms with patient history, symptoms, and laboratory test results. The system recommends drug treatment (type and dosage) according to procedures followed by physicians experienced in infectious disease therapy. MYCIN is a rule-based system employing a backward chaining control scheme. It includes mechanisms for performing certainty calculations and providing explanations of the system's reasoning process. MYCIN is implemented in LISP.

D. WATERMAN, A GUIDE TO EXPERT SYSTEMS 283 (1986).

[58] Whelan Associates, Inc. v. Jaslow Dental Laboratory, Inc., 797 F.2d 1222 (3d Cir. 1986), *cert. denied*, 479 U.S. 1031 (1987); Johnson Controls, Inc. v. Phoenix Control Systems, Inc., 886 F.2d 1173 (9th Cir. 1989); SAS Institute, Inc. v.

The "Utilitarian" Nature of AI Systems

AI systems are not produced to be read by the fireside on cold wintry nights. Their purpose is to cause a computer to do something. In this respect they do not differ from traditional computer programs. Dissenters have argued that the utilitarian aspect of computer programs is reason for denying or restricting protection for otherwise copyrightable expression; and we can anticipate that AI will provide opportunity for a reprise of the familiar argument. But the argument must be rejected for AI for the same reasons it's been rejected for computer programs generally.[59] As the United States Supreme Court has said, there is

> 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 in the copyright law.[60]

Nor is an AI system an uncopyrightable "useful article." Rather, it is an

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S&H Computer Systems, Inc., 605 F. Supp. 816 (M.D. Tenn. 1985); Broderbund Software, Inc. v. Unison World, Inc., 648 F. Supp. 1127 (N.D. Cal. 1986); Dynamic Solutions, Inc. v. Planning & Control, Inc., [1987] Copyright L. Dec. (CCH) ¶ 26,062 (S.D.N.Y. 1987); Soft Computer Consultants, Inc. v. Lalehzarzadeh, [1989] Copyright L. Dec. (CCH) ¶ 26,403 (E.D.N.Y. 1988); Manufacturers Technologies, Inc. v. CAMS, Inc., 706 F. Supp. 984 (D. Conn. 1989); Lotus Development Corp. v. Paperback Software Int'l., 740 F. Supp. 37 (D. Mass. 1990).

See also, Healthcare Affiliated Services, Inc. v. Lippany, 701 F. Supp. 1142 (W.D. Pa. 1988); Telemarketing Resources v. Symantec Corp., 12 U.S.P.Q.2d 1991 (N.D. Cal. 1989).

But compare Plains Cotton Cooperative Assn. v. Goodpasture Computer Service, Inc., 807 F.2d 1256 (5th Cir.), *cert. denied*, 484 U.S. 821 (1987); Synercom Technology, Inc. v. University Computing Co., 462 F. Supp. 1003 (N.D. Tex. 1978).

[59] *See, e.g.*, Apple Computer, Inc. v. Franklin Computer Corp., 714 F.2d 1240, 1249 (3d Cir. 1983), *cert. dismissed*, 464 U.S. 1033 (1984); Williams Electronics, Inc. v. Artic International, Inc., 685 F.2d 870, 874, 876 (3d Cir. 1982); Lotus Development Corp. v. Paperback Software Int'l, 740 F. Supp. 37, 71, 72 (D. Mass. 1990); Apple Computer, Inc. v. Formula International, Inc., 562 F. Supp. 775 (C.D. Cal. 1983), *aff'd*, 725 F.2d 521 (9th Cir. 1984); Midway Mfg. Co. v. Artic International, Inc., 547 F. Supp. 999 (N.D. Ill. 1982), *aff'd*, 704 F.2d 1009 (7th Cir. 1983); E.F. Johnson Co. v. Uniden Corp. of America, 623 F. Supp. 1485, 1498 (D. Minn. 1985); NEC Corp. v. Intel Corp., 645 F. Supp. 590, 595 (N.D. Cal. 1986), *vacated on grounds of judge's recusal, see* 835 F.2d 1546 (9th Cir. 1988). *See also* discussion of "fallacies and fables about 'useful articles' " in M. Goldberg and J. Burleigh, *Copyright Protection for Computer Programs: Is the Sky Falling?*, 17 AIPLA Q.J. 294, 319-322 (1989).

[60] Mazer v. Stein, 347 U.S. 201, 218 (1954). The court referred to "registration" because registration was required under the formalities of earlier copyright law.

intangible work of authorship that may be used in a tangible useful article, the computer.[61] Even if the limitations on protection for useful articles did apply to AI systems, the system itself (*e.g.*, the knowledge base and inference engine in an expert system) contains protectible expression that can be identified separately from, and exist independently of, its utilitarian aspects.[62] It is the expression in the system that is protected by copyright.

As a court recently has observed in rejecting the "useful article"/"utilitarian" argument,

> [i]t does not follow that when an intellectual work achieves the feat of being useful as well as expressive and original, the moment of creative triumph is also a moment of devastating financial loss—because the triumph destroys copyrightability of all expressive elements that would have been protected if only they had not contributed so much to the public interest by helping to make some article useful.[63]

In short, the most that can be said for the "useful article" argument is that the computer is a useful article that is not subject to copyright protection, just as a motion picture projector is not copyrightable. But just as copyright protects the expression in the motion picture displayed by the projector, so too does it protect the expression in the computer program input into the computer. As CONTU noted,

> [p]rograms should no more be considered machine parts than videotapes should be considered parts of projectors or phonorecords parts of sound reproduction equipment. All three types of works are capable of communicating with humans. . . . All that copyright

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[61] In any event, under United States copyright law the restrictions on protection for "useful articles" are confined to the special category of pictorial, graphic and sculptural works—a category into which computer programs hardly fit. *See* 17 U.S.C. § 102(a)(5) and the definition of "pictorial, graphic and sculptural works" in 17 U.S.C. § 101 (". . . Such works shall include works of artistic craftsmanship insofar as their form but not their mechanical or utilitarian aspects are concerned; the design of a useful article, as defined in this section, 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.") *See also* E.F. Johnson Co. v. Uniden Corp. of America, *supra*, n.59, at 1498; I P. GOLDSTEIN, COPYRIGHT § 2.5.3, n.66 (1989).

[62] *See* n.61, *supra*.

[63] Lotus Development Corp. v. Paperback Software Int'l, 740 F. Supp. 37, 57 (D. Mass. 1990). Judge Keeton correctly concluded that "the mere fact that an intellectual work is useful or functional—be it a dictionary, directory, map, book of meaningless code words, or computer program—does not mean that none of the elements of the work can be copyrightable." at 58.

> protection for programs, videotapes, and phonorecords means is that users may not take the works of others to operate their machines. In each instance, one is always free to make the machine do the same thing as it would if it had the copyrighted work placed in it, but only by one's own creative effort rather than by piracy.[64]

Throughout the world, utilitarian works have long been eligible for copyright.[65] But the dissenters have failed to cope with that long history of protection, which can be illustrated in the United States by the span of two centuries from its first copyright statute,[66] protecting maps and charts, to the current U.S. copyright law, protecting many utilitarian literary works, such as encyclopedias, code books, directories, fact compilations, dictionaries, and "how-to" manuals.[67]

Indeed, most of the AI systems we have considered would be even less subject to the "utilitarian" argument than are many traditional computer programs. In most cases, a major component of the AI system is a knowledge base that contains information or knowledge. Yes, knowledge is utilitarian, but any argument that its usefulness to the user (or to the reader of an encyclopedia or "how-to" book) bars protection for its expression should not carry far—though it is no more far-fetched than the "useful article" argument for computer programs generally. The fact that the knowledge is placed in a computer's memory and used to solve a problem or perform a task otherwise undertaken by a human being doesn't transform the particular expression of that knowledge into a useful article. The knowledge base is clearly also a copyrightable work.

Copyright vs. "Sui Generis" Protection

Developments in AI may prompt past opponents of copyright for computer programs to revive earlier calls for a *sui generis* approach. They may contend that AI is more different from conventional literary works than are computer programs generally, and that the argument is stronger for a separate regime custom-tailored to suit future AI systems, i.e., insofar as we can guess at their dimensions.

But the argument carries even less weight for AI than for computer programs in general. There is a very strong consensus in the intellectual property community that copyright is the appropriate vehicle for protection of

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[64] CONTU FINAL REPORT at 21.

[65] Such protection is not confined to the United States. The WIPO GUIDE TO THE BERNE CONVENTION (1978) notes that a work "may be produced for purely educational purposes or with a merely utilitarian or commercial aim, without this making any difference to the protection it enjoys." *Id.*, ¶ 2.1.

[66] Act of May 31, 1790, 1 Stat. 124.

[67] See text at n.34, *supra*.

computer programs and databases,[68] a consensus reflected also in the United States Copyright Act and generally in the copyright systems of other countries.[69] Moreover, international copyright protection for computer programs is secured under the Berne Convention.[70] Any partial dismantling of the international copyright system to adopt a new, non-copyright regime for AI would likely deny AI international protection unless and until a new international convention specifically designed for AI could be adopted. Even if there were such a convention, it is doubtful that it would be subscribed to so universally as Berne, and the result would be that many AI systems would fall into a gap where no protection is available.

Traditional copyright law offers a long history of legislative and judicial interpretation, and generally accepted principles of copyright jurisprudence sufficiently flexible to adapt to new technological developments. To encourage the creation and dissemination for AI for the benefit of society, AI systems should be protected by copyright—rather than being left to the tender mercies of some new, untested substitute—no less than conventional computer programs and other copyrighted works. Copyright is especially appropriate for AI, where rapid technological advances would threaten to make any new statutory scheme obsolete almost as soon as it was enacted. It would be far better to continue the protection of AI under the system of protection that copyright offers, a system that has long proven its ability to adapt.

The *sui generis* approach, moreover, would offer a convenient excuse—for some who might wish to do so—to water down the scope of protection and make AI systems a poor relation to other works of intellectual property. That's hardly an excuse for granting lesser protection for AI. In fact, one could argue that AI systems have a stronger claim to copyright protection than conventional computer programs, inasmuch as AI systems typically have a knowledge or data base component more readily accepted as "intellectual property" even by those who have advocated *sui generis* protection for computer programs based on their perception of them as utilitarian works or "useful articles."[71]

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[68] *See* Samuelson, *Survey on the Patent/Copyright Interface for Computer Programs*, 17 AIPLA Q.J. 256 (1989), in which Samuelson, an advocate of a *sui generis* approach, reports the results of a survey she undertook of intellectual property lawyers. They largely favored continuing to work within the copyright and patent systems to achieve the proper balance of intellectual property protection for computer programs, rather than to adopt some sort of *sui generis* system of protection for programs. at 281. She reports this preference as '[t]he strongest consensus of all among the survey respondents." *Id.* at 260.

[69] *See* discussion, *supra*, at nn.35-36.

[70] *See* discussion, *supra*, at nn.37-39.

[71] In our discussion in the text at nn.59-67, *supra*, we have responded to the "useful article"/"utilitarian" argument.

Conclusion: Why AI Systems Should Be Protected

Merely to ask whether copyright protection should be recognized for artificial intelligence systems may imply doubt (we have little) as to whether it's recognized now. Computer programs are protected by copyright, and AI systems must be too. There is protectible expression—under present laws—in the components of an AI system (the inference engine and other computer programming, the knowledge base, etc.) and in its whole. Indeed, as we have discussed, in some respects the basis for copyright protection for AI systems may be even more compelling than that for conventional computer programs.

Developing computer programs generally is not inexpensive; and, for some AI systems (by their very nature, knowledge-intensive) it can be even more costly and time-consuming.[72] We doubt that major projects in the AI world, or even their less ambitious cousins, would ever come to fruition if their creators and developers—and investors—believed that others could freely appropriate the fruit of their labors and investment.

As the Copyright Clause of the United States Constitution recognizes, copyright protection is conferred as an incentive "to promote the progress of science and useful arts."[73] It is for that reason that the U.S. Congress is thereby authorized to "secur[e] for limited times to Authors . . . the exclusive Right to their respective Writings . . .".[74] As the basis for copyright protection, other legal systems may place greater emphasis on the entitlement of the creator to reward for his or her creation of a work of authorship. But whether the basis is entitlement or incentive, the result is largely the same: without protection for the work, many authors would occupy themselves with other tasks that would offer the hope of remuneration. It's true of authors of novels, art and motion pictures—and it's true of authors of artificial intelligence systems.

AI systems promise great value for mankind. But without the exclusive rights of copyright, the production of AI systems will be impaired. If it is, the loss will be not only for those who otherwise would have created AI systems, but for all of us who otherwise would have benefited.

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[72] For example, one ambitious AI project, CYC, attempts to teach a computer "common sense" by programming tens of millions of items of knowledge (in 5 billion bytes) over a ten-year period. CYC has a gigantic knowledge base and 25 inference engines. If successful, CYC promises to do what AI finds it most difficult to do: learn the common human knowledge that would enable it to know what every human knows, rather than simply learn the expertise of a human expert in a particular field. *See* G. Rifkin, *Packing Some Sense into Computers*, COMPUTERWORLD 22 (October 15, 1990); *Artificial Intelligence; Child's Play*, THE ECONOMIST 80 (January 12, 1991).

[73] U.S. CONST., Art. I, Sec. 8, Cl. 8.

[74] *Id.*

PART II

LEGISLATIVE AND ADMINISTRATIVE DEVELOPMENTS

United States

U.S. CONGRESS. HOUSE OF REPRESENTATIVES.

H.R. 2367. A bill to ensure the protection of motion picture copyrights, and for other purposes. Introduced by *Mr. Berman* on May 9, 1991; and referred to the Committee on the Judiciary. (102d Congress, 2d Sess).

Entitled the "Motion Picture Anti-Piracy Act of 1991" this bill would amend the Copyright Act and the Criminal Code to prohibit trafficking in devices dedicated to defeating copyright protection. This bill amends the Copyright Act to prohibit the importation of deactivating equipment, devices or circuitry. The Criminal Code provisions of the bill amend the Electronic Communication Privacy Act's prohibition on the manufacturing, distribution, and advertising of wire or oral communication intercepting devices to include devices, components, or circuitry whose primary purpose or effect is to deactivate a copyright protection system.

U.S. CONGRESS. HOUSE OF REPRESENTATIVES.

H.R. 2372. A bill to amend title 17, United States Code, with respect to fair use and copyright renewal, to reauthorize the National Film Registry Board, and for other purposes. Introduced by *Mr. Hughes* on May 9, 1991; and referred jointly, to the Committees on the Judiciary and House Administration. [102d Congress, 2d Session]

Cited as "The Copyright Amendments Act of 1991," this bill would clarify the intent of Congress that the fact that a work is unpublished should continue to be the only one of several considerations that courts must weigh in making fair use determinations. Secondly, it would provide for automatic renewal of copyrights secured on or after January 1, 1978, the effective date of the Copyright Revision Act of 1976.

U.S. CONGRESS.

S. 1035. A bill to amend section 107 of title 17, United States Code, relating to fair use with regard to unpublished copyrighted works. Introduced by *Mr. Simon* on May 9, 1991; and referred to the Committee on the Judiciary. [102d Congress, 2d Session]

This bill is intended to strike a balance between scholarship and journalism against the right of authors and other copyright owners to control the publication or use of their unpublished works.

U.S. COPYRIGHT ROYALTY TRIBUNAL.

Commencement of the 1989 cable distribution proceeding. *Federal Register*, vol. 56, no. 81 (April 26, 1991), p. 19352.

The Tribunal declared that controversies exist in Phase I and Phase II of the 1989 cable royalty distribution proceeding and invited claimants to comment on how much of the royalty fund to distribute and how much to retain pending resolution of the controversies.

U.S. DEPARTMENT OF DEFENSE.

Department of Defense Federal Acquisition Regulation Supplement; acquisition and distribution of commercial products. *Federal Register*, vol. 56, no. 78 (April 23, 1991), pp. 18610-23.

The DOD requests comment on an interim rule implementing a simplified uniform contract format for the acquisition of commercial items and requiring the use of such format, including a patent and copyright indemnification clause, for the acquisition of commercial items to the maximum extent practicable.

U.S. FEDERAL COMMUNICATIONS COMMISSION.

47 C.F.R., Parts 73, 76. Broadcast and cable services; children's television programming. Final rule. *Federal Register*, vol. 56, no. 82 (Apr. 29, 1991), pp. 19611-17.

The Commission adopted a final rule amending its regulations to implement provisions contained in the Children's Television Act of 1990. The amendments include the addition of a section which, with the exception of passively carried or access channels over which the cable operator exercises no editorial control, places a time limit on the airing of commercial matter by cable operators.

PART V

BIBLIOGRAPHY

ARTICLES FROM LAW REVIEWS AND LEGAL PUBLICATIONS

1. United States

BURGUNDER, LEE B. Product design protection after Bonito Boats: where it belongs and how it should get there. *American Business Law Journal*, vol. 28, no. 1 (Spring 1990), pp. 1-33.

The author believes that product designs should be protected under the general provisions of the copyright statute. He looks at the intellectual property system as a whole and selects several product design cases to analyze in detail. Mr. Burgunder states that there are inadequacies in the present copyright law in protecting product design. He then proceeds to discuss how computer programs are protected by the Copyright Act and why the same principles should apply to product designs. Some of the cases analyzed are *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, *Sears, Roebuck & Co. v. Stiffel Co.*, and *Compco Corp. v. Day-Brite Lighting, Inc.*

FLEISCHUT, PAUL I.J. Work made for hire for the 1990's. *Missouri Law Review*, vol. 54, no. 4 (Fall 1989), pp. 1091-1000.

Mr. Fleishut discusses the "work made for hire" concept before and after 1909. He states that case law applying to the 1909 Copyright Act worked against an independently contracting artist anytime the "employer" initially solicited him, even if the creator was a volunteer. The author then investigates the 1976 Act and how it affected the 1909 position relating to the work made for hire doctrine. He analyzes *Aldon Accessories, Ltd. v. Spiegel, Inc.* and *Community for Creative Non-Violence v. Reid* (*CCNV*) and the court holdings in the cases. The author believes that the Supreme Court's decision in *CCNV* is not a victory for artists as it will force freelance artists to sign oppressive contracts in which they will surrender all rights to their creations at the outset or be unemployed.

KEVANE, TIMOTHY. Fair use in Jackson *v.* MPI Home Video: why bother? *Loyola Entertainment Law Journal*, vol. 10, no. 2 (1990), pp. 595-619.

The author discusses the Jesse Jackson case, *Jackson v. MPI Home Video*, in which Jackson sued MPI after it reproduced his speech from the Democratic convention. MPI used his speech for commercial purposes without his authorization. A preliminary injunction was brought against MPI and both parties settled out of court. Mr. Kevane discusses the fair use doctrine in this case and reviews the trial court's reasoning. The author states that fair use analysis is not suited for the rapid analysis needed for a prelimi-

nary injunction and that the courts should be more careful in granting a preliminary injunction where a fair use defense is presented in good faith by the defendant.

2. Foreign

ANTONS, CHRISTOPH. Intellectual property law in ASEAN countries: a survey. *EIPR*, vol. 13, no. 3 (Mar. 1991), pp. 78-85.

Mr. Antons states that the countries of Southeast Asia have the reputation of being the biggest market for counterfeiting in the world. In this article, he surveys the recent intellectual property legislation in the ASEAN countries brought about by economic pressures from Western countries and the U.S.A. He then addresses copyright, patent, and trademark law in Singapore, Malaysia, Indonesia, the Philippines, and Thailand and analyzes the future of intellectual property law in ASEAN countries.

VAVER, DAVID. Intellectual property today: of myths and paradoxes. *The Canadian Bar Review*, vol. 69, no. 1 (Mar. 1990), pp. 98-128.

Mr. Vaver questions the meaning of the term "intellectual property law." He states that it actually covers a diverse range of legal areas—from copyright law to industrial property and unfair competition. The reasons why legal protection is extended to intellectual property are not entirely clear but probably stem from economic and moral rights reasons. The author discusses whether copyrights and patents are designed to protect authors and inventors and if they encourage art and literature. He also analyzes copyright law to discover if it encourages dissemination of works. Mr. Vaver devotes the remainder of this study to the role of patents in our society.

1. Entertainment Industry Publications

Camcorder pirates' weapon of choice. *The Hollywood Reporter*, vol. CCCXVII, no. 24 (May 13, 1991), pp. 9, 16.

This article discusses video piracy and some of the means employed by pirates to acquire first-run films. The methods used include, taping films right off the theater screen with hand-held camcorders and from VCRs hooked up to televisions in hotels.

DANIELS, JEFFREY. Schulman hit with copyright suit over his 'Stand' script. *The Hollywood Reporter*, vol. CCCXVII, no. 6 (Apr. 18, 1991), p. 6.

Writer Charlene Dallas filed a copyright infringement suit against Tom Schulman, author of the "Dead Poets Society" screenplay. The complaint alleges that Schulman's screenplay "The Stand," which is currently being filmed, is substantially similar to one written by Dallas and registered with the Writers Guild in 1989.

ELLER, CLAUDIA. AFMA makes Cannes-do list: EC directives, piracy top priorities at slated meets; 6 Euro liaisons tapped. *Daily Variety*, vol. 231, no. 42 (May 3, 1991), pp. 1, 29.

The American Film Marketing Association's agenda at the 1991 Cannes Film Festival will focus on developments regarding the European Community's broadcasting directive and policy program and the state of worldwide piracy.

PARISI, PAULA. NAB slams Media Group on anti-retransmission stance. *The Hollywood Reporter*, vol. CCCXVII, no. 24 (May 13, 1991), pp. 4, 20.

The Media Group sent a letter to Sen. Daniel Inouye criticizing a proposed amendment that would allow retransmission consent in connection with must-carry legislation requiring cable systems to offer channel positions to every broadcast station in their franchise area. The letter drew sharp rebuttal from the NAB, which charges that the letter was aimed at squelching legislative momentum toward cable reregulation.

PENDLETON, JENNIFER. Disney, Henson okay terms of out-of-court settlement: Fla. park rights. *Daily variety*, vol. 231, no. 40 (May 1, 1991), pp. 1, 11.

The settlement reached between Walt Disney Co. and Henson Associates over licensing of the Muppet characters provides that both parties drop their lawsuits against each other. It further provides that Disney be licensed to use the characters for 18 months with an option for another 3⅓ years that would give the company exclusive rights to the Muppets in theme parks east of the Mississippi for most of that period.

TAN, MELISSA. Malaysia dropped from 'watch list.' *The Hollywood Reporter*, vol. CCCXVII, no. 25 (May 14, 1991), p. I-6.

The U.S. Trade Representative announced that Malaysia is no longer on its list of countries identified, under section 301 of the Omnibus Trade Act, as failing to protect American intellectual property. Malaysia's removal of the list was based on the country's joining the Berne Convention last October and improving enforcement efforts in the area of copyright.

TAN, MELISSA. Vid pirates find new ways to import illegal cassettes. *The Hollywood Reporter*, vol. CCCXVII, no. 20 (May 7, 1991), p. I-6.

Reportedly, pirated videotapes are being smuggled into Singapore from Malaysia in biscuit and cereal boxes. This article briefly talks about the problem and what is being done to eradicate it.

TOUMARKINE, DORIS. 50,000 film videos seized in nation's biggest piracy raid. *The Hollywood Reporter*, vol. CCCXVII, no. 19 (May 6, 1991), pp. 1, 14.

New York police seized thousands of illegally made videocasettes and arrested nine people in raids at New York City Liquidators, Inc. as well as at the home of one of its principals and two apartments where cassettes were being manufactured.

Washington state toughens piracy laws. *The Hollywood Reporter*, vol. CCCXVII, no. 19 (May 6, 1991), p. 8.

Washington state has enacted a bill that increases the penalty for counterfeiting, pirating, and bootlegging of sound from a maximum fine of $1,000 to $250,000 and five years in jail.

Writers sue CBS, NW over telefilm. *Daily Variety*, vol. 231, no. 42 (May 3, 1991), p. 26.

Helen and Michael Maxwell are suing New World Entertainment and CBS over the alleged uncompensated use of a chapter from plaintiffs' book about the "premier cases" of law enforcement officers as a basis for the telefilm "Body of Evidence."

ZAHRADNIK, RICH. FilmNet earmarks $10 mil to fight U.K. piracy problem. *The Hollywood Reporter*, vol. CCCXVII, no. 8 (Apr. 22, 1991), p. 5.

The Scandinavian and Dutch pay network FilmNet reports that it is taking steps to put an end to theft of its signal. The president of the network, Martin Lindskog, indicated that implementation of digital scrambling of its audio signal and lobbying for strengthened laws against piracy are among the efforts the company intends to eliminate the company's piracy problems.

2. Library Publications

New study finds U.S. copyright industries vital to trade and economy. *Information Hotline*, vol. 23, no. 4 (Apr. 1991), pp. 10-11.

"Copyright Industries in the U.S. Economy," a study commissioned by the International Intellectual Property Alliance, reports that the copyright industries—computer software, film, sound recordings, and music and book publishing—represent one of the country's largest, fastest-growing sectors. The study also reports that these industries employ at better than twice the rate of the economy as a whole and generate foreign and domestic sales of great importance to U.S. economic viability.

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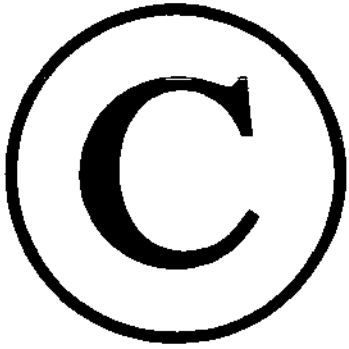

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ARTICLES

COPYRIGHT IN THE MODERN TECHNOLOGICAL WORLD: A MERE INDUSTRIAL PROPERTY RIGHT?

By DR. ADOLF DIETZ*

INTRODUCTION: ARE AUTHORS' RIGHTS ALREADY DEAD?

The day I first read the provocative article by Neil Turkewitz on "Authors' rights are dead" in the Journal of the Copyright Society of the USA[1], I found a brief announcement of the programme of the 48th Biennale film festival of Venice, Italy in the daily press,[2] where the competing films were listed one after the other, together with the names of their directors:

Chantel Akerman: Nuit et jour (Belgium/France)
Fabio Carpi: L'amore necessario (Italy)
Jilali Ferhati: La plage des enfants perdus (Morocco)
Philippe Garrel: J'entends plus la guitare (France)
Terry Gilliam: Fisher King (USA)
Jean-Luc Godard: Allemagne neuf zero (Switzerland/France)
Emidio Greco: Una storia semplice (Italy)
Peter Greenaway: Prospero's Books (United Kingdom/Netherlands)
Werner Herzog: Schrei der Steine (Germany)
Derek Jarman: Edward II (United Kingdom)
Omer Kavur: Gizli Yüz (Turkey)
Jan Lomnicki: Jeszcze tylko ten las (Poland)
Nikita Michalkov: Urga (USSR)
Mira Nair: Mississippi Masala (India/USA)
Manoel de Oliveira: A Divina Comedia (Portugal)
Nico Papatakis: Les équilibristes (Greece/France)
Marco Risi: Il muro di gomma (Italy)
Felix Rotaeta: Chatarra (Spain)
Istvan Szabo: Meeting Venus (Hungary/United Kingdom)
Gus van Sant: My Own Private Idaho (USA)
Zhang Yimou: Dahong Denglong gaogao qua (China)

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*Max-Planck-Institute, for Foreign and International Patent, Copyright, and Competition Law, Munich Germany. Contribution to the Salamanca Congress (Oct. 6-9, 1991) of the International Association for the Advancement of Teaching and Research in Intellectual Property (ATRIP).

[1] See Vol. 38 no. 1 (Fall 1990) p. 41 et seq.

[2] See Süddeutsche Zeitung No. 178 of August 3/4, 1991, p. 14.

My immediate reaction after reading this comprehensive list of modern film directors was that authors, even in this highly industrialized field of work production, are not so dead as it might appear. This, of course, is only, so to say, a journalistic or a sociological statement; the fundamental question to be raised here, however, is, whether this simple truth—that every film still has its director or, more generally speaking, its flesh-and-blood creators or authors—also holds true in legal terms and, if yes, whether this should remain true in the future.

In the following discussion, I will try to find an answer to the introductory statement of Neil Turkewitz's article, which reads as follows:

> Authors' rights* are dead. This is a radical and controversial observation on today's copyright environment but a necessary starting point. Author's rights are a product of 18th and 19th century romanticism and should now only serve as an indication of how far we have come. Our views of the place of art in society, of creativity in the marketplace, and ultimately of the value of freedom of expression, require us to reject the elitism inherent in copyright systems based solely on the natural rights of authors.
>
> I am drawn to this conclusion by two somewhat unconnected lines of thought. The first is that protection based on the natural rights of authors fails to consider the interests of society with respect to access to creative works. It is amoral and asocial. The second thought is that author-based protection has failed to provide an adequate legal structure for dealing with the strains on copyright resulting from advances in technology. Authors' rights are premised on the ability of the author to control reproduction and distribution. Modern technology has rendered such a premise untenable.
>
> What is presently required is a radical reassessment of societal objectives in the protection of intellectual property-to directly address the fact that our copyright laws are a statement of our social policies. The debate has for too long taken place in the darkness of museums instead of the light of the marketplace.

The main interest of Neil Turkewitz, particularly in view of his profession as counsel for the recording industry, is, understandably, to find adequate and effective protection for sound recordings, nationally and internationally; so far so good. The main obstacle, apparently, is the growing international acceptance of the distinction between authors' rights (for example in musical works) and neighbouring rights in sound recordings as such, a

*Authors' rights shall herein refer to the natural and inalienable rights of natural persons to control the uses of the fruits of their creative processes. [Original footnote in the text of Turkewitz].

distinction, which does not exist in Turkewitz's home country, but which is well known in almost all European countries, and also, for example, in Japan, recently also in China and in the Soviet Union, and, finally, in a growing number of developing countries. The question indeed is whether, in order to give adequate and effective protection to the music industry (and also to other industries, for example the film industry), it is necessary to leave behind the old concept of authors' rights and simply to declare them dead.

THE ROLE OF INDUSTRY WITHIN THE COPYRIGHT SYSTEM

In order to contrast the concepts, I will not base my own deliberations so much on the discussions of recent or new objects of technology of the "hybrids on the borderline between copyright and industrial property law," as Prof. Cohen Jehoram has called them[3], such as designs, computer programs, semi-conductor chips and others, because I think that the tensions between authors' rights protection and industry protection was felt from the very beginning of traditional copyright/authors' rights law, and throughout its centuries old existence.[4]

Therefore, it is simply not true that authors' rights were ever "premised on the ability of the author to control reproduction and distribution." Apart from negligible cases of the combined author-entrepreneur, this special role and function has almost always been fulfilled by publishers, who historically even preceded authors as right-owners of a certain kind.[5]

Generally speaking, industrial interests have never been ignored by the copyright system, at least economically. In spite sometimes of fine and noble theories on authors' rights and moral rights, historical realities show that in most countries for a very long time, the music and literary publishers were the real (economic) copyright owners, even in the so-called authors' rights countries, on occasion acquiring their status by paying of ridiculously small lump sums to authors[6]. Authors' rights in the 18th and 19th century were indeed often more a romantic concept than a real right and only in the late 20th century, and to some extent still only de lege ferenda, are authors beginning to claim an adequate share in the profits of the cultural industries. The

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[3] See General Report for the ALAI Congress of the Aegean Sea II (19-26 April 1991); to be published in RIDA as well as—in German translation—in GRUR Int.

[4] See as an example the exhaustive historical analysis of the author-publisher relation in Germany, made by *Vogel*, Die Entwicklung des Verlagsrechts, in: Gewerblicher Rechtsschutz and Urheberrecht in Deutschland. Festschrift, Weinheim 1991 Bd. II, p. 1211 et seq. (p. 1244).

[5] See *Vogel*, loc. cit., p. 1212 ff. as well as *Hilty*, Gedanken zum Schutz der nachbarrechtlichen Leistung—einst, heute und morgen, UFITA Vol. 116 (1991) p. 35 et seq. (p. 48).

[6] See *Dietz*, Transformation of authors rights—change of paradigm, RIDA no. 138 (1988), p. 22 et seq. (p. 31) as well as *Vogel*, loc. cit.

uncertain final result and the precarious situation of authors is not so much a question of religious debates (as Neil Turkewitz wants us to believe), but a question of bargaining power and social justice. It is precisely here that modern legislators and the courts are starting to become aware of authors' needs in this field, as will be demonstrated later.

Therefore, the problem is not to bring industrial interests into the system, because they always had their legitimate place in it as agents and distributors. The question rather is whether we are forced to reduce the already weak status of the author in view of new developments. Should authors and other creators be reduced to a purely contractual position in relation to producers of all kinds, when we know how powerless—except for very successful authors—creative people normally are when it comes to negotiating their rights with powerful producers, in particular, if the latter are themselves only part of gigantic conglomerates?

WHAT IS THE YARD-STICK FOR INDUSTRY PROTECTION?

In some degree, industry does depend on the protection given to authors in order to have sufficient protection itself. If legitimation by natural or human rights of authors and their families were not available, why should, for example, record companies be protected "for at least 50 years," as Neil Turkewitz claims they should be, when in other fields of industrial property 15, 20 or 25 years of protection are the maximum? Even taking account the different market conditions and of the difference between the patents (a true exclusive protection right) and copyright (a "weaker" protection only against imitation) there would be no yard stick and rationalisation which could justify protecting books, sound recordings and other copyright products for 50 or 70 years post mortem auctoris, which means in absolute terms, in some countries up to 120 years and even more. Apart from the personal needs of authors and their families, there is no justification for such long periods of protection; the fact itself that—apart from neighbouring rights-periods of protection are calculated post mortem auctoris, shows that the necessities of investment protection are only indirectly taken into consideration here.

Otherwise, it would be totally irrational, for example, to grant 50 or 70 years of protection (post mortem auctoris) to the publisher of book A whose author died immediately after terminating the manuscript, whereas his competitor for a similar book B, whose author wrote it as a young man and who lives another 50 years, would have protection of 100 or 120 years (according to the country concerned). Economically, the rationalization behind publishers' protection has in its simplest form recently been formulated by the Dutch publisher Asscher in a programmatic speech on "What Publishers need in

National Copyright Laws."[7] He states that "without a proper return on the investment made, including a decent profit, no publisher can possibly remain in business for longer than his starting capital lasts." If, in our modern competitive society, we were to decide this question afresh, I fear, in spite of all back-list and cross subsidisation arguments, legislators would never grant more protection than is currently provided in the field of neighbouring rights.

The German Government, for example, in its recent report on the evolution of copyright in Germany in the relevant reform proposals,[8] made very clear that—as far as neighbouring rights are concerned—we have to distinguish between protection of creative people (performers) and industrial interests, and that therefore prolongation of the protection period from 25 years to 50 years was only justified for performers, not for the recording industry itself. Apart from the question whether 25 years are really not too short a protection period, this is a striking example of how difficult it is to find economic and competition yard sticks for very long periods of protection, seen merely from the interests of the industry itself.

Concluding these more general deliberations we would like once more to repeat that it is not just modern technology which introduces industrial interests into the copyright system; they have been within the system from the beginning, and in terms of their shares in the economic result, they have even been the predominant factor for a long time. Industry directly profits from the "romantic" concepts of authors' rights; therefore, not least out of gratitude, it should grant them a fair share in the proceeds from exploitation of copyright work.

A more balanced relation between authors and producers, without throwing either of them out of the game, can only be achieved when modern copyright law—as is admittedly already the case in a number of countries—is conceived as a whole system of interconnected rules which not only take into consideration the interests of the cultural industries and of the general public (the work users), but also the interests of the authors and of other creative people. Such an overall system today should consist of five sub-systems, namely substantive copyright law, neighbouring rights (i.e. in particular specific industrial protection rights), contract law, collecting societies law and the whole array of civil and penal sanctions in case of infringement and piracy. One of the countries—allow me to say this here—where such an overall system is structurally clearly organized in one comprehensive copyright law is the Spanish Intellectual Property Act of 1987 which, not only in terms of structure, is one of the best copyright laws available today.

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[7] See Rights Vol. 5 (1991) No. 2 p. 10 et seq. (p. 12); for an economic analysis comp. *Hilty*, loc. cit. p. 41 et seq.

[8] See "Bericht über die Auswirkungen der Urheberrechtsnovelle 1985 and Fragen des Urheber—und Leistungsschutzrechts," Bundestags-Drucksache 11/4929, also published in: UFITA Vol. 113 (1990) p. 131 et seq. (p. 189 et seq.).

THE PROBLEM OF MULTIPLICITY OF AUTHORS

If, to take the cinema industry as an important example, we had only to deal with film directors as film authors many problems would appear much easier to solve. Probably also Neil Turkewitz's attack on the old authors' rights thinking would have been less fierce, had not in the sound recording industry the team work character of modern studio productions developed so tremendously. The problem of multiplicity of authors and other contributors becomes even more dramatic where dozens or hundreds of authors and/or contributors are present, such as in cases of directories, indices and in particular data bases, where the data contained are continuously completed or replaced. Jane Ginsburg[9] calls these cases "low authorship works" and proposes to set aside the currently still predominant unitary approach to copyright. As a result, Jane Ginsburg would not replace one unitary copyright scheme by another; rather, she would recognize the diversity of copyrightable works, and would accord a level of protection commensurate with the nature of the interest at stake.[10]

Although I agree to a large extent with Ginsburg's analysis, I think she does not go far enough in differentiating the two types of protection concerned. "High authorship works" would essentially have to be identified with traditional works of authorship; "low authorship works" would characteristically be the object of sui generis protection, because there are practically no identifiable authors, but purely industrial interests. Unfortunately, these cases cannot be distinguished easily from other cases of multiplicity of authors where we can still identify at least one or several main authors who make the most important creative inputs, as in the film industry or music production. This of course creates doubt and uncertainty, even in the legislative process. Therefore, legislators sometimes have really to decide politically what they want.

Take for example the modern regulations on computer software as recently contained in the Computer Software Directive of the European Community.[11] It provides a sort of "work made for hire" clause[12] which, even if open to different interpretations according to the national conditions of the EC member countries, in its practical result means that in most cases industry and not the individual authors (programmers) are the true copyright own-

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9 See "Creation and Commercial Value: Copyright Protection of Works of Information," Columbia Law Review Vol. 90 no. 7 (1990) p. 1895 et seq.; similarly *Hilty*, loc. cit. (supra footnote 5).

10 Loc. cit. p. 1937.

11 Council Directive of May 14, 1991 on the legal protection of computer programms.

12 See Art. 2 Para. 3: "Where a computer program is created by an employee in the execution of his duties or following the instructions given by his employer, the employer exclusively shall be entitled to exercise all economic rights in the program so created, unless otherwise provided by contract."

ers. In view of the technical-utilitarian character of software and of the multiplicity of authors and teams working in the continuous process of producing software, I think this is a reasonable regulation, but it means that authors' rights law is not the right place for computer programs. Therefore computer programs are, by definition, a candidate for sui generis or neighbouring rights protection. Apart from the fact that the period of protection for computer programs, for the moment, is rather a theoretical problem, it is fairly curious that the EC directive sticks to the post mortem-rule even in this case. (But this problem will occupy copyright lawyers of our grandchildren's generation). I think in this case, therefore, the legislators made the wrong decision[13] which, however, we have to accept until better insight.

HOW TO DISTINGUISH?

How finally should we distinguish cases of true authors' rights from other cases of purely industrial property rights. The question of course is whether a certain type of protection right is to be author-oriented or industry-oriented in its basic structure, legally and also economically. Should multiplicity of authors and difficulties with the determination of the true authors of a work be a sufficient criterion to decide in favour of an industrial property type of protection?

The problem is even aggravated by the fact that legal solutions necessarily are of a general character and cannot always take into consideration the great variety of individual cases. The film industry for instance covers, on the one hand, films of so-called author-producers where often the inventor of the film story is also the author of the script, director, main actor and producer and, on the other hand, modern Hollywood productions with their enormous capital input where hundreds of authors, performers and other creative people and contributors exist, as a rule listed at the beginning or the end of the film. But precisely the practice of these listings (cast and credits) shows that even in the latter case our endeavors to identify the true film authors do not necessarily fail and can perfectly well be taken into account when monitoring remuneration claims and residual rights.

The problem is rather that the film industry, a branch of art and entertainment with a relatively young history, for a long time knew only one means of exploitation, i.e. cinema exploitation, as was also the case with exploitation of musical works in the 19th century. However, with the appearance of television and audiovisual (cassette) exploitation, with cable TV, satellite TV and pay TV, not to mention other future forms of exploitation via

[13] See already *Dietz*, Copyright Protection for Computer Programs: Trojan Horse or Stimulus for the Future Copyright System?, in: UFITA Vol. 110 (1989), p. 57 et seq.; comp. generally also *Corbet*, Does technological development imply a change in the notion of author?, RIDA no. 148 (1991) p. 48 et seq.; *Hilty*, loc. cit. p. 54 et seq.

electronic services (as well as revitalization and colorization of old films), secondary and tertiary uses of works create new exploitation markets and forms so that the question of authors' shares becomes more urgent than in times past when lump sum payments were still acceptable.

In the field of musical performance, for example in Germany, it was only with the perfecting of the GEMA-system at the beginning of the 1930s[14] that the old lump-sum agreements between composers and music publishers, which gave almost all income from secondary users to the publishers, were replaced by a mutually agreed distribution scheme for royalty payments which—with minor developments—is still applied today. It is absolutely necessary for the film industry also to find such distribution schemes today. Of necessity, legal rules have to typify here, in the same way as happened in the music industry. The result must, then, be achieved through a mixture of contractual terms and general legal rules.

But why should films be dealt with in the manner described whereas we would accept a different rule in other fields, e.g., that of computer software or semi-conductor chips? The answer lies in the sociology of culture. With all its ramifications, it tells us where we are still confronted with true authors and other creative people and where consequently we have to retain the concept of authors in the copyright field. We have simply to study the daily press. Or are we obliged to conclude that the universal list of film directors as presented at the beginning of my deliberations should have only a journalistic value and that these top creative people in the film industry should have no say in the moral and financial fate of their creations?

We must not forget that authors' right protection was first directed to the field of literature and art, as the preamble of the Berne Convention stated more than one hundred years ago and has been ever since, and is specified by a number of modern copyright acts, such as the strategic first articles of the German Copyright Act of 1965 and the French Copyright Act of 1957.

In the preamble of the Spanish Copyright Act of 1987 we find the following statement: "A su vez, dentro del primer conjunto normativo se determinan, por una parte, los derechos que corresponden al autor, que es quien realiza la tarea puramenta humana y personal de creación de la obra y que, por lo mismo, constituyen el núcleo esencial del objeto de la presente Ley y, por otra, los derechos reconocidos a determinadas personas físicas o jurídicas cuya intervención resulta indispensable para la interpretación o ejecución o para la difusión de las obras creadas por los autores."* A very clear and

[14] See *Ulmer*, Zur Rechtsstellung der Musikverlage in der GEMA, in: GEMA-Nachrichten No. 108 (1978) p. 99 ff. as well as *Nordemann*, Entwicklung und Bedeutung der Verwertungsgesellschaften in: Festschrift (supra Footnote 4), p. 1197 et seq.

*[W]ithin the first set of provisions, on the one hand those rights are organized that accrue to the author, namely the person who undertakes the purely human and per-

concise statement indeed of the function of authors rights and neighbouring rights in modern legislation.

The Spanish Copyright legislation dates from 1987, so we cannot question or doubt the political will of the Spanish legislature to give authors what is due to them, even today in the modern technological world. If some people from industry are not satisfied with that state of law, they are free to argue for change. What they should not be permitted to do is to falsify the intentions of existing law by partisan interpretation.

A NEW AWARENESS OF AUTHORS' RIGHTS

Copyright theory and copyright legislation will always have to distinguish between the creative and the purely utilitarian or industrial fields and will have to make the relevant decisions. An absolutely convincing solution will never be found. I think that modern legislators and also courts become more and more aware of this necessity to distinguish. Of course, this creates sometimes lacunae in the rights available as is now the case for some non-creative compilations (perhaps also data banks) in the United States after the *Feist Publications* decision of the US Supreme Court.[15] The Court insisted on the fact that originality also necessitates at least a modicum of creativity, so that the simple investment of skill, labour and capital is not sufficient in order to get copyright protection. I think sui generis protection or a type of neighbouring right for compilations (perhaps also for data banks) will soon be granted in the USA as a complementary system, because the need of protection for such subject-matter is evident. It is only a question of the right instrument of protection!

In the same way the British Copyright, Designs and Patents Act 1988—perhaps stimulated by the problematic decision of the House of Lords in the automobile spare parts decision of 1986[16]—cut down copyright protection for utilitarian designs and also industrially applied artistic designs and instead gave them, via the newly created unregistered design, a modern and more balanced (in particular much shorter) form of protection, adapted to the

sonal task of creating the work, which rights are in fact the central element of the subject matter of the Law, and on the other hand those rights that are accorded to certain natural persons or legal entities whose involvement proves indispensable for the presentation, performance or dissemination of the works created by the authors. Editors' Note: Translation World Intellectual Property Organization

[15] Decision of March 27, 1991 (Feist Publications, Inc. v. Rural Telephone Service, Co.), BNA's Patent, Trademarks & Copyright Journal Vol. 41 No. 1024 of March 28, 1991; Comp.—still before knowing the outcome of this case—Perlmutter, The Scope of Copyright in Telephone Directories: Keeping Listing Information in the Public Domain, Journal of the Copyright Society of the USA Vol. 38 No. 1 (Fall 1990) p. 1 et seq.

[16] Decision of February 27, 1986 (British Leyland Motor Corporation, Ltd. et al. v. Armstrong Patents Company Ltd. et al.), IIC Vol. 17 (1986) p. 815.

needs of the industry and freed from the overstated claims for fully copyright protection.[17]

On the other hand, in 1988 the British legislature, for the first time in British copyright history, introduced a whole chapter on moral rights,[18] which must indeed be interpreted as an important historical event. This is true even if, as a practical result, the moral rights protection (particularly gives the possibility of waiving the rights)[19] is less effective than it might appear. I think a certain amount of patience is necessary in this field. On the other hand, continental European countries can learn also from British legislation, namely that we have to differentiate somewhat according to the different fields of exploitation and perhaps also according to the type of work when we deal with problems of moral rights. Interestingly enough, via moral rights regulation, the film director, also for the first time, has appeared as a figure with a position in the British copyright system,[20] which in my opinion is no less important.

Finally, this new awareness of the relevance of the rights of authors in the film industry is also shown—how could I pass over this interesting case—by the recent decision of the French Cour de cassation in the film colorization case.[21] Even if the case was not totally decided on its merits, but only against a background of conflict of laws and qualification problems, there is at least a clear statement in the decision of the court[22] that the status of an author, including a film author, as the natural creator of a work under French intellectual property law, cannot be lost or set aside simply by applying unduly sophisticated constructions of international private law and convention law.

Authors' rights are a human right, mentioned not only in the Universal Declaration of Human Rights, adopted in 1948 by the General Assembly of

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17 See Sec. 51 and 52 and Sec. 213 et seq. of the Act; See Cornish, Intellectual Property, 2nd ed., London 1989, p. 368 et seq., p. 381 et seq.

18 See chapter IV (Sec. 77 et seq.) of the Act; comp. *Cornish*, Moral Rights Under the 1988 Act, European Intellectual Property Review Vol. 12 (1989), p. 449 et seq. (German Version in GRUR Int. 1990, p. 500 et seq).

19 See Sec. 87 of the Act.

20 See e.g. Sec. 77 and Sec. 84 of the Act.

21 Decision of May 28, 1991.

22 See the following: Attendu. . ., qu'en France, aucune atteinte ne peut être portée à l'inégrité d'une oeuvre littéraire ou artistique quelque soit l'Etat ou le territoire auquel cette oeuvre à été divulgúée pour la première fois; que la personne qui en est l'auteur du seul fait de sa création est investie du droit moral institué à son bénéfice par le second des textes susvisés; que ces règles sont des lois d'application imperative. . . .

[Whereas in France no violation may be made to the integrity of a literary or artistic work whatever the territory on which the work was first disclosed; whereas the person who is the author of the work from the sole fact of the work's creation is vested with moral rights which are established for his benefit . . .; whereas these rules are laws of imperative application] [translation by editors].

the UN, but also guaranteed by the International Covenant on Economic, Social and Cultural Rights of 1966, to which about 90 countries adhere. All this does not mean of course that industrial interests are not to be taken into account also in the classical fields of author protection. As the development of film copyright shows, the legal regulation must sometimes take care that exploitation of the very expensive end product, the film, is not hampered by unjustified interference of one single author or other contributors. This has been accepted in almost all modern legislation. The question, however, is whether authors shall be totally eliminated or whether there is a balanced system of rules that guarantee that the economic and moral interests of the authors are fairly respected.

Hence, the exploitation of the work has, so to say, an outer and an inner aspect. If it is indeed necessary to "bundle" the exploitation rights in one hand in order to guarantee an effective and unhampered exploitation of the work, this does not mean that—seen from the inner aspect—the work is the absolute property of the producer or distributor, who ultimately should be regarded as a trustee as much for the authors' interest, as for those of the investors. This means in economic terms that he ought to share the profits with authors and it is a question of constant bargaining and negotiating at what point or points the remuneration of authors should enter the balance, as a cost factor and/or as part of the net profits.[23] It simply cannot be accepted, in particular where old films are excavated and put to new exploitations that the authors (or their family) should simply not participate, because there is no established system of addresses, names and heirs, as we normally have, e.g. in the music sector. Physical possession of the film copies of old films alone should not be the sole passport to participation in copyright income.

The at least partial role of the producer or distributor of a film as a trustee of authors' interests also imposes on him certain obligations in the field of moral rights. In Europe, book and theatre publishers traditionally accepted an obligation to help authors make their moral rights effective against falsifications of their work. I think that film producers and distributors should also learn to see the product they exploit rather more through the author's eyes. No doubt they will understand the matter better if courts are prepared to teach them.

CONCLUDING REMARKS

In conclusion, my proposition for copyright in the modern technological world is very simple, namely a finely tuned combination of authors' protection and industry protection. Legislators have to decide the borderline cases. Either there are true authors in the traditional sense, in which case we ought

[23] See *Fleer*, The Buchwald Case: What Now?, International Media Law Vol. 9 No. 7 (July 1991) p. 55 et seq.

to give them traditional copyright (authors' rights) protection, or from the outset there are only industrial interests and we have to create sui generis or neighbouring rights. Of course, in the field of traditional authors' rights (literature, art, music and film), industrial interests must also be, and have always been, taken into consideration, because as a rule it is industry that transforms a work into a marketable product. This problem, however, must be solved within the framework of contractual rules, perhaps helped by general provisions, such as a presumption of transfer of exploitation rights, and by specific rules on moral rights in individual situations. What we should not accept is simply replacing authors by producers via "for hire" rules and other rules on first ownership. All this, of course, is a highly disputed legal field, nationally and internationally. Problems of authors' contracts law together with the even more difficult problems of the combination of national and international copyright law and conflict of laws, will therefore be in the centre of interest for years to come.

Finally, the relation between copyright and neighbouring rights must not be seen only in alternative, or mutually exclusive, terms. Complementary systems can and do exist, such as in the music industry, where copyrights in musical composition are complemented by the neighbouring right of the recording producer. This enormously strengthened the position of the latter also in view of the so-called BIEM-system (collective administration of mechanical rights) which, as a rule, prevents record producers from obtaining an exclusive exploitation right from authors.

Because of the fact that in the publishing industry the situation traditionally is different, the need to have a specific complementary neighbouring right in published editions is less felt here; but such additional rights are indeed granted in a number of countries, such as in the United Kingdom[24] and other common law countries, and recently also in China.[25] A number of countries, such as France, Germany, Portugal and Spain do the same in the film sector where the position of the film producer, which is already strong in view of the rules of presumption of transfer of the authors' rights in his favour, is strengthened even more by a complementary but comprehensive neighbouring right.

This model also corresponds to the basic concept of work transformed into product, as it grants authors rights for the work as such, which are partly assigned or licensed to the producer (not without permanent obligations of the latter to the authors), but, in addition, as a fundamental recognition of the

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[24] See the clearly delineated provisions in Sec. 15 of the Copyright Act 1956 as well as—less clearly now—the relevant provisions in the Act 1988 (e.g., Sec. 1 (1) (c)).

[25] See Art. 30 para. 2 Copyright Act 1990, completed and clarified by Art. 38 of the Implementing Regulations of May 30, 1991.

latter's own contribution, it also grants a neighbouring right in the marketable product.

Where there are no longer any identifiable authors in the classical sense of literature and art, music or films, sui generis (or neighbouring rights) protection for producers is the sole remaining instrument of protection. It should not be mistaken for copyright, because here we are already entering the field of pure industrial property protection, as is evident with chip protection, in many countries also with modern industrial design protection.

To conclude, what I wanted to demonstrate is that also under modern technological conditions, differentiation can help both sides to achieve optimum protection, without simply throwing out the weakest among the players, the creative people.

THE EUROPEAN COMMISSION'S ACTIVITIES IN THE FIELD OF COPYRIGHT

by THOMAS DREIER* and SILKE VON LEWINSKI**

INTRODUCTION

After almost two and a half decades of virtual inactivity, the European Commission has, since the mid 80s, shown a growing number of harmonization activities in the field of copyright. Beginning with a limited action in the field of transfrontier broadcasting by satellite and cable, which has been followed by a rather industry-oriented harmonization effort in limited areas, the Commission only recently adopted a comprehensive approach to strengthen the protection of authors' rights and of neighbouring rights. The Commission thus responds to the increasing importance of copyright for the protection of intellectual property. At the same time it strengthens European culture and, likewise, paves the way towards the completion of the Internal Market at the end of 1992.

The following article briefly examines the framework for copyright harmonization within the Community (I and II). It then continues to summarize the actual state of copyright harmonization by presenting the legal instruments which so far have been adopted by the Council, or which have been proposed or announced by the Commission (III).

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I. COPYRIGHT IN THE EUROPEAN COMMUNITY

Other than in the field of patent, trademark, and even unfair competition law, until quite recently there have only been few activities of the Commission[1] in the field of copyright. In the 1970s, some comparative law studies were commissioned in order to examine the situation of authors' rights, neighbouring rights, and contractual relationships of authors.[2] However, these studies did not result in any legislative harmonization. In the mid

[1] The Commission's primary role in the legislative processes of the Community is to adopt, by agreement of its Directorate Generals (DG's), harmonization proposals. These are dealt with, according to the different legislative processes available, in particular in the European Parliament and the Council, which takes the final decision. The Community's legal instruments are: (a) Council Directives, which are binding, as to the result to be achieved, upon each Member State to which they are addressed, but which leave to the national authorities the choices of form and methods; (b) council decisions, which are binding in their entirety upon those to whom they are addressed (as an example for a proposed Council Decision see note 18); (c) council regulations, which have general application and are binding in their entirety and directly applicable in all Member States; (d) recommendations; and, (e) opinions, which have no binding force (see sec. 189 EEC-Treaty).

[2] The most important studies are: *Dietz*, "Copyright Law in the European Community," European Aspects, Law Series No. 20, Alphen aan den Rijn/Netherlands, 1978; *Dietz*, "Das primäre Urhebervertragsrecht in der Bundesrepublik Deutschland und in den anderen Staaten der Europäischen Gemeinschaft. Legislatorischer Befund und Reformüberlegungen," München 1984, SGRUM, Vol. 7, issued in 1981 by the EC-Commission in the framework of "studies in the cultural sector" as Study SG-Culture/4/81 in German and French languages; and *Gotzen*, "Performers' Rights in the European Community," Brussels 1977. Complementary studies with respect to the new Member States Spain and Portugal have followed: *Dietz*, "Das Urheberrecht in Spanien und Portugal," 1989; *Gotzen*, "Le Droit des Interprètes et Exécutants en Espagne et au Portugal," 1990.

1980s, the Commission published its Green Paper "Television without Frontiers"[3] in order to enable the transfrontier transmission of broadcasts, which the Commission considered to be endangered by two decisions of the European Court of Justice.[4] However, the resulting Directive did not contain provisions on copyright (see also below, III.4).

Broader harmonizing proposals were first contained in the "Green Paper on Copyright and the Challenge of Technology—Copyright Issues Requiring Immediate Action"[5] of Summer 1988. The motivation for this action may be found in the political decision of 1985/86 to complete the Internal Market by December 31, 1992.[6] Likewise, the threat which growing piracy posed to the European industry may have played a certain role. Given the short time remaining until December 31, 1992, and the enormous effort it takes to achieve harmonization measures at the Community level, as well as the Community's limited legislative competence,[7] this Green Paper limited the issues for harmonization to piracy, audio-visual home copying, rental right, computer programs, and data bases. The Green Paper has often been criticized for being fragmentary and also one-sidedly industry-oriented, not only by the selection of issues to be dealt with, but also by the proposals themselves, which often focussed on the protection of industry rather than of authors. This provoked, inter alia, the saying that the Green Paper showed an "authors' right without authors."[8] Writers and the traditional print media only received a much

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[3] Green Paper on the Establishment of the Common Market for Broadcasting, especially by Satellite and Cable, Doc. COM(84) 300 final, of June 14, 1984.

[4] Decision of March 18, 1980, Case No. 62/79, "Coditel I," [1980] ECR 881, and decision of October 6, 1982, Case No. 262/81, "Coditel II," [1982] ECR 3381.

[5] Doc. COM(88) 172 final, of June 7, 1988.

[6] The Commission's White Paper on the "Completion of the Internal Market," COM(85) 310 final of June 14, 1985 included 279 harmonization proposals for Council Directives, thereunder, however, only one relating to copyright matters (the legal protection of computer programs), at 92. The Single European Act of February 17/28, 1986, O.J. 1987 No. L. 169/1, in force since July 1, 1987, O.J. No. L. 169/29, includes, inter alia, Article 100 a EEC-Treaty, which allows harmonization measures with respect to the completion of the Internal Market to be adopted by a qualified majority of the Council, no longer only by unanimity. Thereby, the procedure has considerably been facilitated.

[7] The Community has no explicit legal basis to legislate in the field of copyright, nor of cultural and social matters in general. Rather, the main competence refers to the achievement of the Internal Market, which comprises, according to Art. 8 a para. 2 EEC-Treaty, "an area without internal frontiers in which the free movement of goods, persons, services and capital is ensured in accordance with the provisions of this Treaty." Accordingly, copyright may only be harmonized as far as it presents a direct or indirect barrier to intra-Community trade, however not exclusively with respect to its cultural and social aspects.

[8] See *Möller*, "Author's Right or Copyright?," in *Gotzen* (ed.), "Copyright and the European Community," Brussels 1989, at 11, and at 23 onward, in particular para. 1.2; *Schricker*, "Zur Harmonisierung des Urheberrechts in der Europäis-

lesser attention in the Commission's communication entitled "Books and Reading: a Cultural Challenge for Europe," which was prepared by another DG.[9] However, from this document hardly any concrete action followed so far.

Two years later, in December 1990, the Commission, in its "Follow-up to the Green Paper—Working programme of the Commission in the field of copyright and neighbouring rights,"[10] finally adopted a more comprehensive approach to strengthen the position of rightholders and to harmonize existing authors' rights and neighbouring rights legislation.

This new approach is intended to promote European culture, to respond to the increasing importance of copyright for the protection of intellectual property, and to pave the road towards the completion of the Internal Market. However, even this approach does not lead to the creation of a uniform Community copyright. Rather, it is limited to an albeit broad range of single aspects of copyright, for which specific harmonization measures have been or have to be created, which in turn have to be implemented into national law of the Member States.

II. HARMONIZING COPYRIGHT: EC LAW AND EC POLICY

There are, however, both legal and political reasons for this limitation to harmonization efforts.

As far as legal reasons are concerned, it should first be recalled that copyright comes into existence upon the creation of a work, without any formalities. Hence, other than in patent and trademark law, there is no need to harmonize or centralize any application, examination, or registration procedure.

Second, a major reason for Community action is the securing of a free movement of *goods* within the EC. However, in interpreting the provisions of the EEC-Treaty on the free movement of goods,[11] the European Court of Justice has already formulated the rule of Community-wide exhaustion of the national distribution rights.[12] This means that once a material copy or a

chen Wirtschaftsgemeinschaft," in *Bauer, Hopt and Mailänder* (eds), "Festschrift für Ernst Steindorff zum 70. Geburtstag am 13," März 1990, Berlin/New York, 1990, at 1437, 1438, 1451 onward, with further references.

9 Doc. COM(89) 258 final, of August 3, 1989, prepared by DG X, which is competent, inter alia, for cultural matters. The other documents quoted in this article have been prepared by DG III (Internal Market).

10 Doc. COM(90) 584 final, of January 17, 1991.

11 Art. 30 EEC-Treaty: "Quantitative restrictions of imports and all measures having equivalent effect shall, without prejudice to the following provisions, be prohibited between Member States," and Art. 36 EEC-Treaty: "The provisions of article 30 to 34 shall not preclude . . . the protection of industrial and commercial property."

12 See the first decision of the meanwhile established jurisprudence, decision of June

work protected by copyright has been put into circulation by the rightholder or with his consent in one of the Member States, its further distribution within the Community can no longer be prevented on the basis of a territorially segmented copyright. Hence, in this respect there is no need for harmonization. There is only one hypothesis where the exhaustion rule does not apply. This is the case when in different Member States there are different rightowners, whose rights are independent from each other. Such a case is extremely rare for the following reason: Due to the national treatment of the Berne Convention for the Protection of Literary and Artistic Works, to which all Member States are a party, any author, by the mere fact of creation, acquires a copyright for his work in each of the Member States. Consequently, the only case where in different Member States different rightowners, whose rights are independent from each other, may be found, is the extremely rare case of a truly independent creation.

It follows that barriers to the free movement of copyrighted goods can only exist between Member States in which either the prerequisites of protection (such as the originality requirement) or the contents of protection (such as the rights granted or the term of protection) differ to a considerable extent. Even in these cases the necessity of harmonization seems to be limited where the existing language barriers prevent a substantial transfrontier trade. Moreover, as far as the above mentioned differences in the law of the Member States are concerned, the European Court of Justice has held that the exercise of rights, which were granted for a longer period of time in one Member State than in another, is not in violation of the EEC-Treaty.[13] The same is valid for a rental right which only existed in one Member State, but not in another.[14] The reason is that although these differences amount to restrictive measures within the meaning of Article 30 EEC-Treaty, they are justified by virtue of Article 36 EEC-Treaty.[15] Hence, although there is no legal requirement for harmonization in these cases, the Commission acts on the grounds that there are still trade barriers which should be removed. All the more, in the following quotation from the Court's judgment in the term of protection case, the Commission sees an indication to the Community for the necessity of harmonization of laws:

> In this respect, it has to be stated that, given the actual status of Community law, *which is characterized by the absence of harmonization or approximation of the laws on the protection of the property*

8, 1971, Case No. 78/70, *Deutsche Grammophon Gesellschaft v. Metro-SB-Grossmärtke*, [1971] ECR 487.

[13] Case No. 341/87, *EMI Electrola GmbH v. Patricia Im- & Exportverwaltungsgesellschaft mbH u.a.* of January 24, 1989, [1989] ECR 79.

[14] Case No. 158/86, *Warner Bros Inc. et al. v. E.V. Christiansen* of May 17, 1988, [1988] ECR 2604.

[15] See note 11 above.

> *in literary and artistic works*, it is a matter of the national legislators to fix the terms and modalities of this protection. (Emphasis added)

Third, it is true that according to the Court of Justice, Community-wide exhaustion does not take place in the case of an immaterial representation of a protected work, which is qualified as a *service* for purposes of the EEC-Treaty. The Court, on the basis of Article 59 EEC-Treaty,[16] and in analogy to Article 36 EEC-Treaty, held that it is in the legitimate interest of the copyright owner to control the exploitation of the work and to receive remuneration for every single act of immaterial representation thereof, although the exercise of the representation right restricts the free movement of services. Here, also the accepted system to exploit films within the Community on a territorial basis according to the different language areas is at stake. In the light of the emerging importance of cable retransmission at the time, and in order to implement the principle of free movement of services, the Commission, in spite of the justification of the Court, devoted its attention to the area of transfrontier cable retransmission. This area has so far been the only relevant case of transfrontier representation in practice. Another case which might become relevant in the future is that of transfrontier services provided by online data bases. In sum, also as far as the immaterial representation of protected material is concerned, there exists only a limited need for harmonization.

Fourth, even if the Commission might wish to create one Community-wide, uniform copyright substituting for the bundle of national copyrights, it would almost certainly lack the competency to do so.

If already the Community's legal framework necessitates, and only allows for, a limited harmonization of certain aspects, in practice this harmonization may not always be sought to the extent possible because of the Community policy. This policy may favor aspects of industrial, competition, cultural or social concern. As the Commission's activities indicate, during the last decades, this policy has undergone several changes in adjusting the balance between these diverging aspects. In addition, this divergence of aspects is reflected in the fact that different Directorate Generals of the Commission are, in the first place, responsible for different policy aspects. Thus, e.g., copyright is with DG III (Completion of the Internal Market and Industrial Affairs), competition and monopolies with DG IV, cultural affairs with

[16] Art. 59 para. 1 EEC-Treaty: "Within the framework of the provisions set out below, restrictions on freedom to provide services within the Community shall be progressively abolished during the transitional period in respect of nationals of Member States who are established in a State of the Community other than that of the person for whom the services are intended."

DG X, and telecommunications with DG XIII. The Commission's proposals, however, have to be adopted by all DG's.

III. THE HARMONIZATION OF COPYRIGHT: PRESENT STATE

The following is intended to give an overview of the state of copyright harmonization within the EC as of early August 1991. In view of the broad area of activities announced, and of the momentum which the harmonization efforts have recently gained, much of the following will most likely need an update before long.

1. Adherence of Member States to the Berne and the Rome Convention

In line with the present global approach to comprehensively strengthen the protection of authors' rights and of neighbouring rights,[17] the Commission, in December 1990, presented to the Council, a proposal for a Decision which would require all Member States by December 31, 1992 to accede to and to comply with the provisions of the Berne Convention, as revised by the Paris Act of July 24, 1971, and to the Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations.[18]

The purpose of this proposed decision may be characterized as being at least twofold. First, once adopted, the decision would provide a common basis of comprehensive minimum protection in all Member States. It should be noted that with the exception of Belgium and Ireland, which are still bound by the Brussels Act of 1948, all Member States are already parties to the Paris Act of the Berne Convention. The situation, however, is less uniform with regard to the Rome Convention, since Belgium, the Netherlands and Greece still have not yet adopted neighbouring rights' protection. However, bills are pending in Belgium and the Netherlands;[19] in Greece, a law on a neighbouring rights protection for performing artists has been enacted,[20] but, absent its implementing regulations, is not in force. Although they recently have passed neighbouring rights legislation,[21] Spain and Portugal have

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17 See above, II.

18 Doc. COM(90) 582 final—SYN 318, of January 11, 1991.

19 For Belgium, cf. Proposition de loi relative au droit d'auteur, aux droits voisins et à la copie privée d'oeuvres sonores et audiovisuelles (10 juin 1988), Sénat de Belgique, 329-1 (S.E.1988). For the Netherlands cf. Draft bill on neighbouring rights, submitted by the Government in August 1989, TK 21244, Staatscourant 1989, No. 148 (Regelen inzake de bescherming van uitvoerende kunstenaars, producenten van fonogrammen en omroeporganisaties en wijziging van de Auteurswet 1912/Wet op de naburige rechten).

20 Law 1075/1980, Official Gazette of the Government of the Hellenistic Republic No. 218 of September 25, 1980.

21 See the new Spanish Copyright Act, "Ley de Propriedad Intelectual", Boletin Oficial del Estado No. 275 of November 17, 1987 (english translation in "Laws and Treaties"/Copyright, May/June 1988), and the new Portuguese Copyright Act, "Código do Direito de Auto e dos Direitos Conexos," in its amended

so far not acceded to the Rome Convention. Moreover, given the relative short history of neighbouring rights on the one hand, and on the other hand, their rather dynamic development on the national level, the protection standard varies considerably from country to country. The Commission is of the opinion that any obstacles to the free movement of goods and services and any distortions of competition resulting from the present lack of uniform minimum protection are prejudicial to the economic and cultural interests of creators, authors, artists, enterprises, States and the Community as a whole. They, therefore, are incompatible with the establishment and functioning of the Internal Market as an area without internal frontiers.

Second, the decision would provide a common basis for further harmonization aiming at completing and strengthening the rights in question. Thus, all the other measures taken or announced by the Commission may now be seen as specific aspects to pursue "the construction of the Community edifice as regards copyright and neighbouring rights."[22] Moreover, accession to and compliance with the international conventions appears to best respond to the internationalization of the problems connected with authors' rights and neighbouring rights.

2. Computer programs

The first legislative text adopted by the Council of the EC, and which is based on the Green Paper, is the Directive on the legal protection of computer programs of May 14, 1991.[23] Its provisions must be implemented by the Member States before January 1, 1993, the date of the establishment of the Internal Market.

The Directive, which is considered to be of great importance for the Community's industrial development, harmonizes fundamental issues, such as who owns what rights under what conditions and for how long. However, it is left to the national legislation of the Member States to fill in other issues, such as moral rights, to name just one. Nor is the Directive concerned with the harmonization of copyright issues common to all categories of protected works, such as the term of protection. Here, the Directive prescribes only a minimum term, which will be dealt with in another legal instrument.[24]

Although it was generally agreed upon that program protection should be as efficient as possible, the legislative process of adopting the Directive has

version, Diário da República No. 214 of September 17, 1985 (english translation in Copyright 1986, 124 and 163).

[22] Ibid., at p. 11.

[23] 91/250/EEC, O.J. No. L 122 of May 17, 1991, p. 42. For the Commission's initial proposal, see O.J. No. C 91, of April 12, 1989, p. 4, and for the amended proposal, see O.J. No. C 320, of December 20, 1990, p. 22. The Directive is discussed by *Dreier*, "The Council Directive of May 14, 1991 on the legal protection of computer programs," [1991] 9 EIPR —.

[24] See below, III.6.

provoked a heated debate unprecedented in the field of copyright.[25] Generalizing to some extent, the situation may be described as the opposition of the market leaders in the computer industry on the one hand (SAGE),[26] and on the other hand those who consider themselves dependent on information concerning the interfaces of the market leaders' products (ECIS).[27] As a third group, legitimate program users have voiced a distinct interest in performing certain acts of program maintenance and adaptation without the additional authorization of the rightholder (CUE). Consequently, out of the great number of issues involved, the issues of access to interface information and of the legitimacy of reverse analysis/reverse engineering soon emerged as the very center of the dispute.

According to the Directive, computer programs shall be granted protection in all Member States under copyright law, as literary works within the meaning of the Berne Convention.[28] This follows the general worldwide trend and has the advantage of integrating program protection into an established system of international protection providing for national treatment and certain minimum rights including moral rights. Any neighbouring rights or sui generis-approach would have necessitated the creation of a new international protection instrument. Once this decision had been made against the often-voiced concern that copyright as such was inappropriate for program protection, most of the amendments were designed to bring the contents of the Directive in line with the provisions of the Berne Convention.

The Directive does not define the term "computer program," but includes preparatory design material. It extends protection to the expression of a program which is its author's own intellectual creation, in any form, including programs which are incorporated into hardware components. It follows from general copyright principles that what is protected is the expression of a program, but not the ideas or principles underlying any element of a computer program, including those which underlie its interfaces. Cautiously, the Directive does not exclude logic, algorithms and programming languages from copyright protection per se, but only to the extent that they comprise ideas and principles.[29]

The author of a computer program is the natural person or group of natural persons who created the program.[30] A legal person may also be the

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[25] For the controversy during the legislative process *see*, e.g., *Colombe/Meyer*, [1990] 3 EIPR 79, and [1990] 9 EIPR 325; *Cornish*, [1989] 11 EIPR 391, and [1990] 4 EIPR 129; *Hart*, [1991] 4 EIPR 111; *Lake/Harwood/Olson*, [1989] 12 EIPR 431; *Stern*, [1989] 5 EIPR 172, and *Vandenberghe*, [1989] 11 EIPR 409.

[26] With IBM, Siemens, Philips, Digital, Apple and others.

[27] With Amstrad, Bull, Olivetti, Fujitsu, NCR and others.

[28] Art. 1 (1) of the Directive.

[29] Art. 1 (1) of the Directive and Recital 14.

[30] Art. 2 of the Directive.

original author of a computer program where this is permitted by the legislation of a Member State. A similar provision allows for national rules on collective works. This may be deemed justified in view of the maximum consensus to be reached amongst Member States. However, it certainly diminishes the harmonization effect of the Directive. In an employment situation, the employer is exclusively entitled to exercise all economic rights, provided the program was created by the employee in the execution of his duties or following the instructions given by the employer, and unless it has been otherwise agreed upon by contract. However, the exercise of moral rights, which has not been harmonized, is governed by national legislation. Finally, the text of the Directive no longer contains a specific provision on authorship of non-commissioned computer programs, or on computer-generated programs.

Restricted acts are the permanent or temporary reproduction of a computer program by any means and in any form, in part or in whole.[31] However, the Directive does not define the term "reproduction" any further. Most important, it also leaves open the question whether the loading, displaying, running, transmission or storage of a computer program have to be qualified as reproductions. These acts are subject to the rightholder's authorization only insofar as they necessitate a reproduction. Further restricted acts are the translation, adaptation, arrangement and any other alteration of a program and the reproduction of the results thereof. This is without prejudice to any rights the person altering the program might have. Finally, the Directive subjects to the authorization of the rightholder any form of distribution to the public, including the rental, of the original program or of copies thereof. Except for the right to control further rental, the distribution right of a particular program copy becomes exhausted upon the copy's first sale in the Community. It should be noted that the introduction of a right to control further rental of program copies sold precedes the Commission's general harmonization effort concerning rental and lending of copyrighted works.[32] However, public lending of computer programs now remains outside the scope of the program Directive. It seems worth mentioning that in the U.S., in spite of the government's propagating of a computer program rental right within the GATT negotiations, Congress has taken a more cautious approach and only recently enacted a software rental right not including public lending, and this only in form of a sunset provision.[33]

Since the restricted acts are so broadly defined, it was necessary to provide for certain exceptions in order not to subject the normal use of a com-

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[31] Art. 4 of the Directive.

[32] See below III. 3.

[33] Act of December 1, 1990, PL 101-650, Title VI, 104 STAT. 5128. The law became effective on December 1, 1990; the software rental provisions will terminate on October 1, 1997, Sec. 804 (a), (c).

puter program to a virtually unlimited number of authorizations by the rightholder. Therefore, any acts of reproduction and of adaptation which are necessary for the use of a program by the lawful acquirer in accordance with the purpose for which it was intended do not require the additional consent of the rightholder.[34] This especially includes the acts of loading, displaying, running, transmission or storage of the program if performed by the lawful acquirer. The acts permitted also include acts done for error correction. Since the exception only covers acts done in accordance with the "intended purpose" of the computer program, the rightholder retains a certain control over the use even of programs which have been sold. Unlike this exception, the right of a lawful user to make a back-up copy,[35] and the right to observe, study or test the functioning of a program, while legitimately loading, displaying, running, transmitting or storing the program, in order to determine the ideas and principles which underlie any of the program elements,[36] cannot be contracted away.[37]

Apart from these possibilities to reverse analyze a protected computer program, the Directive—in a fiercely fought over compromise—additionally allows decompilation under limited conditions.[38] Thus, acts of reproducing the code or translating its form do not need the authorization of the rightholder of the program analysed, if they are "indispensable to obtain the information necessary to achieve interoperability of an independently created computer program with other programs."

Three further conditions must be fulfilled. First, the acts must be performed by the licensee or by another person having a right to use a copy of the program, or on their behalf by a person authorized to do so. Second, the information necessary to achieve interoperability has not previously been readily available to the persons who might otherwise legitimately perform the acts of decompilation. And third, the acts of decompilation must be confined to the parts of the original program which are necessary in order to achieve interoperability. This provision is mainly intended to prevent decompilation from being used as a mere pretext in order to decompile whole programs and eventually unfairly capitalize on others efforts whilst developing one's own program. Even when interface information has been lawfully obtained, the Directive provides for three restrictions on its use. Thus, the information may not be obtained for goals other than to achieve the interoperability of the independently created computer program. Furthermore, the information may not be given to others, except when necessary for the interoperability of the independently created computer program. Moreover, the information

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34 Art. 5 (1) of the Directive.
35 Art. 5 (2) of the Directive.
36 Art. 5 (3) of the Directive.
37 Art. 9 (1) second sentence of the Directive.
38 Art. 6 of the Directive.

may not be used for the development, production or marketing of a computer program substantially similar in its expression, or for any other act which infringes copyright.[39]

The Directive thus lays down that the process of decompilation is not limited to creating a program which connects to the program analysed, but that it may also result in the creation of a program which competes with the program analysed.[40] As an ultimate, almost redundant safeguard, the Directive makes a verbatim reference to Art. 9(2) of the Berne Convention in stating that nothing may be interpreted so as to unreasonably prejudice the rightholder's legitimate interests or conflict with a normal exploitation of a computer program. In order, however, to protect the other party's legitimate interests, the provisions on decompilation may not be altered by contract.[41]

Finally, the Directive provides for special measures of protection against certain acts of secondary infringement.[42] The term of protection has been fixed at 50 years after the death of the author, with an exception for Member States to keep their longer protection term until general harmonization of the term of protection in a separate legal instrument.[43] For the time being, Germany may thus keep its 70 year protection term. Other laws providing legal protection for computer programs, such as patent, trademark, trade secret or unfair competition law, remain untouched.[44]

Even if the Directive in some parts only restates general copyright principles, it may be concluded that the EC has taken the worldwide lead in providing a detailed copyright protection for computer programs.

3. Rental Right, Lending Right and Certain Neighbouring Rights

The second proposal in order to strengthen authors' rights and neighbouring rights protection, based on the Green Paper, is the proposal for a Directive on rental rights, lending rights, and certain rights related to copy-

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[39] It should be noted, however, that in the field of industrial designs, the Commission proposes to secure interoperability to a much greater extent. There, the Commission indeed states that "the specific features of a design which relate to interconnections should be excluded from protection to the extent necessary to permit interconnection of different markets," Green Paper on the Legal Protection of Industrial Design, Doc. III/F/5131/91, of June 1991, p. 64. See also Art. 8 of the Preliminary Draft of a Proposal for a Regulation on the Community Design, and Art. 6 of the Preliminary Draft of a Proposal for a Directive on the Approximation of the Legislation of the Member States on the Legal Protection of Designs, *ibid.*, Annex 1, at 12, and Annex 2, at 3.

[40] This has also been clearly stated by the Commission in its Communication of the Council's Common Position to the European Parliament, Doc. SEC (91) 87 final—SYN 183, of January 18, 1991, para. 4.7.

[41] Art. 9 (1) second sentence of the Directive.

[42] Art. 7 of the Directive.

[43] See below, III.6.

[44] Art. 9 (1) first sentence of the Directive.

right of December 5, 1990.[45] The proposal combines two fields of activity. First, it provides for the introduction and harmonization of a rental and lending right, and second, it provides for a certain minimum level protection in the field of neighbouring rights, in order both to make the new rights effective in all Member States for all rights owners and to combat piracy. The two issues were combined because the harmonization of a rental or lending right for certain owners of neighbouring rights does not seem reasonable, as long as there are still some Member States which do not provide any neighbouring rights protection at all, not even a simple reproduction right.

The proposal grants to authors, performing artists, phonogram and film producers the right to authorize or prohibit the rental and lending of the originals and copies of their works, of the fixations of their performances, of their phonograms and their visual recordings, whether or not accompanied by sound. Thus, the rights will not only be granted to producers—a concept, which would never be acceptable in continental law systems, but which seemed to be intended by the Green Paper[46]—but at the same time to authors and performing artists who have contributed to a film or a sound recording. Moreover, rather than being limited to the rental or lending of sound or video recordings, the proposal extends to all kinds of protected objects with the exception of buildings and works of applied art. Likewise, the proposal purports to be without prejudice to the computer program Directive. Since the final version of the computer program Directive only regulates the rental, and not the lending of computer programs, it remains to be seen whether lending of computer programs will now be included in the Directive on rental and lending, or whether the lending to the public of computer programs by public libraries will be left to national legislation.

The Commission's proposal of a lending right deviates from the conclusions it arrived at in the Green Paper, which did not propose any action to be taken in this respect. This change in attitude was due, on the one hand, to the outcome of a hearing, and, on the other hand, to a number of valuable arguments such as, for example, the economic connections between rental and lending,[47] as well as the fact that fundamental copyright arguments (in par-

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[45] Doc. COM(90) 586 final—SYN 319, of January 24, 1991. For the background of this proposal see *von Lewinski*, "Rental Right, Lending Right and Certain Neighbouring Rights: The EC Commission's Proposal for a Council Directive," [1991] 4 EIPR 117.

[46] See *von Lewinski*, ibid., at 118, note 12.

[47] See the Commission's proposal (note 45), para. 6, at 5: to a certain extent, commercial rental shops and public libraries compete with each other. The rental shops might suffer from the same development which took place at the beginning of this century, when, in the field of books, rental books shops disappeared because of the more competitive public libraries emerging at the time. Nowadays, public libraries offer, to an increasing extent, like rental outlets, videograms and compact discs.

ticular the principle, according to which the author has to participate economically in every use of his work of a certain importance) are valid for lending right as well as for rental rights.

In order not to upset Member States' legislation all too much,[48] the proposal allows a derogation—in total or only for some categories of objects—from the copyright-based exclusive nature of the lending right. However, this derogation may only take place, if at least authors obtain an equitable remuneration, through administering bodies for such lending. Thus, Member States would remain free not to grant an exclusive right but to keep their remuneration system known as public lending right or, in the U.S., "authors' lending royalties,"[49] irrespective of whether such a national system is placed inside or outside the framework of copyright. They may also keep or introduce a mixed system of, for example, a public lending right for books and an exclusive lending right for other objects, as it exists in the United Kingdom. This approach taken by the Commission shows that it intends to achieve, as a first step, at least a minimum harmonization which will strengthen the protection, instead of not providing any harmonization at all.

The proposal also contains a particular article which intends to secure that the initial owners of rights (determined by the proposed Directive) will effectively benefit from their rights. Without specific legislation, this would often not be the case because the weaker parties of exploitation contracts, usually authors and performing artists, as opposed to producers of sound recordings and films, normally assign their rights to the producers for exploitation of the work without, however, obtaining separate remuneration for every right (or more than remuneration on a flat-rate basis and at very low percentages). The Commission states that, having regard to the existing situation and to the underlying purpose of copyright, total contractual freedom is not acceptable. It has to be added that legislators in Europe have since long recognized the concept according to which copyright laws should provide a min-

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[48] For the existing national regimes of the so called public lending right in all countries of the world, including four Member States, see *von Vewinski*, "Die Urheberrechtliche Vergütung für das Verleihen and Vermieten von Werkstücken (§ 27 UrhG). Eine rechtsvergleichende Untersuchung," Munich 1990. According to the experience of most countries in the world, national legislators are mostly prepared to provide a lending right only in the form of a right to remuneration and only outside the framework of copyright laws; only in Germany is the public lending right based on the Copyright Act (section 27). The existing Dutch public lending right system (cf. *von Lewinski*, "Authors' Lending Royalties. International Development and the New Dutch Scheme," Authors Guild Bulletin (N.Y.) Winter 1988, at 4) is actually intended, in an amended version, to be included in the Copyright Act.

[49] For legislative efforts with respect to public lending right taken in the U.S., see S. 658 (29 PTCJ 545, 553) and H.R. 5571 (32 PTCJ 611) (bills for the establishment of a commission, which should perform a study on the feasibility of a public lending right).

imum protection of the usually weaker parties (authors, performing artists) of exploitation contracts against the usually stronger parties (publishers, producers of sound recordings and films). The awareness for the need of improving such legislation has grown recently, as the example of the French Copyright Act of July 3, 1985 (in particular sec. 13/63-1 to 63-7) shows.

The Commission, in order to meet this need, has proposed the following: in case the exclusive rental and lending rights are licensed, i.e. exercised by way of authorizing a third party against payment to rent or lend a sound recording or videogram, each of the initial rights owners shall retain the right to obtain an adequate portion of the payment. This participation right cannot be waived, and may be assigned only for administration. This is intended to guarantee a balanced, effective participation in the economic exploitation of the work. The advantage of the provision consists in the fact that it takes into account the interests of producers, authors and performing artists: producers are free to unhinderedly exploit their exclusive rental and lending rights, and performing artists and authors may at least adequately share in the proceeds generated by rental and lending of sound and video recordings, to which they generally have contributed to an essential extent and for which they have, by their personal achievements, created the consumer demand.

The proposed Directive's Part II on neighbouring rights protection follows the respective provisions of the Rome Convention. However, the proposal is restricted to forms of material exploitation, because it is based on Chapter 2 of the Green Paper (Piracy). Moreover, the main form of immaterial exploitation, broadcasting, is covered by the proposed cable and satellite Directive. At the same time, the proposal is broader than the Rome Convention in so far as it provides proper exclusive rights for performing artists and grants a separate distribution right for the purpose of intensifying the combat against piracy. Moreover, it provides a separate protection for film producers, who in some Member States with a continental law system, so far only exercise the rights which the film authors have assigned to them. This separate protection shall be additional to the exercise of assigned rights in these Member States.

Finally, in order to facilitate the adoption of the proposal by the Member States, the proposed rental and lending rights, as well as the distribution right, have been defined so as to allow Member States to implement them under a concept either of *droit de destination* or of the distribution right together with (or even without) its exhaustion. With respect to the exhaustion of the distribution right, the Commission's proposed text only reaffirms the established jurisdiction of the European Court.[50] Thus, the Commission deals only with the exhaustion based on Community law and not with the exhaustion based on national law. Thereby, it avoids unnecessary conflicts

[50] See supra, note 12.

among Member States which want to keep their systems of *droit de destination* and distribution right/exhaustion respectively.

4. Cable and Satellite

The Commission's next proposal in the field of copyright, which has been adopted on July 17, 1991, is a proposal for a Council Directive on the coordination of certain copyrights and rights related to copyright applicable to satellite broadcasting and cable retransmission.[51] Already in 1984, in its Green Paper "Television without Frontiers,"[52] the Commission had formulated the objective of a free exchange of sound and television programs within the Community, once these programs had been broadcast in any one of the Member States. The problem, however, is that in the case of simultaneous cable redistribution of terrestrial programs, the European Court of Justice has held that it is not in violation of the EEC-Treaty to separately exercise the territorially segmented copyright in each single Member State.[53] The same would undoubtedly be true with regard to transfrontier satellite television.

An initial proposal of the Commission, which tried to remedy this situation by proposing an—albeit subsidiary—compulsory license system in the case of cable retransmission met with fierce criticism of rightholders as well as of Member States. Consequently, the final version of the first EC Directive on television[54] does not contain provisions on copyright, and only deals with the promotion of production and distribution of European television programs, with advertising, sponsorship and the protection of minors. Likewise, the European Convention on Transfrontier Television of May 5, 1989 does not contain copyright rules relating to transborder satellite television.

The proposed Directive is based on the distinction between satellite broadcasting and cable retransmission in that the former constitutes a primary and the latter a secondary broadcasting activity. It follows that the satellite broadcaster decides himself on the composition of the program, whereas the cable operator cannot make up his programs on the basis of rights he has acquired beforehand.

As far as satellite broadcasting is concerned, the Commission's proposals

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[51] Doc. COM (91) . . . , of . . . , 1991. In November 1990, the Commission had already published a preparatory discussion paper entitled "Broadcasting and Copyright in the Internal Market," Doc. SEC (90) 2149, of November 8, 1990. For the comment see *Dreier*, "Broadcasting and Copyright in the Internal Market: The New Proposal by the EC Commission Concerning Cable and Satellite Broadcasting," [1991] 2 EIPR 42.

[52] Op. cit. (note 3).

[53] See above, note 4.

[54] Council Directive of October 3, 1989, on the coordination of certain provisions laid down by law, regulation or administrative action in Member Sates concerning the pursuit of television broadcasting activities (89/552/EEC), O.J. No. L 298, of October 10, 1989, pp. 23 et seq.

are as follows. First, the development of satellite and aerial technology has already made possible the economically feasible reception of signals transmitted via Fixed-Service Satellites (FSS). Therefore, it no longer seems justifiable to leave the act of transmitting programs via FSS outside the scope of copyright or treat it differently from distribution via direct broadcasting satellites (DBS), provided it is comparable in terms of individual direct receivability. This includes the distribution of encrypted signals if decoders are made available to the public by the broadcaster or with his consent.

Second, it hitherto has been unclear (and much debated) whether satellite transmission via DBS—now including, according to the Commission's proposal, most transmissions via FSS—is subject only to the copyright law of the State in which the program originates, or, whether it is subject to the laws in all States in which the signals can be directly received (so-called Bogsch theory).[55] To end this uncertainty, which would seriously affect the creation of the intended European audio-visual area, the Commission proposes that the right to broadcast protected subject matter would have to be acquired only in the State in which the program originates, i.e., where "the broadcaster takes the single decision on the content and the transmission by satellite of programme-carrying signals."[56] To decide otherwise would mean that the lack or failure of only one contractual relationship risks hindering the whole satellite transmission. Moreover, it might be difficult to ascertain the States in which the signals can be said to be directly receivable.

Third, if a broadcaster, as proposed by the Commission, has to acquire all rights of only one Member State, it follows that all rightholders must necessarily enjoy an appropriate level of protection in each of the Member States. This means the right to authorize the broadcasting of protected works via satellite. It also includes an appropriate distribution of the royalties paid in this one State amongst all rightholders of all the States where the program is directly receivable. Consequently, the Commission proposes that Member States will be obliged not to subject the right to broadcast via satellite to a compulsory license. Rather, the right to broadcast via satellite may only be acquired by contractual agreement. As an exception, the extension of collective agreements between a collecting society and a broadcasting organization to include rightowners who are not represented by the collecting society, shall

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[55] For discussion see, e.g., *WIPO/UNESCO*, Copyright 1985, 180 onward, and Copyright 1986, 218, 231 onward; *Dietz*, in: *de B Bate* (ed), Television by Satellite, London 1987, p. 122 onward; *Dillenz*, Copyright 1986, 386 onward; *Ficsor*, (1990) Int'l Bus. Lawyer 258 onward; *Karnell*, ibid., 263 onward; *Rumphorst*, (190) EBU Review, Vol. 41, No. 4, 34 onward, and *Orf*, [1990] 8 EIPR 270 onward. So far, there has been one Austrian decision in support of the Bogsch-theory, Court of appeals of Vienna, of November 10, 1989, (1990) GRUR Int. 537; see also Cour d'appel de Paris, of December 19, 1989, J.C.P. 1990, II, 21462, on terrestrial transborder transmission.

[56] Art. 1 (b) of the proposed Directive.

be possible until January 1, 1998. However, this exception does not apply to cinematographic works. A similar minimum protection is proposed for owners of neighbouring rights and to film producers.[57] In substance this means harmonization of a specific aspect beyond the basis of the Rome Convention and thus fits into the Commission's general harmonization strategy. It should be noted that in order not to disrupt the present system of program distribution and of film exploitation, the proposed Directive contains a transitional provision.[58]

As far as redistribution of programs by cable is concerned, the Commission now generally welcomes contractual agreements between rightholders and cable operators, such as have been concluded especially in Belgium, the Netherlands and in Germany. However, the Commission is of the opinion that certain additional rules seem to be called for. First, Member States shall be prevented from introducing new statutory license systems and they may retain such existing systems no longer than January 1, 1998. Second, in order to resolve the so-called outsider problem, the Commission proposes that the rights necessary for the simultaneous and unchanged cable retransmission shall be—with the exception of rights exercised by broadcasting stations—collectively exercised only. It follows, that an individual rightholder could no longer block the retransmission to the detriment of the operator, the other rightholders, or the cable subscribers. Rather, he would be confined to a claim to compensation against the collecting society to which he has transferred the management of his retransmission rights.[59] Third, the Commission attempts to facilitate the acquisition of the cable retransmission rights by proposing that one or several mediators could assist the parties with negotiation. Likewise, a mechanism to be created according to each Member States' national traditions should help to avoid abusive behaviour, namely that "the parties do not improperly prevent negotiations regarding authorization for cable retransmission."[60] Finally, all these rules should apply to the cable redistribution both of terrestrial broadcasts and of broadcasts via satellite.

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[57] In essence, these minimum rights shall include the right to authorize the broadcasting of live performances, the fixation and the reproduction of performances and broadcasts, as well as the simultaneous retransmission of broadcasts via satellite. If phonograms published for commercial purposes are directly sued for a broadcast via satellite, Member States shall provide for a remuneration right benefitting performers and/or phonogram producers.

[58] This transition provision covers all protected subject matter the exploitation of which is subject to an agreement on July 31, 1991. Insofar, the provisions of the proposed Directive shall only apply upon expiry of that agreement, but no later than January 1, 1998.

[59] Or, if he has not mandated a collecting society with the management of these rights, against the collecting society which manages rights of the same category.

[60] Art. 15 of the proposed Directive.

5. Data Bases

The Green Paper also contained a chapter on data base protection. The conclusions of this chapter left the decision open whether or not the protection should extend to data bases composed of material which are not themselves protected by copyright. The written comments received from the interested circles, however, indicated a strong desire to protect throughout the Community the considerable investment which the compilation of a data base represents. This would include the introduction of data base protection in Members States where such protection does not yet exist or where it is deficient, as well as the harmonization of protection in those Member States, where such protection already exists.

At a subsequent hearing held in April 1990, the interested circles expressed overwhelming support for protection of data bases by copyright. Virtually no support seems to have been expressed for a sui-generis approach, and a large majority of participants rejected the applicability of an alternative form of protection such as a neighbouring right.

It seems, however, that a mere copyright approach might have some deficiencies.[61] Copyright only protects works which are original. Under a continental European approach, originality means more than that a work is from its author and not copied. Rather, it must show some creativity.[62] Therefore, collections of protected works or of other unprotected contributions do enjoy protection, if the collection, selection or arrangement of the material shows sufficient creativity. However, while some data bases certainly will pass this originality test, others most likely will not. The only way to bring all of them under copyright law would be to harmonize the originality criterion throughout the Community. However, already the computer Directive has shown that this may be rather difficult, if not impossible, to achieve since the interpretation of the originality criterion has traditionally been reserved to the courts. Moreover, at present, Member States do not seem to be inclined to deviate from their traditional national originality standard for just one object of protection. Finally, an adjustment of the acts restricted under traditional copyright might be called for with regard to the particularities of how data bases are being used. At the moment, it is not clear to what extent acts such as loading, displaying, viewing or transmitting information of the data base would have to be regarded as restricted acts under existing national copyright laws. As has already been said, even the computer program Direc-

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61 For an excellent discussion of these deficiencies see *Metaxas*, "Protection of Data Bases: Quietly Steering in the Wrong Direction?," [1990] 7 EIPR 227.

62 Recently, also in the U.S., the Supreme Court has held that the mere "sweat of the brow" is not sufficient in order to confer copyright protection to a compilation of facts; see *Feist Publications, Inc. v. Rural Telephone Co., Inc.*, 18 USPQ 2d 1275 (S. Ct. 1991).

tive did not decide this issue with regard to such acts performed in relation to a computer program.

It should be added that copyright rules are said to apply to the inclusion in a data base of protected works. At the hearing, the interested circles agreed that mere indexing of protected works should not amount to infringement. The same might be true for the storing of abstracts, provided they do not substitute for the original protected works themselves. A proposal for a Council Directive may be expected, according to the Commission's schedule, before the end of 1991.

6. Term of Protection

The international conventions on authors' rights and on neighbouring rights lay down minimum periods of protection. Thus, for works protected by authors' rights, Art. 7 of the Berne Convention provides for 50 years *post mortem auctoris* (p.m.a.) or, in the case of cinematographic works and of anonymous or pseudonymous works, in general for 50 years after the work has been made lawfully available to the public. The protection of photographic works and of works of applied art has to be granted for a minimum period of 25 years from the making of the work. According to Art. 14 of the Rome Convention, neighbouring rights protection lasts a minimum of 20 years from the fixation of a phonogram or the taking place of a performance or a broadcast. However, States which are parties to these conventions are free to apply longer periods. Thus, the general term of protection is 70 years p.m.a. in Germany and—for musical works—in France; 60 years p.m.a. in Spain; and 50 years in the remaining Member States. In the field of neighbouring rights, duration differs between 20 years and 50 years, with a growing tendency towards 50 years.

As has already been reported above under II., the European Court of Justice has declared the restrictions on intra-Community trade which result from these disparities justified under Art. 367 of the EEC-Treaty, as long as the terms of protection have not been harmonized within the EC. For this reason, the Commission intends to propose, as a part of its 1991 working program, a Council Directive harmonizing the term of protection. The Commission will be guided by the following principles: the fixed periods of protection should begin and end at the same time in all Member States, for each type of work and for each neighbouring right covered. It should provide a high level of protection, i.e., protection should be longer than the minimum duration laid down in the international conventions. Of course, transitional provisions would have to secure that this harmonization does not lead in any Member State to a reduction of any longer term of protection already in existence. Finally, the Commission's proposal will have to preserve the delicate balance between authors' rights and neighbouring rights.

Apart from this, the most debated issue will most likely be whether the

mandatory authors' rights protection shall be 50 or 70 years p.m.a. At a hearing in June 1991, strong support for the longer term became apparent. Likewise, it has occasionally been advocated to adopt a domaine public payant.[63] This would mean that even after the term of protection has expired, users would have to pay a royalty fee. Rather than benefitting the author of the work actually used, the fees thus collected would be distributed to support authors in need. The Commission, however, does not seem to favor this model.

7. Private Copying

Home recording of sound and audio-visual works by private individuals for personal and non-commercial use, both from other recordings and from broadcasts, has become a widespread practice in industrialized countries, which may be expected even to grow upon the upcoming market penetration of digital recording equipment. Obviously, this may severely infringe upon the rightholders' economic interests.

To remedy the situation, copyright legislation in a number of countries, both within and outside the EC,[64] has opted for a mere right to remuneration, rather than to introduce or maintain an exclusive right. Indeed, since individual authors are unable to effectively exercise this exclusive right anyway, the remuneration right seems to be the most efficient means to have authors benefit from the use of their works by securing at least financial compensation. In order to facilitate payment, the amount due generally has to be paid in the form of a tape and/or a recording device levy.

This system is strongly supported by all rightholders who have asked for its Community-wide adoption. However, the tape and recording device industries, as well as consumer organizations, vigorously oppose the extension and even the maintaining of this remuneration right in individual Member States of the EC. The Green Paper, with its industry-oriented approach, expressed some reservation regarding the levy system and favored a technical solution to the problem of digital recording. Mainly as a consequence of the outcome of the hearing of the interested circles, the Commission now seems

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[63] See already *Dietz*, "Copyright Law in the E.C.," Alphen aan den Rijn 1978, "IX 1.b) and, idem, "A propos de l'harmonisation des législations nationales dans les pays de la C.E.E.," Revue Internationale du Droit d'Auteur 117 [1983] 49, in particular at 59.

[64] For the U.S.A., see the most recent bills (S 1623 of Aug. 1, 1991 and HR 3204 of Aug. 2, 1991), which reflect the July 11 agreement between the electronics and music industries. As within the Commission, the opinion seems to prevail that the SCMS-system alone would not suffice to solve the problem, and that digital as well as analog audio taping for private use should be not actionable, whereas artists, song writers, music publishers and recording companies should obtain royalties. See [1991] 42, BNA Patent, Trademark and Copyright Journal 329, 340.

to tend to the harmonization of a levy system. Also contrary to the Green Paper's proposal, it is now considered to include not only digital recording but also analogous recording.

At the same time, the Commission has expressed its support for the Serial Copy Management System (SCMS) as an adequate technical protection device. The underlying reasons are that, on the one hand, users should not be deprived of the benefits of technological progress, which in this case consists of the possibility to make copies without any loss of quality. On the other hand, rightholders should keep at least partial control of the exploitation of their works by preventing the making of an unlimited series of copies.

For details, however, little information is available from within the Commission concerning this highly political issue. It is not even sure whether a proposal for a Council Directive will be put on the table before the end of 1991, as scheduled.

8. Reprography

One of the positive effects of the hearing on private copying was the fact that the Commission no longer, as in the Green Paper, omitted the problem of reprography, but instead included it in its working program. Similar to home copying, reprography of printed works, i.e., their reproduction by photocopying or by similar reproduction processes, has also grown considerably due primarily to improvements in the machines used and to the lowering of costs. Reprography, it is recognized, is a reproduction within the meaning of copyright and therefore is covered by the reproduction right of Art. 9 of the Berne Convention. According to its paragraph 2, states are free to permit the reproduction in special cases, "provided that such reproduction does not conflict with the normal exploitation of the work and does not unreasonably prejudice the legitimate interests of the author."

In order to find out to what extent the technological developments in reprography conflict with the authors' legitimate interests, the Commission, in 1990, undertook a study on the problems raised by reprography and of possible solutions.[65] Like the problem of home copying, the problem of reprography is not a new one. Consequently, Member States already had their national experiences with a variety of regulations. However, reprography is more complex, since other than home copying, it not only concerns private users, but it extends to industrial and commercial users, to State and public administration, to the education sector, to research institutions, to noncommercial libraries and to copy shops alike.

At a hearing in June, 1991—the most recent in copyright matters so far—the interested circles, in answering a questionnaire prepared by the Commission, expressed their views on the definition of reprography, on the

[65] *Triaille*, La reprographie dans les Etats Membres de la C.E.E., 1990.

need for harmonization, and on the aspects to be covered by a future Community legal instrument. There was almost unanimous agreement that there is a need for harmonization. Furthermore, a majority of the participants were of the opinion that the definition of reprography should also cover electronic copying, since otherwise a legal instrument might relatively soon be outdated. With regard to the aspects to be covered, several participants, especially consumers and industry circles, argued that their groups should not be covered. In general, a preference for an exclusive right, which would be collectively exercised, seems to have prevailed. However, a system of legal licenses also found some support, at least as far as the exercise of rights via collective contracts is impossible, as in the case of home copying; most participants were in favor of a levy on reprographic equipment. Finally, as regards the question of who should benefit from the copyright proceeds generated from reprography, some divergences with respect to the participation of publishers and the status of employers were voiced.

At this point in time, it is hardly possible to predict the content of a future Commission's proposal. Nor is it possible to predict a date when such an instrument can be expected within the next two years.

9. Moral Rights; Resale Right; Collective Administration of Authors' Rights and Neighbouring Rights

Finally, in its working program the EC Commission has announced its intention to prepare studies in other areas of authors' rights and neighbouring rights. These areas include moral rights, the resale right, and the collective administration of authors' rights and neighbouring rights.

Besides economic rights, authors' rights also include moral rights. These rights mainly include the right to claim authorship and to object to any distortion, mutilation or other modification of a work which would be prejudicial to the author's honor or reputation. This aspect is also enshrined in the Universal Declaration of Human Rights. However, since Art. 6^{bis} of the Berne Convention only contains minimum rules on the scope and the duration of moral rights, different legal approaches and traditions may be found amongst the EC Member States. Apart from this, the problem is that the successful invoking of moral rights—such as in the case of colorization of black and white films, of commercial breaks in films broadcast on television—can generate restrictions on the economic use of works already made public. So far, however, the Commission does not propose a general harmonization.

In accordance with the right contained in Art. 14^{ter} of the Berne Convention, the laws of certain Member States—such as, Germany and France—grant authors and their heirs the inalienable right to an interest in any sale of an original work of art or of an original manuscript of a writer or composer subsequent to the first transfer. Under the Berne Convention, this right is optional and may be granted to foreigners on the basis of reciprocity. Since

authors quite often have to sell their works of art at rather low prices at a time when they still are unknown, it is the purpose of this right to let the artists participate in the subsequent increase in the value of their works once they have become famous. Criticism has been made that it is primarily artists already famous who benefit the most from the resale right. Moreover, the art market, and especially auction houses, tend to argue that the obligation to pay resale royalties would disadvantage them against their competitors in those countries which do not provide for a resale right.[66] This, however, might amount to a distortion of competition within the Common Market which eventually could no longer be tolerated.

Finally, the collective management of authors' rights and neighbouring rights as well as the functioning of collecting societies will be examined in detail. Given the increasing mass uses of copyrighted subject matter, the collective exercise of authors' rights becomes more and more important. On the one hand, in some cases collective administration is the only possible way of exercising rights, since each individual author would be unable to control the multiplicity of uses of his works made by the millions of users. On the other hand, collecting societies mostly represent factual monopolies—a position which is often strengthened by legal provisions making the assertion of rights by collecting societies obligatory—a situation which might accentuate with the advent of the Internal Market. Therefore, a careful balance between these monopolies and the principle of free competition will have to be found. According to the EC Commission's working program, all these studies shall be carried out no later than by the end of 1992.

IV. OUTLOOK

For quite a long time, copyright has been an almost dormant field of law, mostly confined to the legal relationships of writers, artists and musicians to publishers, to film or sound recording producers and to broadcasters. Due to the rapid technological progress, this has changed. By way of incorporation, technical subject matter, such as computer programs, contributes to fundamentally alter the character of copyright as such and to adapt it to the contemporary economic and industrial conditions.

Moreover, copyright no longer is a national affair. Rather, it is placed in a multi-faceted, multi-lateral world. This has its effects on bilateral efforts as well as on multilateral activities within the Organization of WIPO, but also

[66] It should be noted, however, that the resale royalty is only one factor determining the attractiveness of a country as an auction place. Other such factors are fees, capital gains tax, the VAT-rate, the percentage of the buyer's and of the seller's commission, and whether the auction market is a buyer's or a seller's market. *Simonnot*, Doll'Art, Paris 1990, p. 37 onward, has demonstrated that even if France abolished—or London introduced—the *droit de suite*, Paris would still be disadvantaged vis-à-vis London as an auction place.

on the negotiation of the Trade Related Intellectual Property Rights (TRIPs) within the ongoing Uruguay Round of the GATT.

Also, copyright is affected by the changes taking place in the broader European political landscape. Thus, the trade and cooperation agreements concluded in 1989 and 1990 between the Community and most of the countries of central and eastern Europe provide for the ensuring of adequate protection and enforcement of industrial, commercial and intellectual property rights. Before long, these States will certainly model their national legislation after the EC standard.

A major event in the near future will be the creation, as of January 1, 1993 of the European Economic Area (EEA) on the basis of a Treaty between the EEC and the European Free Trade Area (EFTA) States.* It should be noted that not regarding this Treaty, some of the EFTA States, such as Austria and Sweden, have already submitted their application for full membership in the EEC. Most likely, the EEA-Treaty will contain a general obligation of the EFTA States to respect the rights and obligations established in the EEC-Treaty as interpreted by the jurisprudence of the European Court of Justice concerning the free movement of goods and services, as well as EEC secondary legislation concerning the protection of intellectual, industrial and commercial property. Eventually, additional articles might deal with some details. It may be concluded that the EEA-Treaty will certainly have the effect of increasing the influence of the EC legislation in the field of copyright.

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*Iceland, Norway, Sweden, Finland, Austria, Switzerland, and Liechtenstein.

BRAVE NEW WORLD? COPYRIGHT PROTECTION OF COMPUTER PROGRAMS IN GERMANY AND FRANCE IN LIGHT OF THE EUROPEAN COMMUNITY SOFTWARE DIRECTIVE

By ANTHONY R. G. NOLAN*

INTRODUCTION

The passage of the European Community[1] software directive[2] marks a new phase in the continuing efforts to reconcile European integration with intellectual property protection. This article assesses the Directive's impact on European Community law and its effect on the future protection of computer software in France and Germany. These countries represent the dominant civil law approaches to software copyright and thus afford a good vantage point from which to view the impact of the harmonization and the possible obstacles to its attainment in an important technological field. A study of these two legal systems is also timely because both have recently undergone noteworthy developments.

Part I discusses the European Community law of copyright with reference to computer software and places the Directive in the context of European Court of Justice jurisprudence. Part II examines the conditions that must be met in order for a computer program to enjoy copyright protection under French and German law and under the Directive. Part III discusses the extent of such protection.

I. THE PARADOX OF COPYRIGHT IN THE EUROPEAN ECONOMIC COMMUNITY

Ever since the founding of the European Community, the goals of free movement of goods and services and free competition have coexisted uneasily with the protection of intellectual property rights.[3] While the essential purpose of intellectual property rights is to allow the owner a national monopoly

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[1] The members of the European Community are: Ireland, Great Britain, Denmark, the Netherlands, Germany, Luxembourg, Belgium, France, Italy, Greece, Portugal, and Spain.

[2] Directive 91/250 on the legal protection of computer programs, O.J. Eur. Comm. (No. L122/42) (May 14, 1991) [Directive].

[3] Treaty of Rome, Arts. 30-34 (prohibiting "[q]uantitative restrictions on imports [and exports] and all measures having equivalent effect"); *Id.*, Art. 59 ("restrictions on freedom to provide services [to be] progressively abolished."); *Id.*, Arts. 85 (prohibiting anticompetitive agreements) and 86 (prohibiting abuse of

of exploitation as an incentive to creative endeavor, the essence of European Community law is to remove all barriers to trade that may partition the market along national lines. This conflict is made possible by the Treaty of Rome, which provides that national property régimes of member states shall remain unaffected by Community rules[4] and which provides an exception to the free movement rules for measures serving enumerated national purposes, including the protection of industrial and commercial property, so long as such measures are not disguised means of arbitrary discrimination.[5]

The European Court of Justice (ECJ) has sought to reconcile these conflicting values by drawing a disingenuous distinction between the "existence" of a right and its "exercise."[6] With respect to the free movement of goods, the distinction has led to the growth of a doctrine whereby the holder of an intellectual property right cannot rely upon it to prevent the importation into a member state of goods introduced into commerce in another member state with his consent.[7]

However, this rule of "community exhaustion" applies only when the party seeking to exercise his rights has himself put the challenged exemplars into commerce (or consented to their marketing)[8] in a Member State of the

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dominant position). The following discussion concerns only free movement issues, since they are most directly related to copyright rules.

[4] *Id.*, Art. 222.

[5] *Id.*, Art. 36.

[6] *See generally* C. Bellamy & G. Child, "Common Market Law of Competition" 319-326 (3d ed. 1987); Sucker, "Lizenzierung von Computersoftware (I): kartellrechtliche Grenzen nach dem EWG-Vertrag," [1989] C.R. 353; Note, "Copyright Protection of Software in the EEC: The Competing Policies Underlying Community and National Law and the Case for Harmonization," 75 Cal. L.R. 633 (1987); Smit, "The Relation of Intellectual Property Rights to Cross-Border Trade in the EEC," 11 Canada-U.S. L. J. 69 (1986); O'Farrell, "Recent Developments in Copyright in the EEC," [1985] Eur. Intell. Prop. Rev. 183; Dietz, "Issues in the E.E.C.: The recent decisions of the European Court of Justice and of the Commission," 30 J. Copyright Soc'y 517 (1983).

[7] *See* Case 78-70, *Deutsche Grammophon Gesellschaft mbH v. Metro-SB-Großmärkte GmbH & Co. KG*, [1971] E. Comm. Ct. J. Rep. 487 (holder of rights neighboring on copyright unable to prevent import into Germany of records it has marketed in France). *See also* Joined Cases 55 and 57/80, *Musik-Vertrieb membran GmbH and K-tel Int'l v. GEMA*, [1981] E. Comm. Ct. J. Rep. 147 (German copyright collective rights society prohibited from collecting differential royalties on records imported from the United Kingdom to cover the difference between the royalty charged in the United Kingdom and the higher royalty rate in Germany). Cf. Case 3/78, *Centrafarm BV v. American Home Products Corp.*, [1978] Eur. Comm. Ct. J. Rep. 1823; Case 102/77, *Hoffman La Roche & Co. Ag. v. Centrafarm BV*, [1978] Eur. Comm. Ct. J. Rep. 1139 (trademarks).

[8] *See* case 53/87, *Consorzio italiano della componentistica di ricambio per autoveicoli and Maxicar v. Régie nationale des usines Renault* [1988] E. Comm. Ct. J. Rep. 6039; Case 238/87, *AB Volvo v. Erik Veng (UK) Ltd.*, [1988] E. Comm. Ct. J.

European Community.[9] The rule does not, however, affect all goods from a common source.[10] In addition, the consent must be active. Thus, in *EMI v. Patricia*, the ECJ found no violation of Community law when a German record producer sought to bar the import from Denmark to West Germany of records that it had sold in Denmark and that were imported into Germany after the expiration of the period of protection in Denmark.[11] The exhaustion rule also does not interfere with the non-discriminatory application of peculiar rules. Thus, in *Basset v. SACEM*, the ECJ did not strike an extraordinary royalty for sound recordings charged to discothèques over and above the performance royalty, even though this extra charge was levied only in France and Belgium, because the benefits of the charge inured equally to national and foreign artists.[12]

While no ECJ case has involved computer software, several recent copyright cases of the ECJ may have a bearing on software protection to the extent that they make the applicability of Community rules dependent on the relationship between the right-holder's compensation and the means of exploitation. In the first *Coditel* case, Ciné-Vog, the ECJ held that the television broadcast of a film did not exhaust the right-holder's exclusive right of performance in the film even though the diffusion crossed an international frontier.[13] The holder of all Belgian rights in a film had claimed infringement when cable television operators in Belgium picked up and showed a German broadcast of the film. Rejecting the argument that cross-border broadcast of the film had caused exhaustion of rights in its further distribution, the Court held that Ciné-Vog, as the exclusive Belgian assignee of the performing rights in the film, could rely on those rights as against the cable diffusion. After

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Rep. 6211 (proprietor of registered designs entitled to prevent others from manufacturing the same parts for the domestic market or for export and can prevent imports from state where manufactured without his consent). This principle is similar to the exhaustion doctrine in German law but is antithetical to French law. *Compare* Urheberrechtsgesetz § 17 *with* 1985 Law, Art. 31.

[9] *See* Case 270/80, *Polydor Ltd. & RSO Records, Inc. v. Harlequin Record Shops Ltd. & Simons Records Ltd.*, [1982] Eur. Comm. Ct. J. Rep. 329 (records imported from Portugal to United Kingdom; EEC/Portugal Association Agreement irrelevant).

[10] *See* Case 144/81, *Keurkoop BV v. Nancy Kean Gifts BV* [1982] E. Comm. Ct. J. Rep. 2853 (holder of Dutch design patent in handbags imported from Taiwan may rely on rights to prevent import of identical handbags made by the same manufacturer from another member state into which they had been imported from Taiwan; Art. 85 inapplicable because no agreement with manufacturer).

[11] *See* Case 341/87, *EMI Electrola GmbH v. Patricia Im- und Export and Others*, [1989] E. Comm. Ct. J. Rep. 79.

[12] Case 402/87, *G. Basset v. Société des auteurs, compositeurs, et éditeurs de musique*, [1987] Eur. Comm. Ct. J. Rep. 1747, 1770.

[13] *See* Case 62/79. *SA, Coditel and Others v. SA Ciné Vog Films and Others*, [1980] E. Comm. Ct. J. Rep. 881 [Coditel I].

distinguishing the case from free movement cases that have required exhaustion of rights, the ECJ noted that the right-holder had a legitimate interest in fees for exhibition of the film on the basis of the actual or probable number of performances, and for television broadcast after exhibition in cinemas.

The ECJ reiterated this concern for the economic basis of intellectual property protection in a later case, *Warner Bros. v. Christiansen*, in which it held that the exhaustion doctrine does not deprive a right-holder of the ability to depend on rights in the country of destination that are related to the basis of remuneration.[14] In this case, a Danish national rented out a videotape copy of "Never Say Never Again" that he had bought in England at a time when the videotape was not available for sale or rent in Denmark. An action was brought for infringement of the exclusive right granted by Danish law to authorize the hiring-out of a musical or cinematographic work. In defense, the defendant argued that by placing the film on sale in England, the right-holder was estopped from preventing its rental since English law does not provide any right of dissemination within the United Kingdom. The ECJ held that Danish law could be relied on because the rental right was necessary to allow rights holders to obtain a satisfactory remuneration from the rental as distinct from the sales market.[15] Since the pricing of videotapes depends heavily on the uses permitted by law, the Court considered it unfair to allow exhaustion of rights in videotapes sold under particular strictures. Another consideration was based on comity: it would be unacceptable to allow one member state to destroy the effectiveness of provisions contained in the law of another member state.[16] In any event, *Coditel* I and *Warner Bros.* may indicate that the European Court of Justice will be sensitive to the economics of software distribution in applying the exhaustion rule to computer programs.

Because the exhaustion doctrine developed by the ECJ addresses only distribution rights, it does not remedy divergences among national legal systems concerning such things as ownership, duration, or scope of copyright. These considerations underlay the proposal for the Council's Software Directive. The Directive's genesis is in a series of studies by the EEC Commission that culminated in a comprehensive report ("the Green Paper") assessing the need for harmonization with respect to a wide variety of technologies.[17] The report emphasized that divergences in national laws of community Member States reduce the incentives for investment by increasing piracy both within and outside of the Community[18] and encourage fragmentation of the

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[14] *Id.*

[15] *See* Case 158/86, *Warner Bros. Inc. & Metronome Video Aps v. Erik Viuff Christiansen*, [1988] Eur. Comm. Ct. J. Rep. 2605.

[16] *Id.* at 2629. *See also id.* at 2622 (opinion of Advocate General Mancini).

[17] *Id.* at 2622-23 (opinion of Advocate General Mancini).

[18] Commission of the European Communities, "Green Paper on Copyright and the

market.[19]

With regard to computer programs, the Green Paper reflected similar considerations and expressed a consensus for a framework around which to develop the plan of harmonization. In the first place, the framework was to provide copyright protection while leaving unchanged preëxisting rules concerning patents, contracts, and technical means of protection such as blocking devices.[20] In the second place, harmonization would not extend protection to algorithms and would not prevent independent development of programs identical to programs that had previously been created.[21] Finally, the Commission considered it necessary to eliminate the distortions resulting from differences between the thresholds of protection in different member states[22] and made some recommendations on matters such as the length of protection and restrictions on the user's rights over a program.[23] These considerations were carried over into the proposal for a Directive that the Commission presented to the Council pursuant to Art. 149 of the Treaty of Rome.[24]

1. The Directive

The Directive as enacted represents the culmination of a contentious legislative process that pitted the interests of strict protection against those who preferred to establish a low level of protection. Under its terms, the member states of the European Economic Community have until the end of 1992 to harmonize their copyright laws in so far as they relate to computer programs.[25] The Directive's provisions are roughly divisible into two categories: those providing an absolute standard to which national law must conform, and, those that defer to municipal laws. Examples of the former include provisions allowing the creation of back-up copies,[26] legitimating reverse engi-

Technological Challenge," COM(88) 172 final (June 1988) [Green Paper] § 5.2.11.

[19] *Id.* §§ 1.1-1.4.

[20] *Id.* § 1.2.

[21] *Id.* §§ 5.2-5.3. Copyright was chosen over a *sui generis* law largely in order to compete with the United States. Aktuelle Berichte, "EG-Grünebuch zum Urheberrecht," 1988 GRUR 674.

[22] *Id.* § 5.5.6. The Green Paper regarded the removal of protectibility of interfaces as an essential means to this end, although noting that a monopoly on access protocols or user interfaces could be analyzed as an abuse of dominant position under Art. 86 of the Treaty of Rome. *Id.*

[23] *Id.* § 5.6.3 *et seq.*

[24] *Id.*

[25] *See* "Proposal for a Council Directive on the Legal Protection of Computer Programs," COM(88) 816 final—SYN 183 (March 1989), O.J. Eur. Comm. (No. C 91/4) (April 1989) [Proposed Directive].

[26] Directive, Art. 10. A Council Directive is an order from the highest legislative body of the European Community addressed to the Member States requiring

neering,[27] and setting the duration of protection in general at life of the author plus fifty years.[28] Examples of the latter include the provision defining the author of a computer program as "the legal person designated as the rightholder by [national] legislation,"[29] the article that preserves unchanged rights that may exist under other titles of national intellectual property laws,[30] and the reservation to national legislation of appropriate remedies such as seizure.[31] Although it is quite deferential to municipal law that recognizes the ownership of copyright in computer programs by juridical persons, the Directive is quite detailed with regard to the ownership of economic rights in software made for hire, and requires that in certain circumstances, copyright ownership in computer programs belong to the employer.[32]

The Directive provides that computer programs are to be treated as "literary works within the meaning of the Berne Convention"[33] and further requires that a program be "original in the sense that it is the author's own intellectual creation."[34] It seeks to protect only the expression of computer programs and states that "[i]deas and principles which underlie any element of a computer program . . . are not protected by copyright."[35] Its approach towards protection is to set a very high standard followed by sweeping exceptions. In the first instance, the Directive ensures to the right holder the exclusive right of reproduction, the right to make any translation or adaptation of a program, and the right of distribution of copies of the program in any form including rental.[36] The rights granted are quite broadly stated. Reproduction is defined comprehensively to include practically any use of a program, including even temporary display on a computer screen.[37] The distribution

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them to amend their municipal law within a stipulated time to conform with its terms. *See* Treaty of Rome, Mar. 27, 1957, 298 U.N.T.S. 11, Art. 89. After expiration of the deadline for harmonization, the terms of a directive automatically become effective in every member state, regardless of implementation, provided that it is sufficiently precise. Case 81/81, *Ursula Becker v. Finanzamt Münster-Innenstadt*, [1982] 1 Eur. Comm. Ct. J. Rep. 53.

27 Directive, Art. 5.2.

28 *Id.*, Art. 5.3.

29 *Id.*, Art. 8.

30 *Id.*, Art. 2.1.

31 *Id.*, Art. 9.

32 *Id.*, Art. 7.

33 *Id.*, Art. 2.3. A provision granting copyright to the party who "contractually commissions a work" was deleted from the final text. *Compare* Amended Proposal for a Council Directive on the legal protection of computer programs," COM(90) 509 final—SYN 183 (Oct. 1990), O.J. Eur. Comm. (No. C 320/22) [Amended Proposal] Art. 2.3 *with* Directive, Art. 2.

34 Directive, Art. 1.1.

35 *Id.*, Art. 1.3.

36 *Id.*, Art. 1.2.

37 *Id.*, Art. 4.

rights are subject to a rule of exhaustion that mirrors the preëxisting community exhaustion rule of the ECJ even to the point of excluding from exhaustion the right to control rentals of copies of a program.[38] These exclusive rights are then subject to some important exceptions: the right holder cannot, "[i]n the absence of specific contractual provisions," prevent acts "necessary for the use of a computer program."[39] He also cannot contractually prevent a person having the right to use a program from making a back-up copy[40] or from reverse-engineering a program.[41] Finally, he cannot prevent reproduction or translation of the code "necessary to achieve interoperability."[42]

The most controversial provisions of the Directive concern reverse engineering and reproduction in order to achieve or maintain interoperability.[43] The right holder is not allowed to prohibit a person with the right to use a program from studying it for purposes of reverse engineering,[44] and his authorization is not necessary for the "reproduction of the code and translation of its form" by or for a person with the right to use the program in order to achieve interoperability of the program with another independently created program.[45] In both cases the exception has been drawn narrowly in order to facilitate the further development of computer programs.[46] Nevertheless, these provisions were a central battleground between those who wish to see the Directive set a high level of protection and those who wish to ensure that computer software users will have wide latitude in using computer programs. Not surprisingly, American software manufacturers were particularly vocal during the legislative process in opposition to any expansion of rights to tinker with programs, while Europeans, as net technology importers, have had an interest in ensuring low level of protection in order to aid the nascent industry.[47] The dispute centered around the vagueness of certain terms that define the limits of the right, such as "ideas or principles" in Art. 5.3 and

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[38] *Id.*, Art. 4(a).

[39] *Id.*, Art. 4(c). An earlier version applied exhaustion after the first "marketing" of a program without territorial limitations. *See* Amended Proposal Art. 4(c).

[40] Directive, Art. 5.1.

[41] *Id.*, Art. 5.2.

[42] *Id.*, Art. 5.3.

[43] *Id.*, Art. 6.

[44] *Id.*, Art. 5.3 (reverse engineering) and 6 (interoperability). These represent amendments by the European Parliament to the proposal originally submitted by the Commission. *Compare* Proposed Directive, Art. 5.

[45] Directive, Art. 5.3.

[46] *Id.*, Art. 6.

[47] The Council and Commission have consistently adopted a more protective stance during the legislative process than the European Parliament. *See* "Common Position Adopted by the Council on 13 December 1990 With a View to the Adoption of a Directive on the Legal Protection of Computer Programs," Doc. 10652/1/90 Rev. 1 Add 1 PI 82 PRO-COOP 148 § 3.

"interoperability" in Art. 6.[48]

The Directive marks the first time that a single copyright rule will bind the member states of the EEC. Harmonization will fill a gap that the ECJ has not been able to fill completely, but the extent to which it represents a significant change shall depend on municipal law. The following sections provide an overview of French and German law through May 1991 governing the copyrightability of computer programs and the extent of protection that is available.

II. THE COPYRIGHTABILITY OF COMPUTER SOFTWARE IN FRANCE AND GERMANY

French and German law require that a work reflect in some degree the author's personality: to merit protection under French law, a work must be an "*oeuvre de l'esprit*;"[49] to merit protection under the German copyright law it must be a "*persönliche geistige Schöpfung*."[50] The formulae are understood to exclude ideas from protection,[51] and while they are said to refer to "originality," they may require a greater showing of personal creation than does the notion of originality in American copyright law.[52] A conceptual difficulty

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[48] *See* Green Paper § 5.2.6 (noting that demand for software is greater in Western Europe than in the United States and that the United States is the largest supplier of the European market); Aktuelle Berichte, "Deutsche Lizenzbilanz 1988 and 1989," [1990] GRUR 592 (noting increased deficit in patent and licensing trade from slightly over DM2.5 million to almost DM2.6 million between 1988 and 1989); Aktuelle Berichte, "Deutsch Lizenzbilanz, 1986-1987," [1988] GRUR 526 (noting a DM2.4 million deficit in patent and licensing trade).

[49] For a representative sample of the debate, *compare* Lake, Harwood & Olson, "Tampering with Fundamentals: A Critique of Proposed Changes in EC Software Protection," 6/12 Computer Law 1 (Dec. 1988) (American software manufacturers' point of view) *with* Colombe & Meyer, "Interoperability Still Threatened by EC Software Directive: A Status Report," [1990] Eur. Intell. Prop. Rev. 299 (European software industry point of view).

[50] Loi No. 57-298 du 11 mars 1957 sur la propriété littéraire et artistique, Journal Officiel de la République Française 14 mars 1957 p. 2723 [1957 Law], Art. 2, *as amended by* Loi No. 85-660 du 3 juillet 1985 relative aux droits d'auteur et aux droits des artistes-interprètes, des producteurs de phonogrammes et de vidéogrammes, et des entreprises de communication audiovisuelle, Journal Officiel de la République Française 4 juillet 1985 p. 7495 [1985 Law] ("work of the spirit" or "intellectual work"). Note that this is a distinct and more general term than the "*apport intellectuel*" standard that has developed in French law for software. *See* text accompanying note 147 *et. seq.*

[51] Gesetz über Urheberrecht und verwandte Schutzrechte vom 9 September 1965, Bundesgesetzblatt I p. 1273, *as amended* Dec. 18, 1986, Bundesgesetzblatt 1 p. 2496 [Urheberrechtsgesetz] § 2(2) ("personal intellectual creation").

[52] For Germany, *See* G. Schricker (ed.) *Urheberrecht: Kommentar* 102-103 (1988); Judgment of Dec. 15, 1978, Bundesgerichtshof, W.Ger., 1979 *Neue juristische Wochenzeitschrift* 1548. For France, *see* Brossard & Durnerin, "l'Absence de

with considering software as work protectible by traditional Continental copyright principles is that it cannot pretend to have an aesthetic genesis or rationale. This is not fatal to protection under the copyright laws, since many functional objects are expressly covered by the copyright laws of both Germany[53] and France,[54] but it poses an additional barrier to acceptance by traditionalists.[55]

With this background, it is no great surprise that courts in both countries expressed no consensus before 1985 on the protectibility of computer software. One reason for this may be that most of the early cases concerned video games and thus concerned issues of copyrightability that allowed courts to avoid the technical and uncertain area of computer software by analyzing such games as a species of moving picture.[56] Although this provided a basis for protection in some cases, the effect of such considerations has been to provide additional reasons to deny copyrightability on grounds of idea/ex-

protection des idées par le droit d'auteur," Gazette du Palais, Jan. 27-28 1988 pp. 4-7.

53 Some commentators have referred to this as "originality," *e.g.* A. Lucas, *Le Droit de l'Informatique* 213 (1987); Dreier, "Copyright Protection for Computer Programs in Foreign Countries: Legal Issues and Trends in Judicial Decisions and Legislation," 20 Int'l Rev. Ind. Prop. & Copyright 803, 812 (referring to "the important requirement of *originalité*"). However, this word taken in its ordinary meaning may be too narrow to represent the condition of protection generally. This is particularly evident in light of the express statutory use of the word "*originalité*" to delineate the conditions of protectability for the titles of "intellectual works." 1957 Law Art. 5. One may ask what purpose the word here serves if an *oeuvre de l'esprit* is by definition "original." Nonetheless, it has acquired a technical meaning with regard to software, which requires some degree of creativity phrased in different terms in both French and German law. *See* discussion accompanying note 79 *et seq.* *See also* A. Lucas, *Le Droit de l'Informatique* at 222-223.

54 *See* Urheberrechtsgesetz § 2(1)7 ("Presentations of a scientific or technical nature, such as drawings, plans, maps . . . " enumerated among protected works). *See also* Ulmer & Kolle, "Der Urheberrechtsschutz von Computerprogrammen," 1982 GRUR 489, 492-493 (noting that the inclusion of scientific and technical works in the Urhebberechtsgesetz and judicial decision protecting works such as topological maps shows that the Copyright Law is not tied to traditional conceptions of aesthetic merit). *Cf.* Dietz, "Copyright Protection for Computer Programs: Trojan Horse or Stimulus for the Future Copyright System?" 110 U.F.I.T.A. 57, 60 (1989).

55 *See* 1957 Law, Art. 3 ("scientific writings, geographic maps, topographical or geographical plans, sketches, and models" listed among enumerated works).

56 *See, e.g.*, Edelman, "Commentaire de la loi n° 85-660 du 3 juillet 1985 relative aux droits d'auteur et aux droits voisins," *Actualité Législative Dalloz* 101 (1987) (special issue outside of the series) (deploring inclusion of software in the enumeration of protected works because it "offers the disconcerting picture of an *oeuvre de l'esprit* that puts into play logical processes . . . and is ultimately intended to be used for practical ends . . . [and is thus] *a priori* the farthest thing imaginable from *oeuvres de l'esprit*").

pression merger as well as on traditional aesthetic criteria appropriate to pictures on a screen.[57] More recently, similar issues have arisen with regard to the look and feel of computer screens.[58] In France, while some courts read the statutory definition broadly to include software that demonstrated merely fixation and some degree of creativity,[59] others denied protection to computer software out of concern for its relative lack of aesthetic merit on one hand and its mechanical nature on the other.[60] In Germany, too, courts were di-

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[57] *E.g.*, Judgment of March 31, 1983, Hanseatisches Oberlandesgericht, Hamburg, [1983] GRUR 436, 437. Filmwork is within the enumerated list of copyrightable works and is also subject to neighboring rights protection, *see* Urheberrechtsgesetz §§ 2(1)6, 94. It is distinct from photography and has been defined as "the moving picture (silent or with sound) ("*die bewegte Bild- oder Bild-Tonfolge*") that is formed through the sequential arrangement of individual photographic . . . images." G. Schricker (ed.), *Urheberrecht: Kommentar* 145. According to the German government, this has also allowed video games to escape the strictures of the *Inkasso* criteria, Bericht der Bundesregierung at 41. In France it was felt necessary in 1985 to amend the enumeration of "cinematographic works and those obtained by a similar process" to account for "animated sequences of images, with sound or without." *Compare* 1957 Law Art. 2 *with* 1985 Law Art. 1 I. *Compare with Williams Electronics Inc. v. Artic Int'l, Inc.*, 685 F.2d 852 (3rd Cir. 1982); *Stern Electronics, Inc. v. Kaufman*, 669 F.2d 852 (2d Cir. 1982) (allowing copyright protection to computer screen display of video game as "audiovisual work").

[58] Judgment of June 4, 1984, Cour d'Appel, Paris, 123 RIDA 178, 181 (1985) (video game characters lack "originality of expression" sufficient to confer "an aesthetic character" required for copyrightability); Judgment of June 29, 1984, Trib. Corr., Nanterre, 124 RIDA 171 (1984) (denying protection to a videogame in which monsters attack penguins on an iceberg because "monsters and penguins do not present a particularly original character, particularly when compared to Disney characters;" icebergs *a fortiori* less original than the monsters and penguins); Judgment of June 13, 1983, Oberlandesgericht, Frankfurt am Main, [1983] GRUR 757, 759 (conceding protectibility of computer programs but denying copyright protection to the Donkey Kong Junior game because figures not sufficiently original and because form of game unprotectible as such).

[59] *Cf.* Hoeren, " 'Look and Feel' im deutschen Recht: Schutzfähigkeit des Bildschirmdisplays," [1990] C.R. 22 (discussing Judgment of Feb. 13, 1987, Kammergericht [OLG Berlin] and Judgment of July 22, 1988, Landesgericht, Hamburg that protected look and feel on grounds other than copyright, but concluding that these cases show that look and feel is not excluded *per se* from copyright law). *Compare with Lotus Development Corp. v. Paperback Software International*, 740 F.Supp. 37 (D. Mass 1990); *Broderbund Software Inc. v. Unison World, Inc.* 648 F.Supp. 1127 (N.D. Cal.) (protecting total look and feel of a computer screen display).

[60] *See, e.g.*, Judgment of Nov. 2, 1982, Cour d'appel, Paris, 116 *Revue Internationale du Droit d'Auteur* [RIDA] 148 (1983), (documentation program); Judgment of June 27, 1984, Trib. Gr. Inst. Paris, 124 RIDA 165 (1985) (filing system program); Judgment of Sept. 21, 1983, Trib. Gr. Inst., Paris, 1984 *Recueil Dalloz Sirey* 77 (Apple Computer operating software).

vided over whether the statutory language implied a requirement of intellectual-aesthetic content as a prerequisite to protectibility.[61] However, during the early nineteen eighties academic comment appeared to move away from the aesthetic conception of copyright.[62] Furthermore, quite aside from judicial pronouncements, the West German Ministry of Justice stated in 1982 that the copyright law protected computer programs.[63]

By 1985, the need was evident for an authoritative answer to the question of protectibility, and, as a result, the French and German copyright laws were amended to provide expressly for protection of computer software and programs.[64] In rejecting a *sui generis* form of protection, these countries sought in part to ensure some international uniformity of protection through the applicability of international agreements such as the Berne Convention.[65] Here the similarities end. While in France the legislature took the initiative in response to the conflict in the lower courts, in Germany the Bundesgerichtshof (Supreme Court) was the first to address the protectibility of computer programs.[66] Furthermore, while both France and Germany opted for copyright protection of computer software, they adopted strikingly different

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61 *See* Judgment of June 4, 1984, Cour d'Appel, Paris, 123 RIDA 178 (1985).

62 *Compare* Judgment of June 12, 1981, Landgericht, Mannheim, 1981 Bundesblatt [BB] 1543 (denying protection to a debt-collection program because of its lack of intellectual/aesthetic content) *rev'd by* Judgment of Feb. 9, 1983, Oberlandesgericht Karlsruhe, [1983] GRUR 300, *with* Judgment of July 13, 1981, Landegericht, Mosbach, [1983] GRUR 70 (stating that computer programs are generally copyrightability as far as they represent a personal intellectual creation without regard to aesthetic considerations).

63 *See* Ulmer & Kolle, "Der Urheberrechtsschutz von Computerprogrammen," [1982] Gewerbliches Rechtschutz und Urheberrecht, Internationales Teil [GRUR Int.] 489, 492-493.

64 Bundestagsdrucksache 103/3360 at 17-17, *cited in* Kindermann, "Urheberrechtsschutz von Computerprogrammen: kritishce Amerkungen zum Bericht der Bundesregierung zur Urheberrechtsnovelle 1985," [1989] C.R. 880, 881. But note that the Ministry of Justice expressed this view in response to a proposal for specific protection of computer programs on grounds that the copyright law did not provide adequate protection for computer programs.

65 The statutory formulations are slightly different, as § 2 of the Urheberrechtsgesetz protects "computer programs" (*Programme für Datenverarbeitung*) while Art. 2 of the 1985 Law protects "software" (*logiciels*). The French formulation is somewhat broader than the German, *see* Gaudrat, "Europe des logiciels: au menu, P.L.A. du chef à la mode bruxelloise," [1989] *Revue du Droit de l'Informatique et des Télécoms* 64, 69-70. *See also* Art. I of the "WIPO Model Provisions on the Protection of Computer Software," 14 *Copyright* 6, 12 [Model Provisions] (defining software as the program, supporting materials, and/or program description). The Green Paper conceived of the word "program" in this broad sense.

66 Convention for the Protection of Literary and Artistic Works, signed at Berne, Sept. 9, 1886, revised at Paris, July 24, 1971 [Berne Convention]. *See* Keplinger, "Authorship in the Information Age: Protection for Computer

means towards achieving this end. While France created within the copyright statute a distinct régime for computer software that derogates from many aspects of traditional French copyright law,[67] the German statute purports to assimilate the protection of computer programs directly to the structure of the traditional protections already provided to works of language generally.[68]

In some respects these differences are more apparent than real, either because they lead to similar treatment of software under both legal systems or because some theoretically profound distinctions lose some of their effect when applied to computer technology. Nonetheless, the modulation of protection has had wide-reaching consequences for important aspects of protection, particularly as regards the existence of protection and its scope. In 1985 the differences in approach taken by the copyright laws of these countries began to diverge considerably as the statutory rules became subject to judicial interpretation. These developments shall be discussed in order.

A. The High Threshold of Protection in Germany After 1985

The straightforward integration of computer programs into the German statutory scheme might initially appear to avoid interpretative difficulty by extending to computer programs the long established doctrines of copyright law. Yet the expedient of a simple definitional amendment has become overshadowed by judicial glosses resulting in a highly restrictive jurisprudence during the five years since the amendment of the Urheberrechtsgesetz.[69] Recent activity by the Bundesgerichtshof threatens to fan the flames of controversy even further.

1. The Inkasso *Decision and Its Aftermath*

The most influential German case to pass on the copyrightability of

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Programs under the Berne and Universal Copyright Conventions," 21 *Copyright* 119, 126-128 (1985).

[67] A. Lucas, *Le Droit de l'Informatique* 213 (1987); "Unterrichtung durch die Bundesregierung: Bericht über die Auswirkungen der Urheberrechtsnovelle 1985 und Fragen des Urheber-und Leistungsschutzrechts," Drucksache 11/4929, Chapter II, Section E, July 7, 1989 [Bericht der Bundesregierung] at 41. Controversy over software protection was not the only impetus for amending the French statute, and amendments ranged far beyond the issue of software protection to include, for example, provisions for neighboring rights that broke new ground in French copyright law. *See* 1985 Law Title II.

[68] *Compare e.g.*, 1957 Law Art. 20 (fifty years from author's death) *and* 1957 Law Art. 32 (guaranteeing rights of withdrawal and repentance) *with* 1985 Law Art. 48 (twenty-five years from creation of work) *and* 1985 Law Art. 46 (these rights inapplicable to software). *See* Alfonsi, "LÉtoile du Droit d'Auteur Pâlit-elle en France?" Gazette du Palais 1990 (2ᵉ sem) 384. *See also* discussion accompanying note 186 *infra*.

[69] *See* discussion accompanying note 198, *infra*.

software concerned a debt-collection program developed in source code by an employee of a debt collection company. While the employer subsequently licensed the program in object code to other companies in the industry, the employee left the employer's service and entered into a contract with another credit company to install an integrated collections settlement software package similar to that which he had developed for his employer. To do this, the ex-employee induced his customer to break a licensing agreement with the debt-collection company, and the ex-employer brought a criminal action against the former employee for damages and an injunction alleging breach of contract, unfair competition, and infringement of copyright.[70] At trial the plaintiff prevailed on the contract and unfair competition charges, but the Landgericht held that the original program was uncopyrightable.[71] The Oberlandesgericht (regional court of appeals) affirmed on the contract and competition law charges but reversed on the copyright law issue since it found that the program was copyrightable.[72] Affirming as regards the contract and unfair competition charges,[73] the Bundesgerichtshof remanded for reconsideration of the issue in light of criteria, which it articulated in the opinion, for the copyrightability of computer programs.

The most important aspect of the Bundesgerichtshof's decision was in making clear that computer programs are in principle copyrightable without regard to traditional aesthetic conceptions of protectibility.[74] Nonetheless, the decision was a mixed blessing for proponents of broad protection of com-

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[70] The legal developments here outlined occurred in West Germany, but their legal significance has extended throughout unified Germany from Oct. 3, 1990, including works that were not protectible under the East German law, but that are protectible under West German law, as well as works whose periods of protection under East German law expired, but which are still entitled to protection under the West German copyright law. *See* "Vertrag zwischen der Bundesrepublik Deutschland und der Deutschen Demokratischen Republik über die Herstellung der Einheit Deutschlands," Arts. 1 & 8; "Besondere Bestimmungen zur Überleitung in Bundesrecht gemaß Art. 8 & Art. 11 des Vertrages," Ch. III, Subject E, § II.2, *reprinted in* [1990] GRUR 748 *et. seq.* This raises interesting questions, beyond the scope of this article, regarding the *ex post facto* liability for infringement of one who has made extensive use of material that was never copyrighted in East Germany or whose copyright lapsed under East German law but that is now subject to protection under German Law.

[71] Under German law, a private plaintiff can join in a public prosecution to press a claim for damages (*Nebenklage*), and in certain circumstances can bring a criminal action on his own, without the need to invoke or wait for action by the prosecutor (*Privatklage*). *See* Strafprozeßordnung § 403. Copyright infringement provides a basis for a *Privatklage*. *Id.* § 374. For a French comparison, *see* note 145 *infra*.

[72] Judgment of June 12, 1981, Landgericht, Mannheim, 1981 BB 1543.

[73] Judgment of Feb. 9, 1983, Oberlandesgericht, Karlsruhe, [1983] GRUR 300.

[74] Judgment of May 9, 1985, Bundesgerichtshof, W.Ger., [1985] C.R 22 at 25-29.

puter programs because the court hedged its affirmative position with a number of qualifications.[75] The first requirement is the general prerequisite to protection under § 2 that a work be accessible to sensory perception in its concrete form in order to benefit from copyright protection.[76] The Court noted that this condition applies to all stages of a work that is formed in separate steps and that the test of perceptibility is relevant not only to the completed program but also to all of the constituent stages of its development.[77] While eschewing a highly technical differentiation of the stages of program development in analyzing the copyrightability of a program the court conventionally distinguished between the general problem-solving stage, the flow-chart stage, and the codification stages of development of a computer program. Once past this threshold of perceptibility, copyrightability is available only for individual creative achievements in the form and nature of collection, division, and ordering of the material in the program and its preceding steps.[78] However, the court went on to pose a requirement of incremental creativity that departs radically from traditional conceptions of copyright because it imposes a requirement of inventiveness. Under this enhanced standard,

> "[f]or [the stages of a program] to be recognized as creative, they must surpass the level of creativity of an average programmer. The ability of an average programmer, or pure skillfulness, or the mechanical-technical arrangement of the [preëxisting] material, lies outside of all protectability. The lower boundary of copyrightability begins a considerably further distance away, in the clear surpassing, with respect to the selection, collection, ordering, and dividing of the information, of the ability of an average programmer."[79]

Considering the economic stakes involved in software protection, one might have expected the Bundesgerichtshof to provide an alternative means of protection for complex programs that do not fit within the bounds of copy-

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[75] *Id.* at 29. The Bundesgerichtshof left open the particular grounds of protection, stating that computer programs could be protected either as "works of language" under § 2(1)1 of the Urheberrechtsgesetz or as "presentations of a scientific or technical nature" under § 2(1)7 of the Urheberrechtsgesetz. The court also left open the way to independent copyrightability of supporting works such as the documentation and manuals prepared for use with a program. *Id.* at 30. The amendment specifies that computer programs are to be protected as works of language under § 2(1)1.

[76] Haberstumpf "Grundsätzliches zum Urheberrechtsschutz von Computerprogrammen nach dem Urteil des Bundesgerichtshofs vom 9.mai 1985," [1986] GRUR Int. at 222.

[77] Judgment of May 9, 1985, Bundesgerichtshof, W.Ger., [1985] C.R. 22, 28.

[78] *Id.*

[79] *Id.* at 30.

right protection such as through extension of the *kleine Münze* doctrine.[80] To the contrary, it emphasized that the question of a program's originality is separate from the sophistication of the functions it can carry out or the amount of money or labor expended in order to develop it. As stated by the court,

> "the question of the level of creativity [*Gestaltungshöhe*] . . . is fundamentally not a question of the quantitative scope of the program, nor of the costs and exertions expended to develop it. It is also not decisive to the quality of the work whether different programmers working on the same task would develop different programs."[81]

In light of the Bundesgerichtshof's refusal to open a back-door route to protection for software that does not qualify for protection under the *Inkasso* criteria, it is perhaps unfortunate that the court did not decide the copyrightability of the program in question rather than remand for development of the record.[82] The opportunity for an informative, and perhaps decisive application of the criteria to the facts of the case, disappeared owing to a settlement of the dispute following remand.[83]

The *Inkasso* decision is vulnerable to criticism on several grounds. In

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[80] *Id.* at 31. This may represent an extension of an approach previously used in different contexts. *See* Judgment of March 29, 1984, Bundesgerichtshof, W.Ger., [1984] GRUR 659 (technical engineering specifications); Judgment of Nov. 21, 1980, Bundesgerichtshof, W.Ger., [1981] GRUR 352 (examination); Judgment of Dec. 15, 1978, Bundesgerichtshof, [1979] GRUR 464 (airport plans). While the *Inkasso* decision appears to have considered each phase to be equally significant for purposes of copyright protection, the court in *Whelan Associates v. Jaslow Dental Laboratory*, 797 F.2d 1222, 1246 (3d Cir. 1986), *cert. denied*, 479 U.S. 1031 (1987) differentiated the importance of the several phases for copyright purposes according to their relative importance to the program itself.

[81] The doctrine, which allows protection of works that do not meet the classic requirements for copyright protection, does not appear to be available to computer programs under German law but can be invoked for filmworks. *See* G. Schricker (ed.), *Urheberrecht: Kommentar* 47, 1010. The Bundesgerichtshof has apparently given *kleine Münze* protection to a legal brief in a decision that raised many issues of creativity similar to those raised in the *Inkasso* case, although it expressly distinguished the *Inkasso* decision and has generated some disapproval for thus lowering the threshold of protection. *See* Judgment of April 17, 1986, Bundesgerichtshof, W.Ger., [1986] GRUR 739; *Id.* note G. Wild. In its overview of protection for computer programs the Commission of the European Community apparently viewed the doctrine as available to computer programs under Danish law. *See* Green Paper, § 5.6.3 & n 7. For a brief discussion of *kleine Münze* protection in light of an earlier draft of the Directive, *see* Heymann, "Softwaareschutz nach dem EG-Richtlinienentwurf: Kriterien und Auswirkungen," [1990] C.R. 9, 14, 17-18.

[82] *Id.*

[83] *Id.* at 31. *Cf.* Judgment of May 15, 1986, Bundesgerichtshof, W.Ger., [1986]

one respect, in providing for a level of inventiveness surpassing that of the "average programmer," it introduced an element foreign even to the German tradition of narrow copyright protection.[84] It also arguably fails to recognize the interconnectedness of the various stages of development of a computer program.[85] Finally, it takes no account of creative compilations of multidisciplinary steps that are each within the knowledge of an average technician but that taken as a whole are not.[86] The Ministry of Justice has criticized that the *Inkasso* criteria for introducing uncertainty into copyright law.[87]

The status of programs written in object code has become an area of particular controversy.[88] Although the Bundesgerichtshof held that object code is in principle copyrightable,[89] it left uncertain the extent to which pro-

GRUR 742 Note G. Wild (observing the Bundesgerichtshof's apparent reluctance to decide copyrightability questions involving technical work).

[84] Dietz, "Die Entwicklung des Urheberrechts der Bundesrepublik Deutschland von 1984 bis Anfang 1989," 112 U.F.I.T.A. 25 (1990).

[85] Bericht der Bundesregierung at 41 (noting that the average programmer standard is not required for any other category of work enumerated in § 2).

[86] *See* Zahrnt, "Die schöpferische Leistung als Voraussetzung für den Urheberrechtsschutz von DV-Programmen," [1988] GRUR 598, 600 (arguing that while the Bundesgerichtshof's phasing approach is fundamentally correct in that it separates design and realization of a program, it is wrong in detail because, for example, the program operation cannot be separated from the data flow plan). The court anticipated this by noting that the stepped analysis is necessary even "if one views modern software development as a goal-driven uniform process of creation" because infringement actions may tend to focus on particular stages of development. Judgment of May 9, 1985, Bundesgerichtshof, W.Ger. [1985] C.R. 22, 30.

[87] Kindermann, "Urheberrechtsschutz von Computerprogrammen: kritische Anmerkung zum Bericht der Bundesregierung zur Urheberrechtsnovelle 1985," [1989] C.R. 880, 883. One commentator, noting that the Bundesgerichtshof's approach ignores the practical realities of computer programming, has drawn an analogy between a computer programmer and an archaeologist who discovers a lost city, and who, after painstaking excavation plots his discovery on a map. Under the Bundesgerichtshof's reasoning, the map would not be entitled to protection even though it would be impossible to exploit the arehaeological find without it. Haberstumpf, "Grundsätzliches zum Urhererrechtsschutz von Computerprogrammen nach dem Urteil des Bundesgerichtshofs vom 9.mai 1985," [1986] GRUR 222, 224.

[88] Bericht der Bundesregierung at 41-44.

[89] The protectibility of object code has been the subject of much judicial debate in the United States and internationally. The Australian High Court has, in a sharply split opinion, denied protection to ROM code, *see Computer Edge Pty. Ltd. v. Apple Computer, Inc.*, 60 A.L.R.J. 313 (1986), although in Canada the question has been resolved in favor of protection, *see Apple Computer, Inc. v. Mackintosh Computers Ltd.*, [1987] 1 F.C. 173 (1986). In the United States, the first American court to consider the question denied protectibility, *see Data Cash Systems, Inc. v. JS & A Group, Inc.*, 480 F.Supp. 1063 (N.D. Ill. 1979), *aff'd on other grounds*, 628 F.2d 1038 (7th Cir. 1980), but object code is now

grams written in object code may be protected. Some commentators have argued that after the Inkasso decision copyright protection extends to programs written in object code to the extent that they reflect the underlying structure, sequence, and organization of the program's logic and to the extent that this is protected.[90] This position finds support in the view of a leading commentator that "it is unimportant, in which stage of development copyrightable achievements are attained (*urheberrechtsschutzfähige Leistungen erbracht werden*) [and that] in unitary works of creation the creative preparation goes in to the final work."[91] Nonetheless, the Bundesgerichtshof's decision has given rise to another more extreme view that programs written in object code are entirely unprotectible under § 2 of the Urheberrechtsgesetz because they do not cross the statutory threshold of "personal intellectual creation."[92] Such a result is a natural corollary to the logic of the *Inkasso* decision's implication that each stage of a program's development is individually copyrightable.[93] Viewing the development of a program chronologically in accordance with this conception, copyright protection would subsist at each stage, after the program had advanced beyond a mere idea, only if it surpassed the "average programmer" standard of inventiveness at that stage.[94] Save in exceptional circumstances, the chain of protection would be broken at the stage where the source program was decompiled into object code because this process would by definition consist of a "purely mechanical-technical arrangement of material."[95]

Such a break in the chain of contiguous protected stages might not de-

protected by copyright, *see Apple Computer, Inc. v. Franklin Computer Corp.*, 714 F.2d 1240 (3d Cir. 1983), *cert dism.*, 464 U.S. 1033 (1984). *See generally* Llewellyn, "Computer Software & International Protection," 11 Colum.-VLA J.L. & Arts. 185 (1983).

90 Judgment of May 9, 1985, Bundesgerichtshof, W.Ger., [1985] C.R. 22, 30.

91 *E.g.* Ilzhöfer, "Reverse-Engineering von Software und Urheberrecht: eine Betrachtung aus technischer Sicht," [1990] C.R. 578, 580; Bauer, "Reverse Engineering und Urheberrecht," [1990] C.R. 89, 91-92.

92 G. Schricker (ed.), *Urheberrecht: Kommentar* 126-126 (1987). *But compare* Judgment of May 9, 1985, Bundesgerichtshof, W.Ger., [1985] C.R. 22, 29 ("unimportant [for protection under § 2] in which stage of development copyright-law relevant formations (*Formgestaltungen*) *become perceptible*" to human sense) (emphasis supplied).

93 Schulze, "Können Objektprogramme urheberrechtlich geschüzt sein?" [1990] GRUR 103; König, "Können Objektprogramme urheberrechtlich geschüzt sein?" [1989] GRUR 559. *See* G. Schricker (ed.), *Urheberrecht: Kommentar* 127 (1987) (noting the requirement of personal intellectual creation as a prerequisite to protection of a computer program).

94 *See* Judgment of May 9, 1985, Bundesgerichtshof, W. Ger., [1985] C.R. 22, 31.

95 The Bundesgerichtshof did not draw a clear line between the idea and its expression as did the *Whelan* court, 797 F.2d at 1330, although this may have been wise considering how difficult the line is to draw in something as ultimately conceptual as computer software. *Cf.* Waters & Leonard, "The Lessons of Re-

feat the protection of the entire work because the *Inkasso* decision's separate analysis of protectibility for each phase implies that the protection of the earlier phases would continue to subsist, but it would make an action for infringement available only against one who copied the protected aspect of the work.[96] Because reverse-engineering of the object code would allow the reconstruction of the source code entirely on the basis of unprotected material, a remedy may be unavailable unless the plaintiff could make a claim that the infringement went to the "structure, sequence, and organization" of the program. While this approach has been taken by courts in the United States,[97] it is uncertain how far this reasoning would be applicable to the question of infringement under German law.[98]

Commentators who have explored this issue have identified three alternative routes in German law to protection for a program in object code that may not fall within § 2 of the Urheberrechtsgesetz: protection as a "reproduction" of the source code,[99] as an "adaptation" of the source code,[100] or by

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cent EC and US Developments for Protection of Computer Software under Australian Law," [1991] Eur. Intell. Prop. Rev. 125, 127.

96 Judgment of May 9, 1985, Bundesgerichtshof, W. Ger., [1985] C.R. 22, 31.

97 A contrary rule could mean that any otherwise copyrightable work, traditional literary works included, would lose its protection once it had been run through an electronic scanner or put into an electronic database if the work was codified in digital form. *Compare Apple Computer, Inc. v. Franklin Computer Corp.*, 714 F.2d 1240 (3d Cir. 1983), *cert. dism.*, 464 U.S. 1033 (1984) (original form of program irrelevant to classification as "literary work" under 17 U.S.C. § 101).

98 *See Whelan Associates v. Jaslow Dental Laboratory*, 797 F.2d 1222, 1237-1240 (3d Cir. 1986), *cert. denied*, 497 U.S. 1031 (1987) (treating the question of "structure, sequence and organization" as going to the question of infringement rather than originality).

99 The *Inkasso* case may also be understood in context of a distinction that the Bundesgerichtshof has apparently drawn between technical works of an inherently technical nature and technical presentations that have an inherently non-technical end. *See* Judgment of March 29, 1984, Bundesgerichtshof, W.Ger., [1984] GRUR 659 note S. Rojahn. In the first type of case the Bundesgerichtshof has applied the "average technician" standard to a variety of non-computer contexts to the particular content of the work in question. *E.g.*, Judgment of March 29, 1984, Bundesgerichtshof, W.Ger., [1984] GRUR 659 (technical bidding documents); Judgment of Nov. 2, 1980, Bundesgerichtshof, W.Ger., [1981] GRUR 352 (technical state examination). In the second line of cases protectibility was granted to technical presentations on the basis of creativity in the "structure, sequence, and organization" alone, but in each of these cases the technical content was not inherent. *E.g.*, Judgment of April 17, 1986, Bundesgerichtshof, W.Ger., [1986] GRUR 739 (legal brief); Judgment of Feb. 27, 1981, Bundesgerichtshof, W.Ger., [1981] GRUR 520 (collection of questions); Judgment of Dec. 7, 1979, Bundesgerichtshof, W.Ger., [1980] GRUR 227 (index to book entitled "Monumenta Germaniae Historica"); Judgment of Dec. 15, 1978, Bundesgerichtshof, W.Ger., [1979] GRUR 464 (conceptual air-

extending the right of "adaptations and modifications" (*Bearbeitungen und Umgestaltungen*) provided in § 23 to provide a base of protection for derivative stages of development of a computer program as an "adaptation or modification" even when it is not protectible as a self-standing work.[101] While the first two means are quite unanimously discounted,[102] protection under § 23 is an arguably valid proposition on two grounds.[103] In the first place, a comparison of § 3.1 with § 23 leads one to infer that personal creation is not necessary to an adaptation, and that object code could consequently be protected even if it were not independently protectible under §§ 2 or 3.[104] Additionally, even if the requirements of § 3 were to be read into the definition of "adaptation" in § 23, object code could nevertheless be protected as a "modification." This interpretation exploits a recognized gap in the law,[105] and

port plans). The fact that the enhanced "average technician" standard was employed in the *Inkasso* decision may forestall an argument based on protection of the structure, sequence, and organization.

100 Section 15 gives to the copyright holder the exclusive right of reproduction. § 16 defines this as "the right to produce reproductions, by any process whatever and for any purpose."

101 The first sentence of § 3 of the Urheberrechtsgesetz provides as follows: "Translations and other adaptations of a work, which are the personal intellectual creations of the adapters, will be protected as self-standing works irrespective of the copyright on the adapted work." The Bundesgerichtshof appears to have acknowledged this as a possible alternative to protection under § 2 for "divided programs" (*getrennte Programme*). Judgment of May 9, 1985, Bundesgerichtshof, W.Ger., [1985] C.R. 22, 31. *Cf.* Haberstumpf, "Grundsätzliches zum Urheberrechtsschutz von Computerprogrammen nach dem Urteil des Bundesgerichtshofs vom 9.May 1985," [1986] GRUR 222, 231 (noting that under the Bundesgerichtshof's reasoning if a solution can be considered as an adaptation of that work under § 3, and the reduction of that plan to code language can be regarded as a reproduction under § 16.

102 Section 23 provides as follows: "Adaptations and other modifications of a work may be publicized or exploited only with permission of the right holder of the adapted or modified work . . ."

103 Protection under the first sentence of § 3 as a "translation" or "adaptation" of the source code is not practicable because § 3 mirrors the originality requirement of § 2 and protection of the object code as an exercise of the right-holder's right under § 15 of the Urheberrechtsgesetz to copy the source code is problematic because object code is not merely a linear transliteration of the source code (*Umsetzung*) but a substantive transformation (*Umwandlung*) of a work of language into a tool for use with a computer. While German copyright law does not require that a reproduction look like a "photocopy" of the original it must be recognizable as the same work to the human sense. *See* König, "Können Objektprogramme urheberrechtlich geschützt sein?" [1989] GRUR 559, 563. *Id.* at 563-564.

104 *See* König, "Können Objektprogramme urheberrechtlich geschützt sein?" [1989] GRUR 559.

105 *See Id.* The fact that § 3.1 requires a "personal intellectual creation" while this language is omitted from § 23 would appear to indicate that the omission was

courts have upheld it,[106] although it has also come under attack on several grounds.[107]

2. Recent Decisions: Whither Inkasso

In the years following 1985, the Bundesgerichtshof's restrictive doctrine has contributed to a reduction of the number of computer programs protected by copyright law because it has been interpreted in the extreme sense of above average human creativity at each stage of development.[108] Nonetheless, while some lower courts have applied the restrictive criteria quite rigorously,[109] this adherence appears in many cases to have been unenthusiastic.[110] Furthermore, the Bundesgerichtshof itself appears to have been ambivalent about the restrictive rule it created. Shortly after the *Inkasso* case, it drew comment when it summarily refused to hear arguments for revision of a judgment that had granted copyright protection to a structural engineering program on the basis of a relatively minor stamp of the personality, owing to the case's having "no fundamental significance" on the merits.[111] Subsequently, in cases not involving computer programs, the Bundesgericht-

deliberate and that the protection of modifications and adaptations is subject to a basically different standard. This conclusion is bolstered by the amendment of § 3 in 1985 to refer to "uncopyrightable adaptations," which indicates that not all adaptations need pass the threshold for protection as an original work. (The second sentence of § 3 reads as follows: "The merely insubstantial adaptation of an unprotected work of music will not be protected as a self-standing work.")

106 *See* G. Schricker (ed.), *Urheberrecht: Kommentar* 358-359 (1987) (commenting that there is a lacuna in the law as regards changes in a work that do not reach the level of a personal intellectual creation).

107 *See* Judgment of January 14, 1972, Landgericht, Köln, [1973] GRUR 88 (distinguishing an adaptation as a creative work from "merely a modification, without creative properties").

108 *See* Schulze, "Können Objektprogramme urheberrechtlich geschütze sein?" [1990] GRUR 103, 104 (§ 23 applies only to works that have crossed the threshold of protection under §§ 2 or 3 of the Urheberrechtsgesetz); Ilzhöfer, "Reverse-Engineering von Software und Urheberrecht: eine Betrachtung aus technischer Sicht," [1990] C.R. 578 at n.12 (rights guaranteed by § 23 apply only to adaptations or modifications that are made for a private end).

109 Bericht der Bundesregierung at 43. *See* Heymann, "Softwareschutz nach dem EG-Richtlinienentwurf: Kriterien und Auswirkungen," [1990] C.R. 9.

110 *E.g.* Judgment of May 27, 1987, Oberlandesgericht, Karlsruhe, [1987] GRUR 845, 849 (declaration of non-copyrightability in action for provisional relief); Judgment of Feb. 16, 1988, Landgericht, Berlin, [1989] C.R. 989 (plaintiff must prove both copying and copyrightability of the copied section).

111 Dietz, "Die Entwicklung des Urheberrechts der Bundesrepublik Deutschland von 1984 bis Anfang 1989," 112 U.F.I.T.A. 5, 25 (1990); Bauer, "Reverse-Engineering und Urheberrecht," [1990] C.R. 89. *But see* Judgment of April 27, 1989, Oberlandesgericht, Hamm, [1990] GRUR 185, *rev'd by* Judgment of Oct. 4, 1990, Bundesgerichtshof, Ger., [1991] C.R. 78.

shof has refused to apply its strict standard of originality even though to do so might have been appropriate.[112] These developments fuelled speculation that the court was retreating from the highly exclusionary stance that it had adopted.[113]

The ferment of speculation about the *Inkasso* decision's continuing vitality came to a head in a recent decision handed down the day after German unification, which illuminates the *Inkasso* doctrine while raising new questions about its scope and contours.[114] The plaintiff created operating software for several data processing systems it had designed for use within certain hardware that it sold or leased to licensees of the software. It alleged that one of its licensees, a dealer in used computer hardware, infringed its exclusive right of reproduction by selling copies of the licensed software to its own customers.[115] The Oberlandesgericht denied copyrightability in strict accordance with the Inkasso criteria, because the program was not in a corporeally graspable form and on the grounds that complexity alone does not qualify a computer program for copyright protection.[116] However, the outcome might have been different had the plaintiff substantiated clearly *how* the selection, ordering, and partition of the program correspond to coyrightable

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[112] *See* Dietz, "Die Entwicklung des Urheberrechts der Bundesrepublik Deutschland von 1984 bis Anfang 1989," 112 U.F.I.T.A. 25 (1990) (Judgment of Nov. 6, 1984, Oberlandesgericht Frankfurt am Main, 1985 BB 139). A "revision" is roughly analogous to a petition for certiorari in American Law. Because it is subject to different conditions depending on the amount in controversy and the type of case, in some instances it is more like a permissive appeal. The "fundamental significance" formula refers to an element for rejection of revision. *See* Zivilprozeßordnung §§ 546 and 554b.

[113] *See* Judgment of July 2, 1987, Bundesgerichtshof, W.Ger., [1988] GRUR 33, 34 (protection not foreclosed for a topographical map with common-place features as long as "individual . . . intellectual activity is expressed in the conception of presentation" (*in dem darstellerischen Gedanken zum Ausdruck kommt*); Judgment of Nov. 20, 1986, Bundesgerichtshof, W.Ger., [1987] GRUR 360 (protection may extend to unoriginal elements of a street map as long as selection and arrangement individual); Judgment of April 4, 1986, [1986] GRUR 739 (requiring originality of selection and ordering of materials for copyrightability of a legal brief.).

[114] *See Id.*; Kindermann, "Urheberrechtsschutz von Computerprogrammen: kritische Anmerkung zum Bericht der Bundesregierung zur Urheberrechtsnovelle 1985," [1989] C.R. 880, 881-882.

[115] Judgment of Oct. 4, 1990, Bundesgerichtshof, Ger., [1991] C.R 78 [Operating System decision], *reversing* Judgment of April 27, 1989, Oberlandesgericht, Hamm, [1990] GRUR 185.

[116] Urheberrechtsgesetz § 15(1) states that "t]he copyright holder has the exclusive right to exploit his work in corporeal form; the right comprises in particular . . . the right of reproduction . . . " *Id.* § 16 defines this right as ". . . the right to make reproductions of the work, through any process and for any end whatever."

categories.[117]

The Oberlandesgericht appears to have hewed with reluctance to the *Inkasso* line, and its opinion denying protection contains language that suggests that the court was inviting a reversal.[118] By framing the issue in terms of the burden of proof, and by expressing willingness to find satisfaction of the criteria for protectibility in supporting documentation, the Oberlandesgericht may have expressed a view of the *Inkasso* criteria as an evidentiary principle more than as substantive law to the extent that a court will look not to the program itself but to its characterization by one of the parties.[119] The Bundesgerichtshof did reverse, but not for the reasons that the Oberlandesgericht had suggested. While it agreed with the Oberlandesgericht's evidentiary approach, it found that the appellate court had set too weighty a burden of proof. Examining the program itself in some detail, it declared that the plaintiff satisfied the burden of proving that the program in question met all of the requirements for protectibility that had been set in the *Inkasso* case.

On one level, the Bundesgerichtshof's decision represents a powerful reiteration of the principles it enunciated in 1985. Even though it reversed the lower court's finding of unprotectibility,[120] its language should dispel any doubts about the high court's commitment to restrictive criteria for protecting computer programs. The court echoed its earlier judgment by framing the inquiry in terms of whether the software in question had "clearly surpassed" the level of average creation "and had nothing to do with banal rou-

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[117] Judgment of April 27, 1989, Oberlandesgericht, Hamm, [1990] GRUR 185, 186. The plaintiff apparently did not provide copies of either the source or object code.

[118] *Id.* at 187.

[119] *Id.* ("[]he chamber leaves . . . open [the question] whether the Bundesgerichtshof's requirements have grown to be too high (*zu hoch angesiedelt [geworden seien]*) or whether in light of critical opposition . . . a lower threshold might gain acceptance" and citing cases of the Bundesgerichtshof indicating that its view might have changed).

[120] This could be considered to apply to computer programs the rules that some courts had already applied concerning the burden of proof in cases involving video games. *E.g.* Judgment of June 13, 1983, Oberlandesgericht, Frankfurt am Main, [1983] GRUR 753, 754-755; Judgment of March 31, 1983, Hanseatisches Oberlandesgericht, Hamburg, [1983] GRUR 436 (conceding in principle copyrightability of "collection, selection, ordering and arrangement" of software but holding that copyrightability of the program in question had not been substantiated). *See* Schroeder, "Case Comment: Recent German Case Law on Copyright Protection of Video Games," [1985] Eur. Intell. Prop. Rev. 19 (discussing implications of a video-game case where copyrightability was denied to video games, with similar reluctance, for inadequate documentation). *Cf.* Reed, "Reverse Engineering Computer Programs without Infringing Copyright," [1991] Eur. Intell. Prop. Rev. 47, 51 (suggesting that the same process may be at work in the United States and Great Britain).

tine."[121] Moreover, it went out of its way to reject the lower court's suggestions to the effect that it might have moved away from its restrictive position towards software, noting that regardless of less stringent requirements that the Bundesgerichtshof may have posed in other contexts, "[t]he chamber (*Senate*) sees no cause . . . to deviate from the principles of the *Inkasso* decision."[122] Indeed, by thus reaffirming the earlier decision's vitality in a case involving operating system software, the Bundesgerichtshof may have sought to signal its disapproval of a perceived tendency to restrict the *Inkasso* criteria to application programs.[123] Nonetheless, the opinion contains several subtexts that may signal a significant modification of the *Inkasso* criteria.

Although it disagreed with the Oberlandesgericht in finding that the plaintiff had satisfied her burden of proof,[124] the mere fact that the highest court ratified the Oberlandesgericht's method may mark a sharp break from preëxisting criteria for protection. To allow supporting material to provide the basis for a finding of copyright may vitiate the Inkasso decision's requirement of fixation and its language that the supporting material is subject to copyright separately from the program. Far more importantly, the Bundesgerichtshof's decision may also represent a significant lowering of the threshold of protection. After repeating its earlier position that creativity does not depend on effort or expense,[125] the decision goes on to say that

> "[n]evertheless, these circumstances can also [evidence] the creation of extraordinarily complex system software, which does not rest on a merely mechanical . . . activity but—as demonstrated with particularity by the plaintiff (*in einzelnen ausgeführt*)—also places considerable requirements on the creativity of the program author."[126]

The court noted that the development of the program required between one hundred and two hundred man-hours, that one of the systems required approximately one and a half million program steps, and that two of the sys-

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121 Judgment of Oct. 4, 1990, Bundesgerichtshof, Ger., [1990] C.R. 78, 79.

122 *Id.* at 83.

123 *Id.* at 82.

124 *See* Dietz, "Die Entwicklung des Urheberrechts der Bundesrepublik Deutschland von 1984 bis Anfang 1989," 112 U.F.I.T.A. 5, 25 (1990); Bauer, "Reverse-Engineering und Urheberrecht," [1990] C.R. 89. This distinction appears counterintuitive when one considers that operating systems programs tend to be less highly developed than application programs, and it may have developed as the most direct way for courts to distinguish the *Inkasso* case, although a recent case may throw into doubt the future validity of such efforts. Nonetheless, the Ministry of Justice appears to have taken this position as well. *See* Bericht der Bundesregierung at 43.

125 Judgment of Oct. 4, 1990, Bundesgerichtshof, Ger., [1991] C.R. 78, 82.

126 *Id.* at 83. *See* text accompanying note 79, *supra*.

tems required several million marks in development expenses.[127] The decision thus modifies the rigid *Inkasso* rule by adopting a presumption by which the labor and expense that has gone into developing a computer program has a direct bearing on the program's copyrightability.

The extent of the presumption is uncertain.[128] While the opinion itself appears to limit it by noting that "operating systems for middling- and larger-sized data processing equipment attain, as a rule, a very high degree of individuality,"[129] this formulation is not entirely clear. Applying the presumption of creativity on the basis of a system's size could lead to the sort of formalism that marks the *Inkasso* decision itself. For example, if size is a reliable indicator of the presumption's applicability, how does one define a middling size system at a time when increasingly powerful systems can fit into smaller and smaller computers.[130] Another area of uncertainty concerns the affect of this decision on application programs, which bear the brunt of the *Inkasso* criteria, and yet would not be touched by the recent decision if it is limited to the kind of software involved in that case.

It would appear that the presumption will, in fact, be limited to operating system programs like that in dispute in the case. In the first place, the language of the opinion draws a clear distinction between operating system programs and application programs.[131] Additionally, from its cautious tone regarding the question of protectibility,[132] the opinion appears reluctant to establish a sweeping rule, and to stand not as a forward-looking realignment of the *Inkasso* doctrine, but rather as a minor modification to it. Finally, there are practical reasons why the Bundesgerichtshof should wish to create a more generous rule for operating system programs than to application programs. The opinion may have represented a means of coming to grips with the willingness of lower courts to restrict the *Inkasso* case. In particular, the Ministry of Justice's apparent endorsement of a view that would restrict the *Inkasso* decision to standard application programs[133] may have convinced the Bundesgerichtshof of the need to retain the initiative in defining the scope of protection of computer programs. If this view of the recent decision is correct, it may presage a significant tightening of the *Inkasso* criteria. While the legal status of the programs that had traditionally been covered by the deci-

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127 *Id.*

128 *Id.*

129 For a discussion of the threshold burdens of substantiation and of proving the copyrightability of a program in light of the new decision, see Oppermann, "Urheberrechtlicher Schutz und Substantiierungslast im Softwareprozeß," [1991] C.R. 264.

130 Judgment of Oct. 4, 1990, Bundesgerichtshof, Ger., [1991] C.R. 80, 82.

131 *Id.* at 81 (e.g. noting that operating system software "as opposed to application software does not serve for the solution of an individual operating problem").

132 *See id.* at 82-83.

133 Bericht der Bundesregierung at 43.

sion would remain unchanged, the reduced standard would apply, without the possibility of mistaking the Bundesgerichtshof's intent, to programs that had until recently been able to escape the effect of the *Inkasso* case by being distinguished away.[134]

On the other hand, the decision appears to undercut the extreme view of object code non-protectibility in favor of a reasonable view of protectibility, based on its relation to the underlying structure and sequence of the program. With regard to the illegibility of object code, the Bundesgerichtshof stated that the burden of proof could be met by a description of the creative elements of a program, even if this is of a theoretical or abstract nature.[135] The proponent's burden of proof "follows the contours, essentially, of general copyright principles, which means for the copyright protection of computer programs in general it depends on the form and manner of the collection, division and ordering of the material."[136] The court also noted that the weight of the burden of proof differs according to the particular allegations. Thus, in a case involving the infringement of individual results of prior steps, one would have only to prove that the copied parts had creative properties, while in a case alleging infringement of an entire program, a demonstration of all of the creative elements of the program would be necessary as far as they can be established.[137] In the case at bar, the court found individuality in the (1) structure, sequence and organization in the possibilities of different technical formations (tending to show that the program's operation was not dictated by the hardware); (2) features reflecting programmers' judgments of the relative importance of such things as speed, comfort, the carrying out of specific tasks; and (3) interoperability with certain software.[138]

Whether this opinion actually lowers the threshold of copyright protection for programs written in object code remains to be seen. It must, however, be weighed against an apparent judicial sympathy to claims by users of individualized software applications that they are entitled to access to the source code as a matter of general commercial law. This reasoning has been apparent since at least 1986, when the Bundesgerichtshof gave source-code access to a user of individualized software based on a construction of the Civil Code.[139] Although that decision was based on an interpretation of an omit-

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134 Although the original Proposal contained language that may have resolved this problem, the Directive in its final form leaves the question unanswered. *Compare* Proposed Directive Art. 1.4(b) (ensuring protection of "computer-generated programs") *with* Directive Art. 1 (removing reference).

135 Judgment of Oct. 4, 1990, Bundesgerichtshof, Ger., [1991] C.R. 78, 81.

136 *Id.*

137 *Id.*

138 *Id.*

139 Judgment of Jan. 30, 1986, Bundesgerichtshof, W.Ger., [1986] C.R. 377. *See* Bürgerliches Gesetzbuch § 157 ("[c]ontracts are to be construed in such a way as good faith [*Treu und Glauben*] with reference to the practices in the trade

ted clause in the contract,[140] a more recent lower-court decision indicates that source code access may represent a general trap for the unwary.[141] The defendant in an action for payment arising from a software development agreement argued that the software contained errors and counterclaimed for access to the source code of the program on the grounds that it was necessary for the removal of errors. Although the copyright in the software was held by the software company, with the defendant having an exclusive right of use, the court held that a contract for the development of individual software carries an obligation to provide the source code and accompanying documentation where the contract contains no long-term maintenance agreement.[142] Thus, even if a given program is copyrightable under a less stringent standard than that set forth in the *Inkasso* decision, it may yet be denied protection for reasons independent of copyright law.

B. France: The Pachot *Case and the* Atari *and* Williams Electronics Decisions

The Bundesgerichtshof's detailed doctrine contrasts with the treatment of computer software by the plenary assembly of the French Cour de Cassation (supreme judicial court), which appears, in three judgments issued on the same day in 1985, to have concluded that computer software is copyrightable without significant qualifications.[143] The first case involved the comptroller of a company who had developed an accounting program in the course of his employment.[144] His employer sought to make a backup copy, which he refused to authorize, and when he took the software from the premises the

[*Verkehrssitte*] requires"); *Id.* § 242 ("the obligee is bound to perform [*die Leistung so zu bewirken*] in such a way as good faith with reference to the practices in the trade requires"); *Id.* § 631.1 ("[t]hrough the work contract the person who shall perform the work is bound to produce the promised work and the person who ordered the work to be done is bound to pay over the promised sum").

[140] *Id.* (noting that access to the source code was necessary to ensure the "cost free software maintenance" provided for by the contract). *But see* Judgment of Nov. 18, 1988, Landgericht, München, [1989] C.R. 990 note H. Malzer (noting that the Court went further than necessary because there had been an explicit contractual transfer of the know-how necessary to use of the program in question).

[141] Judgment of Nov. 18, 1988, Landgericht, München, [1989] C.R. 990, 990-991.

[142] *Id.*

[143] The plenary assembly meets to decide cases that have been heard by the Cour de Cassation and remanded to a cour d'appel but in which the lower court on remand refused to follow the Cour de Cassation's opinion. Following a decision by the plenary assembly the case is remanded to another cour d'appel, which must follow the new opinion of the Cour de Cassation. *See* Code de l'Organisation Judiciaire, Art. L.131-4.2.

[144] Judgment of March 7, 1986, Cass. ass. plén., Fr. [1986] 2 Bulletin des arrêts de la Cour de Cassation—Chambres civiles [Bull. Civ.] 1 5 [Pachot].

company laid him off.[145] The former employee sued for wrongful dismissal. The company countered with a claim for damages and brought a criminal action for theft.[146] After involved procedures in both civil and criminal lower courts that never addressed the issue of copyrightability, the Paris Cour d'appel (court of appeals) found for the defendant on the issues of copyrightability and ownership.[147] The Cour de Cassation, while reversing on the issue of ownership, affirmed that the work was copyrightable on a showing of an "intellectual contribution" ("*un apport intellectuel*"). It appears to have considered this new standard, which differs from the traditional formulation of an "*oeuvre de l'esprit*" to require "a personalized effort going beyond the simple production of an automatic and constraining logic and that this effort [be] materialized in an individualized structure."[148]

In the second case, which involved joined actions for copyright and trademark infringement of the Atari "Centipede" game[149] and of a videogame produced by Williams Electronics,[150] the Cour de Cassation fleshed out this requirement. In *Atari*, the Cour d'appel had found trademark infringement but held, in a provocatively written opinion, that neither the computer program nor the form or display of the video-game could be assimilated to the concept of *oeuvres de l'esprit* because "the elements . . . arise from the structure of a simple industrial object."[151] Rejecting the intermediate court's reasoning in its entirety, the Cour de Cassation stated that "legal protection extends to every work proceeding from an original intellectual creation inde-

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145 This case, like the two others, arose under the 1957 Law. While the threshold definitional issue remains unchanged, issues such as the right to make a backup copy and the question of ownership would not arise today because the employer clearly would have prevailed on the copyright claim under the 1985 Law.

146 Judgment of Nov. 2, 1982, Cour d'appel, Paris 116 RIDA 148, 149-150 (1983). French law provides a right of private prosecution (*action civile*) "for reparation of the damage caused by a crime, a misdemeanor, or a violation . . . available to all who have personally suffered damage directly caused by the infraction." Code de Precédure Pénale, Art. 2. This is subject to certain statutory exceptions regarding substance and some special provisions granting third party standing but none of these is relevant to an action under copyright law. *Id.* Art. 2-1-2-7; Loi No. 68-943 du 30 Oct. 1968 relative à la responsabilité civile dans le domaine de l'énergie nucléaire, Art. 17, Journal Officiel de la République Française 31 Oct. p. 10195. *Cf.* note 71 *supra*.

147 Judgment of Nov. 2, 1982, Cour d'Appel, Paris, 116 RIDA 148 (1983). The company had claimed in the alternative that the software did not meet the threshold requirements for protection as an *oeuvre de l'esprit* and that if it did the company was a co-author of the software as a collective work.

148 Judgment of March 7, 1986, Cass. ass. plén., Fr. [1986] 2 Bull. Civ. I 5.

149 Judgment of March 7, 1986, Cass. ass. plén., Fr. [1986] 2 Bull. Civ. I, 6 (arrêt 1) [Atari].

150 *Id.* at 7 (arrêt 2) [Williams Electronics].

151 Judgment of June 4, 1984, Cour d'Appel, Paris, 123 RIDA 178 (1985).

pendently of all consideration of an aesthetic nature."[152]

In the *Williams Electronics* judgment, the Cour de Cassation further stated that copyright protection extends to "all original *oeuvres de l'esprit* regardless of their merit."[153] This position is quite similar to the prevailing standard in the United States copyright law,[154] although it seems inconsistent with the requirement of an "intellectual contribution" put forth in the Pachot case. However, since the *Williams Electronics* decision was principally concerned with the copyrightability of an assemblage of sounds and images, it did not provide the same fundamental issues of software protection that arose in *Pachot* and *Atari.* Nevertheless, the standard of an "intellectual contribution" has been the object of some uncertainty. On one hand, it is vague enough that commentators have expressed concern that it could be used to extend copyright protection indiscriminately to industrial objects that are more properly covered by other forms of intellectual property protection.[155] And on the other hand, the requirement of a case-by-case showing of an "intellectual contribution," instead of a presumption that the decision to create a program adequately manifests the author's personality could practically circumscribe the scope of software protection.[156] Indeed, one commentator has speculated that at the time the Cour de Cassation had the *Inkasso* decision in mind and wanted to import its high degree of inventiveness into French law.[157] This confusion appears unwarranted, because the three judgments taken together make it likely that the Cour de Cassation intended the "intellectual contribution" standard as a formula to reflect the special status of computer software in the 1985 Law. Although the cases arose under the 1957 Law, they arose after the passage of the 1985 Law when the legislative intent was clear to provide broad protection to computer software. Had the French statute merely amended Art. 2 of the 1957 Law to include software, as the German statute merely amended § 2 of the Urheberrechtsgestz, a restrictive doctrine may have been possible, but by amending the enumeration of protected works to include "software, as defined in Title V"[158] the French legis-

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[152] Judgment of March 7, 1986, Cass. ass. plén., Fr. [1986] 2 Bull. Civ. I 6, 7 (arrêt 1).

[153] *Id.* at 8 (arrêt 2).

[154] *Bleistein v. Donaldson Lithographic Co.*, 188 U.S. 239, 250-251 (1903).

[155] Judgment of March 7, 1986, Cass. ass. plén., Fr., 129 RIDA 137 (1986) note A. Lucas; Gaudrat, "Europe des logiciels: au menu, P.L.A. du chef à la mode bruxelloise," [1989] D.I. 65, 71.

[156] A. Lucas, *Le Droit de l'Informatique* 211-215 (1987). This commentator indeed expressed the opinion that the Court had the *Inkasso* decision in mind and wanted to import its high standard of inventiveness into French law through the requirement of an *apport intellectuel. Id.*

[157] *See* A. Lucas, *Le Droit de l'Informatique* 225 (1987).

[158] 1985 Law Art. 1(V). Title V consists of the software provisions of the amended law.

lature sidestepped the possibility of a limiting judicial interpretation of the statute. Whether for this reason or not, the fact is that the issue of software copyrightability appears to have been litigated only rarely.

In a recent decision, the Cour de Cassation affirmed that the "intellectual contribution" standard represents, if anything, a lowering of the traditional threshold of copyright protection.[159] In this case, the developer of software that permitted the selection and manipulation of graphic elements sued for infringement. The facts of copying were not in dispute, but the defendant argued that the programs in question were simply manipulable data bases rather than true software programs and challenged the appellate court's application of the "intellectual contribution standard" on the grounds that it did not examine whether the programs in question represented a synthesis of the inventive spirit with novelty. The Cour de Cassation rejected this proposed stringent standard, and affirmed the Cour d'Appel's requirement of a showing that the copied work resulted from "creative choices" whose originality must be assessed "with regard to the author's personal contribution, and without having to refer to the notion of novel invention."[160]

A fortiori, French courts and commentators have not expressed concern over the status of object code, which could theoretically defeat copyrightability on the grounds that by virtue of being created by a machine it is not an *oeuvre de l'esprit* and because its use is not a protectible "representation" under Art. 26 of the 1957 Law.[161] As with Sherlock Holmes' dog that did not bark, this silence is particularly telling, for just as the treatment of object code has become a prime source of uncertainty in German copyright law it has faded into irrelevance in France. The only French commentator who appears to have addressed the question has posited a direct link between the legislative style of the software provisions of the 1985 Law and the consensus on this aspect of protectibility: "[I]indifferent to the incoherences it caused, the legislator obviously wished to protect software in object code . . . ."[162]

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159 Judgment of April 16, 1991, Cass. civ. 1re, Arrêt no. 632 P, Pourvoi no. 89-21.071/S (unpublished; copy on file with author).

160 *Id.* at 3.

161 1957 Law, Art. 26. Art. 27 defines a "representation" as "the direct communication of the work to the public" by enumerated means.

162 Gaudrat, "La Protection des logiciels par la proprieété littéraire et artistique," 128 RIDA 181, 203 & 202 (1986). This commentator also proposes a conceptual analysis under which originality would continue to subsist in the program to the extent that the object code is based on the source code. *Id.* Under this analysis, the author of the object code would not be able to bring an action for infringement of the code itself but would be able to bring an action for infringement of the structure represented by the source code.

C. *The European Community Software Directive and Divergent Thresholds of Protection*

As originally drafted, the Directive contained a requirement that would almost certainly have been in conflict with the requirements of the *Inkasso* case and may well have conflicted with French law because it required that computer programs "satisf[y] the same conditions as regards its originality as apply to other works."[163] To the extent the threshold for protectibility depended on qualitative criteria, the Directive as originally proposed would have required changes in the law of both of these countries. The *Inkasso* criteria arguably would not have passed muster because the requirement that a program exceed the level of skillfulness of the average programmer departs notably from traditional copyright principles.[164] The French rule could be challenged on the grounds that the criterion for originality set forth in the *Pachot* case ("*un apport intellectuel*") represents a standard that is not required for other types of works,[165] although to the extent that this standard is actually more generous than traditional rules there is no problem. This requirement gives rise to numerous problems because it assumes that other literary works are judged by a single standard when in fact the threshold of originality may be set at different levels for different types of literary works.[166]

The current language of the Directive concerning originality avoids these pitfalls by converting the negative qualification into a positive requirement that a computer program be protectible if it is "original in the sense that it is the author's own intellectual creation" and incorporating the Berne Convention by reference.[167] This standard is clearly compatible with the French standard of an "intellectual contribution," particularly as it has been most recently articulated by the Cour de Cassation. It is by the same token probably incompatible with the stringent standard of the *Inkasso* case. Nonetheless, this formulation is quite vague and thus may escape effective harmonization. In the first place, because the Berne Convention does not

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163 Proposed Directive Art. 4(a).

164 *See* Heymann, "Softwareschutz nach dem EG-Richtlinienentwurf: Kriterien und Auswirkungen, [1990] C.R. 9. It is not entirely clear, however, whether the EEC document is concerned with qualitative requirements in general or insofar as it relates to an aesthetic conception of creativity. *See* Amended Proposal Preamble clause 12.

165 *See* Gaudrat, "Europe des logiciels: au menu, P.L. A. du chef à la mode bruxelloise," [1989] D.I. 64, 70-72.

166 In American law, this may be illustrated by the divergent level of protection for original works and for derivative works. *See, e.g., Alfred Bell & Co. v. Catalda Fine Arts, Inc.*, 191 F.2d 99 (2d Cir. 1951).

167 *Id.* Art. 1.3.

provide a definition of "literary works,"[168] the national treatment doctrine it incorporates would essentially formalize discrepancies among legal systems.[169] Additionally, the Directive does not define the meaning of the word "intellectual creation."[170]

Formulations taken from national law may be of little help in interpreting this language because it does not reflect any traditional civil law standard.[171] The language does not necessarily quell the debate over the protectibility of object code because the requirement of intellectual creation may leave intact the Bundesgerichtshof's phased analysis with its implication that creativity is required at every juncture. The new Directive thus emphasizes the problems that *Inkasso* raised concerning the extent of creativity of a computer program and suggests that the battle over object code protectibility might continue to the extent that it is waged on the grounds of a machinal break in human creativity. While a proponent of high-level protection may point to the omission, in the Directive, of the original proposal's express exclusion of programming language,[172] an opponent of strong protection for software may equally point to the deletion from the final text of the clause providing for protectibility of "programs generated by a computer."[173] However, to the extent that the Bundesgerichtshof's recent decision marks a retreat from the *Inkasso* decision's stringent standard for copyrightability of computer programs, there may in fact be no conflict between the requirement of the Directive and a requirement of human creativity in the selection, ordering, and arrangement of a given program.

III. THE RIGHT TO CONTROL EXPLOITATION OF PROTECTED SOFTWARE

While both the French and German copyright amendments depart from traditional principles of copyright, the statutory derogation is far more wide-reaching under French than under German law and generally provides less protection to authors than they would enjoy under traditional copyright prin-

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168 *See* Berne Convention Art. 2 (defining the expression "literary and artistic works").

169 *See Id.* Art. 5.

170 That this term is by no means clear is illustrated by the ambivalence of the WIPO Model Provisions on Software Protection. These frame the term "originality" in terms of being "the result of its creator's intellectual effort," but this seemingly-precise formulation apparently requires mere origination of a work in the sense of the author's having decided to create it. WIPO Model Provisions on Software Protection at § 3 & comment "d."

171 For example, while the traditional formulation of originality in French law refers to an *oeuvre de l'esprit*, the formulation used in the French language text of the Directive refers to "la création intellectuelle propre à [l']auteur." J. O. Comm. Eur. (No. L 122/42) Art. 1.3.

172 *Compare* Proposed Directive Art. 1.3 *with* Directive Art. 1.2.

173 *Compare* Proposed Directive Art. 1.4(b) *with* Directive Art. 1.

ciples.[174] Thus, while French law has a unique work for hire provision,[175] restricts moral rights,[176] provides for lump sum remuneration in place of royalties,[177] and provides a shorter term of protection than the 1957 Law,[178] the Urheberrechtsgesetz underwent only two amendments to account for the copyrightability of computer programs.[179] Despite these differences, both systems share a single point of departure from traditional copyright principles in that both strengthen the copyright owner's ability to control the uses to which a work may be put by a subsequent legitimate acquiror. Under traditional copyright principles in both countries—including both the *Pachot* and *Inkasso* cases—the right of destination does not allow the copyright owner to prevent copying of a program for private use.[180] Under the software-specific provision of both countries' amended copyright laws, users have no right to make such copies of software without the author's express consent.[181] The following section shall examine the differences and similarities between the scope of protection granted by both countries' copyright laws and assess the harmonizing impact of the Directive in this area.

A. Ownership and Duration of Rights in France and Germany

While many of the French and German rules governing who has the right to control use of copyrighted software differ considerably in detail, in many respects they reach the same result. This is illustrated by the rules governing the duration of protection. Software in France is protected for twenty five years from the date of its creation, while in Germany it enjoys protection for seventy years from the date of its creation.[182] However, when one considers the speed with which software becomes obsolete the length of protection may have little practical significance beyond two or three years.

The rules governing ownership of software created by an employee in the

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174 *See* Françon, "Letter from France," 22 *Copyright* 359, 361 (1986); Gaudrat, "La Protection des logiciels par la propriéété littéraire et artistique," 128 RIDA 183, 183-189 (1986).

175 *Compare* 1985 Law Art. 45 *with* 1957 Law Art. 8. *But see id.* Art. 13.

176 *Compare* 1985 Law Art. 46 *with* 1957 Law Arts. 19 & 32.

177 *Compare* 1985 Law Art. 49 *with* 1957 Law Art. 35.

178 *Compare* 1985 Law Art. 48 *with* 1957 Law Arts. 21-23.

179 Urheberrechtsgesetz §§ 2(1)1 and 53(4).

180 *Compare* 1957 Law Art. 41 ("When a work has been divulged, the author may not prevent . . . copies or reproductions strictly reserved to the private use of the copier") *with* Urheberrechtsgesetz § 53(1)-(3) ("admissible to produce individual reproductions of a work for private use" or for enumerated purposes such as archival collections).

181 *Compare* 1985 Law Art. 47 *with* Urheberrechtsgesetz § 53(4).

182 *Compare* 1985 Law Art. 48 *with* Urheberrechtsgeset § 64. The Directive requires the elimination of the special shortened term of protection for software provided in French law but would leave unchanged the term of protection in German law.

execution of his duties has much greater practical significance, particularly when one considers that much important software copyright litigation in both countries has arisen in the context of software made by an employee. Nonetheless, these too present a picture of rules that diverge quite substantially in detail yet lead essentially to similar results. In France, the employer is automatically considered the author of software created by the employee "in the exercise of his functions," unless otherwise provided by contract.[183] In Germany the copyright in a computer program belongs inalienably to the actual creator but subject to a right of use in the employer if there is an agreement to that effect.[184] However, under German law there is a very strong presumption that such an agreement is implied in the employment relationship, absent a clear reservation of the employee's rights. Whether the employer has an automatic *exclusive* right to use software created by an employee depends on whether a given work was created "in fulfillment" of the employee's duties or merely owing to an "opportunity" created by the employment.[185] The test has historically been not the employee's job description, but whether the software that he created was necessary to his work. However, the Bundesarbeitsgericht (supreme labor court) has reacted to the possibility of unfairness by construing such employment contracts strictly.[186]

B. Unauthorized Exploitation in French and German Law

Protection under the French statute appears more absolute than that provided by German law. Article 47 of the 1985 French law prohibits not only unauthorized reproduction, but also "all use of software not expressly authorized by the [right holder]."[187] This prohibition surpasses the traditional destination right provided in French law, since it goes beyond the right-holder's prerogative to reserve certain uses to himself.[188] It has received a particularly strict interpretation by the Paris cour d'appel in an unfair competition suit brought by the French licensee of Ashton-Tate Software against one of its distributors for incitement to infringement by selling

183 1985 Law. Art. 45.1 *See* Bertrand, "Les logiciels créés par des salariés dans l'exercise de leurs fonctions appartiennent-ils vraiment à leur employeur?" 36 Cahiers du Droit d'Auteur 15. The Directive is compatible with this standard, but requires a clear connection between the creation and the employment relationship for the employer's presumptive right to attach. *See* Directive Art. 2.3 ("following the instructions given by [the] employer").

184 Urheberechtsgesetz § 43.

185 *See* Sundermann, "Nutzungs- und Vergütungsansprüche bei Softwareentwicklung im Arbeitsverhältnis," [1988] GRUR 350, 351.

186 *E.g.* Judgment of Sept. 13, 1983, Bundesarbeitsgericht, W.Ger., [1984] GRUR 429.

187 1985 Law, Art. 47.

188 *See* F. Pollaud-Dulian, *Le Droit de Destination: Le Sort des Éxemplaires en Droit d'Auteur* 214 (1989).

software packages designed to allow buyers of the software to circumvent commands placed in the software to prevent unauthorized copying.[189] The defendants argued that Art. 47, by allowing the user to make a back-up copy, made it illegal for the manufacturer to fit his software with an anti-copying device and *a fortiori* made legal the sale of an anti-locking device.[190] The cour d'appel roundly rejected this reasoning.[191] Viewing the back-up copy provision of the 1985 Law as a privilege rather than as a right, the Court held that the language allowing the user to make a copy must be read literally to allow only a single copy, and it justified this result by noting that "[i]f the other articles concerning software in the 1985 law create a situation less advantageous to the author than the law of 1957 . . . Art 47 . . . submits the legal reproduction of software to particularly rigorous conditions."[192]

While this judgment can be taken to task for internal inconsistency in its analysis of the statutory terms,[193] it is consistent with the policy of the statute to provide a high level of protection for software.[194] This has not stopped vigorous criticism of it, however, on the grounds that it makes no sense for copyright law to prevent the very utilization for which the program was brought,[195] and that Art. 47 does not require the limitation to a single copy.[196] According to this view, the statute must be construed to prohibit not every "use" but only those uses that are not consistent with the purpose

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189 Judgment of Oct. 20, 1988, Cour d'Appel, Paris [1989] D.I. 61, *aff'd*, Judgment of May 22, 1991, Cass. civ. comm. arrêt no. 802 P, Pourvoi No. U 89-11.390 (unpublished; copy on file with author).

190 Judgment of Oct. 20, 1988, Cour d'Appel, Paris, [1989] D.I. 61. The resolution of this question so far in the United States has led to quite different results. *See Vault Corp. v. Quaid Software, Ltd.*, 847 F.2d 255 (5th Cir. 1988) (sale of anti-locking devices " 'does not constitute contributory infringement if the product is . . . capable of substantial noninfringing uses,' " *quoting Sony Corp. of America v. Universal City Studios*, 464 U.S. 417, 442 (1984). The Directive adopts a similar standard in the provision allowing member states to ban "any means the *sole intended purpose* of which is to facilitate" circumvention of locking commands. Directive Art. 7.1(c) (emphasis added).

191 Judgment of Oct. 20, 1988, Cour d'Appel, Paris, [1989] D.I. 61, 62.

192 *Id.* at 61-62.

193 *See id.* at 63 (interpreting the word "copy" literally while stating that the word "user" must not be read narrowly). *See also* van Dorsselaere, "La Copie des logiciels: Un Régime Juridique en Évolution," Gazette du Palais, 2 Nov. 1989 p. 593.

194 *See* A. Lucas, *Le Droit de l'Informatique* 249-250 (1987) (stating that "the rule is . . . radically new and contrary to the principles of copyright" but concluding that the traditional principles of protection would have left the author vulnerable to abuse because they are concerned only with "secondary uses").

195 *See* Judgment of Oct. 20, 1988, Cour d'Appel, Paris, [1989] D.I. 61 note P. Gaudrat.

196 van Dorsselaere, "La Copie des logiciels: Un Régime Juridique en Évolution," Gazette du Palais 581, 593 (Nov. 2, 1989).

for which software has been bought; multiple copies of a computer program would not be considered as infringing as long as they went to the same use.[197] The implications of this ironclad rule have been especially worrisome for educators in the field of information technology, and has led to some unsuccessful initiatives by the French government to reconcile the interests of educators with copyright protection of software.[198]

The German statute goes further than the French law in one respect. Where Art. 47 of the 1985 French law excepts "the establishment of a back-up copy by the user"[199] from the ban on reproductions, § 53(4) of the Urheberrechtsgesetz prohibits the user from making even back-up copies of the software without the right-holder's express consent.[200] This is a far cry from the compulsory license scheme for private reproductions of phonograms and videograms contained elsewhere in the Urheberrechtsgesetz,[201] and if one considers that the "reproduction" of a program in a computer's volatile memory is necessary to use a program, the German statute could represent a more succinct way of reaching a similar result to that attained by the French statute. Nevertheless, the respective formulations may not provide equivalent levels of protection because of uncertainty concerning whether the mere loading of a program into a computer's memory constitutes "reproduction."[202]

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197 *See* Judgment of Oct. 20, 1988, Cour d'Appel, Paris, [1989] D.I 61 note P. Gaudrat).

198 *See* Correa, "The Legal Protection of Software," 14 *Informatico e Diritto* 131, 144 (1990); van Dorsselaere, "La Copie des Logiciels: Un Régime Juridique en Evolution," Gazette du Palais, 29-30 Dec. 1989 p. 581, 583-584; Lucas, "Logiciels, Droit d'Auteur et Enseignement, in *Actes du Colloque Apports de l'informatique à la Connaissance du Droit*," 1 Annales de l'Iretij [Institut de Recherche et d'Études pour le Traitement de l'Informatique Juridique] 131.

199 1985 Law Art. 47.

200 Urheberrechtsgesetz § 53(4).

201 *See id.* § 53(1), (2) (setting forth conditions for reproduction of a work for private use and certain other enumerated purposes); *id.* § 54(2) (establishing a compulsory license scheme funded by levies on producers of copying equipment).

202 *See* A. Lucas, *Le Droit de l'Informatique* 248-249 & n.214 (1987) (collecting authorities); Schneider, "Vervielfältigungsvorgänge beim Einsatz von Computerprogrammen," [1990] C.R. 503, 506-507 (concluding that use does not equal reproduction); Ernestus, "Nutzung und Vervielfältigung eines Computerprogrammes," [1989] C.R. 784, 788-789 (loading program in RAM not reproduction). *Compare* "Second Committee of Governmental Experts on Copyright Problems Arising from the Use of Computers for Access to or the Creation of Works," 18 *Copyright* 239, 245 (Annex I) ("storage in and retrieval from computer systems . . . may . . . involve the right to reproduce any work involved"). The difference between the preëxisting statutory formulations may also have influenced a difference in the choice of language employed in the amended laws. Under the French copyright law the copyright holder's rights of representation and of reproduction are referred to as "exploitation" rights, defined by reference to some communication of the work to the public. *See* 1957 Law Arts. 26, 27, 28. Under the German law the author's rights are also

This raises interesting questions regarding the use of software on a local access network (LAN network).[203] It also has been reflected in controversy over the legitimacy of reverse engineering.[204]

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defined in terms of exploitation, but with reference to public communication only with respect to the distribution and exploitation of a work in incorporeal form, such as through broadcasts. *See* Urheberrechtsgesetz §§ 15, 16, 17. Consequently, where in German law a ban on "reproductions" would be absolute *vel non*, a ban on "use" may have been considered necessary to avoid creating a loophole whereby users would have remained free to make reproductions not implicating the right of exploitation.

[203] Hoeren, "LAN-Software: Urheber- und AGB-rechtliche Probleme des Einsatzes von Software in Lokalen Netzen," 111 U.F.I.T.A. 5, 10-15 & nn.20 & 26 (1989) (arguing that if there is no reproduction in calling a program into volatile memory the right-holder could bring an infringement action for unauthorized use of software on a LAN-network only if the network were so large that the use could be considered as an infringement of the right-holder's "exclusive right publicly to reproduce his work in incorporeal form" under § 15(2) of the Urheberrechtsgesetz).

[204] Both French and German law prohibit the making of copies for ordinary use or study. In France the issue of reverse engineering arises from the tension between Art. 47 of the 1985 Law and Art. 41.3 of the 1957 Law, which permits, with respect to a work that has already been divulged, "analysis or short citations justified by the . . . scientific or information-related character of the work in which it is incorporated." The issue is whether the source code of software that has been issued only in object code has been "divulged," although analysis along these lines is unsatisfactory because the divulgation concept relates to moral rights, which have not been disclaimed by the 1985 Law but are inappropriate to software. For a contrary view, *see* Le Stanc, "Observations sur la proposition de directive du Conseil C.E.E. concernant la protection juridique des programmes d'ordinateur," [1989] Lamy Droit de l'Informatique 3, 7-8. In Germany the analysis of reverse engineering has revolved, reminiscently to that of object code protectibility, around whether reverse engineering constitutes a "reproduction" under § 16 of the Urheberrechtsgesetz or an "adaptation" (*Bearbeitung*) under § 23 of the Urheberrechtsgesetz. If reverse engineering is considered a reproduction, it is necessary to find implicit or explicit authorization, but once this is found one may make unrestricted use of the copy. If it is considered an adaptation permission is not necessary but the adaptation can be published or exploited only with the right-holder's consent. *Compare* Urheberrechtsgesetz § 16(1) *with Id.* § 23. For a view that reverse engineering is not permitted by German law, *see* Ilzhöfer, "Reverse-Engineering von Software und Urheberrecht: eine Betrachtung aus technischer Sicht," [1990] C.R. 89. For a contrary view, *see* Lehmann, "Erwiderung: Reverse Engineering ist keine Vervielfältigung i.S.d. §§ 16, 53 UrhG," [1990] C.R. 94; Lehmann, "Freie Schnittstellen (*interfaces*) und freier Zugang zu den Ideen (*reverse engineering*): Schranken des Urheberrechtsschutzes von Software," [1989] C.R. 1057. The Bundesgerichtshof, in its recent decision, appears to consider such use not to be a reproduction. *See* Judgment of Oct. 4, 1990, Bundesgerichtshof, Ger., [1991] C.R. 86, 91-92. The Directive forbids the contractual prohibition of a legitimate acquiror from making back-up copies. Directive Art. 5.2.

Despite the seemingly absolute character of the prohibition on reproductions, other aspects of the Urheberrechtsgesetz may contribute to remove much of its effect. Perhaps surprisingly, one of these is the seemingly irrelevant doctrine of exhaustion of rights. While this applies only to the further distribution of a work,[205] it is unclear whether, in the case of computer software, the ties between distribution and reproduction are so close that "exhaustion" of the copyright holder's rights to control the further distribution of software could also entail a termination of his right to control its reproduction. Although no German cases have addressed the efficacy of the right to control software reproductions, the logic of the exhaustion system prevailing in Germany points to less rather than more protection.[206]

The possible application of this principle to defeat the right-holder's ability to control reproduction granted under § 53(4)[207] may be illustrated by a 1988 intermediate court decision involving neighboring rights in sound recordings.[208] The exclusive licensee of certain records, tapes, and compact disks sold its goods to wholesalers and some retailers under contracts that forbade the renting or lending of the goods. All of the records, tapes, and compact disks contained a written notice to that effect purporting to bind the purchaser. The defendant purchased some of these goods from a wholesaler and proceeded to rent them out under the belief that the sale of the goods had extinguished the plaintiff's right to control the further use of the recordings in the absence of privity of contract between her and the defendant.[209]

The court found for the defendant as regards all categories of allegedly infringing works, resting its judgment not on exhaustion of right, but on what it perceived to be the compromise that the copyright law had affected between the competing property interests of the copyright owner and the owner of a chattel containing copyrighted work.[210] Said the court:

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[205] Section 17(2) provides as follow: "If the original or reproductions of the work is brought into commerce through alienation (*im Wege der Veräußerung*) with the consent of the holder of the distribution rights in the area of application of this law, their further distribution shall be lawful." The Bundesgerichtshof has interpreted this provision to require exhaustion only when a work is alienated within the area of application of the Urheberrechtsgesetz and has interpreted the consent requirement quite strictly. Judgment of Oct. 28, 1987, Bundesgerichtshof, W.Ger., [1988] GRUR 374.

[206] *See* Schneider, "Vervielfältigungsvorgänge beim Einsatz von Computerprogrammen," [1990] C.R. 503, 505-506.

[207] § 53(4) of the Urheberrechtsgesetz provides as follows: ". . . [T]he reproduction of a data processing program (§ 2(1)1) or substantial parts thereof is admissible only with agreement of the right-holder."

[208] Judgment of December 13, 1988, Oberlandesgericht, Düsseldorf, [1990] GRUR 188.

[209] Judgment of December 13, 1988, Oberlandesgericht, Düsseldorf, [1990] GRUR 188.

[210] It rejected her argument that § 17(2) did not apply to compact (laser) disks be-

> " . . . at stake is not only the record producer's intellectual property protection, which is guaranteed by Art. 14 of the Constitution, but also on the other hand the equally worthy property right of the acquirer of a compact disk, which is fundamentally permitted to him by § 903 of the Civil Code, to do with his goods as he wishes. The solution of the conflict between copyright . . . on the one hand, and the property rights of the acquirer of a work or its reproductions on the other, appears to be taken into account by §§ 27, 53 and 54 of the Urheberrechtsgesetz whereby the rentee of a work must pay a special fee to compensate for the excessive use of the work through his rental (§ 27) and the renter, when he makes a copy for private use, pays compensation to the holder of the copyright as well as to the neighboring right holder through fees on the copying machine and blank cassettes in accordance with § 54 of the Urheberrechtsgesetz."[211]

While this decision does not implicate software protection directly, its reasoning could be applied quite readily to reduce the extent of protection granted to software by the Urheberrechtsgesetz by providing a basis in the Civil Code for weakening the right to control reproductions.

Such concerns have come to the fore recently in a case in which the Bundesgerichtshof considered whether the compulsory license provisions of § 27 apply to the sale of videotapes subject to a substantial refund of the sales price on return of the cassettes within a specified number of days.[212] Sued for royalties, the defendant contested on the grounds, among others, that § 27

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cause the statute referred only to "videograms or phonograms." *Id.* Section 17(2) provides for the exhaustion of distribution rights in original works or reproductions that are alienated with the right-holder's consent. The distinction may make slightly more sense in German than in English because § 17(2) refers to "Bild- oder Tonträger"—literally "picture or sound carriers," thus arguably encompassing analogue works but not digital recordings. One curiosity about the decision is that while it discusses the applicability of § 17 to compact disks it never indicates whether the defendant argued, as the natural corollary to this argument, that on the plaintiff's reasoning she herself would not be able to secure protection for compact disks under § 85, which similarly refers to "Bild- oder Tonträger," and thus would not protect producers of compact disks in the first place. In any event, subsequent litigation appears not to have relied upon this counterintuitive construction. *E.g.* Judgment of July 5, 1990, Landgericht, Frankfurt am Main, [1991] C.R. 92.

211 Judgment of December 13, 1988, Oberlandesgericht, Düsseldorf, [1990] GRUR 188, 189. § 903 of the Bürgerliches Gesetzbuch provides that: "the owner of a thing can, as far as not inconsistent with the law or the rights of third parties, proceed as he wishes with the thing and can exclude others from every use."

212 *See* Judgment of Feb. 2, 1989, Bundesgerichtshof, W. Ger., [1989] GRUR 417. Section 27 provides for the payment of a royalty for the "rental or lending of reproductions of a work whose further distribution is lawful under § 17(2)"

was not applicable as the video cassettes had been sold rather than rented. The Bundesgerichtshof affirmed the lower courts' holding for the plaintiff by ruling that § 27(1) is applicable to the commercial alienation (*Veräußerung*) of copies of videotapes in a system under which the seller agrees to refund most of the purchase price on return of the item within a few days.[213] The Court noted that § 27 was intended to apply whenever "the further distribution leads to a particularly intensive work use and the users as a rule cease for that reason to be potential buyers of the work."[214] The implications of this decision for computer software protection have garnered some attention in view of the existing custom among software merchants of allowing goods to be returned after a trial period.[215]

C. *The Scope of Protection Under the European Software Directive*

The EC Directive also has harmonization implications for French and German law to the extent that it regulates the rights to make back up copies, the right to control rentals, reverse engineering, and the control of secondary infringement.

1. *Restricted Acts and Their Exceptions*

As originally proposed, the restrictions on exploitation of copyrighted software were quite sweeping, with the possibility of contractual derogations only for software that has been licensed rather than sold.[216] The final text does away with the license-sale distinction, but provides that the copyright holder cannot prevent reproduction necessary for use of a program, subject to amendment by contract.[217]

The drafters of the Directive have assumed that the use of a program is conceptually distinct from its reproduction.[218] However, the enumeration of restricted acts is so extensive as to preclude practically all use of software for the purposes for which it was bought. The Directive subjects to the rightholder's authorization the "permanent or temporary reproduction" of a program and any "loading, displaying, running, transmission, or storage . . .

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when the rental or lending activity "serves business purposes (*Erwerbszwecke*) of the renter or lender . . . "

213 *Id.*

214 *Id.*

215 *See* Hoeren, "BGH: Urheberrechtlicher Vergütungsanspruch bei Vermietung," [1989] C.R. 988 (arguing that the money paid should not be construed as a payment for use and noting that there was no obligation to return the videotapes).

216 Original Proposal, Art. 5.

217 Directive Art. 5.

218 *See Id.* at Preamble para. 22 (referring to "reproduction technically necessary for the use of [a] program").

necessitat[ing] such reproduction,"[219] as well as "translation [and] adaptation."[220] By adapting a broad conception of reproduction and putting it essentially on the same footing as adaptation, the Directive puts to rest a controversy that has exercised commentators in France and particularly Germany. Where reproduction is necessary for use, it is subject to an exception in favor of the legitimate acquiror.[221] While waiver of the rights to use a computer program runs contrary to the intentions expressed in a preamble,[222] the Directive allows such rights to be waived by "specific contractual provisions."[223]

The exceptions for back up copies and reverse-engineering appear absolute in that they are not subject to contractual derogation. However, they attach only in favor of "a person having the right to use" the software. Considering that the right to use the software is guaranteed by Art. 5.1, a contractual provision taking this away would arguably also take away the other exceptions. The right to make back-up copies attaches only in favor of a person "having the right to use" the program.[224] The reverse-engineering provisions apply only to "the person having the right to use a copy of the computer program . . . while performing any of the acts of loading, displaying, running, transmitting or storing the program *which he is entitled to do*" (emphasis supplied).[225] While Art. 9.1 provides that any contractual provisions that the right to make back-up copies and the right of reverse engineering cannot be removed by contract, this applies only to specific contractual provisions and an adequate limitation of the right to use the software would not fall within the scope of this.[226] Interoperability is more absolute because it does not depend on the right to use the software. However it is limited by its terms to ensure that software be used only for interoperability.[227]

There are two grounds in addition to that already raised for doubting the effectiveness of the Directive to require permission to make back-up copies. While the Directive forbids the right-holder to prohibit the establishment of back-up copies, it does not require national legislation affirmatively to establish a right to create a back-up copy. The language of the provision appears consistent with the French standard as interpreted by the *Commande Électronique* decision, which refers to a single back-up copy by a person having a

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219 *Id.* Art. 4(a).

220 *Id.* Art. 4(b).

221 *Id.* Art. 5.1.

222 *Id.* Preamble para. 22.

223 *Id.* Art. 5.1.

224 *Id.* Art. 5.2.

225 *Id.* Art. 5.3.

226 See also *id.* at preamble para. 22.

227 *Compare id.* Art. 5.2, 5.3 ("person having a right to use") *with id.* Art. 6.1 ("authorization shall not be required").

right to use the computer program.[228] While it appears to require changes in the German law by reversing the absolute prohibition of back-up copies, the Directive may actually be consistent with the Urheberrechtsgesetz, which by prohibiting absolutely the creation of back-up copies, avoids entirely the need for a right-holder unwilling to allow back-up copies to prevent such copies by contract.

2. The Scope of Exhaustion

As originally drafted, the Directive contained exhaustion provisions that went well beyond the contours of the European Court of Justice's decisions on the matter. The original exhaustion provision required exhaustion of rights following the first sale or importation of computer software following the first marketing of the software with the right-holder's consent without territorial restriction. The Directive has limited this in two important respects. It restricts exhaustion only to the first sale "within the Community," thus removing a possible source of ambiguity in earlier versions of the text. Furthermore, the Directive exempts from exhaustion the copyright owner's ability to control rentals of computer programs.

While the Directive enshrines a doctrine that is anathema to French copyright principles, it makes no great change in effect, because in its final version the Directive appears merely to codify the community exhaustion doctrine elaborated by the ECJ in *Deutsche Grammophon* and *Warner Bros.* However, by removing from exhaustion the right to control rentals of computer programs, the Directive will have an important effect by prohibiting the German law from developing an incipient compulsory license for software thereby putting to rest the concerns of German legal commentators about the implications of § 27 of the Urheberrechtsgesetz for computer software.

IV. CONCLUSION

This article has identified some of the recent currents in French and German law regarding the copyrightability of computer programs, and has indicated the effect that the European Community Directive may have on national legal systems. While the Directive requires substantial harmonization in certain respects, it defers to national legal systems in crucial respects: the definition of protectible works and arguably the scope of protection. Consequently, far from eliminating the differences among national copyright legislation, the Directive illuminates them. This can have ironic consequences if the Directive allows a much higher threshold for protectibility than its drafters arguably intended, while at the same time making possible a far higher degree of protection, in accordance with contract and copyright principles of the member states for work that has crossed that threshold. Whether this is

228 *Id.* Art. 5.2.

consistent with the Directive's purpose of spurring software creation by removing many of the impediments that intellectual property rules place in the way of its development remains to be seen.

PART II

LEGISLATIVE AND ADMINISTRATIVE DEVELOPMENTS

1. United States of America

U.S. CONGRESS. HOUSE OF REPRESENTATIVES.

H.R. 1612. A bill to amend section 108 of title 17, United States Code, to eliminate the library reproduction reporting requirement. Introduced by *Mr. Hughes* on March 21, 1991; and referred to the Committee on the Judiciary. (102d Congress, 2d Sess).

This bill would eliminate the requirement mandated by section 108(i) of the Copyright Act of 1976 for the Copyright Office to file a five-year report "setting forth the extent to which this section has achieved the intended statutory balancing of the rights of creators, and the needs of users." Section 108(i) also required the Register to list any problems and present any legislative or other recommendations. The Register made a preliminary survey of publishers and the library communities, found they thought the report was no longer necessary, and asked that section 108(i) be deleted.

U.S. CONGRESS. HOUSE OF REPRESENTATIVES

H.R. 2367. A bill to ensure the protection of motion picture copyrights, and for other purposes. Introduced by *Mr. Berman* on May 9, 1991; and referred to the Committee on the Judiciary. (102d Congress, 2d Sess).

Entitled the "Motion Picture Anti-Piracy Act of 1991," this bill would amend the Copyright Act and the Criminal Code to prohibit trafficking in devices dedicated to defeating copyright protection, by prohibiting the importation of deactivating equipment, devices or circuitry. The Criminal Code provisions of the bill amend the Electronic Communication Privacy Act's prohibition on the manufacturing, distribution, and advertising of wire or oral communication intercepting devices to include devices, components, or circuitry whose primary purpose or effect is to deactivate a copyright protection system.

U.S. CONGRESS. HOUSE OF REPRESENTATIVES.

H.R. 2372. A bill to amend title 17, United States Code, with respect to fair use and copyright renewal, to reauthorize the National Film Registry Board, and for other purposes. Introduced by *Mr. Hughes* on May 9, 1991; and referred jointly to the Committees on the Judiciary and House Administration. (102d Congress, 2d Sess).

Cited as "the Copyright Amendments Act of 1991," this bill would clar-

ify the intent of Congress that the fact that a work is unpublished should continue to be the only one of several considerations that courts must weigh in making fair use determinations. Secondly, it would provide for automatic renewal of copyrights secured on or after January 1, 1978, the effective date of the Copyright Revision Act of 1976.

U.S. CONGRESS. SENATE.

S. 756. A bill to amend title 17, United States Code, the copyright renewal provisions, and for other purposes. Introduced by *Mr. DeConcini* on March 21, 1991; and referred to the Committee on the Judiciary. (102d Congress, 2d Sess).

Section 1 of this bill would eliminate the requirement that authors file a renewal registration to obtain a second term of copyright protection for all works copyrighted before January 1, 1978. This automatic renewal provision would apply only to works in their first 28-year term of protection. Section 2 of this bill would delete section 108(i) of the Copyright Act. See H.R. 1612 (supra).

U.S. CONGRESS.

S. 1035. A bill to amend section 107 of title 17, United States Code, relating to fair use with regard to unpublished copyrighted works. Introduced by *Mr. Simon* on May 9, 1991; and referred to the Committee on the Judiciary. (102d Congress. 2d Sess).

This bill is intended to strike a balance between scholarship and journalism against the right of authors and other copyright owners to control the publication or use of their unpublished works.

U.S. COPYRIGHT OFFICE.

Cable compulsory license: specialty station list. Notice of filings, request for comments. *Federal Register*, vol. 56, no. 109 (June 6, 1991), p. 26165.

In Docket No. RM 87-7D, the Copyright Office, on October 1, 1990, published a final list of broadcast television stations that qualify as specialty stations under the former distant signals carriage rules of the Federal Communications Commission (FCC). Several affidavits were submitted after the deadline in the proceeding; thus, the Office opened a new proceeding (RM 90-3) inviting broadcast stations not on the final list but who claim specialty station status to submit sworn affidavits confirming their specialty station status under the former FCC requirements. This notice lists those stations that submitted affidavits under RM 90-3 only and invites interested parties to present factual, specific comments as to whether any station listed fails to qualify as a specialty station.

U.S. COPYRIGHT OFFICE.

Registrability of costume designs. Notice of inquiry. *Federal Register*, vol. 56, no. 85 (May 2, 1991), pp. 2041-42.

The Office is reviewing its registration practices to examine the basis on which copyright protection may inhere in three-dimensional garment or costume designs. It is seeking general views about the correct interpretation of the Copyright Act in the case of such three-dimensional designs, but the Office also desires interested parties to address several specific questions posed in this notice that are relevant to this issue.

U.S. COPYRIGHT OFFICE.

Request for reproduction of copies, phonorecords, or identifying material deposited in connection with copyright registration. *Federal Register*, vol. 56, no. 60 (Mar. 28, 1991).

The Office has amended its Litigation Statement form so that it more accurately reflects the requirements of requests for reproductions for litigation purposes. An attorney or authorized representative of a plaintiff or defendant in connection with litigation must use this form when requesting certified or uncertified copies, phonorecords, or identifying material deposited in connection with a copyright registration of published or unpublished works in the custody of the Office.

U.S. COPYRIGHT OFFICE

37 C.F.R., Part 201. Cable compulsory and satellite carrier statutory licenses: electronic payment of royalties. *Federal Register*, vol. 56, no. 125 (June 28, 1991), pp. 29588-89.

The Copyright Office amended its regulation to provide cable systems and satellite carriers with the additional option of paying compulsory license royalty fees by electronic funds transfer. The other payment options are by certified or cashier's checks or by money orders.

U.S. COPYRIGHT ROYALTY TRIBUNAL

Ascertainment of whether controversy exists concerning distribution of 1989 satellite carrier royalty fund. Notice. *Federal Register*, vol. 56, no. 97 (May 20, 1991), p. 23051.

The Tribunal seeks to determine whether a controversy exists with respect to the royalty fees paid by satellite carriers for secondary transmissions to home dish owners during 1989. It asks all claimants to submit a Notice of Intent to Participate along with any comments they might have concerning possible controversies.

U.S. COPYRIGHT ROYALTY TRIBUNAL.

Commencement of the 1989 cable distribution proceeding. *Federal Register*, vol. 56, no. 81 (April 26, 1991), p. 19352.

The Tribunal declared that controversies exist in Phase I and Phase II of the 1989 cable royalty distribution proceeding and invited claimants to comment on how much of the royalty fund to distribute and how much to retain pending resolution of the controversies.

U.S. COPYRIGHT ROYALTY TRIBUNAL.

1989 Satellite carrier royalty distribution proceeding. Notice of declaratory ruling. *Federal Register*, vol. 56, no. 86 (May 3,1991), pp. 20414-16.

In response to the request of program suppliers, the Tribunal investigated the issue of whether copyright owners of network programs are entitled to share in the satellite carrier copyright royalty fund. The Tribunal concluded that the language of section 119 of the Copyright Act is clear and unambiguous, and based on this finding, ruled that network program owners are entitled to share in the fund.

U.S. COPYRIGHT ROYALTY TRIBUNAL.

1991 Satellite carrier royalty rate adjustment. Notice. *Federal Register*, vol. 56, no. 97 (May 20, 1991), pp. 23050-51.

The voluntary negotiations to adjust the satellite carrier compulsory copyright royalty rate is scheduled to begin July 1, 1991. This notice asks all parties who expect to participate in the negotiations to file a notice of their intentions. The notice should include a statement of the party's interest—copyright owner, satellite carrier, distributor—and identify any agent which that party has appointed for purposes of the negotiations.

U.S. COPYRIGHT ROYALTY TRIBUNAL.

37 C.F.R., Part 308. Adjustment of the syndicated exclusivity surcharge. Final rule. *Federal Register*, vol. 56, no. 56 (Mar. 22, 1991), p. 12122.

The Tribunal, in accordance with the request of Joint Sports Claimants, further revised its syndicated exclusivity surcharge rules. The amended rule states that the surcharge applies to cable systems located outside the 35-mile specified zone of a commercial VHF station that places a predicted Grade B contour, in whole or in part, over the cable system.

U.S. DEPARTMENT OF DEFENSE.

Department of Defense Federal Acquisition Regulation Supplement; acquisition and distribution of commercial products. *Federal Register*, vol. 56, no. 78 (April 23, 1991), pp. 18610-23.

The DOD requests comment on an interim rule implementing a simplified uniform contract format for the acquisition of commercial items and requiring the use of such format, including a patent and copyright indemnification clause, for the acquisition of commercial items to the maximum extent practicable.

U.S. FEDERAL COMMUNICATIONS COMMISSION.

47 C.F.R., Part 73. Broadcast services; financial interest and syndication rules. Final rule. *Federal Register*, vol. 56, no. 109 (June 6, 1991), pp. 26242-98.

The FCC revised its financial interest and syndication rules to reflect developments in the marketplace since 1970, including the networks' loss of part of the total television audience due to the emergence of the cable industry and the Commission's efforts to foster a robust syndication industry. The overall intent of the revision is to enhance the ability of existing and emerging networks to compete effectively in, but not unfairly dominate, the changed and changing video marketplace.

U.S. FEDERAL COMMUNICATIONS COMMISSION.

47 C.F.R., Part 73. Evaluation of the television syndication and financial interest rules. Proposed rule; reopening of comment period and supplemental information. *Federal Register*, vol. 56, no. 54 (Mar. 20, 1991), p. 11720-22.

The Commission reopened until March 25, 1991, the comment period in the rulemaking proceeding regarding the financial interest and syndicated rules relating to television network program practices. The first proposal being considered is based on the determination that the factual record in the proceeding supports granting significant deregulatory relief to the networks, subject to certain safeguards designed to promote and preserve diversity. The second proposal is based on the conclusion that the video programming marketplace has changed so significantly since 1970 that the current financial interest and syndication rules are no longer warranted, and may in fact be harming competition and diversity.

U.S. FEDERAL COMMUNICATIONS COMMISSION.

47 C.F.R., Part 76. Home satellite service; syndicated exclusivity requirements. Notice of inquiry and notice of proposed rulemaking termination of proceeding. *Federal Register*, vol. 56, no. 46 (Mar. 8, 1991), pp.9924-25.

Pub. L. No. 100-667 enacted an interim compulsory license for satellite carriage of syndicated programming directing the Commission to adopt syndicated exclusivity rules applicable to satellite retransmissions of broadcast signals. Pursuant to the directive, the Commission conducted an inquiry and has concluded that it is technically and economically infeasible to adopt syndicated exclusivity rules for the distribution of satellite signals to home satellite dish owners before the end of 1994, when the interim compulsory copyright license expires. The Commission, therefore, declines to promulgate such rules and, by this notice, terminates the rulemaking proceeding in this matter.

U.S. FEDERAL COMMUNICATIONS COMMISSION.

47 C.F.R., Parts 73, 76. Broadcast and cable services; children's television programming. Final rule. *Federal Register*, vol. 56, no. 82 (Apr. 29, 1991), pp. 19611-17.

The Commission adopted a final rule amending its regulations to implement provisions contained in the Children's Television Act of 1990. The amendments include the addition of a section which, with the exception of passively carried or access channels over which the cable operator exercises no editorial control, places a time limit on the airing of commercial matter by cable operators.

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE.

Initiation of section 302 investigation and request for public comment: intellectual property and market access acts, policies and practices of the Government of India. Notice of initiation of investigation; request for written comments. *Federal Register*, vol. 56, no. 105 (May 31, 1991), pp. 24877-78.

The Trade Representative has initiated an investigation under section 302 of the Trade Act of 1974, as amended, with respect to certain acts, policies and practices of the Government of India that deny adequate and effective protection of intellectual property rights and fair and equitable market access to United States persons that rely upon intellectual property protection. Section 302 requires investigation of countries identified as a priority foreign country under the provisions of section 182 of the Trade Act and a determination of whether action is warranted under section 301 of the Act.

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE.

Initiation of section 302 investigation and request for public comment; intellectual property laws and practices of the People's Republic of China. Notice of initiation of investigation; request for written comments. *Federal Register*, vol. 56, no. 105 (May 31, 1991), pp. 24878-79.

The Trade Representative has initiated an investigation under section 302 of the Trade Act of 1974, as amended with respect to certain acts, policies and practices of the People's Republic of China that deny adequate and effective protection of intellectual property rights. The purpose of the investigation is to determine whether such act, policy, or practice is actionable under section 301 of the Act.

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE.

Notice of countries identified as priority foreign countries. Notice of countries identified as priority foreign countries under section 182(a) of the Trade Act of 1974, as amended ("the Trade Act"). *Federal Register*, vol. 56, no. 84 (May 1, 1991), p. 20060.

This notice identifies India, the People's Republic of China, and Thailand as priority foreign countries within the meaning of section 182 of the

Trade Act as amended. Priority foreign countries are those countries for which there is a factual basis for finding that, because of violation of international law or agreement or the existence of discriminatory nontariff trade barriers, they deny market access for persons relying on intellectual property protection. The Trade Representative has until May 26, 1991 to decide whether to initiate an investigation of the acts, policies, or practices that are the basis for the countries being given priority status.

PART IV

JUDICIAL DEVELOPMENTS IN LITERARY AND ARTISTIC PROPERTY

Decisions of Foreign Courts

Encyclopedia Britannica v. Tan Ching Book Co., Taiwan High Court (1991).

In 1991, the Taiwan High Court ruled against the defendants and ordered them to pay $5000 in fines and sentenced them to 14 months in prison. One of the defendants, Tan Ching Book Co., sold over 120,000 sets of pirated copies of plaintiff's encyclopedias; sales of these volumes reached the $17 million mark. The court held that the defendants could not claim copyright by changing simplified Chinese characters to complex characters, as such a change did not constitute a creative effort, and they simply copied Encyclopedia Britannica's work. The court had suspended criminal proceeding against the defendants because there was a question concerning copyright ownership by plaintiff; but after the Civil Tribunal ruled twice in favor of plaintiff's copyright ownership, the court decided to hear the criminal proceeding.

PART V

BIBLIOGRAPHY

BOOKS

United States Publications

HAWES, JAMES E. *Copyright registration practice.* 1 vol. looseleaf. N.Y.: Clark Boardman Co. (1991).

This publication addresses each of the numerous considerations involved in preparing and processing an application to register a claim to copyright.

ARTICLES FROM LAW REVIEWS AND COPYRIGHT PERIODICALS

1. United States

BILKER, PAUL S. The showdown continues at the circle c ranch: non-preemption of state copyright protection for unfixed improvisational works. *The Southwestern University Law Review*, vol. 18, no. 3 (1989), pp. 415-41.

Using the work of a stand-up comedienne as his example, the author explores what copyright protection is available for improvisational works. He asserts that protection lies on two factors: the federal circuit and the state in which the improvisational work occurred. He analyzes section 301 of the copyright law along with the term "fixation" and reviews the case of *Goldstein v. California*. The author also discusses the question of protection for unauthorized fixation of an unfixed improvisational performance.

BOYLE, D. Community for Creative Non-violence *v.* Reid: "Work made for hire" doctrine unraveled. *Tulane Law Review*, vol. 54, no. 6 (June 1990), pp. 1709-18.

Mr. Boyle recounts the controversy surrounding a sculpture depicting a homeless family used in the Christmas "Pageant of Peace" in Washington, D.C. and the copyright suit in which both the sculptor and the Community for Creative Non-Violence (CCNV) claimed ownership. The district court granted CCNV a preliminary injunction stating that the statue was a "work made for hire." The court of appeals reversed this decision, and the Supreme Court upheld the appellate court's decision finding that the sculptor was an independent contractor. Mr. Boyle traces how "the work for hire" concept has evolved and the judicial perspectives that have arisen concerning its language and the intent of the "work for hire" definition. He also analyzes how the Supreme Court reached its unanimous decision in the case.

BYRAM, TAMARA J. Digital sound sampling and a federal right of publicity: is it live or is it Macintosh? *Computer/Law Journal*, vol. X, no. 3 (Oct. 1990), pp. 365-92.

Ms. Byram gives an historical overview of digital sound sampling in addition to a discussion of the right of publicity. The note suggests that a federal Right of Privacy Act would be the best way to balance the competing interest of musicians who are sampled without their authorization.

DAMICH, EDWARD J. A critique of the Visual Artists Rights Act of 1989. *NOVA Law Review*, vol. 14, no. 2 (Spring 1990), pp. 407-21.

The author analyzes the Visual Artists Rights Act of 1989 which he refers to as the "Kennedy Bill." He enters into a lengthy discussion of the moral rights which are recognized in the bill, such as the right of attribution and the right of integrity. Mr. Damich reviews the basis for federal protection of the moral rights of visual artists as well as the right of personality. Although the "Kennedy Bill" is a beginning, Mr. Damich is concerned that the bill's preemption provision will actually reduce the scope of moral rights protection as it already exists in some states.

DIK, DANIEL. Copyrighted software and tying arrangements: a fresh appreciation for per se illegality. *Computer/Law Journal*, vol. X, no. 3 (Oct. 1990), pp. 413-52.

This note explores the history of copyright and examines the economic arguments which deny the existence and harm of tying arrangements of copyrighting computer software. It also traces the development of the tying arrangements doctrine in the United States Supreme Court.

DONAHUE, SALLY M. The copyrightability of useful articles: the Second Circuit's resistance to conceptual separability. *Touro Law Review*, vol. 6, no. 2 (Spring 1990), pp. 327-57.

Ms. Donahue examines the copyrightability of useful articles and reviews how sundry copyright statutes from the Statute of Anne to the 1949 enactment apply to useful articles. She also discusses the landmark case, *Mazer v. Stein*, and subsequent copyright developments. The author comments that the Second Circuit's present test for granting copyright protection to the design elements of utilitarian articles goes against congressional intent and she offers alternative tests which she believes are closer to Congress' intent in enacting the 1976 Copyright Act.

FENWICK & WEST. International legal protection for software— 1991 update. *Software Protection*, vol. IX, no. 8 (Jan. 1991), pp. 1-12.

This report summarizes the legal protection available for computer software in the most significant world markets as of January 1991. It also

updates the status of the European Community Software Directive and copyright protection for software in Eastern Europe and the U.S.S.R.

FISK, GEORGE E. AND JANE E. CLARK. Hardware and software protection in Canada. *Computer/Law Journal*, vol. X, no. 4 (Dec. 1990), pp. 483-516.

This article discusses the present state of Canadian law relating to intellectual property protection for computer hardware and software. Areas of consideration include copyright, patents, trade secrets, criminal law, and chip protection.

FLEISCHUT, PAUL I.J. Work made for hire for the 1990's. *Missouri Law Review*, vol. 54, no. 4 (Fall 1989), pp. 1091-100.

Mr. Fleishut discusses the "work made for hire" concept before and after 1909. He states that case law applying to the 1909 Copyright Act worked against an independently contracting artist anytime the "employer" initially solicited him, even if the creator was a volunteer. The author then investigates the 1976 Act and how it affected the 1909 position relating to the work made for hire doctrine. He analyzes *Aldon Accessories, Ltd. v. Spiegel, Inc.* and *Community for Creative Non-Violence v. Reid* (*CCNV*) and the court holdings in the cases. The author believes that the Supreme Court's decision in *CCNV* is not a victory for artists as it will force freelance artists to sign oppressive contracts in which they will surrender all rights to their creations at the outset or be unemployed.

GAUDIO, GINAMARIE A. Manufacturers Technologies, Inc. *v.* Cams, Inc.—The legal fiction created by a single copyright registration of a computer program and its display screens. *Notre Dame Law Review*, vol. 65, no. 3 (1990), pp. 536-63.

In this comment, the author discusses the facts and holdings of the MTI case which focuses on the single registration of a computer program protecting both programs and screen displays. Ms. Gaudio highlights the conflict between the Copyright Office's policy decision and the court holding in MTI, along with inconsistencies in the MTI opinion. She also reviews the breadth of copyright protection for screen displays as well as statutory developments for computer programs and screen displays. The author concludes that although the MTI court found a way to blend previous decisions, the holding did not conform to the Copyright Office's recent policy decision.

GINSBURG, JANE C. Copyright in the 101st Congress: Commentary on the Visual Artists Rights Act of 1990. *Columbia-VLA Journal of Law & The Arts*, vol. 14, no. 4 (Summer 1990), pp. 477-507.

Ms. Ginsburg discusses the first two amendments to the Copyright Act. She begins by examining the subject matter, duration, and scope of protection of the Visual Artists Rights Act and then analyzes the same areas in conjunc-

tion with the Architectural Works Copyright Protection Act. She then considers whether this new legislation brings the U.S. into closer compliance with the Berne Convention and its mandates. In conclusion, she emphasizes that the Visual Artists Rights Act is simply a first step to providing guarantees of the rights of attribution and integrity to creators of original works of authorship.

HAHM, HEON. Computer protection against foreign competition in the United States. *Computer/Law Journal*, vol. X, no. 3 (Oct. 1990), pp. 393-412.

This note discusses the extent of protection given computer technology in the United States against foreign counterfeit and legitimate imports. It also explores some of the general problems posed by grey market goods to American industry and the methods used to try to block the goods from entering the country.

HARTNETT, DEBORAH. A new era for copyright law: reconstituting the fair use doctrine. *New York Law School Law Review*, vol. 34, no. 2 (1989), pp. 267-303.

The author evaluates the evolution and application of the fair use doctrine. She notes that the fair use doctrine is an affirmative defense to copyright infringement which both promotes the author's interest in commercially exploiting the author's work with the public's interest in the free flow of information and ideas. Case studies on fair use are presented, including *Harper & Row v. Nation Enterprises, Salinger v. Random House* and *New Era Publications International v. Henry Holt and Co.* In the last section, the author discusses a constitutional approach to the fair use doctrine.

KANG, PETER HEESEOK. Canada, copyright, computers: impact and analysis in an international perspective or from Gutenberg to Uruguay; protecting the soul of a new machine. *Computer/Law Journal*, vol. X, no. 3 (Oct. 1990), pp. 265-334.

Mr. Kang examines the development and impact of copyright protection for computer programs on Canadian development. He also evaluates the new Canadian Copyright Act, discussing the impact it will have on high-technology trade patterns involving Canada, the United States, Japan, and the European Community. The author concludes that copyright protection for computer software largely benefits the Western industrialized nations and hurts under-developed states.

KEVANE, TIMOTHY. Fair use in Jackson *v.* MPI Home Video: why bother? *Loyola Entertainment Law Journal*, vol. 10, no. 2 (1990), pp. 595-619.

The author discusses the Jesse Jackson case, *Jackson v. MPI Home Video*, in which Jackson used MPI after it reproduced his speech from the

Democratic convention. MPI used his speech for commercial purposes without his authorization. A preliminary injunction was brought against MPI and both parties settled out of court. Mr. Kevane discusses the fair use doctrine in this case and reviews the trial court's reasoning. The author states that fair use analysis is not suited for the rapid analysis needed for a preliminary injunction and that the courts should be more careful in granting a preliminary injunction where a fair use defense is presented in good faith by the defendant.

LACEY, LINDA J. Of bread and roses and copyrights. *Duke Law Journal*, no. 6 (Dec. 1989), pp. 1532-97.

Ms. Lacey questions how as a society, we can allow restrictions on property rights for artists but not for other property holders. Ms. Lacey states that such restrictions are arbitrary and illogical. She also questions the concept that money is the only reason artists create works of art. She discusses the concepts of moral rights, "public interests," and fair use. She presents four fictional artists and discusses the effect copyright law has on their work.

NABHAN, VICTOR. A glance over the amendments to Canada's copyright law. *Columbia-VLA Journal of Law & The Arts*, vol. 14, no. 3 (Spring 1990), pp. 397-415.

Mr. Nabhan outlines protected works under Canada's copyright law and includes definitions of literary works and amendments to some definitions such as choreography and architectural works of art. He also notes that some areas have come under new classification such as geographical and oceanographical maps, charts, and plans which were formerly included under literary works and are now classified under artistic works.

PAETZOLD, RAMONA L. Contracts enlarging a copyright owner's rights: a framework for determining unenforceability. *Nebraska Law Review*, vol. 68, no. 4 (1989), pp. 816-35.

The author investigates enforcing contracts under the Copyright Act first by finding contract terms that are unenforceable and by using Federal preemption as a means of invalidating contracts. Ms. Paetzold suggests a "public policy" approach as a means for finding contracting provisions to be unenforceable. She also discusses certain contract provisions that enlarge or extend a copyright owner's rights. The final sections are devoted to a discussion of contract terms, attempting to restrict "fair use," shrink-wrap licenses, and computer software.

PATTERSON, GARY AND PAT MCINTURFF. Betamax: precedent, property and public policy through judicial decision making. *Glendale Law Review*, vol. 9, no. 1-2 (1990), pp. 20-34.

The authors review the *Betamax* case and analyze this decision to dis-

cover how appellate courts formulate precedent as public policy. Both Patterson and McInturff state that the *Betamax* case (*Sony Corporation of America v. Universal City Studios, Inc.*, 464 U.S. 417 (1984)), represents a decision where the Supreme Court reanalyzed the case law and developed new policy directions.

PERWIN, JEAN S. Protection of artists—drafting "work for hire" agreements after *Community for Creative Non-Violence v. Reid*. *NOVA Law Review*, vol. 14, no. 2 (Spring 1990), pp. 459-73.

This article looks at the practical effects of *CCNV v. Reid*, particularly the effect it has on freelancers. The author also questions what impact this case will have on joint works created before the decision was handed down and its effect on other copyright issues. Ms. Perwin analyzes four interpretations of the term "employment" presented by various circuit courts and suggests drafts of "work for hire" agreements.

PHALEN, MITZI S. How much is enough? The search for a standard of creativity in works of authorship under section 102(a) of the Copyright Act of 1976. *Nebraska Law Review*, vol. 68, no. 4 (1989), pp. 835-51.

Ms. Phalen examines the term "original works of authorship" and how that term relates to creativity. She questions the courts' concept of originality as being a "minimal element of creativity," as the courts are unclear as to what it is and how much is needed. Ms. Phalen states that there are no real standards to gauge the creativity of a work other than a minimum level of artistic expression. Until a standard is devised, the author believes confusion will remain for artists and authors seeking copyright protection for their work.

ROSENCRANS, SUZANNE. Fighting films: a first amendment analysis of censorship of violent motion pictures. *Columbia-VLA Journal of Law & The Arts*, vol. 14, no. 3 (Spring 1990), pp. 451-74.

The author reviews the film *Colors*, a film known for the extreme violence it depicts. She discusses the parameters of the current controversy and also the case of *Times Film Corp v. Chicago* and the attempts to control exhibition of a film. The opinion of the Supreme Court is provided along with the dissents in this case. Other "censorship" cases are discussed, including *Cohen v. California*.

SCHER, TODO G. Copyright protection: the erosion of renewal rights under the Copyright Act of 1909, Abend *v.* MCA, Inc. *University of Miami Entertainment and Sports Law Review*, vol. 7, no. 1 (1989-90), pp. 167-77.

The author, discussing renewal rights, analyzes the case of *Abend v. MCA, Inc.* and *Rohauer v. Killian Shows, Inc.*, in which the owner of the renewal copyright in the story "It Had to be Murder," brought suit for copy-

right infringement against the owners of the rights to the film classic, "Rear Window." The ensuing litigation is discussed and the ruling of the Ninth Circuit and its strict construction of the Supreme Court's ruling is also analyzed.

SIBLESZ, CELESTE A. It's not who you are but who you work for limitation on the work made for hire doctrine: Community for Creative Non-violence *v.* Reid. *University of Miami Entertainment and Sports Law Review*, vol. 7, no. 1 (1989-90), pp. 117-31.

Ms. Siblesz provides the history of the case *C.C.N.V. v. Reid*, including court rulings. Special attention is given to the Supreme Court's opinion, the language of section 101(1) of the copyright law and the legislative history which Justice Marshall stated supported his interpretation of section 101(1) and his conclusion that Reid was not an employee but rather an independent contractor.

STERN, RICHARD H. Legal protection of screen displays and other user interfaces for computers. *Columbia-VLA Journal of Law & The Arts*, vol. 14, no. 3 (Spring 1990), p. 285-378.

This extensive study by Richard Stern includes an introduction to user interfaces, including the technical aspects of screen design along with the legal policy issues it raises and the relation of good screen design to technological progress. Cases discussed include *Softklone*, *Cams*, *Symantec* and *Lotus v. Paperback*. Mr. Stern discusses two ways of applying copyright law to user interfaces, and he provides a general comparison of copyright and *sui generis* protection for interfaces. He also investigates the role of copyright in protecting functional subject matter.

YANNIELLO, VINCENT. A famous title is worth 1,000 publicity stunts: does the owner of the motion picture copyright to "The Amityville Horror" own the title? *Loyola Entertainment Law Journal*, vol. 10, no. 2 (190), pp. 715-37.

In examining title protection, the author reviews a variety of cases, including *Tomlin v. Walt Disney Productions*, *Lutz v. de Laurentiis*, and *Sears, Roebuck & Company v. Stiffel Company*. He also provides a history of "equity" principles of fairness in title protection. Mr. Yanniello analyzes the "Amityville Horror" case in detail along with the court's holding. He discloses that in California where the Court of Appeals is deciding the *Lutz* case, the only title right recognized is the right to sue for unfair competition, that is, palming off one's goods as another's. The author states that under this rule he believes authors may have standing to sue even after transferring the title of the literary work along with the motion picture copyright.

2. Foreign

ANTONS, CHRISTOPH. Intellectual property law in ASEAN countries: a survey. *EIPR*, vol. 13, no. 3 (Mar. 1991), pp. 78-85.

Mr. Antons states that the countries of Southeast Asia have the reputation of being the biggest market for counterfeiting in the world. In this article, he surveys the recent intellectual property legislation in the ASEAN countries brought about by economic pressures from Western countries and the U.S.A. He then addresses copyright, patent, and trademark law in Singapore, Malaysia, Indonesia, the Philippines, and Thailand and analyzes the future of intellectual property law in ASEAN countries.

BERTRAND, ANDRE R. A new neighboring right for copyright: the right in one's image. *EIPR*, vol. 13, no. 5 (May 1991), pp. 184-87.

Mr. Bertrand discusses neighboring rights in France, particularly the economic rights to the exploitation of Marilyn Monroe's image. He investigates the absolute nature of the right in an image as well as the moral rights issue. He also discusses the rights of heirs and the definition of performing artists.

GINSBURG, JANE C. A tale of two copyrights: literary property in revolutionary France and America. *Revue Internationale Du Droit D'Auteur*, no. 147 (Jan. 1991), pp. 125-289.

Ms. Ginsburg analyzes both U.S. and French copyright systems. She states that the French system tends to favor the author or creator while U.S. copyright law balances this right with the public's interest, often favoring the public sector. She compares the initial development of intellectual property regimes in each country. Ms. Ginsburg investigates formalities in both the French and American systems, the foundations of French and U.S. copyright laws and how these laws are applies. In examining French copyright, Ms. Ginsburg reviews French parliamentary speeches, French decrees of 1791 and 1793, and French court law through 1814. Ms. Ginsburg concludes that French and American copyright law are in reality much more similar than is presently believed.

GOLVAN, GOLIN. Setting up a visual artists' collection agency in Australia. *EIPR*, vol. 13, no. 2 (Feb. 1991), pp. 39-42.

The author points out the plight of visual artists in Australia whose works are often reproduced without their permission. Presently, there is no organization for recovering money owed to visual artists for reproduction of their works in Australia. Mr. Golvan states that a visual artists' collection agency is necessary as it would not only serve as means of collecting reproduction fees, but would also educate the public about appropriate levels of

fees and contracting arrangements and permit the enforcement of rights of copyrighted works of visual artists.

REED, CHRIS. Reverse engineering computer programs without infringing copyright. *EIPR*, vol. 13, no. 2 (Feb. 1991), pp. 47-54.

Mr. Reed investigates the level to which reverse engineering can be undertaken and not be a copyright infringement. He also investigates user interfaces and their potential for reproduction in competing programs. He discusses in detail how program structure and the code of a program are copied and he provides a practical test for infringement.

SHENG, LI XIANO. Waiting for supplements: comments on China's copyright law. *EIPR*, vol. 13, no. 5, (May 1991), pp. 171-78.

The author provides his personal views concerning China's copyright law. He analyzes British law and uses it as a comparison to Chinese law in order to provide a framework for a better understanding of the different styles adopted by legislators in the UK and China. He discusses types of works which are copyrightable in China, who owns the copyright, and how exclusive rights differ in China and Britain. The author also investigates enforcement of rights in China and available remedies.

VAVER, DAVID. Intellectual property today: of myths and paradoxes. *The Canadian Bar Review*, vol. 69, no. 1 (Mar. 1990), pp. 98-128.

Mr. Vaver questions the meaning of the term "intellectual property law." He states that it actually covers a diverse range of legal areas—from copyright law to industrial property and unfair competition. The reasons why legal protection is extended to intellectual property are not entirely clear but probably stem from economic and moral rights reasons. The author discusses whether copyrights and patents are designed to protect authors and inventors and if they encourage art and literature. He also analyzes copyright law to discover if it encourages dissemination of works. Mr. Vaver devotes the remainder of this study to the role of patents in our society.

SINGAPORE. News copyright: the Copyright (International Protection) Amendment Regulations 1990. *EIPR*, vol. 13, no. 2 (Feb. 1991), p. D-28.

News sources announce that Australia is the third country to enter into a bilateral agreement with Singapore for protection of Australian works. Beginning December 1, 1990, a wide variety of artistic works first published in Australia on or after May 1969 will be deemed to be first published in Singapore to receive protection under Singapore's Copyright Act. The U.K. and the U.S. have similar arrangements with Singapore.

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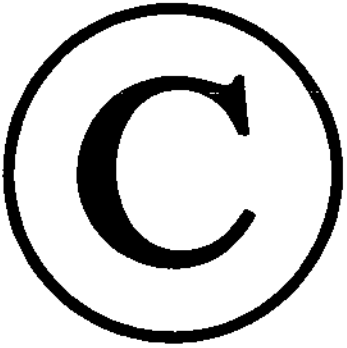

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REPRODUCTION OF PROTECTED WORKS FOR UNIVERSITY RESEARCH OR TEACHING

by JANE C. GINSBURG[1]

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[1] Professor of Law, Columbia University School of Law.

This article is based on a report presented at the 1991 Congress of the Association for Teaching and Research in Intellectual Property (ATRIP).

Several Columbia Law School students provided important research and other contributions to the report. Members of the Spring 1991 Seminar on International and Comparative Protection of Intellectual Property authored studies that have greatly aided the preparation of the report. The students and the countries they surveyed are: Kurtis Fechtmeyer '92 (France); Thomas Gibbons '92 (Australia, UK, USA); Gregory Naron '91 (Canada, New Zealand, USA); Jonathan Tycko '92 (Nordic countries). I also wish to thank Judith Church '92 and Susan Sæbreen '92 for overall editorial and research assistance. Finally, much appreciation is owed to Joseph Alen, Esq., Vice President, Copyright Clearance Center, for his generosity and patience in supplying many helpful documents, and answering many questions concerning collective licensing of reprography rights in the U.S. and abroad.

INTRODUCTION

The new means of reproduction for teaching and research— photocopying, downloading, optical scanning—present special challenges to intellectual property teachers. As researchers and educators, we may rejoice at the vastly enhanced access these technologies afford to an enormous, and ever-growing, diversity of materials. The convenience of the photocopier is well-known. Digital media will accelerate production and dissemination of copies. Not only will computers, scanners and facsimile machines make it easier and faster to copy, but they will facilitate the dispersal of copies to all points of the globe.

As scholars of intellectual property, we may be concerned about the economic and moral rights implications these technologies hold for authors and publishers. Regarding moral rights, the partial reproduction of works always carries the danger of distorting the author's message. Consider the computer storage of an optically scanned book. Once the work is in digital form, it is very easy to excerpt, and thus very easy to take out of context. This is particularly true if a portion of the scanned work is sent to a recipient who is unable to consult the full text of the work. In addition, unless digitized excerpts are carefully labelled, they risk incorporation in the user's work without attribution. Put more bluntly, copying in digital media creates new opportunities for plagiarism. Hence, a potential danger to another moral right, that of so-called Paternity (better labelled Attribution).

Turning to economic rights, it is obvious that these technologies' potential to cause economic prejudice is substantial. Much of the copying at issue is substitutional: thanks to these technologies, it is not necessary to buy the book or to subscribe to the journal. Even where works are only partially copied, the problem of substitution remains. First, the market for the whole book or journal is still impaired, since many book buyers or journal subscrib-

ers often acquire works that they do not intend to read in their entirety. Second, and more importantly, there is another market for the book. It is a market at once promoted and undermined by copying technologies. That is the market for excerpts. Photocopying, and its more recent siblings, break up the unity of the tome. They create both supply and demand for parts of works. Copyright owners can respond to that demand by licensing rights to excerpt. Given the pervasive, yet widely dispersed, copying activities in and around educational institutions, the most likely means of effective licensing is through voluntary collectives.

The market for excerpts imports changes to the publishing industry. While entry into the market promises significant payments to publishers and authors through licensing, it also requires publishers to renounce control over the presentation of the works they exploit. Photocopiers and newer technologies deny publishers the exclusive control over contents and organization of these works by making it possible for users to select and organize material from many sources, and to combine them into collections for classroom use. When every professor can thus become her own publisher, professional publishers may fear that growth of the market for excerpts will impair the market for the whole book.

That fear may well be justified, but it is probably too late to limit the market to one for whole books. When teachers have become accustomed to the liberation photocopying and similar technologies afford them from the constraints of the publisher's packaging of the book, they are not likely to wish to forego the flexibility and currency they have achieved. So long as the technology remains available, teachers are likely to continue to rupture the unity of the book as published. As a result, there are two markets at issue: a perhaps diminishing market for the book *qua* book on the one hand, and the fast-growing market for excerpts on the other.

As intellectual property scholars and as teachers and researchers, we may be concerned about the effect of the copying technologies on the supply of new books and journals, especially in the absence of an organized market for excerpts. One may observe that the wide dissemination of copying technologies has an impact on the price of authorized copies. A publisher, particularly of a journal, is likely to set a very high price, in part at least because it anticipates that some number of copies will be made of the journal. In effect, the subscriber is buying the original, plus an indeterminate number of additional copies to make on her photocopier. This pricing policy tends to have a vicious circle effect. Users, knowing that the price anticipates some copying, will copy even more. Publishers then will charge even more. And so on, until the *reductio ad absurdam*: some day, only one copy will be published, and that copy will cost a million dollars.

In fact, the day of the *reductio ad absurdam* may already be here, but the medium of the copy is not paper. Today, a publisher seeking to control copy-

ing need *never* disseminate a free-standing hard copy of the work. The publisher can limit access to the work to on-line services, and thereby charge not only for copying the work, but even for looking at it. Admittedly, one might download the work, and disseminate downloaded copies. However, not only may the cost of on-line time for downloading prove prohibitive, but this conduct may violate the contractual conditions of access to the on-line service.

This is not a happy ending to the story of new copying technology. As teachers and researchers, we want to enhance, not restrict, access to works of authorship. As intellectual property scholars, we may not believe this kind of technological self-help supplies the best solution to the problem of uncontrolled reproduction. Another, more satisfactory, route lies in consideration of the prospects for the market for excerpts of works. In organizing reasonable compensation to authors and publishers, it may be possible to strike a fruitful balance between access and protection. As a result, this article will devote considerable attention to collective licensing of educational reproduction rights.

I will first set forth the general legal framework in which research and teaching reproductions may, or may not, occur. As part of this initial discussion, I will address recent proposals by the World Intellectual Property Organization in a document discussing a possible protocol to the Berne Convention.[2] I then turn to specific controversies involving photocopying in various countries. Attempts to enforce reproduction rights by means of litigation, as well as by means of voluntary collective licensing, will be examined. While many of today's copying rules—particularly those articulated by courts—specifically address photocopying, tomorrow's technology may make photocopying appear as rudimentary as typed carbon copies to today. The final section of the article will therefore address the relationship of optical scanners and electronic publishing to reproduction for University teaching and research purposes.

I. LEGAL RULES GOVERNING REPRODUCTIONS FOR PURPOSES OF UNIVERSITY RESEARCH AND TEACHING

The Berne Convention, art. 9, and the domestic laws of member nations, guarantee authors and copyright owners the exclusive right of reproduction. As a general matter, the rights owner may prevent others from copying the work. However, the Berne Convention and national laws also authorize various exceptions to the reproduction right. The most pertinent exceptions are Berne Convention art. 10.2 and corresponding national exemptions for purposes of teaching; domestic private copying exemptions; and the general "fair use" or "fair dealing" exception of common law countries. In addition, both

[2] WIPO, Committee of Experts on a Possible Protocol to the Berne Convention for the Protection of Literary and Artistic Works, ¶¶ 76-103, BCP/CE/I/3 (September 20, 1991) [hereafter WIPO document].

the Berne Convention and many member countries' domestic laws provide certain subject matter exemptions of potential relevance to University research and teaching. In these instances, the analysis concerns not the person copying, but the work copied.

In theory, if the reproduction does not qualify under one of these exceptions, a violation of the copyright has occurred. In practice, given the enormously wide dispersal of the means of copying, the anonymous fashion in which much of the copying is accomplished, and the vast number of individual copies made, the problem is not so much identifying a legal violation, as devising the means to enforce the copyright. However, some countries have revised their copyright laws to depart from the exclusive (but too often unenforceable) rights model to a system of legal licenses, authorizing the copying, but ensuring compensation to the copyright owner.

This section of the article first analyzes the compatibility of exemptions and legal licenses with Berne Convention minima of protection. The article next details a variety of outright exceptions to the right of reproduction, and then examines certain national legal license regimes.

A. Principles: Compatibility of Exemptions and Legal Licenses within the Berne Convention Framework of Protection

The Berne Convention includes a general authorization to member countries to permit reproductions for educational purposes. Article 10.2 provides:

> It shall be a matter for legislation in the countries of the Union, and for special agreements existing or to be concluded between them, to permit the utilization, to the extent justified by the purpose, of literary or artistic works by way of illustration in publications, broadcasts or sound or visual recordings for teaching, provided such utilization is compatible with fair practice.

This text prompts three pertinent questions: 1. To what kinds of works does it apply; 2. How much of any given work may be reproduced; 3. How many copies may be made? With respect to the first question, the text makes fairly clear that all works protected by the Convention are subject to this exception to the exclusive right of reproduction. Answers to the second and third questions emerge less readily. The phrase "to the extent justified by the purpose" might set some limitation on the amount that may be copied from any given work; it is not always necessary to copy the whole of the work in order to convey the information required for the teaching purpose. On the other hand, the phrase does not preclude copying the whole of a work in appropriate circumstances. Similarly, the phrase "by way of illustration" may also suggest a limitation on the amount copied, but does not clearly

prohibit reproducing the entirety of a work.[3] Moreover, Professor Ricketson has stated that Article 10.2 also permits the preparation for teaching purposes of compilations anthologizing all or parts of a variety of works.[4]

Article 10.2 does not itself indicate how many copies of protected works may be made for teaching purposes. However, the phrase "provided such utilization is compatible with fair practice" has been interpreted to refer back to the general provision concerning exceptions to the reproduction right contained in Article 9.2.[5] This text provides:

> It shall be a matter for legislation in the countries of the Union to permit the reproduction of [protected] 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.

The key considerations in evaluating "fair practice" under article 10.2, then, are: 1. the existence of a conflict with a normal exploitation of the work; and 2. unreasonable prejudice to the author's reasonable interests. If there is such a conflict, it appears that a member country may neither provide an exception permitting the copying, nor permit the copying subject to payment of a legal license fee.[6] On the other hand, even if there is no conflict with a "normal exploitation," an outright exemption for copying may nonetheless "unreasonably prejudice" the author's interests; in such cases, member countries may permit the copying, subject to payment of license fees.

However, the meaning of the concepts "normal exploitation" and "unreasonably prejudice" is elusive. The term "normal exploitation" would seem at least to cover the primary market for a work, but may be considerably broader. Professor Ricketson suggests that normal exploitation means "the ways in which an author might reasonably be expected to exploit his work in the normal course of events."[7] Today, with growing recognition of the market for excerpts of works, one could contend that an exemption that dispenses educational institutions from the obligation to pay for the right to copy of portions of works conflicts with the "normal exploitation" of licensing excerpting rights.

The nature of the work's primary audience may also affect the determination of what constitutes a "normal exploitation." For example, if the work is destined for the university market, such as a textbook, an exemption permitting copying for teaching purposes would almost certainly "conflict with a

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[3] See S. RICKETSON, THE BERNE CONVENTION FOR THE PROTECTION OF LITERARY AND ARTISTIC WORKS 1886-1986 496-99 (1987).

[4] S. RICKETSON, *supra* note 3 at 499.

[5] *See, e.g.*, S. RICKETSON, *supra* note 3 at 498-99; Gotzen, *Reprography and the Berne Convention (Stockholm-Paris Version)*, 14 Copyright 315 (1978).

[6] See C. MASOUYE, GUIDE DE LA CONVENTION DE BERNE 63, ¶ 9.7 (1978).

[7] S. RICKETSON, *supra* note 3 at 483.

normal exploitation."[8] But what if the work, such as one of history, sociology or political science, is a trade book for general audiences, but is also expected to sell to University courses as well? Permitting educational copying could also conflict with a normal exploitation. In this instance, the degree of the conflict would depend both on the amount copied, and on the number of copies made. The late Professor Ulmer referred to these criteria when he endeavored to distinguish between impermissible copying, copying permissible provided payment is made, and free copying under Article 9.2:

> If [the photocopying] consists of producing a very large number of copies, it may not permitted, as it conflicts with a normal exploitation of the work. If it implies a rather large number of copies for use in industrial undertakings, it may not unreasonably prejudice the legitimate interests of the author, provided that, according to national legislation, an equitable remuneration is paid. If a small number of copies is made, photocopying may be permitted without payment, particularly for individual or scientific use.[9]

Ulmer's analysis thus separates out the clearest cases of impermissible and permissible copying. With respect to the large remaining class of copying activities, his analysis suggests that, outside the primary market for a work, a Berne member nation may permit educational reprography of all or substantial portions of works for distribution in multiple copies, so long as equitable remuneration is made. Article 10.2 should therefore be understood to permit member countries to impose compulsory licensing for educational purposes so long as the copying does not supplant the primary market for the work. This would mean that member countries may permit educational copying of portions of protected works, and in certain circumstances even of the entirety of the works, provided equitable payment is made.

By contrast, the "fair practice" limitation of article 10.2, read together with Article 9.2, appears to limit outright exemptions for educational copying to the reproduction of small portions of protected works for distribution in limited quantities. Copying the entirety of a work should not be entitled to a total exemption unless the number of copies made is extremely small. In the educational context, the problem of cumulative copying is acute. For example, when individual students copy entire works, such as entire journal articles, the copying may be small with respect to each student, but enormous overall. In this light, one may argue that neither Article 10.2 nor Article 9.2 should exempt the copying when there is a significant foreseeable cumulative effect. In these instances, it may be more appropriate to require equitable remuneration.

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[8] *Cf.* Ireland, 1963 Copyright Act, art. 12.5 (permitting free copying of "short passages" from works "not published for use in schools").

[9] *Quoted in* Gotzen, *supra* note 5 at 317.

B. Exemptions from the Right of Reproduction

1. Subject Matter Exemptions

If a work is in the public domain, there is no subsisting copyright to constrain reproduction for research, teaching, or indeed any other purpose. Many works of potential classroom or research value may be in the public domain due to expiration of their duration of copyright protection. Other, current works may also be freely available for University (or anyone's) reproduction, due to a national law's exemption of the particular kind of work from copyright coverage. The Berne Convention removes from the treaty's scope of coverage "news of the day or . . . miscellaneous facts having the character of mere items of press information."[10] That Convention also authorizes member countries to exclude "political speeches and speeches delivered in the course of legal proceedings."[11] In addition, many countries generally deny copyright protection to legislative, judicial, and administrative texts and decisions.[12]

2. Private Copying

Although the Berne Convention contains no specific provision authorizing member states to exempt private copying, many member states, particularly civil law jurisdictions, do permit individuals to make copies for private use. There had been general agreement that copying for genuinely private use is consistent with Berne Convention standards.[13] However, the WIPO proposals regarding a Protocol to the Berne Convention would disqualify the reproduction of entire books, and would condition permission of private reproduction of portions of works on member countries' imposition of levies on copying equipment.[14]

In the university context, qualifying private uses would include individual copies made by the professor for purposes such as class preparation and research, or by the student for personal research.[15] To the extent that national law limits the private copying exemption to copies made "for the pri-

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10 Berne Convention, art. 28.8.

11 *Id.* art. 2bis.1.

12 *See, e.g.*, U.S. Copyright Act of 1976, 17 U.S.C. § 105.

13 *See, e.g.*, C. MASOUYE, GUIDE DE LA CONVENTION DE BERNE 63-64 (1978) (private copying consistent with Berne art. 9.2).

14 WIPO document, ¶ 102.

15 The Spanish copyright law provides that authors and publishers are "entitled to a share of compensatory remuneration for such reproduction . . . as is affected exclusively for personal use by means of non-typographical technical apparatus." Thus, professors and students using photocopiers to make private use copies are not liable to the authors and publishers, but the copyright owners will be compensated, pursuant to terms set forth in Royal Decree No. 287, March 21, 1989, Copyright, April 1990, text 5-10. *See generally* Puente Garcia, *Letter from Spain*, Copyright, 140, 144-46 (April 1990). The Italian copyright law contains a similar technology-based limitation on private copying;

vate use of the copyist and not for a collective use,"[16] it would seem that a copy made by a professor's assistant, or copies made for the use of a research team, would not qualify. However, these copies might be tolerated under an educational copying exception pursuant to Berne Convention Article 10.2.

Whatever the variations in domestic private copying exemptions, it seems clear that few, if any, would permit the creation of multiple copies of works for distribution to students for classroom use. The pertinence of private copying exemptions concerns professors' and students' individual research uses.

3. Fair Use/Fair Dealing

The anglo-american doctrine of "fair use" or "fair dealing" in some ways echoes Berne Convention art. 9.2. In very general terms, fair use/fair dealing tolerates a reasonable amount of unauthorized reproduction when the purpose of the copying is socially beneficent, and the effect of the copying does not damage the author's economic interests.[17] Traditionally, fair use has excused moderate use of quotations from prior works for purposes of criticism, comment, and scholarship. These kinds of highly limited reproductions for productive purposes are also authorized in many civil law systems' copyright regimes as well.[18] For purposes of this study, however, I shall assume that the relevant reproductions are not minor quotations incorporated in larger independently produced works, but the verbatim and substantial reproduction of protected works for their intrinsic use. In other words, the creation of copies of entire or significant portions of works in lieu of their purchase.

Traditionally, fair use has not exempted copying designed to substitute for acquisition of the copied work. Substitutional copying is considered detrimental to the copyright owner's rights. However, the United States copyright act of 1976 lists "multiple copies for classroom use" among the uses apparently entitled to assert the fair use exception.[19] Moreover, in conjunction with the 1976 Act's passage, publishers and educators elaborated Guide-

art. 68 restricts free private copying to reproductions "made by hand or by means of reproduction not appropriate to public distribution."

16 France, copyright law of March 11, 1957, art. 41.2. (Unless otherwise indicated, references to national laws are to the texts as complied in the UNESCO COPYRIGHT LAW AND TREATIES OF THE WORLD.) See also, C. MASOUYE, *supra* note 13 at 64.

17 *See generally* U.S. Copyright Act of 1976, 17 U.S.C. § 107 (elements of fair use defense).

18 *See, e.g.*, Belgium copyright law of March 22, 1886, as amended to March 11, 1958, art. 13; France, *supra*, art. 41.3.1; Italy, copyright law of April 22, 1941, art. 70.1; Luxembourg, copyright law of March 29, 1972, art. 13.1; Spain, copyright law of November 11, 1987, art. 32. *See also* Berne Convention, art. 10.1.

19 See 17 U.S.C. § 107, preamble.

lines to fair use photocopying.[20] These Guidelines permit copying of the entirety of certain short works, and excerpts up to 1000 words, subject to various restrictions. These include limits on the number of authors and works that may be copied, as well as a "spontaneity" criterion: "The inspiration and decision to use the work and the moment of its use for maximum teaching effectiveness are so close in time that it would be unreasonable to expect a timely reply to a request for permission." Significantly, the Guidelines declare: "Copying shall not be used to create or to replace or substitute for anthologies, compilations or collective works." Thus, preparation of course materials consisting of all or parts of a variety of works, anthologized without the copyright owners' permission, is not possible under the Guidelines. In essence, under the Guidelines, multiple copying done as a regular part of the course plan is copying that the professor should have anticipated and for which she should have requested permission.

4. Teaching Exemptions

The copyright legislation of several countries provides for outright exemptions from the reproduction right when the copying is done for purposes of teaching. Some Berne members simply echo art. 10.2 of the Berne Convention, leaving to local interests or authorities the interpretation of such terms as "to the extent justified by the purpose" and "fair practice."[21] Other national laws provide more specific exemptions. For example, several countries permit inclusion (without payment) of portions of protected works in collections designed for teaching.[22] In New Zealand, the copyright law sets forth elaborate rules for the free use of works for teaching purposes. These provisions were the subject of a lawsuit between a New Zealand publisher and educational institution. That suit, and the court's interpretation of the law, will be discussed in a subsequent section of this article.

The WIPO Berne Protocol proposal by-passes art. 10.2, and analyzes the issue directly under art. 9.2. Having identified the key issue as conflict with a "normal exploitation of the work," the proposal recognizes that if the market for excerpts is being exploited by means of collective licensing, the free copying of works for educational purposes poses such a conflict.[23] As a result, the

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[20] See appendix A.

[21] *See, e.g.*, Austria, copyright law as amended to Feb. 19, 1982, art. 45.1 ("to the extent justified by their purpose"); Luxembourg, *supra* art. 13.2 ("to the extent justified by their purpose" and "fair practice").

[22] See Ireland, 1963 copyright Act, art. 12.5 ("short passages" from works "not published for use in schools"); Switzerland, copyright law of Dec. 7, 1922, as amended June 24, 1955, art. 27(d) ("provided [the copied works] are of limited extent or that the reproduction is restricted to isolated portions"); Liechtenstein, copyright law of Oct. 26, 1928, as amended August 8, 1959, art. 27(d) (same).

[23] WIPO document, ¶¶ 79-80, 89.

proposal would permit educational establishments to make copies for teaching purposes without the author's authorization, under certain specified conditions, but only if "there is no collective license available."[24] If adopted, the Protocol proposal would significantly spur the formation and development of organizations for the collective licensing of reprographic rights.

5. Library Photocopying

In addition to providing exceptions or licenses for reprography for teaching and research, several countries have devised a variety of exemptions benefiting libraries.[25] In general, these exemptions permit unauthorized copying (typically in single copies) by libraries for purposes of replacement, preservation, loans to other libraries or to researchers.[26]

The U.S. library photocopying exemption also includes an unusual, perhaps anomalous, exemption focusing on the consumers of library services. After setting forth elaborate rules governing the circumstances in which libraries may engage in copying without liability to authors, the 1976 Copyright Act further states:

> Nothing in the section shall be construed to impose liability for copyright infringement upon a library or archives or its employees for the unsupervised use of reproducing equipment located on its premises: *Provided*, That such equipment displays a notice that the making of a copy may be subject to the copyright law.[27]

In other words, if a library makes available to users a photocopy machine bearing a proper copyright warning notice, the library incurs no liability, no matter how many copies of protected works unsupervised users make on the machine. (Of course, individual users are as a practical matter insulated from liability as well.)

The WIPO Berne Protocol proposal envisions two classes of library

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24 WIPO document ¶ 88(c). In addition, the educational copying contemplated is limited to production of "facsimile" (paper) copies; the document excludes electronic storage from the realm of any possible exemption. See ¶ 82.

25 *See, e.g.*, Spain, copyright law of Nov. 11, 1987, art. 37; U.K. 1988 CDPA arts. 37-43; The Copyright (Copyright by Librarians and Archivists) Regulations 1989, Copyright Feb. 1990, text 8-01; U.S. Copyright Act of 1976, 17 U.S.C. § 108. *See also* Karnell, *The Legal Situation Concerning Reprography in the Nordic Countries*, 15 IIC 685 (1984) (discussing, *inter alia*, library photocopying).

26 In the U.S. and the U.K., authors and publishers are not remunerated for library copying conducted pursuant to the statute or regulations. In the Nordic Countries, local reproduction rights organizations have entered into compensation agreements with libraries, see Karnell, *The Legal Situation*, supra note 25. Under the text of article 37 of the 1987 Spanish law, it appears that library copying is unremunerated, but Antonio Delgado has argued that such an interpretation would effect an unconstitutional taking of property. *See* Delgado, *Private Copying in Spain*, 145 RIDA 2, 42-44 (July 1990).

27 17 U.S.C. § 108(f)(1).

copying: reproduction for purposes of replacement or conservation; and reproduction at the behest of third parties. In the former case, the proposal would permit copying, without authorization or compensation, so long as the Berne art. 9.2 criteria are met, and so long as the reproduction "is an isolated case."[28] In other words, the Berne Protocol proposal would not furnish libraries a free means to expand their acquisitions. In the latter instance, the proposal would permit member countries to enact library copying exemptions on behalf of third-party individuals seeking copies for their personal use "solely for the purpose of study, scholarship or private research," and subject to various other conditions, but only if "there is no collective license available."[29]

C. *Legal License Regimes*

Public policy favoring wide public access to copyrighted works for purposes of education, combined with the difficulty of enforcing the right of reproduction, has led some countries to adopt a compromise approach. In return for modifying the principle of authors' exclusive rights by making works freely available for educational copying, some national legislations assure authors compensation by subjecting the reproductions to payment of a licensing fee. In practice, local reproduction rights organizations, representing authors and/or publishers, generally negotiate with user groups and collect the compulsory license fee. In other countries, similar results are achieved through voluntary collective licensing. While the activities of a voluntary collective will be examined in the next section, this section considers two kinds of compulsory license regimes: the statutory licenses provided for in the legislation of Australia and the UK; and the extended collective licenses of the Nordic countries.[30]

1. Statutory Licenses for Educational Copying: Australia and the UK

The copyright laws of the UK and Australia provide for compulsory licensing of reproduction rights in favor of educational institutions. In Aus-

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[28] WIPO document, ¶ 88(a).

[29] *Id.* ¶ 88(b).

[30] In addition, some countries have imposed levies on photocopiers, see, e.g., France, finance law 75-1275 of 30 December 1975, art. 22 (3% levy on manufacture and importation of photocopy machines; proceeds not to authors and publishers, but to the *Fonds national du livre*); Germany, copyright law of Sept. 9, 1965, as amended to June 24, 1985, art. 54(2) (remuneration to be paid to authors by manufacturers, importers, and operators of photocopying equipment operated in educational institutions); Spain, copyright law of November 11, 1987, art. 25(2); Royal Decree No. 287, of March 21, 1989 (remuneration from manufacturers and importers of "non-typographical technical apparatus" used for private copying; equipment in copy shops excluded; payment in part to collective users of authors; in part to authors and publishers).

tralia, Part VB of the Copyright Amendment Act 1989, sets forth a statutory license for multiple copying by educational institutions. The beneficiaries of the license may copy all or part of copyrighted works, subject to statutory remuneration to the copyright owners.[31] However, the statutory licensee must comply with extensive record-keeping obligations.[32] For example, the educational institution must "Make or cause to be made, a record of each licensed copy that is carried out by it, or on its behalf, . . . being a record containing such particulars as are prescribed; retain that record for the prescribed retention period after the making of the copy to which it relates; and send copies of all such records to the collecting society in accordance with the regulations."[33] The burdensome requirements set forth in the 1989 amendments to its 1980 predecessor that educational institutions must satisfy in order to qualify for the license have had the practical effect of encouraging universities to reach agreements with the Australian voluntary collective licensing group.[34]

The U.K. statute also encourages agreements between persons engaging in educational reprography and licensing groups, but by different means. The 1988 Copyright Designs and Patents Act sets forth elaborate provisions governing copyright licensing,[35] and includes special provisions concerning reprography by or on behalf of educational establishments.[36] Ultimately, if the Secretary of State determines, according to a host of statutory criteria, that a license should have been made available to the educational institution, and no agreement is reached within one year between the copyright owner or licensing group and the educational institution, the Secretary of State may "by order provide that if, or to the extent that, provision has not been made in accordance with the recommendation, the making by or on behalf of an educational establishment, for the purposes of instruction, of reprographic copies of the works to which the recommendation relates shall be treated as licensed by the owners of the copyright in the works."[37] As one commentator has observed, under this provision, the Secretary of State "may, in effect, impose a free statutory license."[38] The U.K. statute thus not only authorizes agree-

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31 Australia, Copyright Amendment Act 1989, Part VB, §§ 135ZJ-ZL.

32 *Id.*, §§ 135 ZU-ZZA.

33 *Id.* § 135ZX (b)-(d). The statute also provides for inspection of records by the collecting society, see § 135ZY.

34 *See* Copyright Agency Limited (Australia) IFRO Status Report, August 1989, pp. 15-17. The prior version of the compulsory license appeared in the Australian Copyright Act of 1968, as amended 1980, §§ 53B, 203E.

35 U.K. 1988 Copyright Designs and Patents Act, chapter VII.

36 *Id.* §§ 137-41. Article 36 exempts copying of no more than 1% of a work, but only if no license is available.

37 *Id.* § 141 (1).

38 De Freitas, *The United Kingdom—New Copyright Law* 143 RIDA 25, 93 (January 1990).

ments between university users and licensing collectives, it gives the collective every incentive to conclude the accord.[39]

2. The Nordic Countries

The Nordic Countries of Finland, Sweden and Norway have adopted a different approach to statutory licensing. In Finland and Sweden, the copyright acts, and in Norway, a special statute provide for "extended collective licenses" [ECL] covering, *inter alia*, reprographic copies of published works for educational purposes.[40] The basic structure of an ECL-statute is as follows: when a collective reproduction rights organization [RRO] representing a "substantial portion" of national authors within a particular field enters into an agreement on photocopying with a user of copyrighted material, the agreement will, by statute, be deemed to cover all works within the same field, regardless of whether the authors of the works are members of the RRO. The primary effect of all ECL-agreements is to insulate the copyright user from suits by individual authors. Thus, once an RRO represents a "substantial portion" of authors, it can license the works of all authors within the same field.

The Nordic statutes present an additional significant departure from conventional voluntary licensing: the proceeds of the licenses generally do not go directly to the authors. Rather, they benefit a variety of domestic social programs. Three aspects of the ECL system will be examined here.

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[39] One might fear that the possibility of a free license would encourage universities to refuse to reach agreement with licensors, so that the universities could benefit by the free license by default. However, the free license is available only if the Secretary of State has determined:

(a) that it would be of advantage to educational establishments to be authorized to make reprographic copies of the works in question, and

(b) That making those works subject to a licensing scheme or general license would not conflict with the normal exploitation of the works or unreasonably prejudice the legitimate interests of the copyright owners.

1988 CDP Act, § 140(4).

Other countries subjecting the reproduction right to compulsory licensing for educational copying include Germany, copyright law of September 9, 1965, as amended to June 24, 1985, art. 46; the Netherlands, Decree concerning the reproduction of copyrighted works, June 20, 1974; and Portugal, copyright law of Sept. 17, 1985, art. 75 (e),(g), 76.

The Netherlands provision permits copying of "small parts" of works, complete out-of-print works, and complete journal articles for instructional purposes. The failure to place any kind of page limit on copying from journal articles and periodicals appears to make this compulsory licensing provision extremely generous to university users. *Compare* Netherlands copyright law of September 23, 1912, as amended to May 30, 1985, art. 16b (private copying exemption limited to "short articles").

[40] *See generally* Karnell, *Extended Collective License Clauses and Agreements in Nordic Copyright Law*, 10 Colum.-VLA J. Law & the Arts 73 (1985).

First, the implementation of ECL statutes by Swedish, Finnish and Norwegian RROs will be reviewed, with particular emphasis on the relationship between the destination of the proceeds and the fee setting and surveying techniques of the RROs. Second, the treatment of foreign authors under the ECL statutes will be addressed. Finally, this section will consider the compatibility of ECL statutes with the Berne Convention principle of the author's exclusive right of reproduction.

a. Implementing extended collective licenses for educational reprography

It may be useful to begin the discussion of the implementation of ECLs at the end of the process; that is, at the distribution of license revenues. This is because the method of distribution affects the ways in which Nordic RROs set fees and survey licensees' copying, as well as their relations with foreign authors. The method of distribution is essentially the same in Finland, Norway and Sweden.[41] Each national RRO is composed of several authors' organizations and publishers' organizations. For example, Kopinor, the Norwegian RRO, consists of eighteen authors' organizations and five publishers' organizations. The member organizations typically each represent a different type of work (e.g. journalism, fiction, science, etc.). Distribution is from the RRO to the member organizations, not directly to authors or publishers. The member organizations then use the money for what is generally termed "collective purposes." These collective purposes include scholarships, prizes for art competitions, publication of works and dissemination of information to the public.[42] The collective use of money collected under ECL agreements is explicitly allowed by the ECL-statutes.[43]

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41 Information on the Finnish RRO, Kopiosto, comes primarily from the 1990 Status Report to the International Federation of Reproduction Rights Organizations (IFRRO). Information on the Norwegian RRO, Kopinor, comes primarily from 1989 and 1990 Status Reports to IFRRO. Information on the Swedish RRO, BONUS, comes primarily from the 1989 and 1990 Status Reports to IFRRO. Other sources for these three countries will be noted when used. The Danish RRO, Copy-Dan, is not a member of IFRRO.

42 For example, in Finland, the author's organizations used their share 80% for grants and scholarships, and 20% for information/publication activities and art-competition prizes. Kopiosto 1990 Status Report to IFRRO.

43 See Finland, Copyright Act art. 11a.2; Sweden, Copyright Act, art. 15a.4.
The use of collected money for collective purposes is not unique to the Nordic RROs. Music performance right collecting societies such as CISAC have a long tradition of deducting up to ten percent of their revenue for various collective purposes. More recently, many countries have applied money collected from levies on blank tapes and equipment to collective purposes. For example, in France twenty-five percent of the blank tape levy must, by law, be used for collective purposes. In Norway, where recording equipment is taxed, the entire revenue is used for collective purposes and, significantly, foreign rights

All three RROs have licensed universities in their respective countries. Fees are determined in several different ways. The most common is a price per page copied. This is the standard method in Norway and Sweden.[44] In Finland, the standard method is a lump sum payment from each user group. Other methods are used occasionally. For example, in Finland municipalities pay per inhabitant, and in Sweden public schools pay per student. However, the differences among these various methods should not be overemphasized. In almost all cases, the RRO negotiates separately with each user group to determine a fee for that user group. Moreover, even though fees are purportedly tied to actual use, the user group can, through negotiations with the RRO, exert a large amount of control over the total price it must pay for the license. In this sense, price per page looks very much like lump sum or other more static measures such as price per student or price per inhabitant. This willingness to engage in individually negotiated fees is partially the result of legal incentives created by the ECL-statutes: in Finland and Sweden, a failure to reach a negotiated agreement can result in government-imposed mediation or arbitration.

Survey techniques are closely tied to methods for determining fees. The surveys are aimed at determining what percentage of the total number of copies needs to be paid for, while the meter readings give the total number of copies. The surveys typically collect information on (1) type of source, for example, book, newspaper, periodical, (2) type of work, e.g. fiction, nonfiction, music and (3) nationality of author.[45] This information allows the RRO to determine what percentage of the money collected is owed to each of the member organizations, who are themselves typically divided according to the type and source of work. Because the distribution is for collective purposes, not to individual authors or publishers, there is no need for more specific information regarding the works actually photocopied.

b. Relations between Nordic RROs and foreign authors

While the ECL statutes apply only to national authors, Nordic RROs do collect for foreign authors. In Norway at least, RROs are specifically granted the right to collect revenues for the use of copyrighted works of foreign authors,[46] and the practice in the other countries is to include the works of foreign authors in ECL agreements and to have the RROs maintain funds to

holders receive none of the benefits. The collective destination of these revenues raises Berne-compliance questions, *See generally* Melichar, *Deductions made by Collecting Societies for Social and Cultural Purposes in Light of International Copyright Agreements*, 22 IIC 47 (1991).

[44] S. Besen & S. Kirby, *Compensating Creators of Intellectual Property: Collectives that Collect* 61 (RAND Publication Series, 1989).

[45] Rudolph, *Licensing, Collecting and Clearing for Reprographic Rights*, 23 Copyright at 148 (1987), Besen & Kirby, *supra* note 44 at 61.

[46] Kopinor IFFRO 1990 Status Report, p. 4.

cover the remuneration claims of foreign authors.[47] In all cases, foreign copyright owners have the right to demand individual remuneration from the RROs.

From the perspective of the individual foreign author, however, the right to demand individual renumeration is, practically speaking, hollow. Because the money collected by the RROs in Finland, Sweden and Norway is used for collective purposes, the RROs do not gather information on the uses of any individual author's works. Yet, a claim against an RRO for individual remuneration still requires specific information about the use of the author's works.[48] The foreign author is not, therefore, in any better position to exercise his or her rights than he or she was before the existence of the RRO. If the target of the suit has changed, the chances of success have not.

Even foreign authors who are represented by their own RROs are not directly compensated. While bilateral agreements among RROs are increasing in number,[49] the foreign RROs do as a result receive money from Nordic RROs, the foreign RRO lacks the information permitting it to break down by author or publisher the lump sum received from Nordic correspondent.[50] Instead, the foreign RRO will put the money received to collective use, for example, to defray the foreign RRO's administration or litigation costs.

These features of the Nordic statutes prompt inquiry into the extent to which the ECL system complies with Berne mandates. Arguably, the Nordic system respects the rule of national treatment, for if foreign authors do not receive individualized compensation, neither do local authors. However, foreign authors also do not benefit from the local alternatives to direct compensation, such as prizes and scholarships. But even if the ECL countries are deemed to adhere to the rule of national treatment, they may still be in disharmony with the Berne Convention: in addition to its nondiscrimination principle, Berne mandates minimum guarantees of protection. Respect for the reproduction right is one of them; it remains to be seen whether the ECL system adequately secures that right.

c. Compatibility of the Nordic ECL systems with the Berne principle of exclusive reproduction rights

Under the ECL system, RROs grant rights in works not only of authors/publishers who have agreed to take part in the collective licensing arrangement, but of those remaining outside the collective as well. One might

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47 Karnell, *The Legal Situation Concerning Reprography in the Nordic Countries*, 15 IIC 685, 689 (1984).

48 *See* Karnell, *Extended Collective Licenses*, *supra* note 40 at 81.

49 For example, as of 1990, Kopinor had nine bilateral agreements (Denmark, Finland, U.S.A., Germany, Switzerland, Austria, Australia, Canada, and New Zealand), 1990 Status Report to IFRRO, p. 4.

50 See Rudolph, *supra* note 45 at 149.

contend that the ability of an RRO to license away the rights of non-members without their consent violates the non-members' right to authorize reproduction. However, that right may be rather meaningless. The basic assumption underlying the creation of RROs is the inability of individual authors to enforce their rights. Thus, the rights the RRO licenses would simply have been ignored in the absence of the RRO. If this assumption holds true, it is difficult to argue that the ECL-statutes have deprived authors of a right that, practically speaking, was impossible to enforce prior to the existence of the ECL-statutes.[51]

On the other hand, even if compulsory licensing is better than "pure" but unenforceable rights, nonetheless, under the principles of Berne art. 9.2, the renumeration from the legal license must be equitable. When, as in the Nordic system, the remuneration does not directly benefit the authors, the argument would go, the remuneration is not equitable. If this argument has some appeal in the abstract, the facts of the Nordic situation counsel against insistence on direct remuneration. The population of the Nordic countries is comparatively low: Norway's population, for example, is 4.2 million.[52] The licensing revenues generated, especially on a per-student basis, are correspondingly low. The cost of establishing and operating a system of surveys and sampling permitting distribution to individual rights holders, as well as the costs of that distribution, are very high. Indeed, much of the revenue would be absorbed by the administrative costs. As a result, despite the greater apparent equity of individual remuneration, in the Nordic context, lump sum payments to collectives generate more remuneration in fact than would individual pay-outs.

II. ENSURING UNIVERSITY USERS' COMPLIANCE WITH COPYRIGHT LAW

If the educational reproduction at issue does not qualify for a copyright exemption, and has not been made consistent with the terms of an applicable license, the user is liable for copyright infringement. Enforcing the copyright, however, may prove elusive, particularly when the law is ambiguous. This section first examines recent litigation conducted in France, the U.S., and in New Zealand. The purposes of those suits was, at least in part, to clarify the law to aid in its enforcement. But, obtaining clear rules is only the beginning. We therefore next turn to ways in which copyright owners have sought, or obtained, compliance from users, both within and without the collective licensing framework.

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[51] Sweden's copyright law permits individual authors to file a prohibition on copying with either the RRO or the contracting user group. See Karnell, *Extended Collective License*, *supra* note 40 at 76. It is unclear how this prohibition can be enforced.

[52] Kopinor 1990 IFRRO status report, p. 32.

A. Court Decisions Upholding Copyright Owners' Rights

Decisions from France, and most recently, the U.S. and New Zealand, have offered important interpretations of domestic copyright exemptions for, respectively, private copying, fair use, and educational copying. In all three cases, the copyright owners prevailed. In France and the U.S., the defendant was a for-profit copy shop. In New Zealand, the defendant was an educational institution. In the U.S., the court's rejection of a copy shop's fair use defense has significantly assisted rights owners' endeavors to achieve compliance with copyright protections. In France and New Zealand, the results appear more mixed. French copyright owners are only beginning to achieve practical implementation of the 1984 victory secured in court. In New Zealand, while the judgment held for plaintiff, some of the court's reasoning could promote continued disregard of copyright. This section examines the three cases in some detail.

1. France: L'Affaire RannouGraphie

Unlike several other countries, France affords no explicit exemption or compulsory license for educational reprography. Although French law permits reproduction of "brief citations . . . justified by the pedagogical . . . character of the work in which they are incorporated,"[53] the statute does not authorize copying entire or significant portions of protected works for teaching purposes. The only provision of the French copyright law allowing integral reproduction of protected works is the private copying exemption. This disposition exempts from copyright control "copies or reproductions strictly reserved for the private use of the copyist and not intended for a collective use . . ."[54] The scope of this provision was tested in the *RannouGraphie* controversy, brought by a publisher against a for-profit copy shop whose employee, at a customer's request, had made eleven copies of a protected work. The case was decided by France's highest private law court in 1984.[55]

The focus of dispute was the interpretation of the statutory term "the copyist." Defendant shop contended that the "copyist" envisioned by the exemption was the person who requested the copy, and for whose benefit the copy was made. French commentators refer to this characterization as the "intellectual" concept of the copyist.[56] By contrast, the publisher argued that the "copyist" was the person actually making the copy, or who controls and profits from the machinery of copying. Commentators refer to this character-

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[53] France, copyright law of March 11, 1957, art. 41.3.

[54] *Id.* art. 41.2.

[55] Court of cassation, first civil chamber, decision of March 7, 1984, JCP 1985 II 20351, note R. Plaisant.

[56] *See, e.g.*, Lucas, *Le droit d'auteur français à l'épreuve de la reprographie*, 1990 JCP I 3438, ¶ 11.

ization as the "material" or "commercial" concept of the copyist.[57] Under the "intellectual" concept of the "copyist," the copy shop's customer would be considered the "copyist," and, assuming the customer intended the copy for her own use, the private copying exemption would apply. Under the "material" concept, the copy shop would be the "copyist," and, because the copies were intended for the customer's use, rather than for the use of the copy shop, the private copying exemption could not apply.

A first-level court in 1974, in a litigation between publishers and the national research institute (l'affaire du *CNRS*), had favored the "intellectual" characterization of the copyist, but its decision was ultimately nullified for lack of subject-matter jurisdiction.[58] Ten years later, in *RannouGraphie*, the Court of cassation reached a different result, ruling

> in a case such as this one, the copyist is . . . one who, maintaining on his premises the material necessary to the production of photocopies, exploits that material by putting it at the disposition of his clients.

Moreover, the court emphasized that, given its definition of the copyist, the copies were not intended for private use, and that the copy shop "earned a profit from its operation analogous to that earned by a publisher."

Clear at first glance, the *RannouGraphie* decision in fact leaves some doubt about its scope. The court took the unusual course of defining the copyist "in a case such as this one." Given the Court of cassation's general disregard for facts, the Court's advertisement of the particularity of the case suggests that the scope of its holding does not reach all applications of the private copying exemption. Arguably, it is at least settled that a commercial photocopy establishment is the "copyist," because that entity controls and profits from the business and machinery of making copies. At the least, then, *RannouGraphie* espouses a "commercial" concept of the copyist,[59] and would

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[57] *Id.* The "material" copyist is the person who creates the copy; the "commercial" copyist is the person who controls and profits from the machinery of copying.

[58] TGI Paris, decision of January 28, 1974, D. Jur. 1974.337, note Desbois, *reversed*, Court of cassation, decision of February 19, 1975, 1975 JCP II 18163, note Françon. The first-level court's decision has been much criticized, see, e.g., C. COLOMBET, PROPRIETE LITTERAIRE ET ARTSTIQUE ¶ 224 (5th ed. 1990); Desbois and Françon, notes *supra*.

[59] *Accord*, Plaisant, Note, JCP 1985 II 20351; Pollaud-Dulian, Juris Classeur *Propriété littéraire et artistique* Fasc. 317. *Contra*, Lucas, *supra* note 56 ¶¶ 14-26.

The 1987 Spanish copyright law's private copying exemption, art. 25 is modelled on the French provision, and was drafted with knowledge of the *RannouGraphie* decision, see Delgado, *Private Copying in Spain* 145 RIDA 2, 38 (July 1990). Delgado believes it is clear under the Spanish law that copies made in copy shops do not qualify for the private copying exemption. An administrative decree reinforces his interpretation, *see* 145 RIDA at 36-40.

make all commercial copy shops liable to copyright owners. Arguably, in light of the Court's emphasis on the facts, a commercial copy shop in which customers make the copies themselves would not be liable, for the customers would be both the "intellectual" and the "physical" copyists. Nonetheless, because the copy shop still owns, controls and profits from the copying equipment, customer participation does not seem significantly to alter the Court of cassation's construct.[60]

Given students' prolific patronage of copy shops, *RannouGraphie* should have a significant practical impact on educational reprography. But *RannouGraphie*'s application to intra-University copying is more murky. Who is the "copyist" when coin-operated (or debit card-operated) machines are made available on university premises? In that instance, the "intellectual" and the "material" copyists merge, since the user is actually making the copy. However, the copying equipment belongs to a third party. If that entity is a commercial establishment, should it be deemed the "copyist" under *RannouGraphie*? Should the result be different if the University owns the copying equipment?

These uncertainties do not assist rights holders' attempts to reach agreement with copy shops and universities. Whether as a result or for other reasons, the French voluntary collective rights organization has made rather slow progress. In 1990, it was still in negotiations with the copy shops.[61] It appears that no licenses have been concluded with universities, although in 1989 an important agreement was concluded with the national research institute (CNRS)[62]—the defendant in the aborted 1974 litigation.

2. U.S.: Basic Books v. Kinko's

In the U.S., the copyright law provides neither a private copying exemption, nor a specific teaching exemption. However, in addition to an exemption for library photocopying, the 1976 Act contains a general "fair use" exception to copyright protection. This, in turn, includes teaching among the purposes favored by the exception. Unofficial "Guidelines" negotiated between representatives of publishers and educators attempt to articulate "minimum" standards of fair use for classroom photocopying.[63] There have been three cases testing the application both of the Guidelines and of the general fair use provision to educational photocopying. This section discusses two of them: the lawsuit filed in 1983, and settled, between a consortium of publish-

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60 One might also contend, with reference to *RannouGraphie*'s facts, that a copy shop on whose premises less than eleven copies per work are made would be less likely to be deemed a "copyist." This construction seems quite strained, but *RannouGraphie* may leave room for argument that the customer is the "copyist" if only one copy per work (or portion of work) is made.

61 CFC, Centre Français du Copyright, 1990 IFRRO Status Report, p. 16.

62 CFC 1989 IFRRO Status Report, p. 9.

63 See *supra* Part I, B, 3.

ers and New York University, and last year's decision in *Basic Books v. Kinko's*.[64]

The NYU litigation, *Addison-Wesley Pub. Co. v. New York University*,[65] focused on the assembly of anthologies of portions of copyrighted works by NYU professors for use in lieu of or as a supplement to textbooks. Defendants were the University and an off-campus copy shop. The settlement imposed upon the University the responsibility to institute a new photocopying policy: essentially, that photocopying for classroom use must conform to the Guidelines. Any faculty member whose use exceeds the Guidelines must obtain permission from the copyright owner; if the permission is not granted, the instructor may have the proposed copying reviewed by NYU General Counsel. If review is not sought, then, according to the terms of the photocopying policy statement, only the professor (rather than the University) would be subject to liability in the event of an infringement suit. The settlement in the *NYU* case governs only the parties: the arrangement worked out between the publishers and the University thus does not bind other institutions. Nonetheless, the terms of the settlement may have advisory, or cautionary, value to professors at other universities.

While the *NYU* litigation was directed primarily against a University, in *Kinko's*, the target was a chain of 200 copy shops, many of them located near campuses. Defendant, a for-profit corporation, devised a "Professor Publishing" program, soliciting professors to prepare photocopied course materials through Kinko's. Kinko's advertisements asserted that it would handle any needed copyright clearances. In fact, Kinko's rarely sought permission to photocopy excerpts of protected works. Rather, it took the position that its unauthorized copying, even of substantial portions of works both in-and out-of-print, constituted "fair use" because of the educational purpose of the Professor Publishing program. Kinko's defense called upon the court, the Southern District of New York to evaluate the four statutory fair use factors:

1. The purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;

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64 758 F. Supp. 1522 (SDNY 1991). The third (and first in time), *Marcus v. Rowley*, 695 F.2d 1171 (9th Cir. 1983), in fact arose under the prior—1909—Act. The Ninth Circuit nonetheless addressed the Guidelines in reaching its decision that the (plagiarizing) copying of 11 pages of a copyrighted work for use in a 24 page "Learning Activity Package" on cake decorating was not a fair use. The Court may have been influenced by defendant's apparent bad faith: "there was no attempt by defendant to secure plaintiff's permission to copy the contents of her booklet or to credit plaintiff for the use of her material." *Id.* at 1176.

65 1983-84 Copyright L. Dec. (CCH) ¶ 25, 544 (SDNY 1983) (order and final judgment in case, outlining settlement with respect to defendant Unique Copy Center, Inc., subsequent to plaintiffs' settlement with NYU).

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.[66]

The court found Kinko's fair use defense unpersuasive. In weighing the "purpose and character" factor against Kinko's, the court found the "nonproductive" and the "commercial" nature of the use outweighed any attendant educational public interest served by the copying. Applying the second factor, the court acknowledged that the works copied for the course packets were works of nonfiction (primarily social science and finance), and were more subject to fair use copying than works of fiction. However, the amount copied, the court found, exceeded fair use bounds, both with respect to the quantity of pages copied (for example, in one instance, a professor copied 110 pages, or 28% of the book, and distributed them to 132 students), and with respect to the qualitative value of the copying (for example, in several instances, professors ordered entire chapters to be copied). Regarding the fourth factor, the court held that defendant's activities impaired the market for permissions to copy. The court emphasized defendant's failure to demonstrate the educational necessity of assembling anthologies of protected material without seeking and paying for permission.

Kinko's had also asserted that its copying conformed to the Guidelines on educational photocopying, and that its copying should therefore be held non-infringing. The court first determined that Kinko's did not qualify to invoke the Guidelines: the Guidelines address copying within a not-for-profit educational institution. Because Kinko's is an off-campus, for profit entity, the court ruled it fell outside the intended scope of the Guidelines. The court nonetheless went on to apply the Guidelines to Kinko's activities, and held that the Guidelines had not been met. It found that Kinko's failed the Guidelines' "brevity," "spontaneity," and "cumulative effect" tests, and furthermore offended the Guidelines' express prohibition on the creation of substitutional anthologies. As discussed above,[67] the Guidelines' criteria appear to envision impromptu copying in small quantities for which seeking and obtaining permission would be unduly burdensome or excessively time-consuming. By contrast, as the court observed, "Kinko's copying coincided with the start of each semester . . . [t]he anthologies were created to last the full semester, or at least for several weeks." This is exactly the sort of advance-planning copying for which permissions can, and for the court, must be sought.

Finally, in a discussion reminiscent of the French debate on the nature of

[66] See U.S., 1976 Copyright Act, 17 U.S.C. § 107.
[67] See Part I, B, 3.

the "copyist," the court addressed Kinko's contention that it should be discharged from payment of damages because it acted as the "agent of a nonprofit educational institution."[68] To employ the French terminology, Kinko's in effect asserted that it was a mere "material" copyist, and that true liability (if any) should lie with the professors, who were the "intellectual" copyists. The court rejected the claim, primarily on the ground that Kinko's "had control over the permissions process: determination whether a passage required permission or was fair use; whether permission was sought after the fair use determination; and when and how permission was pursued. The professors merely handed in the signed form, claiming responsibility, but in actuality relinquishing several key aspects of control to Kinko's." In other words, the court rejected the "material"/"intellectual" copyist dichotomy; not only was Kinko's the "material" (and most definitely the "commercial") copyist, its assumption of power over determination whether to seek permission made it in effect an "intellectual" copyist as well.

In *Kinko's*, the court emphasized defendant's usurpation of the market for permissions to copy. The decision has had the effect of revitalizing that market, as college and university users, as well as copy shops, now recognize the need to seek permission before compiling course materials. In Parts B and C of this section, I detail some of the U.S. publishing and licensing industry's response to *Kinko's*.

3. *New Zealand:* Longman Group, Ltd. v. Carrington Technical Institute Board of Governors

The recently-decided New Zealand educational photocopying controversy, *Longman Group, Ltd. v. Carrington Technical Institute Board of Governors*,[69] shares some juridical features with *Kinko's*. A Commonwealth country, New Zealand's copyright legislation derives from U.K. law, including its exemption for "fair dealing,"[70] a close relative of the U.S. "fair use"

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[68] See 17 U.S.C. § 504(c)(2) (authorizing court to remit statutory damages "where an infringer believed and had reasonable grounds for believing that his or her use of the copyrighted work was a fair use . . . , if the infringer was (i) an employee or an agent of a nonprofit educational institution . . .").

[69] [1990] Butterworth's Current Law 1082. *See* discussion in Spiller, *Copyright and Teaching Materials*, N. Zealand L.J. 258-260 (August 1990).

[70] *See* New Zealand, Copyright Act of 1962, as amended to November 6, 1986, art. 19(1);

> No fair dealing with a literary, dramatic, or musical work for purposes of research or private study shall constitute an infringement of the copyright in the work.

See also art. 19(6) excusing:

> The publication in a collection, mainly composed of non-copyright matter, intended for the use of schools . . . of short passages from published literary works not themselves published for the use of schools . . . if not more than two of the passages from works by the same author are published by the

exemption. As in the U.S., New Zealand also has detailed provisions regarding educational photocopying, although, unlike the U.S., these dispositions are not merely advisory, but are incorporated in the copyright statute.[71] The *Longman* case called for interpretation both of the "fair dealing" provision, and of the special educational photocopying rules.

The litigation, acknowledged to be a test case, spanned nearly six years and was sponsored in part by the New Zealand voluntary collective licensing society for reprographic rights, Copyright Licensing Limited [CLL]. The outcome was not as conclusive as CLL would have wished; indeed, CLL characterized it as something of a pyrrhic victory: "For the first time in a New Zealand court, it was held that there is a limit on how much copying can be done in an educational setting. Unfortunately, by way of obiter dicta, the judge opened a whole new area for substantial dispute. The result is that some tertiary educational institutions in New Zealand believe that they are relieved of any responsibility to ever consider taking a license. Fortunately, this view is not all-pervasive, but it is very widespread. CLL's path has not been much eased by the successful outcome of its test case."[72]

The facts recall the *New York University* controversy: the defendant instructor taught a class in technical drawing at the Carrington Technical Institute, also named as a defendant. In 1981, the instructor decided to compile a one-volume book of all the material his students would need. He determined that the only way he could obtain material "of the required standard, simplicity, comprehension and diversity of topics . . . in a form that [the students] could readily comprehend and realistically afford"[73] was to use photocopied extracts from fourteen of the texts on technical drawing. The instructor made minor additions to the volume, including some "linking text;" the copied material nonetheless comprised about 70% of the compilation. Around 100 copies were sold to students enrolled in the course from 1982-1984. The plaintiff publishers asserted copyright in five of the texts, and estimated that 7.5% of the total works were copied.

The court rejected the instructor's fair dealing defense. It found that the

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same publisher within five years, and the source from which the passages are taken is acknowledged.

The terms of this exemption are rather stringent, and it seems that not much attention has been paid to it. Canada has the same provision (Copyright Act, R.S.C. 1985, c. C-42, art. 27(2)(d)), and the "Working Paper" on the Canadian Copyright Revision suggested that the requirement (set out in art. 19(6)(c) of the New Zealand Act) that the collection be primarily composed of material in which copyright does not subsist was of questionable usefulness, but no action was taken on this point. Keyes & Brunet, *Copyright in Canada: Proposals for a Revision of the Law* 152 (1977).

71 New Zealand, copyright law, art. 21, see *infra* note 75.

72 CLL, 1990 IFRRO Status Report, p. 29.

73 Siller, *supra* note 69 at 258.

copying "was not for the purpose of research or private study but for the express purpose of compiling a text book to assist in the teaching of the course . . . whilst it may be that the students in a classroom are engaging in private study, that was not the purpose of the reproduction." Rather, the book competed directly with the copyrighted texts, and was "the very antithesis of fair dealing."[74] The court's holding is consistent with the general fair dealing/fair use principle that these exceptions do not apply to copying designed to substitute for purchase of protected works.

The court then turned to the section of the New Zealand copyright law titled "Special exceptions for libraries, universities and schools." The relevant subsections are set forth in the margin.[75] It rejected the defendants' invocation of the main provision of the "special exceptions," holding that, contrary to statutory requirement, defendant instructor's compilation "was not produced for research or private study but as a textbook for teaching the course." The court held it was "implicit [under the statute] that there must be a request for supply, not a supply generated by a librarian or teacher with-

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[74] Spiller, *supra* note 69 at 259 (quoting Doogue, J.).

[75] New Zealand, copyright law art. 21 provides, in relevant part:

> Special exemption for libraries, universities, and schools
>
> (1) The copyright in a published literary, dramatic, or musical work, or in a published edition of such work, or in a published artistic work, is not infringed by making or supplying a copy of the work or edition, if the copy is made or supplied by or on behalf of a teacher at any University or school [or non-profit library] . . . subject to the following conditions and any further conditions which may be prescribed:
>
> (a) The copies in question shall be supplied only to persons satisfying the teacher or librarian . . . that they require them for the purposes of research or private study and will not use them for any other purpose:
>
> (b) Except in the case of an artistic work, no copy shall extend to more than a reasonable proportion of the work or edition in question or to more than one article in a periodical publication, unless two or more articles in the same publication relate to the one subject-matter:
>
> (c) No person shall be furnished with more than one copy of the same artistic work, or the same article, or the same part of any other work or edition:
>
> (d) Persons to whom copies are supplied shall not be required to make a higher payment (if any) for them than the cost . . . attributable to their production.
>
> (4) The copyright in a literary, dramatic, musical, or artistic work is not infringed by reason only that the work is reproduced, or an adaptation of the work is made—
>
> (a) In the course of instruction . . . where the reproduction or adaptation is made by a teacher or student; or
>
> (b) As part of questions to be answered in an examination, or in answer to such a question.

out any request."[76] The court also dismissed defendant's reliance on the provision of the "special exceptions" exempting reproductions made "in the course of instruction . . . where the reproduction . . . is made by a teacher . . ."[77] The court held that the compilation had not been prepared "in the course of instruction" because "it was assembled not in or before any particular class, term, or even teaching year but before 1982 for subsequent use."[78]

However, in its analysis of the "course of instruction" exception, the court stated that, where the exception applies, "there is no statutory limit imposed on the method of reproduction;" moreover, "[t]here is no limitation against multiple copying," nor is there any limit to the length of the extract that may be copied.[79] These remarks, even if they are *obiter dicta*, may undermine the gains achieved from the court's conservative assessment of fair dealing and its rejection of part of the educational copying exception. Professor Spiller has warned: "[With] the wide berth given to the 'in the course of instruction' defense . . . it appears that, provided teachers take care to produce their compilations before each class, term, or even teaching year, they may escape liability for copyright infringement, regardless of the length of the extracts copied and the number of copies made."[80]

Under this interpretation, so long as a professor compiles her anthology afresh each term, she may freely copy as much as she wishes, even though she could have had occasion to seek permission. On the other hand, it is possible to interpret the "in the course of instruction" criterion in a manner akin to the "spontaneity" element of the U.S. educational photocopying Guidelines. In that event, even were the *Longman's* court correct that there is no limit on the quantum of copying, the copying must nonetheless occur once classes have begun; copying in preparation for the semester or school year would not qualify. This interpretation would remove *Kinko's*-type course packets from the scope of the exemption; permission, then, would be required from the copyright owners.[81]

B. Securing Permissions

If the educational copying at issue does not benefit from an exemption,

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[76] Spiller, *supra* note 69 at 260 (quoting Doogue, J.).

[77] New Zealand, copyright law, art. 21(4).

[78] Spiller, *supra* note 69 at 260 (quoting Doogue, J.).

[79] *Id.*

[80] *Id.*

[81] New Zealand ministers and law makers have considered revising the copyright act; one concern addressed is educational reprography. However, because New Zealand is a net importer of teaching materials, the political balance appears to favor public access over control by copyright owners. Nonetheless, some form of equitable remuneration also seems contemplated. *See* Law Reform Division, Department of Justice (New Zealand), *The Copyright Act of 1962: Options for Reform* at 2 (1989).

the educational user must obtain permission to make the copy. If a collective licensing or legal license regime is in place, permissions are easily secured: the educational institution generally receives a blanket license to copy from the totality of works in the repertory. But if there is no collective licensing organization, or if it does not represent the works sought to be copied, the user must secure permission directly from the copyright owner. This has usually meant that the professor has to contact the publisher for permission to copy the work. In practice, at least in the U.S., professors often failed to seek permission, and publishers sometimes responded very late to those requests that were made.

Following the *Kinko's* decision, many publishers in the U.S. perceived the need to improve the permissions process. Because the *Kinko's* decision emphasized the importance of seeking permission, the publishers realized that the process of obtaining permissions would need to become more "user-friendly" than in the past.[82] As a result, the American Association of Publishers combined their existing electronic text book ordering system, "PUBNET," with an experimental program for communication of permissions requests. PUBNET links one thousand College and University bookstores to publishers; when a professor orders books for her courses, the bookstore sends the order on-line via PUBNET to the relevant publishers, who respond via electronic mail confirmation. Under the pilot permissions program, professors who wish to prepare course materials containing excerpts from protected works send the requests for permission via PUBNET, and the publisher responds in the same way. The publisher must still consult its files (often manually) to determine if it can grant the requested permission. Thus, while the communication of the request and of the response (together with the amount of the permission fee) are instant, the time required for the publisher to determine if it can grant permission ranges from two days to two weeks. Several publishers and bookstores began participating in the program this Fall. The program continues to expand to include more publishers and bookstores, as well as independent copy shops.

C. *Voluntary Collective Licensing Societies*

Licensing reprography rights may be analogized to licensing performing rights in music. One distinguishes "grand" (theatrical) from "small" (non-dramatic) public performance rights. Grand rights are licensed on a transactional basis: the users may be numerous, but they are identifiable, and their exploitations may be tracked. In the U.S., there is no collective society for grand rights, but only for small rights, since tracking individual uses of small rights is impossible. Small rights are the archetypical subject matter of collective blanket licensing.

By the same token, certain kinds of educational reprographic uses, such

[82] See Advertisement of the Association of American Publishers, Appendix B.

as preparation of course packets, involve exploiters and works that can be identified. These uses, albeit very wide-spread, can still lend themselves to individualized treatment. Indeed, programs like PUBNET rest on a model of individual transactions. But this model does not adequately respond to other forms of large-scale educational photocopying. For example, even if all course materials could be cleared through PUBNET, copyright owners would remain uncompensated for copying done by students, by university libraries, and by professors for purposes other than generation of course materials. These kinds of uses are, in effect, the "small rights" of the reproduction right. As with non-dramatic music performing rights in the past, the difficulty of enforcing copyrights on a single transactional basis has prompted collective solutions to the reprography problem. These solutions obtain even in countries whose copyright laws do not impose compulsory licensing for educational reprography. This section examines the activities of one of these collectives, the U.S. Copyright Clearance Center [CCC].

The CCC was established in 1978 by authors, publishers and photocopy users to facilitate exploitation of the reproduction right under the 1976 Copyright Act. Prior to 1983, all CCC transactions with licensee organizations were conducted through the Center's Transactional Reporting Service, which requires that users record and report every copy made under a CCC license. Following objections by major U.S. corporations to the administrative burdens of training personal and establishing recording systems for reporting copying, the CCC developed the Annual Authorization service. This program entitles the user to make an annual lump payment for the right to photocopy the corpus of works in CCC's repertory. At present, however, this program applies only to corporate users.

Under the Transactional Reporting Service, each publisher specifies the fee to be charged a user copying an item from each publication title. The fee can be determined in one of two ways. The first is to fix a base rate, which may be zero, plus a certain amount for each page copied. In the alternative, a flat fee may be established using a fixed base rate and setting the per page charge at zero.[83] There is no charge for publishers to register titles. However, the CCC service charge to publishers for collection is $.25 per copy reported by users for items with pre-1983 publication dates and $.50 per reported copy for works published in 1983 or later. Royalty fees, determined by the publisher-set rate minus the CCC service charge and paid directly to the publisher, are accrued until the CCC's Board of Directors has determined that the Center's funds are sufficient to warrant payments to all participating publishers.[84]

Until as late as 1989, CCC agreements with licensing publishers did not

[83] *How to Participate in the Copyright Clearance Center*, CCC mimeo, at 2.

[84] See *Executive Summary of Key Provisions in CCC Publisher Agreement* (CCC document).

allow the Center to collect copying fees from educational institutions for educational anthologizing. The CCC has since embarked on University Pilot Programs with Columbia University, Cornell School of Hotel and Restaurant Management, Northeastern University, Principia College, Stanford and Utah Universities, utilizing the Transactional Reporting Service as a means of gathering data on the kinds of works copied and the frequency of copying.[85]

Under the pilot university license program, each institutional user paid a blanket fee entitling them to copy portions of any works of the participating publishers, in any number of copies. The institutions agreed to supply CCC with data concerning copying in the academic environment. Data was gathered by collecting photocopies made on and off-campus for faculty, through questionnaires directed to faculty, students, and administrators, and through photocopy logsheets. The recently-released Final Report of the University Pilot Program observes:

> Two examples illustrate some of the commonly held perceptions that are at least challenged by this Report. It has long been believed by many in the publishing industry that photocopy course packets are created principally from excerpts from textbooks. Both the hard data from hundreds of such course packets, plus the responses from hundreds of faculty members suggest that textbooks are by no means the principal type of material copied into such anthologies. [The data revealed the composition of course anthologies to be Periodicals, 35%, Tradebooks, 32%, Newspapers, 12%, Textbooks, 8%, Business Cases, 8%, Other 5%.] Another belief—held by many in academe—is that copying for classroom handouts is principally from "current" literature with an immediacy of need that makes the acquisition of permissions impractical. Again, hard data from hundreds of classroom handouts show that over 50% of the copy-pages distributed were from books and business cases, neither of which are likely to contain such state-of-the-art news that seeking copying permission would disrupt the teachable moment.[86]

The pilot program is expected to lead to a blanket licensing program for university copying, covering individual and collective research or administrative reprography. However, the blanket license would not cover the creation of course packets. That kind of "grand rights" copying would continue to be licensed by CCC on a transactional basis.

In addition, in the wake of the *Kinko's* decision, the CCC began to receive 1200 to 2000 requests for permissions a day from copy shops. The CCC therefore inaugurated an Academic Permissions Service for the creation of

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[85] See CCC document "University Photocopy Licensing Program," Appendix C.

[86] Copyright Clearance Center, *University Pilot Program: Final Report*, 7, 1 (1991).

course packets and anthologies. This is a transactional license program. Copy shops, university book stores, university copy centers, and university departments register with the CCC, who verifies both the correctness of the information provided by the copy shop, and CCC's own authorization to permit copying. Under its agreement with publishers, CCC may not authorize copying 25% or more of a work in its repertory. CCC also communicates the price set by the publisher for each work sought to be copied. If a work for which permission is sought is not in CCC's repertory, CCC solicits permission from the publisher. In additional to individual copy shops, subscribers to the Academic Permissions Service include the National Association of Quick Printers, which is working with the CCC on behalf of its member shops. CCC's Academic Permissions Service is distinct from PUBNET. The latter covers only college and university bookstores; it does not now extend to the copy shops. In addition, the publishers participating in PUBNET are textbook publishers; PUBNET's permissions for copying thus cover neither material from journals and periodicals, nor from tradebooks (unless the textbook publisher is also a tradebook publisher).

III. PROBLEMS FOR THE FUTURE: ELECTRONIC PUBLISHING[87]

The photocopier has facilitated scholarly research, diversified the materials from which professors teach, and spawned a host of problems in copyright enforcement. The capacity of the photocopier to assist scholarship and to plague copyright dwindles beside the advent of the optical scanner. For example, a 1991 state of the art scanner, the Xerox ScanWorx, creates a storable and communicable digitized image of a page of text (or of a drawing or a photograph) in approximately five seconds. It copies both books (laid flat) and sheets of paper. In the time it takes to move the paper across the scanner, the image on the page appears on the screen, and is entered in the computer's memory. In this format, it can be printed out, faxed via modem anywhere in the world, or sent by E-mail anywhere in the world. In another 30-60 seconds per page, the scanner converts the text into word processing form (for example, into WordPerfect), permitting the user to adapt the text, or to search it pursuant to a database search protocol. The scanner is approximately 18 inches wide, by 24 inches long, by 6 inches high. In other words, it fits comfortably atop a small table. The scanner can be connected to an ordinary PC work station.

At present, the primary use of scanners in universities in the U.S. is for archival purposes. Scanners are employed to preserve and organize paper documents in need of conservation and cataloguing. Current archival programs involve public domain documents. Even in a public domain-oriented archiving program, however, there is a risk that unpublished letters may be

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[87] For a general overview of the technology and the issues, *see, e.g.*, Bing, *Electronic Copying* (Kopinor document 1990), included in 1990 IFRRO Status Reports.

included in the scanned material. Under U.S. law, unpublished works are entitled to a very strong degree of protection;[88] scanning them into databases for broad public access and potential recopying could be extremely problematic. By the same token, by the Berne Convention article 10.1 exception to the reproduction right covers only "a work which has already been lawfully made available to the public."

Unlike photocopy machines, the dominant use of optical scanners may in the future be to copy protected material, rather than to copy material generated by the user. This is because, rather than composing on paper (by hand or with a typewriter), and then digitizing the text by scanning it, the user of the optical scanner is more likely to have entered her own material directly in the computer by means of a word processing program. As a result, she will not be using the scanner to copy material of her own creation. Similarly, the optical scanner may not be used as much as are photocopiers to copy material generated by others but destined for the user. This is because, to an increasing extent, such material is also likely to come directly in digital form on diskette or via electronic mail, rather than on paper.[89]

In addition, access to a variety of on-line databases or free-standing CD ROMs further supplements the material (at least some of it copyrighted) professors obtain to copy for purposes of research or preparation of students' course packets. It is now possible to gain access through individual computer terminals to vast amounts of material stored on CD ROMs or in on-line data bases. (A CD ROM looks like a compact disk; each disk stores four to five thousand pages of digitally encoded literary works.) Under U.S. law as well as under the EC Directive on software, entry of a work into a computer's memory, even for subsequent erasure once the machine is shut off, constitutes the making of a copy.[90] Each time an individual user obtains access to a copyrighted work through an on-line data base (for example, in the U.S., users of LEXIS or WESTLAW may access certain legal treatises), a compensable reproduction has occurred. To obtain compensation for this kind of use, several publishers of research and scientific periodicals in the U.S. have formed a consortium, called ADONIS, that delivers regularly updated CD

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[88] *See, e.g., Salinger v. Random House*, 811 F.2d 90 (2d Cir.), *cert. denied*, 108 S. Ct. 213 (1987) (rejecting fair use defense to biographer's copying and paraphrasing from unpublished letters).

[89] The closer correspondence between use of the scanner and copying protected material may make scanners better candidates than photocopiers for some form of levy akin to levies on home audio and audiovisual copying machines. However, this one-time payment is not likely adequately to reflect or to compensate for the actual use of the scanner over time.

[90] See, U.S. Commission on New Technological Uses, *Final Report, quoted in* A. LATMAN, R.A. GORMAN & J.C. GINSBURG, COPYRIGHT FOR THE NINETIES 166-68 (3d ed. 1989); EC Directive of May 14, 1991, art. 4a, (91/520/EEC), Official Journal of the European Communities, No. L 122/42, May 17, 1991.

ROMs containing the texts of the periodicals to on-line services to which users may subscribe. The user's initial access to these works may be easily discerned, and renumerated on a kind of pay-per-view basis.

But if the user does not avail herself of an on-line service, the reproduction may, at least at first impression, seem more difficult to trace. Suppose, for example, the user consults a CD ROM in a library. In this case, the data base is free-standing; using the CD ROM together with a terminal and printing out some or all of its contents can be like taking a hard-copy book to a photocopier. The copyright owner of a work stored on CD ROM would not be likely to know when, where, or how often the work was being reproduced.

In this instance, however, technology may not only facilitate highly diffused use of copyrighted works; it may also supply a means of ensuring effective compensation for the use. Several universities have participated in an experimental program with University Microfilms Incorporated, called BART (Billing and Royalty Tracking). Each page of material entered on the BART program's CD ROMs is encoded so that a record may be made each time a page is accessed and printed out. Access to printed versions of these works is made available by means of a debit card which end-users may buy from the library. The lump sum purchase price of the card covers the making of a certain number of copies. Each time the card is inserted into a computer printer and a copy is made from the CD ROM, the corresponding number of units is deducted from the available total on the card. Many university and other libraries in the U.S. already have such cards for photocopiers. A photocopier card system, however, does not keep track of what materials are copied. The BART system, by contrast, does record precisely what materials have been copied, and in what quantities. As a result, the initial copying, even from a free-standing source, is no longer hidden, and participating copyright owners may receive royalties reflecting at least some of the copying of their works.

In programs of this kind, the document supplier can vary the price of copying according to the likelihood that the initial copy will be used to make further copies. For example, no charge or only a modest charge might be made to view the work because no permanent copies are made. A hard copy print-out might be priced at one rate, on the assumption that the user may generate some but not many, copies off the hard copy. By contrast, the fee for downloading would be very high, because the user could make unlimited copies, both as printouts and in computer form, which could be widely diffused via E-mail.

To a far greater extent than photocopiers, scanners, on-line services, CD ROMs, and word processors make it possible for individuals in effect to become publishers. The classroom anthologies prepared by *Kinko's* will seem crude compared to the compilations an educational user could produce armed with these newer technologies. Some publishers have already recog-

nized this potential, and have sought to head it off by offering professors "custom made" texts, that is, the use of electronic publishing to modify textbooks to individual professors' demands. One such program makes databases of the publisher's existing textbook titles available to professors, who then specify additional material, such as current journal articles, statistics and other data for inclusion in the customized textbook. The publisher secures any necessary permissions for the additional material, reformats its textbook database to include the new material, and prints, binds and ships the specially prepared work.[91]

This kind of program may well prove sufficiently attractive to forestall many professors from assembling their own electronic compilation of protected materials. However, if the professor does not wish to use the publisher's textbooks as the initial source, or if the textbook she wishes to work from is not available for publisher-customizing, the temptation for the professor to become her own electronic publisher arises again, and further solutions are required. The collective licensing approaches devised for photocopying should be adapted to electronic publishing.[92]

CONCLUSION

Educational reprography heightens the tension between the traditional author (or publisher)-control model of copyright and the modern emphasis on public access to works of authorship. Copyright in its classic form assures the author both control over and compensation for her work. The dispersal of the means of creating copies has greatly undermined the author's ability to control the exploitation of her work. Authors joining together in collective licensing societies, or authors in compulsory license regimes, receive compensation, but at the cost of foregoing the right to refuse to permit exploitation. On the other hand, the right of control may often be illusory when virtually every copyright consumer can be a copyist.

Collective licensing affords a partial solution, but many publishers, at least in the US, resist loss of control over their repertories. Electronic publishing, for all its ability to enhance individual copying, may also restore some of the role of the individual rights holder. To the extent that electronic publishing makes it possible to identify and charge for copying of individual works, individual rights holders can act independently of collectives. Nonetheless, these individuals still must make their works generally available through the electronic media. Ultimately, the greatest loss of control occasioned by reprography and electronic publishing may be the individual author's. Even if she is remunerated, the author may lose control over the organization of her material and the ordering of her arguments. In the uni-

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91 *See* press release "Primis, A Revolution in Customized Texts," Appendix D.

92 *See generally* Alen, *Copyright in a networked environment: early returns from CCC's pilot program*, nfais newsletter, vol. 33, no. 9, Sept. 1991, pp. 113-114.

versity context, professors and students will benefit from increased access to works of authorship of all kinds, but professor-authors also may have cause to fear distortion of their works.

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Appendices

A. U.S. Agreement on guidelines for Classroom Copying In Not-for-Profit Educational Institutions
B. Association of American Publishers, advertisement appearing in the *Chronicle of Higher Education*, June 12, 1991
C. Copyright Clearance Center, press release concerning University Photocopy Licensing Program (1990 document)
D. McGraw-Hill, Inc., press release describing Primis customized text program (1990 document).

APPENDIX A
AGREEMENT ON GUIDELINES FOR CLASSROOM COPYING IN NOT-FOR-PROFIT EDUCATIONAL INSTITUTIONS

*With Respect to Books and Periodicals**

The purpose of the following guidelines is to state the minimum standards of educational fair use under Section 107 of H.R. 2223. The parties agree that the conditions determining the extent of permissible copying for educational purposes may change in the future; that certain types of copying permitted under these guidelines may not be permissible in the future; and conversely that in the future other types of copying not permitted under these guidelines may be permissible under revised guidelines.

Moreover, the following statement of guidelines is not intended to limit the types of copying permitted under the standards of fair use under judicial decision and which are stated in Section 107 of the Copyright Revision Bill. There may be instances in which copying which does not fall within the guidelines stated below may nonetheless be permitted under the criteria of fair use.

I. Single Copying for Teachers

A single copy may be made of any of the following by or for a teacher at his or her individual request for his or her scholarly research or use in teaching or preparation to teach a class:

A. A chapter from a book;

B. An article from a periodical or newspaper;

C. A short story, short essay or short poem, whether or not from a collective work;

D. A chart, graph, diagram, drawing, cartoon or picture from a book, periodical, or newspaper;

*These guidelines were developed by three organizations: The Ad Hoc Committee of Educational Institutions and Organizations on Copyright Law Revision; the Authors League of America, Inc.; and the Association of American Publishers, Inc.

II. Multiple Copies for Classroom Use

Multiple copies (not to exceed in any event more than one copy per pupil in a course) may be made by or for the teacher giving the course for classroom use or discussion; *provided that:*

A. The copying meets the tests of brevity and spontaneity as defined below; *and,*

B. Meets the cumulative effect test as defined below; *and,*

C. Each copy includes a notice of copyright

Definitions

Brevity

(i) Poetry: (a) A complete poem if less than 250 words and if printed on not more than two pages or, (b) from a longer poem, an excerpt of not more than 250 words.

(ii) Prose: (a) Either a complete article, story or essay of less than 2,500 words, or (b) an excerpt from any prose work of not more than 1,000 words or 10% of the work, whichever is less, but in any event a minimum of 500 words.

(Each of the numerical limits stated in "i" and "ii" above may be expanded to permit the completion of an unfinished line of a poem or of an unfinished prose paragraph.)

(iii) Illustration: One chart, graph, diagram, drawing, cartoon or picture per book or per periodical issue.

(iv) "Special" works: Certain works in poetry, prose or in "poetic prose" which often combine language with illustrations and which are intended sometimes for children and at other times for a more general audience fall short of 2,500 words in their entirety. Paragraph "ii" above notwithstanding such "special works" may not be reproduced in their entirety; however, an excerpt comprising not more than two of the published pages of such special work and containing not more than 10% of the words found in the text thereof, may be reproduced.

Spontaneity

(i) The copying is at the instance and inspiration of the individual teacher, and

(ii) The inspiration and decision to use the work and the moment of its use for maximum teaching effectiveness are so close in time that it would be unreasonable to expect a timely reply to a request for permission.

Cumulative Effect

(i) The copying of the material is for only one course in the school in which the copies are made.

(ii) Not more than one short poem, article, story, essay or two excerpts

may be copied from the same author, nor more than three from the same collective work or periodical volume during one class term.

(iii) There shall not be more than nine instances of such multiple copying for one course during one class term.

[The limitations stated in "ii" and "iii" above shall not apply to current news periodicals and newspapers and current news sections of other periodicals.]

III. Prohibitions as to I and II Above

Notwithstanding any of the above, the following shall be prohibited:

(A) Copying shall not be used to create or to replace or substitute for anthologies, compilations or collective works. Such replacement or substitution may occur whether copies of various works or excerpts therefrom are accumulated or reproduced and used separately.

(B) There shall be no copying of or from works intended to be "consumable" in the course of study or of teaching. These include workbooks, exercises, standardized tests and test booklets and answer sheets and like consumable material.

(C) Copying shall not:

(a) substitute for the purchase of books, publishers' reprints or periodicals;

(b) be directed by higher authority;

(c) be repeated with respect to the same item by the same teacher from term to term.

(D) No charge shall be made to the student beyond the actual cost of the photocopying.

APPENDIX B

The Chronicle of Higher Education, June 12, 1991

WILL THE RECENT COURT DECISION ON PHOTOCOPYING MAKE YOUR LIFE MORE DIFFICULT?
NO. EASIER.

Publishers are committed to making educational materials available inexpensively and efficiently.

The decision by the New York District Court against Kinko's Graphics Corporation does not mean that you will be unable to prepare course packets for your students. On the contrary. This technique for creating course materials will be as available as ever. The court decision assures that intellectual property will be protected, and that those copy shots who have failed to request permission will do so before photocopying copyrighted material for such packets.

And, as a result of the court decision:

—*textbook publishers are readying their permissions departments in order to handle requests*
—*textbook publishers, professors, bookstores and copy shops are cooperating to service permissions requests, and*
—*textbook publishers are preparing a new computerized permissions system.*

In the coming weeks, textbook publishers will reprint guidelines explaining the process for requesting permissions. These will be communicated to you in time for the fall semester.

Even if we cannot always grant permissions, we will continue to provide a prompt reasonable answer to all your requests.

We sympathize with your concern. Please know that we will work with you so that this, and future, changes in technology can serve to enhance the profession of college teaching.

ENJOY THE SUMMER!

APPENDIX C
UNIVERSITY PHOTOCOPY LICENSING PROGRAM

The Copyright Clearance Center has begun an exciting new venture, aimed at licensing and collecting royalties for photocopying at over 3,000 colleges and universities across America. Patterned after CCC's successful corporate photocopying licensing program, the Academic Pilot License Program is collecting detailed data on photocopying at three pilot universities, leading to a comprehensive license for all institutions of higher learning. Additional publishers and universities will be added during the second-year data collection period. All costs of developing the pilot and of collecting and analyzing data on photocopying are paid from fees collected by CCC from the pilot universities.

The pilot has evolved over several years. Early in 1985, CCC began to discuss a possible university photocopy licensing program with representatives of a major university in the Boston area. The following year, further discussions ensued with two additional universities. By the end of 1987, a preliminary survey agreement was executed with one university; and in the Spring of 1988, CCC began to collect photocopying data.

In late May, CCC brought together representatives of four major universities and four CCC Board Members/Publishers to discuss the dimensions of a potential university photocopy licensing agreement. The meeting resulted in the development of a basic framework for that pilot program. A final formal agreement was drafted and distributed to meeting participants. After two universities agreed to participate, CCC solicited registration of publishers whose publications are widely used in universities.

The University License Pilot Project involves four colleges and universities and thirty to forty U.S. publishers. CCC and pilot participants will assess results and determine how to implement a comprehensive program for all colleges and universities. Additional universities and publishers will be enrolled.

Publishers registering their works for the Pilot Project will have full access to data collected on copying performed by or for university personnel, including information on copying patterns, as well as detailed data on copying of their registered works. These data will only be available to registered publishers, and to the pilot universities. Only copying of portions of works by university-related personnel, for university-related purposes, using university machines, will be authorized under the Pilot. The project will also include an in-depth, university-wide training program on the significance of copyright in education, and on compliance with the copyright law.

APPENDIX D
PRIMIS, A REVOLUTION IN CUSTOMIZED TEXTS

With the introduction of its electronic custom publishing system in the fall of 1989. McGraw-Hill became the first publisher to respond to the market need for flexibility in creating educational materials and, in the process, revolutionized the traditional method of their production.

Under the direction of the company's editors, electronic databases of existing McGraw-Hill texts are created with software developed for the project with Eastman Kodak Company. These databases are made available to college faculty who may create a customized text by selecting core text materials from an existing textbook, then adding supplemental materials including journal and magazine articles, cases, and financial data. McGraw-Hill arranges all permissions and royalties for any copyrighted materials.

Primis repaginates the materials and creates a table of contents. After printing and binding, the customized book with a personalized cover is shipped to campus bookstores in as few as 48 hours.

Specially Developed Software

The Primis workstation-based system uses software based on the PostScript page description language to store text and supplements and to manipulate the information into the proper form. The software was developed with Eastman Kodak and operates on a Sun Sparc 4 workstation with four gigabytes of magnetic data storage; in the production environment, two additional Sparc stations serve as compilers and print servers.

The speed of Primis' order fulfillment is possible because of the high speed of Kodak's Ektaprint 1392 LED Model 24 printer which produces 92 high-resolution pages per minute. Another project partner, R.R. Donnelley & Sons Company, provides a special facility near its Harrisonburg, Virginia, plant where Kodak's printers have been installed for Primis. When order size dictates, R.R. Donnelley can create a plate from the Kodak Ektaprint 1392 output and produce the books on traditional offset presses.

A Growing Database

The first McGraw-Hill text available through Primis was Meigs and Meigs' *Accounting: The Basis for Business Decisions*, one of the publisher's most successful titles. Currently texts and supplemental materials for accounting, marketing, mathematics and political science are available on the system. Ultimately, Primis will be able to customize electronically any text or supplement published by McGraw-Hill.

Primis' major advantage is its ability to manage and distribute rapidly expanding and changing information. Database contents can also be revised simply and immediately, and updates can be quickly delivered to teachers and

students. The system also helps McGraw-Hill and college bookstores eliminate inventory, yet never have books out of stock.

IS THERE ANY COPYRIGHT PROTECTION FOR MAPS AFTER FEIST?*

By DAVID B. WOLF**

While maps and their aquatic cousins, charts, were among the first works to receive copyright protection in the Act of 1790, which covered "maps, charts and books,"[1] the protection given maps today is very much in a state of limbo. Are maps factual compilations dictated by external geographic or other reality; works of art akin to photographs, subject to infinite variations of contour, texture, and perspective and, even as to factual matters, strongly influenced by hypothesis and approximation; or some combination of the factual and the artistic?

Wherein lies the "originality" of maps? Although the Copyright Act of 1976 does not answer the question explicitly, its provisions leave open various possibilities which reflect the contradictory holdings of the cases as well as contradictions within the cases themselves.[2] The Supreme Court's recent de-

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[1] Act of May 31, 1790, ch. 15, § 1, 1 Stat. 124. In Burrow-Giles Lithographic Co. v. Sarony, 111 U.S. 53, 57 (1884), the Supreme Court saw significance in the listing of maps and charts before books when it stated that the Act of 1790 "not only makes maps and charts subjects of copyright, but mentions them before books in the order of designation." Including maps and charts prior to books in the first federal copyright law, passed only one year after the adoption of the Constitution "by the men who were contemporary with its formation, many of whom were members of the Convention which framed it," supported the Court's decision that the word "writings" in the copyright clause of the Constitution, Act I, § 8, ch. 8, should be interpreted broadly to include the photograph, "Oscar Wilde, No. 18," at issue in the case. See 1 Studies in Copyright—Arthur Fisher Memorial Edition, Study No. 3, "The Meaning of 'Writings' in the Copyright Clause of the Constitution" 72, 97 (1963) ("[i]nclusion of maps in the copyright act of 1790, even prior in order to books, has given the courts one of their basic arguments for a broad interpretation of 'writings' ").

[2] Several articles have pointed to the curious way that courts have looked at maps. See Note, Originality in Cartography: The Standard for Copyright Protection, 10 Golden Gate U.L. Rev. 469, 484 (1980) ("the unjustifiably harsh standard of originality that has been applied to maps"); Gorman, Copyright Protection for the Collection and Representation of Facts, 76 Harv. L. Rev. 1569, 1571-76 (1963) ("for some inexplainable reason, courts have lost sight of the purpose of the law of copyright as it applies to maps and . . . have imposed an unrealistically high degree of originality in this area of intellectual endeavor"); Whicher, Originality, Cartography, and Copyright, 38 N.Y.U.L. Rev. 280, 283-84 (1963) ("[s]ome eight decisions have succeeded in evolving the dubious doctrine that

cision on white page telephone directories, *Feist Publications, Inc. v. Rural Telephone Service Company, Inc.*,[3] dealt a death blow to most of the map precedents by rejecting the "sweat of the brow" doctrine and might be considered to have left maps without any copyright protection. Yet, paradoxically, *Feist*'s narrowing of the protection given to factual works could instead lead to greater protection for the elements of map originality that are less easily quantifiable or verifiable—the pictorial and graphic elements that are the heart of cartographic creation.

WHAT IS A MAP?

A map is a representation on a flat surface of some portion of the universe showing the relative size and position of the parts according to the defined scale or projection.[4] The map may be of the earth or a portion of the earth: if it depicts primarily terrestrial features, it is strictly speaking a "map;" if primarily aquatic features, it is a "chart."[5] Terrestrial maps may further be subdivided into street and road maps, showing streets, roads, paths, cities, towns, and villages; topographical maps, representing a small extent of land and emphasizing terrestrial contours and elevations; plat maps, showing land ownership over limited areas; and even more narrowly, title maps prepared by title companies showing the metes and bounds of a particular owner's property. In our urban culture, there are subway and bus-route maps, and maps of underground gaslines, electrical cables, and sewage systems. Maps also include the heavens—celestial maps—and report on the features of our planetary neighbors—Martian maps, maps of Jovian moons, and the like. Maps may also depict the microcosmos: maps of the human body's internal landscape and of cells, atoms, and subatomic particles; maps of the internal landscape of plants, showing the process of photosynthesis; and maps

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maps, alone among all the categories of copyrightable works, must present some elements of absolute novelty in order to secure a valid copyright to their authors"); Dworkin, Originality in the Law of Copyright, 39 B.U.L. Rev. 526, 536-38 (1959) ("[t]he map cases present an isolated and anomalous area of copyright law involving an almost primitive theory of originality completely irreconcilable with the modern trend of thought").

[3] — U.S. —, 113 L.Ed.2d 358, 111 S. Ct. 1282 (1991).

[4] This definition is not original with this author: it is derived in part from the definition in G.&.C. Merriam's unabridged Webster's New International Dictionary of the English Language (1931).

[5] "Map" derives from the classical Latin word *mappa* ("tablecloth") through the medieval Latin *mappa mundi* ("sheet of the world"). "Chart" derives from the Latin *charta* and is related to the word "charter" from the Latin *chartula*, the diminutive of *charta*. The Concise Oxford Dictionary of English Etymology (1986). "Chart" may also mean a sheet presenting information of any kind or a graphic representation of something variable, like the "Fisherman's Preferred Lure Chart" in Wilson v. Electro Marine Systems, Inc., 915 F.2d 1110, 1116 (7th Cir. 1990).

depicting either the present or past relationships among or within the species of living creatures. Maps may, in short, depict anything imaginable, and beyond to the imaginary or fanciful: witness the October 1, 1990 *New Yorker* cover showing lost cat toys at the lowest level of a subterranean map of New York.

For the most traditional form of maps, that is, two-dimensional representations of all or a portion of the earth (as opposed to globes), the main concern of cartographers since the time of the ancient Greeks has been to represent on a flat surface the parts of the surface of a sphere. This process of transformation is achieved through systems known as "projections," and of the various systems devised, the first was invented by Gerard Mercator of Flanders (b. 1512). Primary data are obtained by methods including direct observation by the human eye, ground surveys by triangulation or trilateration, and remote sensing by satellites.[6] Compilation from existing maps is common. Much, but not all, of the United States has been surveyed under the auspices of the U.S. Geological Survey, a bureau of the Department of Interior, which publishes base maps that are used as starting points by most private map-making companies in this country.

THE COPYRIGHT ACT OF 1976

The 1909 Act gave maps a classification in 17 U.S.C. § 5(f) that reflected a *sui generis* status for maps: it was separate from the classifications for books and other compilations in § 5(a), works of art in § 5(g), and drawings or plastic works of a scientific or technical nature in § 5(i). In a different way, the 1976 Act also indicated that the protection given to maps was ambiguous. Maps have traditionally been viewed as "compilations," defined in § 101 as "a work formed by the collection and assembling of pre-existing materials or of data that are selected, coordinated or arranged in such a way that the resulting work as a whole constitutes an original work of authorship," emphasizing the originality in selection and arrangement. But the only specific reference to "maps" in the 1976 Act is in the § 101 definition of "pictorial, graphic and sculptural works" which include "two-dimensional and three-dimensional works of fine, graphic, and applied art, photographs, prints and art reproductions, maps, globes, charts, technical drawings, diagrams, and models." That definition also declines to protect the "mechanical or utilita-

[6] The author is indebted to the historical survey in Landmarks of Mapmaking (Thomas Y. Crowell Co. 1976) at 9-42, and to the technical discussion in Muehrcke, Map Use—Reading, Analysis and Interpretation (J.P. Publications 2d ed. 1986) at 39-45. As shown by Muehrcke, each method of obtaining data has its own deficiencies: ground surveys are a "piecemeal procedure" that can only provide a "skeletal picture of a region," while remote sensing methods are "elaborate technological creations" that contain "method-producing artifacts characteristic of the photo-chemical or electronic processes involved." (Muehrcke, at 40, 44).

rian aspects" of "works of artistic craftsmanship" and the pictorial, graphic features that cannot be "identified separately from" and are incapable of "existing independently of" the utilitarian aspects of useful articles. This tension has run through the history of court cases on maps: on the one hand, maps are viewed as factual compilations based on objectively verifiable data, which necessarily have antecedents in pre-existing works and yet may have original aspects of selection and organization; on the other, maps are seen as pictorial or graphic works that are works of both art and craft with creative and utilitarian aspects. Courts have generally resolved this tension by demeaning the selective, organizational, and pictorial originality of cartography and by protecting the utilitarian and fact-gathering aspects of the craft. After *Feist*, this tension must be resolved in another way if maps are to be given the protection they were granted under the 1976 Act. Since the selection, coordination, and arrangement of facts will be given minimal, if any, protection, courts must shift their focus away from the fact-gathering aspects of maps. Instead, they must turn to a door to protection that has been rarely opened but is central to what maps are about: they must protect their pictorial, graphic, and in some ways photographic, nature.

WHY COURTS HAVE LOOKED AT MAPS AS DIRECTORIES

With some exceptions, courts have looked at the protectability—and also the infringement—of maps through the "sweat of the brow" doctrine. Maps have been viewed mostly as compilations of facts. Their "originality," a word sparingly used and narrowly defined in these cases, derived from the physical effort exerted to get the raw data needed for the map. Inherent in these cases were two fundamental assumptions. First, courts assumed that, since a map dealt with a defined area of, usually physical, reality, the subject matter of a map was determinable in a unitary and stable fashion; it was the job of a map, not to describe or to illustrate, but actually to present that reality. Thus a cartographer who dealt with the same subject matter as his predecessor should create a map identical to his predecessor's, assuming he had done an equally good job. Second, the only element of value in a map was the presentation of this objectively-verifiable reality. A map's purpose was to present facts. The originality of the style or manner of presentation came in a distant second to the reality being presented. The pictorial features of maps, many hand-drawn, were dismissed as ornament unworthy of protection and, one suspects, detracting or even deviating from a map's factual mission. The selection and organization of the factual material were often given but summary consideration. The combination of these two assumptions led to the adoption of the "sweat of the brow" doctrine: if a map's only value was the presentation of objective reality, which must be the same in all properly done maps, differences in expression would not be recognized as significant from

the point of view of copyright, and "industrious collection" alone would be the basis for protection.

Certain historical factors influenced these assumptions. Most of the cases were decided from the mid-nineteenth to the mid-twentieth century when the nation's population and commerce were expanding. Maps were a necessary tool for this expansion, and the focus was on maps as a practical and scientific way of getting the job done. At the same time, the government basically had a monopoly on the production of authoritative maps. The U.S. Geological Survey was creating (and continues to create) its non-copyrightable maps which are used as the base maps for most commercially-produced maps in this country. Although this factor might have encouraged courts to look beyond the discovery of raw data to find other, more artistic originality in maps, the result was the reverse: the fact that the U.S. government placed its imprimatur on maps confirmed the centrality of their factual element (the government not being known for most other types of creativity) and confirmed the skepticism with which copyright protection for maps was viewed. In addition, since the sixteenth century great cartographers, who had gone to enormous effort and expense to create maps of the expanding world, often fell victim to map pirates. In the seventeenth and eighteenth centuries, it was common practice for highly-acclaimed maps to be copied or closely imitated by other printers who would then publish them under their own names. While fueling the need for copyright protection, and perhaps leading to the priority given to the listing of maps in the Act of 1790, this practice contributed to the skepticism with which the courts viewed the subject of map originality. Any variation in the form or style of a map was viewed as a disguise for the piracy of the factual material.

The earliest cases consequently viewed maps as factual compilations, like directories and dictionaries, as if maps lacked pictorial or graphic features. These cases show a direct lineage from nineteenth century English directory cases, such as *Kelly v. Morris*,[7] to the Second Circuit's decision in *Jeweler's Circular Pub. Co. v. Keystone Pub. Co.*[8] and to the leading "modern" cases of *General Drafting Co. v. Andrews*[9] and *Andrews v. Guenther Pub. Co.*[10], which relied on *Jeweler's Circular Pub. Co.*. The polarities in the more recent cases appear, on the one hand, in the leading "sweat of the brow" cases, *Amsterdam v. Triangle Publications, Inc.*[11] and *Rockford Map Publishers, Inc. v.*

[7] L.J. 1 Eq. 697 (1866).

[8] 281 Fed. 83 (2d Cir. 1922), *aff'g*, 274 Fed. 932 (S.D.N.Y. 1921) (Hand, L., J.), *cert. denied*, 259 U.S. 581 (1922) Although not a map case, the court discussed maps as analogues to the compilation at issue in the case.

[9] 37 F.2d 54 (2d Cir. 1930).

[10] 60 F.2d 555 (S.D.N.Y. 1932).

[11] 189 F.2d 104 (3d Cir. 1951).

Directory Service Company of Colorado, Inc.,[12] and, on the other, in *United States v. Hamilton*,[13] which rejects the direct observation/sweat of the brow rule of *Amsterdam* in favor of an expansive recognition of the pictorial originality of cartography. The split in the map decisions between the restrictive view of the *Amsterdam* and *Rockford Map Publishers* cases, and the "minority" *United States v. Hamilton* position, was in part resolved by the Supreme Court, when *Feist* resoundingly rejected the reasoning of *Jeweler's Circular Pub. Co.* But *Feist*'s defeat of "sweat of the brow" does not mean that the *Hamilton* approach will be accepted. To the contrary, shortly before *Feist*, two cases in the Fifth Circuit denied protection to maps on the basis of the idea-expression merger doctrine, showing how quickly copyright protection for maps could evaporate after *Feist*.[14]

The 1866 English directory case of *Kelly v. Morris*,[15] later quoted in the Second Circuit's decision in *Jeweler's Circular Pub. Co.*, graphically stated that, as with the makers of directories, the worth of a cartographer was to be measured by the amount of physical toil exerted:

> In the case of a dictionary, map, guidebook or directory, when *there are certain common objects of information which must, if described correctly, be described in the same words*, a subsequent compiler is bound to set about doing for himself that which the first compiler has done. *In the case of a road-book, he must count the milestones for himself.*[16]

The cartographer must imagine that he has never seen a map of the land he is surveying; in the case of a map of a "newly discovered island," he must "go through the whole process of triangulation, just as if he had never seen any former map." He must work out the matter "independently . . . for himself": "the only use that he can legitimately make of a previous publication is to verify his own calculations and results when obtained."[17] *Kelly v. Morris* anticipates the reasoning of most 19th and 20th century map cases. There is one objectively-verifiable reality that the mapmaker must present in his work: "there are certain common objects of information." Each cartographer who does his job properly will reach the same result: "certain common objects of information . . . must, if described correctly, be described in the same words." Since there is no originality in the object or presentation of the work, protec-

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12 768 F.2d 145 (7th Cir. 1985), *cert. denied*, 474 U.S. 1061 (1986).

13 583 F.2d 448 (9th Cir. 1978).

14 Kern River Gas Transmission Co., v. Coastal Corp., 899 F.2d 1458 (5th Cir.), *cert. denied*, 111 S. Ct. 374 (1990); Mason v. Montgomery Data, Inc., 765 F. Supp. 353 (S.D. Tex. 1991), discussed *infra*.

15 L.R. 1 Eq. 697 (1866).

16 L.R. 1 Eq. at 701 (emphases added).

17 L.R. 1 Eq. at 701-02.

tion goes only to the originality of the effort: "[i]n the case of a roadbook, he must count the milestones for himself."

During the nineteenth century, cases in this country adopted the same approach. The leading U.S. case on protection for maps dealt, not with maps, but with math books. In *Emerson v. Davies*,[18] Justice Story evoked an almost puritanical revulsion against "servile imitation" and in doing so drew analogies to the protection of maps. Although the case refers to protection for elements of plan and arrangement, its focus is on the "skill, labor and expense" in cartography:

> *A man has a right to the copy-right of a map of a state or country, which he has surveyed or caused to be compiled from existing materials, at his own expense, or skill, or labor, or money* . . . [Another man] has no right to publish a map taken substantially and designedly from the map of the other person, without any such exercise of skill, or labor, or expense. If he copies substantially from the map of the other, it is downright piracy; although it is plain that both maps must, the more accurate they are, approach nearer in design and execution to each other.[19]

Emerson v. Davies also draws a number of analogies to the concept of novelty, reflecting Story's expertise in the patent field. To Story, a subsequent work had to be "a real and substantial improvement" upon the work of his predecessor, because "like the case of patented inventions in art or machinery . . . it is exceedingly difficult to say what is new or not, or what has been pirated and what is substantially different." Since originality is judged solely in terms of the facts presented, any variations in form and style are discounted and are in fact seen as disguises for the piracy of protected material, as when the court states that the question comes down to whether the defendant "has, in substance, copied these pages, in plan, method, arrangement, illustrations and tables, from the plaintiff's work, *with merely colorable alterations and devices to disguise the copy*, or whether the resemblances are merely accidental, and naturally or necessarily grew out of the objects and scheme of the [defendant's] work without any use of the plaintiff's."[20] While these passages discuss the question of infringement and not protectability, they show that the focus in both determinations is on the act of discovery, and not on the form of expression.

Similarly, in *Farmer v. Calvert Lithographing Co.*,[21] a case dealing with a map of Wisconsin and portions of surrounding states, the court came down strongly in favor of the sweat of the brow approach, warning that "no one has

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18 8 Fed. Cas. 615 (No. 4,436) (C.C.D. Mass. 1845).
19 8 Fed. Cas. at 619 (emphasis added).
20 8 Fed. Cas. at 621, 623 (emphasis added).
21 8 Fed. Cas. 1022 (No. 4,651) (C.C.E.D. Mich. 1872).

the right to avail himself of the enterprise, labor and expense of another in the ascertainment of those materials, and the combining and arrangement of them, and the representing them on paper." Of course, if the defendant had done his own work, he would have reached the same result: "[t]he defendant, no doubt, had the right to go to the common source of information, and having ascertained those boundaries, to have them drawn upon its map, notwithstanding that in this respect it would have been precisely like complainant's map (which of course it would have been if they were both correct)." The court recognized "the right of subsequent authors, compilers, and publishers to use the work of others to a certain extent," but stated that "[t]he difficulty [in determining which such uses are legitimate] is greatest in cases of maps and the like, in which there is not, and cannot be, any originality in the facts or materials of which they are composed, and which facts and materials are equally open to all." The court quoted Copinger on Copyrights, that a second comer may make use of preceding works "where he bestows such mental labor upon what he has taken, and subjects it to such revision and correction as to produce an original result," and stated that the defendant had taken from plaintiff's map the boundaries of certain townships which, being "nearly all irregular in form," were considered "more difficult to represent correctly on paper" and required "more, and a higher degree of mental labor and skill in the operation."[22]

Interpreting originality in terms of physical labor produced some unusual results in early map cases. In *Perris v. Hexamer*,[23] the Supreme Court made the questionable determination that the plaintiff's "arbitrary" system of coloring the signs on a map of New York to identify the characteristics of buildings for use by fire insurers was not protected by copyright. Although the defendant had used plaintiff's system of coloring and signs in his map of Philadelphia, he had done his own "examination and survey" in making his map. Since the map itself, independently of the coloring and signs, had not been copied, the court found no infringement. In the court's view, the real value of the plaintiff's map was derived from his physical surveying and other such efforts; the "arbitrary" coloring and signs were only "useful contrivances" that had "no value" apart from the "identical property they purport to describe," and therefore were not protected by copyright. This focus on physical labor led the court in *Woodman v. Lydiard-Peterson Co.*[24] to enjoin a defendant from including physical features that the plaintiff was the first to use on a map, including a new road across a lake and "a road marked by a dotted line, which did not appear upon any other map." The court held these features to be "original with the complainant" and therefore "protected by

22 8 Fed. Cas. at 1026.

23 99 U.S. 308 (1879).

24 192 Fed. 67 (C.C.D. Minn. 1912), *aff'd*, 204 Fed. 921 (8th Cir. 1913).

the copyright." Also protected was the plaintiff's "new arrangement" of materials from government and other maps.[25] The court indulged in the common fiction that, if defendant had done his own survey, he would have produced a map identical to the plaintiff's: "[i]nstead of expending its own time and labor for that purpose and making a map which would be identical with complainant's map, and thus protecting itself, it made an exact copy of the complainant's map." Defendant was therefore enjoined from using plaintiff's map "in any way."[26]

The seminal decision for future map cases appeared in 1922 in *Jeweler's Circular Pub. Co. v. Keystone Pub. Co.*, when the Second Circuit affirmed Learned Hand's district court decision.[27] Although a directory case, *Jeweler's Circular Pub. Co.* treated maps as if they were also compilations of facts, as shown by its quotation from *Kelly v. Morris* that "[i]n the case of a road-book, [a cartographer] must count the milestones for himself."[28] While *Jeweler's Circular Pub. Co.* recognized that the facts compiled may be in the public domain, copyrightability derived less from the organization of the facts than from the labor in their collection: "[t]he right to copyright a book upon which one has expended labor in its preparation *does not depend upon* whether the materials which he has collected consist or not of matters which are publici juris, or *whether such materials show literary skill or originality*, either in thought or in language, *or anything more than industrious collection*."[29] In effect, the copyright given in reward for such toil is the right to prevent others from copying those facts, *publici juris* or not: "[t]he man who goes through the streets of a town and puts down the names of each of the inhabitants, with their occupations and their street number, acquires material of which he is the author."[30]

The Second's Circuit decision in *Jeweler's Circular Pub. Co.* relies heav-

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25 192 Fed. at 69-70.

26 192 F.2d at 70. In Chamberlin v. Bekins Van & Storage Co., 23 F.2d 541 (S.D. Cal. 1928), the court curiously relied on Perris v. Hexamer and found, in contrast to Woodman v. Lydiard-Peterson Co., that defendant could use plaintiff's plat maps of Fresno to make "occasional additions or corrections" to his own map. The defendant had taken several items from plaintiff's maps, including some street names which did not in fact exist. The court found that defendant had not taken what amounted to a material appropriation of plaintiff's maps. The analogy to Perris v. Hexamer was on the basis that the items taken from plaintiff were not "so distinctive," i.e., were like the "arbitrary" system of coloring and signs in that case. Plaintiff's plat maps "delineated streets, blocks, and permanent objects in the ordinary way by commonly used means" and were of the kind that could be produced "by any civil engineer accustomed to that work." 23 F.2d at 541-42.

27 Note 8, *supra*.

28 Note 15, *supra*, and accompanying text.

29 281 Fed. at 88. (emphases added).

30 *Id.*

ily on *Kelly v. Morris* and its "sweat of the brow" approach, and gives only scant attention to the originality found in the plaintiff's illustrations of the jeweler's trademarks included in its directory. Learned Hand's district court decision, in contrast, focuses primarily on the protection of those illustrations. Hand did not cite *Kelly v. Morris* and he expressly does not decide the extent to which a "second compiler" may use the "original compilation." Instead, he relied on defendant's copying of the "illustrations made by the plaintiff" and, combining the protection of photographs in *Burrow-Giles Co.* with the concept of originality in *Bleistein v. Donaldson Lithographing Co.*,[31] held that "no photograph, however simple, can be unaffected by the personal influence of the author, and no two will be absolutely alike."[32] The Second Circuit's decision in *Jeweler's Circular Pub. Co.* did cite *Bleistein*, to refute the defendant's point that no originality could be found in plaintiff's illustration of a trademark because "[a]ny one who reproduces it is confined of necessity to the reproduction of the work of another;"[33] but it is unfortunate that the Second Circuit did not follow Learned Hand in elaborating on the distinction between the protection for pictures and the protection for directories. In a passage ignored in the map cases that followed, Hand contrasted the originality found in the illustration of an external object with the lack of originality in an "ordinary directory." Since the plaintiff's illustration was "not the trademark itself, but a picture of it" made by the plaintiff, "[t]he defendant was as much bound to make an independent picture of the object itself as he would have been obliged to make an independent verbal description." This is to be distinguished from the right to repeat facts from a directory:

> Only the case of an ordinary directory can raise the question of such a right, because in a directory there is but one way to state the facts, and a subsequent compiler cannot copy the form of expression of the earlier, because there is no form. When, however, there is any such form, however intangible and difficult to distinguish as such, then the second compiler must depend upon his own resources to express the facts independently. He may not use the form.[34]

The Second Circuit's decision in *Jeweler's Circular Pub. Co.*, not Learned Hand's district court decision, is the direct authority for two leading map cases, *General Drafting Co. v. Andrews*[35] and *Andrews v. Guenther Pub. Co.*,[36] that have been widely cited by later courts. Both cases follow the view

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31 188 U.S. 239 (1903).
32 274 Fed. at 934.
33 281 Fed. at 86.
34 274 Fed. at 935.
35 37 F.2d 54 (2d Cir. 1930).
36 60 F.2d 555 (S.D.N.Y. 1932).

that maps are factual compilations, whose only originality resides in the labor of gathering the material. They largely disregarded the tradition of *Burrows-Giles, Bleistein*, and Learned Hand's decision in *Jeweler's Circular Pub. Co.* that the pictorial aspects of maps should be protected. Citing its opinion in *Jeweler's Circular Pub. Co.*,[37] the Second Circuit in *General Drafting Co.* found infringement of plaintiff's "automobile road maps" where defendant engaged in a considerable amount of copying, although defendant denied it.[38] The court would have allowed defendant to use plaintiff's map "for comparison or checking," but not for copying discrete facts.[39] The court presented an excellent account of the process of map making based on Geological Survey maps, and actually recognized the pictorial originality involved in skilled map making. It said that "[c]onsiderable variation in road meanderings, shore lines, position of town and population symbols, and general scale are usual in order to accommodate the printed matter which is 'hand-stamped' on the final map" and that "consequently the maps of each map-maker possess a final individual appearance and style."[40] Yet it is precisely passages such as these that are never quoted in later map cases. The court also stated that "[t]he elements of the copyright consist in the selection, arrangement, and presentation of the component parts."[41] Yet when push came to shove, defendant's infringement was proved not because defendant copied the style or presentation of plaintiff's map, but because "sixteen common errors" showed that defendant failed to make his map "after an independent investigation of the original sources in the public domain."[42] The pictorial originality of the plaintiff's map was little more than dictum in the case.

In *Andrews v. Guenther Pub. Co.*, the court relied on both the Second Circuit's decision in *Jeweler's Circular Pub. Co.* and *General Drafting Co.* in dismissing the plaintiff's claim on his "Principal Cities Map of North America, No. 960." The court found that the "modicum of creative work" required to uphold copyrights in "directories, digests, maps, and other compi-

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37 37 F.2d at 55. Learned Hand was on the panel that decided General Drafting Co., but he did not write the opinion.

38 Defendant's chief witness and draftsman had previously been employed by the plaintiff. His testimony was thoroughly discredited and the court suggested that he had tampered with documents introduced into evidence. The facts were therefore not in defendant's favor, to say the least.

39 37 F.2d at 57.

40 37 F.2d at 55.

41 *Id.*

42 37 F.2d at 56. In the process the court detailed, as is frequent in map cases, "common errors" between the two maps, consisting of the minutest details, *e.g.*, "[t]he inadvertent placing of the Walkill river on the wrong side of the main highway between two New York towns was duplicated on defendant's map," *id.*, thus fueling the cartographer's practice of placing intentional errors on his maps in order to catch competitors in the act of plagiarism.

lations" was entirely lacking, since the plaintiff had made only "trivial" variations to a Geological Survey map and to his own prior map: he had simplified the outline of the coast thus rendering it "geographically less accurate," added certain cities that were not on the Geological Survey map and slightly misplaced the location of other cities "in order that their names could be written more legibly."[43] The court found that the "amount of original work" done by the plaintiff was "in no way comparable" to that done by the plaintiff in *General Drafting Co.* who, while also working from Geological Survey maps, had conducted personal interviews of local officials concerning road conditions and had verified many road conditions by travelling upon the roads.[44] The court's emphasis on the need for "originality or *industry*," "original *work*" and "creative *work*" (emphases added) shows that the component of physical labor was paramount.

General Drafting Co. and *Andrews* have been cited favorably by many subsequent map cases, thereby applying the concept of originality set forth in the Second Circuit's decision in *Jeweler's Circular Pub. Co.*.[45] Two recent

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[43] 60 F.2d at 557.

[44] 60 F.2d at 556.

[45] See Rockford Map Publishers, Inc. v. Directory Service Co., 768 F.2d 145 (7th Cir. 1985), *cert. denied*, 474 U.S. 1061 (1986) (relying on Learned Hand's district court decision in Jeweler's Circular Pub. Co. and on Kelly v. Morris, the court held that defendant infringed plaintiff's plat map when it used it as the "template" for its map, although the court stated that the copyright on such a "collection of facts" was not based on the facts themselves but on their "arrangement or presentation;" the court stated that everyone must do "the same basic work, the same 'industrious collection'," but cited Burrow-Giles and Bleistein to make the point that the "input of time" is irrelevant, as shown by the fact that "a photograph may be copyrighted although it is the work of an instant and its significance may be accidental;" the plaintiff's "contribution" was turning "the metes and bounds of the legal descriptions into a pictorial presentation," the court stating that "[t]easing pictures from the debris left by conveyances is a substantial change in the form of the information"); Key Maps, Inc. v. Pruitt, 470 F. Supp. 33 (S.D. Tex. 1978) (relying on County of Ventura, see *infra*, and stating that "[m]aps are arguably entitled to limited copyright protection" since their source materials are "often in the public domain"); Moore v. Lighthouse Publishing Co., 429 F. Supp. 1304 (S.D. Ga. 1977) (relying on Andrews and Amsterdam, see *infra*, and holding that plaintiffs' "highly simplified drawings" on their guide map of Savannah are not copyrightable; "[e]ven if there is a modicum of art in the drawings involved here . . . two mapmakers setting out independently to depict a landmark in elementary form will end up with a similar result"); Alaska Map Service, Inc. v. Roberts, 368 F. Supp. 578 (D. Alaska 1973) (relying on Amsterdam, see *infra*, as the "leading case on the issue of whether a map is copyrightable" and holding that plaintiff had not shown, on a motion for a preliminary injunction, that it had done "[s]ome original work of surveying, calculating or investigating;" plaintiff was not entitled to a copyright by having compiled its street maps from previously published government maps); Newton v. Voris, 364 F.

cases in the Fifth Circuit have gone even further and, pushing the view of

Supp. 562 (D. Or. 1973) (relying on County of Ventura, see *infra*, and holding that plaintiff's map of the City of Ashland, Oregon was copyrightable because of his "original investigations as to the 'actual location of new buildings, streets and suburban developments' " and the "expression of his creative facilities in drafting an original representation of the streets"); County of Ventura v. Blackburn, 362 F.2d 515 (9th Cir. 1966) (relying on Amsterdam, and holding that plaintiff Blackburn's map of Ventura County was copyrightable because "some of the material in the map was obtained by Blackburn's observations on the terrain;" "[t]he fact that the source of the material for the map is in the public domain does not void the copyright, but is subject to the requirement of originality and creativity"); C.S. Hammond & Co. v. International College Globe, Inc., 210 F. Supp. 206 (S.D.N.Y. 1962) (relying on General Drafting Co. and holding that plaintiff's globe was copyrightable "[b]y the actual labor expended in laying out the map outlines on the grid drawings, and in the exercise of judgment in the selection, from a comparison of many sources, of place names to be shown"); Carter v. Hawaii Transportation Co., 201 F. Supp. 301 (D. Hawaii 1961) (relying on General Drafting Co. and Andrews and finding, as a result, that "[m]aps are entitled to only limited copyright protection;" an interesting feature of the case is the court's rejection of plaintiff's claim to the copyright in the naming of certain places on the island of Hawaii); Hayden v. Chalfant Press, Inc., 281 F.2d 543 (9th Cir. 1960) (distinguishing General Drafting Co., the court rejected plaintiff's claim to the copyright of maps of the California High Sierras based on his having "christened lakes, creeks, streams, and other geographic loci, and commercial establishments, and having first depicted such names on copyrighted maps," stating that "once appellant had christened a geographic location, and depicted such name on a copyrighted map," the name may be used "with impunity" by later cartographers); Axelbank v. Rony, 277 F.2d 314 (9th Cir. 1960) (relying on Amsterdam, see *infra*, to state that "maps as such are entitled to limited copyright protection"); Marken and Bielfeld, Inc. v. Baughman Co., 162 F. Supp. 561 (E.D. Va. 1957) (relying on General Drafting Co. and Andrews to deny protection to plaintiff's "[t]he Beautiful Caverns of Luray Folder Map," the court stated that "something more than the compilation of information procured by others is required to make a map copyrightable" and that "[t]here must be originality resulting from the independent effort of the maker in acquiring a reasonably substantial portion of the information;" the court held that the required originality could consist of verifying information with "individuals or local officials in the area affected" but not by omitting material from prior maps or changing the scale of a prior map); Amsterdam v. Triangle Publications, Inc., *modifying* 93 F. Supp. 79 (E.D. Pa. 1950), 189 F.2d 104 (3d Cir. 1951) (relying on General Drafting Co., Andrews and Christianson v. West Pub. Co., see *infra*, the court held that plaintiff's map of Delaware County, Pennsylvania was not copyrightable; plaintiff "compiled" his map from prior maps but no prior map had all the features found on plaintiff's map; the court, quoting from the district court, stated with refreshing directness that while the "presentation of ideas in the form of books, movies and other similar creative work is protected by the Copyright Act . . . the presentation of information available to everybody, such as is found on maps, is protected only when the publisher of the map in question obtains information by the sweat of his own brow;" this is likened to the

maps as factual compilations to its logical conclusion, denied any protection to the pictorial form of maps.

In *Kern River Transmission Co. v. Coastal Corp.*,[46] the Fifth Circuit held that the plaintiff's quad maps, showing the location of a proposed natural gas pipeline for submission to federal and state regulatory agencies, were not entitled to copyright protection because of the doctrine of the merger between idea and expression set forth in *Herbert Rosenthal Jewelry Corp. v. Kalpakian*.[47] The problem was not lack of originality: the court held that the maps were original because the plaintiff had determined the "mile-by-mile" location of its proposed pipeline by counting the milestones for himself as required in *Kelly v. Morris*. Protection was denied because the expression was the "only effective way" to convey the idea of the pipeline. To recognize copyright protection would give Kern River "a monopoly of the idea" of the proposed pipeline, and extending protection "would grant Kern River a monopoly over the only approved pipeline route."[48]

In *Mason v. Montgomery Data, Inc.*, Judge Hoyt of the Southern District of Texas[49] relied on *Kern River* to hold that plaintiff's plat maps, based on title data obtained from public records, were not protectible. The decision was in striking contrast to *Rockford Map Publishers*, which held that similar plat maps had protectible originality.[50] As in *Kern River*, originality was

"modicum of creative work" required in Andrews); Christianson v. West Pub. Co., 53 F. Supp. 54 (N.D. Cal. 1944), *aff'd*, 149 F.2d 202 (9th Cir. 1945) (relying on Andrews and Perris v. Hexamer and holding that an outline of the U.S. with state boundaries for a "Directory Map of the National Reporter System" is in the public domain and not copyrightable; the district court relied on Perris to find that the plaintiff's "color scheme" was not protected by copyright); Crocker v. General Drafting Co., 50 F. Supp. 634 (S.D.N.Y. 1943) (relying on General Drafting Co., the court found infringement of a promotional map made for the Howe Caverns based on the duplication of individual items including "five arbitrarily abrupt road endings," but the court also found that the overall "design, arrangement and general appearance" of plaintiff's map had been copied). See also Andrien v. Southern Ocean County Chamber of Commerce, 927 F.2d 132 (3d Cir. 1991) (in a case decided just before Feist, the court raised the question whether the "direct observation" rule in Amsterdam "survives the 1976 Act" but did not decide the issue because it judged that the map in the case met "the more stringent Amsterdam criteria;" the court held that Andrien, a real estate agent, was an "author" for copyright purposes because there was evidence that he had collected various maps and had directed the activities of a printer in making a compilation of them; Andrien had also done a "personal survey" to obtain information for the map and had measured distances using the odometer in his automobile).

46 Note 14, *supra*.

47 446 F.2d 738 (9th Cir. 1971).

48 899 F.2d at 1464-65.

49 Note 14, *supra*. Judge Hoyt was also the district court judge in Kern River.

50 Note 45, *supra*.

based on the sweat of the brow doctrine, but protection was denied because the plat maps expressed the "only pictorial presentation" that could result from the data; therefore, extending copyright protection "[to] facts essentially in the public domain, would give the plaintiffs a monopoly over the facts." Any one else who did the labor would arrive at a "pictorial presentation" that would be "substantially the same," contradicting the copyright policy of allowing a subsequent author to build upon prior effort " 'without unnecessary duplication of effort'," [51] and leading to the subsequent author being "accused of copyright infringement."

In *Kern River* and *Mason*, the merger doctrine was the vehicle for determining that there can be no protectible originality in the translation from raw data to map. Although the maps at issue were quite simple, the principle that the pictorial aspects of maps require a more demanding show of originality than other works could logically be used to withhold protection from many maps. *Kern River* and *Mason* contradict the basic principle, stated in *Bleistein*, that there is protectible originality in simple pictorial representations of reality. In *Bleistein*, the Supreme Court held that the circus poster would be protected "even if it had been drawn from the life" because "[t]he copy is the personal reaction of an individual upon nature":

> Personality always contains something unique. It expresses its singularity even in handwriting, and a very modest grade of art has in it something irreducible, which is one man's alone. That something he may copyright unless there is a restriction in the words of the Act.

As a result, "[t]he least pretentious picture has more originality in it than directories and the like, which may be copyrighted." [52] Learned Hand relied on *Bleistein* in his decision in *Jeweler's Circular Pub. Co.*, and the Supreme Court's reference to the greater originality of drawings and pictures than directories is echoed in Learned Hand's statement that, unlike a picture, an "ordinary directory" has "no form" apart from the facts presented.[53] Yet the principles of *Burrow-Giles* and *Bleistein* have rarely been applied to protect the pictorial or graphic form of maps.

WHERETO FOR MAPS AFTER FEIST?

In denying copyright protection to the telephone directory white pages in *Feist Publications, Inc. v. Rural Telephone Service Co.*,[54] the Supreme Court held that the "sweat of the brow" doctrine has no place in the determi-

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[51] *Quoting* Miller v. Universal City Studios, Inc., 650 F.2d 1365, 1371 (5th Cir. 1981).

[52] 188 U.S. 239, 249-50 (1903).

[53] Note 34, *supra*, and accompanying text.

[54] Note 3, *supra*.

nation of copyright originality. The Court took aim at the "classic formulation of the doctrine"[55] in the Second Circuit's decision in *Jeweler's Circular Pub. Co.*, stating that copyright "rewards originality, not effort."[56] Swept away, therefore, were the chief basis and the main legal authority for finding originality in maps. Although the Court said that the originality requirement is "not particularly stringent" and could be met by "the vast majority of compilations," the Rural directory did not pass muster: the court found "insufficient creativity" in the selection of the directory material ("Rural simply takes the data provided by its subscribers") and in its "coordination and arrangement" ("there is nothing remotely creative about arranging names alphabetically in a white pages directory"). The end result of Rural's efforts—"a garden-variety white pages directory"—was "devoid of even the slightest trace of creativity." Curiously, the Court evaluated the originality of the Rural directory in terms sounding like novelty (recalling *Kelly v. Morris*) when it spoke of the directory's alphabetical order as "an age-old practice, firmly rooted in tradition and so commonplace that it has come to be expected as a matter of course," and in terms sounding like the merger doctrine, when it said that the alphabetical order "is not only unoriginal, it is practically inevitable."[57]

Although maps may still be protected as factual compilations, with originality in their "selection, coordination, or arrangement," that protection may be extremely thin, or even non-existent, if the protection is viewed, as *Feist* suggests, with an eye to the novelty or to the inevitability of the compilation. If maps continue to be looked at primarily as factual compilations, *Kern River* and *Mason* may signal the future of map cases after *Feist*, denying protection based on the idea-expression merger doctrine. To support that position, courts could use *Feist*'s statement that the selection and arrangement of facts is dictated by reality and is, therefore, "not only unoriginal, it is practically inevitable."

Feist thus calls for a reevaluation of the copyright protection of maps and of the assumptions that led to categorizing maps as factual directories: that maps present a unitary and stable external reality; that any originality in the form of that presentation is *de minimis* and not worthy of protection. It is true that maps are factual compilations insofar as their subject matter is concerned. Admittedly, most maps present information about geographic relationships, and the "accuracy" of this presentation, with its utilitarian aspects, is the reason most maps are made and sold. Unlike most other factual compilations, however, maps translate this subject-matter into pictorial or graphic form, as shown by the tables of distances that appear on many maps: these

[55] 113 L.Ed.2d at 373.
[56] 113 L.Ed.2d at 381.
[57] 113 L.Ed.2d at 380.

tables present the information in the traditional form of fact compilation while the rest of the map translates the information into pictorial or graphic form. Since it is this pictorial or graphic form, and not the map's subject matter, that is relevant to copyright protection, maps must be distinguished from non-pictorial fact compilations. Courts must view maps as more than the table of distances appearing in the lower right hand corner. A map does not present objective reality; just as a photograph's pictorial form is central to its nature, so a map transforms reality into a unique pictorial form central to its nature.

The reasons for viewing maps solely as factual compilations were refuted long ago in *Burrow-Giles* and *Bleistein*. In *Burrow-Giles*'s discussion of the photograph "Oscar Wilde, No. 18," the Court rejected the argument that the photograph should not be protected because it mechanically represents "some existing object, the accuracy of this representation being its highest merit." It found instead that the photographer had proved that the photograph was "the product of plaintiff's intellectual invention, of which plaintiff is the author" and was not to be distinguished from "maps, charts, designs, engravings, etchings, cuts and other prints."[58] While *Burrow-Giles* left open the possibility that "the ordinary production of a photograph" may not be entitled to protection, *Bleistein* held that the "least pretentious picture" has more originality in it than directories, and that, even if the circus poster had been drawn from life, it would still be protected because it represents "the personal reaction of an individual upon nature."[59] As stated by Learned Hand in the district court decision in *Jeweler's Circular Pub. Co.*, although *Burrow-Giles* left open an "intimation" that some photographs might not be protected, *Bleistein* concluded that "no photograph, however simple, can be unaffected by the personal influence of the author, and no two will be absolutely alike."[60] While *Feist* used the phrase "the narrowest and most obvious limits" from *Bleistein* to support its view that "the vast majority" of compilations will display "some minimal level of creativity,"[61] *Bleistein* had used the phrase to warn of the danger that those "trained only to the law" would constitute themselves "final judges of the worth of pictorial illustrations, outside of the narrowest and most obvious limits."[62]

One of the few cases to give more than passing significance to the pictorial aspect of maps was the Ninth Circuit's 1978 decision in *United States v. Hamilton*, decided under the 1909 Act.[63] The future Supreme Court Justice

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58 111 U.S. at 57, 60.

59 188 U.S. at 250.

60 274 Fed. at 934.

61 113 L.Ed.2d at 377.

62 188 U.S. at 251.

63 Note 13, *supra*. Although Rockford Map Publishers is usually seen as a "sweat" case, it also protected the pictorial aspect of plat maps and drew on the heri-

Kennedy, in rejecting the sweat of the brow approach of the Third Circuit in *Amsterdam v. Triangle Publications*,[64] held that the "synthesis" of terrain features from prior maps was an "element of originality" entitling the map at issue to copyright protection, independently of any "direct observation" by its creator.[65] The court did focus on the "elements of compilation" that, amounting to more than "trivial selection," met the copyright requirement of originality, yet it also drew on *Bleistein* and *Burrow-Giles* to give an expansive view of cartography, not seen in any other case, that recognized the affinity of maps to other creative works, such as photographs:

> Expression in cartography is not so different from other artistic forms seeking to touch upon external realities that unique rules are needed to judge whether the authorship is original.

The court relied on *Burrow-Giles* to draw an analogy between map-making and photography. Noting that a photographer's "selection of subject, posture, background, lighting, and perhaps even perspective alone" are granted protection, the court found that a "[s]imilar attention" should be given the cartographer's art: "the elements of authorship embodied in a map consist not only of the depiction of a previously undiscovered landmark or the correction or improvement of scale or placement, but also in selection, design, and synthesis."[66]

Hamilton is an appropriate starting point for reevaluating the originality of maps. Consistent with *Feist*, the case builds on the concept of originality found in *Burrow-Giles* and *Bleistein*, rejects "sweat of the brow," and requires a level of creativity that is more than trivial. In addition, *Hamilton* recognizes the aspects of originality in maps that make them more like photographs and drawings than like directories.

The Copyright Act of 1790 recognized the importance of cartography, placing maps and charts before books in its original list. The 1909 Act, in turn, gave maps and charts a classification of their own. The 1976 Act went one step further: by listing maps among "pictorial, graphic and sculptural works"— and not as compilations—it signaled that selection, design and synthesis are the elements measuring the copyrightability of maps. After *Feist*, courts should follow the lead of *Burrow-Giles*, *Bleistein* and *Hamilton*, and Learned Hand's district court decision in *Jeweler's Circular Pub. Co.*, and

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tage of Bleistein, Burrow-Giles and Learned Hand's district court decision in Jeweler's Circular Pub. Co. See Note 45, *supra*.

64 Notes 11 and 45, *supra*.

65 583 F.2d at 452.

66 583 F.2d at 451, 452 (citation and footnote omitted). Hamilton was cited in Del Madera Properties v. Rhodes and Gardner, Inc., 820 F.2d 973 (9th Cir. 1987) to support the copyrightability of a subdivision map, reflecting the approved "placement of lots, roads and open spaces," that the court said fell within the category of "pictorial, graphic, and sculptural works."

protect maps as representations of far more than the counting of milestones. Like "No. 18, Oscar Wilde," and the Wallace circus advertisement, maps express a singular, personal reaction to nature.

COPYRIGHT PREEMPTION: NEW YORK STATE'S ERRONEOUS INTERPRETATION

by DAVID RABINOWITZ* AND HELENE GODIN**

The 1976 Copyright Act[1] marked a great expansion in federal control of copyrights. Federal law took over the protection of unpublished and unregistered works, previously the domain of common law copyright under state law.

In extending federal protection to unpublished and unregistered works, Congress also cleared the copyright arena of potentially conflicting state laws by exercising its power under the Supremacy Clause to preempt state law. Preemption by statute marked a change from prior law; while the states had previously been subject to an ill-defined constitutional preemption, the 1976 Act clearly defined what state rights would be thenceforth unenforceable.

The intended clarification of federal copyright preemption by the enactment of § 301 of the Copyright Act, unfortunately, has resulted in confusion in New York State case law. The state courts of New York have interpreted statutory copyright preemption in the 1976 Act as merely another rule of judicial jurisdiction. Preemption, however, has nothing to do with jurisdiction. Federal courts have long had exclusive jurisdiction to enforce rights under the federal copyright law, and § 301 did not expand or reduce it.[2] This distinction has subtle, but potentially catastrophic, implications for the practitioner who takes the New York courts at their word.

FEDERAL COPYRIGHT PREEMPTION BEFORE THE 1976 COPYRIGHT ACT

Preemption is and always has been a rule of substantive, not procedural, law. Constitutional preemption (as well as § 301 of the 1976 Copyright Act) nullifies rights under state law, not state court power to exercise jurisdiction. For this reason, dismissal of a claim because of preemption has a more serious effect than New York State case law implies.

The federal copyright power stems from Article I of the United States Constitution. Article I, section 8, clause 8 states: "The Congress shall have power . . . To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their re-

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1 17 U.S.C. §§ 101 *et seq.*

2 *See* 28 U.S.C. § 1338(a) (1976) (giving federal courts exclusive jurisdiction for actions arising under the Copyright Act).

spective Writings and Discoveries." In response to this constitutional mandate, Congress enacted the first copyright statute in 1790. However, it was not until 1964, 130 years later, that the issue of constitutional limitation (*i.e.*, preemption) of state law under the Copyright-Patent Clause of the Constitution reached the Supreme Court.[3]

In *Sears, Roebuck & Co. v. Stiffel Co.*,[4] and *Compco Corp. v. Day-Brite Lighting, Inc.*,[5] plaintiffs brought actions in federal court under both the federal patent law and under Illinois' unfair competition law for copying product shapes. (Pole lamps were at issue in *Sears*, fluorescent lighting fixtures in *Compco*). Although finding plaintiffs' patents invalid, the United States District Court for the Northern District of Illinois held for plaintiffs on the state unfair competition claim. In *Sears*, the court enjoined the defendant "from unfairly competing with the plaintiff by selling or attempting to sell pole lamps identical to or confusingly similar to" plaintiff's lamp.[6] In *Compco*, the defendant was enjoined "from unfairly competing with plaintiff by the sale of reflectors identical to, or confusingly similar to" those made by plaintiff.[7] The Court of Appeals for the Seventh Circuit affirmed both decisions, but the Supreme Court reversed.

The Court found that the Illinois law conflicted with federal copyright and patent law. The Court reasoned that Congress, by withholding federal protection for the pole lamps and lighting fixtures under the patent and copyright acts, had evinced an intention to permit copying of such works. Because Congress' inferred policy would be defeated by the Illinois state law, it was invalid under the Supremacy Clause. A broad standard of federal preemption was articulated by Justice Black, who stated:

> [W]hen an article is unprotected by a patent or a copyright, state law may not forbid others to copy that article. To forbid copying would interfere with the federal policy, found in Art. I, § 8, cl. 8 of the Constitution and in the implementing federal statutes, of allowing free access to copy whatever the federal patent and copyright laws leave in the public domain.[8]

Nine years later, the Supreme Court reduced the scope of constitutional preemption in the copyright area. In *Goldstein v. California*,[9] the Court upheld a conviction under California's record piracy statute, which made it a

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[3] Although it almost did, much earlier. *See Wheaton v. Peters*, 33 U.S. 374, 406, 443 (1834) (Argument of Sergeant; Thompson, J., diss.)

[4] 376 U.S. 225 (1964).

[5] 376 U.S. 234 (1964).

[6] *Sears*, 376 U.S. at 226.

[7] *Compco*, 376 U.S. at 236.

[8] 376 U.S. at 237.

[9] 412 U.S. 546 (1973).

misdemeanor to duplicate sound recordings.[10] Relying on *Sears* and *Compco*, the defendants moved to dismiss the complaint on the ground that the Penal Code section was preempted, arguing that it prohibited the copying of published works left unprotected by a copyright.[11] The California courts upheld the statute and the Supreme Court affirmed.

The Court read *Sears* and *Compco* to hold that if an article is a member of a class of articles eligible for a copyright or patent, but the particular article fails to qualify for such protection, then state law may not step in and provide the same protection. However, if an article is not in a protectable class, then states may protect it, since federal law "has left the area unattended, and no reason exists why the State[s] should not be free to act."[12] Thus, said the Court, because sound recordings as a group were ineligible for protection under federal copyright law, they could be protected under state law.[13]

The final pre-1976 Supreme Court case dealing with copyright or patent preemption is *Kewanee Oil Co. v. Bicron Corp.*[14] In that case, plaintiff had developed an unpatented process to create a new crystal for detecting ionizing radiation. Several of plaintiff's former employees had formed a competing corporation and were using information obtained while they were employed by plaintiff. Plaintiff brought an action under Ohio's trade secret law.

The United States District Court for the Northern District of Ohio granted a permanent injunction. The Sixth Circuit reversed, holding that although the process, procedures and techniques used by the plaintiff constituted trade secrets protectable under the Ohio trade secret laws, and although the former employees appropriated the trade secrets in violation of their employment agreements, the Ohio trade secret laws were preempted by the federal patent law. The Supreme Court reversed again, upholding the Ohio statute.[15]

As in *Goldstein*, the Court focused on whether the state trade secret law could exist harmoniously in the same field as the federal patent law. The Court held that the Ohio trade secret law was not preempted because the state law neither clashed with the objectives of federal patent law nor obstructed congressional purpose. The Court concluded that trade secret protection, although an additional incentive for invention, does not provide so

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10 *Id.* at 548.

11 *Id.* at 548-549. The cause of action arose prior to passage of the Sound Recording Amendment of 1971, under which sound recordings were protected by federal copyright law for the first time. *See* Pub. L. No. 92-440, 85 Stat. 391 (1971), as amended, Pub. L. No. 93-573, 88 Stat. 1873 (1974).

12 412 U.S. at 570.

13 *Id.* at 571.

14 416 U.S. 470 (1974).

15 *Id.* at 473-74.

substantial an incentive as to cause inventors to avoid the patent system and thereby frustrate the patent policy of public disclosure of inventions.[16]

What appears clearly from these rulings is that the issue of constitutional copyright and patent preemption is a question of what rights can exist, not where those rights may be enforced. The Supreme Court in each case was answering the question whether the states could endow the inventor or author with certain rights, not whether the inventor or author was in the correct court. *Goldstein* was originally a California state court case, while *Sears, Compco* and *Kewanee* all began in the federal district court. Yet none of those cases turned on the forum where the action was brought.

PREEMPTION UNDER THE 1976 COPYRIGHT ACT

This brings us to § 301 of the 1976 Copyright Act, which preempts state law in the following terms:

> 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]

It will be observed that this statute deprives authors of certain "rights" under state law. In terms, it is not a jurisdictional statute, but a statute cancelling certain rights.

Congress evidently hoped that this section would dispel any uncertainty under the Supreme Court's existing preemption rulings, which were based on inferred, but unexpressed, congressional policy. The legislative history of § 301 provides in relevant part:

> The intention of § 301 is to preempt and abolish any rights under the common law or statutes of a State that are equivalent to copyright and that extend to works coming within the scope of the Federal copyright law. The declaration of this principle . . . is intended to be stated in the clearest and most unequivocal language possible, so as to foreclose any conceivable misinterpretation of its unqualified intention that Congress shall act preemptively, and to avoid the development of any vague borderline areas between State and Fed-

[16] *Id.* at 491-92.

[17] 17 U.S.C. § 301(a) (1978).

eral protection.[18]

Unfortunately Congress' lofty goal to "foreclose any conceivable misinterpretation" of preemption has not been entirely successful, at least in the New York State courts. Instead, the New York State courts have created a procedural pitfall, which may trap unwary litigants and their attorneys.

NEW YORK STATE CONSTRUCTION OF § 301 OF THE COPYRIGHT ACT OF 1976

Editorial Photocolor Archives, Inc. v. Granger Collection,[19] is the leading New York State case on copyright preemption. Plaintiffs there maintained an archive of film transparencies and photographs. They claimed that defendant, a competitor, improperly obtained the transparencies, removed a frame with plaintiffs' name, replaced that frame with another bearing defendant's name, and marketed the transparencies.[20] Plaintiffs' first cause of action, for common-law unfair competition, alleged that defendant wrongfully held out to the public that it had the reproduction rights to the transparencies, submitted such transparencies to publishers for reproduction, received reproduction fees, and obtained credit for the pictures in those publications, all of which constituted "a wilful, calculated, and unlawful appropriation of plaintiffs' property rights . . . , which has damaged Plaintiffs by depriving the Plaintiffs of reproduction fees and publishing credits in connection with the misappropriated . . . transparencies."[21] The second cause of action, for wrongful interference with a contract, repeated the above averments and alleged that defendant's acts constituted "an appropriation by Defendants . . . of Plaintiff[s'] . . . right to sell, lease or license reproduction rights to all [plaintiffs'] . . . photographs and transparencies in North America."[22] The third cause of action alleged that defendant's actions in "pirating the . . . transparencies and in wrongfully selling the reproduction rights [violated] § 368-d of the New York General Business Law."[23]

Special Term issued a preliminary injunction, enjoining defendant "from in any manner appropriating, reproducing, leasing, licensing, selling, displaying or otherwise using the . . . transparencies" and "from holding out the Defendant and its film library as the owner of the reproduction rights to the transparencies . . . ."[24] Defendant moved to vacate the preliminary injunc-

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18 H.R. Rep. No. 94-1476, 94th Cong., 2d Sess. 130 (1976), *reprinted in* 1976 U.S. Code Cong. & Admin. News at 5746.

19 61 N.Y.2d 417, 474 N.Y.S.2d 764, 463 N.E.2d 365 (1984).

20 61 N.Y.2d at 520, 474 N.Y.S.2d at 965.

21 61 N.Y.2d at 521-22, 474 N.Y.S.2d at 965-66.

22 61 N.Y.2d at 521, 474 N.Y.S.2d at 966.

23 *Id.*

24 *Id.*

tion. Special Term denied the motion and the Appellate Division affirmed.[25]

In reversing the lower court decisions and vacating the preliminary injunction, the Court of Appeals observed that the transparencies at issue were within the subject matter of copyright, and that the rights that defendant allegedly violated (*e.g.* the exclusive rights to display, reproduce, distribute and sell) were within the general scope of copyright protection.[26] Accordingly, the Court of Appeals held that the complaint, "while couched as a common-law claim for unfair competition, interference with contractual relations and violation of section 368-d of the General Business Law, is essentially an action to enforce rights equivalent to rights under the Federal copyright laws over which, as to causes of action accruing after January 1, 1978, *the State courts no longer have jurisdiction*."[27]

We agree with the Court's finding that the claims were preempted by the Copyright Act. However, the Court erred when it gave as its ground for vacating the preliminary injunction, that the trial court lacked "subject matter jurisdiction" over the claims asserted.[28] Copyright preemption, as shown above, invalidates rights, and has nothing to do with jurisdiction.

CONSEQUENCES OF MISCHARACTERIZING COPYRIGHT PREEMPTION AS A JURISDICTIONAL ISSUE

What, then, is the effect of the dismissal of a cause of action by a New York state court on the ground of federal copyright preemption?

Assume that, upon learning that the state court lacked "subject matter jurisdiction," as the Court of Appeals said, the plaintiffs in *Editorial Photocolor* walked across the street to federal court, and filed the same complaint that was filed in state court. We submit that the plaintiffs would have been surprised to learn that the federal court would not hear the action, also for lack of subject matter jurisdiction. As the state courts concluded, the complaint asserted a (preempted) claim arising under *state* law, and not an action "arising under any act of Congress relating to . . . copyrights."[29] The state court was the proper forum; it was the claims themselves that were defective.

Taking the hypothetical one step further, assume the plaintiffs and the defendant in *Editorial Photocolor* were from different states, and the amount in controversy was in excess of $100,000, so that the case could be heard in federal court. Nevertheless, the *Editorial Photocolor* plaintiffs would not fare

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[25] 61 N.Y.2d at 520, 474 N.Y.S.2d at 965.

[26] 61 N.Y.2d at 521-22, 474 N.Y.S.2d at 966.

[27] 61 N.Y.2d at 519, 474 N.Y.S.2d at 965 (citations omitted, emphasis added).

[28] 61 N.Y.2d at 523, 474 N.Y.S.2d at 967.

[29] *See* 28 U.S.C. § 1338(a) (1978) (requiring that the federal courts have exclusive jurisdiction of "any civil action arising under any acts of Congress relating to patents, plant variety protection and copyrights").

any better. The defendant, in federal court, would prevail on a motion for summary judgment because the New York Court of Appeals had already determined that the claim was preempted by federal law, and that determination would be *res judicata*. The state court's ruling would have been one of substantive law, namely, that the right asserted was legally defective because the Copyright Act prohibited its enforcement.[30] The judgment in the state court was final and it had jurisdiction to render that judgment. That determination therefore was binding on the federal court.

Does it matter that the state court thought it was dismissing the action on jurisdictional grounds rather than on the merits? No, if for no other reason than that the doctrine of issue preclusion would apply. The doctrine of issue preclusion, a part of the doctrine of *res judicata*, states that any issue that is actually litigated and determined and whose resolution is necessary to the court's judgment may not be relitigated.[31] On its way to surrendering "jurisdiction" in *Editorial Photocolor*, the New York Court of Appeals determined—and necessarily so— that federal preemption applied. Because the *Editorial Photocolor* plaintiff actually litigated and lost on that issue, no court, federal or otherwise, could reconsider the issue.

Now assume, having been unsuccessful on its unfair competition, interference with contract and § 368-d claims in both state and federal court, the *Editorial Photocolor* plaintiff decides to do what perhaps it should have done in the first place: it brings yet another action in federal court, now for copyright infringement. The plaintiff would then be out of luck because of *res judicata*.

In one of the hypothetical federal actions discussed above, the federal court had jurisdiction on the basis of diversity and rendered a judgment on the merits. It is well-settled that recasting a claim under a different theory or statute does not avoid *res judicata*.[32] As the Restatement says, the earlier action extinguished "all rights of the plaintiff to remedies against the defendant with respect to all or any part of the transaction . . . out of which the action arose."[33] A copyright claim based on the same facts clearly falls within this category.

Looking at the same issue from another angle, assume that, as was the

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[30] *See Bell v. Hood*, 327 U.S. 678, 682 (1946) ("[f]ailure to state a proper cause of action calls for a judgment on the merits and not for a dismissal for want of jurisdiction").

[31] *Montana v. U.S.*, 440 U.S. 147, 153 (1979) (quoting *Southern Pacific Railroad Co. v. U.S.*, 168 U.S. 1, 48-49 (1897)).

[32] *See, e.g., Williamson v. Columbia Gas & Electric Corp.*, 186 F.2d 464, 468 (3d Cir. 1950), *cert. denied*, 341 U.S. 921 (1941) (fact that different statute was relied on in second action by same parties did not render claims different "causes of action" for purposes of *res judicata*).

[33] Restatement (Second) of Judgments § 24(1) at 196 (1982).

case in *Meyers v. Waverly Fabrics*,[34] a designer brings an action against a fabric manufacturer, asserting that plaintiff created a design and granted to defendant only the right to use the design on fabric and wallpaper. Plaintiff claims that defendant exceeded its rights under the agreement by purporting to license others to use the design. The Appellate Division dismisses the action for "lack of subject matter jurisdiction," holding that the claim is preempted.[35]

Now, deviating from the facts of *Meyers*, assume that the plaintiff accepts the Appellate Division's "jurisdictional" ruling and files the same complaint in federal court, rather than appealing to the Court of Appeals. First, absent diversity of citizenship, the federal court would not have jurisdiction because the claim does not arise under the Copyright Act.[36] Second, even with diversity jurisdiction, *res judicata* would still apply. Because our hypothetical *Meyers* plaintiff failed to exercise its right to appeal the Appellate Division decision, that decision became a final judgment.[37] That final determination of preemption would preclude relitigation of that issue in federal court.[38]

What should the practitioner do to avoid this procedural pitfall? If you are in state court and your claim is dismissed because of copyright preemption—whether or not the court characterizes the dismissal as one for lack of subject matter jurisdiction—you should not refile the same claim in federal court. If the claim is in fact preempted, neither the federal nor the state court can hear it. Even if the claim is not preempted, and the state court judgment is therefore erroneous, an attempt to relitigate the issue in federal court could be foreclosed by *res judicata*.

Instead, if you wish to pursue your state law claim, you must take an appeal in state court and, if appropriate, file an action for copyright infringement in the federal court. As state courts cannot hear copyright claims, no

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[34] 65 N.Y.2d 75, 489 N.Y.S.2d 891, 479 N.E.2d 236 (1985).

[35] 65 N.Y.2d at 77-78, 498 N.Y.S.2d at 892.

[36] In *Smith v. Weinstein*, 578 F. Supp. 1297, 1307-08 (S.D.N.Y. 1984), *aff'd w/o op.*, 738 F.2d 419 (2d Cir. 1984), for example, the Southern District of New York dismissed breach of contract claims for lack of jurisdiction "without prejudice to their assertion in an appropriate state court."

[37] *See Myers v. Bull*, 599 F.2d 863, 865 (8th Cir. 1979), *cert. denied*, 444 U.S. 901 (failure to appeal an appealable decision results in final judgment for *res judicata* purposes).

[38] It should be noted that the actual *Meyers v. Waverly* plaintiff did not fall into the trap we have been discussing. Rather than going to federal court, plaintiff appealed to the New York Court of Appeals. The Court of Appeals reversed the lower court decision, noting that "nothing in [§ 301] derogates from the rights of the parties to contract with each other and to sue for breaches of contract." *Meyers*, *supra* n.37, 65 N.Y.2d at 78, 489 N.Y.S.2d at 891 (quoting H.R. Rep., *supra* n.19, at 121, *reprinted in* 1976 U.S. Code Cong. & Admin. News at 5748). *Id.*

state court dismissal can preclude a subsequent copyright claim. In this connection the copyright statute of limitations must be watched closely.

CONCLUSION

Copyright preemption limits the rights that may be asserted in works that are within the subject matter eligible for copyright protection. Moreover, it is a substantive rule of law voiding the preempted rights, contrary to the statements of New York state courts. A ruling by any court, even a state court, that a cause of action is preempted is a dismissal on the merits and not a jurisdictional ruling, however the court itself may construe it. Unless there is an alternative copyright claim available to the plaintiff that plaintiff is willing to assert, a state preemption ruling must be appealed to avoid *res judicata* effect, and recourse to a federal court will be unavailing as long as the state ruling of preemption stands.

FRENCH HIGH COURT REMANDS *HUSTON* COLORIZATION CASE

By PAUL EDWARD GELLER*

1. INTRODUCTION

The Asphalt Jungle tells a story of petty criminals who, in grim urban settings, plot the robbery of their lives and fail, tragically. The film was shot in black and white.

In France, the heirs of John Huston, the director of *The Asphalt Jungle*, as well as Ben Maddow, the screen writer, brought an action sounding in moral right. They sought to prevent the French television channel *La Cinq* from televising a colorized version of that motion picture. They contended that respect for the integrity of the original work precluded disseminating this later version.

The claimants in the *Huston* case obtained a preliminary injunction, had it upheld in an initial trial on the merits, and then lost at a subsequent trial. The highest French court of appeal in suits between private parties has now ordered the case to be retried again in its entirety.[1] This high court only expressly ruled, however, on a narrow choice-of-law issue arising at the threshold of the case. The next trial court will have to decide on the substantive issues and relief.

2. HISTORY OF THE CASE

The ups and downs of the *Huston* case have to be understood within the structure of the French judicial system. There is no jury trial for civil cases there, but litigants do have more than one "bite at the apple."

The system has three levels. At the first level, private parties bring suit against each other before a court of first instance. At the second level, the parties may have a new trial on facts and law by an intermediate court, called a court of appeal. At the third level, there is the right to have a panel of the Court of Cassation, the highest court of appeal in private cases, review the intermediate court's decision for errors of law.[2] If the high court finds reversible error, it will remand the case for a new trial by another court of appeal.

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1 Arrêt 861 P, Cass. civ., 1e ch., *hearing* May 28, 1991.

2 The Court of Cassation will join its panels in a General Assembly if the intermediate court on remand decides a case on grounds which the high court has already found to be legally erroneous in that case. It may also meet in a General Assembly to decide cases brought before it for the first time if it deems it neces-

The *Huston* case has now been up the French judicial ladder twice. On the first trip up, before any trial, a court of first instance granted the Huston heirs and Ben Maddow a preliminary injunction against the televising of a colorized *Asphalt Jungle*, and the Fourteenth Chamber of the intermediate Court of Appeal of Paris upheld this injunction.[3] On the second trip up, after a trial on the merits, the court of first instance issued a permanent injunction to promote Huston's and Maddow's moral rights.[4] Still on this trip up, after another trial, the Fourth Chamber of the same intermediate court, the Court of Paris, rejected all claims based on moral rights.[5] It was this decision that a panel of the Court of Cassation overturned.[6]

The Fourth Chamber of the Court of Paris based its decision on a variety of overlapping findings of fact and law. Most importantly, the Fourth Chamber refused to consider either the director John Huston or the screen writer Ben Maddow as "authors" of *The Asphalt Jungle*. Since only authors have moral rights in France, this refusal blocked the Huston heirs and Ben Maddow from suing on such rights.[7] It was this obstacle to suit that the Court of Cassation removed at the threshold of the case.

3. *THE REASONING OF THE FRENCH HIGH COURT*

The Court of Cassation is known for its concise decisions. In one or at most a few pages, the Court indicates the issues it is to consider, as well as the provisions and principles of law dispositive of these issues, with at most a passing reference to the rationale of its decision. In the *Huston* case, it achieved brevity, to start, because it focused on but one issue on appeal: what law, American or French, properly defines "author" for purposes of exercising moral rights in France?

At trial, the Fourth Chamber of the Court of Paris looked to the American contracts and Hollywood studio procedures by which the producer of *The Asphalt Jungle* had employed directors and screen writers to make films. It also referred to American law, ostensibly both the law governing these

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sary to settle the law in such cases. The rulings of the General Assembly constitute binding precedents.

[3] *Sté. "La Cinq" c. Angelica Huston et autres*, Cour d'appel, Paris, 14e ch., June 25, 1988, 138 Revue Internationale du Droit d'Auteur [RIDA] 309 (1988). For commentary, see Gaubiac, Note, *id.* at 312.

[4] *Consorts Huston c. Cinquième Chaîne et autres*, Trib. de grande instance, Paris, 1e ch., Nov. 23, 1988, 139 RIDA 205 (1989).

[5] *Sté. Turner Entertainment c. Héritiers Huston et autres*, Cour d'appel, Paris, 4e ch., July 6, 1989, 143 RIDA 329 (1990). For commentary, see Françon, Note, *id.* at 339; Edelman, Note, 116 J. du Droit international 992 (1989).

[6] *See* Arrêt 861 P, *supra* note 1.

[7] The Fourth Chamber granted other relief—requiring notices in connection with televising the colorized version—but not on the grounds of any author's moral right. *Turner c. Huston*, *supra* note 5, 143 RIDA at 337-338.

contracts and the copyright law of the United States which defines the employer as the "author" of a work made within the scope of employment. It concluded that the entire set of such elements, both of fact and law, "prohibits barring the application of American law and *setting aside the contracts and, consequently,* compels denying the parties Huston and Maddow any possibility of asserting their moral rights."[8] The Court of Cassation quoted this language as encapsulating the very error of law which it could not let stand in the way of the suit on the director's and screen writer's moral rights.

The Fourth Chamber of the Court of Paris followed old French conflicts doctrine in looking beyond France, where relief was sought, to decide the *Huston* case under the law of the country from which the work at issue came.[9] The Fourth Chamber did not resolve an ambiguity inevitable in this approach: a work can be said to come either from the country where it is created or from the country where it is first published. On the one hand, the Fourth Chamber seemed to lean toward the law of the country of creation, arguing that such a choice would respect the contractual expectations which, under uniquely American conditions, the parties had in creating *The Asphalt Jungle.* On the other hand, the Fourth Chamber also spoke as if it were applying the law of the country of first publication, or at least it referred to the notion of the "country of origin" which, in the Berne Convention, often turns on first publication, although not clearly in all cases.[10] Such ambiguity is, of course, compounded by the possibility that a film work could be created in one or a number of countries and first published in still others.

The Court of Cassation side-stepped these uncertainties by looking to French law alone.[11] To start, it referred to the Law 64-689 of July 8, 1964, which allows French courts to refuse protection to foreign works absent reciprocity, for example, under a treaty. This reference is not decisive: the provision the Court cited in this Law of 1964, the second paragraph of article 1, merely assures that moral rights are not subject to the requirement of reciprocity. Nonetheless, in starting with this provision, the Court at least distinguished the *Huston* case from most international copyright cases, in which treaties such as the Berne Convention require protection.[12] This distinction

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[8] *See id.* at 335 (emphasis in the original text).

[9] *See* 3 J.-P. Niboyet, *Traité de droit international privé français* 309-310 (1944). For analyses of the decision of the Court of Cassation taking more detailed, although different, accounts of French conflicts doctrines, see Edelman, Note, 119 J. du Droit international — (1992); Ginsburg & Sirinelli, *Auteur, création et adpatation en droit international privé et an droit interne francais, Réflexions a partir de l'affaire Huston,* 150 RIDA 3 (1991).

[10] *See* S. Ricketson, *The Berne Convention for the protection of literary and artistic works: 1886-1986,* paras. 5.69-5.80 (1987).

[11] *See* Arrêt 861 P, *supra* note 1.

[12] In principle, one could argue that a treaty such as the Berne Convention would override domestic legislation if it were self-executing and so required. In the

makes clear that the Court sought neither choice-of-law principles nor dispositive law for the case in any copyright convention or treaty, but rather in wholly domestic law. Thus, although they had invoked it, the Huston heirs did not need the Berne Convention, or any other treaty, to support their proposed choice of French law to govern their suit. France, like many other countries, grants foreign authors moral rights directly under domestic law, just as it protects foreign persons generally against torts to their persons.[13] The Court cited article 6 of the Law of March 11, 1957, the French copyright statute, as the substantive basis for the suit. Article 6 provides that moral rights are "attached" to the "person" of the author and are "inalienable."

The Court of Cassation held article 6 of the Law of 1957 to be a law of "imperative" or "compulsory application." While this term seems to mark a crucial link in the Court's reasoning, it does not provide much of a clue to its rationale in the *Huston* case. It would trivialize the Court's decision to reach the term as merely reconfirming that article 6, by providing for inalienable moral rights, overrides contracts waiving such rights. On that reading, the Court would have logically had to indicate a further ground, such as international public policy, for applying article 6 instead of foreign laws allowing for waiver, but it did not take that step.[14] To take a stronger position, the Court could have identified article 6 as a "law of police" which, under article 3 of the French Civil Code, must apply to all parties, whether French or foreign, throughout French territory. A French court must, accordingly, enforce a law of police on French territory even if there are foreign parties or other foreign elements present in a case that might otherwise lead the court to apply competing foreign law to the case. French commentary explains that, while "[u]ncertainty effectively subsists on the scope of this notion," it nonetheless seems to "concern matters where the social interests at stake appear to be so important that the law of the forum must apply according to its own terms."[15] However, the Court of Cassation not only stopped short of calling article 6 of the Law of 1957 a law of police, but it indicated no "social interest" or other reason for giving it any priority in a conflict with foreign law.

Huston case, the Court of Cassation mooted this argument in ruling that domestic law mandated national treatment concerning moral rights which, in France, are stronger than those for which the Berne Convention provides in its article 6*bis*. *See also* Berne Convention (Paris Act), art. 19 (Berne allows claim to "greater protection" under domestic "legislation").

13 *See* Geller, *International Copyright: An Introduction* § 3[2][a], in 1 *International Copyright Law and Practice* (M. Nimmer and P. Geller, eds. 1991).

14 *See, e.g., Anne Bragance c. Oliver Orban et Michel de Grèce*, Cour d'appel, Paris, 1e ch., Feb. 1, 1989, 142 RIDA 301 (1989) (U.S. contractual waiver of moral right not enforced, on the ground that international public policy favored applying French rule against alienability). For commentary, see Sirinelli, Note, *id.* at 307; Edelman, Note, 116 J. du Droit international 1012 (1989).

15 1 H. Batiffol & P. Lagarde, *Droit international privé* § 251 at 299 (7th ed. 1981).

The Court simply used the term "compulsory application" to refer to some ground for having article 6 apply in the face of any conflict of laws, but it did not explain this ground any further.

The reasoning of the *Huston* decision might well seem conclusory in another respect. To benefit from moral rights under article 6 of the Law of 1957, a claimant needs to be an author. Yet, it would seem, the Court of Cassation reasoned as if article 6 gave the director and screen writer of *The Asphalt Jungle* the status of authors. If so, the condition for benefitting from article 6—for having standing to invoke this provision—was found to be satisfied by applying it. In effect, the Court of Cassation simply refused to split the issue of defining the "author" for purposes of article 6, on the one hand, from the issue of deciding whether to apply this provision, on the other. It is not difficult to imagine a rationale for invoking article 6 as authority on both points at once: this provision recognizes moral rights that, by their nature, protect the interests of flesh-and-blood creators, so that it can only be consistently applied by respecting its premise that the authors it mentions are natural persons.

On this point, the *Huston* decision may be read narrowly. The Court of Cassation, quoting from the first sentence of article 1 of the Law of 1957, stresses that only by virtue of the "fact of creation" do moral rights under article 6 vest in the "persons" of authors. The Court of Cassation has no power to determine facts, including those concerning the creation of a work, but its language at this point could be read as implying that it was error to accept proof of creation by the film studio, a legal entity. Thus the decision at a minimum would allow the argument at trial that the foreign director, John Huston, created *The Asphalt Jungle*, albeit in collaboration with others.[16] The decision then assures that, once the fact of creation is established, French moral rights are deemed to be vested even in foreign flesh-and-blood creators.

4. IMPACT, IF ANY, ON COPYRIGHT COMMERCE

Article 6 of the Law of 1957 categorically makes French moral rights inalienable. Applying it, the Court of Cassation, in the *Huston* decision, allowed members of the creative team for a film work to assert French moral rights in the face of contracts that ostensibly waived them. The Court was altogether indifferent to the fact that these were American contracts and to the possibility that American law governed them or even made them contractually effective.

The *Huston* case thus reminds us that moral rights remain a wild card in international copyright commerce. True, there are jurisdictions which, by statutory or case law, allow for the contractual waiver of moral rights. These

[16] *See also* France, Law of March 11, 1957, art. 14 (natural persons who create an audiovisual work—presumptively including screen writers, soundtrack composers, and the director—have the status of authors).

laws nonetheless vary in contemplating the cases and contractual terms that might allow for a successful waiver of moral rights.[17] Since some jurisdictions reject such waiver and others allow it to varying degrees, it should not be assumed that moral rights can be altogether removed from a deal between the producer and a member of a creative team by a blanket clause for all countries and cases.

The *Huston* decision has already prompted questions on a further point possibly significant in copyright commerce. The copyright laws of most countries deem flesh-and-blood creators to be authors generally: if the *Huston* decision allows foreign creators the status of authors for purposes of exercising moral rights, do these creators also have that status for purposes of exercising economic rights? If there is an internationally valid answer to this question, it should optimally derive from the Berne Convention which provides the key principles governing the choice of law in most copyright cases worldwide.[18] Ostensibly, the Court of Cassation, in the *Huston* decision, reached a result which is not inconsistent with the Berne principle of national treatment. The Court, however, as explained in this comment, does not indicate that it took any account of the Berne Convention at all in its rationale. It therefore seems inappropriate to look to the *Huston* decision for any systematic approach to defining authors worldwide.

Unfortunately, there is no generally binding response to the question: what law defines the "author" of a work abroad? In theory, this uncertainty affects the starting point of worldwide chain of title to copyrights considered as economic entitlements. If different laws determine "authors" differently, such copyrights may initially vest in different parties from country to country and case to case. This risk is especially high for cases involving so-called team works, most notably audiovisual works, since copyright laws vary considerably in vesting economic rights in the producers and various creators of such works. In practice, a proper contract between a producer and all the members of a creative team can anchor such chain of title in the producer, albeit within certain limits.[19] The contract would have to grant the producer economic rights for all countries in which they do not vest in the producer, but rather in the creators.

There have also been fears that the *Huston* decision would permit "unrestrained blackmail" by American film creators who would challenge "the exploitation of films in France on the basis of moral rights" in order to seek economic advantages from film producers.[20] It is, however, settled law in

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17 For different laws on point, see the national chapters at § 7[4], in *International Copyright Law and Practice*, *supra* note 13.

18 *See* Geller, *International Copyright: An Introduction* § 4[2][a][ii], in *id.*

19 *See id.* at § 6[2]-[3].

20 Wagner, France: High Court Bars Showing of Colorized *Asphalt Jungle*, 5 World Intellectual Property Report 171, 172 (1991).

France that an action sounding in moral right, but brought for reasons that have nothing to do with the *raison d'être* of the right, must fail as an "abuse of right." French procedural law also provides for rigorous civil remedies against anyone who institutes French judicial proceedings in a "dilatory or abusive fashion."[21]

5. *CONCLUSION*

Colorization has unleashed great passions. The *Huston* decision will do little to calm these passions, since it does not reach the concerns which feed them. It simply disposes of a difficult choice-of-law issue in international copyright in so far as it arose at the threshold of an extraordinary case. Further, it deals with this issue idiosyncratically, outside the usual context of international copyright, namely the Berne Convention and related treaties. Finally, its reasoning is concise to the point of being obscure, so that it hardly qualifies as persuasive in different cases.

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[21] Nouveau Code de Procédure Civile, art. 32-1 (Décr. 78-62, Jan. 20, 1978).

PART II

LEGISLATIVE AND ADMINISTRATIVE DEVELOPMENTS

United States of America and Territories

U.S. COPYRIGHT OFFICE.

Revised special handling procedures. Policy decision: notice of revised procedure. *Federal Register*, vol. 56, no. 152 (Aug. 7, 1991), pp. 37528-30.

The Office revised its procedure for requesting and obtaining special handling—expedited service—in connection with registration of claims to copyright, recordation of documents, and other services rendered to the public. Under the revised policy, the Office will take personal checks in payment of the special handling fee and accept either the special handling request form or a letter clearly stating why special handling is needed.

U.S. COPYRIGHT OFFICE.

37 C.F.R., part 201. Cable compulsory license; definition of cable systems. Notice of proposed rulemaking. *Federal Register*, vol. 56, no. 133 (July 11, 1991), pp. 31580-97.

The Office proposed new regulations governing the conditions under which satellite master antenna television systems will qualify as cable systems under the compulsory license mechanism of the Copyright Act. It also proposed that satellite carriers are ineligible for the cable compulsory license and multichannel multipoint distribution services are not cable systems and not eligible for the cable compulsory license. The proposed regulations would modify section 111 of the Copyright Act of 1976.

U.S. COPYRIGHT ROYALTY TRIBUNAL.

Ascertainment of whether controversy exists concerning distribution of 1990 satellite carrier royalty fund. Notice. *Federal Register*, vol. 56, no. 152 (Aug. 7, 1991), p. 37530.

The Tribunal directed all claimants to royalty fees paid by satellite carriers for secondary transmissions during 1990 to: (1) submit a Notice of Intent to Participate in the 1990 satellite carrier royalty distribution proceeding; (2) comment on whether a controversy exists regarding the distribution of the fees; and (3) comment on the advisability of consolidating the 1990 distribution proceeding with the 1989 distribution proceeding.

U.S. COPYRIGHT ROYALTY TRIBUNAL.

1991 Satellite carrier royalty rate adjustment. Notice. *Federal Register*, vol. 56, no. 126 (July 1, 1991), p. 29951.

The Tribunal initiated voluntary satellite carrier royalty negotiation proceedings to determine the royalty fee to be paid by satellite carriers for the retransmission of broadcast television signals to home satellite dish owners. Voluntary negotiations may be ratified between July 1, 1991 and December 31, 1991. If no agreement has been reached by December 31, 1991, a rate will be set by an arbitration board.

U.S. Department of Commerce. Patent and Trademark Office.

Extension of previously issued interim orders. Notice. *Federal Register*, vol. 56, no. 135 (July 15, 1991), pp. 32179-80.

The PTO announced its extension until December 31, 1992 of the existing interim orders issued under section 914 of the Semiconductor Chip Protection Act of 1984 to Japan, Sweden, Australia, Canada, Member States of the European Community, Switzerland, Finland, and Austria.

U.S. Federal Communications Commission.

47 C.F.R., Part 76. Cable service; effective competition standard for cable basic service rates. Final rule. *Federal Register*, vol. 56, no. 140 (July 22, 1991), pp. 33387-92.

The Commission issued a Report and Order modifying its rules regarding the regulation of basic cable service rates by local franchising authorities. The revised rules set out conditions for determining whether effective competition to cable service exists, and they permit franchising authorities to regulate basic cable rates in the absence of such competition. The Report and Order also addresses the issue of a measuring standard for signal availability.

U.S. Federal Communications Commission.

47 C.F.R., Part 76. Carriage of television broadcast signals by cable television systems. Proposed rule. *Federal Register*, vol. 56, no. 140 (July 22, 1991), pp. 33414-16.

In this proceeding, the Commission sought comment regarding the relationship between its effective competition standard, which determines whether or not a cable system may be subject to basic cable rate regulation, and the absence of mandatory signal carriage rules. Because the record to date is too limited to definitively establish whether or not such a link exists, the Commission is requesting further comment on whether the lack of signal carriage requirements for cable television systems undermines the effective competition standard.

PART V

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Mr. Hammond discusses the "work made for hire" doctrine and the legislative history of the 1909 and 1976 Copyright Acts. The case of *Community for Creative Non-Violence v. Reid* is analyzed and discussed in detail, including Justice Marshall's decision in this case along with an analysis of *Dumas v. Gommerman,* which the author states deserves a closer look for its definition of an "employee."

HAUNGS, MICHALE J. Copyright and factual compilations: public policy and the first amendment. *Columbia Journal of Law and Social Problems,* vol. 23, no. 3 (1990), pp. 347-69.

Mr. Haungs discusses compilations and collections of data and their protection under the Copyright Act. He questions how these works should be protected and states that originality of selection and arrangement of materials should be the criteria for protection of data as this encourages new compilations and avoids conflict with the first amendment.

OMAN, RALPH. Report of the Register of Copyrights, technological alterations to motion pictures and other audiovisual works: implications for creators, copyright owners, and consumers. *Loyola Entertainment Law Journal,* vol. 10, no. 1 (1990), pp. 1-129.

In this seven chapter report, the Register of Copyrights discusses the scope of this Copyright Office study along with copyright protection for motion pictures and television programs. The Register also examines international conventions such as the Universal Copyright Convention and the Berne Convention. Mr. Oman discusses the adoption of broadcast standards for television, and addresses the subject of computer color encoding. The Register devotes the final chapters of this report to the concept of moral rights and federal legislative efforts in this arena. In this report, Mr. Oman also includes a discussion of film preservation along with a variety of other copyright-related topics.

SYMPOSIUM ON INDUSTRIAL DESIGN LAW AND PRACTICE. *University of Baltimore Law Review,* vol. 19, no. 1/2, (Fall 1989—Winter 1990), 495 pp.

This symposium on industrial design law is divided into four sections. In the first section, views on present U.S. design protection are discussed, including case histories of successful efforts to protect industrial design. In the second section, a variety of authors investigate current industrial design law issues, including copyright-like protection for designs. Section three explores international developments in industrial design law with particular emphasis on the U.S., Great Britain, Canada and Japan. Section four is devoted to industrial design protection practices in governmental agencies and courts. This section also contains an article by Dorothy Schrader entitled "Copyright Office Registration of Industrial Designs," and an article by Roland Carter, "A Design as an Expert Witness."

WALLACH, ROGER W. Not in public! The ninth circuit devises a two-step test for public performances under the Copyright Act: Columbia Pictures Industries *v.* Professional Real Estate Investors, Inc., 866 F.2d 278 (9th Cir. 1989). *Washington University Law Quarterly*, vol. 68, no. 1 (1990), pp. 203-13.

Mr. Wallach discusses the case of *Columbia Picture Industries v. Professional Real Estate Investors, Inc.* in which the U.S. Court of Appeals decided that hotel guest rooms are not "public under the Copyright Act in determining whether a hotel infringes on the copyright holders' right of public performance by renting videodiscs and authorizing their use on hotel equipment." The author questions this decision because hotel rooms are open to the public. He also states that the court has created a two-step test to determine the meaning of "publicly" under the Copyright Act.

YEN, ALFRED C. Restoring the natural law: copyright as labor and possession. *Ohio State Law Journal*, vol. 51, no. 2 (1990), pp. 517-61.

Mr. Yen states that natural law should be restored to our copyright jurisprudence. He defines natural law as tradition that links the law to universal principles of truth or morality and not just economic efficiency. Mr. Yen discusses the influence of natural law on modern American copyright, and investigates the concept of originality and the idea/expression dichotomy.

2. Foreign

CORBET, JAN. Does technological development imply a change in the notion of author? *Revue Internationale Du Droit D'Auteur*, vol. 148 (April 1991), pp. 59-101.

Professor Corbet states that technology has created new works such as computer software, and that these new creations raise issues concerning their nature and the author status of their creators. He investigates the concept of a person or a corporate body being an "author," and looks at cinematography as the first in what he states is a new kind of art, following photography,

literary and musical works. He investigates authorship in computer software and phonograms, and states that a clear distinction is needed between the rights of true creative authors under "author's copyright" and the rights of "mediators" such as phonogram producers.

GREAT BRITAIN. Book Review—FLINT, MICHAEL F. A user's guide to copyright. Butterworths, (1990), 370 pp. *EIPR*, vol. 13, no. 4 (Apr. 1991), p. 151 (reviewed by John H. Adams).

This book, the 3rd edition of the original (*A user's guide to copyright*), is devoted to the changes brought about by Britain's Copyright Act of 1988. The author devotes a section of the book to royalties and book rentals which will be of interest to librarians. There is also copyright information for video users, photographers, and individuals involved in the fine arts.

MALAYSIA. TEE, KHAW LAI. The 1990 amendments to the Malaysian Copyright Act 1987. *EIPR*, vol. 13, no. 4 (Apr. 1991), pp. 132-39.

Mr. Tee reviews Malaysia's Copyright Act of 1987 and the 1990 amendments to that Act. In October of 1990, Malaysia joined the Berne Convention and amended its Act to meet Berne standards. Section 24 was problematic under Malaysia's 1987 law. It stated it was not an infringement of copyright where a work "was used or reproduced or adapted in any form by or on behalf of the government." Section 36(a) was also amended since it made parallel importing an infringing act.

NORWAY. VILLARS-DAHL BRYNS, J.T. Patentkonta A/S Oslo. *EIPR*, vol. 13, no. 4 (Apr. 1991), p. D-70.

This is news of the amendment to the Norwegian Copyright Law of June 1990 which provides for the protection of computer programs in Norway. Section 39A of the amendment states that "the right to use a computer program also gives the right to make such changes in the program as is necessary for use within the agree- ment and to produce such copies as are necessary for the applica- tion of the program and for extra copies. Such copies must no longer be used if the right to use the program is discontinued."

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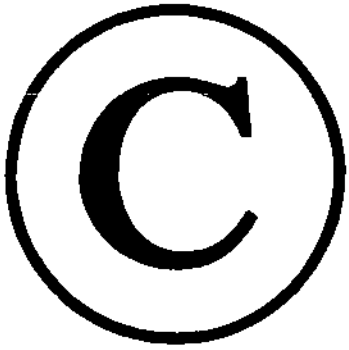

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PART I

ARTICLES

THE CONCEPT OF ORIGINALITY IN ANGLO-AUSTRALIAN COPYRIGHT LAW

by SAM RICKETSON*

INTRODUCTION

Unlike patents, trademarks and designs, the pre-conditions for copyright protection under Australian law are both flexible and liberal. A claimant for protection must satisfy one of the necessary connecting factors of nationality or first publication (as extended to all countries with which Australia is in treaty relations under the Berne or Universal Copyright Conventions);[1] it must fall within one of the categories of subject matter protected by the Act (as a literary, dramatic, musical or artistic work or "subject-matter other than works," such as a sound recording, cinematographic film, broadcast or published edition);[2] it must be expressed in a material form, an expansive concept that now includes forms of electronic storage;[3] and, in the case of a work, it must be expressed in a material form, an expansive concept that now includes forms of electronic storage;[4] and, in the case of a work, it must be "original."[5] Apart from these matters, the recognition and enforcement of copyright is not dependent upon compliance with such formalities as the deposit of copies, registration or the giving of notice, nor is there provision for any of these things even on a permissive basis. In qualitative terms, therefore, originality is the only criterion that must be met before protection is accorded. The level at which this requirement is set is obviously a matter of fundamental impor-

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This article is based on a paper given by the author at the 5th Copyright Law and Practice Symposium in Sydney on July 19, 1991. An earlier version of this paper was published in 9 COPYRIGHT REPORTER 1 (Oct. 1991). Parts of the paper are derived from earlier works of the author published in 1984: S. RICKETSON, *The Law of Intellectual Property*, chs. 5 and 9 (1984).

1 Copyright Act, 1968 §§ 32 and 184-185; *see also* Copyright (International Protection) Regulations, S.R. 1969 (amended 1984).

2 *See generally* Copyright Act, 1968, pts. III and IV.

3 Copyright Act, 1968, § 10(1) (amended 1984).

4 *Id.* § 32(1) & (2).

5 German Copyright Law of 1965, art. 2(2).

tance. For copyright claimants, it will often be an all or nothing question: if the threshold of originality is crossed, they will obtain the full panoply of protection, including a wide range of derivative rights, a term of protection that extends far beyond the life of the author, and an impressive battery of remedies. If the claimants fall at this barrier, however, they receive nothing unless they can bring themselves within one of the limited categories of protection provided under Part IV of the Act (as a sound recording, film, broadcast or published edition if they can persuade a court to give protection under some other heading, such as breach of confidence (where the work remains unpublished) or unfair competition (a concept which is still restricted in Australian law to situations where there is some element of deception or confusion). In practical terms, this ambiguous standard of originality poses the most problems for subject matter of an informational or factual character, such as compilations, data bases and other collections of information.

How, then, is this statutory requirement of originality interpreted in the case of works? It is possible to regard this standard as importing some component of intellectual creation, perhaps even a degree of inventiveness or novelty, that emanates from a human author. Originality might also be interpreted as an aesthetic criterion that accords with the qualifying adjectives of "literary," "dramatic," "musical" and "artistic." Other national copyright laws are more explicit than the Australian statute, and require at least some of these creative or artistic elements before protection is accorded. Thus, German law covers only "personal intellectual creations."[6] German courts have tended to deny protection to works of "small change" (*kleine Munze*), such as catalogues, printed forms, directories and the like, on the basis that these lack the necessary minimum of personal creativity.[7] Italian law likewise provides that protection for works is only available where these have a "creative character"[8] and result from an "intellectual effort" on the part of an author.[9] Japanese law, too, only accords protection to "works of authorship" which are defined as "a production in which thoughts or emotions are expressed in a creative way and which fall in the literary, scientific, artistic or musical domain."[10]

The various concepts of creativity and originality embedded in foreign statutes may be difficult to apply in particular cases, but they do at least pro-

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[6] *See also* Adolf Dietz, "Germany" in MELVILLE B. NIMMER AND PAUL E GELLER, INTERNATIONAL COPYRIGHT LAW AND PRACTICE (1991), FRG-17-18.

[7] Italian Law No. 633 of April 22, 1941, art. 1.

[8] *Id.* art. 6. *See also* Mario Fabiani, "Italy" in NIMMER AND GELLER, *supra* note 6, ITA-10-12.

[9] Japanese Copyright Act, 1970, art. 2(1)(i). Other rights "neighbouring thereto" are also recognized with respect to such subject matter as "performances, phonorecords and broadcasts," *see* art. 1, *see also* Teruo Doi, "Japan" in NIMMER AND GELLER, *supra* note 6, JAP-7.

[10] Act of Anne, 1709.

vide some guidance to the courts which must interpret them and determine when protection for a work is available. In particular, they make it easier to set boundaries around what are "works" and assist in keeping "lesser" kinds of productions firmly outside the gates, where they are often accommodated by other regimes, such as neighbouring rights laws or general doctrines of unfair competition. So far as Anglo-Australian law is concerned, however, no legislative guidance as to the meaning of "originality" has been provided, and it has been left entirely to the courts to determine its content. This ambiguity has caused the courts to set a rather lower standard of originality than that found under other national copyright laws. Consequently, in Australia, a wide array of subject matter has been accorded protection. Before looking in detail at the way in which this broad protection has been established, and the problems that this may pose for the future development of Australian copyright law, it is useful to examine the policies underlying Australian legislation, as these are highly relevant to the question of originality.

I. THE POLICIES UNDERLYING THE AUSTRALIAN COPYRIGHT ACT 1968

Unlike the Act of Anne of 1709, no formal preliminary recital of legislative purpose is found in the Australian Act of 1968. Nevertheless, the title of the earlier statute is indicative of a basic aim of copyright law, both then and now, namely an Act for "the encouragement of learning, by vesting the copies of printed books in the authors or purchasers of such copies, during the times therein mentioned."[11] In essence, copyright is an incentive device that is intended to secure the production of works through the grant of a limited form proprietary right.

Therein, the seeds of the most fundamental dilemma in copyright law is expressed, namely the problem of achieving a fair balance between the interests of the public and those of creative individuals. How far should the latter's rights to prevent copying extend? Should these be limited to the right to bar the use of *iprissima verba* or should they extend to the use of the ideas, facts, opinions, concepts and information contained in the work? As against a claim by the creator of a work for protection of her intellectual product, there is an equally compelling claim by the general public that the work should enter the broader realm of culture and ideas and be open for all to use and re-work in their own way.[12] Traditionally, the balance between these competing interests has been drawn by the use of a deceptively simple

[11] *See* Sayre v. Moore, 1 East 361n. 102 E.R. 139n (1785) (this concern was well described by Lord Mansfield, C.J.).

[12] It should be noted that this distinction finds no formal recognition in Australian copyright legislation (nor, indeed, does it find expression in the Berne Convention). However, it is clearly regarded as being a fundamental distinction by both Australian and U.K. courts, although, one might add, a distinction that is

formula. This is the idea/expression dichotomy which asserts that, while the ideas, themes and concepts contained in a work are open for all to use, the form in which they are expressed is not.[13] In this respect, "facts" or items of information have been equated with ideas, in that these already exist as external phenomena prior to their "discovery" by the author and therefore form part of the public domain which is open to all. As a means of identifying protectable interests for the purposes of the law of copyright, the idea-fact/expression dichotomy is a useful explanatory device with respect to the requirement of originality, in so far as it helps to clarify that this standard applies only to the form in which the ideas or facts of a work are expressed. In short, this concept disputes the opinion that originality requires something creative, inventive or novel about the work itself, rather than the way in which the author has expressed that work.

Another underlying theme of Anglo-Australian copyright law should be identified at this stage, as it operates, to some extent, as a counterbalance to the idea/expression dichotomy described above. The Anglo-Australian law of intellectual property has always been typified by a pigeonhole approach, that is, there is no general right of protection for work and intellectual effort that results in the creation of some kind of intangible value or "value in exchange."[14] Unless the particular claimant for protection can be slotted into one of the existing categories of rights, there is relatively little scope for residual protection under, for example, some wider principle of unfair competition or unjust enrichment. There are some obvious exceptions to this generalization, but the traditional approach in Australian jurisprudence is summed up in the following statement of Dixon J. in *Victoria Park Racing and Recreation Grounds Co. v. Taylor*.[15] This case involved a claim to protection in respect of a "spectacle," that is, the right to prevent the reporting of horse races by an onlooker situated outside the grounds of the plaintiff's race track. His Honour said:

> [The courts] have not in British jurisdictions thrown the protection of an injunction around all the intangible elements of value, that is, value in exchange, which may flow from the exercise by an individual of his powers or resources whether in the organisation of a business or undertaking or the use of ingenuity, knowledge, skill or labour. This is sufficiently evidenced by the history of the law of copyright and by the fact that the exclusive right to invention, trade marks, designs, trade name and reputation are dealt with in English

frequently ignored. *See also* S. RICKETSON, THE LAW OF INTELLECTUAL PROPERTY ch. 5 & 9 (1984).

[13] See the passage from Dixon J. quoted below in the principal text.

[14] 58 C.L.R. 479 (F.C., H.C. 1937).

[15] *Id.* at 509.

law as special heads of protected interests and not under a wide generalisation.[16]

The consequence of this "categorization" approach to protection has been that courts have tended to be more flexible in allowing claims for protection under the existing headings of intellectual proterty protection.[17] This has been particularly so in the area of copyright, where the underlying rationale for such laws has often come very close to unfair competition principles. As the following discussion will demonstrate, this inclusive tendency has occurred mainly as a result of the courts' liberal interpretation of the "originality" requirement. There can be little doubt that this laudable judicial desire to accord broad protection directly conflicts with the policies described above, in relation to the idea-fact/expression dichotomy.

II. THE MEANING OF ORIGINALITY — SOME GENERAL PRINCIPLES

Despite the apparent conflict in policies discussed in the preceding section, it is still possible to identify some basic principles with respect to originality that have been applied by Australian and Commonwealth courts. The first three principles are directed only at setting the boundaries of the originality requirement, that is, they indicate what does not qualify as "original." It is the fourth principle, which attempts to identify the actual content of the criterion, that gives rise to the most difficulty.

A. No Need for Novelty or Invention

First, it seems clear that "originality" does not mean that a work has to be novel or inventive in the sense that these terms are used in the law of patents.[18] All that must be shown is that the work emanates from the person claiming to be its author in the sense that she has originated it or given it a material form and has not copied it from another.[19] The fact that another, similar work is in existence at the time the work is produced is no bar to copyright subsisting in both, providing that the second has been independently created.[20] In this context, it is important to note that there is a direct correlation between the expressions "author" and "original work" as they

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[16] *See, e.g.*, Sam Ricketson, *Reaping without Sowing: Unfair Competition and Intellectual Property Rights in Anglo-Australian Law*, U. NEWS S. WALES L.J. 1 (1984) (Special Issue).

[17] See *Patents Act* 1990 (Australia), sections 7(1), (2) and 18(1).

[18] *See, e.g.*, University of London Press Ltd. v. University Tutorial Press Ltd., 2 Ch. 601 (1916), Sands & McDougall Pty. Ltd. v. Robinson, 23 C.L.R. 49 (F.C., H.C.A. 1917).

[19] *See, e.g.*, Purefoy Engineering Co. v. Sykes, Boxall & Co., 72 R.P.C. 89 (C.A. 1955); Fred Fisher Inc. v. Dillingham, 298 F. 145 (S.D.N.Y.) (1924).

[20] Sands & McDougall Pty. Ltd. v. Robinson, 23 C.L.R. 49, 55 (1917) (Austl.) (Issues, J.).

appear in the Act: the one connotes the other.[21] Unlike the inventor in patent law, there is no implication that anything more is required of an author under Australian copyright law.

B. No Need for a Particular Aesthetic Quality

This leads to the second aspect of "originality": so long as the work emanates or originates from an author, there is no requirement that it be of a particular literary or artistic quality. It need not display either original thought or reflection and there is nothing to stop an author from using an old theme or subject, providing that her treatment of it is her own. Furthermore, the definitions of the terms "literary, dramatic, musical and artistic works" include subject matter which may be of a prosaic and utilitarian nature, far removed from the refined realms of literature and the fine arts. For instance, "literary work"includes tables, compilations and computer programs, and "artistic work" includes maps and plans.[22] Such subject matter have attracted copyright protection for a long time, and the courts have always refused to become involved in making judgments of literary or artistic quality, provided that it can be shown that the work has originated from an author.[23]

C. The Need for a Human Author

It seems to follow from the preceding propositions that "author," in this context, refers to a human author who is, at least ultimately, responsible for the work coming into existence and assuming a material form. This point appears uncontrovertible, although the 1968 Act contains no explicit statement that this is so and there is no definition of "author" except in the case of photographs.[24] Nevertheless, the whole history of copyright indicates that human authorship has always been the focus of protection, and this position seems to underpin the provisions of the present Act. Thus, one of the connecting factors for protection of works requires that the author be a "qualified person"[25] and this term is defined with reference to concepts of nationality and residence which are clearly more appropriate to natural rather than non-natural persons.[26] This is in marked contrast to the definition of "qualified person" in the case of other subject matter where the term "author" is not used and bodies corporate are specifically included within the concept of a "qualified person."[27] Furthermore, the term of protection for works is set by

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21 Copyright Act 1968, § 10(1).

22 University of London v. University Tutorial Press, *supra*. *Cf.* Dicks v. Yates, 18 Ch. D. 76 (Eng. C.A. 1881).

23 Copyright Act 1968, § 10(1).

24 *Id.* § 32(1) & (2).

25 *Id.* § 32(4).

26 *Id.* § 84.

27 *See generally, id.* at § 33.

reference to the duration of the life of a human author.[28] This time period would be a difficult and unpredictable concept to attempt to apply to other kinds of non-human legal persons. In this regard, the requirement of "originality" in relation to works must therefore be taken as referring to the contribution of a human author.

D. The Author's Contribution

This leads us to the final and most controversial aspect of originality under Anglo-Australian law. Given that neither novelty nor originality of thought are required, but that human authorship is, what is it that must emanate from the alleged author in order for the work to qualify as "original"? Is there some requirement of intellectual creation or contribution by the author? The law focuses on the way in which authors have expressed themselves or presented their material, rather than the idea or subject itself. As a general proposition, it can be said that, if this expression represents the application of knowledge, judgment, skill or labor by the author, this will be sufficient.[29] In the case of "imaginational" or "fictional" works, this requirement will raise few problems, even if the subject or theme is hackneyed and the execution poor: so long as the author has told her story in her own manner and has not copied her expression from elsewhere, she will be protected. Technically or artistically deficient as her efforts may be, the author has nonetheless used skill and judgment in the way she has presented or her work.

Where the work is of a factual or informational kind, however, difficulties may arise in applying such a blanket approach. Is a person to be allowed a copyright where she has merely presented a mass of factual data, such as the results of a horse race or a beauty competition, in a particular format? In such a case, it is often difficult to distinguish the factual data, that is, the "ideas" of the work, from the form in which they are presented. Accordingly, the requirement of "originality" assumes a heightened importance in such cases: it is only the author's particular presentation of the factual material that will be protected and this must display the application of some element of skill and labor. The final work therefore must consist of something more than a bare recital of facts or figures: something by way of compilation, collocation, selection or abridgment is required so that the information has some coherence, or, as Dixon J. (as he then was) said in *Victoria Park Racing v. Taylor*, so that "some original result" has been achieved.[30] In this respect, it seems that Anglo-Australian courts have, at least in theory, tried to distin-

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[28] *See generally* MacMillan & Co. v. K. & J. Cooper, 93 L.J.P.C. 113, 115 (P.C. India 1924); Ladbroke (Football), Ltd. v. William Hill (Football), Ltd., 1 All E.R. 465 (H.L. 1964).

[29] 58 C.L.R. 479, 511 (1937) (Austl.).

[30] This was "imperial" legislation which was applied to Australia pursuant to the Copyright Act 1912 § 8 (Cth.).

guish between the mere "sweat of the brow" that is involved in the industrious collection of data and the more intellectual operations that are required to process and order this information. Thus, "originality" may be regarded as requiring some element of intellectual activity, similar to the concepts in the German, Italian and Japanese laws referred to at the start of this article. However, in practice, the Australian courts have not consistently held such work to this somewhat higher standard. As will be seen below, the amount of skill and labor required to constitute an original work is a question of degree and there has not always been judicial consensus as to how much of either is required, particularly in the case of fact-based works.

III. THE DEVELOPMENT OF THE CONCEPT OF ORIGINALITY IN ANGLO-AUSTRALIAN LAW

A. The Pre-1911 Cases

The principles outlined above are best illustrated by reference to the decided cases. While there was no express legislative requirement of originality before the U.K. Copyright Act 1911,[31] it seems that such a requirement was insisted upon by the courts before this date. This is well illustrated by the case of *Leslie v. J. Young & Sons*[32] in which the plaintiff claimed copyright in a publication consisting of timetables issued by railway companies from which it had deleted some of the stations. The House of Lords, however, held that there was not sufficient "independent work" to be found in the "mere publication in any particular order of the time tables which are to be found in railway guides and the publications of the different railway companies" as to entitle the work to copyright protection.[33] Nevertheless, one part of the plaintiff's work, which consisted of an abridgment of timetable information relating to excursion tours within a particular locality, was held to be protectable because it had involved a greater application of the plaintiff's independent labor and time.[34]

B. Walter v. Lane

The leading decision on what was required for the subsistence of copyright before the 1911 Act, however, is that of the House of Lords in *Walter v. Lane*.[35] This case involved a claim that the copyright in the plaintiff's newspaper reports of the speeches of a leading statesman (Lord Rosebery) had been infringed by the unauthorized publication of a book containing a collec-

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[31] App. Cas. 335 (H.L. 1894).

[32] *Id.* at 340 (Lord Herschell, L.C.).

[33] *Id.* at 341-42 (Lord Herschell, L.C.), 344 (Lord Watson), 344 (Lord Ashbourne), 345 (Lord Shand).

[34] App. Cas. 539 (Eng. H.L. 1900).

[35] [1899] 2 Ch. 749, 750 (Lord Rosebery made no claim as he apparently had taken no steps to secure copyright for himself, e.g. under the Lecture Copyright Act 1835).

tion of these speeches.[36] The Court of Appeal dismissed the claim reasoning that the plaintiff's reports were not "original compositions" because a reporter of a written speech could not be an "author" within the meaning of the Literary Copyright Act 1842 unless he was the original speaker.[37] In other words, unlike the compiler of a street directory or timetable, the reporter did not create a protectable subject matter.[38]

At this time, while the word "author" appeared in the 1842 Act, the word "original" did not. On appeal, the House of Lords held that the Court of Appeal had introduced an unnecessary requirment into the law governing the subsistence of copyright and rejected any argument that literary merit or originality of thought or idea were required for protection. In Lord Halsbury L.C.'s view, neither was required; indeed, he went further than this to say that no particular skill or labor was required, provided that the person claiming copyright was the first to produce the written work.[39]

The effect of this approach was to give the term "author" a very minimal content. Similar conclusions were reached by Lords Davey and Brampton, although they laid more emphasis on the fact that the work of the plaintiff's reporters involved "considerable intellectual skill and brain labour beyond the mere mechanical operation of writing."[40] The other member of the majority, Lord James of Hereford, went further, distinguishing specifically between the skill of a reporter and that of a "mere copyist" or "mere scribe":

> Whilst the Act supplies no definition of the word "author," and whilst it may be difficult for any judicial authority to give a positive definition of that word, certain considerations controlling the meaning of it seem to be established. A mere copyist of written matter is not an "author" within the Act, but a translator from one language to another would be so. A person to whom words are dictated for the purpose of being written down is not an "author." He is the mere agent or clerk of the person dictating, and requires to possess no art beyond that of knowing how to write. The person dictating takes a share in seeing that the person writing follows the dictation, and makes it his care to give time for the writing to be made. But an "author" may come into existence without producing any original matter of his own. Many instances of the claim to authorship without the production of original matter have been given at the bar. The compilation of a street directory, the reports of proceedings in courts of law, and the tables of the times of run-

[36] *Id.* at 772.
[37] 2 L.R. Ch. 749, 772 (1899).
[38] [1900] App. Cas. 539, 549.
[39] *Id.* at 556 (Lord Brampton), 551 (Lord Davey).
[40] *Id.* at 554.

> ning of certain railway trains have been held to bring the producers within the word "author"; and yet in one sense no original matter can be found in such publications. Still there was a something apart from originality on the one hand and mere mechanical transcribing on the other which entitled those who gave these works to the world to be regarded as their authors.
>
> Now, what is it that a reporter does? Is he a mere scribe? Does he produce original matter or does he produce the something I have mentioned which entitles him to be regarded as an "author" within the Act? I think that from a general point of view a reporter's art represents more than mere transcribing or writing from dictation.[41]

Reaching this conclusion, his Lordship emphasized the ability required of a reporter if he were to accurately take down the words of an ordinary speaker, pointing out that there might be great variations of skill among individual reporters. However, in the view of the sole dissenter, Lord Robertson, it was the very skill and accuracy of the Times' reporters that denied them the status of "authors."[42] This was not to say that a reporter could never be an author: in some situations, the intellectual and literary contributions of the reporter could be as substantial as that of the original speaker, for example, where he produced a coherent account of a series of fragmented *ex tempore* sentences. In this case, however, Lord Rosebery's speeches were so conceived and expressed as to require, on the part of the reporter, nothing but accurate transcription, in order to present them to the public as literary compositions. To be sure, this required mechanical skill and, perhaps, even education, otherwise an allusion or quotation by a skillful speaker might be missed or misunderstood by an uneducated reporter. But the net result, and the merit of the Times' reporters' skill and education in the present case, lay in the fact that their reports presented Lord Rosebery's "thoughts untinctured by the slightest trace or colour of the reporter's mind."[43] Lord Robertson thus found it impossible to equate these skills with any of the attributes of authorship, particularly when Lord Rosebery's speeches could have been recorded better than by the best of reporters by a phonograph, which had "no literary taste, good or bad, and no intellect, great or small."[44]

Since the 1911 Act, the status of *Walter v. Lane* has never been entirely clear. "Originality" was not a requirement of the 1842 Act, yet as a matter of formal decision, the reasoning of the majority depended upon this fact. Nevertheless, post-1911 courts generally have approved of the decision and it therefore remains an important starting point for any discussion of originality

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41 *Id.* at 560-61.
42 *Id.*
43 *Id.* at 559-62.
44 *Cf.* Robertson v. Lewis (1960), [1976] R.P.C. 169, 175 (Cross, J.).

under present Australian law.[45] Furthermore, the speeches of their Lordships are important in that they make it clear that the term can be used in two broad senses - one meaning "inventive originality" as in patent law[46] and the other meaning "Originality" as the correlative of authorship, in the sense that the author has originated the expression of the work, or brought it into existence. Their Lordships were unanimous in rejecting the first definition, but they differed in their views as to what was meant by the second. Therefore, the precise basis for their decision is less certain: while all of the majority judges (except, perhaps, for Lord Halsbury) stressed the importance of the skill and labor involved, only Lord James of Hereford emphasized the reporters' intellectual contribution, in order to distinguish their work from that of mere scribes. Thus, the analysis of the holding seems closer to that underlying notions of unfair competition - protection against reaping without sowing - than copyright.[47] In this respect, the decision pays little real attention to the intellectual operations (of whatever kind) that might be implied by the concept of authorship, although clearly this was an important consideration of Lord James and of vital significance to Lord Robertson (the sole dissenter).

D. The Post-1911 Law

While British and Australian courts, in the post-1911 cases, have followed *Walter v. Lane*, rejecting the first possible meaning of "originality" outlined above, (inventive originality),[48] and accepting the second (originality as a correlative of authorship), they have followed Lord James of Hereford, placing more emphasis on the amount of skill and labor required to be expended by the author in originating his work.[49] Thus, in a number of cases protection has been denied where the elements of effort and aptitude have been negligible.[50] However, it is difficult to be precise as to the quantum of skill and labor that is required, except to say that where the work is a compilation or is of a purely factual or informational nature, a simple, unordered presentation will not be protected: it is necessary that the "author" has imposed some greater coherence or order upon it. Thus, commenting upon *Walter v. Lane*, the Judicial Committee of the Privy Council in the later case of *MacMillan & Co. Ltd. v. K & J. Cooper*[51] said:

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45 Cf. the treatment of the concept in the Australian patent law.

46 *See* [1900] App. Cas. at 545 (Lord Halsbury L.C.); [1900] App. Cas. at 551 (Lord Davey).

47 *See, e.g.*, Univ of London Press Ltd. v. Univ. Tutorial Press Ltd., 2 Ch. 601 (1916); Sands & McDougall Pty. Ltd. v. Robinson, 23 C.L.R. 49 (1917) (Austl.).

48 *Id.*

49 *See infra.*

50 93 L.R.-P.C. 113 (1924) (appeal take from India).

51 *Id.* at 117-18.

> It will be observed that it is the product of the labour, skill and capital of one man which must not be appropriated by another, not the elements, the raw material, if one may use the expression, upon which the labour and skill and capital of the first have been expended. To secure copyright for this product it is necessary that the labour, skill and capital expended should be sufficient to impart to the product some quality or character which the raw material did not possess, differentiating the product from the raw materials.[52]

Their Lordships went on the say:

> What is the precise amount of the knowledge, labour, judgment or literary skill or taste which the author of any book or other compilation must bestow upon its composition in order to acquire copyright in it within the meaning of the Copyright Act of 1911 cannot be defined in precise terms. In every case it must depend largely on the special facts of that case, and must in each case be very much a question of degree. . . .[53]

In that case, for example, it was held that copyright did not exist in a book consisting merely of extracts taken verbatim from a non-copyrighted work and strung together by connecting sentences, so as to make the extracts read as a consecutive narrative. Again, in a number of cases involving simple lists of factual information, protection has been denied: for example, a list in a daily newspaper of likely winners of horse races to be held the following day;[54] a list of competitors in a greyhound race in the order in which, on the ballot for stations, the names are drawn from a hat;[55] a list of the starting prices or final betting odds on horses running in a particular race;[56] and information posted on a notice board showing the names and numbers of horses in a particular race, the numbers of the winners and so on.[57] In a recent decision, the U.S. Supreme Court has refused to regard the alphabetical listing of telephone subscribers as an "original work[] of authorship,"[58] in the absence of any further showing of creative authorial contribution in the presentation

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[52] *Id.* at 121.

[53] Smith's Newspapers Ltd. v. The Labour Daily, 25 H.S.W. St. R. 593 (1925); *see also* Chilton v. Progress Printing & Publishing Co., 2 Ch. 28 (1895).

[54] Greyhound Racing Assoc. Ltd. v. Shallis, 370 MacGillvray's Copyright Cases [M.C.C.] (1923-28).

[55] Odham Press, Ltd. v. London & Provincial Sporting News Agency (1929), Ltd. L.R. Ch. 672 (1935).

[56] Victoria Park Racing and Recreation Grounds Co. v. Taylor, 58 C.L.R. 479 (1937) (Austl.). *See also* Sampson v. Brokensha and Shaw Ltd., 37 W.A.L.R. 90 (1935).

[57] As required by the U.S. Copyright Act, 17 U.S.C. § 102(a) (1978).

[58] Feist Publications v. Rural Telephone Service, 111 S. Ct. 1282 (1991).

of that data.[59]

In contrast to such examples of mere listings, copyright has been held to subsist in various kinds of compilations where the author has expended a sufficient amount of labor and skill in presenting her material. Thus, in one case, protection was granted to an alphabetical index to all railway stations in the United Kingdom, with references to the pages and timetables in which a name could be found.[60] In another case, copyright was held to subsist in a general stud book containing complex tabulations of brood mares at stud in the United Kingdom and their antecedents and progeny.[61]

However, there is a worrisome lack of consistency in this area of case law. A number of decisions have held that copyright subsists in tables or compilations evidencing a degree of skill or labor no greater than that displayed in cases where it has been denied.[62] One can say that the question is one of degree, but it is difficult to apply this ambiguous standard to a particular case. Illustrative of the difficulties involved here is the case of *G.A. Cramp & Sons Ltd. v. F. Smythson Ltd.*,[63] in which the respondents complained that the appellants, in a diary published by them, had infringed the copyright in a collection of certain tables published in the respondents' "Liteblue" diary. These tables contained information of the kind usually found in diaries, such as: a year calendar, postal information, a selection of days and dates for the year, tables of weights and measures, comparative time-tables, and a percentage table. The respondent did not claim copyright in the tables themselves or the order in which they were presented, but did claim copyright in their selection, which had allegedly been infringed by the appellants' choice to publish seven of the same tables in their "Lightweight Diary." The case led to a wide divergence of opinion among the judges. At first instance, Justice Uthwatt held that there had been no "real exercise of knowledge, labour, judgment or skill" in the selection and that it was not entitled to protection.[64] This was reversed by a majority of the Court of Appeal, although that court thought that it was "near the line."[65] Finally, a unanimous House of Lords overturned this decision on the rationale that the degree of skill and judgment involved in the selection had been negligible.[66]

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59 111 S. Ct. at 1297.

60 H. Blacklock & Co. v. C. Arthur Pearson Ltd., 2 Ch. 376 (1915).

61 Weatherby & Sons v. Galopin Press Ltd., 297 MacGillivray's Copyright Cases [M.C.C.] (1928-1935).

62 *See* RICKETSON, *supra* note 12, at 103.

63 App. Cas. 329 (1944) (H.L.).

64 Ch. 133 (1943) at 136-37.

65 *Id.* at 140. *See also* Lord Greene at 138.

66 1944 App. Cas. 329.

IV. SOME PARTICULAR ISSUES

A. The Relevance of Preliminary Work

In several significant cases, English courts have also taken a wider view as to the type of skill and labor that may be considered in determining the question of originality, particularly in the case of preparatory work that is carried out before the data is presented in a material form. For example, in *Football League Ltd. v. Littlewoods Pools Ltd.*[67] the plaintiffs claimed copyright in a chronological list of football fixtures. The organization of the list required considerable time, ingenuity and skill. There were ninety-two football clubs in four divisions paired off with each other, therefore great care was necessary to avoid conflicts and to ensure an even distribution of matches among the different grounds. The defendants organized a betting pool based on the Football League competition and, for that purpose, reproduced, week by week, a list of matches taken from the League's chronological list of matches. The League claimed that this was an infringement of the copyright in its list. The defendants argued that the time, ingenuity and skill expended by the plaintiffs related to the working out of the different fixtures; once this had been done, however, there was little skill and labor involved in the presentation of this information in a chronological list of fixtures. Justice Upjohn did not accept that it was possible to separate the work done by the plaintiffs in this way. But, he held that even if such a distinction were permissible, the mere preparation of a chronological list involved a sufficient element of work and labor to constitute an original work (although he conceded that this would be a borderline case).[68]

A similar approach was adopted by the House of Lords in *Ladbroke (Football) Ltd. v. William Hill (Football) Ltd.*[69] The respondents here were well-known bookmakers who had devised for their clients a weekly fixed odds football betting coupon. The coupon consisted a sheet of paper on which were printed 16 lists of matches to be played each week; each list was headed with an appropriate title and offered a variety of bets at stated odds and contained explanatory notes. Altogther, the coupon offered 148 varieties of wagers at widely differing odds. It was clear that a great deal of skill, judgment, experience and work had gone into devising the coupon. Thus, the respondents had to select from a great number of possible wagers those that would be attractive to clients, yet profitable to themselves, and then arrange and describe these selected wagers on the coupon in an attractive way. That the respondents had discovered a successful format for this purpose was demonstrated by the fact that their coupon had remained unchanged since 1951, though obviously the selection of matches changed each week. The appel-

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[67] 1 Ch. 637 (1959).

[68] *Id.* at 656-57.

[69] 1 All E.R. 465 (1964); 1 WLR 273 (1964).

lants, who were also well-known bookmakers, decided to enter the fixed odds football betting field in 1959 and, in devising their coupon, copied from that of the respondent 15 out of 16 lists - arranging them in the same order, with many of the same headings, almost identical varieties of wagers, and similar explanatory notes. However, they did not copy the actual odds offered by the respondents, nor did they copy the respondents' coupon, they admitted copyright in the selection of matches and statement of odds (neither of which they had copied), but denied that copyright subsisted in the rest of the coupon. Like the defendants in the *Littlewoods'* case, the appellants reasoned that their coupon was to be regarded as having been produced in two stages: first, the respondents had to decide what bets they would offer and, then, following this, to write down on paper the results of their deliberations. It was then argued that the skill, judgment and labor contributed exclusively at this second stage could be considered and that, in the instant case, these elements were so minimally involved that the arrangement of the odds and wagers on the coupon could not be regarded as sufficiently original. The appellants further argued that, because this second stage was no more than the printing of the respondents' ideas about the types of bet to be offered, to grant them a copyright would be tantamount to recognizing copyright in ideas.

As in the *Littlewoods'* case, this argument was rejected, this time by a strong majority of the House of Lords which held that the labor, skill and judgment expended by the respondents could not be divided up in this convenient way. The ultimate objective of their efforts had been the production of a coupon containing an attractive presentation of wagers and odds. Thus, Lord Pearce said:

> The whole of the respondents' efforts from the beginning were devoted to arranging a coupon that would attract punters and be the basis of the respondents' business. Types of bets were not considered in vacuo but only in relation to the part which they would play in the coupon.[70]

And Lord Hodson said:

> I cannot accept that preparatory work must be excluded in this case so as to draw a line between the effort involved in developing ideas and that minimal effort required in setting those ideas down on paper.[71]

The judgments of Lords Reid and Devlin concurred.[72] The fifth member of the Court, Lord Evershed did not feel obliged to take this attitude: in his view, after all the hard work in deciding the wagers to be offered, there

[70] *Id.* at 481.
[71] *Id.* at 477.
[72] *Id.* at 472.

remained the "further distinct task, requiring considerable skill, labour and judgment (though of a different kind) of devising the way in which the chosen wagers are expressed and presented to the eye of the customer." Referring to the decisions in *Cramp and MacMillan*, he held that, in this case, there was the requisite degree of skill, labor and judgment to make the coupon an original work.[73]

Several comments should be made about the *Ladbroke* decision. First, the "separation" argument put forth by the appellant was not entirely ruled out, at least not by Lords Hodson and Pearce, who thought that in some cases it might be appropriate to distinguish between the work done at a preliminary stage and the work of actual transcription. In such a case, the only relevant question would be whether the skill and labor expended at this second stage was sufficient to make the transscription an original work in its own right. No specific examples of this were given, although Lord Pearce suggested that one general type of instance might be where the preliminary work was done with no ultimate intention of making a compilation.[74]

Second, there was nothing said in any of the speeches defining the minimum degree of labor, skill and judgment sufficient to make a work original. Thus, the dividing line between original (and therefore protected) works, and unoriginal (and therefore unprotected) works, remains an uncertain and shifting one. Yet, *Ladbroke's* case may make the determination of this line easier because it is clear that in most cases preliminary or preparatory work can be considered when assessing the originality of the final product.

B. Works of Compilation: What Is Protected

Both *Littlewood* and *Ladbroke* were cases in which considerable skill and effort of an intellectual kind had been expended at the preliminary stage rather than at the subsequent stage of compilation and expression. With many works of compilation, however, this preliminary effort may not be so obvious, and the focus may be limited to the actual compilation itself. It is important to note that it is not appropriate to dissect the individual components of a compilation in order to show that these are "unoriginal" or simply derived from the public domain, with the consequence that this lack of originality infects the compilation as a whole. This is well illustrated by a recent Australian case, *Kalamazoo (Aust.) Pty. Ltd. v. Compact Business Systems Pty. Ltd.*[75] The plaintiff here claimed copyright in a series of basic accounting forms that were designed for particular purposes, such as, use in medical and legal practices and real estate offices. The defendant argued that these forms were essentially derived from forms already in existence and had been used elsewhere, each form in the series differing only in minor ways from

[73] *Id.* at 472-73.
[74] *Id.* at 481.
[75] (1985) 84 F.L.R. 101; (1986) 5 I.P.R. 213.

those used earlier. In holding that the forms were original compilations of both literary and artistic works, Justice Thomas of the Supreme Court of Queensland refused to look "piecemeal" at the documents but concentrated on the way in which the plaintiff had adapted them together into a number of business "systems."[76] The individual documents would have lacked originality on their own, consisting, as they did, of various columns, boxes and brief directions that varied little from what was commonplace for such forms. However, the way in which the plaintiff had adapted them to particular purposes was sufficient to carry them over the line of originality. In his Honour's words:

> [W]hilst I refuse to find that the authors showed great skill, I do find that their preparation required a degree of concentration, care, analysis, comparison, and a certain facility in using and adapting the altered forms to a composite "one-write" system. In each case, some awareness of contemporary developments and the marketability of such forms played a part in their creation. Looking at each system as expressed, there is sufficient originality of expression, shape and content to comprise an original literary work. Whilst the importance and ingenuity of much of the data on the forms was overstressed in evidence, I am satisfied that, as a whole, the documents are entitled to protection of copyright and that each forms an integral part of a particular system.[77]

There is, however, one aspect of protection for compilations posing particular problems, which Australian courts and/or legislators have not yet addressed. In theoretical terms, the courts' analyses have proceeded on the basis that what is protected in Australia are the various elements of compilation, whether these be the acts of selection, arrangement, editing or collocation. These efforts represent the particular "intellectual" contribution of the alleged author, who has added or superimposed these elements over the raw mass of data in question. Can originality, however, be found to exist in the ulterior acts of research and collection? While these activities may be very labor intensive and require some degree of intellectual concentration, do they qualify for the descriptions of originality and authorship? In terms of the idea-fact/expression dichotomy referred to above, they really fall outside the scope of expression and lie within the area of "discovery." What can be collected or retrieved is, in a sense, already in existence; it has not originated from the collector. Thus, historical facts, such as the telephone number and address of a telephone subscriber and the names of spare tool parts to be included in a catalogue, exist before the compiler or collector comes along. In strict terms, all that copyright should protect is the skill involved in the

[76] *Id.* at 237 (Thomas J.).
[77] *Id.*

expression or processing of these raw items of information, once identified and collected.

In general, it seems that Anglo-Australian courts have avoided treating the acts of discovery and collection as sufficient for the purposes of originality, although, as seen above, they have come close enough in those instances where they have been satisfied with a bare minimum of skill in the process of selection (as in *Cramp v. Smythson*) or have elided work of a preparatory nature with the work involved in the actual compilation itself (as in *Littlewood* and *Ladbroke*). In terms of strict principle, therefore, Australian courts differed from the U.S. courts, which over a period of years granted protection to various compilations on the basis of the "industrious collection" that these had entailed, rather than because of any particular element of selection or arrangement that was involved in their presentation.[78] Effectively, these cases gave protection to the very facts themselves, and required third parties seeking to use those facts to go back to the public domain source (if that was possible). The authority of these "sweat of the brow" cases has now been firmly rejected by the U.S. Supreme Court in *Feist Publications, Inc. v. Rural Telephone Service Co.*[79] on the basis that some level of selection and arrangement is required, together with some minimal quantum of creativity. In policy terms, this highlights the distinction referred to above. Copyright does not protect facts; only the way in which these facts are expressed, in the form of a compilation, through such elements as selection and arrangement.

Although Anglo-Australian courts do not seem to have gone so far as their "sweat of the brow" brethren in the United States, several comments which need to be made in this regard.

(1) The unfair competition rationale for protection which underlies the decisions of the U.S. courts in these cases is similarly apparent in many of the Australian and English decisions. *Walter v. Lane*[80] is a leading example; *Kalamazoo*[81] is clearly another. Such reasoning tends to lead courts away from the policies involved in copyright protection, which are concerned with the promotion of authorship and its corresponding public benefits. Protecting subject matter simply because it is the result of hard work or "sweat of the brow" does not necessarily advance these goals, but Australian Courts may nevertheless be tempted in this direction.

(2) If Anglo-Australian courts have never expressly recognized "sweat of the

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[78] *See, e.g.*, Leon v. Pac. Tel. & Tel. Co., 91 F.2d 484 (9th Cir. 1937); Jeweler's Circular Pub. Co. v. Keystone Publishing Co., 261 F. 83 (2nd Cir. 1922). *See also* Jane C. Ginsburg, *Creation and Commercial Value Copyright Protection of Works of Information*, 90 COLUM. L. REV. 1865 (1990).

[79] 111 S. Ct. 1282 (1991).

[80] See text at notes 35-47, *supra*.

[81] *See* text at notes 75-77, *supra*.

brow" as a sufficient basis for finding originality, the scope of protection the courts have given to many factual compilations in infringement proceedings seems to have achieved precisely this result. It is something of a truism that later authors of a compilation should not help themselves to the facts and other data contained in an earlier compilation; they should go back and "count the milestones" for themselves.[82] These holdings, however, may go well beyond protection of the "original" parts of the author's compilation, i.e, the elements of selection and arrangement, giving *de facto* protection to the facts themselves. The result is that, while a simple collection of data will not be protected as a sufficiently original work, once some further elements of compilation are identified for the purpose of originality, the facts embedded in that compilation may then receive protection.

(3) Even if it is correct that simple collections of data should not be included under the rubric of "original works," the hard work involved in the act of collection may still deserve legal protection. Significant amounts of time and money are invested in collections such as the one involved in the *Feist* case. Indeed, with the advent of computer storage and processing, the economic significance of data bases has increased enormously. Data bases are necessary to the daily operations of many organizations and provide a great service to society as a whole. It can therefore be argued that those who engage in the activities of collection and compilation should receive some protection for their undertakings. This view is compelling when one recognizes that many of the tasks of selection and arrangement, formerly performed by human compilers, that might have sufficed for the purposes of originality, are now done by computers. Indeed, computers may perform such tasks in a variety of different ways, according to the needs of the data user and the capabilities of the data base program that is being used. In *Feist*, the U.S. Supreme Court implicitly recognized the importance of protecting such data collections. However, the opinion focuses on the fact that these kinds of activities do not fall within the umbrella of U.S. copyright, which "rewards originality, not effort."[83] The challenge here for policymakers is to fashion some form of protection that more adequately reflects the interests involved. In Australia, protection under Part IV of the Copyright Act 1968 may present one method of doing this; in other countries, protection is often accomplished by laws concerning neighboring rights. Development of more effective unfair competition laws may be another solution.

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[82] Kelly v. Morris (1866) 1 L.R. Eq. 697, 701 (Page Wood V.C.). *See also* Harman Pictures N.V. v. Osborne, [1967] 2 All E.R. 324; Elanco Products Ltd. v. Mandop (Agrichemical Specialists) Ltd., [1979] F.S.R. 46; and Waterlow Directories Ltd. v. Reed Information Service Ltd., (1991) 201 P.R. 69 (U.K., Ch. D.). See further the cases discussed in RICKETSON, *supra* note 12, at 185ff.

[83] 111 S. Ct. at 1297.

C. Derivative Works

Difficult questions relating to originality also arise in relation to works which are derived from earlier works. In many instances, the work in question is only one in a series of works which ave evolved over a period of time, such as successive drafts of a play or novel, or a series of working drawings made in the process of producing a painting or engraving. This may be an issue of increasing importance in the manufacturing sphere, where designs for articles evolve through the production of numerous and successive plans or working drawings. As a general proposition, it seems clear in Anglo-Australian law that a work will not be denied protection for lack of originality simply because it is derived from, or based on, an earlier work. Thus, the later work will constitute an original work in its own right if the author has expended sufficient independent skill and labor putting it into material form. This point was made by Justice Whitford at first instance in *L.B. (Plastics) Ltd. v. Swish Products Ltd.*[84]:

> There is this further point to be considered that some of the drawings undoubtedly derived in part from earlier drawings but on the evidence I am still of the opinion that each work relied upon can claim to be a separate original artistic work attracting copyright and, indeed, counsel for the defendants, if against his assumption copyright were to be found to reside in these drawings at all, was specifically concerned to assert that one drawing, to which I shall have to come later . . . must be considered as being a separate copyright work although it was in some not inconsiderable measure of redrawing of an earlier drawing. The draughtsmen called on both sides made it quite plain that even where there has been a previous drawing or some sketches have been made which are in part redrawn, the making of any drawing of the kind I have to consider is a skilled business involving hours of labour, although the end result may seem relatively simple.[85]

On the other hand, there must be a concern that copyright owners do not seek to extend their protection by the simple device of redrawing their works with a minimum of variation. This point was discussed by the Judicial Committee of the Privy Council in a subsequent case on appeal from Hong Kong, where one of the issues concerned the originality of design drawings that had been copied from earlier drawings, with little modification or addition.[86] The Committee qualified the above statement by Justice Whitford, warning that it should be read in the context of that case, and commenting

[84] [1979] R.P.C. 551.

[85] *Id.* at 569. *See also* James Arnold & Co. v. Miufern Ltd., [1980] R.P.C. 397, 402 (Paul Baker Q.C.).

[86] Interlego v. Tyco Industries, (1989) 12 I.P.R. 97.

that it was unlikely for literal copying ever to confer originality, however skilled the copying.

> It by no means follows, however, that which is an exact and reproduction in two dimensional form of an existing two dimensional work becomes an original work simply because the process of copying it involves the application of skill and labour. There must in addition be some element of material alteration or embellishment which suffices to make the totality of the work an original work. Of course, even a relatively small alteration or addition quantitatively may, if material, suffice to convert that which is substantially copied from an earlier work into an original work. Whether it does so or not is a question of degree having regard to the quality rather than the quantity of the addition. But copying, per se, however much skill or labour may be devoted to the process, cannot make an original work. A well executed tracing is the result of much labour and skill but remains what it is, a tracing. Moreover, it must be borne in mind that the Copyright Act 1956 confers protection on an original work for a generous period. The prolongation of the period of statutory protection by periodic reproduction of the original work with minor alterations is an operation which requires to be scrutinised with some caution to ensure that for which protection is claimed really is an original artistic work.[87]

The act of copying, as a basis for a claim of originality, raises the identical point in issue in the old case of *Walter v. Lane* - the closer the act of reporting comes to reproducing the precise words of the speaker, the less independent the contribution of the reporter becomes. In both instances, the tasks of the skilled draftsman and reporter could just as readily be performed by a machine. The comments of the Privy Council in the *Interlego* case, therefore suggest that *Walter v. Lane* might not be decided in the same way today. In addition, a relevant distinction might be drawn between the skill involved in the acts of modifying and adapting material that is otherwise unoriginal, and the skill entailed in the exact reporting or reproduction of such material.[88]

D. "Simple" and "Insubstantial" Works

Another question which has vexed Anglo-Australian courts is whether

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[87] *Id.* at 122.

[88] *See also* Roberton v. Lewis (1960), [1975] R.P.C. 169, 175 *obiter* comments of Cross J. (In this case, a Walter v. Lane type of argument was made in relation to the subsistence of copyright in a tape recording of an old Scottish bagpipe tune. Noting the fact that the word "original" did not appear in the 1842 Act, Cross J. suggested that, in view of this, Walter v. Lane was arguably no longer good law.).

copyright subsists in works which are "simple" or "insubstantial" subject matter, such as words, titles or simple line drawings. Copyright has been denied in such cases for various reasons, but lack of originality appears to have been a signicant factor. Thus, there is a series of old English cases holding that copyright did not subsist in the titles of books[89] and, in a celebrated later case, the Privy Council denied protection to the title of a song, "The Man Who Broke the Bank at Monte Cristo".[90] More recently, a New Zealand court held that there was no copyright in the words "Opportunity Knocks" as the title of a television program.[91] The unspoken reason for these decisions may simply have been an application of the *de minimis* principle, namely that such examples were too insubstantial to be protected as works in their own right.[92] An alternative view, however, is that the subjects were lacking the necessary degree of originality, although this may be another way of saying the same thing. For example, in one early case, *Dicks v. Yates*,[93] copyright was denied to the title "Splendid Misery" on the basis that it was a "hackneyed and common combination"[94] and lacked novelty, particularly in view of the fact that it had been used as the title of a novel published some eighty years previously. However, in *Francis Day & Hunter Ltd. v. Twentieth Century Fox Corp.*,[95] Lord Wright for the Privy Council appeared to address issues of substantiality and originality as one:

> As a rule a title does not involve literary composition and is not sufficiently substantial to justify claims of protection. That statement does not mean that in particular cases a title may not be on so extensive a scale and of so important a character as to be a proper subject of protection against being copied. . . .[96]

Nonetheless, originality, in the sense of inventiveness and careful research, was not lacking in the palintiff's choice of the word "Exxon" in the English case of *Exxon Corp. v. Exxon Ins. Consultants*[97] and the reason given

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[89] *See, e.g.*, Maxwell v. Hogg, (1867) 2 L.R. Ch. 307; Kelly v. Hutton, (1868) 3 L.R. Ch. 703; Schove v. Schminke, (1886) 33 Ch. D 546; Liconsod Victuallers' Newspaper Co. v. Bingham, (1888) 38 Ch. D 139. [*Cf.* Mack v. Potter, (1872) 14 L.R. Eq. 431.

[90] Francis, Day & Hunter, Ltd. v. Twentieth Century Fox Corp., [1940] App. Cas. 112.

[91] *See* Green v. Broadcasting Corp. of New Zealand, (1983) 2 I.P.R. 191; *see also* Exxon Corp. v. Exxon Ins. Consultants Int'l Ltd., [1982] R.P.C. 69.

[92] A view endorsed by Thomas J. of the Supreme Court of Queensland in Kalamazoo (Australia) Pty. Ltd. v. Compact Business Systems Pty. Ltd., (1985) 5 I.P.R. 213, 232.

[93] (1881) 18 Ch. D. 76 (C.A.).

[94] *Id.* at 88 (Jossel, M.R.).

[95] [1940] A.C. 112.

[96] *Id.* at 123.

[97] [1982] R.P.C. 69.

by the Court of Appeal for denying it protection as a literary work was that, in itself, it conveyed neither "information and instruction, [n]or pleasure, in the form of literary enjoyment."[98] Such reasoning may appear unduly artificial, but the conclusion of the Court effectively avoided the substitution of copyright for the registered trademark system. By contrast, in several cases involving artistic works, New Zealand courts have not used simplicity to deny protection to original works, providing that there was evidence of sufficient independent labor on the part of the plaintiffs.[99] A clear unfair competition rationale was operating in these cases with the courts' evident disapproval of the way in which the defendants had appropriated the fruits of the plaintiffs' efforts.

CONCLUSION

The absence of any strict and consistently applied requirement of intellectual creation as a pre-condition for copyright protection in Anglo-Australian law operates to widen the scope of protection, thus including subject matter that would probably not be protected under other national copyright laws. While this tendency may not have gone as far as certain U.S. decisions (at least prior to *Feist*), it brings Australian law close to an unfair competition rule, further removed from the policy objectives that are usually stated for copyright law. This trend may be justifiable in so far as it provides a partial substitute for adequate neighboring rights and/or unfair competition laws. On the other hand, it admits to the full benefits of copyright protection some strictly unqualified subject matter, and consequently blurs the true purposes of copyright protection. In addition, it makes it far more difficult to predict those cases - admittedly uncommon - when protection will be refused.

In the author's view, it is highly desirable that Anglo-Australian copyright law should move consciously toward the adoption of a higher standard of originality. This should concentrate more directly on the intellectual contribution of the alleged author and emphasize the need for some minimal level of creativity. Copyright protection under Part III of the Australian Act is a broad church, but even a broad church requires some common denominator among its adherents. Historically, the protection of effort and "sweat of the brow" alone has not been the objective of copyright law. Such manifestations of human activity should be the subject of separate regimes that are more flexible and suited to the interests involved. In the author's view, this is not a matter of purely academic concern. As claims for protection of new kinds of subject matter continually arise, it is important that Australian law develops a coherent response to these challenges. Claims are already being formulated

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[98] *Id.* at 88 (Stephenson L.J. quoting the observations of Davey L.J. in Hollinrake v. Truswell, (1804) 3 Ch. D. 420).

[99] *See* Hemingway v. Mercer (No. 1) (1980) 1 NZIPR 260, Monitor Publications v. The Buyer International, (1980) 1 NZIPR 303.

at the international level in relation to such subject matter as data bases, computer-generated works and sound recordings.[100] It is therefore important that countries such as Australia reassess their requirements for protection. In particular, this means that there should be a clearer understanding and appreciation of the role of the concept of concept of originality in our copyright law.

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[100] *See, e.g.*, the Memorandum of Proposals prepared by W.I.P.O. for the first session of the Committee of Experts on the Formulation of a Possible Protocol to the Berne Convention for the Protection of Literary and Artistic Works. (Document BCP/CE/1/2). This meeting was held in Geneva from 4-8 November 1991.

ORIGINALITY OF THE COPYRIGHTED WORK: A EUROPEAN PERSPECTIVE

by DR. THOMAS DREIER
and PROFESSOR DR. GUNNAR W. G. KARNELL[1]

INTRODUCTION

This article treats the topic of originality in copyright law so as to mirror the interrelations conceptually and otherwise between copyright and industrial property. We will in the later part of our article focus in particular on new technological subject matter. We will use the word "copyright" as an expression for authors' rights, for reasons of pure practicality.

"Originality" does, by words of Prof. Franz van Isacker, of Belgium, share the fate of the pink elephant, of being easy to recognize but difficult to define. No legislator seems to have ventured into the morass of possible definitions, although the word "original" or "originality" can be found mentioned in some copyright laws, such as those of Canada and the U.S.A. The silence of the Berne Convention for the Protection of Literary and Artistic Works is telling.

In ordinary, day-to-day language (if there is such a thing) the word *original* has meanings which definitely do not belong in the present context. To mention a few: fresh, new-fashioned, newfangled, modern, modernistic, initial or primordial. However, some meanings do belong, such as new or novel.

It should be stressed at the outset that copyright relates to literary and/or artistic elements of items and that it is to these elements that the originality concept of copyright law is applied. Technical properties of matter do not qualify anywhere, as such, for copyright protection. Neither do they, *per se*,

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[1] This article is a revised version of a General Report presented by the authors to the Congress in Greece 1991 of the Association Littéraire et Artistique Internationale (ALAI).

The Authors ask for the indulgence of their readers about the scarcity of footnotes. The issues treated in the article are so clouded by case law and doctrine that it has appeared superfluous to add to the confusion by a selection of items in support, refutation or else of our own views.

Our report was based, however, upon reports by national rapporteurs of Groups of the ALAI from the following countries: Belgium, Canada, Finland (representative of the laws of the Nordic countries), Italy, the Netherlands, Switzerland and the United States of America. Our report was one of two general reports about the same subject, the other one to be presented by Professor Sam Ricketson. It was understood that his report would concentrate upon, but not exclusively deal with, the Anglo-American-Australian legal systems, whereas ours would concentrate upon, but not exclusively deal with, continental or northern European legal systems.

from the point of view of copyright protectability, enrich literary and/or artistic elements to which they are combined, attached or integrated. They may, however, be singled out, as seems to be the case for instance in Dutch law, as non-protectable matter notwithstanding a distinctive, original character, if such character is only necessary to obtain a technical result. Technical properties may also, in combination with literary or artistic elements, add to the literary or artistic work-character of an item.

NOVELTY VERSUS ORIGINALITY

There may be good reasons at this stage of our presentation to contrast the concept of *novelty* with that of originality.

We have found, in the literature on copyright, hesitation about the use of a novelty concept. Such hesitation is of course due to novelty being an absolute requirement for patent protection and for protectability of other forms of industrial property. We do not, though, see any problem with the use of language in copyright where there is talk about *new* elements (or, depending upon what the word "element" is allowed to cover, a combination of "elements") of a literary and/or artistic character as an objective basis for copyright claims. Novelty cannot, however, replace a wider meaning of originality as a foundation for copyright protection. As we will see later, subjective and objective criteria play roles in the determination of originality.

Is it possible to consider novelty as an element *within* the notion of originality? What is not new from a strict point of view (absolute novelty) can be seen as *subjectively* new and thereby worthy of copyright, if only the person who brought the item into being did not know of any such earlier item or set of elements to which the relevant criteria can apply. On the other hand, what is new, subjectively or not, may often be original, seen as expressing personality. Furthermore, not everything new can be said to be original even if it belongs to the sphere of what can be seen as literary or artistic.

In any event, novelty has acquired a distinct meaning in intellectual property language. It may, therefore, not seem advisable to dilute it or give it a particular additional copyright meaning. There is, however, certainly a need for something more precise than novelty to supplement whatever subjective criteria may apply before copyright can be granted to a specific work. This supplementary criterion has sometimes been addressed as a non-banality test, to be applied when comparing a later creation to preexisting ones.

THE ROLE OF SUBJECTIVITY

The role of the subjective element is of crucial importance for any discussion about the concept of originality. By "subjective element" we refer to those elements that inhere in the person who creates the work. It could well be called the "*personality element.*" Its meaning stretches from expressions

simply about a person being at the origin of literary or artistic items to elaborate wordings about the character of his or her efforts or contributions.

The personality element lies at the foundation of subjective criteria and subjective evaluation of a literary or artistic product as a work of authorship, as something *created*. We shall use the terms "create" and "creator" as free from any meaning other than the one of bringing into being and originator, respectively. Consequently, we do not intend the terms to have any qualitative meaning of something above any level of ingenuity, inventive spark or the like. The creator, then, will in attempts to define subjective criteria for the notion of originality, be associated with attributes such as "mark of personality as a result of creative effort," "expression of the personality of the creator of the work," "presence of intellectual work" or of "an expression of an intellectual effort" or "an imprint of a personality." In legal systems not within the Anglo-American sphere attributes such as those just mentioned are common. The contrary approach of the Anglo-American viewpoint traditionally only qualifies the creator by the subjective criterion that he or she did not copy someone else's item. This means that even a "non-creative" effort will be sufficient, as long as it derives from a person, unless the matter at hand be such as to fall under the recently established "Feist-standards."[2]

Thus, the originality concept, as related to subjective criteria, is raised above the level of a sheer non-copy-test. It brings to bear a question with a possible sequel: Did the creator bring it all — or at least enough of it — out of his or her own mind, more or less unique as that may prove to be, or where did he or she take it?

Relating the novelty aspect of originality to the notion of subjectivity, we may find that no copyright would be recognized in the absence of every subjective element: There has to be a creator, a person, and qualifications in law regarding him or her may raise the barrier against copyright in certain cases.

However, in order to bring in under the copyright umbrella the "small coins" of copyright, originality will have to be determined by objective standards to which very little, if anything, can be added more than the ultimate provenance of its literary or artistic elements from a human being.

Literary or artistic elements will usually have to be new, taken as a whole, but not always in every aspect. Thus, in finding similarities between an item purported to have been created by A, but which in literary or artistic aspects shows likeness to the item already known as the creation by B, such lack of novelty in likeness may cause a declaration that the item attributable to A "lacks personal imprint," "does not show the mark of a creative effort by A" or the like. The objective similarities lead to a presumption, that there is a "lack of imprint of an author's personality" or a similar expression, *i.e.*

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[2] Feist Publications v. Rural Telephone Service Co., 111 S. Ct. 1282 (1991).

something missing on the subjective side, expressed in terms of personality-related concepts.

Subjective criteria may be used to play a particular part in what can be called "striking a legal and economic balance between copyrightable and non-copyrightable creative efforts," by establishing a low threshold for protection of items in the domain of creative arts and literature, but a higher threshold for "functional creations" or aspects thereof. The "personal imprint" requirement would stand against admitting protection for only functionally or objectively needed elements of a certain product. However, in our view, it is questionable whether it is appropriate to balance functionality against entitlement to copyright in the manner just explained.

A primary test must concern what is literary and/or artistic. Some items may be difficult to categorize, such as items that have a technical function but whose potentially protectable elements may be non-functional. These items may, in some cases, be called an "idea," an issue that arises when protection is claimed for a particular structure, sequence and/or organization of matter — "a mode of organization and presentation." The same difficulty arises with plots for films, television game formats, and certain aspects of cartoon figures. There certainly are practical problems in placing such material on or beside the copyright carpet.

These problems and an unwillingness to accept language that "psychologizes," *i.e.*, terms that refer to spiritual or mental qualities and conditions, have led us to conclude that a criterion used in Nordic and Swiss law is more appropriate. This criterion adds to the requirement that there be creation in the sense of personal making of *either* what did not exist as a literary and/or artistic item before, *or* of what was — even if it did exist — unknown to the person in question when he acted. These alternatives are usually spoken of as *objective and subjective novelty*. They really have nothing to do with the concept of originality, but only serve to establish who shall be the initial copyright owner. We have in mind as suitable to either alternative, what in Nordic doctrine is called the *double-creation-criterion*.

In Swiss law the criterion's origin tends to be attributed to Professor Max Kummer. In Nordic law it seems to have been first introduced, and earlier, by Professor Seve Ljungman, who attached it to the notion of a "creative step" (in German: "Gestaltungshöhe"). The criterion is intended to apply not to the creator, but to the *result* of a personally-effected creative act, which may be the literary and/or artistic work. Its material independency is the issue, its individual distinctive character. Distinctiveness in itself — being a concept more at home in competition law than in copyright — is less than originality, when the latter is used as decisive for material independency we establish that it shall have been *practically excluded that any other person could have made something closely alike*. This means looking both backwards and forwards in time.

We have in mind something other than the "backwards-looking novelty concept" of patent law. Our criterion also differs from patent law in another respect: In patent law, demand for novelty is supplemented by a test about what a person knowledgeable in the art (or some other qualified fictional person) can be foreseen to come up with. This test has no place in copyright because copyright does not — or at least not in its orthodox theory (exception made for the German Supreme Court's views about copyright protectability of computer programs; its talk about what exceeds the talents of the ordinary programmers[3]) — depend upon judgments about skill. Nor does it depend upon purpose or artistic quality (whatever that may be) or style.

Sometimes the "individuality" aspect of the work *per se* has been underlined. A new work, or an adaptation, is the one from which the traits of earlier ones have faded away. A substantial amount of individuality may then be talked about as a measure to indicate a broad sphere of protectability against other matter and inversely a small amount to a narrow sphere. It gives the double-creation-criterion or creative-step-criterion (as it could also be called) the ability to change with circumstances related to various kinds of work; not so that it should be seen as more acceptable to find double-creation of works of one category than of another, but so that the forseeability-test could relate to circumstances that differ from one kind of subject matter to another. This corresponds to the opinion that the concept of originality may differ in relation to "cultural" products as compared to "industrial" ones.

There may be limits to the usefulness of the criteria just mentioned if applied to products such as catalogues, sets of information elements and the like. Somewhat later we will dwell more upon this issue. However, we note that such items can forseeably be compiled by more than one person, given the factual opportunity/access to the elements to amass and combine. Some copyright laws are used to protect such matter. Other laws have specific rules about it, of a copyright or competition law character. In yet other jurisdictions, combinations of the two aspects can be found. For copyright protection, the least that should be demanded is a person making something, and that the purpose of giving him an author's right corresponds to the aims behind the copyright legislation generally.

In looking, for instance, at the possible copyright protection of a data base from an English point of view, an expenditure of effort that is not creative in any common sense of the word may suffice for copyright protection. This approach awards someone merely for having put some work into collecting and composing information. The concept of "originality" is relevant here only from the perspective of the banality (or routine) test (*i.e.*, if you look at the purpose behind a data base, will you then find that the base just shows

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[3] Federal Supreme Court of May 9, 1985, 17 IIC 681 (1986) - *Collection Program*, and of October 4, 1990, 22 IIC 723 (1991) - *Operating System*.

characteristics that answer that purpose?). In French law, however, "originality" relates closely to a test about what could have been made by someone else or what was found not to give evidence of an "imprint of the personality of the author." English law demands only a sufficiently comprehensive expenditure of a compilation effort.

Hence, we find remarkable differences between sets of legal systems, but we find no reason to eradicate them. They mirror different approaches to life, commerce, industry and culture. Admittedly on a limited scale but nevertheless bringing life into law, they mirror history and lead to an interesting future, at least for copyright lawyers.

The Function of the Originality Criterion

If the question arises whether copyright is appropriate in order to cope with new technological developments, and what role the criterion of originality would have to assume when facing the change - if any - the first question to be answered is how to define more precisely what the role of originality under traditional copyright law is. An answer to this question may be submitted, but it is hard to prove.

The following appear to be the main reasons for the role of the originality criterion in separating the protectable from the unprotectable:

—to encourage authors to create original works, for the benefit of all, an effect that cannot be achieved by giving protection to unoriginal creations;
—to enable authors to create works, unhampered by insulation of tiny units/elements from public access and dissemination;
—to balance protection and free access, in order to ensure that creative work will be rewarded and that the scientific heritage can be freely exploited as well as further developed by everybody;
—to allow for independent creation and the use of all kinds of material which must remain freely available for all, including inventions, unless the latter are patented.

It follows that once the purpose of protection has been satisfied and a living been made by the author, the balance would be re-established by the work falling into the public domain. Moreover, it has sometimes been pointed out that policy reasons either already play a certain role, or that they should play a decisive role in deciding the scope of the definition of originality. This would allow public policy considerations to be taken into account as well as the societal interest in protected works. Thus, it might lead to a differentiation between works, minor variations of which the society would show little interest - such as novels and plays - and works, minor improvements of which might well be in the public benefit - such as computer programs. Likewise, it has been pointed out that the criterion may vary in its definition as well as in its function, depending upon the kind of object to be judged, on the

ranges of choice available within a certain field of activity, but also, much more than perhaps realized, on tradition.

Examples of originality depending upon the kind of subject matter are designs and as short slogans and titles. Deception and misappropriation more often play a role here than with other literary and artistic works, and this is so irrespective of whether a more subjective or a more objective originality standard has been adopted. This is attributable principally to the fact that only a limited amount of choices are available. The classic example, called the "small coin," has led the courts to substantially lower the degree of originality required. As an example depending upon tradition, we may cite the case of photography, which has gained acceptance as an artistic work only at a later stage in the history of copyright protection, and which in several countries still receives separate treatment.

Furthermore, it would depend on tradition, how the protection of creative activity, or of elements reflecting such creativity, would be defined with regard to unfair competition law and vice versa. Here, the German courts, have developed a clear dividing line to the effect that "mere" effort, the time and money involved in the making of an article, may at best serve as indicia to prove creativity, but absent any creative elements such effort can under no circumstances confer copyright protection. Nevertheless, in spite of the general rule that what is not specially protected may be freely copied, there is a tendency to extend unfair competition law protection whenever copyright fails due to an all-too rigid originality requirement. In the Netherlands, however, copyright itself contains several unfair competition and misappropriation elements, and the courts, in reverse, show a certain tendency to grant protection if not by way of unfair competition law, then by means of copyright.

Needless to say, the same applies to an even greater extent when defining neighbouring rights within each single national copyright context.

Difficulties of Applying the Traditional Concept of Originality to New "Works"

A. Computer Programs

More often than not the courts, when deciding whether originality may be found in new subject matter, have generally applied the traditional definition of originality. Above all, this will be true with regard to computer programs. If, in this respect, the German originality standard seems to form an exception, it should be emphasized that the German Federal Supreme Court itself has explicitly described the "above-average standard" as forming part of traditional German copyright doctrine. It may be an open question whether the traditional notion of originiality should likewise be applied to data bases and output generated with the aid of a computer. Opinions to that effect meet those of others who voice their critical concern. Finally, regarding ex-

pert systems or other artificial intelligence components, it may be assumed that given their quite recent commercial appearance, it will take some more time before a body of case law will have developed.

Opinions differ rather widely about what should be concluded from this. It appears that the lower the degree of originality required, the more emphasis is placed on the subjective origination of the work from its creator. The more considerations of misappropriation are incorporated in the copyright system of a given country, the less difficulties seem to arise in applying the originality criterion when confering copyright protection on the new subject matter. The higher the degree or level of originality required, the more emphasis is placed on the objective originality of the work in question, and the more difficulties seem to arise. Consequently, it has been stated that it does not seem necessary that the originality criterion be changed. Likewise, the opposite conclusion has been drawn, and a clear preference for the adoption of new means for protection has been indicated rather than for expanding traditional copyright protection. A middle way would be to opt for an unfair competition or a sui generis protection only when copyright could not possibly be stretched to also cover the new subject matter according to the traditions of a given country.

For a better understanding, some illustrative examples might be called for. It goes without saying that the following does not constitute a complete theory. Moreover, it is not our intention that everyone adhere to the same conclusions. Rather, what we would like to undertake is to define at least some of the parameters which will determine future solutions. To this effect, we have chosen three examples. First, computer programs; second, data bases; and third, computer output, commonly termed computer-aided and/or computer-generated works.

It is true that by now computer programs have been widely accepted as copyrightable subject matter. The U.S.A., having taken the lead with Japan and other industrialized nations following the trend, it seems irreversible due to new legislation in the southeast Asian countries and legislation to be expected in the former socialist countries including the Soviet Union and China, as well as due to the present state of the GATT negotiations. This is irrespective of the initial hesitation, some of which made its way into the WIPO Model Provisions of 1977, and also irrespective of the on-going discussion about the appropriateness of the copyright approach. Where national legislation, *e.g.*, in France and the Nordic countries, has nevertheless introduced special provisions, it does not seem to regulate or modify the originality criterion. This is hardly suprising, since to define originality has traditionally not been undertaken by the legislature but has been, and still is, a task for the judges. In this respect, it may be added that the history of Article 1 (3) of the European Community Directive on the protection of computer programs is a perfect example of how burdensome it may be for anyone trying to legislate in

this field.[4] This lack of legislative action, however, does not imply that the originality criterion, when applied to computer programs, has been unchanged.

First of all, the courts of several countries have held that no aesthetic appearance in the sense of beauty is required. If this is seen as a clarification rather than as a modification of the criterion, it should be noted that, nevertheless, it is a step away from the traditional understanding of a "work of art" as defined by aesthetic philosophy and as protected when the copyright laws came into existence. As a consequence, copyright protection for computer programs has expanded the category of "literary works." Second, instead of requiring that a work be addressed to the human senses, it has been held sufficient for purposes of originality that the program, which is primarily addressed to a machine, can be made perceptible to the human senses. Third, several national legislatures have known difficulties in overcoming a lack of program fixation at certain points in the program operation.

The French Cour de cassation felt compelled to modify the originality criterion with regard to computer programs by adopting the formula of "intellectual contribution" ("apport intellectuel de l'auteur caractérisant une création originale").[5] This new formula, however, is not without ambiguity. On the one hand, it may be understood as admitting a programmer's contribution, *i.e.* his or her input activity, as qualifying for originality. Understood in this way, the new formula would compensate for a certain lack of objective reflection of the programmer's personality in the rather impersonal program and extend protection to new subject matter which so far might not have been protected by copyright. This interpretation would, of course, also have its consequences for the protection of computer-generated material. On the other hand, "intellectual contribution" may be understood as circumscribing what is necessary in addition to the prior art in order for the program in question to enjoy copyright protection. Understood in this way, the new formula would redefine the dividing line against the background of what may be monopolized and what may not. Most likely, this interpretation would tend to restrict the availability for program protection as compared with a traditional application of the originality criterion. It is not surprising that so far the great majority of the French lower courts do not seem to follow the Cour de cassation and, also for reasons of practicality, quite frequently show a tendency to protect programs composed of a great number of program steps which "therefore" are held to be original.

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[4] See, in general, *Czarnota/Hart*, Legal Protection of Computer Programs in Europe, London 1992; and on this particular issue *Dreier*, 7 Computer Law and Practice 178 et seq.

[5] Cour de cassation, of March 7, 1986, *Babolat Maillot Witt v. Pachot, Atari, Inc. v. Valadon et al.*, and *Williams Electronics, Inc. v. Tel, Jeutel*, 18 IIC 288 and 550 (1987).

It can be added that even if the traditional originality criterion is applied to computer programs, the effect of this application nevertheless would, in some respects, be different from the application of the criterion to traditional subject matter. True, when facing program code we are still in the presence of the result of a writing activity in the broadest sense; also, this writing somehow gives a form to the underlying programming ideas, and in doing so there is a range of choices available to the programmer. But whereas in the case of a traditional piece of literature, at least to a large extent, it is the very form which may be said to be the artistic creation and which therefore merits legal protection, in the case of a computer program, the form of the code hardly is of any interest at all. What is of economic importance are the capacities of a program and the speed with which these capacities are performed. Both qualities will to a large extent depend on the elegance of the underlying algorithms rather than the concrete form of the program code. Consequently, copyright protection for the code as an expression of what in common language is named an unprotected idea, or unprotected ideas, can only indirectly protect what is worth being protected.

This discussion also makes apparent that extending program protection to the underlying structures and eventually to the arrangement and combination of algorithms is in line with granting effective protection. Whether this leads to an adequate copyright protection or to an overbroad monopolization, the originality criterion changes accordingly.

B. Data Bases

The limits of the traditional application of the originality requirement may also be demonstrated with regard to the protection of data bases. Most, if not all national copyright laws would probably acknowledge the protection of collections and compilations, and this is so even if the items collected or compiled are in themselves non-copyrightable subject matter, such as facts, data or information in general. Of course, it may well be that the collection or compilation shows sufficient originality in the selection, structuring and arrangement of the material collected. Thus, address directories and telephone books, tables and price listings, weather forecasts and stock exchange reports, as well as listings of sermons, and festivity and theater programs have been rated copyrightable subject matter (the latter, however, in the Netherlands by a "pseudo-copyright in nonoriginal writings").

The collection of material for, and its storage in, a computer, is, however, different from these traditional collections and compilations, in that there seems to be little if no arrangement of the data within the data base memory, since the data must be equally accessible and since any order or arrangement is only achieved by the software of the data base according to the specific search instructions given by the end user. As for other works, the lower a national standard of originality and the more subjective the approach

is, and the more unfair competition elements it contains, the more likely the finding of originality even under these circumstances. Thus, data base protection is part of Dutch copyright law. By contrast, a system like the German one can be regarded as positioned at the opposite end of the scale by being rather strict in excluding from copyright protection—and rather granting unfair competition law protection to—any effort, time or investment where no creativity can be found in the resulting material. At best, time, effort and money may serve as indicia in order to prove that a rather complex and creative work has been created.

But since the originality criterion not only retrospectively indicates which products may enjoy protection, but also prospectively determines the extent of the material being protected and which may not be taken by future creators without authorization, there seems to be an absolute minimum level for originality in order to prevent protection from extending to unprotected material, thereby severely hindering competition. This problem is keenly felt with data bases, since the range of choices when compiling data seems, of necessity, to be limited to choosing in which fields to collect the data, and the data of which fields can be interrelated by the prospective user of the data base.

An admittedly simple, but nevertheless instructive, example is a computerized address directory that lists names, street addresses, and the professions of the occupants. The only creative choices made in this case would be: *first*, the selection of exactly these data fields and not others, such as, *e.g.*, the size of the families or the numbers of cars; and *second*, the arrangement of these data fields so that data input in one field would lead to corresponding output of data in another field. If originality were found, and protection granted on the bases of these minimal choices, this would invariably have the consequence that nobody else could compile a directory based on the same choices, even though the data are indisputedly free. Of course, under the "classic" doctrine of "subjective novelty" already touched upon, any independent creation would still be permissible. In practice, however, subconscious copying of the creative elements - not to be confused with the misappropriation of the realization effort and investment - also constitutes infringement, cases of an independent creation will be extremely rare.

Moreover, it is apparent that what any objectively understood originality criterion may be able to protect is not what is economically important: the "mere" compilation effort and investment of the compiler. Any unfair competition or neighbouring rights approach could avoid this pitfall, since it would be able to protect not the collection as such against any act of reproduction, but only any misappropriation such as outright copying or any partial taking with changes insignificant from the point of view of the effort and investment made.

COMPUTER OUTPUT

Finally, it might seem questionable whether, and, if so, under what conditions, computer output satisfies the criterion of originality. Here, two aspects seem to be in conflict: on the one hand, computer output may no longer bear the mark of the personality of the person responsible for the corresponding input, since the actual form has been shaped by a machine rather than by a human being. On the other hand, output often takes on the form of traditional works in the field of literary and artistic creativity. Would it not seem unsound as well as economically unwise to exclude certain human-initiated machine-output just because a computer has been used as the best or even the only machine able to achieve a specific result?

The question in what circumstances computer output would, or should, pass the test as copyrightable subject matter may be rephrased as what kind of human input activity should be considered to be of sufficient creativity in order to qualify the result as being original. This rephrasing of the question already indicates that the answer should probably not be so much the result of a literal application of an originality definition, but rather the answer should depend upon policy considerations. Furthermore, each national copyright system should probably contain elements pointing to both directions.

Thus, a subjective originality concept might, in principle, have little problems in attributing the output to the person undertaking the input activity, since - as a computer does not work on its own - any output "originates" in some causal way by the person activating the computer. However, the investment protecting elements present which are to be found in a subjective originality concept would point to attributing the protection to the person who has made the investment, and could possibly cause an inclination to deny originality on the ground that no human author may be found.

On the other hand, an objective originality concept, excluding the possibility of mere investment protection under copyright, would not lead to an all-too-easy abandonment of the search for human authorship all-too easily. However, an objective originality concept might have difficulties in finding creative elements in computer output. Probably, difficulties would not so much arise with computer-aided works, since the computer is then used as a mere tool to help realize the form of a basically preconceived idea and work structure. But it would certainly apply in the case of computer-generated material, where the computer is used in order to help conceive the very idea and structure of output.

It is self-evident that under these circumstances no definite answers can be given. Nevertheless, as long as human authorship attributable to the computer output may be found in the input activity - the activity of whom, programmer or user, would not be a question of originality but of to whom to attribute authorship - a national legislature would still be within the area of copyright. Only if the output can no longer meaningfully be attributed to any

activity on the input side, only then would the area of copyright be left. Of course, any legislature would be free to enact legislation in order to protect also such output, and the criteria for protection, if any, would be left to its discretion.

Concluding Remarks

The foregoing examples show most of the parameters for the application of the criterion of originality to new technological subject matter. However, to conclude, some additional thoughts are necessary. First of all, in practice the problems discussed will not always cause acute difficulties. Even if protection is granted to works with only little originality, the danger of an overbroad protection would most likely not be all too great. This is so because little originality would lead to a limited range of protection ("Schutzumfang"), since anything short of flat copying will have a great chance of either taking only unprotected elements or, given even merely slight variations, be no longer similar to the first work.

Second, it seems to us that this idea, if generalized, could be of great help in coping with new developments. A determination of the range of protection in relation to the amount of originality of a given work could take the pressure off from an all-too objectively conceived originality criterion. This approach could also probably be applied in order to avoid an overbroad monopolistic protection. Of course, the more the door to policy considerations will be opened not to the legislature, but on the level of each individual case, the more one might fear for legal security. But has a purported literal application of the originality criterion really brought with it more legal certainty? Isn't the concept of originality, which is hardly defined in any national copyright system, in itself an example of a concept to be redefined in each single case, quite similar to the notion of unfairness or misappropriation? And, finally, aren't the problems of delimitation linked to the reality of subject matter rather than to the conceptual criteria used in copyright language as related to this reality?

The example of data bases points out the relationship between the protection of creative works and the protection of investment. Similarly, the example of computer output indicates the connection between originality and ownership attribution. Both investment protection and ownership attribution are related. When mere investment is protected, it seems possible, if not logical, to grant this protection to the entity which has made the investment. Inversely, when the question of ownership attribution is to be decided, a decisive factor would be whether the subject matter in need of and deserving protection is the investment made rather than the particular work created. That both investment and ownership attribution have common roots in the originality requirement shows how much these issues are interwoven when it

comes to delimiting the scope of copyright in view of new technological subject matter and the challenge to copyright which it is said to pose.

COPYRIGHT + CHARACTER = CATASTROPHE

By FRANCIS M. NEVINS, JR.*

I. INTRODUCTION

This article is the latest but surely not the last in the already long line of law review commentary[1] on the interplay between copyright concepts and the characters of fiction. The first four substantive sections argue that sixty-odd years of judicial wrestling with the notion of copyright protection for characters as such—*i.e.*, for the characterization aspects of fictional creations—have been fruitless; that copyright protection for characters as such is redundant, defies rational articulation, and encourages dubious litigation over whether the characterization of one author's creation is too much like the characterization of another's; and that authors' interests are in some contexts harmed by judicial assertion and benefitted in others by judicial rejection of the copyrightability of their characters. The fifth and sixth substantive sections survey some legal issues in which character and copyright are interfused without any claim of infringement and offer suggestions for their resolution. Finally, the conclusion proposes three dissimilar but overlapping solutions to the character infringement puzzle.

II. CHARACTER AND COPYRIGHT: OPENING REMARKS

The undesirability of offering copyright protection to characters as such becomes apparent when we ask the two fundamental questions in this field: What is meant in copyright law by a character? What characters should copyright protect?

Taking the first question first, anyone attempting to define "character" for copyright purposes is immediately struck by the fact that the Copyright Act is no help. "Character" does not appear in the definitions section of the statute,[2] and none of the Act's provisions expressly speaks to any issue relevant to defining character or delineating the scope of whatever character protection may exist.

Fortunately, a seminal article by a leading practitioner gives us the starting point we need. In "Protection of Characters—Sam Spade Revisited,"[3] E. Fulton Brylawski points out that a *literary* character—*i.e.*, a character

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[1] For a checklist of the literature through 1975, *see* M.V.P. Marks, "The Legal Rights of Fictional Characters," 25 Copyright Law Symposium 35, 91-92 (1980).

[2] 17 U.S.C. § 101 (1978).

[3] 22 Bull. Copyright Soc'y 77 (1974).

presented through the medium of *words*—consists of two elements, a name and a characterization.[4] It is universally recognized that protection for a character's *name* is not available in copyright law and must be sought elsewhere, primarily in the law of trademark and unfair competition.[5] When we discuss copyright protection for a character, we mean whether and to what extent the *characterization* of that character is protected. Brylawski's view is that copyright should protect those characterizations whose "delineation" is "sufficiently specific to be copyrightable."[6] The view in the present article is the exact opposite.

The rationale for this position is based on the nature of literary, or more precisely, of verbal characterization. When I use words to fashion a person, I am doing something different in kind from what an artist fashioning a human figure does with paint or a sculptor with stone. The end product of their efforts is an objective artifact directly perceivable by the beholder; the end product of mine is not. True, all three of us have organized and arranged our materials so as to evoke in those who experience our work the impressions we desire. What is different is the verbal medium itself, which bypasses, so to speak, the sense organs of those who read the words and operates instead upon their minds.

True, everyone sees Michelangelo's David and Wyeth's Helga somewhat differently too. Nevertheless, the firm objective artifact which is the end product in the plastic and graphic media simply has no counterpart in the world of words. Have a roomful of people describe a human figure rendered in oils or marble and their descriptions, however diverse, will be bounded by the perceptible qualities of the object. Have the same roomful of people describe Hamlet, Huck Finn, Quentin Compson, or for that matter Mike Hammer, and the descriptions are all but guaranteed to differ far more widely, precisely because none is controlled by any commonly perceptible artifact and therefore each is inevitably interfused with the subjective preoccupations of the person doing the describing. In the verbal medium there is no escape from this situation. When I use words in an attempt to create a character, I cannot approach my aim directly. All I can do is to set down the character's physical appearance, thoughts, words and actions. I will doubtless have my

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[4] *Id.* at 78. The situation of a character presented in some other medium, a cartoon figure for example, is discussed in Section V *infra*.

[5] *Id.* at 79-83.

[6] *Id.* at 93. Brylawski argues that among the characterizations clearly copyrightable under his (and Learned Hand's) amorphous standard is Sherlock Holmes, "the thin trench-coated, pipe-smoking detective of Arthur Conan Doyle's creation . . . ." *Ibid.* This brief description is symptomatic of the confusions almost certain to arise whenever one claims copyrightability for a character. The "thin" and "pipe-smoking" aspects are present in the Holmes stories but not stressed and certainly not sufficient to make the character copyrightable. And "trench-coated"? When did Holmes ever wear such a garment?

own ideas as to what the character is like, but so will each of my readers, and their ideas may differ widely from each other's and from mine. All I can possibly do is to furnish the raw materials on the basis of which you the reader are to evolve your own sense of the character. Small wonder then that your description of that character must include a good deal that springs from yourself.

This situation does not hold true for any work or aspect of a work which copyright clearly protects. Despite all the difficulties inherent in the inquiry whether one work is "substantially similar" to another,[7] when the works in question are perceivable and therefore can be described with a reasonable measure of objectivity, as is the case with regard to graphic images, music, and indeed the plots of works of fiction, the process for all its flaws is not an absurdity. But when the claim is made that the defendant's character is too much like the plaintiff's, the measure of objectivity necessary is absent and the legal system metamorphoses into a crapshoot.

This is not to deny that valid statements describing a fictional character are possible. Take Rex Stout's world-famous detective Nero Wolfe.[8] He is fat. He drinks beer. He eats gourmet meals three times a day at precise hours. He loves orchids. He spends every morning from 9:00 till 11:00 A.M. and every afternoon from 4:00 till 6:00 P.M. in the plant rooms on the rooftop of his West 35th Street brownstone. He is an intellectual with a huge vocabulary. His ethnic roots are Montenegrin. He is familiar with current controversial social issues and tends to support the liberal side in them. He is irascible, stubborn, brilliant. He spends money lavishly on creature comforts. His involvement in murder cases sends the idiot police detectives into paroxysms. He refuses to leave his house except in dire emergencies. His world is a hermetically sealed environment which insulates him from any emotional entanglements. His sidekick and the narrator of his cases is a man, his chef is a man, his orchid tender is a man. He needs women for nothing and distrusts them intensely. He is asexual. One could go on for pages, because Stout was an excellent writer and exerted his talents over more than forty years to make Wolfe a memorable and reasonably consistent character. Should the character as such be protected by copyright?

Clearly the *name* Nero Wolfe is not. If Regina Thin publishes a detective novel and calls her protagonist Nero Wolfe, Stout's remedy is not a copyright infringement suit but a suit for trademark or service mark infringement (including a count for violation of Section 43(a) of the Lanham Act) and for unfair competition. There is little doubt that in such a suit he would prevail.

But suppose Regina Thin were instead to publish detective novels where

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[7] *Peter Pan Fabrics, Inc. v. Martin Weiner Corp.*, 274 F.2d 487, 489 (2d Cir. 1960). *See generally* 3 M.B. Nimmer & D. Nimmer, *Copyright*, § 13.03(A) (1991).

[8] *See* J. McAleer, *Rex Stout: A Biography* (1977).

the protagonist had a completely different name but was characterized in ways somewhat reminiscent of Wolfe? Suppose the detective in these novels is a fat, irascible private investigator with a sidekick who narrated their cases in a similarly brash and breezy style, but with the differences that this sleuth was female not male, a gourmand not a gourmet, based in southern California not New York, and so on?[9] Suppose another writer, Jack Slender, should publish stories about an acerbic, sardonic, New York-based private detective whose first name is Rex, who displays a host of eccentricities and a prodigious vocabulary, whose excursions into detection infuriate the dumb police inspector, whose adventures are breezily narrated in first person by his sidekick, but with the differences that this sleuth is painfully thin and spends money "with all the ease of a bantam hen laying a duck's egg"?[10] Should the system permit Stout to sue either of these competitors on a "They Stole My Character" copyright infringement theory? Can the determination of whether "substantial similarity" exists between Nero Wolfe and these later creations be anything other than a crapshoot?

Let us turn now to our second fundamental question: What literary characters should be protected by copyright? It quickly becomes apparent that only three answers are logically possible: (1) All should be; (2) Some but not all should be; (3) None should be. The ramifications and consequences of each position have much to teach us.

A dweller in Camp One, advocating the view that all characters should be protected, can cite no case or treatise in support of the contention but must fall back on general considerations. What copyright protects, the present statute tells us, is "original works of authorship . . . ."[11] The originality requirement, said Judge Jerome Frank in a landmark case,[12] means that copyright will protect any "distinguishable variation" as long as it is "something more than a 'merely trivial' variation, something recognizably '[the author's] own.' "[13] This general principle, so our advocate would argue, applied to distinguishable variations in the realm of characterization as it does in the

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[9] *See* A.A. Fair, *The Bigger They Come* (1939). This was the first in a long series of crime novels written by Erle Stanley Gardner under his A.A. Fair pseudonym and published between 1939 and Gardner's death in 1970. For a discussion of the first several books in the series, *see* F.E. Robbins, "The Firm of Cool and Lam," 59 Michigan Alumnus Quarterly Review 222 (1953).

[10] The character described here is named Rex Sackler. He appeared in a series of detective stories written in the 1940s by D.L. Champion. *See, e.g.*, D.L. Champion, "Dead As In Blonde," Black Mask 26:11 (March 1945).

[11] 17 U.S.C. § 102(a) (1978).

[12] *Alfred Bell & Co. v. Catalda Fine Arts, Inc.*, 191 F.2d 99 (2d Cir. 1951).

[13] *Id.* at 103. The phrase "distinguishable variation" comes from *Gerlach-Barstow Co. v. Morris & Bendien*, 23 F.2d 159, 161 (2d Cir. 1927), and the "not merely trivial" language from *Chamberlain v. Uris Sales Corp.*, 150 F.2d 512, 513 (2d Cir. 1945).

realm of the plot of a work of fiction and everywhere else in copyright law as well.

The flaw in the argument leaps out at us as soon as we analyze Frank's own qualification of the principle. Once it is conceded that only non-trivial character variations are protected, we are bound to formulate criteria for distinguishing those that pass this test from those that do not, and willy nilly we are no longer in Camp One but have slipped over the line into Camp Two.

A dweller here, advocating the view that some but not all characters should be protected, has abundant authority at hand, or to put another way has Hand as abundant authority. In a context we shall explore in depth later,[14] Judge Learned Hand suggested in dictum more than sixty years ago that Shakespeare, if his works were protected today, might recover for infringement of *Twelfth Night* if another playwright's characters too closely imitated Sir Toby Belch or Malvolio, but that the creator of characters "less developed" than the Bard's could not recover.[15] Subsequent scholars have taken this aside to be the alpha and omega of character copyright thinking,[16] and it is often inserted at the head of the discussion of the subject in law school casebooks.[17] But surely analysis cannot stop here. If "development" is the key to character copyrightability, how are we to tell whether or not a particular character passes muster? The criterion demands subordinate criteria if it is to have any meaning at all. But in the sixty-plus years since Hand penned his casual dictum, that demand has never been met. In the Ninth Circuit, as we shall see, it has led to an oracular formula which has satisfied no one, least of all the judges of the Ninth Circuit,[18] and which in practice is all but indistinguishable from the position of Camp Three that no character *per se* is protected. In the Second Circuit, as we shall also see,[19] it has spawned cases in which courts have either pronounced the formula "well developed" over a character without any elaboration at all,[20] or have encountered difficulties trying to explain what makes a particular character copyrightable.[21] In the scholarly literature it has given rise to a pseudo-precise "Formula for Predicting Copyright in Characters."[22] It should be obvi-

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[14] *See* notes 23-32 *infra* and accompanying text.

[15] *Nichols v. Universal Pictures Corp.*, 45 F.2d 119, 121 (2d Cir. 1930).

[16] *See* 1 M.B. Nimmer & D. Nimmer, *Copyright*, § 2.12 (1990).

[17] *See, e.g.*, A. Latman, R. Gorman & J.C. Ginsburg, *Copyright for the Nineties* 238 (3d ed. 1989); M.B. Nimmer et al., *Cases and Materials on Copyright* 80 (4th ed. 1991).

[18] *See* notes 44-53 *infra* and accompanying text.

[19] *See* notes 35-43 *infra* and accompanying text.

[20] *See Filmvideo Releasing Corp. v. Hastings*, note 35 *infra*.

[21] *See* note 131 *infra* and accompanying text.

[22] See D.J. Howell, *Intellectual Properties and the Protection of Fictional Characters* 184 (1990).

ous by now that any attempt to articulate meaningful criteria for separating protected from unprotected characters is foredoomed to run aground.

We are left then with the third view, that no literary character as such is protected by copyright. Instantly the problems we have been toying with dissolve. We need no longer concern ourselves with the criteria for distinguishing protected from unprotected characters, or with the Alice in Wonderland nature of the substantial similarity inquiry when the characterizations in dispute are to such a great extent in the minds of the beholders, and yet at the same time we have not sacrificed the legitimate interests of character creators but have simply left them to other bodies of law, primarily trademark and unfair competition, where they are more reliably protected.

With this background in mind, we shall survey what courts in fact have said and done in cases involving literary characters—a survey likely at various moments to make us frown, laugh, and scratch our heads in befuddlement.

III. LEARNED HAND'S DICTUM AND HOW IT GREW

The weaving of the tangled web that intertwines character and copyright began with a dictum from a landmark decision of Learned Hand. *Nichols v. Universal Pictures Corporation*[23] was a suit by playwright Anne Nichols claiming that the plot and characters of her smash hit stage play *Abie's Irish Rose* (1922), which dealt with the squabbling between a Jewish merchant and an Irishman over the marriage of the former's son to the latter's daughter, were infringed by Universal's comic movie *The Cohens and Kellys* (1926).[24] In the course of affirming the lower court's post-trial dismissal of the action, Judge Hand contributed some of the most thoughtful insights ever penned on the subject of what constitutes "substantial similarity" between the storylines of two works.[25] But while setting forth the undisputed proposition that the

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[23] 45 F.2d 119 (2d Cir. 1930).

[24] This movie—the first of what grew into a series of seven about the Jewish and Irish families—was not an original work in its own right but was based on a pre-existing stage play, Aaron Hoffman's *Two Blocks Away* (1925). Whether or not Hoffman was a defendant too does not appear in the published decision, but since Judge Hand saw no need to discuss the plot of Hoffman's play or even to mention it in passing, it seems safe to infer that Hoffman had no part in the case. For accounts of the Cohens and Kellys movie series, *see* 1 American Film Institute, The American Film Institute Catalog: Feature Films 1921-1930, at 136-137 (1971), and 2 J.R. Nash and S.R. Ross, The Motion Picture Guide 453 (1986).

[25] "Upon any work, and especially upon a play, a great number of patterns of increasing generality will fit equally well, as more and more of the incident is left out. The last may perhaps be no more than the most general statement of what the play is about, and at times might consist only of its title; but there is a point in this series of abstractions where they are no longer protected, since otherwise the playwright could prevent the use of his 'ideas,' to which, apart from

plot of a second comer's play may so closely resemble the plot of an earlier play as to constitute infringement, Hand also suggested that the same proposition might possibly

> be true as to the characters, quite independently of the "plot" proper, though, as far as we know, such a case has never arisen. If *Twelfth Night* were copyrighted, it is quite possible that a second comer might so closely imitate Sir Toby Belch or Malvolio as to infringe, but it would not be enough that for one of his characters he cast a riotous knight who kept wassail to the discomfort of the household, or a vain and foppish steward who became amorous of his mistress. These would be no more than Shakespeare's "ideas" in the play, as little capable of monopoly as Einstein's Doctrine of Relativity, or Darwin's theory of the Origin of Species. It follow that the less developed the characters, the less they can be copyrighted; that is the penalty an author must bear for marking them too indistinctly.[26]

What does this passage mean? What can it mean?

If we keep our lawyer spectacles in our pockets while studying Hand's remarks, it is clear that he is following a path trod earlier by Holmes and other great judges,[27] showing us how well-versed he is in the arts, how deeply he appreciates the Western world's cultural giants. But when we hook the lawyer specs over our ears and read the passage again, we see that he is also doing something else. Precisely what that something is, however, remains murky. Is he hinting that pure "They Stole My Character" suits are just as viable in American copyright theory as the common "They Stole My Plot" cases? Perhaps. But if so, his view is subject to all the objections raised earlier in this article[28]—objections which he fails to entertain even for a moment. Or is Hand merely suggesting that even if "They Stole My Character" suits are theoretically on a par with those of the "They Stole My Plot" variety, no one but the Bard has ever created characters sufficiently "developed" to warrant copyright protection? If we take this to be Hand's meaning and keep those lawyer bifocals between our eyes and the text, the objections to the thesis leap out at us—and turn out to be the same objections that were raised earlier as to the viability of character infringement suits in general. Which of Shakespeare's characters, assuming his works were covered by copyright today, would merit the law's protection? Why those and not others? What is it

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their expression, his property is never extended. [Citations omitted.] Nobody has ever been able to fix that boundary, and nobody ever can." 45 F.2d at 121.

26 *Ibid.*

27 *See, e.g.*, Holmes' tribute to Rembrandt, Degas and others in *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239, 251 (1903).

28 *See* Section I *supra*.

about the protected characters that makes them copyrightable? How is a judge to divine what a particular Shakespearean character consists of?[29] How could such a determination conceivably be made without the infusion of the judge's own biases, tastes, perceptions, valuations into the process? How is the line to be drawn between what a character *is*, which is the only consideration relevant here, and what that character *suffers* and *does*, which properly belong to the work's plot? Having run this gauntlet once, must not the court run it again in dissecting the character that is alleged to infringe the Bard's creation? And even if we waive all other objections, would not the recognition of copyright protection for Shakespeare's characters raise profound First Amendment issues by working a chilling effect on the creation of characters by everyone else? Seen from this perspective it becomes evident once again that no fictional character, regardless of how fully and nobly drawn, should have a privileged position in an infringement action. Antigone, Hamlet, Lear, Madame Bovary, Raskolnikov and the citizens of Yoknapatawpha County are no different from the feeblest inventions of the sorriest hacks who churn out romance novels and pornographic Westerns. As far as copyright law is concerned, all imagined men and women are created equal.

In any event, if Hand is taken to mean that no one since Shakespeare has created characters fully developed enough for copyright protection, it would probably follow that no one ever will, and therefore that Hand's view is incapable of having any legal consequences and indeed is reducible to yet another tip of the judicial hat to Shakespeare's literary power. Unfortunately, what Hand actually did with the character issue in *Nichols* is not consistent with this reading. There are only four characters common to Nichols' play and Universal's movie: the lovers and their fathers. (In *Abie's Irish Rose* the boy is Jewish and his father a wealthy New York merchant while the girl is Irish and her father a California retiree. Both men are widowers. In *The Cohens and Kellys* the wives are alive and well, the feuding families are neighbors in a poor district of New York City, the girl's father is a Jewish haberdasher and the boy's an Irish cop.) At trial Nichols had presented "an elaborate analysis of the two plays," representing each of the four characters "by the emotions which he [or she] discovers" and claiming that "the resulting parallelism" was "proof of infringement."[30] Hand succinctly identified what was wrong with this policy.

> [T]he adjectives employed [by Nichols] are so general as to be quite useless. Take for example the attribute of "love" ascribed to both

[29] The popular notion that Hamlet is a man who can't make up his mind is rejected by many scholars. *See, e.g.*, H.D.F. Kitto, *Form and Meaning in Drama* 248 (1956).

[30] 45 F.2d at 122.

> Jews. The plaintiff has depicted her father [*i.e.*, Abie's father in the play] as deeply attached to his son, who is his hope and joy; not so, the defendant, whose father's conduct is throughout not actuated by any affection for his daughter, and who is merely once overcome for the moment by her distress when he has violently dismissed her lover. "Anger" covers emotions aroused by quite different occasions in each case; so do "anxiety," "despondency" and "disgust." It is unnecessary to go through the catalogue for emotions are too much colored by their causes to be a test when used so broadly. This is not the proper approach to a solution.[31]

Twice in this brief discussion Hand displays the weaknesses inherent in the view that any character anywhere is copyrightable *per se*. Aren't his own perceptions and valuations inextricably infused into his description of the Irish cop in *The Cohens and Kellys* as never (or hardly ever) showing his daughter any affection? And when he refers to the emotions of the play and film characters as "aroused by quite different occasions in each case," isn't he demonstrating that no bright line can be drawn between character and plot?

Nevertheless, Hand is clearly right that alleged character similarities cannot be approached Nichols' way. His substitute, however, insofar as he offers one at all, is hardly an improvement. The proper approach, he suggests, "must be more ingenuous, more like that of a spectator, who would rely upon the complex of his impressions of each character."[32] His position seems to be that whether or not the plaintiff's and defendant's characters are substantially similar is a fact question, to be left to the unmediated perception of the jury, whereas the threshold issue of whether the plaintiff's character is well enough developed to be copyrightable is a question of law for the court. There is no evidence that Hand ever thought through the consequences of empowering every federal judge in the country to make aesthetic judgments with the force of law. But those consequences are writ large in the opinions of several generations of judges who took these off-the-cuff dicta as their cue.

Hand's remarks about "developed" characters have given birth to a huge variety of offspring. During the first thirty years of their influence on the law, courts in character cases tended to cite them either (a) in a perfunctory manner, as support for the proposition that characters are rarely if ever protected by copyright,[33] or (b) in the course of detailed analysis of the plaintiff's and the defendant's works, as support for the conclusion that the plaintiff's characters were not developed enough to warrant protection.[34] More recently,

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[31] *Id.* at 122-123.

[32] *Id.* at 123.

[33] Typical of this trend are *Columbia Pictures Corp. v. National Broadcasting Co.*, 137 F. Supp. 348 (S.D. Cal. 1955), and *Tralins v. Kaiser Aluminum & Chemical Corp.*, 160 F. Supp. 511 (D. Md. 1958).

[34] The most interesting federal case of this sort is *Burns v. Twentieth Century-Fox*

and exclusively (to date at least) in the Second Circuit, courts have been tending to find characters copyrightable *per se* by the magical expedient of pronouncing Hand's words "well developed" over them without the least elaboration.

This extremely troublesome development first reared its head in *Filmvideo Releasing Corp. v. Hastings*,[35] which involved the copyright status of the movie adventures of that knight of the silver sage, Hopalong Cassidy.[36] Of the 66 films in the series, the first 54, released between 1935 and 1944, had fallen into the public domain between 1963 and 1972 for lack of renewal.[37] Filmvideo, an independent distributor, had legally obtained prints of the first 23 of these movies and was renting them out to various local television stations. Hastings was trustee of the estate of Clarence E. Mulford (1883-1956), the well-known author who had created the Hopalong Cassidy character—or,

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Film Corp., 75 F. Supp. 986 (D. Mass. 1948), which involved Burns' claim that his romantic novel *Angel on Horseback* (1945) was plagiarized by the classic Christmas film *Miracle on 34th Street*. After demonstrating the lack of substantial similarity between the works' plots, Judge Wyzanski turned to a comparison of Burns' and the movie's characters. "Only sharp etchings of particular persons create the type of character than can be the subject of a successful plagiarism suit. Plaintiff's Santa Claus and plaintiff's [department store manager] McNabb entirely lack the necessary individualization. They remain mere types so loosely sketched as not to be reduced to the possession of any author—or indeed any reader." *Id.* at 992. On a state level an analogous situation was presented in *Burtis v. Universal Pictures Co.*, 40 Cal.2d 823, 256 P.2d 933 (1953). Burtis' suit for common-law copyright infringement claimed that Universal's Joan Davis comedy *She Wrote the Book* (1946) plagiarized Burtis' unpublished and unfilmed screen story "Masquerade in Manhattan." In reversing a jury verdict for Burtis and finding no substantial similarity between the film and Burtis' story, the court echoed Learned Hand's dicta on "development." "Although it might be possible that an author could so carefully delineate a character as to secure a protectible property interest in that character, generally it is held that a character is not included within the monopoly of copyright . . . . Here there has been no such careful development of characterizations. Only the barest outlines have been drawn, leaving the remainder to the talents of the particular actors chosen to fill the roles." 40 Cal.2d at 835, 256 P.2d at 941.

[35] 426 F. Supp. 690 (S.D.N.Y. 1976), *aff'd*, 668 F.2d 92 (2d Cir. 1981); 446 F. Supp. 725 (S.D.N.Y. 1978), *aff'd per curiam*, 594 F.2d 852 (2d Cir. 1978); 509 F. Supp. 60 (S.D.N.Y. 1981). It is the issues raised by the third and last District Court opinion, and the only one not appealed, that are discussed here. For a full discussion of some of the other issues in the case, *see* Nevins, "The Doctrine of Copyright Ambush: Limitations on the Free Use of Public Domain Derivative Works," 25 St. Louis U.L.J. 58 (1981).

[36] For a complete account of the movie series, *see* Nevins, *The Films of Hopalong Cassidy* (1988).

[37] Under the Copyright Act of 1909, the copyright in a work had to be renewed in its 28th year after first publication and failure to renew threw a work into the public domain. 35 Stat. 1080 (1909).

more precisely, *a* character named Hopalong Cassidy—in a series of novels and stories between 1907 and 1941.[38] It was Hastings' contention that the commercial use of the films without the estate's permission constituted infringement of the copyrights in whatever Mulford property was embodied in those films despite the films' being in the public domain. District Judge Werker found twelve of the disputed twenty-three not substantially similar in storyline to the Mulford novels on which they purported to be based,[39] but nevertheless held those twelve still protected by virtue of the protection accorded Mulford's character Hopalong Cassidy by the copyrights, all then in force, in Mulford's books.[40] As to what made Mulford's Cassidy a copyrightable character, Judge Werker simply pronounced the magic words "well developed."[41] As to the demonstrable fact that not the least similarity beyond name and cowboy background existed between the character Mulford created and the character portrayed by William Boyd in the movies, Werker simply described the movie Cassidy as Mulford's Cassidy "turned inside out."[42]

Unfortunately these particular rulings were not appealed. The Second Circuit itself, in a case we shall consider in detail later, recently declared the characters of the *Amos 'n' Andy* radio series "sufficiently delineated" to be covered by copyright.[43] All these contradictory aesthetic pronouncements stem from the dictum which Learned Hand casually tossed off more than sixty years ago, little knowing that he was creating precisely what the actor Colin Clive was to create for Universal Pictures just two years later: a Frankenstein monster.

IV. OF CHARACTERS' PROTECTIBILITY AND AUTHORS' INTERESTS

Anyone inclined to think in black and white might suppose that the issue is a simple matter of loyalty; that the advocates of character copyright are on the side of the angels—*i.e.*, the authors—and that the opponents are not. This Manichaean dichotomy is smashed when one reads the next pair of cases on point and encounters a most ingenious paradox.

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[38] For a full discussion of Mulford, *see* Nevins, *Bar-20: The Life and World of Clarence E. Mulford, Creator of Hopalong Cassidy* (forthcoming 1993).

[39] *Filmvideo Releasing Corp. v. Hastings*, note 35 *supra*, 509 F. Supp. at 65.

[40] *Id.* at 66.

[41] *Ibid.* Judge Werker even further compounded confusion by holding the characters of "Windy (in whatever form), Johnny and Lucky," plus unspecified "others," were taken by the filmmakers from Mulford's books—which is true in the case of Johnny Nelson and utterly false in the case of Windy and Lucky—and that "these characters and [unspecified] others were sufficiently delineated, developed and well known to the public to be copyrightable." *Ibid.*

[42] *Id.* at 65.

[43] *Silverman v. CBS Inc.*, 870 F.2d 40 (2d Cir. 1989). For full discussion of the case, *see* notes 173-181 *infra* and accompanying text.

Warner Bros., Inc. v. Columbia Broadcasting System[44] stems from an event in 1930, the year Judge Hand wrote the *Nichols* decision. A few months earlier, the distinguished publishing house of Alfred A. Knopf issued the third, and many would add, the finest novel of Dashiell Hammett (1894-1961), the foremost American crime fiction writer of his time. *The Maltese Falcon*, which introduced the cool and cynical private eye Sam Spade, was such a huge success that shortly after its hardcover publication the Warners studio paid $8500 for all motion picture, radio and television rights in the work. As every film buff knows,[45] Warners made three separate and distinct features based on Hammett's novel. *The Maltese Falcon* (1931; later retitled *Dangerous Female*) was a reasonably faithful but uncharismatic rendition, starring Ricardo Cortez as Spade and Bebe Daniels as the treacherous Brigid O'Shaughnessy, and *Satan Met a Lady* (1936) was an unendurable spoof with Warren William and Bette Davis in the principal roles. The definitive movie version of the novel of course was the third and last, *The Maltese Falcon* (1941), written and directed by John Huston, and starring Humphrey Bogart and Mary Astor. The huge success of Huston's picture led to renewed media interest in the Sam Spade character, and in 1946 the CBS network contracted with Hammett for the right to broadcast a weekly Spade radio series, starring Howard Duff in a long sequence of adventures which took nothing from Hammett's classic novel (the radio rights to which had been Warners' property since 1930) except the character of Spade.[46] When the radio series also proved a hit, Warners sued CBS on the theory that it owned the radio rights in the Spade character by virtue of the 1930 contract, which had indeed conveyed to the studio all radio rights in the work entitled *The Maltese Falcon* but had never mentioned the novel's character as such. The trial court's denial of relief to Warners and declaration of Hammett's rights were affirmed by the Ninth Circuit in a decision which in its own way has likewise become a classic.

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[44] 216 F.2d 945 (9th Cir. 1954).

[45] Clearly E. Fulton Brylawski was no film buff. In his seminal article cited *supra* note 3, he claims that Warners "had purchased the movie rights in the book *The Maltese Falcon* primarily because it provided a strong central character to be played by Humphrey Bogart . . . ." E.F. Brylawski, "Protection of Characters—Sam Spade Revisited," 22 J. Copr. Soc'y at 92. This is flatly wrong. Bogart starred not in the first but in the third and last of Warners' three films based on the novel. Brylawski goes on to claim that the other two pictures, which he thinks followed but which in fact preceded the Bogart version, bore "virtually no similarity to the storyline" of Hammett's novel. *Ibid.* In fact the first version, released in 1931, was quite similar. In a footnote Brylawski even manages to get the title of the second version wrong, calling it *Satan Made Me a Lady*. *Id.* at 92 n.71.

[46] For a brief account of the Spade radio series, *see* J. Dunning, *Tune in Yesterday* 12-14 (1976).

The issue before the court hinged on construction of the 1930 agreement and Judge Stephens' opinion concentrates on this aspect of the case, holding that in the absence of specific language covering character rights and in view of the "custom and practice" of mystery writers since Poe of using their central character in a series of exploits, the contract could not be read as assigning to Warners the media rights in the characters *per se*. The ruling and reasoning thus far are not only clearly correct and fully dispositive of the issue but also set a strong pro-author precedent against any other claims by media corporations that they automatically "owned" a character whenever they bought the rights to one work in which the character appeared. Judge Stephens could and probably should have ended his opinion there. Instead he chose to append some further paragraphs in which he discussed "whether it was ever intended by the copyright statute that characters with their names should be under its protection."[47]

If Warners were contending that the 1930 contract gave the studio radio rights in every copyright-protected component of Hammett's novel, then the question of statutory interpretation propounded by the court was arguably germane even if already answered as to these litigants by the court's interpretation of the contract. But Judge Stephens' response to the statutory issue he saw lurking in the case has little to recommend it beyond succinctness. If a character "really constitutes the story being told," he or she is protected by copyright, "but if the character is only the chessman in the game of telling the story he is not within the area of the protection afforded by the copyright."[48] Sam Spade and the other characters in *The Maltese Falcon* "were vehicles for the story told, and the vehicles did not go with the sale of the story."[49]

What this distinction is supposed to mean, how any court could conceivably use it to divide protected from unprotected characters, and what gives a federal judge the aesthetic credentials to draw this line, are matters on which Judge Stephens maintains a sphinxlike silence. Law professors since the mid-1950s have debated whether this part of the opinion is dictum or an alternative rationale for the holding,[50] and shown off their erudition by proposing candidates for copyrightable status under this oracular criterion.[51] The distinction was never applied in later cases elsewhere and has since been all but repudiated even within the Ninth Circuit.[52] So why did Judge Stephens make

[47] 216 F.2d at 950.

[48] *Ibid.*

[49] *Ibid.*

[50] For authorities on either side of the argument, see Brylawski, "Protection of Characters—Sam Spade Revisited," *supra* note 3, 22 Bull. Copr. Soc'y at 87 n.47.

[51] Nimmer, for example, proposed Aldous Huxley's 1928 novel *Point Counter Point*. M.B. Nimmer, "Copyright 1955," 43 Cal. L. Rev. 791, 794 (1955).

[52] As recently as 1980 the Sam Spade decision still seemed to be the law within the Ninth Circuit. Witness, for example, *Miller v. Columbia Broadcasting System,*

it in the first place? The answer to this question at least is clear: he thought that denying copyright protection to characters served the interests of authors and the intent of the founding fathers: "If Congress had intended that the sale of the right to publish a copyrighted story would foreclose the author's use of its characters in subsequent works . . . , it would seem Congress would have made specific provision therefor . . . . The restriction argued for is unreasonable, and would effect the very opposite of the statute's purpose which is to encourage production of the arts."[53] And at least in the context of this case—claims of ownership of an author's character by an assignee of one of the author's works—paradoxically enough the court was right: denying character copyrightability serves authors' interests.

That in other contexts the acceptance of character copyrightability

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Inc., 209 U.S.P.Q. 502 (C.D. Cal. 1980), which is not really a character infringement case at all. Miller, the only American convict known to have completed law school while imprisoned (although he never passed a bar examination or actually practiced law), claimed that a 3-page autobiographical story outline, which in fact was optioned briefly by one of the defendants, was infringed by the TV series *Kaz*, starring Ron Leibman as a lawyer who had earned his degree and passed the bar while in prison. The court granted the defendants' motion for summary judgment. The alleged similarities are for the most part between the facts of Miller's life and the fictitious biographical background of the Leibman character. 209 U.S.P.Q. at 503-504 n.1. Since no one can assert copyright ownership of autobiographical or any other type of facts, summary judgment was amply justified. The court, however, analyzed Miller's claim as one for appropriation of his idea and based its summary judgment on this thesis. Its discussion includes the dictum that "[i]deas, themes, locale *or characters* in an author's copyrighted works are not protected by the law of copyright." *Id.* at 504 (emphasis added). The comment about lack of protection for characters clearly stems from the Sam Spade doctrine.

Ten years later, however, and in a case that unambiguously raised character infringement issues, the Ninth Circuit failed even to mention the Sam Spade decision's threshold requirement for copyrightability of characters delineated in the medium of words. *Shaw v. Lindheim*, 919 F.2d 1353 (9th Cir. 1990), dealt with TV scriptwriter Lou Shaw's suit claiming that Lindheim's pilot script for the hit series *The Equalizer* plagiarized an unsold script dealing with a similar character which Shaw had submitted to Lindheim a few years earlier when both men were working for a different studio. The district court's summary judgment for the defendants and its ruling that as a matter of law there was no substantial similarity between the Shaw and Lindheim scripts were reversed by the Ninth Circuit on the ground (among many others) that "defendants' copying of the Equalizer character and other characters extends to elements of protected expression." *Id.* at 1363. Perhaps the case is distinguishable on the ground that the court was speaking not to the merits but to whether Shaw's suit raised triable issues of fact. But the absence of any reference to the Sam Spade standard may well signal the imminent death of the old rule and its replacement by another and even worse doctrine that any fictional character who gets caught up in infringement litigation is *eo ipso* copyrightable.

[53] 216 F.2d at 950.

harms authors' interests was demonstrated in the next character case to reach the courts. The plaintiff in *Columbia Broadcasting System, Inc. v. DeCosta*[54] was Victor DeCosta, a Portuguese-American mechanic with a fourth-grade education, who did something no one else in legal history has done before or since. He created a character out of his imagination but kept his creation confined to the form of live "happenings," never embodying it in a novel, story, play, film, or any other tangible medium except in two peripheral ways that ultimately cost him millions. DeCosta began to devise this character in 1947, the year after the Sam Spade radio series debuted on CBS. In its full-blown form the character consisted of a distinctive costume which DeCosta procured for himself—thick black mustache, black shirt and trousers, flat-crowned hat adorned with a St. Mary medal, antique Derringer in an under-arm sling, pistol holster decorated with a chess knight figure in silver—the distinctive name Paladin, plus a fanciful business card with the words "HAVE GUN WILL TRAVEL WIRE PALADIN" and DeCosta's address in Cranston, Rhode Island superimposed on a drawing of a chess knight. In the guise of his self-created character, DeCosta went to parades, rodeos, auctions, horse shows and similar events, staging gun fights and passing out countless photographs of himself in costume and around 250,000 Paladin business cards. This, as the First Circuit Court of Appeals aptly pointed out, "was perhaps one of the purest promotions ever staged, for [DeCosta] did not seek anything but the entertainment of others. He sold no product, services, or institution, charged no fees, and exploited only himself."[55]

In 1957, ten years after DeCosta had begun to play Paladin, CBS launched the classic Western TV series *Have Gun Will Travel*, starring Richard Boone as the erudite gunfighter whose name, physical appearance, costume and business cards were all but identical to those of DeCosta's character. The series was a runaway success, lasting for six years (225 episodes) in prime time and grossing better than fourteen million dollars. After the show went off the air and just barely within the statutory limitations period,[56] DeCosta sued CBS in federal district court for the district of Rhode Island. Although the diversity of citizenship basis[57] entitled him to federal jurisdiction, he did not seek any substantive federal remedy such as damages for copyright infringement but based his claim entirely on three state-law the-

[54] 377 F.2d 315 (1st Cir. 1967), *cert. denied*, 389 U.S. 1007 (1968).

[55] 377 F.2d at 316.

[56] In the second installment of this case, the First Circuit expressed some concern about DeCosta's delaying suit until almost the last possible moment, a delay which DeCosta attributed to difficulty in finding a lawyer. *DeCosta v. Columbia Broadcasting System, Inc.*, 520 F.2d 499, 514 (1st Cir. 1975), *cert. denied*, 423 U.S. 1073 (1976). However, the court did not rely on the delay as any part of the basis for its decision. *See* note 76-80 *infra* and accompanying text.

[57] 28 U.S.C. § 1332 (1988).

ories, namely (1) willful misappropriation of his idea and character, (2) infringement of common law service mark and (3) unfair competition. Under *Erie Railroad v. Tompkins*,[58] it was indisputable that in passing upon these theories the federal court had to apply the law of the state of Rhode Island in which it sat. The *DeCosta I* decision dealt only with the first of these counts. At trial below, the original writers and producers of the *Have Gun Will Travel* TV series testified that they had never heard of DeCosta and had independently originated every element of the Paladin character, but the jury chose to disbelieve them—a view the First Circuit called "amply justified"[59]—and the trial court entered judgment for DeCosta on the jury's verdict. This judgment the First Circuit reversed.

The misappropriation theory invoked in DeCosta's first count stemmed of course from *International News Service v. Associated Press*,[60] in which a divided Supreme Court found INS liable under pre-*Erie* "federal common law" for the tort of "misappropriating" the uncopyrightable substance (not the copyrightable concrete expression) of AP news dispatches. Although the advent of *Erie* in 1938 put an end to the misappropriation doctrine as a matter of federal common law, each state remained free to adopt it internally and a number of states such as New York[61] had explicitly done so. Since no Rhode Island decision had ever addressed the issue,[62] the First Circuit might have reversed the judgment for DeCosta on the ground that the state whose law the federal court was bound to follow had never recognized the tort of misappropriation. Instead the appellate court chose a much broader and bolder rationale for reversal, holding that insofar as Rhode Island or any other state might have adopted the *INS* doctrine, it was barred from finding misappropriation in any situation coming within the orbit of the then recent decision of the Supreme Court in the *Sears* and *Compco* cases[63] that the Constitution's Supremacy Clause[64] did not permit states to forbid the copying of "whatever the federal patent and copyright laws leave in the public domain."[65] Thus, the other face of our paradox was carved into the granite of

[58] 304 U.S. 64 (1938).

[59] 377 F.2d at 317.

[60] 248 U.S. 215 (1918).

[61] *Metropolitan Opera Assn. v. Wagner-Nichols Recorder Co.*, 199 Misc. 787, 101 N.Y.S.2d 483 (Sup. Ct. 1950), *aff'd*, 279 App. Div. 632, 107 N.Y.S.2d 795 (1st Dep't 1951).

[62] 377 F.2d at 317 n.1.

[63] *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964); *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964).

[64] U.S. Const., Art. VI, § 2.

[65] *Compco Corp. v. Day-Brite Lighting, Inc.*, note 73, *supra* 376 U.S. at 237. A decade later the Court "clarified" these decisions and held that the *Sears-Compco* doctrine applied only in patent cases. *Goldstein v. California*, 412 U.S. 546 (1973); *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470 (1974). Unfortunately

the law: If characters in the abstract are *not* protected by copyright, DeCosta's suit for misappropriation of his Paladin does not come within the *Sears-Compco* ban, but if characters *are* protected by copyright, the verdict in DeCosta's favor must be reversed.

This was the perspective from which the First Circuit went on to consider the copyright status of characters *per se*. The court held that if characters count as "writings" under the Constitution[66] so that Congress has the power to protect them, and if Congress "has not protected [them], whether deliberately or by unexplained omission,"[67] then they can be legally appropriated. Is a character *per se* constitutionally protectible? The court held that at least some characters are, citing Learned Hand's Shakespearean excursus in the *Nichols* case[68] and the Ninth Circuit's Sam Spade decision,[69] neither of which mentioned the constitutional issue at all. The court did note one argument contrary to its view, namely that of Nimmer[70] that "some identifiable, durable, material form" is a prerequisite for every sort of constitutional "writing," from which it would seem to follow that a character like DeCosta's Paladin, lacking such form, would be ineligible for copyright protection. This argument the court rejected, seeing no reason why congressional power to grant protection should be restricted to works that are, as we would put it today, fixed in a tangible medium of expression,[71] and suggesting that Congress could devise a procedure whereby authors could register characters "by filing pictorial and narrative description in an identifiable, durable and material form."[72] Moving on to the question whether the Copyright Act does indeed cover characters, the court did not expressly hold that "developed" characters or characters that "constitute the story being told" are protected, but merely ruled that whatever statutory protection exists is lost to characters as it is to all other types of work when they are published without copyright notice. The only aspects of DeCosta's Paladin that CBS took—his name, appearance, costume and cards—became free for the taking when DeCosta

this "clarification" came too late to help DeCosta. "[W]hat we decided in *DeCosta I* has settled, for this case, the issue of misappropriation." *DeCosta v. Columbia Broadcasting System, Inc. (DeCosta II)*, 520 F.2d at 510.

66 "The Congress shall have power . . . To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." U.S. Const., Art. I, § 8, cl. 8.

67 377 F.2d at 319.

68 *See* notes 23-32 *supra* and accompanying text.

69 *See* notes 44-53 *supra* and accompanying text.

70 M.B. Nimmer, "Copyright Publication," 56 Colum. L. Rev. 185, 196 n.98 (1956). For the current version of this view, see M.B. Nimmer & D. Nimmer, *Copyright*, § 108(C)(2) (1990).

71 17 U.S.C. § 102(a) (1978).

72 377 F.2d at 320.

gave away all those HAVE GUN WILL TRAVEL cards and all those photographs of himself in his Paladin outfit.

Poor DeCosta! Deprived of common-law copyright protection because he distributed free cards and photos to all who wanted them,[73] deprived of statutory copyright protection because none of those cards and photos bore a copyright notice,[74] deprived of the benefits of the misappropriation doctrine because he brought his action in the brief time frame between the *Sears* and *Compco* decisions on the one hand and the *Goldstein* and *Kewanee* decisions[75] on the other—the law truly left him, in the words of the CBS series' theme song, a knight without armor in a savage land. And he fared no better when his second and third counts came before the court. In *DeCosta II*[76] the First circuit reversed a federal magistrate's judgment for DeCosta on the claims for common-law service mark infringement and unfair competition,[77] expressing some doubt whether an individual (as opposed to a corporation) performing nonprofit services may invoke these theories of protection,[78] but basing its decision on insufficient proof of likelihood of confusion between Richard Boone's Paladin and DeCosta's.[79] Three strikes: DeCosta was out. "[T]he plaintiff has had the satisfaction of proving the defendants pirates. But we are drawn to conclude that that proof alone is not enough to entitle him to a share of the plunder. Our Paladin is not the first creator to see the fruits of his creation harvested by another, without effective remedy . . . ."[80]

Ironically enough, DeCosta would almost certainly have found a remedy under copyright law as it stands today. His Paladin photographs would clearly be copyrightable as pictorial or graphic works[81] and his Have Gun Will Travel cards, juxtaposing arguably unprotectible text with a public-domain chesspiece drawing, would also seem to be copyrightable as pictorial or graphic works under the admittedly questionable rule of *Roth Greeting Cards v. United Card Co.*[82] From and after January 1, 1978, the absence of copyright notice on the photos and cards Decosta gave away would have been an

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[73] Prior to the Copyright Revision Act of 1976, which federalized pre-publication protection, the general publication of a work was deemed to be the act which divested a person of so-called common-law copyright protection for that work. See 1 M.B. Nimmer & D. Nimmer, *Copyright*, § 4.01(B) (1989).

[74] 377 F.2d at 321.

[75] *See* note 65 *supra*.

[76] *DeCosta v. Columbia Broadcasting System, Inc.*, 520 F.2d 499 (1st Cir. 1975), *cert. denied*, 423 U.S. 1073 (1976).

[77] The magistrate heard the case below by consensual reference. On appeal the First Circuit upheld the validity of the reference. 520 F.2d at 502-509.

[78] 520 F.2d at 511-513.

[79] *Id.* at 513-515.

[80] 377 F.2d at 317.

[81] 17 U.S.C. § 102(a)(5) (1978).

[82] 429 F.2d 1106 (9th Cir. 1970).

excusable omission if he had registered the works within five years of their defective publication and had made a reasonable effort to add a notice to the photos and cards.[83] Indeed, if the distribution of Paladin photos and cards were to take place after the March 1, 1989 effective date of the 1988 Berne Convention implementation amendments to the Copyright Act, copyright notice would not be required at all.[84] Like most of the cases alleging infringement of cartoon figures,[85] DeCosta's suit, if filed today, would not implicate the character copyrightability issue in any way. Filed as and when it was, within the legal framework of the time, it flung DeCosta into the chasm between law and justice, thanks in no small part to the judicial ruling that characters are in principle copyrightable.[86]

V. ON THE PERSONALITIES OF PINK PANTHERS: THE LOONEYTUNE LAW OF CARTOON CHARACTERIZATIONS

So far our attention has been fixed almost entirely on the legal problems surrounding characters delineated in words. However, both our culture and the relevant case law teem with so-called characters whose medium is not words but something else. Most of these "characters" are graphic representations such as Mickey Mouse or Donald Duck, and every so often the proprietor of such a figure brings a suit claiming that the defendant's cartoon figure is substantially similar to the plaintiff's.

In analyzing the cartoon infringement cases we must begin with a sharp distinction. Many of these cases have nothing to do with protecting cartoon "characters" as such but merely hold that particular directly perceptible images, covered by the plaintiff's copyright, were infringed by identical or

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83 17 U.S.C. § 405(a)(2) (1978).

84 17 U.S.C.A. § 401(a) (1989).

85 *See* cases cited note 87 *infra*.

86 Perhaps after all DeCosta will find a way out of the chasm. In 1975, over vigorous opposition from CBS, the Patent and Trademark Office ruled favorably on DeCosta's application for federal trademark protection for the chess piece in conjunction with the phrase "Have Gun Will Travel Wire Paladin." This ruling was affirmed in *Columbia Broadcasting System v. DeCosta*, 192 U.S.P.Q. 453 (P.T.O. Trademark Trial and Appeal Board 1976). Long after this proceeding, DeCosta sued Viacom, the CBS spinoff corporation that syndicates reruns of the Richard Boone series, for statutory and common-law trademark infringement and unfair competition. The district court has denied Viacom's motion for summary judgment on grounds of res judicata, collateral estoppel and laches, holding in essence that DeCosta's federal trademark registration in conjunction with the fact that he was suing for conduct postdating the *DeCosta I* and *II* decisions took his new suit out of the ambit of those decisions. *DeCosta v. Viacom International, Inc.*, 758 F. Supp. 807 (D.R.I. 1991). A jury has recently awarded the 83-year-old plaintiff $3.5 million in damages. N.Y. Times, Sept. 29, 1991, § 4 (Week in Review), at 7, col. 1. None of these developments affect the analysis of the earlier *DeCosta* decisions advanced in the present article.

substantially similar images marketed by the defendant.[87] Notice, for example, the Second Circuit's similarity analysis in the Betty Boop case: "The essential characteristics of appellees' copyrighted character are reproduced. There is the broad baby face, the large round flirting eyes, the low-placed pouting mouth, the small nose, the imperceptible chin, and the mature bosom."[88] Such cases are not at all problematic. In this context, determining whether a defendant's mouse is substantially similar to Mickey is fundamentally no different from determining the presence or absence of substantial similarity between two Balinese dancing girl statuettes[89] or two drawings of a chocolate cake.[90] It is in this sense alone, and precisely because of the objective differences between visual and verbal media, that the most puerile cartoon animal rightly enjoys greater copyright protection than the noblest human characters of a Hemingway or Faulkner.

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[87] *See, e.g., Hill v. Whalen & Martell, Inc.*, 220 F. 359 (S.D.N.Y. 1914); *King Features Syndicate v. Fleischer*, 299 F. 533 (2d Cir. 1924); *Fleischer Studios v. Freundlich*, 73 F.2d 276 (2d Cir.), *cert. denied*, 294 U.S. 717 (1934); *Detective Comics, Inc. v. Fox Publications, Inc.*, 46 F. Supp. 872 (S.D.N.Y. 1942).

The best known and most instructive of the "image infringement" cases is *Walt Disney Products v. Air Pirates*, 345 F. Supp. 108 (N.D. Cal. 1972), *aff'd as to copyright issues*, 581 F.2d 751 (9th Cir. 1978). Disney claimed that the defendants "infringed Disney copyrights *by copying the graphic depiction* of over 17 characters . . . . Each character has a recognizable image." 581 F.2d at 753 (emphasis added). It was precisely the "characterizations" the defendants gave the Disney images that were substantially different from Disney's. Their underground comic book was "a rather bawdy depiction of the Disney characters as active members of a free thinking, promiscuous, drug ingesting counterculture." Note, "Parody, Copyrights and the First Amendment," 10 U.S.F.L. Rev. 564, 582 (1976). Since the litigation was taking place in the Ninth Circuit, the defendants sought dismissal on the basis of the restrictive Sam Spade criterion for character protection discussed in Section IV *supra*. The district court rejected this defense on the rather disingenuous ground that in Disney comics the main characters and not their particular escapades are what readers care about and therefore that such characters are not chessmen in the game of telling a story but instead really constitute the story being told. 345 F. Supp. at 108. On appeal, the Ninth Circuit declined to endorse this end run around the Sam Spade rule, 581 F.2d at 755 n.11, but took the more direct route and held that the rule simply doesn't apply to cartoon characters. "(W)hile many literary characters may embody little more than an unprotected idea, . . . a comic book character, which has physical as well as conceptual qualities, is more likely to contain some unique elements of expression. Because comic book characters therefore are distinguishable from literary characters, the [Sam Spade] language does not preclude protection of Disney's characters." 581 F.2d at 751. The opinion would have been more persuasive if the court had recognized that image infringement cases like *Air Pirates* have nothing to do with character protection at all.

[88] *Fleischer Studios v. Freundlich*, *supra* note 87, 73 F.2d at 278.

[89] *Mazer v. Stein*, 347 U.S. 201 (1954).

[90] *Kitchens of Sara Lee, Inc. v. Nifty Foods Corp.*, 266 F.2d 541 (2d Cir. 1957).

A second line of cases, however, has gone way beyond rational bounds and has entertained claims by various cartoon figure proprietors that other figures, admittedly not substantially similar in terms of image, nevertheless infringe the *characterizations* of the plaintiff's cartoon figures. We have seen already that any such claim by the creator of a *verbal* character will usually be defeated by the threshold requirement for character copyrightability, whether the requirement be phrased in terms of Learned Hand's "development" language or the Ninth Circuit's "story being told" test.[91] But when the creator of a *graphic* "character" makes the identical claim, the threshold requirement vanishes in a puff of smoke and the court proceeds to the dubious task of comparing the characterizations of these usually nonhuman "characters."

Why shouldn't cartoon character infringement claims be subject to the same threshold test of character copyrightability as verbal character infringement claims? To point out that the graphic image of a cartoon figure, provided it meets the easily satisfied "originality" requirement, will always be protected by copyright, is not an answer; the words of a novel or play or story, provided they meet the same requirement, will likewise always be protected. The significant distinction between graphic and verbal renditions of a figure is that in the visual media we can isolate a particular arrangement of lines and colors and call it Donald Duck, but we cannot isolate a particular assortment of Faulkner's words and call them Quentin Compson. Human characters and graphic "characters" are related to their media in fundamentally different ways. So much is clear. What is not clear is why the copyrightability of the image of a graphic "character" like Donald Duck should justify any copyright protection for the "characterization" of such a "character" that is not and should not be available for the characterization of a character delineated in the medium of words. Yet, a number of courts have solemnly treated us to comparisons between the "characterizations" of self-propelled superheroes, animated panthers, and other figures.

Intimations of what was to come may be found in *Detective Comics, Inc. v. Bruns Publications, Inc.*,[92] the earliest infringement suit brought by the owners of Superman against a competitor. The district court concluded that the defendant's short-lived creation Wonderman constituted "unfair use . . . of the plaintiff's copyrighted pictures and unfair paraphrase of the plaintiff's text accompanying its pictures . . . . Short of 'Chinese copies' of the plaintiff's 'Superman' strip, the defendant could hardly have gone further than it has done."[93] At the trial level the case is indistinguishable from the standard "image infringement" cases cited above.[94] On appeal, however, Judge Au-

[91] *See* text accompanying notes 26-32 and 44-53 *supra*.
[92] 28 F. Supp. 399 (S.D.N.Y. 1939), *aff'd*, 111 F.2d 432 (2d Cir. 1940).
[93] 28 F. Supp. at 400.
[94] *See* note 87 *supra*.

gustus Hand, writing for a panel of three that included his cousin Learned, described the similarity between the cartoon figures in terms not only of image but also of characterization.

> The attributes and antics of 'Superman' and 'Wonderman' are closely similar. Each at times conceals his strength beneath ordinary clothing but after removing his cloak stands revealed in full panoply in a skin-tight acrobatic costume. The only real difference between them is that 'Superman' wears a blue uniform and 'Wonderman' a red one. Each is termed the champion of the oppressed. Each is shown running toward a full moon 'off into the night,' and each is shown crushing a gun in his powerful hands. 'Superman' is pictured as stopping a bullet with his person and 'Wonderman' as arresting and throwing back shells. Each is depicted as shot at by three men, yet as wholly impervious to the missiles that strike him. 'Superman' is shown as leaping over a twenty story building, and 'Wonderman' as leaping from building to building. 'Superman' and 'Wonderman' are each endowed with sufficient strength to rip open a steel door. Each is described as being the strongest man in the world and each as battling against 'evil and injustice.'[95]

The suggestion that copyright in the Superman image protects the characterization of Superman also infuses the discussion of an appropriate remedy. Citing his cousin's decision in the *Nichols* case, Augustus Hand recognized that the plaintiff was "not entitled to a monopoly of the mere character of a 'Superman' who is a blessing to mankind"[96] and therefore modified the "too sweeping"[97] language of the lower court's decree so as to enjoin the defendant, inter alia, from marketing any publication "portraying any of the feats of strength or powers performed by 'Superman' . . . ."[98] If the operative maxim for the Second Circuit is that whatever Superman does, no one else is allowed to do, one shudders to contemplate what the lower court's decree must have provided!

A vague and ambiguous intimation that the "characterizations" of nonverbal "characters" might be protected by the copyright in their images may, but probably should not, be gleaned from language in *Sid & Marty Krofft Television Productions, Inc. v. McDonald's Corporation*.[99] The creators of the popular children's TV show *H.R. Pufnstuf* sued McDonald's over a series of child-oriented TV commercials featuring a fantasy "McDonaldland" and its

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[95] 111 F.2d at 433.
[96] *Id.* at 434.
[97] *Ibid.*
[98] *Ibid.*
[99] 562 F.2d 1157 (9th Cir. 1977).

inhabitants, which the plaintiffs claimed were substantially similar to the Pufnstuf setting and characters. The jury found the commercials infringing and the district court's judgment in favor of the plaintiffs on the substantive copyright issues was affirmed by the Ninth Circuit. Most of the lengthy appellate opinion deals with matters not germane here, such as the proper tests for determining substantial similarity, First Amendment defenses in infringement cases, and damages issues. The court's discussion of the actual similarities between the plaintiff's and the defendant's works is for the most part limited to concrete visual manifestations clearly protected by the plaintiff's copyrights.[100] The characterization issue may seem to arise where the court states: "The [Pufnstuf] characters each have developed personalities and particular ways of interacting with one another and their environment."[101] On close analysis of the context, however, it becomes clear that characterization is not involved. At this point in its opinion the court is making a distinction between fanciful graphic images like the Pufnstuf figures and representations of "real" objects such as the jeweled bee pin in *Herbert Rosenthal Jewelry Corp. v. Kalpakian*,[102] where copyright protects "against nothing other than identical copying of the work."[103] Clearly this distinction is a sound one, and one that has nothing to do with the issue of copyright protection for a "characterization."[104]

The purest "characterization infringement" cases in the visual media both arise on the east coast. In *United Artists Corporation v. Ford Motor Company*,[105] the owners of the Pink Panther cartoons sued Ford claiming that the animated cat figure in a series of commercials for Lincoln-Mercury's Cougar automobile too closely resembled the Panther. There seems no question that the visual images of the two animated felines were hugely different and that Untied Artists' claim, in essence, was that the cartoon cougar's "characterization" was substantially similar to the Panther's. District Judge Sand accepted in principle that such similarity, if found by the court, would suffice to establish infringement. "We speak of the 'personality' of the character because the rights which plaintiffs seek to enforce are in an animated character. These rights extend, plaintiffs contend, and the Court agrees, not merely to the physical appearance of the animated figure, but also to the manner in which it moves, acts and portrays a combination of human and feline

100 *Id.* at 1167 n.9.

101 *Id.* at 1169.

102 446 F.2d 738 (9th Cir. 1971).

103 562 F.2d at 1168.

104 There seems no basis for the suggestion made by one commentator that the language quoted in note 100 *supra* implies a general rule of copyright protection for the characterization of "sufficiently developed" characters whatever their medium. *See* S. Clark, "Of Mice, Men, and Supermen: The Copyrightability of Graphic and Literary Characters," 28 St. Louis U.L.J. 959, 965 (1984).

105 483 F. Supp. 89 (S.D.N.Y. 1980).

characteristics."[106] In comparing the Panther and the cougar, Judge Sand stated, "we have not limited ourselves to the physical characteristics of the two animated characters as they might, for example, be depicted in a still photograph or drawing. Rather, we have considered the two characters as they appear in their totality."[107] The comparison that follows includes very little if any discussion of "characterizations" but concentrates on the visual aspects, both static and dynamic, of the fanciful animals. Ultimately, and quite correctly, Judge Sand ruled that they were not substantially similar. But his unnecessary general remarks about protection of characterizations left the door open for other plaintiffs to bring "characterization infringement" suits on no better basis than the owners of the Panther had. Through that door (which this time he didn't have to rip down) soon walked none other than the character with whom these cases started, Superman.

Warner Bros., Inc. v. American Broadcasting Companies, Inc.[108] was a suit claiming that Ralph Hinkley, the klutzy protagonist of ABC's sitcom series *The Greatest American Hero*, was substantially similar in characterization to Superman, whose visual image was concededly protected by copyright. After lengthy pre-trial proceedings the district court held on a motion for summary judgment that as a matter of law there was no substantial similarity between the characters. The Second Circuit affirmed in a comprehensive, if somewhat schizophrenic, opinion by Judge Newman. The court stated that "[i]n determining whether a character in a second work infringes a cartoon character, courts have generally considered not only the visual resemblance but also the totality of the characters' attributes and traits."[109] Further, the opinion rejected the view that every skill two characters share should count "as an idea rather than a protected form of expression. That approach risks elimination of any copyright protection for a character, unless the allegedly infringing character looks and behaves exactly like the original. A character is an aggregation of the particular talents and traits his creator selected for him. That each one may be an idea does not diminish the expressive aspect of the combination."[110]

So far the Second Circuit seems to agree with Judge Sand in the Pink Panther case that the door is wide open for the assertion of all sorts of claims that the characterization of B is too much like the characterization of A, at least outside the verbal medium. But Judge Newman also pointed out that copyright law "can deter the creation of new works if authors are fearful that their creations will too readily be found to be substantially similar to preexist-

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[106] *Id.* at 91.

[107] *Id.* at 95.

[108] 530 F. Supp. 1187 (S.D.N.Y. 1982), *aff'd*, 720 F.2d 231 (2d Cir. 1983).

[109] 720 F.2d at 241.

[110] *Id.* at 243.

ing works."[111] And he further stressed that "[c]ourts have an important responsibility in copyright cases to monitor the outer limits within which juries may determine reasonably disputed issues of fact."[112]

The Second Circuit view appears to be that anyone may sue anyone else for "characterization infringement" (at least outside the verbal medium where Learned Hand's threshold test, whatever it means, still prevails), but that the trial court should vigorously exercise its power to dispose of such cases as a matter of law. Whether unsuccessful plaintiffs in such cases should be made to pay the defendants' costs and reasonable attorney fees is a matter completely within the court's discretion.[113] The trial court in the Greatest American Hero case did not make Warners pay the costs and attorney fees of ABC and the other defendants, and the Second Circuit held this not to be an abuse of discretion.[114]

The prospect of having to incur huge legal expenses even if one prevails on summary judgment in a "characterization infringement" suit may not deter those with the financial resources of a national broadcasting network from creating new characters, but it cannot help to inhibit the creativity of people and institutions less well endowed. This, for better or worse (mostly for worse), is where the law of graphic characterization infringement stands today.

VI. CHARACTER AND COPYRIGHT: THREE SIDEBARS

For most purposes, characters *per se* need no copyright protection because other bodies of law such as contract, Section 43(a) of the Lanham Act and unfair competition do the job better without entangling courts in the thorny issues of character copyright.[115] Within certain narrow contexts, however, copyright and character can and do intertwine. In this section we shall explore a few of these.

a. *Termination.* Among the many innovations that went into effect on January 1, 1978 was the right of termination,[116] permitting authors, and in some cases their successors, unilaterally to terminate any "grant of a transfer

111 *Id.* at 240.

112 *Id.* at 245.

113 17 U.S.C. § 505 (1978).

114 720 F.2d at 248.

115 For a general discussion of the protection available under these other bodies of law, *see* D. Howell, *Intellectual Properties and the Protection of Fictional Characters* (1990).

116 17 U.S.C. § 203(a) (1978) (covering termination of grants executed by the author on or after January 1, 1978); 17 U.S.C. § 304(c) (covering termination of grants executed by the author or by his or her successors prior to January 1, 1978).

or license of copyright or of any right under a copyright"[117] upon compliance with a number of complex formalities and substantive criteria.[118] One of the first cases dealing with this newly created right involved, among several other issues, whether a contract to use nothing but an author's characters constituted the license of a right "under" a copyright so that the author's successors could terminate the contract unilaterally. *Burroughs v. Metro-Goldwyn-Mayer, Inc.*[119] dealt with the status of Edgar Rice Burroughs' world-famous character Tarzan, whose first appearance in print was as the protagonist of *Tarzan of the Apes*, published and copyrighted in 1912.[120] Eleven years later Burroughs transferred all his rights in that novel and all his subsequent works to Edgar Rice Burroughs, Inc., a family corporation. In April of 1931, an agreement was executed between the corporation and MGM whereby the studio was granted the right to make a movie, based not on any of Burroughs' literary works, but rather on its own original screenplay, employing as characters Tarzan and other creatures of Burroughs' imagination. The agreement also permitted MGM to remake its Tarzan film as often as it chose, provided that each remake was based substantially on the first film.

That first film was the hugely popular *Tarzan, The Ape Man* (1932), introducing Johnny Weissmuller in the starring role.[121] Burroughs died in 1950. Nine years later MGM exercised its remake rights and released a new picture, starring an obscure muscle-builder named Denny Miller and using the original title *Tarzan, The Ape Man* as it was contractually required to do.[122] During the 1970s, the Burroughs corporation licensed Warner Bros. to make a new Tarzan film, *Greystoke*, to be based on the 1912 novel *Tarzan of the Apes* and shot on a gargantuan budget.[123] In order to avoid possible competition between the Warners' project and any further MGM remakes of *Tarzan, The Ape Man*, the Burroughs heirs served a termination notice pursuant to Section 304(c) of the Copyright Act. They did not serve the notice on MGM, however, but only on the family corporation—in effect, on them-

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117 17 U.S.C. § 203(a) (1978). The "right under" language is also found at the beginning of § 304(c), the provision applicable to the case under discussion.

118 17 U.S.C. §§ 203(a), 304(c) (1978).

119 491 F. Supp. 1320 (S.D.N.Y. 1980), 519 F. Supp. 388 (S.D.N.Y. 1981), *aff'd*, 683 F.2d 610 (2d Cir. 1982).

120 For an excellent study of Burroughs' life and world, see R. Lupoff, *Edgar Rice Burroughs: Master of Adventure* (rev. ed. 1968).

121 For a survey of all the Tarzan films from the beginning of Burroughs' career until roughly fifteen years after his death, see G. Essoe, *Tarzan of the Movies* (1967).

122 The 1959 film was also the subject of litigation when the Burroughs heirs claimed that the picture was *ultra vires* the 1931 agreement in that it was too dissimilar from the 1932 film. They lost. *Edgar Rice Burroughs, Inc. v. Metro-Goldwyn-Mayer, Inc.*, 205 Cal.App.2d 441, 23 Cal. Rptr. 14 (1962).

123 *Burroughs v. Metro-Goldwyn, Inc.*, 491 F. Supp. at 1323.

selves[124]—and they served it in December of 1977, three weeks before the date when the new statute which created the termination right became effective!

Early in 1980, while the Warners' film was in pre-production, MGM announced plans for yet another *Tarzan, The Ape Man* remake, this one to star sex goddess Bo Derek. The Burroughs heirs quickly filed suit for copyright infringement against MGM, contending that the studio's remake rights had been terminated, whereas MGM argued that the heirs' termination notice failed both substantively and procedurally to comply with the statute.

The first issue confronting District Judge Werker was whether the license to use Burroughs' characters counted for termination purposes as the license of a "right under" a copyright so as to be subject to termination at all. Initially, on the heirs' motion for a preliminary injunction to shut down work on the Bo Derek film, Werker dodged the bullet: "Whether the Tarzan characters appearing in the author's works are copyrightable or not, . . . it is clear that the 1931 agreement was not intended to, and did not purport to, grant MGM any copyright interest. Hence, the rights granted MGM under the 1931 agreement were not subject to termination under section 304(c)."[125] But, assuming arguendo that MGM's rights did come "under" a copyright so as to be in principle terminable, Werker held further that the termination notice served by the heirs was defective (a) for having been served too soon, (b) for *not* having been served on MGM, and (c) for being fatally ambiguous in its technical terminology.[126] Accordingly, he denied the heirs' motion for a preliminary injunction.

The following year, on cross-motions for summary judgment on these identical issues, Werker backtracked a bit and handed down a ruling on the "right under" issue. The characters in a literary work, he held, are protected by the copyright in the work, but, as Learned Hand had noted in *Nichols*,[127] it is "only well-developed characters" that enjoy this protection.[128] Are any of the Burroughs series characters "sufficiently delineated by the author to be copyrightable"?[129] Yes, Werker tells us: "It is beyond cavil that the character 'Tarzan' is delineated in a sufficiently distinctive fashion to be copyrightable."[130] On what basis does he reach this conclusion? Here word for word is his reasoning:

> Tarzan is the ape-man. He is an individual closely in tune with his jungle environment, able to communicate with animals yet able to

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124 *Id.* at 1325.
125 *Id.* at 1324.
126 *Id.* at 1324-1326.
127 Note 23 *supra*.
128 *Burroughs v. Metro-Goldwyn-Mayer, Inc.*, 519 F. Supp. at 391.
129 *Ibid.*
130 *Ibid.*

> experience human emotions. He is athletic, innocent, youthful, gentle and strong. He is Tarzan.[131]

Judge Werker then reiterated his earlier views as to the particular defects in the termination notice served by the Burroughs heirs and denied them relief on this basis.[132]

On appeal, the Second Circuit chose to "express no view"[133] on Werker's ruling that Tarzan was copyrightable and affirmed the dismissal of the heirs' action solely on the grounds that their termination notice had been sent too early, had not been sent to MGM and lacked "content . . . sufficient to extinguish MGM's right to use the Tarzan character."[134] Clearly, therefore, Werker's strange little paean to the loin-clothed apeman is not precedent, and recalls the suggestion earlier in this article[135] to put to ourselves the crucial question: Isn't any attempt by any judge to articulate what makes some characters protectible and others not protectible equally doomed to implausibility?

No reported case since *Burroughs* has dealt with the issue of character copyrightability for termination purposes, and one might easily conclude that the 1931 agreement authorizing MGM to use Burroughs' characters and the characters alone was so rare that the question is unlikely to arise again. Commentators with great expertise in the media industries tell us differently. Writing in the heyday of James Bond, entertainment lawyer Richard Wincor imagines a stereotypical superspy he calls Leverett Lowell and describes what might happen to him and his entourage:

> They might originate in a spy novel, or a film, or a series 'presentation' designed specifically for television. Typically an independent production company acquires an option, sometimes on the text of Leverett Lowell stories, *sometimes merely on the character himself* and his attendant props. The most elaborate negotiations accompany such acquisitions . . . . All of it sounds fantastic, but it happens.[136]

Needless to add that this piece, published more than ten years before there was any such entity as a right of termination, expresses no view on whether such character licenses come "under" a copyright and are therefore terminable. But it does point out that the Burroughs-MGM agreement was not all that unusual and should suggest to us that the issue the Second Circuit avoided in *Burroughs* may yet return to vex us all.

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131 *Ibid.*
132 *Id.* at 392.
133 683 F.2d at 621.
134 *Ibid.*
135 *See* Section I *supra*.
136 R. Wincor, Book Review, 76 Yale L.J. 1473, 1479 (1967) (emphasis added).

How should that issue be decided? Assuming that all the other substantive and procedural criteria are satisfied, is a character license subject in principle to termination? When the relevant statutory provisions are read carefully, it becomes evident that this question has no connection with the issue of character copyrightability. The test of terminability under Sections 203(a) and 304(c) is not whether the subject of the grant is independently copyrightable, but whether it constitutes a "right under" a copyright.[137] As long as the subject of the grant is a component part of a copyright-protected work, it can and should be held terminable in principle regardless of its copyright status in isolation.

This analysis applied *in pari materia* to the terminability in principle of any sort of license to use a component part of a copyrighted work if the Act specifically excludes that component part from copyright protection *per se*. Suppose for example that the NHN movie studio had bought a license from Medgar Grice Furroughs to use some of the ideas, and nothing more, from Furroughs' novel about Tanzar of the Ice Caps, Lord of the Polar Bears. Section 102(b) of the Copyright Act denies federal protection to any of the ideas in an author's work,[138] but a state might offer such protection without running afoul of Section 301's pre-emption provisions,[139] and if so the studio might wish to avoid a lawsuit by purchasing a license to use the Furroughs ideas it wished to exploit. When and if all other statutory criteria are met, is this "idea license" terminable in principle by Furroughs or his successors? I submit that it is, and that the uncopyrightability of the ideas is irrelevant to the issue. It should be noted that neither in this nor any other situation may the termination right be used so as to make publicly unavailable in the future a derivative work created pursuant to the author's license.[140] All that can be halted by termination and all that the Burroughs heirs sought to halt by termination is the use of the licensed matter in *subsequent* works by the licensee.

b. *Divorce*. Another innovation of the present copyright statute is the anti-expropriation rule of Section 201(e), which provides:

> 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

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137 *See* note 117 *supra*.

138 17 U.S.C. § 102(b) (1978).

139 *See* 1 M.B. Nimmer & D. Nimmer, *Copyright*, § 1.01[B][c] (1989). Of course, as Nimmer points out, any such state protection would be vulnerable to attack on First Amendment grounds. *Ibid*.

140 17 U.S.C. §§ 203(b)(1) and 304(c)(6)(A) both provide that: "A derivative work prepared under authority of the grant before its termination may continue to be utilized under the terms of the grant after its termination, but this privilege does not extend to the preparation after the termination of other derivative works based upon the copyrighted work covered by the terminated grant."

> 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.[141]

I have argued elsewhere that the plain meaning of this provision is to preclude state courts from awarding any share in an author's copyright interests to his or her spouse when the couple are getting divorced.[142] Let us suppose that my view of this provision's meaning is accepted. Is a state court likewise precluded in a divorce action from awarding the non-author spouse a share in the future proceeds of a character that the author created during the marriage? At first glance one might respond with an automatic "Yes." But a careful reading of the statutory language, which has no precise counterpart in the previously discussed termination provisions, reveals an unexpected and almost certainly unintended roadblock. Section 201(e) defines what is protected from expropriation as (a) "ownership of a copyright" or in other words ownership of the entire bundle of rights governed by Title 17, or (b) "ownership . . . of any of the exclusive rights under a copyright . . . ."[143] The latter language clearly refers to Section 106, which sets forth the exclusive rights a copyright owner enjoys. These rights—to reproduce, to prepare derivative works, to distribute copies, to perform publicly and to display publicly—all apply with regard to "the copyrighted work" in question. Therein lies the rub. For if a divorcing author's series character is held to constitute a "copyrighted" and therefore copyrightable work, then the state court is precluded from awarding an interest in that character to the author's spouse; but if the state court wants to do an end run around the federal policy articulated in Section 201(e), it need only declare the divorcing author's series character not covered by copyright. Presto! The federal ban against expropriation disappears. Whatever the creators of lucrative series characters go through contested divorce proceedings, this glitch in the Copyright Act is all but guaranteed to lead to fierce fights over character copyrightability.[144]

c. *Works Made for Hire.* The starting point of all copyright ownership analysis is found in Section 201(a): "Copyright is a work protected under this title vests initially in the author or authors of the work."[145] But this provision is immediately followed by a major exception to the general rule: "In the case of a work made for hire, the employer or other person for whom the

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141 17 U.S.C. § 201(e) (1978).

142 *See* Nevins, "When an Author's Marriage Dies: The Copyright-Divorce Connection," 37 J. Copr. Soc'y 382 (1990).

143 *See* note 141 *supra*.

144 See Worth v. Worth, 195 Cal. App. 3d 768, 241 Cal. Rptr. 135 (1987) (interest in author's work can be awared to nonauthor spouse as part of divorce decree).

145 17 U.S.C. § 201(a) (1978).

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."[146] The Act recognizes two types of work made for hire: (1) "a work prepared by an employee within the scope of his or her employment," and (2) "a work specially ordered or commissioned" if it falls within one of nine specified substantive categories and "if the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire."[147]

In the spirit of Richard Wincor's Leverett Lowell,[148] let us conjure up a heroic character for our own time. We shall call her Carmencita Samanella White Cloud Cheung. Her grandparents shall be a Native American man, a black woman, a Latino man and an Asian woman and we shall specify that all four are alive and well so that old Hollywood hands like Gilbert Roland, France Nuyen and Iron Eyes Cody will have nice roles if Carmencita makes it to prime time. Our heroine can be a private detective, a cop, a secret agent, a powerhouse lawyer (or whatever is most fashionable at the moment), but a towering paragon in her field and an impeccable blend of brains, beauty, strength, skill, wit, savvy and all the other qualities of a role model. Voila! She is created. Now suppose that the person who created her was either an employee hired to bring this creature to life or an independent contractor commissioned to do the same. Should the character be considered a work made for hire?

Whether Carmencita's creator was an employee or an independent contractor will probably not affect the answer. If the creator was an employee and the creation of Carmencita came within the scope of employment, our heroine will constitute a Type 1 work made for hire. If the creator was an independent contractor who signed a written instrument also signed by the commissioning party and setting forth that Carmencita was to be deemed a work made for hire, and if Carmencita is classified among the nine statutory substantive categories—as "a contribution to a collective work" perhaps, or possibly as a "part of a motion picture or other audiovisual work"[149]—she will constitute a Type 2 work made for hire. But these propositions are sound only if Carmencita also qualifies as a "work," which means, to cite the relevant language from Section 201(a), "a work protected under this title," *i.e.*, a *copyrightable* work. If all the other criteria of a work made for hire are satisfied yet the creator wants Carmencita liberated from work-made-for-hire status so that he can exploit her himself, he will need to persuade a court either that no character in the abstract is protected by copyright or in the alternative that Carmencita is too ill-developed a character to qualify under

[146] 17 U.S.C. § 201(b) (1978).
[147] 17 U.S.C. § 101 (1978).
[148] *See* note 136 *supra*.
[149] 17 U.S.C. § 101 (1978).

whatever mystical standards for character copyright protection prevail in the jurisdiction: another instance of the paradox that has been pointed out earlier in this article.[150]

VII. THE SERIES CHARACTER CONUNDRUM AND HOW TO RESOLVE IT

What common quality is shared by Sir John Falstaff, C. Auguste Dupin, Sherlock Holmes, Hopalong Cassidy, Tarzan, Ellery Queen, Sam Spade, The Lone Ranger, Perry Mason, Nero Wolfe, James Bond, Rabbit Angstrom, and the immortal George "Kingfish" Stevens of *Amos 'n' Andy*? All of them are series characters. As Judge Stephens pointed out in his *Sam Spade* opinion, "historically and presently detective fiction writers have [carried] and do carry the leading characters with their names and individualisms from one story into succeeding stories . . . . The reader's interest thereby snowballs as new 'capers' of the familiar characters are related in succeeding tales."[151] As the above list of famous series characters demonstrates, this practice has never been confined to writers of detective fiction. Our concern here is to explore the consequences for legal protection of a series character *per se* when some of the works in which the character appears remain under copyright while others have fallen into the public domain.

Of course, if characters *per se* are not protected by copyright at all, as is contended in this article, then the problem dissolves. Regardless of whether all, some, one or none of a series character's exploits are in the public domain, the right of others to make use of the character is unaffected and remains governed by the other relevant bodies of law, principally unfair competition and trademark. A registered trademark,[152] if renewed every ten years,[153] will provide nationwide protection for as long as the mark is not abandoned.[154] The mark's copyright status is irrelevant, and a valid trademark may well cover an aspect of a work that under copyright law has long been in the public domain.[155] Thus trademark not only offers the possibility of longer protection for characters than does copyright but also eliminates the legal

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150 *See* Section IV *supra*. Of course, even if our creator wins on the copyright issue, he has a separate and distinct legal hurdle to overcome if, as is likely, his contract with the employer or commissioning party assigns all rights in the character to the latter. Whatever legal arguments are raised on this purely contractual issue have nothing to do with the character's copyright status and are therefore beyond the scope of this article.

151 *Warner Bros., Inc. v. Columbia Broadcasting System, supra* note 44, 216 F.2d at 949.

152 *See* 15 U.S.C. §§ 1051 *et seq.* (1988).

153 15 U.S.C. §§ 1058, 1059 (1988).

154 15 U.S.C. § 1127 (1988).

155 *See, e.g., Frederick Warne & Co. v. Book Sales, Inc.*, 481 F. Supp. 1191 (S.D.N.Y. 1979).

issue presently before us. The following discussion assumes arguendo that at least some characters are protected by the copyrights in the works in which they appear.

Despite this assumption, there clearly can be no legal challenge to another's use of a series character when all that character's adventures are in the public domain. This has long been the case with Shakespeare's Falstaff and Poe's Dupin. Further, the series character problem can never arise when all of a particular character's exploits postdate January 1, 1978, as is the case, for example, with law professor Jeremiah Healy's Boston private eye John Francis Cuddy, who debuted in 1984.[156] For under the present copyright statute, which protects works for the life of the author plus fifty years,[157] all the adventures of such a character will fall into the public domain simultaneously, at the end of the calendar year which marks the fiftieth anniversary of the author's death.[158]

But what of the countless series characters who fall into neither of these categories? Copyright protection for any work first published before 1978 lasts for a total of 75 years from first publication, provided that the work was timely renewed in its 28th year of copyright life.[159] Counting from 1991, when this article is being written, no work first published in 1915 or previously can possibly still be protected by copyright, but any work first published in 1916 or subsequently may still enjoy protection.[160] Where does this leave the characters whose exploits span these dates? The first Sherlock Holmes story was published in 1888 and the last collection of his cases appeared in 1927.[161] The first book about Hopalong Cassidy came out in 1907 and the last in 1941.[162] Tarzan, as we have seen,[163] came on the scene in

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156 *See* J. Healy, *Blunt Darts* (1984). Subsequent novels by Healy with Cuddy as protagonist include *The Staked Goat* (1986), *So Like Sleep* (1987), *Swan Dive* (1988), *Yesterday's News* (1989), and *Right to Die* (1991).

157 17 U.S.C. § 302(a) (1978).

158 "All terms of copyright provided by sections 302 through 304 run to the end of the calendar year in which they would otherwise expire." 17 U.S.C. § 305 (1978).

159 17 U.S.C. § 304(a) and (b) (1978). P.L. 102-307, the Automatic Renewal Act of 1992, now provides for automatic renewal.

160 A work first published in 1916 and timely renewed twenty-eight years later, in 1944, would ordinarily have fallen into the public domain in 1972, before the effective date of the present Copyright Act. However, a succession of joint Congressional resolutions, enacted annually from 1962 through 1977, extended the renewal terms of those works about to fall into the public domain so that all such works were still protected as of January 1, 1978, when the present act went into effect. For citation and discussion of these extensions, *see* 3 M.B. Nimmer & D. Nimmer, *Copyright*, § 9.01[C], at n.81 and accompanying text (1990).

161 *See* J.D. Carr, *The Life of Sir Arthur Conan Doyle* (1949).

162 *See* Nevins, note 38 *supra*.

1912, and his last adventure saw the light of print in 1947.[164] Provided I make no attempt to "pass off" my efforts as the work of Conan Doyle, Mulford or Burroughs, may I write and commercially exploit my own stories about Holmes, Hoppy or the lord of the apes? Hammett's Sam Spade debuted in 1930,[165] Erle Stanley Gardner's Perry Mason in 1933,[166] Rex Stout's Nero Wolfe in 1934,[167] Ian Fleming's James Bond in 1953.[168] Unless the present copyright statute should be modified to extend the term of protection, these stalwarts' earliest exploits will fall into the public domain respectively at the end of the years 2005, 2008, 2009 and 2028. Is anyone free thereafter to market their own works about the characters?

Only three answers to this question are logically possible. One of these is that as soon as the first exploit of a series character loses copyright protection,[169] that work as a whole and everything in it, including the series character to the extent the character is protected by copyright at all, becomes open to public use as far as the copyright act is concerned.[170] This is the view adopted in Nimmer's treatise[171] and advocated, paradoxically enough, by Edgar Rice Burroughs' heirs in the litigation over the Bo Derek Tarzan movie.[172] Assuming arguendo that at least some characters are protected by copyright, it is also the view taken here.

On superficial analysis the second of the possible answers would seem best to serve the interests of series characters creators. This is the view that when a character's first adventure ceases to be protected by copyright, the character as such continues to be protected by the copyrights in subsequent adventures until the last of them has fallen into the public domain. The trouble with this theory, as the Burroughs heirs' attorney seems to have noticed, is that it is incompatible with any lenient test for character copyrightability of the sort which also would seem at first glance to serve the interests of series character creators. If a character is one of the copyrightable ele-

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163 Note 120 *supra*.

164 *See* R.A. Lupoff, *Edgar Rice Burroughs: Master of Adventure* 253-254 (rev. ed. 1968).

165 *See* R. Layman, *Shadow Man: The Life of Dashiell Hammett* (1981).

166 *See* D.B. Hughes, *The Case of the Real Perry Mason* (1978).

167 *See* J. McAleer, *Rex Stout: A Biography* (1977).

168 *See* J. Pearson, *The Life of Ian Fleming* (1966).

169 Ordinarily the first exploit of a character to lose copyright protection will be the first one published, but this is not necessarily the case. It will not be so, for example, if the author renewed some early exploits of the character but neglected to renew some later adventures.

170 It must be kept in mind that if the character's name constitutes a valid trademark, others may not use that name on their own works even if one or more of the character's adventures are in the public domain under copyright law. *See Frederick Warne & Co. v. Book Sales, Inc.*, note 155 *supra*.

171 *See* M.B. Nimmer & D. Nimmer, *Copyright*, § 2.12 (1990).

172 *Burroughs v. Metro-Goldwyn-Mayer, Inc.*, *supra* note 119, 683 F.2d at 622.

ments of the work in which the character appears, how can the conclusion be escaped that when the first such work falls into the public domain, the character does too? It is perhaps for this reason that the second answer has rarely been advocated.

The third possible answer, offered in the recent case of *Silverman v. CBS Inc.*,[173] requires that when some of a series character's exploits are in the public domain and others remain protected by copyright, the character must be subjected to aspect analysis or, more irreverently, to Solomonic slicing. Silverman, a producer, was preparing a script for a Broadway musical based on the series characters and other elements from the Amos 'n' Andy show, which had been broadcast on radio from 1928 to 1955 and on television from 1951 to 1953. All rights to the show, insofar as they existed at all, were the property of CBS. The scripts for all the radio broadcasts from March 1928 through March 1948 were in the public domain for nonrenewal, but the scripts for all the radio programs broadcast after March 1948 were still protected by copyright. The copyright status of the filmed TV episodes was unclear and depended on the legal consequences of the fact that the telefilms were broadcast without copyright notices.

Understandably in doubt about what he legally could and could not use, Silverman sought a declaratory judgment of his rights and CBS counterclaimed for injunctive relief on a variety of grounds including copyright infringement. District Judge Goettel, as we have seen earlier in this article,[174] assumed without the slightest discussion that the Amos 'n' Andy series characters were sufficiently delineated to be covered by copyright. He went on to hold that the broadcast of the TV films without copyright notices did not throw the films into the public domain since such broadcast did not amount to general publication of the films. On the series character issue we are exploring here, Judge Goettel wrote as follows:

> [A]re characters that are in the public domain in the literary work [i.e. the pre-March 1948 radio scripts] protectable by copyright in an audiovisual presentation? We believe they are. The visual representation of these characters, recorded on film, is the expression of an idea that goes beyond the word portraits in the public domain scripts and is, therefore, protectable by copyright . . . . Accordingly, we find that duplication of the characters as they appeared on television would infringe CBS's copyrights.[175]

Of the three possible theories under discussion here, Judge Goettel's ruling is compatible only with the second, that a copyrightable character falls into the public domain with his last adventure and not until then.

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[173] 870 F.2d 40 (2d Cir. 1989).

[174] *See* note 43 *supra* and accompanying text.

[175] 632 F. Supp. 1344, 1355 (S.D.N.Y. 1986).

On appeal, the Second Circuit declined to rule on whether the TV films had been published without notice but reversed Goettel's decision and adopted the third and last of our theories.

> The fundamental copyright principle applicable to this case is that a copyright affords protection only for original works of authorship and, consequently, copyrights in derivative works secure protection only for the incremental additions of originality contributed by the authors of the derivative works . . . . Thus, the CBS copyrights in the post-1948 radio scripts [and] programs, and whatever rights it may have in the television scripts and programs (assuming for the moment that the programs have not been published without copyright notice) provide protection only for the increments of expression beyond what is contained in the pre-1948 radio scripts, which are in the public domain. This principle is fully applicable to works that provide further delineation of characters already sufficiently delineated to warrant copyright protection.[176]

What this ruling means is clear enough as long as one stays on an abstract plane and does not press for details. Silverman "is entitled to use the public domain material from the pre-1948 scripts and may do so up to the point at which he copies original expression added to the pre-1948 radio scripts and protected by valid CBS copyrights."[177]

To what extent may Silverman use the Amos 'n' Andy series characters? The court stated: "We have no doubt that they were sufficiently delineated in the pre-1948 radio scripts to be placed in the public domain when the scripts entered the public domain. [Citing *Nichols*, which has nothing to do with the series character issue.] What Silverman may not use, however, is any further delineation of the characters contained in the post-1948 radio scripts and the television scripts and programs, if it is ultimately determined that these last items remain protected by valid copyrights."[178] Does this articulation give Silverman any concrete guidance as he works on his script? None whatsoever:

> "Since only the increments of expression added by the [TV] films are protectable, Silverman would infringe only if he copies these protectable increments. It is, of course, likely that the visual portrayal of the characters added something beyond the delineation contained in the public domain radio scripts, but surely not every visual aspect is protected. For example, the fact that the characters

176 870 F.2d at 49-50.
177 *Id.* at 50.
178 *Ibid.*

> are visibly Black does not bar Silverman from placing Black 'Amos 'n' Andy' characters in his musical, since the race of the characters was a feature fully delineated in the public domain scripts. Similarly, any other physical features adequately described in the pre-1948 radio scripts may be copied even though those characteristics are visually apparent in the television films or tapes."[179]

The court was keenly aware of the incomplete nature of its ruling but believed that it had no choice. As for CBS' claim for injunctive relief, "[f]raming an injunction in terms of a legal conclusion concerning protectable increments of expression is not entirely satisfactory, but the alternative of trying to identify at this stage every protectable element of the copyrighted materials is even less satisfactory. Precise determination of such elements will have to await the situation, should it ever arise, where Silverman prepares a script that arguably infringes a protectable element of these materials and CBS asserts a claim of infringement."[180] As for Silverman's claim for declaratory relief, the court held, the producer "should now receive a declaration that he is entitled to use all aspects of the 'Amos 'n' Andy' materials, including names, stories, and characters, to the extent that such elements of expression are contained (or, in the case of characters, to the extent delineated) in the pre-1948 radio scripts, which are in the public domain. As with the injunction, it is not satisfactory to leave the scope of this declaration imprecise, but it would be less satisfactory to attempt to identify all the unprotected elements that Silverman is free to use."[181]

This results leaves poor Silverman in a bind perhaps best appreciated by those who grew up watching *Amos 'n' Andy* on TV. May he have the actors he casts as Amos, Andy, the Kingfish, Sapphire and Algonquin J. Calhoun adopt the distinctive vocal styles of Alvin Childress, Spencer Williams Jr., Tim Moore, Ernestine Wade and Johnny Lee? Or will the speaking mannerisms of those superb comedians be found by a court to be among the telefilms' copyright-protected components (assuming, that is, that CBS' copyrights in the TV episodes are valid at all)? If Silverman writes scenes set in the Mystic Knights of the Sea lodge hall, will CBS sue him on the claim that his version of the premises looks too much like the lodge hall in the telefilms? The list of potential legal issues rolls on and on like the Mississippi, and it is not surprising that Silverman seems to have abandoned his project.

In two respects, one very broad and the other quite narrow, the aspects approach to literary characters can be seen as an advance in judicial thinking on the subject. In the broad sense one can see the desirability of harmonizing the approach to character issues with the standard approach to analogous

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179 *Ibid.*

180 *Id.* at 51.

181 *Ibid.*

issues in copyright by holding that what constitutes "original expression"[182] is protectible in the realm of character as elsewhere but only for as long as the work containing that "original expression" is itself protected by copyright. In the narrow sense, the *Silverman* rule deserves praise insofar as it rejects the rationale of the lower court.

Of the 23 public domain Hopalong Cassidy movies at issue in *Filmvideo Releasing Corp. v. Hastings*,[183] Judge Werker had conceded that twelve were not substantially similar in storyline to the Mulford novels on which they purported to be based.[184] Nevertheless, he had held those twelve still protected as of 1980 by virtue of the protection accorded *Mulford's* character Hopalong Cassidy by the copyrights in Mulford's books. Judge Werker had not apparently been bothered by the self-evident fact that not the least similarity beyond name and cowboy milieu existed between the character Mulford created and the character portrayed by William Boyd in the movies; indeed, he described the movie Cassidy as simply Mulford's Cassidy "turned inside out."[185] These rulings[186] were not among the issues in the case that were appealed, and therefore the Second Circuit had no reason to discuss them in 1981.

Now suppose a distributor today sells videocassettes of any of those twelve Hopalong Cassidy films, or for that matter of any of the later Cassidy films which were not involved in the *Filmvideo* litigation, but which are legally indistinguishable from the earlier dozen?[187] At the time of Judge

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182 This succinct formula for the totality of what copyright protects has a long lineage in judicial decisions but is perhaps most familiar from its use in *Hoehling v. Universal City Studios, Inc.*, 618 F.2d 972, 974 (2d Cir. 1980), and in *Harper & Row, Publishers, Inc. v. Nation Enterprises*, 471 U.S. 537, 557 (1985).

183 Note 35 *supra*.

184 *See* note 39 *supra* and accompanying text.

185 509 F. Supp. at 65.

186 For a full critique of this and other rulings made during the case, see Nevins, "The Doctrine of Copyright Ambush: Limitations on the Free Use of Public Domain Derivative Works," 25 St. Louis U.L.J. 58, 83-86 (1981).

187 A total of 66 Hopalong Cassidy theatrical features were made between 1935 and 1948. In terms of the legal issues discussed here, they are divisible into the following categories: (A) The twelve films released between 1946 and 1948. The copyrights in these films were timely renewed and there is no question that they remain protected until 2021-2023. (B) Eleven films released between 1935 and 1938. Although never renewed, they were held still protected on the theory that their storylines were substantially similar to the storylines in Mulford novels. *Filmvideo Releasing Corp. v. Hastings*, *supra* note 45, 509 F. Supp. at 66. Judge Werker's substantial similarity analysis, or lack thereof, has been the subject of vigorous critique. *See* Nevins, note 168 *supra*. Regardless of the merits of Werker's decision, at least one of the eleven films in this category—*Hopalong Cassidy* (1935), purportedly based on Mulford's 1910 novel of the same name—ceased to enjoy protection under the *Filmvideo* decision as of the end of 1985, when its source novel fell into the public domain. (C) Twelve

Werker's *Filmvideo* decision, all of Mulford's Hopalong Cassidy books were still protected by copyright. Today this is not the case. His first book, *Bar-20* (1907), has been in the public domain since the end of 1982.[188] *Hopalong Cassidy* (1910) has been unprotected since the end of 1985, *Buck Peters, Ranchman* (1912) since the end of 1987, *The Coming of Cassidy—And the Others* (1913) since the end of 1988.[189] Therefore, even if the court in our hypothetical case is willing to find aspects of the Mulford character that are reproduced in these films, that will not suffice: Under the *Silverman* aspects analysis, any "original" aspects of Mulford's Cassidy that appeared in the above mentioned books are today in the public domain along with everything else in those books and may not serve as bases of protection for the public domain films. And of course, if our hypothetical court accepts Judge Werker's holding that the film Cassidy is Mulford's turned inside out, it follows automatically that no protectible aspects of the Mulford character could ever have been in the film character in the first place. Such are the joys in store for whoever becomes involved in future litigation over Hopalong Cassidy.

What does the aspects theory portend for other characters whose earlier

films released between 1937 and 1939. These are the dozen discussed as a group in the body of this article. If my contention is correct that *Silverman* aspects analysis renders no longer viable Judge Werker's holding that these films, though never renewed, remain protected via the protection accorded Mulford's Hopalong Cassidy and other series characters, then these films are unequivocally in the public domain today. (D) Twenty-six films released between 1939 and 1944. Although not involved in the *Filmvideo* litigation, they are indistinguishable from the dozen films in category (C) in that these too were never renewed and in that the only connection between them and Mulford's work is their use of Hopalong Cassidy and other Mulford series characters. If my contention as to the effect of *Silverman* on *Filmvideo* is correct, then these 26 films are likewise unequivocally in the public domain today. (E) Three films which might be deemed to be remakes of earlier films in Category B. To the extent one accepts Judge Werker's view that there is substantial similarity between the storylines of the earlier films and the storylines of Mulford's novels, the later films might also be considered protected until the Mulford novels go into the public domain. (F) One film, *Hoppy Serves a Writ* (1942), which might be deemed to be substantially similar to a Mulford novel, *Hopalong Cassidy Serves a Writ* (1941), and, if so, might, although never renewed, be deemed protected via the novel until the end of the year 2016 when the novel falls into the public domain. (G) Three films, released between 1941 and 1943, which used the Hopalong Cassidy character but whose storylines were very loosely based on Western novels by another writer, Harry Sinclair Drago (1888-1979). Even though *Silverman* aspects analysis probably means that distributors of these films need not fear suit from Mulford interests, they may be vulnerable to action by the Drago estate if there is such an entity.

188 For calculation of the time periods involved, see note 160 *supra*.

189 The next Mulford title, *The Man from Bar-20* (1918), will go into the public domain at the end of 1993.

adventures have entered the public domain? A character popular for decades may change relatively little, like Nero Wolfe for example,[190] or may go through several distinct stages in the course of his or her fictional career, like Ellery Queen[191] and Perry Mason,[192] or may fall somewhere between these extremes. Regardless of how stable or volatile the characterization of a series protagonist may be, once one or more of the character's exploits have gone into the public domain and a second comer seeks to use the character as such, any litigation over the issue is bound to bring into the courtroom a plague of so-called expert witnesses in the form of professors of popular culture. Those in the pay of the character's original creator will expound learnedly on the subtle traits apparent only in those exploits of the character that are still protected but nevertheless shamelessly filched by Second Comer. Those in Comer's pay will orate with equal profundity on the thesis that every characteristic in Comer's rendition of the character is apparent in those original adventures of the character which are no longer protected. The lawyers for Comer, arguing by analogy to the venerable concept of *scenes á faire, i.e.*, aspects of a plot which are necessitated by the concept of that plot and therefore do not belong to any particular author who uses them,[193] will inevitably propose a concept of *traites á faire, i.e.*, aspects of a characterization necessitated by the concept of that character and therefore likewise not the property of any particular author who employs them.

Courts will have a field day trying to sort out *traites á faire* from aspects of a characterization that should be deemed original to an author. Their decisions in this realm will be as predictable as a day at the racetrack and are certain to entangle them in aesthetic disputes which by and large they are ill equipped to rule on as a matter of law. As more and more of the early exploits of famous series characters turn 75 and lose copyright protection, the likelihood of this sort of Alice in Wonderland litigation increases.

Such litigation can be avoided in either of two ways. Those who accept character copyrightability can accept along with it the Nimmer view that character protection is lost when protection for the character's first adventure is lost. Those who reject character copyrightability in principle and rely on trademark and other bodies of law for character protection have thereby rejected the premises which make the series character problem possible. Unless one or the other of these routes is taken, we are likely to see a rash of litigation from which no one but a handful of lawyers and pop culture teachers will benefit.

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190 *See* J. McAleer, note 167 *supra*.

191 *See* Nevins, *Royal Bloodline: Ellery Queen: Author and Detective* (1974), for a discussion of Queen's four phases or incarnations.

192 *See* D.B. Hughes, note 166 *supra*.

193 *See* 3 M.B. Nimmer & D. Nimmer, *Copyright*, § 13.03(B)(4) (1990).

VIII. CONCLUSION

From our study of the cases and other materials dealing with copyright and character, a number of conclusions emerge. It may be useful to restate here the most important of them.

(1) On the issue whether or not a particular character is protected by copyright at all, we have seen that it is impossible to articulate a criterion for separating copyrightable from uncopyrightable characterizations that does not compel courts to operate *ultra vires* and hand down aesthetic decisions.

(2) On the issue whether or not a defendant's character infringes that of a plaintiff, we have seen that characterization, unlike the indisputably protected aspects or elements of a work, is to a significant extent in the eye of the beholder. It follows that any judgment that the defendant's character too closely resembles the plaintiff's is inherently subjective to a degree far beyond what is present when the comparison is between plots, visual images, and other indisputably protected components of works.

(3) As to whether there is any societal need for character copyrightability, we have seen that in the overwhelming majority of cases the claim that the defendant took a character is a relatively minor aspect of the broader claim that the defendant took other and indisputably protected aspects of the plaintiff's work, such as the plot of a literary work or the graphic image of a cartoon figure. Such cases can be resolved in the conventional manner, by decisions as to the presence or absence of substantial similarity with regard to indisputably protected aspects, without separate attention to the characterization element.

Of the three reported cases in which the plaintiff claimed that a character and only a character was taken, those involving the Pink Panther[194] and the Greatest American Hero[195] forced innocent defendants to incur huge legal expenses before they prevailed, in the former case after trial to the court and in the latter on motion for summary judgment. In the Paladin case,[196] the only known instance of an amply justified claim of character appropriation, the plaintiff lost in large part *because of* the judicial assertion of character copyrightability. The most likely consequence of allowing claims of copyright protection for characters as such is to encourage more litigation of the pure "They Stole My Character" type. Since characters are already well protected by contract, trademark and unfair competition law, there is no reason to posit protection under copyright law as well and ample reason not to.

A legislative decision that character *per se* should not come within copyright could be implemented with the greatest of ease. Congress would need only to add "the characterization of a fictitious character" to the roster of

194 *United Artists Corp. v. Ford Motor Co.*, note 105 *supra*.

195 *Warner Bros., Inc. v. American Broadcasting Companies, Inc.*, note 108 *supra*.

196 *Columbia Broadcasting System, Inc. v. DeCosta*, note 54 *supra*.

elements that are not protected by copyright.[197] Since everything on that roster is denied protection "regardless of the form in which it is described, explained, illustrated or embodied in a work . . . ,"[198] characterizations in all media of expression would thereby be taken out of the realm of copyright as, for the reasons set forth in this article, they clearly should be.

If Congress declines to act, the courts still may. A judicial decision to remove characterization from copyright might take either direct or indirect form, as is the case elsewhere in copyright law. When a particular concept or subject matter which is unprotected *per se* can be expressed in only a limited number of ways and a plaintiff claims copyright in one or more of these forms of expression, a court wishing to avoid a possible monopoly of the concept or subject matter may take either of two paths. It may hold that the expression is itself uncopyrightable,[199] or it may find the expression protectible in principle but limit the scope of protection so that only those who reproduce the plaintiff's form of expression *in toto* are deemed infringers.[200]

In practical terms there is little difference between these approaches.[201] Likewise, a court that is concerned, as it should be,[202] about avoiding possible monopolies over kinds of characters might hold all characters unprotected *per se* or might concede copyrightability in principle but limit the scope of protection so that only the exact reproduction of the plaintiff's form of expression would constitute character infringement. The owners of graphic "characters" like Mickey Mouse and Donald Duck would still, of course, enjoy protection against other graphic images not identical but substantially similar to the images of those noble animals, whereas the creators of verbal characters like Sam Spade would not be granted any analogous protection. But this difference in treatment springs directly from inherent differences between the visual and verbal media and, as several decades of judicial decisions demonstrate, attempts by the courts to ignore those differences have led to nothing but confusion. Sixty years on this false trail is long enough.

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197 17 U.S.C. § 102(b) (1978).

198 *Ibid.*

199 *See, e.g., Morrissey v. Procter & Gamble Co.*, 379 F.2d 675 (1st Cir. 1967).

200 *See, e.g., Continental Casualty Co. v. Beardsley*, 253 F.2d 720 (2d Cir.), *cert. denied*, 358 U.S. 816 (1958); *Herbert Rosenthal Jewelry Corp. v. Kalpakian*, note 102 *supra*.

201 The major difference is that the exact reproduction of the plaintiff's work would constitute copyright infringement under the second approach, as in *Herbert Rosenthal Jewelry Corp. v. Grossbardt*, 436 F.2d 315 (2d Cir. 1970), but would not be actionable at all under the first.

202 Very much in point here is Judge Newman's warning that copyright law can deter the creation of new works if authors are afraid that their creations will too readily be held substantially similar to some plaintiff's earlier works. *Warner Bros., Inc. v. American Broadcasting Companies, Inc.*, *supra* note 108, 720 F.2d at 240.

PHOTOCOPYING AND THE DOCTRINE OF FAIR USE: THE DUPLICATION OF ERROR*

by SCOTT M. MARTIN

 Jonathan Zavin, Lawrence S. Kamerman, and Edward L. Powers provided invaluable assistance in the preparation of this article. While each played an important role in the formation of the arguments presented here, they do not necessarily endorse those arguments. In fact, the contrary is at times the case. The opinions set forth in this article are mine alone and should not be attributed to Misters Zavin, Kamerman, or Powers.

INTRODUCTION

In 1436 Johann Gutenberg became the first to print with movable type, thus ushering in the modern age of printing.[1] No longer was longhand transcription the only way to copy text; multiple highly-legible copies could be mechanically produced. Today, 556 years later, home photocopying machines and full-color instant photocopiers are widely available, and the copying process is fast, easy, accurate, and inexpensive. No longer is it necessary to purchase a book if only an extract is desired; the desired portions can be produced for a fraction of the cost. The result of such increasingly quick and easy copying is the increasing encroachment on the exclusive rights of copyright owners.

In enacting the 1976 Copyright Act,[2] Congress acknowledged that not every act of copying should constitute an act of copyright infringement. But

[1] Mr. Gutenberg in fact had two honors: he was the first to invent the moveable type printing press, and he was the first to have his moveable type printing press repossessed by creditors. Both the press and the type were taken over by Johann Faust when Gutenberg defaulted on a loan. Since there was apparently not a great secondary market in moveable type printing presses, Mr. Faust kept the device and in time, with Peter Schöffer, became the first to print in colors in 1457. *Concise Columbia Encyclopedia*, 313, 357 (1983).

[2] Copyright Law of the United States of America, 17 U.S.C. §§ 101-810 (codifying Pub. L. 94-553, 90 Stat. 2541 (Oct. 19, 1976) and the amendments thereto).

in less than 15 years the guidelines laid down by Congress have become muddied by advances in technology cases that serve more often to confuse than to resolve issues.

One of the most important exceptions to the copyright owner's exclusive rights is fair use. In light of the intensely fact-specific nature of any fair use determination, Congress opted for the general over the specific. The fair use doctrine is, in fact, nothing more than a series of suggested guidelines, set forth in Section 107, with the intent of providing a general guideline for analysis rather than strict rules for compliance.

Surprisingly, this flexibility has led some commentators to mistakenly decry the lack of predictability in fair use determinations. Some courts have similarly attempted to read the fair use provisions of the Copyright Act to provide certainty which simply is not there. The latest decision to duplicate this error is the *Kinko's*[3] case—a case which demonstrates how far the courts will go in an effort to fix something which is not broken.

This article focuses on three aspects of the debate over photocopying and fair use. The first section briefly examines the background and basis of the fair use doctrine. It provides a quick review of both the statutory and case law parameters of fair use. The next three sections examine, from a practical perspective, the limitations placed on the ability of users of copyrighted works to make photocopies of all or portions of copyrighted works to make photocopies of all or portions of copyrighted works. Those sections examine the impact of these limitations on three different families of users: libraries and archives, educational users, and business users. The article then examines the *Kinko's* decisions's impact on the fair use doctrine, and concludes with a proposal for future analysis by courts and copyright users.

I. BACKGROUND OF THE FAIR USE DOCTRINE

The Copyright Act grants the owner of a copyright certain exclusive rights, including the exclusive right to reproduce the copyrighted work.[4] Anyone who violates any of the exclusive rights of the copyright owner is an infringer of the copyright.[5] The Copyright Act provides substantial civil and criminal penalties for acts of copyright infringement.[6]

Barring a specific exception under copyright law, the photocopying of a material portion of a copyrighted work without the permission of the copyright owner is an act of copyright infringement.[7] Congress and the courts

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[3] *Basic Books, Inc. v. Kinko's Graphics Corporation*, 758 F. Supp. 1522 (S.D.N.Y. 1991).

[4] 17 U.S.C. § 106.

[5] 17 U.S.C. § 501.

[6] 17 U.S.C. §§ 502-506.

[7] An act of copyright infringement occurs when someone violates any of the exclusive rights of the copyright owner as set forth in Section 17 U.S.C. § 501(a).

have long recognized, however, that certain acts of copying are permissible as "fair use." The doctrine of fair use made its U.S. debut in Justice Story's 1841 opinion in Folsom v. Marsh.[8] It was codified for the first time in Section 107 of the 1976 Copyright Act.

A. Statutory Basis for the Fair Use Doctrine

Section 107 of the copyright Act provides in full:

> **§ 107. Limitations on exclusive rights: Fair use**
>
> Notwithstanding the provisions of section 106, the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specificized by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the fair 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 education 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.[9]

B. Analysis of the Four-Part Test

Section 107 lists "the factors to be considered" when determining whether a given use of a work qualifies as fair use. The four factors are intended to provide *examples* of fair use, not a definitive list or rigid test.[10] It should also be noted that Section 107 does not assign any relative weight to the four factors. The result, not surprisingly, is that courts have applied the

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There are, however, limitations or exceptions to those exclusive rights. 17 U.S.C. §§ 107-120.

[8] 9 F. Cas. 342 (C.C.D. Mass. 1841) (No. 4,901).

[9] 17 U.S.C. § 107.

[10] *See New Era Publications International v. Henry Holdt & Co.*, 873 F.2d 576, 588 (2d Cir. 1989) (Oakes, Chief Judge, concurring) (emphasizing that the list is non-exclusive).

Judge Leval, of the District Court for the Southern District of New York, has highlighted (and rejected) several additional elements, including good faith, privacy, and artistic integrity. *See* Leval, *Toward A Fair Use Standard*, 103 Harvard L. Rev. 1105, 1125-1130 (1990).

four-prong test with a notable lack of consistency. This section will briefly examine each of the four factors.

1. FACTOR 1: The Purpose and Character of the Use, Including Whether Such Use Is of a Commercial Nature or Is for Nonprofit Education Purposes.

The first factor is "the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit education purposes." Although no reference is made to specific types of uses and no examples are provided, the preamble to Section 107 does list a series of examples of uses which might constitute fair use: criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, and research.

The nature of the use is not alone dispositive, however. A determination that a given use is "of a commercial nature" does not prevent a finding of fair use.[11] The converse is equally true: a determination that a given use has a "non-profit educational" purpose does not mandate a finding of fair use.[12] Nevertheless, it is safe to say that the defense of fair use is more apt to be recognized by a court where the work for which the defense is claimed is intended to be used for educational, scientific, or historical purposes.[13]

2. FACTOR 2: The Nature of the Copyrighted Work.

The second factor is the nature of the copyrighted work. Courts have noted three different aspects of the "nature" of the copyrighted work: (1) the informative or creative nature of the work; (2) the intended use of the original and the copy; and (3) the availability of the work; including whether the work is published or unpublished.

A claim of fair use stands a greater chance of success when the original work is "a work more of diligence than of originality or inventiveness", such as an index, a catalog, or other form of compilation,[14] than it would where a creative (artistic) work, is being copied.[15]

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[11] *See, e.g., Consumers Union v. General Signal Corp.*, 724 F.2d 1044 (2d Cir. 1983), *cert. denied*, 469 U.S. 823 (1984), *later opinion*, 664 F. Supp. 753, 761 (S.D.N.Y. 1987); *Triangle Publications, Inc. v. Knight-Ridder Newspapers, Inc.*, 626 F.2d 1171 (5th Cir. 1980).

[12] *See, e.g., Marcus v. Rowley*, 695 F.2d 1171 (9th Cir. 1983); *Wihtol v. Crow*, 309 F.2d 777 (8th Cir. 1962).

[13] *Nimmer on Copyright* notes on this point that every commercial use of copyrighted material is presumptively an unfair exploitation of the monopoly privilege that belongs to the owner of the copyright, so that any commercial use tends to cut against a fair use defense. *Id.* at § 13.05[A].

[14] *See New York Times Co. v. Roxbury Data Interface, Inc.*, 434 F. Supp. 217 (D.N.J. 1977).

[15] *See Nimmer on Copyrights* § 13.05[A]. *See also Universal Studios, Inc. v. Sony Corp. of America*, 464 U.S. 416, 456 (1984) (noting that "copying a news

The nature of the copyrighted work can also refer to the overlap between the intended use of the original work and the intended use of the copy. The legislative history of Section 107 provides two examples of this distinction. The 1975 Senate Report notes that there should be less latitude for a finding of fair use where text books and other materials prepared primarily for the school markets are copied for classroom use than there would be when material prepared for general public distribution is copied for such use.[16] The 1976 House Report similarly notes that "the scope of the fair use doctrine should be considerably narrower in the case of newsletters than in that of either mass-circulation periodicals or scientific journals."[17]

Finally, the nature of the copyrighted work has also been found to encompass the availability of the original work. The legislative history states that "another key, though not necessarily determinative, factor in fair use is whether or not the work is available to the potential user. If the work is 'out of print' and unavailable for purchase through normal channels, the user may have more justification for reproducing it then in the ordinary case, but the existence of organizations licensed to provide photocopies of out-of-print works at reasonable cost is a factor to be considered."[18]

An important aspect of a work's availability is whether the work is published or unpublished. An unpublished work may be unavailable for purchase or licensing, but the decision of the author when and how to make his or work available implicates the commercially and artistic valuable right of first publication, encompassed in the Section 106(3) right of distribution. The legislative history of Section 107 emphasizes this principle, noting that the "applicability of the fair use doctrine to unpublished works is narrowly limited since, although the work is unavailable, this is the result of a deliberate choice on the part of the copyright owner. Under ordinary circumstances the copyright owner's 'right of first publication' would outweigh any needs of reproduction for classroom purposes."[19] The Supreme Court has held that "[u]nder ordinary circumstances, the author's right to control the first public appearance of his undisseminated expression will outweigh a claim of fair use."[20] In reaching that holding, the Court characterized the unpublished status of a work as "a critical element of its 'nature.' "[21] While this does not rule out a claim of fair use in an unpublished work, it does make the success

broadcast may have a stronger claim to fair use than copying a motion picture").

16 S. Rep. No. 94-473, 94th Cong., 2d Sess. 64 (1975) (Senate Report).

17 H. Rep. No. 94-1476, 94th Cong. 2d Sess. 73-74 (1976) (House Report).

18 Senate Report at 64.

19 Senate Report at 64.

20 *Harper & Row, Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 555 (1985).

21 *Id.*, 471 U.S. at 564.

of such a claim extremely unlikely[22] where other factors also weigh against the defendant.

A bill was introduced in the Senate in the spring of 1991 to clarify that the unpublished nature of a copyright is only one factor to be considered in a fair use determination; it is not a bar to such a claim. The proposed legislation would amend Section 107 by adding at the end of the section the following sentence:

> The fact that a work is unpublished is an important element which tends to weigh against a finding of fair use, but shall not diminish the importance traditionally accorded to any other consideration under this section, and shall not bar a finding of fair use, if such finding is made upon full consideration of all the above factors.[23]

Two of the bill's sponsors stated that their goal in proposing this amendment was to reverse what they referred to as the "draconian" rulings of the Salinger and L. Ron Hubbard cases that unpublished works normally enjoy complete protection against copying.[24] The proposed legislation passed the Senate on —, 1991. Representative William J. Hughes introduced a companion bill, H.R. 4412, in the House of Representatives. This bill adds the following sentence at the end of Section 107:

> The fact that a work is unpublished shall not itself bar a finding of fair use if such finding is made upon consideration of all the above factors.[25]

H.R. 4412 was reported out by the House Judiciary Committee on April 30, 1992.[26]

3. *FACTOR 3: The Amount and Substantiality of the Portion Used in Relation to the Copyrighted Work as a Whole.*

The third factor is the amount and substantiality of the portion used in relation to the original copyrighted work as a whole. The extreme scenario is the clearest: a claim of fair use is generally not appropriate where the entire original work is reproduced. The test for substantiality is not merely quantitative; it is also a qualitative test. For example, where a defendant copied, verbatim, only 300 words from a 200,000 word unpublished manuscript, the

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[22] *See Salinger v. Random House, Inc.*, 811 F.2d 90, 95-97 (2d Cir.), *cert. denied*, 484 U.S. 890 (1987).

[23] S. 1035, 102d Cong., 1st Sess. *See also* S. Rep. No. 102-141, 102d Cong., 1st Sess. (1991).

[24] New York Times, July 19, 1991, at A27, col. 3 (Op-Ed piece entitled "The Salinger Papers" by Senators Patrick J. Leahy and Paul Simon). The Senate bill is co-sponsored by Senators Hatch, DeConcini, Kennedy, Kohl, and Brown.

[25] H.R. 4412, 102d Cong., 1st Sess.

[26] H.R. Rep. No. 102-__, 102d Cong., 2d Sess. (1992).

copying was weighed against defendant because what was copied "was essentially the heart of the book."[27]

4. FACTOR 4: The Effect of the Use Upon the Potential Market for or Value of the Copyrighted Work.

The fourth factor is the effect of the use upon the potential market for or value of the original copyrighted work. This factor has developed as a crucial factor used by courts in analyzing claims of fair use. The Supreme Court has described this factor as "undoubtedly the single most important element of fair use."[28] This one factor should not, however, standing alone, be used to justify a claim of fair use. As the Ninth Circuit observed: "The mere absence of measurable pecuniary damage does not require a finding of fair use."[29]

C. Criticism of the Four-Part Test

The four statutory factors are not a definitive list or rigid test.[30] This flexibility has, however, been a source of criticism. Nimmer has noted that the four-factor test is intended "to aid analysis of whether a given use is 'fair,' not to offer a comprehensive framework from which that answer may be mechanically determined. It is open to question, however, whether even that modest goal is achieved by the amorphous language of the statute."[31] Nimmer goes on to note that the *Nation*[32] case "demonstrates the almost infinite elasticity of each of the four factors, and their concomitant inability to resolve difficult questions."[33] In the *Nation* case, each factor that the majority found to weigh in favor of a fair use finding, the dissent found to weigh against such a finding, and vice versa.[34]

Nimmer argues that the factors "tend to denegrate into post-hoc ratio-

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[27] *Harper & Row, Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 566 (1985).

[28] *Id.* 471 U.S. at 566. *See also MCA, Inc. v. Wilson*, 677 F.2d 180 (2d Cir. 1981) (The Second Circuit has characterized this factor as involving a balancing of "the benefit the public will derive if the use is permitted and the personal gain the copyright owner will receive if the use is denied. The less adverse the effect that an alleged infringing use has on the copyright owner's expectation of gain, the less public benefit need be shown to justify the use.")

[29] *Marcus v. Rowley*, 695 F.2d 1171, 1177 (9th Cir. 1983).

[30] *See New Era Publications International v. Henry Holdt & Co.*, 873 F.2d 576, 588 (2d Cir. 1989) (Oakes, Chief Judge, concurring) (emphasizing that the list is non-exclusive), *cert. denied*, 110 S. Ct. 1168 (1990). *See also* Leval, *Toward A Fair Use Standard*, 103 Harvard L. Rev. 1105, 1125-1130 (1990) (suggesting and rejecting several possible additional tests).

[31] *Nimmer on Copyright* § 13.05[A], 13-88.13-14 (1991).

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

[33] *Nimmer on Copyright* § 13.05[A], 13-88.14 (1991).

[34] The *Nation* case involved the unauthorized publication by The Nation magazine of excerpts from the memoirs of President Gerald Ford, despite the fact that President Ford had contracted with Harper & Row and Reader's Digest for publication of the memoirs. *Harper & Row, Publishers, Inc. v. Nation Enter-*

nales for antecedent conclusions, rather than serving as tools for analysis."[35] I argue that the weakness of the fair use defense lies not in the four-factor test, but rather in the very name of the defense. I agree that courts (perhaps more frequently than not) appear to reach their conclusions before engaging in their analysis. But it appears that this is derived from the courts' fact-based perceptions of whether a given use is "fair," rather than from flaws in the fair use test. Unless the fair use test is made rigid to the point that it becomes inflexible and thereby arbitrary, courts will continue to use the test (whatever form it might take) as a post-hoc rationale to buttress their instinctive fact-based determination of whether the use was indeed "fair."[36]

To criticize the courts' fair use decisions for being ad hoc may be, in fact,

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prises, 471 U.S. 539 (1985). The Supreme Court split the interpretations of the four factors as follows:

Purpose and character of the use:

The majority argued that the Nation's article contained no independent commentary, research, or criticism, and that the magazine ran the story for profit, seeking to deprive a competitor, who had paid for the necessary rights, of its profits from the use of the work. 471 U.S. at 562. Justice Brennan's dissent noted that The Nation's article constituted news reporting, and that such activity almost invariably is undertaken with a profit-making motive, and that there is not need to add original commentary or criticism in order to claim fair use protection for news reporting. 471 U.S. at 590-91.

Nature of the use:

The majority focused on the unpublished status of the work and on President Ford's consequent interest in confidentiality. 471 U.S. at 564. The dissent rejected a categorical presumption against fair use of unpublished works, and found the interest in confidentiality was outweighed by the tremendous public value in disseminating the reflections of a public figure on an event as important as the presidential pardon of an ex-president. 471 U.S. at 595.

Amount and substantiality of portion used:

The majority adopted the trial court's conclusion that "[T]he Nation took what was essentially the heart of the book." 471 U.S. at 564-65, *citing* 557 F. Supp. at 1072. The dissent found that the 300 words copied from the 200,000 original work was quantitatively infinitesimal and qualitatively not "gratuitous in relation to the news reporting purpose." 471 U.S. at 601.

Effect of use on market for or value of original:

The majority relied on the trial court's finding that Time canceled its $12,500 payment because of the Nation article. *Id.* at 567. The dissent argued that the evidence was insufficient to demonstrate that Time's recession occurred because of the publication of the 300 copied words, rather than generally on account of loss of confidentiality in the non-copyrightable facts published in the Nation article. 471 U.S. at 602.

35 *Nimmer on Copyright* § 13.05[B], 13-88.18 (1991).

36 Even in the *Nation* case, it may be argued that both the majority and the dissent properly relied upon the four-part test in reaching their conclusions, and the fact that they reached opposite conclusions is not a weakest in that test but rather a demonstration of the fact that it is simply not possible to codify what constitutes "fair use." See *supra* note 34 for a discussion of the conflicting

to complement them. The purpose of the fair use test is to recognize, on a case-by-case basis, that certain uses of copyrighted material should not, even absent the consent of the copyright owner, constitute infringement. There are limits on the ability of a statute to deal with every possible factual scenario that can arise in a fair use dispute, and it seems far preferable to sacrifice some degree of predictability and rigidity in return for a large measure of flexibility in such a fact-specific determination.

II. PHOTOCOPYING BY LIBRARIES AND ARCHIVES

Before examining the applicability of the fair use doctrine to photocopying by educational institutions and by businesses, it is important to note that there are special rules applicable to photocopying by libraries and archives (including those located in educational institutions and businesses).

Section 108 of the Copyright Act provides a special exemption for reproduction of copyrighted works by libraries and archives which is separate and apart from the fair use doctrine of Section 107.[37] The Section 108 exemption supplements the Section 107 fair use exemption, such that if the reproduction activity of a library or archive fails to qualify under the fair use exemption of Section 107 it may nevertheless still qualify under section 180.[38]

A. Libraries Entitled to Claim the Section 108 Exemption

The exemption set forth in Section 108 is available to libraries[39] and to employees of libraries acting within the scope of their employment. The exemption does not apply to an individual (other than an employee of the library) who uses self-service photocopying equipment located in the library.[40]

For a library to qualify for the Section 108 exemption, it must meet two specific requirements: its collection must be open to the public, and it must not engage in photocopying for any direct or indirect commercial advantage. The open collections requirement mandates that the collection must be either open to the public or "available not only to researchers affiliated with the library or archives or with the institution of which it is a part, but also to other persons doing research in a specialized field."[41] This test will preclude most proprietary institutions-including law firms—from claiming the exemp-

interpretations of the fair use test by the majority and dissent in the *Nation* case.

[37] 17 U.S.C. § 108 (1978).

[38] The legislative history of Section 108 notes that "[n]o provision of section 108 is intended to take away any rights existing under the fair use doctrine. To the contrary, section 108 authorizes certain photocopying practices which may not qualify as fair use." House Report at 74.

[39] The Section 108 exemption applies to both libraries and archives. Therefore all discussion of "libraries" in this section applies as well to archives.

[40] The use of such equipment is discussed below, in section II(C)(2).

[41] 17 U.S.C. § 108(a)(2).

tion for their libraries. Nevertheless it remains a question of fact in each case whether such a library is open to more than a token number of outside researchers, and whether the rules for determining who has access to the library are reasonable.

The absence of commercial advantage requires that "the reproduction or distribution is made without any purpose of direct or indirect commercial advantage."[42] Assuming that a proprietary library qualified for the exemption under the open-collections requirement, it would not necessarily be disqualified under this requirement because the prohibition on commercial advantage is directed not at the library, but at the photocopying activity. Thus, libraries within profit-making proprietary institutions are not automatically disqualified from the exemption. The legislative history notes that the commercial advantage "must attach to the immediate commercial motivation behind the reproduction or distribution itself, rather than to the ultimate profit-making motivation behind the enterprise in which the library is located."[43] The exemption is, therefore, facially available to "research and development departments of chemical, pharmaceutical, automobile, and oil companies, the library of a proprietary hospital, the collections owned by a law or medical partnership, etc."[44] On the other hand, "a purely commercial enterprise could not establish a collection of copyrighted works, call itself a library or archives, and engage in for-profit reproduction and distribution of photocopies. Similarly, it would not be possible for a non-profit institution, by means of contractual arrangements with a commercial copying enterprise, to authorize the enterprise to carry out copying and distribution functions that would be exempt if conducted by the non-profit institution itself."[45]

B. Types of Work Subject to the Exemption

Before examining the types of works subject to the exemption, it is important to note that the Section 108 exemption can be waived by contract. The legislative history notes that "if there is an express contractual prohibition against reproduction for any purpose, this legislation shall not be construed as justifying a violation of the contract. This clause is intended to encompass the situation where an individual makes papers, manuscripts or other works available to a library with the understanding that they will not be reproduced."[46]

Section 108 is limited to literary works and sound recordings, and does not apply to copying of musical works, pictorial, graphic, or sculptural works

[42] 17 U.S.C. § 108(a)(1).
[43] House Report at 75.
[44] House Report at 74.
[45] *Id.*
[46] House Report at 77.

or to audiovisual works, with minor exceptions.[47] Reproduction of such works may, however, qualify as fair use.

C. Types and Uses of Copying Permitted Under the Exemption

There are two general categories of copying permitted under Section 108: copying for the use of library patrons (including both copies made by the library at request of a patron and copies made by the patrons via a self-service copying machine), and, copying for the benefit of the library (including both for purposes of the library's own collection and for purposes of inter-library arrangements). This section discusses the distinctions between these two types of uses, and examines the special provisions regarding the copying of audiovisual news programming.

1. Copies Made At the Request of a Library Patron

A library may make and distribute to a patron a copy of a work in the library's collection if the following requirements are met:

(a) Extent of the Permitted Reproduction.

The reproduction may be of the entire work, or of a substantial part, only if the library first determines, on the basis of a reasonable investigation, that a copy of the work cannot be obtained at a fair price.[48] Nimmer argues that this requirement is not met merely because a work is out-of-print, if a copy (used or unused) is nevertheless available for purchase.[49] However the House Report on Section 108 refers to a work which is unobtainable as being "out-of-print."[50] This reference, coupled with the fact that a copyright owner of an out-of-print book may not be actively exploiting his or her copyright in the work, would seem to indicate that where a work is out-of-print it would be subject to the exemption even if second hand copies are available.

If a copy of the work is in fact available at a fair price, the library may nevertheless reproduce for a patron of the library "no more than one article or other contribution to a copyrighted collection or periodical issue," or a "small part of any other copyrighted work."[51] The "small part" test is measured against the work as a whole, such that one chapter of a book may well constitute a "small part."

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[47] 17 U.S.C. § 108(h). The exemption does, however, apply for all purposes to pictorial, graphic, and sculptural works published as illustrations, diagrams, or similar adjuncts to works such as literary and dramatic works which are otherwise subject to the Section 108 exemption. 17 U.S.C. § 108(h). Despite the exclusion of audio visual works, the exemption can be invoked for copying of certain audiovisual news programs (*see* section II(C)(5) *infra*).

[48] 17 U.S.C. § 108(e).

[49] *Nimmer on Copyright*, § 8.03[E], at 8-36.

[50] House Report at 76.

[51] 17 U.S.C. § 108(d).

(b) Ownership of the Reproduction.

Regardless of whether the reproduction is being made of the entire work, or of an article, contribution, or small part of the work, the copy must become the property of the patron.[52] Section 108 thus does not authorize a library to make additional copies for purposes of increasing the number of works that it has available for loan to patrons.

(c) Presence of the Work in the Library's Collection.

The original work which the library is copying for the patron must be in the collection of the library where the patron makes his or her request for the copy, or be available from another library through interlibrary loan.[53] This would prevent a library from purchasing a work which it did not already own in response to the request of a patron for a photocopy of the work.

(d) Limitation to Isolated and Unrelated Copying.

Section 108 is expressly limited to "isolated and unrelated reproduction or distribution of a single copy or phonorecord of the same material on separate occasions."[54] Even if only a single copy is made at any one time, if the library is aware or has substantial reason to believe that the repeated reproduction of single copies of the same work over a period of time is "related or concerted," the exemption does not apply, regardless of whether the copies are "intended for aggregate use by one or more individuals or for separate use by the individual members of a group."[55]

A library is also barred from claiming the Section 108 exemption if it engages in "the systematic reproduction or distribution of single or multiple copies."[56] The statute makes clear, however, that "nothing in this clause prevents a library or archives from participating in interlibrary arrangements that do not have, as their purpose or effect, that the library or archives receiving such copies or phonorecords for distribution does so in such aggregate quantities as to substitute for a subscription to or purchase of such work."[57]

(e) Limitation on the Patron's Purpose.

Section 108 is available only if the library has "no notice that the copy or phonorecord would be used for any purpose other than private study, schol-

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52 17 U.S.C. §§ 108(d)(1), 108(e)(1).

53 17 U.S.C. §§ 108(d), 108(e). For a discussion of special rules applicable to interlibrary loans, see section II(C)(3) *infra*.

54 17 U.S.C. § 108(g).

55 17 U.S.C. § 108(g)(1).

56 17 U.S.C. § 108(g)(2).

57 17 U.S.C. § 108(g)(2). For a further discussion of interlibrary loans, see *supra* section II(C)(3).

arship, or research" by the patron for whom the copy is made.[58] This requires only notice, not actual knowledge. Even if the patron's actual purpose is other than for private study, scholarship, or research, absent any notice to the library, the library would be protected by the exemption. It is important to note that this protection is a defense for the library only, and does not extend to the patron (although he or she would still be able to assert a claim of fair use).[59]

The use of the adjective "private" raises a difficult question. What study, scholarship, or research would not be "private"? Nimmer suggests two theories: first, that the distinction might be for research purposes of governmental employees or those funded by government grants; second, that the distinction might be between "private" as contrasted with "commercial."[60] The flaw in Nimmer's first suggested interpretation is that there is little logic in denying the government or those funded by the government an exemption which is available to commercial businesses. The flaw in Nimmer's second interpretation is that it effectively excludes from the exemption any copying done by libraries maintained by proprietary institutions. A third possible interpretation is that "private" in fact means "individual," as opposed to group or shared use. Under this interpretation, for example, Section 108 would not apply if the library has notice that the copy is being used in a classroom setting where multiple users will be making use of the copy. There are apparently no judicial decisions to aid in the resolution of this question.

(f) Required Copyright Warning.

The exemption of Section 108 for copies made at the request of library patrons applies only if the library "displays prominently, at the place where orders are accepted, and includes on its order form, a warning of copyright."[61] Pursuant to Section 108, the Register of Copyrights has prescribed by regulation the language which must be used in the required warning:

> *NOTICE*
>
> WARNING CONCERNING COPYRIGHT RESTRICTIONS
>
> The Copyright Law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material.

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58 17 U.S.C. §§ 108(d)(1), 108(e)(1).

59 The required copyright warning notice, discussed in the next section, is intended to warn patrons of precisely this limitation, by providing that "the photocopy or other reproduction is not to be 'used for any purpose other than private study, scholarship, or research.' If a user makes a request for, or later uses a photocopy or reproduction for purposes in excess of 'fair use,' that user may be liable for copyright infringement." *See* section II(C)(1)(f).

60 *Nimmer on Copyright*, § 8.03[E], at 8-37-38.

61 17 U.S.C. §§ 108(d)(2), 108(e)(2).

> Under certain conditions specified in the law, libraries and archives are authorized to furnish a photocopy or other reproduction. One of these specified conditions is that the photocopy or other reproduction is not to be "used for any purpose other than private study, scholarship, or research." If a user makes a request for, or later uses, a photocopy or reproduction for purposes in excess of "fair use," that user may be liable for copyright infringement.
>
> This institution reserves the right to refuse to accept a copying order if, in its judgment, fulfillment of the order would involve violation of copyright law.[62]

This warning places patrons on notice that, although the library may be exempt from copyright liability based on copying requested by the patron, such exemption will not automatically extend to the patron.

2. Self-Service Photocopying Equipment

Section 108 provides that "nothing in this section . . . shall be construed to impose liability for copyright infringement upon a library or archives or its employees for the unsupervised use of reproducing equipment located on its premises. . . ."[63]

Section 108 requires that the self-service copying equipment "display[] a notice that the making of a copy may be subject to the copyright law."[64] Neither the Copyright Act nor the Copyright Office Regulations specify the wording that is to be used in such a notice. Libraries are therefore free to choose their own wording, but the best choice of wording is probably to use exactly the same wording as in the "warning" required to be display in connection with supervised copying machines.[65]

3. Interlibrary Arrangements

As noted above, the work which the patron requests to have copied must either be in the collection of the library at which the request is made, or in the collection of another library.[66] This permits interlibrary loan arrangements,

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[62] Copyright Office Regulations, § 201.14(b), issued pursuant to 17 U.S.C. §§ 108(d)(2), 108(e)(2).

[63] 17 U.S.C. § 108(f)(1).

Professor Nimmer has noted that nothing in Section 108 imposes any liability (rather it provides an immunity from the liability imposed by Section 106). Therefore the language "nothing in this *section* . . . should be construed to impose liability" should probably be construed to mean "Nothing in this *title* . . . ." *Nimmer on Copyright*, § 8.03[G], at 8-51-52.

[64] 17 U.S.C. § 108(f)(1).

[65] *See supra* section II(C)(1)(f).

[66] 17 U.S.C. §§ 108(d), 108(e).

including the exchange of photocopies.[67] Such arrangements are subject to the "systematic reproduction" prohibition of Section 180(g)(2).[68] However, that prohibition is subject to the caveat that "nothing in this clause prevents a library or archives from participating in interlibrary arrangements that do not have, as their purpose or effect, that the library or archives receiving such copies or phonorecords for distribution does so in such aggregate quantities as to substitute for a subscription to or purchase of such work."[69]

The obvious question is what constitutes "such aggregate quantities as to substitute for a subscription to or purchase of such work." A set of guidelines on this issue was developed by the National Commission on New Technological Uses of Copyrighted Works ("CONTU") and incorporated into the 1976 Conference Report with the endorsement that "the guidelines are a reasonable interpretation of the proviso of Section 108(g)(2) in the most common situations to which they apply today."[70]

The guidelines specify that within any single calendar year, a requesting library may not request more than five copies of any article or articles published in any given periodical during the five years prior to the date of the request.[71] Within any calendar year, a requesting library may not request more than five copies of or from material other than an "article" in any given work. The term "article" refers to non-pictorial factual prose, and excludes fiction and poetry. This limitation applies regardless of whether any of the material was first published more than five year prior to the request.[72] The aggregate quantities provision of Section 108(g)(2) does not apply in those situations where the requesting library has a subscription either in force or on

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67 House Report at 77-78.

Interlibrary loans between libraries operated by profit-making organizations are permitted as well, provided that the library otherwise qualifies for the Section 108 exemption. *See* H.R. Rep. No. 94-1733, 94th Cong., 2d Sess. 74 (1976) (Conference Report).

68 *See* section II(C)(1)(d).

69 17 U.S.C. § 108(g)(2).

70 Conference Report at 71-72.

The guidelines are set forth in the Conference Report at 72-73. In adopting the guidelines, the Conference Committee Report noted:

> The conference committee understands that the guidelines are not intended as, and cannot be considered, explicit rules or directions governing any and all cases, now or in the future. It is recognized that their purpose is to provide guidance in the most commonly encountered interlibrary photocopying situations, that they are not intended to be limiting or determinative in themselves or with respect to other situations, and that they deal with an evolving situation that will undoubtedly require their continuous reevaluation and adjustment.

Id. at 71.

71 Guideline 1(a), Conference Report at 72.

72 Guideline 1(b), Conference Report at 73.

order to the periodical from which a reproduction is sought, or has in its collection or has ordered any other copyrighted work from which a reproduction is sought.[73] Nor may the supplying library fulfill the request for the copy unless the request is accompanied by a representation on the part of the requesting library that it has had made in conformity with the guidelines.[74] Finally, the requesting library must maintain records of all requests that it makes for copies. Such records must be retained at least until the end of the third complete calendar year after the end of the calendar year in which the request was made.[75]

4. Library Collections Replenishment and Deposit

The rules for the copying of works for the purpose of replenishment of a library's collection differ based on whether the subject work is published or unpublished:

(a) Published Works.

A library may reproduce one copy of a published work, in its entirety, in order to replace a copy of the work that was (or is) in its collection but which has been damaged, lost, stolen, or which has deteriorated.[76] There are two limitations on this right. First, before such reproduction may occur the library must determine, "after a reasonable effort . . . that an unused replacement cannot be obtained at a fair price."[77] Second, the exemption does not include the right to make copies for the purpose of deposit in another library.

(b) Unpublished Works.

A library may duplicate, in its entirety, any unpublished work currently in its collection for purposes "of preservation and security or for deposit for research use in another library" of the type covered by Section 108.[78] There

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[73] Guideline 2, Conference Report at 73.

[74] Guideline 3, Conference Report at 73.

[75] Guideline 4, Conference Report at 73.

[76] 17 U.S.C. § 108(c).

[77] *Id.*

The legislative history on this provision notes, with regards to what constitutes a "reasonable investigation", that:

> The scope and nature of a reasonable investigation to determine that an unused replacement cannot be obtained will vary according to the circumstances of a particular situation. It will always require recourse to commonly known trade sources in the United States, and in the normal situation also to the publisher or other copyright owner (if such owner can be located at the address listed in the copyright registration), or an authorized reproducing service.

House Report at 75-76.

[78] 17 U.S.C. § 108(b).

are two key differences from the rules applicable to published works. First, a library may deposit a copy of an unpublished work, but not a published work, in another library. Second, a library may copy an unpublished work for purposes of preservation and security at any time, and may retain both the original and the copy; with a published work the copy cannot be made until the original has already been damaged, deteriorating, lost, or stolen.

5. Reproduction and Distribution of Audiovisual News Programming

Although this article focuses on photocopying, it should be noted in passing that Section 108 also provides a separate provision dealing with the copying of audiovisual news programming. Departing from the general rule that the Section 108 exemption does not extend to the rule to reproduce audiovisual works,[79] a special rule applies to the copying of audiovisual news programs: "Nothing in this section . . . shall be construed to limit the reproduction and distribution by lending of a limited number of copies and excerpts by a library or archives of an audiovisual news program . . . ."[80] The legislative history indicates that this provision was "intended to permit libraries and archives . . . to make off-the-air videotape recordings of daily network newscasts for limited distribution to scholars and researchers for use in research purposes."[81]

The statute does not define an "audiovisual news program," however the legislative history states that it is "intended to apply to the daily newscast of the national television networks, which report the major news of the day."[82] The exemption also extends to local and regional newscasts, to interviews concerning current news events, and to on-the-spot coverage of news events.[83] It does not cover documentaries, public affairs broadcasts, or magazine-type news programming.[84]

The exemption is limited to copies which are made without any purpose of commercial advantage, by libraries otherwise subject to Section 108, provided that the copyright notice requirement is observed.

D. Requirement of Copyright Notice

The Section 108 exemption does not apply to copies reproduced or dis-

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79 17 U.S.C. § 180(h).

80 17 U.S.C. § 108(f)(3).

81 House Report at 77.
This provision had its roots in a copyright infringement action brought by CBS against Vanderbilt University based on the University's videotaping of the CBS daily television news programs. Senate Report at 69.

82 House Report at 76-77.

83 Conference Report at p. 73.

84 House Report at 77. *See also Pacific & Southern Co. v. Duncan*, 572 F. Supp. 1186 (N.D. Ga. 1983), *aff'd* 744 F.2d 1490 (11th Cir. 1984).

tributed without a notice of copyright.[85] This may pose a trap for the unwary, because Congress has otherwise eliminated the requirement of notice as a condition for copyright protection. When the United States joined the Berne Convention in 1989, the Copyright Act was amended to remove the requirement of including copyright notice on all copyrighted works.[86]

The Berne Convention, however, requires only the elimination of copyright formalities that act as a condition to copyright subsistence; it does not require the elimination of formalities that apply to the grant of an exemption from copyright protection. Apparently the Congressional rationale for not eliminating this requirement was that "the burden is on users rather than authors and copyright holders."[87] The retention of this notice requirement makes little sense (the Senate bill would have eliminated the requirement), other than to make compliance with Section 108 more difficult.[88]

The notice requirement of Section 108 is not limited to reproductions that are published. The statute provides that "the reproduction *or* distribution of the work" must include a notice of copyright.

The notice requirements of Section 401(b) require that the notice contain the year of first publication of the work and the name of the owner of the copyright. Since works published after the U.S. accession to Berne in 1989 and works that are unpublished are not required to bear copyright notice, it may not be possible for the library to determine the information necessary for inclusion in the copyright notice.

The exemption does not state *whose* notice of copyright must be in-

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85 17 U.S.C. § 108(a)(3).

86 Berne Convention Implementation Act, H.R. 4262, CCH Copyrights, New Developments ¶ 20,510 (codified at 17 U.S.C. § 401). Section 401 of the Copyright Act now provides:

> (a) GENERAL PROVISIONS.—Whenever a work protected under this title is published in the United States or elsewhere by authority of the copyright owner, a notice of copyrighted as provided by this section *may* be placed on publicly distributed copies from which the work can be visually perceived, either directly or with the aid of a machine or device.

(Emphasis added). The only linger role of notice is set forth in the final paragraph of the section:

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

The last sentence of Section 504(c)(2) applies only to nonprofit education institutions and public broadcasting entities. 17 U.S.C. § 504(c)(2).

87 *See* House Joint Explanatory Statement on House-Senate Compromise Incorporated in Senate Amendment to H.R. 4262, set forth in 134 Cong. Rec. H-10096 (daily ed. Oct. 12, 1988).

88 And to provide an excuse for additional footnotes in law review articles.

cluded, only that a notice be included. Nimmer argues that the notice requirement of Section 108 should be read to mean only that "the notice not be excluded from the reproduction of material which itself contains such notice."[89] However, since the statute does not contain any such limitation, the safest course of action may be to include a notice bearing the information from the notice on the original where such notice exists; in the absence of such original notice, to include the name of the owner of the copyright and the date of first publication if the library is aware of such information; and in all other cases, to include a notice using the author or source of the work as the name of the copyright owner and the date of the copying as the date of publication.

III. PHOTOCOPYING BY EDUCATIONAL INSTITUTIONS

Photocopying by educational institutions can be divided into two categories: photocopying by teachers that falls within the guidelines set forth in the legislative history of the Copyright Act, and photocopying that falls outside those guidelines.

A. Guidelines for Photocopying By Teachers

Prior to the enactment of the 1976 Copyright Act, a set of guidelines was arrived at by representatives of author-publisher and educational organizations in an effort to define the minimum, but not necessarily the maximum, extent of the fair use doctrine for photocopying by teachers.[90] These guidelines, often referred to as the "Classroom Guidelines," were endorsed by the 1976 House report as "a reasonable interpretation of the minimum standards of fair use."[91] Despite the fact that the Guidelines are not part of the statute, courts have generally accepted the position that any teacher photocopying activities that meets the Guidelines constitutes fair use; any teacher photocopying activity that goes beyond the limits of the Guidelines must be examined on a case-by-case basis.[92]

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[89] *Nimmer on Copyright*, § 8.03[D], at 8-33 (1989).

[90] The parties which agreed to the Guidelines were the Ad Hoc Committee on Copyright Law Revision, the Author-Publisher Group; the Authors League of America; and the Association of American Publishers, Inc. The American Association of University Professors and the Association of American Law Schools were strongly critical of the Guidelines, because they were regarded as "too restrictive with respect to classroom situations at the university and graduate level." House Report at 72. *See* further discussion in the text at notes 188-191.

[91] House Report at 72.

[92] *See Marcus v. Rowley*, 695 F.2d 1171 (9th Cir. 1983). *See also Addison-Wesley Publishing Co. v. New York University*, 1983 Copyright Law Decisions (CCH) ¶ 25,544 (S.D.N.Y. 1983) (in which the Guidelines were incorporated into a consent decree in an action brought by nine publishers against New York University, nine members of the faculty, and an off-campus photocopy service).

The Guidelines are as follows:

> 1. *Single copying for teachers:* A teacher may reproduce (or cause to be reproduced) for his or her own research or for use in teaching or in preparation for teaching, a single copy of any of the following:
>
> (a) a chapter from a book;
>
> (b) a article from a periodical or newspaper;
>
> (c) a short story, a short essay, or a short poem, whether or not from a collective work; and/or
>
> (d) a chart, graph, diagram, drawing, cartoon, or picture from a book, periodical, or newspaper.
>
> 2. *Multiple copies for classroom use:* Multiple copies, not exceeding more than one copy per student in a course, may be made by or for a teacher for classroom use or discussion, subject to the following conditions:
>
> (a) *Brevity:* As to prose: A complete story, article, or essay may be reproduced if it is of *less than 2,500 words.* If the work consists of 2,500 words or more there may be a reproduction of an excerpt of not more than 1,000 words or ten percent of the work, whichever is less, but in any event a minimum of 500 words may be reproduced. As to poetry: a complete poem may be reproduced if it is less than 250 words and if it is printed on not more than two pages, or, if the poem is longer than 250 words, an excerpt may be reproduced containing not more than 250 words. As to illustrations: one chart, graph, diagram, drawing, cartoon, or picture per book or per periodical issue.
>
> (b) *Spontaneity:* There are two elements to the requirement of 'spontaneity': first, the copying must be at the instance and inspiration of the individual teacher. Thus a decision by a school board or a board of regents to make copies would not e within the confines of the Guidelines. Second, the inspiration and decision to use the work and the moment of its use for maximum teaching effectiveness must be so close in time that it would be unreasonable to expect a timely reply to a request for permission. This would, in most cases, rule out the repeated use of the same materials in multiple semesters of years.[93]
>
> (c) *Cumulative effect:* The copying of the materials

[93] *See Marcus v. Rowley,* 695 F.2d 1171 (9th Cir. 1983) (holding that the requirements of the Guidelines were not satisfied where a teacher used the same materials in three successive school years).

pursuant to these Guidelines may be for only one course in the school in which the copies are made. In addition, except as to newspapers, current news periodicals, and current news section of other periodicals, a teacher may not engage in more than nine instances of multiple photocopying for any one course during any single class term; and not more than one short poem, article, story, essay, or two excerpts, may be copied from the same author, nor more than three from the same collective work or periodical volume during any one class term.

3. *Additional limitations:* In addition to the restrictions set forth above, the Guidelines set forth the following additional restrictions:

(a) Copying may not be used to create or to replace or to substitute for anthologies, compilations, or collective works. Such replacement or substitution may occur whether copies of various works or excerpts therefrom are accumulated or reproduced and used separately.

(b) No copies may be made of or from works intended to be "consumable" in the course of study or teaching. Examples include workbooks, exercises, standardized tests, and test booklets and answer sheets.

(c) The copying may not substitute for the purchase of books, publishers' reprints, or periodicals; it may not be directed by higher authority; and it may not be repeated with respect to the same time by the same teacher from term to term.

(d) No charge shall be made to the student beyond the actual cost of the photocopying.

B. Photocopying Outside of the Scope of the Guidelines

If a given instance of photocopying by an educational institution does not fall within the Guidelines for teacher photocopying, it may nevertheless fall within the Section 108 exemption for library photocopying.

Barring application of either exemption, the copying may still qualify as fair use under the four-part test of Section 107. Most copying by educational institutions will satisfy the first fair use factor it will be for nonprofit education purposes. While this does not guarantee a finding of fair use,[94] it will in most cases shift the determination to the remaining three factors.

The second fair use factor is the nature of the copyrighted work. This

[94] *See, e.g., Marcus v. Rowley,* 695 F.2d 1171 (9th Cir. 1983); *Wihtol v. Crow,* 309 F.2d 777 (8th Cir. 1962).

factor includes the scope of originality of the work, the informative nature of the work, the intended use of the original and the copy, the availability of the work, and whether the work is published or unpublished. These elements obviously will vary widely from case to case. It is important in considering any act of photocopying by an educational institution to note that, in discussing the possibility of overlap between the intended use of the original work and the intended use of the copy, the 1975 Senate Report stated that there should be less latitude for a finding of fair use where text books and other materials prepared primarily for the school markets are copied for classroom use than when material prepared for general public distribution is copied for such use.[95]

The third fair use factor is the amount and substantiality of the portion copied in relation to the copyrighted work as a whole. This factor has no unusual application to acts of photocopying by educational institutions.

The final fair use factor is the effect of the use upon the potential market for or value of the copyrighted work, stated by the Supreme Court to be "undoubtably the single most important element of fair use."[96] Here too the question will arise: is the work being copied by the educational institution one which is marketed to such institutions (such as a text book)? If so, a finding of fair use is less appropriate.

IV. PHOTOCOPYING BY BUSINESSES

There are no special fair use provisions applicable to businesses as there are for libraries and educational institutions.

A. General Rules Applicable to Photocopying by Businesses

The Section 108 exemption[97] may apply if the business operates a library. However, Section 108 requires that the library's collection must either be open to the public or "available not only to researchers affiliated with the library or archives or with the institution of which it is a part, but also to other persons doing research in a specialized field."[98] This requirement will, in most cases, exclude the type of libraries maintained by proprietary institutions, including law firms.

If a business is unable to invoke Section 108, it may still be entitled to invoke the fair use doctrine of Section 107. Again the four-factor test will apply. The fact that the copying is being done in a business setting, as op-

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[95] Senate Report at 64.

[96] 471 U.S. 539, 566 (1985).

[97] The Section 108 exemption is discussed in detail in section II, *supra*.

[98] 17 U.S.C. § 108(a)(2). Editor's Note: While this article was in the final stages of printing, Judge Leval handed down an opinion rejecting a for-profit company's claim that photocopying by employees was privileged under Sections 107 and 108. *American Geophysical Union v. Texaco, Inc.*, 85 Civ. 3446 (S.D.N.Y. filed July 22, 1992).

posed to nonprofit educational setting, is a factor to be considered, but it does not automatically rule out a claim of fair use.

There are three specific areas in which claims of fair use by businesses routinely arise: photocopying for circulation purposes, photocopying of newsletters, and the use of self-service copiers. Each of these areas will be discussed in turn.

B. Photocopying for Circulation Purposes

Businesses frequently photocopy works (either in their entirety or by selected portions) for purposes of circulating the works around the business. There are three general motivations for this type of copying: to speed the circulation of the material, to save the cost of purchasing additional originals, and to protect the original from loss or damage during circulation.

Addressing the last motivation first, it should be noted that the exemption in Section 108 which allows libraries to copy a work in order to replace a copy of the work that was damaged, lost, stolen, or which has deteriorated would not apply here. That exemption applies only after the original published work has already been damaged, lost, or stolen, and does not apply where a replacement can be obtained at a fair price.[99] Nor would the rest of Section 108 provide a defense, because both Sections 108(d)(1) and 108(e)(1) require that the copy become the property of the person requesting the copy, and therefore cannot be used to defend the making of copies for purposes of increasing the number of works that the library has available to loan or circulate to patrons. Since Section 108 would not cover this type of use, the questions becomes whether such copying constitutes fair use under Section 107.

In applying the four-part test of Section 107, the specific facts regarding what is being copied and how it is being distributed will be central to a determination of a claim of fair use. The following are several of the key factors, based on the four-part test, which may influence a determination of whether copying for inter-office circulation purposes qualifies as fair use:

- the amount copied—this will in most cases be the most important factor. The circulation of excerpts from articles is more likely to constitute fair use than the copying and circulation of entire articles, which in turn is more likely to constitute fair use than the copying and circulation of an entire journal.
- the nature of the item copied—the more newsworthy (and the less creative) the material copied, the more likely the copying and circulation will constitute fair use.
- the extent of copyright protection in the item copied—the extent of copyright protection in the work copied will be a signifi-

[99] 17 U.S.C. § 108(c).

cant factor in determining whether the copying constitutes fair use. For example, copying and circulating a transcript of a press conference would be more likely to constitute fair use than would the copying and circulation of a reporter's coverage and analysis of the same event.

- competition with the original—an important question will be whether the copying and circulation competes with the original. The question is whether the copying activity removes the necessity or motivation for purchasing an additional copy of the original work. For example, copying and circulating an article from a back issue of a daily newspaper is not likely to replace a subscription to the paper and is more likely to constitute fair use than the copying of clippings from a daily paper on daily basis and the circulation of such copies on the day of publication.
- to whom are the copies being circulated—while it is clear that the more copies that are circulated, the weaker a claim of fair use, it is also likely that the broader the scope of the circulation (for example, to offices of a business located in ten different cities versus to ten members of the same department in the same building), the weaker a claim of fair use.
- the availability of the safety copy during the circulation of the original—if a business makes a copy of a work for circulation in order to protect the original against loss during such circulation, the strength of the fair use claim will be significantly undermined if the original is available for use during the time that the copy is being circulated.
- the eventual fate of the copy—if the copy is destroyed after it has been full circulated, the claim of fair use is stronger than if the copy is then placed inthe files of the business and remains available for use.

The determination of whether any specific act of copying for purposes of circulation constitutes an act of fair use is fact specific. While the points set forth above highlight some of the issues, it should be kept in mind that a court examining the Section 107 four-part test for fair use is not limited only to the elements set forth in that test.

C. Photocopying of Newsletters

One aspect of photocopying by businesses currently being litigated is the issue of photocopying, primarily for internal circulation purposes, of newsletters. Washington Business Information, Inc. ("WBII"), the publisher of the weekly "Product Safety Letter" newsletter, brought suit against the Washing-

ton law firm of Collier, Shannon & Scott. The newsletter had an annual subscription rate of $657, with additional subscription copies at a rate of $295 each per year. Collier, Shannon & Scott purchased a single subscription to the newsletter beginning in 1973. WBII's complaint alleged that the law firm reproduced multiple cover-to-cover copies of the newsletter. The complaint sought preliminary and permanent injunctive relief against future infringement, destruction of all infringing copies currently in the law firm's inventory, maximum statutory damages for willful infringement with respect to each infringed issue, and costs and attorneys' fees. In a press release, WBII indicated that the potential award for infringement could go a high as $14 million. The law firm reportedly took the position that the "internal circulation of a limited number of copies in order to speed distribution of the information for professional development and research purposes is entirely proper."

WBII has been extremely aggressive about asserting its copyrights in its family of newsletters. It supposedly offers a $2,000 reward for reporting illegal photocopying of its newsletters. It has been reported that in April 1990, WBII settled a similar copyright infringement case against an unidentified Fortune 500 company for more than $100,000.[100] The publisher of WBII has described the photocopying of its newsletters by businesses as being a continuing serious problem: "This problem to us is what crack is to the D.C. chief of police."[101]

The House Report on Section 107 addresses the problem of photocopying of newsletters as follows:

> During the consideration of the revision bill in the 94th Congress it was proposed that independent newsletters, as distinguished from house organs and publicity or advertising publications, be given separate treatment. It is argued that newsletters are particularly vulnerable to mass photocopying, and that most newsletters have fairly modest circulations. Whether the copying of portions of a newsletter is an act of infringement or fair use will necessarily turn on the facts of the individual case. However, as a general principle, it seems clear that the scope of the fair use doctrine should be considerably narrower in the case of newsletters than in that of either mass-circulation periodicals or scientific journals. The commercial nature of the user is a significant factor in such cases: Copyright by a profit-making user of even a small portion of a newsletter may have a significant impact on the commercial market for the work.[102]

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[100] *Legal Times*, March 18, 1991, p. 15.
[101] *National Law Journal*, March 18, 1991, p. 2.
[102] House Report at 73-74.

The first reported decision on the copying of newsletters, *Pasha Publications, Inc. v. Enmark Gas Corporation*,[103] cited this passage in finding that regular, multiple, cover-to-cover photocopying and facsimile transmission to district offices of "Gas Daily" by a for-profit corporation was not fair use. *Pasha* represented an easy case. A more difficult case is presented by a case pending in the Southern District of New York brought by the Association of American Publishers against the Texaco Corporation. Assigned to United States District Judge Pierre Leval, the *Texaco* case alleges systematic underpayment of payments to the Copyright Clearance Center, and is sure to have an impact on businesses' willingness to sign up for the CCC's annualized authorization license.

D. Use of Self-Service Copiers

The preceding discussion has been based on the assumption that the photocopying was conducted by the business as part of its general activities. The question arises whether there is any substantive difference if the copying is done on an individual basis by employees of the business using self-service copiers. an issue also raised in *Texaco* litigation. An example of this distinction is the difference between a law firm librarian making a copies of an article on issues of product liability and circulating them to all of the attorneys in the firm, and an attorney with the firm making a personal copy of the same article at one of the firm's self-service copying machines.

First, it should be noted that if the employee is an infringer, then so is the employer-organization, unless the use constitutes fair use.[104]

The use of self-service copying machines may well have an impact on a claim of fair use to the extent that it affects one or more of the factors in the four-part Section 107 fair use test. The first factor is the purpose and character of the use. If, for example, the copy has been made to enable the person making the copy to highlight and annotate the copy, it will be more likely to be deemed fair use than if the copy is made so the person making the copy can add the work to his or her own personal collection.

The second factor is the nature of the copyrighted work. This factor does not change when the copy is done on a self-service copying machine as opposed to when it is done on an institutional basis.

The third factor is the amount and substantiality of the portion used in

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[103] 22 USPQ2d 1076 (N.D. Tex. 1992).

[104] Nimmer takes the position that an employee who commits an act of infringement will not be personally liable if such act was required of him as a part of the duties of his employment and if he was not permitted to exercise discretion, judgment, or responsibility in the conduct of such duties. According to Nimmer, if the employee in the exercise of his authority commits or determines that his employer shall commit an act which constitutes an infringement, he will in most cases be held jointly and severally liable with his employer. *Nimmer on Copyright* § 12.04[A], at 12-64.1-64.2.

relation to the copyrighted work as a whole. This factor also is unaffected by the fact that the copying is done on a self-service machine. As noted above, the smaller the percentage of the total work (both in quantitative and qualitative terms) that is copied, the more likely it is that the copying will be deemed to be fair use. Therefore the use of a self-service copy machine to copy a portion of an article or other copyrighted work is more likely to constitute fair use than would the copying of the entire article.

The fourth factor is the effect of the copying on the potential market for or value of the copyrighted work. Unlike the previous two factors, this factor may be influenced by the fact that the copying is performed on a self-service machine. To return for a moment to the prior discussion of the copying of newsletters, it can be argued that a business could be expected to purchase two subscriptions to the newsletter if it wishes to circulate two copies. But incidental photocopying of portions of a newsletter on an infrequent basis via a self-service copier is not as likely to justify a second subscription to a newsletter, and thus may be more likely to constitute fair use. Again the specific facts are crucial: if the copying can be reasonably deemed to take the place of the purchase of an additional copy of the work, it should not constitute fair use.

With regards to the use of self-service copy machines, it should be noted that if the business's library qualifies under Section 108 for the library exemption, a copyright warning notice must be placed at all such machines.[105]

V. IMPACT OF THE KINKO'S *DECISION ON PHOTOCOPYING AND THE FAIR USE DOCTRINE*

In March 1991, the United States District Court for the Southern District of New York decided a case with important consequences for photocopying and the doctrine of fair use. In *Basic Books, Inc. v. Kinko's Graphics Corporation*,[106] Judge Constance Baker Motley ruled that a nationwide photocopying firm's practice of soliciting lists of required course readings from college professors,[107] reproducing booklets containing those readings, and selling them to students did not fall within the fair use exemption of Section 107, and therefore constituted acts of copyright infringement. This section of the article will briefly summarize the case, analyze some criticisms of the holding, and conclude with a discussion of the impact of the case.

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[105] *See* section II(C)(2), *supra*.

[106] 758 F. Supp. 1522 (S.D.N.Y. 1991).

[107] The lists consisted of different excerpts from various copyrighted works, some of which were in-print at the time of copying and some of which were out-of-print.

A. Summary of the Case

1. Summary of the Facts

Kinko's Graphics Corporation is a nationwide chain of copy centers.[108] For at least five years[109] Kinko's has offered a service which it calls "Professor Publishing". The service consists of soliciting required reading lists from university professors, photocopying those readings, assembling them in bound forms, and selling them to students enrolled in the courses for which they are prepared. The litigation specifically concerned five packets, prepared for professors at the New School for Social Research, New York University, and Columbia University. Excerpts from a total of 12 copyrighted works, some in-print and some out-of-print, were contained in those five packets.[110] The packets varied in length from 120 to 728 pages. Kinko's neither sought nor obtained permission to copy any of the works contained in the five packets.

Kinko's markets its services directly to university professors and students. The company distributed marketing brochures to university professors soliciting lists of readings that the professors plan to use in their courses. Each packet had a cover page printed with the Kinko's logo, "Kinko's Copies: Professor Publishing," the name of the course and professor, the designated packet number, and a price listing. There was a space on the price listing for the designation of any royalty charges included. Only one of the five packets involved in the litigation listed a charge for royalty fees. On the inside cover of three of the five packets was a sheet entitled "Education and Fair Use: The Federal Copyright Law," setting forth the Section 107 fair use factors and displaying the Professor Publishing logo and course information.

Prices for the packets ranged from $11.00 to $24.00. The prices were based on a per-page copying charge plus the cost of the binding (which ranged from $1.50 to $2.25). No additional charge was made for the service of collecting and assembling the materials.

The plaintiffs in the action were eight publishers.[111] The court found that the plaintiffs "derive a significant part of their income from textbook

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108 The stores involved in this litigation are both located in New York City, one at 24 E. 12th Street (which serves students at New York University and the New School for Social Research), and the other at 2872 Broadway (which serves students at Columbia University).

109 It is not clear from the court's opinion exactly how many years Kinko's has offered this service. The court notes at one point in its decision that Kinko's has been selling the course packets for 20 years (758 F. Supp. at 1526), and at another point that it has been conducting that aspect of its business since the mid-1980's (758 F. Supp. at 1529). This 15-year difference is unexplained.

110 Of the 12 excerpts, three were from books that are out-of-print (two of which were characterized by the court as being "relatively old"), and one was from a book that the court described as being "out-of-stock."

111 The plaintiff publishers were: Basic Books, Inc., Harper & Row Publishers, Inc.,

sales and permissions fees."[112] Plaintiffs sought relief in the form of statutory damages, injunction, declaratory judgment, and costs and attorneys' fees.

2. Defenses Raised by Kinko's

Kinko's raised four separate defenses to the charges of copyright infringement. First, it claimed that its use of the excerpts constituted fair use under Section 107. Second, Kinko's alleged that the plaintiff publishers had misused their copyrights by trying to create an industry standard beyond that established by congressional mandate and which impermissibly precluded all use of plaintiffs' works without permission and royalty. Third, Kinko's argued that the plaintiffs were estopped from complaining of the copying because they have known for a long time about Kinko's 20-year practice of selling course packets and did nothing about it and Kinko's detrimentally relied upon their silence.[113] And fourth, Kinko's argued that, with respect to two of the alleged infringements, the plaintiffs had failed to record their copyrights before filing the complaint, and therefore the court lacked jurisdiction with respect to those two excerpts.

The court found that Kinko's activities constituted acts of copyright infringement, and rejected each of Kinko's defenses. As to the first defense, the court ruled that "Kinko's has not convincingly shown that the excerpts it appropriated without seeking permission were a fair use of the works in question."[114] As to the second and third defenses, the court ruled that the plaintiffs did not misuse their copyrights nor were they estopped from asserting their rights under those copyrights. With regard to the fourth defense, the court ruled that all of the copyrights were validly asserted even though two of them were not recorded prior to the filing of the complaint. The court granted plaintiffs' request for injunctive relief, and granted statutory damages in the amount of $510,000, plus costs and attorneys' fees.[115]

Because this article addresses the issue of photocopying and fair use, it will deal only with Kinko's defense of fair use and the court's analysis of that claim. It will not address the other three claims that Kinko's asserted in the litigation.[116]

John Wiley & Sons, Inc., McGraw-Hill, Inc., Penguin Books USA, Inc., Prentice-Hall, Inc., Richard D. Irwin, Inc., and William Morrow & Co., Inc.

112 758 F. Supp. at 1529.

113 As noted above, there is a discrepancy in the opinion as to exactly how long Kinko's has been offering this service. *See supra*, footnote 109.

114 758 F. Supp. at 1526.

115 *Id.*

116 As noted above, the three other claims raised by Kinko's were that the plaintiff publishers had misused their copyrights by trying to create an industry standard which impermissibly precluded all use of their works without the payment of an unreasonable royalty; that the plaintiffs were estopped from complaining of the copying because Kinko's had detrimentally relied upon

3. The Court's Analysis

The court considered two separate aspects of the fair use defense. First it analyzed Kinko's photocopying activities under the four-factor test of Section 107,[117] and it then analyzed the copying under the classroom Guidelines which are set forth in the legislative history.[118]

(a) The Four-Factor Test

The court conducted a detailed examination of the four-factor test set forth in Section 107, as well as three additional factors.[119]

FACTOR 1: THE PURPOSE AND CHARACTER OF THE USE

The court separated this factor into two separate elements: transformative use and commercial use.

As to transformative use, the court noted that the Supreme Court has found that the distinction between "productive" and "unproductive" uses may be helpful in determining fair use.[120] The court cited to a law review article by Judge Leval (also of the Southern District of New York) for the proposition that "the essence of 'character and purpose' is the transformative value, that is, productive use, of the secondary work compared to the original."[121] The court concluded that the copying by Kinko's "had productive value only to the extent that it put an entire semester's resources in one bound volume for students. It required the judgment of the professor to compile it, though none of Kinko's."[122]

As to commercial use, the court quoted the Section 107 reference to whether the use "is of a commercial nature or is for nonprofit educational purposes." The court also cited the holding of the *Sony* case that "commercial use of copyrighted material is presumptively an unfair exploitation of the monopoly privilege that belongs to the owner of the copyright."[123] The court rejected Kinko's claim that the use of the excerpts was educational: "The use

their silence during the 10-years that it had been selling the course packets; and, with respect to two of the alleged infringements, the plaintiffs had failed to record their copyrights before filing the complaint thus depriving the court of jurisdiction with respect to those two excerpts.

117 The four-factor test of Section 107 is discussed in section I(B), *supra*.

118 The Classroom Guidelines are discussed in section III(A), *supra*.

119 The four factors are intended to provide only examples of fair use, and not a definitive list or rigid test. Therefore it was not inappropriate for the court to consider additional factors. *See supra* section I(B).

120 758 F. Supp. at 1530, *citing Universal Studios, Inc. v. Sony Corp. of America*, 464 U.S. 416, 455 n.40 (1984).

121 758 F. Supp. at 1530, *citing* Leval, *Toward A Fair Use Standard*, 103 Harvard L. Rev. 1105, 1111 (1990).

122 758 F. Supp. at 1531.

123 758 F. Supp. at 1530, *citing Universal Studios, Inc. v. Sony Corp. of America*, 464 U.S. 416, 451 (1984).

of the Kinko's packets, in the hands of the students, was no doubt educational. However the use in the hands of Kinko's employees is commercial. Kinko's claims that its copying was educational and, therefore, qualifies as a fair use. Kinko's fails to persuade us of this distinction."[124] The court concluded that Kinko's was making commercial use of the excerpts, and therefore this factor weighed heavily against defendant.

FACTOR 2: THE NATURE OF THE COPYRIGHTED WORK

The court noted that the scope of fair use is greater with respect to factual than non-factual works, and that factual works, such as biographies, reviews, criticism, and commentary, are 'believed to have a better public value and, therefore, uses of them may be better tolerated by the copyright law."[125]

The court found that the books from which Kinko's copied the extracts were factual in nature, and therefore concluded that this factor favored Kinko's.

FACTOR 3: THE AMOUNT AND SUBSTANTIALITY OF THE PORTION USED

The court noted that this factor considers not only the percentage of the original used but also the "substantiality" of that portion to the whole of the work.[126] The court also noted that a "short piece which 'is the heart of' a work may not be fair use and a longer piece which is pedestrian in nature may be fair use."[127]

The court concluded that Kinko's failed both the quantitative and qualitative tests for substantiality. As to the quantitative test, the court noted that the passages copied ranged from 14 to 110 pages, representing 5.2% to 25.1% of the original works. "In almost every case, defendant copied at least an entire chapter of a plaintiff's book. This is substantial because they are obviously meant to stand alone, that is, as a complete representation of the concept explored in the chapter. This indicates that these excerpts are not material supplemental to the assigned course material but [are] *the* assignment."[128]

As to the qualitative test, the court found that "the portions copied were critical parts of the books copied, since that is the likely reason the college professors used them in their classes."[129] The court noted that "[w]hile it

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124 758 F. Supp. at 1531.

125 758 F. Supp. at 1532-33, *citing New Era Publications v. Carol Publishing Group*, 904 F.2d 152, 157 (2d Cir. 1990), and *Salinger v. Random House, Inc.*, 811 F.2d 90, 96 (2d Cir.), *cert. denied*, 484 U.S. 890 (1987).

126 758 F. Supp. at 1533, *citing New Era Publications Int'l v. Carol Publishing Group*, 904 F.2d 152, 158 (2d Cir. 1990).

127 *Id.*

128 758 F. Supp. at 1534 (emphasis in original).

129 758 F. Supp. at 1533.

may be impossible to determine, as the Court did in *Harper & Row*, that the quoted material was 'essentially the heart of' the copyrighted material, it may be inferred that they were important parts."[130]

FACTOR 4: THE EFFECT OF THE USE ON POTENTIAL MARKETS FOR OR VALUE OF THE COPYRIGHTED WORK

The court noted that this factor has been held by the Supreme Court to be "undoubtedly the single most important element of fair use."[131] The court also noted that "[t]o negate fair use one need only show that if the challenged use 'should become widespread, it would adversely affect the *potential* market for the copyrighted work.' "[132]

The court noted that Kinko's has 200 stores nationwide, servicing hundreds of colleges and universities which enroll thousands of students, and found that "[t]he potential for widespread copyright infringement by defendant and other commercial copiers is great."[133] The court went on to hold that "[w]hile it is possible that reading the packets whets the appetite of students for more information from the authors, it is more likely that purchase of the packets obviates purchase of the full texts. This court has found that plaintiffs derive a significant part of their income from textbook sales and permissions. This court further finds that Kinko's copying unfavorably impacts upon plaintiffs' sales of their books and collections of permissions fees. This impact is more powerfully felt by authors and copyright owners of the out-of-print books, for whom permissions fees constitute a significant source of income. This factor weighs heavily against defendant."[134]

ADDITIONAL FACTORS

The court added two new factors to the fair use test, and rejected a third factor proposed by Kinko's.

First, the court ruled that "an important additional factor is the fact that defendant has effectively created a new nationwide business allied to the publishing industry by usurping plaintiffs' copyrights and profits."[135] Applying this new factor, the court ruled that such activity must be prevented by the courts "as its result is complete frustration of the intent of the copyright law which has been the protection of intellectual property and, more importantly, the encouragement of creative expression."[136]

Second, the court added an additional factor which forbids the creation

130 *Id.* (citation omitted, *citing Harper & Row*, 471 U.S. at 565).
131 758 F. Supp. at 1534, *quoting Harper & Row, Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 566 (1985).
132 *Id.* (again quoting *Harper & Row*, 471 U.S. at 568).
133 *Id.*
134 *Id.*
135 *Id.*
136 *Id.*.

of anthologies by photocopying. The court ruled that "the Classroom Guidelines express a specific prohibition of anthologies. The fact that these excerpts were compiled and sold in anthologies weighs against defendant."[137]

Third, the court rejected Kinko's arguments that " '[t]he evidence shows that course packets are of tremendous importance to teaching and learning, and are the subject of widespread and extensive use in schools throughout the country' and that '[a]n injunction against the educational photocopying at issue would pose a serious threat to teaching and the welfare of education.' "[138] The court characterized this as a "fair use by reason of necessity" argument.[139] The court rejected the argument, not on the grounds that it was inapplicable to the fair use doctrine, but rather on the grounds that "Kinko's has failed to prove this central contention which is that enjoining them from pirating plaintiffs' copyrights would halt the educational process."[140]

(b) The Classroom Guidelines

The second part of the court's fair use analysis focused on the Classroom Guidelines set forth in the 1976 House Judiciary Committee report.[141] The court ruled that Kinko's is not entitled to claim fair use under the Guidelines for three separate reasons: *first*, Kinko's status as a for-profit corporation; *second*, even if it were entitled to invoke the Guidelines, the Kinko's copying activities were excessive and in violation of the Guidelines requirements; and *third*, the fact that Kinko's was creating anthologies weighed heavily against a finding of fair use.

In considering the relevance of Kinko's status as a for-profit corporation, the court noted that "Kinko's is *in the business* of providing copying services for whomever is willing to pay for them and, as evidenced in this case, students of colleges and universities are willing to pay for them."[142] The court distinguished between commercial copying and library copying, "[c]lassroom and library copying are viewed more sympathetically 'since they generally involve no commercial exploitation and . . . [have] socially useful objectives. . . . [T]his is not true of photocopy shops, which reproduce for profit.' "[143] Based on this distinction, the court ruled that Kinko's status as a for-profit corporation, and its profit making intent, the Guidelines inapplicable.[144]

The court then went on to conclude that even if Kinko's copying war-

137 758 F. Supp. at 1535.
138 *Id.*, *citing* Kinko's Proposed Conclusions of Law, at 23.
139 *Id.*
140 *Id.*
141 The Classroom Guidelines are discussed in section III(A), *supra*.
142 758 F. Supp. at 1536.
143 *Id.*, *citing Nimmer on Copyright*, § 13.05[E], at 13.93-13.94, & n.69.
144 758 F. Supp. at 1535-36.

ranted review under the Guidelines, the amount copied exceeded that permitted. The Guidelines provide that a teacher may make multiple copies of copyrighted material if the copying meets the tests of brevity, spontaneity, and cumulative effect, and so long as each copy includes a notice of copyright.[145] Kinko's was found to violate the brevity test, which the court defined as a complete article, story, or essay of less than 2,500 words, or an excerpt of not more than 1,000 words or 10% of the work, whichever is less.[146] Kinko's also failed to comply with the spontaneity test, which requires that "the inspiration and decision to use the work and the moment of its use for maximum teaching effectiveness [be] so close in time that it would be unreasonable to expect a timely reply to a request for permission."[147] Because Kinko's copying coincided with the start of each semester and was prompted by Kinko's obtaining a list of course materials from professors, the court found that Kinko's actions were not spontaneous.[148] The cumulative effect was held to proscribe any more than nine instances of multiple copying for one course during one class term, limits the copied material to one course only, and to no more than one piece of work per author.[149] The court found that Kinko's failed this requirement, because four of the five course packets (containing 7, 22, 23, 25, and 43 instances of multiple copying) exceed the nine permissible instances.[150] And finally, with regard to the requirement of copyright notice, the court found that Kinko's failed to include notices on any of the works involved in the litigation.[151]

The third reason that the court ruled that Kinko's was not covered by the Guidelines is that the copying was done for the purpose of creating anthologies. One of the specific prohibitions of the Guidelines is that "[c]opying shall not be used to create or to replace or substitute for anthologies, compilations or collective works . . . ."[152] The court, however, refused to hold that all unlicensed anthologies are prohibited without a fair use analysis. It did, though, go as far as to rule that "the fact that these excerpts were placed in anthologies weighs significantly against defendant."[153]

B. Criticism of the Holding

In focusing its analysis on the profit-making aspect of Kinko's business, the court failed to address another key issue in the case: whether the creation of the photocopied anthologies by university professors constitutes fair use.

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145 758 F. Supp. at 1536, *citing* House Report at 68.
146 758 F. Supp. at 1537.
147 *Id.*, *citing* House Report at 69.
148 *Id.*
149 *Id.*, *citing* House Report at 69.
150 *Id.*
151 758 F. Supp. at 1536-37.
152 758 F. Supp. at 1537, *citing* House Report at pp. 69-70.
153 *Id.*

In the process, the court created a number of new tests for the fair use doctrine. While these new tests make the determination of a defendant's entitlement to a claim of fair use more predictable, if followed by other courts they will also make the application of the fair use doctrine less rational and far more arbitrary.

This discussion first examines the court's analysis of the four-factor test, and then the court's analysis of the Classroom Guidelines. Throughout this discussion it should be kept in mind that, despite shortcomings in its analysis, the court may have reached the correct result. Even though this article will argue that the district court erred in its interpretation of the fair use doctrine, that does not mean that Kinko's use of copyrighted materials did in fact qualify as fair use under the traditional interpretations of Section 107.

1. The Four-Factor Test

The court prefaced its discussion of the four-factor fair use test a tad defensively, by noting that both the *Sony* case and the *Harper & Row* case were overturned at each level of review, and by remarking that "[t]he search for a coherent, predictable interpretation applicable to all cases remains elusive."[154] Unfortunately the analysis used by *Kinko's* court, and the new tests that it created, do little to solve this problem.

FACTOR 1: THE PURPOSE AND CHARACTER OF THE USE

In analyzing the purpose and character of Kinko's copying activities, the court separated the trees from the forest, and then pronounced that there was no forest. By narrowing its focus only to the activity that took place on Kinko's premises, rather than examining the copying activity as a whole, the court created a new approach to fair use analysis that is not supported by precedent and that, despite its intent, does nothing to protect the interests of copyright holders.[155] The court applied this new narrow focus to two separate aspects of the first factor: the analysis of the commercial/educational distinction and the analysis of the "productive value" of the work.

In its analysis of the commercial/educational distinction, the court ruled that "[t]he use of Kinko's packets, in the hands of the students, was no doubt educational. However, the use in the hands of Kinko's employees is commercial. Kinko's claims that its copying was educational and, therefore, qualifies as fair use. Kinko's fails to persuade us of this distinction."[156] The court

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154 758 F. Supp. at 1530.

155 The interests of copyright owners gain no protection from the court's analysis of this factor because it does not prohibit or limit any uses of copyright materials, it only serves to restrict who may perform the act of copying. Under this analysis, the same copying could be performed by an on-campus copy center without violating the restrictions of this factor.

156 758 F. Supp. at 1531.

focused exclusively on the process by which the copies were produced, rather than on how the work is used—as dictated by the statute. There is no precedent for a rule that holds that copying which would otherwise constitute fair use loses that protection because the mechanical aspects of the copying process were performed by a for-profit business as opposed to a non-profit business (such as a university-operated copy center). Such a rule certainly does not serve to protect or strengthen the rights of the copyright owner because it does not prohibit or limit the copying, it merely dictates at what location the copy can be made.

Assume the following hypothetical: a college professor teaches two courses. She prepared Kinko's-type classroom anthologies for both classes, but has one photocopied by the university's print shop and the other by an off-campus business similar to Kinko's. A publisher whose works are copied in both anthologies sues the off-campus copy center, the university print shop, and the professor, alleging copyright infringement. Under the new analysis enunciated by the court in *Kinko's*, the university print shop will not be liable because it's copying was not commercial and had no profit motive. The off-campus copy center will be liable because it does have a profit-motive. But then what about the professor? Is she liable for the acts of infringement by the off-campus copy center? She certainly meets the test of a joint infringer; the copying was made at her request, she supplied the materials to be copied, and she required her students to purchase the copies. And what if the copy machines located in the university's print shop are leased to it by a for-profit corporation, which profits from each use of the machines? The court's focus on the profit-making status of the owner of the copying equipment, while ignoring the question of whether the ultimate use of the copies is for a profit-making purpose, is arbitrary and unsupported by precedent.

In support of its position, the court cited the Supreme Court's opinion in *Harper & Row*: " 'The crux of the profit/nonprofit distinction is not whether the sole motive of the use is monetary gain but whether the user stands to profit from exploitation of the copyrighted material without paying the customary price.'[157] This is precisely the concern here and why this factor weighs so strongly in favor of plaintiffs."[158] What this ignores is the nature of the use, which is the very factor that the court was purporting to be considering under the first factor of the fair use test. In the *Harper & Row* case the use of the copyrighted material was in a national publication offered for sale to the general public. In the *Kinko's* case the use of the work was for classroom teaching restricted to a single course at a single university. Obviously the result would be different if Kinko's had produced these same anthologies for sale to the general public in bookstores, or if it had produced the antholo-

[157] *Harper & Row*, 471 U.S. at 562, 105 S. Ct. at 2231.
[158] 758 F. Supp. at 1532.

gies at its own initiative, based on its own selection of materials, and then offered them for sale to professors.[159] The creation of a distinction based on where the copy is made, rather than on the use for which the copy is intended, is an inappropriate distortion of the fair use doctrine.[160]

The court's analysis of the "productive value" aspect of the work is similarly flawed. The court notes that "productive" use of a work (use which involves creative effort on the part of the user) is subject to greater protection than is mere repackaging or republication.[161] It then concluded that "Kinko's work cannot be categorized as anything other than a mere repackaging. . . . The copying in issue had productive value only to the extent that it put an entire semester's resources in one bound volume for students. It required the judgment of the professors to compile it, though none of Kinko's."[162] The court offered no support for this distinction. If the work is a productive work, someone who contributed to the final work but not to the productive aspect of the work, should be entitled to invoke the fair use doctrine. The goal of the fair use doctrine is to protect certain classes of work, including productive works. If a work falls within that protected class, there is no rationale for arbitrarily assigning liability to someone who handled a mechanical (non-creative) portion of the process. The court created a new test that apparently requires every person involved in the creation of copy to contribute to the productive value. Failure to so contribute precludes invoking the fair use doctrine, even if the final work is deemed productive. This is not a test other courts should embrace.

In considering both the commercial/educational distinction and the productive value analysis, the court based its decision on the fact that profit was derived from the copying activity (and not on whether the ultimate use of the copies was for a profit-making activity). Yet, profit is derived by profit-making businesses from virtually every act of photocopying, regardless of where it takes place. Even photocopy machines located in libraries generate profit for the manufacturer of the equipment, for the lessor if leased, for the paper and toner supplier, and for the servicing contractor. If the fair use focus is shifted from whether the use of the copy is for a profit-making purpose to whether

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159 Such activities are those of a publisher, and go beyond mere copying. Regardless of how aggressively it solicited business, Kinko's did not select, organize, edit, or review any of the material that it copied.

160 Again it should be stressed that if Kinko's had created these same anthologies itself, rather than at the instruction of the professors who used them in their courses, the conclusion would be different. In the former scenario, the copy center is not merely the location at which the copies are made, it is the party that is actually creating the work. In that situation the distinction as to the profit motive of the copy center becomes relevant, but it is relevant only as an element of the nature of the use.

161 758 F. Supp. at 1530.

162 758 F. Supp. at 1530, 1531.

profit is derived by someone in the copy-producing process, the fair use exemption may either be extinguished or become filled with arbitrary distinctions based not on the derivation of profit from the copying process (since some profit is always derived), but rather on where the profit is earned: on-campus or off.

FACTOR 2: THE NATURE OF THE COPYRIGHTED WORK

On this factor, the court applied the traditional interpretation that the copying of portions of factual works, such as biographies, reviews, criticism, and commentary, is more likely to constitute fair use than is the copying of portions of non-factual works.[163]

FACTOR 3: THE AMOUNT AND SUBSTANTIALITY OF THE PORTION USED

The court was on solid ground in setting forth the distinction between the quantitative test (how much is copied, in terms of the percentage of the whole) and the qualitative test (whether the "heart of the work" been copied). But when the court attempted to apply these tests to the facts at hand, it slipped from that solid ground into the swamp. In applying the qualitative, heart of the work, test, the court used a new analysis: the fact that the portions copied were the critical parts of the books from which they were extracted is proven by the fact that they were copied.[164] After all, what college-level professor would require his or her students to read a non-critical part of a book? This new test resolves the court's concern about the lack of a predicable interpretation of the four factors.[165] Under this new self-confessional test, any copying is, by definition, a copying of the heart of the heart of the original work and thus proof of non-compliance with Factor 3.

In its favor, this test offers great simplicity and assurance of predictability in the application of the law, as well as the promise of a significant saving of judicial resources. If other courts adopt this test, they will no longer need to make their own investigation and determination of whether a substantial portion of the original work was used; the alleged infringer will have already made that determination.[166]

The "self-confessional" test is flawed not only as a form of legal analysis, but is also inconsistent with the court's previous analysis. In its analysis of the first factor of Section 107, the court refused to consider the role of the professors in assembling the materials, and considered only the actions taken by Kinko's. Because Kinko's did not select or organize the material to be copied, the court ruled that Kinko's copying was not a productive use of the

163 758 F. Supp. at 1532-33.
164 758 F. Supp. at 1533.
165 758 F. Supp. at 1530.
166 This is somewhat reminiscent of the logic of the court in Alice in Wonderland:

original work.[167] On this issue, however, the court reversed its analysis and focused on the activity of the professors. Kinko's did not select the works used and made no judgment regarding the importance of the material selected. It is somewhat unfair to Kinko's to deny them the benefit of the professors' efforts when determining whether there was a productive use of the original works, but then to turn around and penalize Kinko's by ruling that the professors' efforts prove that Kinko's exceeded the qualitative test for the measuring the substantiality of the taking.

The court used a similarly flawed analysis with respect to the quantitative test, which examines the amount that the portion copied bears to the original work as a whole. Here the court took two inappropriate short cuts.

First, the court lumped together all of the works copied, apparently based on the conclusion that if any of the works failed the quantitative test they should all fail the test. According to the court, the passages copied ranged from 5.2% to 25.1% of the original. While the use of 25% of a work may be beyond the bounds of fair use on a quantitative test, a use of only 5% cannot automatically be deemed excessive. Since the scope of statutory damages that a court may award is based on the total number of infringements, it is incumbent on the court to examine each alleged act of infringement separately.

The second short cut that the court used was in assuming that the copying of a chapter from a book constituted automatic failure of the quantitative test, using logic similar to its self-confessional logic on the qualitative test: "In almost every case, defendant copied at least an entire chapter of a plaintiff's book. This is substantial because they are obviously meant to stand alone, that is, as a complete representation of the concept explored in the

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"Are they in the prisoner's handwriting?" asked another of the jurymen.

"No, they're not," said the White Rabbit, "and that's the queerest thing about it." (The jury all looked puzzled.)

"He must have imitated somebody else's hand," said the King. (The jury all brightened up again.)

"Please, your Majesty," said the Knave, "I didn't write it, and they can't prove I did; there's no name signed at the end."

"If you didn't sign it," said the King, "that only makes the matter worse. You *must* have meant some mischief, or else you'd have signed your name like an honest man."

There was a general clapping of hands at this; it was the first really clever thing the King had said that day.

"That *proves* his guilt," said the Queen.

"It proves nothing of the sort!" said Alice.

Lewis Carroll, *Alice In Wonderland* at 133-34 (Grosset & Dunlap edition, 1991) (emphasis in the original). By the same logic, Kinko's must have been an infringer, because otherwise it would not have copied the material.

[167] 758 F. Supp. at 1531. See text accompanying *supra* note 122.

chapter. This indicates that these excerpts are not material supplemental to the assigned course material but [are] *the* assignment."[168] While the copying of an entire chapter may well fall outside the bound of fair use under the quantitative test, the creation of a rule that forbids the copying of a chapter, without reference to the total number of chapters or the length of the chapter in question, and that dictates without examination that the chapter is meant to stand alone as a complete representation of certain unidentified concepts, is far too arbitrary.

FACTOR 4: THE EFFECT OF THE USE ON POTENTIAL MARKETS FOR OR VALUE OF THE COPYRIGHTED WORK

The court applied the traditional interpretation of this test, however, in doing so it failed to make an important distinction between two distinct markets for the copyrighted work. Those two markets are the sale of books and the licensing of rights to portions of those books. It seems unlikely that Kinko's copying activities competed with the sale of all of the books from which the works were copied. As little as 5% of a complete work was copied, and a number of the works were out-of-print. These two factors would argue for a finding of fair use based on the minimum impact of the sale of the work.

In recent years, however, publishers have become increasing active in the licensing of photocopying rights in books. The court found that such permission fees constitute a significant source of income for the owners of out-of-print books.[169] Even were as little as 5% of a work is copied, and even if the work is out-of-print, the use may not constitute fair use if the user could have obtained a license to make the copies from the copyright owner for a reasonable fee. As such licensing activity becomes increasingly common, courts may have to conduct a two-stage analysis of this "potential market" test: first, does the copying have an effect on the potential market for the sale of copies of the work; and if not, does the copyright owner license copying rights in the work on a prompt basis at a reasonable rate, and will the unlicensed copying have and effect on the potential market for such licensing.

ADDITIONAL FACTORS

In addition to creating new tests for the existing factors, the court also created two new factors, and dismissed a third new factor proposed by Kinko's.

First, the court ruled that "an important additional factor is the fact that defendant has effectively created a new nationwide business allied to the publishing industry by usurping plaintiffs' copyrights and profits."[170] As its rationale for creating this new factor the new court ruled that "[b]ecause of the

168 758 F. Supp. at 1534 (emphasis in original).
169 *Id.*
170. *Id.*

vastness and transitory nature of its business (Kinko's has 200 stores nationwide which are typically located near colleges), it has become difficult for plaintiffs to challenge defendant."[171] Even if we accept this statement as true (it would seem that Kinko's size and the scope of its business would make it an easy target to locate and challenge), this is not a relevant measure of fair use. Either the defendant is "usurping plaintiffs' copyrights and profits" in a manner which does not constitute fair use or it is not; the vastness of the business itself is not relevant (except perhaps when determining damages).[172] If the copying does in fact constitute fair use, the fact that the party producing the copies is a nationwide business should not change that determination.[173]

The second new factor created by the court is a prohibition on creating anthologies.[174] Here the court mixed apples and oranges. The prohibition on creating anthologies applies only to the Classroom Guidelines, and the court acknowledges that the Guidelines were the source of this new factor.[175] The Guidelines contain a number of factors which may disqualify an attempt to invoke the Guidelines, but which do not disqualify a claim of fair use. For example, the Guidelines require the party seeking to invoke the Guidelines to meet specific tests regarding spontaneity and copyright notice.[176] Neither of those tests applies to the fair use doctrine in general.[177] Likewise the guide-

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171 *Id.*

172 Where Congress has intended the size of a business to be a factor in determining whether the business qualifies for an exemption under the Copyright Act, Congress has clearly indicated that intent. For example, Section 110(5) of the Copyright Act provides an exemption from the obligation to pay licensing fees for the use of music derived from a single inexpensive home-style radio. That exemption is limited to small business. *See* H.R. Rep. No. 1733, 94th Cong., 2d Sess. 75 (1976) (Conference Report) (noting that the exemption is not applicable to businesses "of sufficient size to justify, as a practical matter, a subscription to a commercial background music service.").

173 It is worth noting that none of the copies produced were distributed on a nationwide basis; they were apparently not even distributed on a citywide basis. The defendant store located in lower Manhattan produced packets for professors at New York University and the New School of Social Research, both of which are located within a few blocks of the store; the defendant store located in upper Manhattan produced packets for professors at Columbia University, located within a few blocks of that store.

174 758 F. Supp. at 1535.

175 *Id.*

176 *See supra* section III(A).

177 No copyright notice is required for works published after March 1, 1989. Berne Convention Implementation Act, H.R. 4262, CCH Copyrights, New Developments ¶ 20,510, at 11,372-11,377 (codified at 17 U.S.C. § 401. Even prior to March 1, 1989, there was no requirement that photocopies of copyrighted works bear their own separate notice of copyright (other than on copies for which the benefit of the Guidelines is being claimed, *see supra* section III(A).

lines' prohibition against the creation of anthologies applies only to the Guidelines, and the court erred when it grafted that requirement from Section 108 onto Section 107.

A third test was proposed by Kinko's, which the court characterized as "fair use by reason of necessity" argument.[178] Kinko's argued that "[a]n injunction against the educational photocopying at issue would pose a serious threat to teaching and the welfare of education."[179] The court rejected this argument, not because it disagreed with the proposed test, but because it did not believe that Kinko's had met the test.[180] While this is a valid issue to raise in a claim of fair use, it appears that it is already encompassed within the first of the four factors: the purpose and character of the use. If the use truly is based on necessity (which seems factually unlikely in this case), then the character of the use would appear to support a claim of fair use.

2. The Classroom Guidelines

(a) The Court's Application of the Guidelines

In considering the application of the Guidelines, the court transported requirements unique to the Guidelines and applied them to the fair use doctrine as a whole (as discussed above), and then it added a new test to the existing guidelines.

The new test is whether the copying is done by a for-profit copy shop.[181] The only elements of the Guidelines for multiple copies made for classroom use are as follows: brevity of the excerpt. spontaneity of the copying, cumulative effect of the amount used, a prohibition on the creation of anthologies, a prohibition on the copying of consumable originals (such as workbooks and test booklets), a prohibition on creating copies that substitute for purchase of original, a prohibition on the direction of use by higher authorities (such as school boards), a prohibition on the reuse of items from term to term, and a prohibition on levying any charge in excess of the actual cost of the photocopying. All of these requirements are directed at the use of the copies, the extent of the copying, and the potential for competition with the value of the originals; none involve the location or profit-making status of the copy service.

In support of its imposition of a prohibition on copying by profit-making copy services the court cited two authorities. The first is *Williams & Wilkins*

Therefore the court's statement that note of the excerpts carries a copyright notice "as required by copyright law" is incorrect for works published after March 1, 1989. 758 F. Supp. at 1528.

178 758 F. Supp. at 1535.

179 *Id.*

180 *Id.*

181 758 F. Supp. at 1535-1536.

Co. v. United States.[182] That case was decided prior to the enactment of the 1976 Copyright Act (to which the Guidelines pertain), and has nothing to do with the Guidelines or with for-profit copying.[183] The second authority is *Nimmer on Copyright.*[184] The portion of *Nimmer* cited by the case addresses the nature of the problem of photocopying as fair use; it does not address the Guidelines. In addition, the court engaged in creative quotation of the passage; it omitted the beginning of the sentence and then merged a footnote into the text. The correct quotation reads: "Photocopying in general, and more particularly classroom and library reproduction of copyrighted material command a certain sympathy since they generally involve no commercial exploitation and more particularly in view of their socially useful objectives."[185] Leaving aside the fact that this is not a discussion of the Guidelines, Nimmer's analysis is correct: classroom and library reproduction generally do not involve commercial exploitation and are socially useful objectives. Neither of these factors should change based on the location or ownership of the photocopying machine.[186]

What makes the court's addition of a new requirement to the Guidelines ironic is that the court's opinion places great weight on the fact that the Guidelines were the result of compromise between the parties (an issue discussed in the next section). Having determined that great deference should be paid to the Guidelines because they represent a compromise between the various interests, the court then proceeded to rewrite the compromise.

(b) The Debate Over The Debate Over the Guidelines

The court led off its discussion of the classroom guidelines by attempting to resolve the question of whether the Guidelines were the result of compromise. The court eventually (in a footnote) reached the correct conclusion that the importance of the Guidelines is not whether they were the product of

182 487 F.2d 1345 (1975). *Kinko's* 758 F. Supp. at 1536.

183 That case involved litigation by a publisher of a medical journal alleging copyright infringement by a federal medical research organization based on its photocopying of articles in medical journals. The district court dismissed the case, and the circuit court affirmed, on the grounds that the copying was limited to a single copy of a single article on a per-request basis by federal non-profit institutions devoted to advancement of dissemination of medical knowledge.

184 758 F. Supp. at 1536.

185 *Nimmer on Copyright* § 13.05[E], at 13-93-13-94.

186 The court found solace in a footnote to this text. The reference to "no commercial exploitation" is conditioned by a footnote which reads, in full: "But this is not true of photocopy shops, which reproduce for profit." Nimmer at 13-94 n.69. All photocopying results in some profit for some profit-making entity; the caveat as to photocopy shops only makes sense if it refers to photocopy shops engaged in the production of copies for a profit-making use (where there is no educational setting or other socially useful objectives), and not to copying for a non-profit educational use even if some profit is derived from the process.

compromise or whether they were forced on one party or the other. What gives the Guidelines their weight is the fact that both the House Judiciary Committee and the Conference Committee reports on the 1976 Act endorsed them as "a reasonable interpretation of the minimum standards of fair use."[187] Therefore, regardless of their source, they provide a reliable indication of the Congressional intent regarding the minimum level of fair use protection for educational photocopying.

Before eventually reaching this conclusion, however, the court attempted to resolve a debate over whether Guidelines were the product of compromise. In support of the "pro compromise" position, the court cites the seminal treatise on fair use: "One commentator confirms the Guidelines as an act of compromise which 'was necessitated by the widespread availability of reprographic technology which eliminated much of the copyright owner's control over the reproduction of his work.' Patry, *The Fair Use Privilege in Copyright Law* at viii (1985)."[188] This appears to be an incorrect paraphrasing of Mr. Patry's analysis. The quoted passage was discussing the fair use provisions of the Copyright act in general, not the nature of the Guidelines.[189] The court's opinion indicates, in a footnote, that a statement by Professor Peter Jaszi was introduced at trial taking the position that the Guidelines were not a compromise but in fact a concession forced on educators. The court admitted the testimony, but placed limited reliance on it.[190] The court does not explain why it choose to place reliance on the characteri-

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[187] *See also Kinko's*, 758 F. Supp. at 1535. H.R. Rep. No. 94-1476, 94th Cong., 2d Sess. 72 (1976); H.R. Rep. No. 94-1733, 94th Cong., 2d Sess. 70 (1976).

The court concluded that "This court is in no position to retrospectively evaluate the quality of debate and parsing of privileges and responsibilities during Congress' or these groups' deliberations. The congressional record must speak for itself." 758 F. Supp. at 1535, n.10.

[188] 758 F. Supp. at 1535.

[189] The full quotation reads as follows:

> As codified and as explained in the legislative reports and the guidelines, therefore, the fair use of the 1976 Act is very much a creature of compromise.
>
> That compromise was necessitated by the widespread availability of reprogarphic technology which eliminated much of the copyright owner's control over the reproduction of his work. Conceptually, however, there is no reason why the ultimate resolution of the issues surrounding reprographic duplication should have been codified in Section 107.

Patry, *The Fair Use Privilege in Copyright Law* at viii (1985). This seems to indicate not that the Guidelines were a compromise of specific positions negotiated directly by the parties affected, but rather that Section 107, as a whole, represents a balancing and compromise of the interests of all parties affected (without regard to whether the parties whose interests were compromised had any say in that compromise).

[190] 758 F. Supp. at 1535, footnote 10.

zation of the nature of the negotiation by one copyright expert and to dismiss the opposing characterization of another expert as not relevant.

Regardless, it is worth noting that whether the Guidelines were the product of compromise or coercion, there was strong dissent at the time of their pronouncement. The American Association of University Professors and the Association of American Law Schools both denounced the Guidelines because they regarded them as "too restrictive with respect to classroom situations at the university and graduate level."[191]

C. Impact of the Decision

The *Kinko's* decision creates a number of new tests and subtests for the application of the fair use doctrine. None of the tests is necessary or helpful, and they are virtually all lacking support. The court never addressed what would have been the crucial issue in the case under traditional fair use analysis: whether the copying activities engaged in by the professors constitutes fair use. If so, Kinko's would arguably have committed no acts of infringement. If not, Kinko's may be liable under traditional notions of joint infringement.

It is difficult to predict whether courts faced with similar issues in the future will adopt some or all of the new tests created by the court in *Kinko's*. It is possible that, based on the *Kinko's* decision, courts will begin to apply inappropriate new standards for photocopying and fair use: (1) is the copying performed by a profit-making business (regardless of the nature or intended use of the copies); (2) is the business which produced the copies a nationwide business; (3) is the resulting copy an anthology; (4) did the person or entity which operated the copying machine contribute any creative or productive elements to the copying; (5) did the user copy an entire chapter; and (6) in a multi-infringement action, does any single work fail to qualify as a fair use (if so, they will all fail). Answering yes to any one of these new tests will, at least according to the *Kinko's* interpretation, preclude a finding of fair use. And, if these new tests do not make the court's analysis sufficiently simple and predictable, there is one additional test: the self-confessional test. Anything that is copied consists of the heart of the work copied (otherwise it would not have been copied in the first place), and therefore fails the qualitative test of the third factor under Section 107.

Simplicity and predictability are worthy goals, but they are not ends in themselves. Determination of fair use was never intended to be a simple process; there are too many competing interests to be balanced. Hopefully future courts will ignore the new interpretations of the fair use doctrine set forth in the *Kinko's* decision, and will continue to weigh each of the factors set forth in Section 107 by exploring and analyzing the factors in full.

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[191] House Report at 72.

VI. A PROPOSAL FOR THE FUTURE

The Section 107 fair use test is not broken and does not need to be fixed. What needs to be fixed is the approach that courts take to the test. I humbly offer the following five recommendations to counsel and courts considering whether a given case of photocopying constitutes fair use or copyright infringement:

1. Consider all FOUR factors.

No one of the four fair use factors is dispositive, and every analysis should consider all four factors. For example, a copying of the entire work might appear to be an automatic disqualification under Factor 3 (the amount and substantially of the portion used). However, the analysis cannot stop there: if the nature of the work is largely factual, and there is no effect on the potential markets for the original work, a finding of fair use may still be appropriate.[192]

2. Keep the emphasis of the analysis on the product, and not on the process.

The greatest failing of the court's analysis in the *Kinko's* case was that the court focused almost exclusively on the process by which the copies were produced, rather than on the use that was to be made of the copies.[193] A ruling that separates the process of making the copies from the ultimate distribution and use of the copies, by denying the exemption to a person or business involved in creating copies that qualify as fair use because that person or business has a profit motive, does nothing to protect or strengthen the rights of the copyright owner because it does not prohibit or restrict the copying, it merely dictates at what location the copies can be made.

As noted earlier in this article, it is important not to lose sight of the forest by narrowing one's focusing exclusively to the individual trees. A use that is fair use for one person (for example, the professor who requests the copying) should be fair use for every person involved in the process (including, for example, the business that produced the copy).[194]

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[192] This is exactly the point that Congress is making with its proposed amendment to Section 107 with regards to unpublished works: while the fact that a work is unpublished is an important element which tends to weigh against a finding of fair use, it is not dispositive and full consideration should still be made of all for he traditional fair use factors. *See supra* notes 23-25 and accompanying text.

[193] "The use of Kinko's packets, in the hands of the students, was no doubt educational. However, the use in the hands of Kinko's employees is commercial. Kinko's claims that its copyright was educational and, therefore, qualifies as fair use. Kinko's fails to persuade us of this distinction." *Kinko's* at 1531.

[194] This is not an argument that profit-making motive is irrelevant to a fair use determination. It may be a valid point to consider as part of Factor 1 (the purpose and character of the use).

3. Acknowledge the growth of licensing activity by copyright holders with regards to photocopying, and its impact on the fair use test.

Traditionally the fourth factor, which concerns the effect of the use on the potential market for the copyrighted work, has focused on whether the creation and dissemination of the copy competes with sales of the original work. In recent years, however, authors and publishers have become increasingly active in licensing photocopying rights in books. Indeed the court in *Kinko's* noted that such permission fees now constitute a significant source of income for copyright owners in out-of-print books.[195] Clearance services have been established which, for a flat annual licensing fee, grant photocopying rights in a wide variety of publications.

The legislative history of Section 107 notes that where a work is unavailable for purchase through normal channels, there may be more justification for reproducing it without permission, "but the existence of organizations licensed to provide photocopies of out-of-print works at reasonable cost is a factor to be considered."[196] If over time licensing organizations develop, as BMI and ASCAP have for the licensing of public performance rights in music, they may serve to dramatically reduce the applicability of the fair use exemption to photocopying. If the necessary rights can be easily obtained for a reasonable licensing fee, it is difficult to see why the fair use exception should continue to be applied as broadly as it is today. At some point in the future, the choice may shift from copying a small passage from a book versus purchasing an additional copy of the entire book, to copying a passage without compensation to the copyright owner versus paying an appropriate licensing fee for the use that is being made. When that day arrives, and it may not be far off, the applicability to photocopying activity of the fair use exemption to copyright infringement should shrink dramatically.

4. Accept the fact that fair use analysis will always be fact intensive, and predictability will always be an elusive goal.

The debate over whether a given use qualifies as fair use is extremely fact intensive. How much of the original is copied; what is the purpose for which the copy is being used; is the original available; does the copying supplant the demand for the purchase of the original; what level of protection should be accorded to the original; how is the copy being disseminated; etc. With so many variables, and so many competing interests, no statutory test is going to offer predictability, unless we are willing to accept completely arbitrary results.

The problem here is one of expectations. If we stop expecting this portion of the Copyright Act to offer quick predictable answers and accept it

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[195] 758 F. Supp. at 1534.

[196] Senate Report at 64.

instead as offering useful tools for analysis, the criticisms may abate, and the temptation to create useless new tests may recede.

5. Don't invent silly new factors.

The fact that the four-factor list is not a definitive list should not be viewed as an invitation to invent new factors where they are not needed. Indeed, I am personally not convinced that there are in fact any additional factors. Judge Leval is of the same opinion:

> The language of the Act suggests that there may be additional unnamed factors bearing on the question of fair use. The more I have studied the question, the more I have come to conclude that the pertinent factors are those named in the statute. Additional considerations that I and others have looked to are false factors that divert the inquiry from the goals of copyright. They may have bearing on the appropriate remedy, or on the availability of another cause of action to vindicate a wrong, but not on the fair use defense.[197]

I reach this conclusion from two approaches: first, from the belief that no additional factors are necessary, and second, from the fact that I have yet to hear of any proposed additional factors which constitute a positive addition to the fair use analysis.

The *Kinko's* court created two new factors. The first was that "an important additional factor is the fact that defendant has effectively created a new nationwide business allied to the publishing industry by usurping plaintiffs' copyrights and profits."[198] The geographic scope of the business which produced the allegedly infringing copies is not a relevant factor. Either the defendant is infringing the copyright owner's rights or he is not; the geographic disbursement of the business that produced the copies is not itself relevant, expect perhaps when determining the appropriate amount of damages.[199] The second new factor created by the court in *Kinko's* is whether an anthology has been created.[200] There is no basis for this factor. The prohibition on creating anthologies applies only to the Classroom Guidelines.[201] Those Guidelines also require that additional specific requirements be met,

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197 Leval, *Toward A Fair Use Standard*, 103 Harvard L. Rev. 1105, 1125-26 (1990) (Jude Leval serves on the District Court of the Southern District of New York).

198 758 F. Supp. at 1534.

199 The scope of the alleged infringers business may also be relevant under Factor 4: the effect of the use upon the potential market for or value of the copyrighted work. Clearly a national or otherwise widespread copying of an original work is more likely to have a negative impact on the potential market for or value of the original work than would narrow localized copying.

200 758 F. Supp. at 1535.

201 *See supra* Section III(A).

including spontaneity and copyright notice, that do not apply to fair use beyond the scope of the Guidelines.

In the *Kinko's* case, the defendant suggested a third new factor which the court rejected. That factor was characterized by the court as a "fair use by reason of necessity" factor.[202] The defendant argued that "[a]n injunction against the educational photocopying at issue would pose a serious threat to teaching and the welfare of education."[203] While this is a valid issue to consider when appraising the validity of a claim of fair use, there is no need for a new factor. The first factor, which considers the purpose and character of the use, can encompass this issue. If a use is needed based on necessity, then the character of the use should support a claim of fair use.

Judge Leval has rightly rejected three additional proposed factors.[204] The first is a "good faith" factor, which permits the court to avoid rewarding morally questionable conduct.[205] Judge Level rejects this factor on the ground that no justification exists for adding a morality test. A "good faith" test produces anomalies that conflict with the goals of copyright, it adds to the confusion surrounding the fair use doctrine, and it ignores the fact that copyright is not a privilege reserved for the well-behaved. The second proposed additional factor is an "artistic integrity" factor, which attempts to make up for the failure of U.S. law to protect artistic integrity.[206] There are two problems with this factor. First, it is not the role of the courts to convert copyright law into droit moral law. Second, copyright law applies to mundane items such as interoffice memos and non-literary items such as interoffice memos and non-literary items such as computer programs, as well as to literary works. It would be pointless to protect non-literary or artistic works on the grounds of artistic integrity, and it would be arbitrary to attempt grant a form of copyright protection to some works but not others. The third and final proposed addition factor is a "privacy" factor, which reads protection of privacy into the Copyright Act.[207] Judge Leval rejects this proposed factor on the grounds that "[s]erious distortions will occur if we permit our copyright law to be twisted into the service of privacy interests. . . . Privacy and concealment are antithetical to the utilitarian goals of copyright."[208] In addition to the criticisms raised by Judge Leval, privacy considerations are already addressed in the debate over unpublished works. Virtually all privacy claims are made with regards to unpublished works. The published/unpublished nature of a work is an issue to be considered under the second factor:

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202 758 F. Supp. at 1535.
203 *Id.*
204 Leval, *Toward A Fair Use Standard*, 103 Harvard L. Rev. 1105, 1125-30 (1990).
205 *Id.* at 1126-28.
206 *Id.* at 1128-29.
207 *Id.* at 1129-30.
208 *Id.*

the nature of the copyrighted work. As noted above, legislation is currently pending before Congress that would clarify that the unpublished nature (and thus the copyright owner's privacy interest) of a work is a valid consideration but not a dispositive factor.[209]

When the lure of creating a new factor proves too tempting to resist, the proposed new factor should be examined to determine whether it can clear five successive hurdles. The first obstacle that the proposed new factor should be required to clear is an inquiry into whether the concern expressed by the proposed factor is, in fact, already addressed by one of the existing factors. The second hurdle, for those concerns which manage to clear the first hurdle, is to inquire whether the concern expressed is indeed relevant to the application of the fair use exemption (as the tests created by the *Kinko's* court were not). The third hurdle is to inquire whether the concern addressed by the proposed new factor is relevant to copyright law (for example, a morality test, which might deny a claim of fair use on the grounds that the use is pornographic, would have no applicability to copyright law). A fourth hurdle is an inquiry into whether the proposed new factor will, on one hand, advance the fair use analysis by making it more predictable or more responsive to changes in technology, or, on the other hand, whether it will serve primarily to inject confusion.

CONCLUSION

The determination of what constitutes fair use is a balancing test, dependent on a wide variety of factors. As with any fact-specific balancing test, opinions will always vary as to what constitutes an equitable balance. Cases involving the photocopying of newsletters require the balancing of publishers' desire to obtain a satisfactory rate of return on the investment in their creative work and control over the exploitation of that work against the desire to speed the dissemination of timely information. The *Kinko's* case also required the balancing of the interests of the copyright owners against the interest of the educational process.

Copying activities that fall at one extreme or the other of the fair use test are easy to assess. It is the activities where the interests are closer to the center that are the most difficult to resolve. As copying technology continues to improve with the advent of color copiers and home copiers, and as licensing activities by copyright owners increase (perhaps one day to the point that licensing income will outrank sales income for publishers), the balancing will become even more difficult. But this is no reason to surrender to the temptation to create new tests which add predictability but subtract relevance.

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[209] *See supra* notes 23-25 and accompanying text.

PART II

LEGISLATIVE AND ADMINISTRATIVE DEVELOPMENTS

United States of America

U.S. COPYRIGHT OFFICE.

37 C.F.R., Part 201. General provisions—registry of visual art incorporated in buildings. Final regulation. *Federal Register*, vol. 56, no. 156 (Aug. 13, 1991), pp. 38340-42.

The Copyright Office amended its regulations to implement the Judicial Improvement Act of 1990 by establishing a Visual Arts Registry for filing statements and documentation relating to works of visual art incorporated in buildings. The Act give artists rights of attribution and integrity in defined works of visual art. The Act also directed the Copyright Office to establish a registry to assist the owner of a building in notifying the artist of a work of visual art incorporated in a building that the owner intends to remove the artwork from the building. Besides establishing the registry, the new regulation also sets forth the content of statements and the recordation procedures.

U.S. COPYRIGHT OFFICE.

Notice of public hearing: reconsideration of 1988 policy decision on copyrightability of digitized typefaces. Notice of public hearing. *Federal Register*, vol. 56, no. 165 (Aug. 26, 1991), pp. 42073-74.

The Copyright Office announced a hearing to reconsider its 1988 Policy Decision regarding registration of claims in computer programs used to create or control the generation of digitized typefaces. Under the Policy Decision, the master computer program used to control the generic digitization process may be registered, if original, but the registration does not extend to the data fixing or depicting a particular typeface or to any algorithms created as an alternative means of fixing the data. If the computer program includes data that fixes or depicts a particular typeface, typefont, or letterform, the 1988 Policy Decision requires an appropriate disclaimer to exclude the uncopyrightable data.

U.S. COPYRIGHT OFFICE.

37 C.F.R., Part 202. Registration of claims to copyright: deposit of CD-ROM format. Final rules. *Federal Register*, vol. 56, no. 182 (Sept. 19, 1991), pp. 47402-03.

The Copyright Office amended its regulation governing the deposit under 17 U.S.C. 408 for registration of works fixed in a CD-ROM format.

The amended regulation requires the deposit of the best edition CD-Rom package, including the accompanying software and instruction manual, and a printed version of the work, if available. The regulations regarding mandatory deposit pursuant to section 407 were also adjusted to parallel the change in the deposit for registration.

U.S. COPYRIGHT OFFICE.

37 C.F.R., Part 202. Registration of claims to copyright—architectural works. Proposed regulation. *Federal Register*, vol. 56, no. 185 (Sept. 24, 1991), pp. 48137-39.

The Judicial Improvements Act of 1990 amended the Copyright Act to include architectural works as a new category of copyrightable subject matter. Accordingly, the Copyright Office has proposed a regulation to implement copyright registration of architectural works and to establish the nature of the required deposit for deposit purposes.

U.S. COPYRIGHT OFFICE.

Registrability of costume designs. Policy decision. *Federal Register*, vol. 56, no. 214 (Nov. 5, 1991), pp. 56530-32.

The Copyright Office published this policy decision to clarify its practices regarding the registrability of masks and costume designs. Masks will not be treated as useful articles, and will be registrable on the basis of pictorial and/or sculptural authorship. Costumes will be treated as useful articles and will be registrable only upon a finding of separable artistic authorship.

U.S. COPYRIGHT OFFICE.

37 C.F.R., Parts 201, 202, 203, 204, and 211. Copyright Office; fees. Final regulation. *Federal Register*, vol. 56, no. 228 (Nov. 26, 1991), pp. 59884-85.

This document publishes various housekeeping amendments correcting fees appearing in Copyright Office regulations so that they correspond to the fee schedule enacted into law by the "Copyright Fees and Technical Amendments Act of 1989."

U.S. COPYRIGHT OFFICE.

37 C.F.R., Part 202. Deposit of foreign works. Final rule. *Federal Register*, vol. 56, no. 229 (Nov. 27, 1991), pp. 60064-65.

This final regulation permits, in the case of works first published outside the United States, the deposit of either one complete copy or phonorecord of the work as first published or one complete copy of the best edition, for purposes of registration under 17 U.S.C. 408.

U.S. COPYRIGHT OFFICE.

Cable compulsory license: specialty station list. Final specialty station list. *Federal Register*, vol. 56, no. 230 (Nov. 29, 1991), pp. 61056-57.

The Office published an amended specialty station list. The list will be used to check broadcast station status when cable systems file their semi-annual statements of account under the cable compulsory license of 17 U.S.C. 111. The next update of the list will be in 1994.

U.S. COPYRIGHT OFFICE.

37 C.F.R., Part 202. Renewal registration: effective date of registration. Final regulations. *Federal Register*, vol. 56, no. (Dec. 13, 1991), p.

The Copyright Office has adopted a new regulation to establish the effective date for renewal registrations made under section 304 of the Copyright Act when the previously required filing fee of $6 is submitted in lieu of the $12 filing fee required by the "Copyright Fees and Technical Amendments Act of 1989." The regulation will be in effect for renewal claims eligible for registration during 1991 and which are received in the Copyright Office on or before December 31, 1991.

U.S. COPYRIGHT OFFICE.

Public hearings: artists' resale royalties. Notice. *Federal Register*, vol. 57, no. 8 (Jan. 13, 1992), p. 1281.

The Office announced hearings in connection with a report it is preparing for Congress on artists' resale royalties. Individuals or groups involved in the creation, exhibition, dissemination, and preservation of works of arts were invited to comment or participate in the hearings, which were held on January 23, 1992, in San Francisco, and on March 6, 1992 in New York City.

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. 56, no. 212 (Nov. 1, 1991), pp. 56157-58.

The Tribunal amended its regulations to reflect an increase of the mechanical royalty rate to either 6.25 cents, or 1.2 cents per minute of playing time or fraction thereof, whichever amount is larger.

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. 56, no. 230 (Nov. 29, 1991), p. 60924.

The Tribunal amended its regulations to show a 2.9% 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.

U.S. DEPARTMENT OF DEFENSE.

Intellectual property statutes; review of by the DOD Advisory Panel on Streamlining and Codifying Acquisition Laws. Notice of public comment. *Federal Register*, vol. 56, no. 215 (Nov. 6, 1991), p. 56636.

The Panel is looking at the impact of intellectual property laws on the Department of Defense acquisition processes. In this regard, it desires comment from interested parties on such issues as: (1) government and contractor sharing of rights in patents, copyrights, and technical data pertaining to federal contracts; (2) government acquisition of data, software, and items covered by patents, copyrights, and trade secrets; and (3) redress by owners for government use of patents, copyrights, or trade secrets.

U.S. FEDERAL COMMUNICATIONS COMMISSION.

47 C.F.R., Parts 73 and 76. Broadcast and cable services, effect of changes in the video marketplace. Notice of inquiry. *Federal Register*, vol. 56, no. 159 (Aug. 16, 1991), pp. 40847-48.

This notice solicited comments on conclusions reached in the Office of Plans and Policy Working Paper #26, Broadcast Television in a Multichannel Marketplace (June 1991). It also requested comment on related issues concerning changes in the video marketplace and the implications of these changes for the Commission's regulatory policies.

U.S. FEDERAL COMMUNICATIONS COMMISSION.

47 C.F.R., Part 76. Cable service; effective competition standard for cable basic service rates. Final rule; confirmation of effective date. *Federal Communications*, vol. 56, no. 203 (Oct. 21, 1991), p. 52479.

The Commission set October 25, 1991 as the effective date of its new rules redefining "effective competition" and establishing new rate-setting standards for regulation of basic cable service rates.

U.S. FEDERAL COMMUNICATIONS COMMISSION.

47 C.F.R., Part 76. Cable television technical and operational requirements. Proposed rule; extension of comment period. *Federal Register*, vol. 56, no. 213 (Nov. 4, 1991), p. 56339.

This notice extended until November 15, 1991, the deadline for filing comments on proposed cable television technical regulations. The extension allowed interested parties to comment on the negotiated agreement submitted by cable industry and municipal representatives.

U.S. LIBRARY OF CONGRESS

36 C.F.R., Part 704. National Film Preservation Board; 1991 films se-

lected for inclusion in the National Film Registry. Final rule. *Federal Register*, vol. 56, no. 189 (Sept. 30, 1991), pp. 49413-14.

In accordance with provisions of the National Film Preservation Act, the Librarian of Congress selected and published a list of the twenty-five films to be included in the 1991 National Film Registry. The list is published to notify the public of the films deemed to be "culturally, historically or aesthetically significant."

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE.

Thailand copyright enforcement. Notice of request for public comment. *Federal Register*, vol. 56, no. 223, (Nov. 19, 1991), p. 58416.

The Trade Representative is seeking public comment regarding its investigation of Thailand's acts, policies and practices relative to enforcement of copyrights. Under section 304 of the Trade Act, the agency must determine by December 21, 1991, whether such acts, policies and practices are unreasonable and burden or restrict U.S. commerce. The comments will be considered in making its determinations and in recommending what action, if any, to take under section 301 of the Act.

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE.

Proposed determinations regarding the People's Republic of China's intellectual property laws, policies and practices: request for public comment. Notice and comment on proposed action under the Trade Act. *Federal Register*, vol. 56, no. 231 (Dec. 2, 1991), pp. 61278-79.

The Office is seeking public comment on a proposed determination under section 304(a)(1) of the Trade Act that certain acts, policies and practices of the People's Republic of China with respect to its protection and enforcement of intellectual property rights are unreasonable and constitute a burden or restriction on United States commerce. The Office also seeks comment on appropriate action under section 301 of the Act in response to these acts, policies, and practices.

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE.

Determination to extend the investigation of the intellectual property and market access acts, policies and practices of the Government of India. Notice of determination under section 304(a)(3)(B) of the Trade Act. *Federal Register*, vol. 56, no. 232 (Dec. 3, 1991), pp. 61447-48.

The Trade Representative has extended the investigation the Office is conducting under section 302(b)(2)(A) of the Trade Act of certain acts, policies and practices of the government of India which deny adequate and effective protection of intellectual property rights and fair and equitable market access to United States persons who rely upon intellectual property protection.

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE.

Determination to extend the investigation of the intellectual property laws and practices of the government of the People's Republic of China. Notice of determination under section 304(a)(3)(B) of the Trade Act. *Federal Register*, vol. 56, no. 232 (Dec. 3, 1991), p. 61447.

The Office has extended its investigation of deficiencies in the acts, policies and practices of the People's Republic of China relative to the denial of adequate and effective protection of intellectual property rights in China. The investigation was initiated under section 302(b)(2)(A) of the Trade Act.

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE.

Possible action in response to the People's Republic of China's intellectual property laws, policies, and practices; notice of Trade Policy Staff Committee (TPSC) public hearing. Notice. *Federal Register*, vol. 56, no. 236 (Dec. 9, 1991), pp. 64280-81.

The USTR must make a determination in the investigation of acts, policies, and practices of the Government of China that were the basis of identifying China as a priority foreign country under section 182 of the Trade Act. In this connection, the USTR is holding a public hearing to hear views on the possible imposition of increased duties on certain products of the People's Republic of China.

PART V

BIBLIOGRAPHY

ARTICLES FROM LAW REVIEWS AND COPYRIGHT PERIODICALS

1. United States

FRANCIS, MICHELLE V. The replacement of Arnstein *v.* Porter—a more comprehensive use of expert testimony and the implementation of an "actual audience" test. *Pepperdine Law Review*, vol. 17, no. 2 (1990), pp. 493-523.

Ms. Francis discusses music plagiarism and musical copyright infringement, with particular emphasis on the case of *Arnstein v. Porter*. In that 1946 case, the Second Circuit Court of Appeals imposed significant judicial guidelines "by limiting the interplay between the use of expert witnesses and the lay listener within the framework of musical copyright infringement litigation."

FULWOOD, S. LEIGH. Feist v Rural: did the Supreme Court give license to reap where one has not sown? *Communications Lawyer*, vol. 9, no. 4 (Fall 1991), pp. 15-17.

This article summarizes the Supreme Court's ruling in *Feist Publications, Inc. v. Rural Telephone Service Company, Inc.* The case addressed the extent to which copyright law protects factual compilations—in particular, the white pages of a telephone directory. The court held that the white pages listings in telephone directories are not amenable to copyright protection. The article also examines the viability of certain state causes of action to instances of unauthorized copying of facts. The article concludes that case law is inconsistent at best and that published factual compilations are virtually unprotected.

GIANNINI, MAURA. The substantial similarity test and its use in determining copyright infringement through digital sampling. *Rutgers Computer and Technology Law Journal*, vol. 16, no. 2 (1990), pp. 509-31.

Ms. Giannini examines what she believes are the two basic premises in the determination of copyright infringement. These include how much of a pre-existing work must be taken to constitute an infringement, and whether the mechanical alteration of the taking affects the status of the infringement. The author analyzes current cases of copyright infringement regarding sound recordings and the protection afforded a sound recording by the Sound Recording Act of 1971. She also comments in detail on the digital recording process.

JEHORAM, HERMAN COHEN. The nature of neighboring rights of performing

artists, phonogram producers and broadcasting organizations. *Columbia—VLA Journal of Law & the Arts*, vol. 15, no. 1 (Fall 1990), pp. 75-93.

Professor Jehoram discusses the following three areas: the rights of performers, the rights of producers of phonograms and the rights of broadcasting organizations.

LEIBOWITZ, DAVID E. The recording industry must take control over its destiny in the digital transmission era. *Communications Lawyer*, vol. 9, no. 3 (Summer 1991), p. 3.

Mr. Leibowitz discusses digital audio technology and the threat it poses for the recording industry unless the Copyright Act is amended to establish a right of public performance in sound recordings. He maintains that the absence of this right has caused some countries to deny American performers and recording companies their share of foreign performance royalty collections, and has hindered U.S. negotiations for higher levels of protection for sound recordings in other countries.

LEWIS, MATTHEW P. Bringing down the curtain on Rear Window: copyright infringement and derivative motion pictures. *Loyola Entertainment Law Journal*, vol. 10, no. 1 (1990), pp. 237-61.

Mr. Lewis investigates the economic ramifications and the copyright problems that arise when motion picture producers and the writers own rights in the same work. In his investigation, the author reviews the following cases: *Abend v. MCA, Inc.*, *Rohauer v. Killiam Shows, Inc.*, *Miller Music Corp. v. Charles N. Daniels, Inc.*, *Edmonds v. Stern*, and *Fitch v. Shubert*. He discusses the Hitchcock movie, *Rear Window*, and states that the court of appeals held that the film infringed the short story on which the film was based, yet allowed exploitation of *Rear Window*, "contingent on the percentage of profits" being paid to the owner of the copyright in the underlying work.

MEIJIBOOM, ALFRED P. Software protection in "Europe 1992." *Rutgers Computer and Technology Law Journal*, vol. 16, no. 2 (1990), pp. 407-47.

The author discusses the Internal European Market which will come into existence in January 1993 and how protection of patents, trademarks, computer programs and semiconductor products will be affected. In the area of copyright protection, the author examines software as a literary work, the authorship of software, originality of computer programs, and exclusive rights.

NARON, GREGORY R. With malice toward all: the political cartoon and the law of libel. *Columbia-VLA Journal of Law & the Arts*, vol. 15, no. 1 (1991), pp. 93-116.

Mr. Naron reviews the state of libel law in the United States. He dis-

cusses the case of *New York Times v. Sullivan*, a Supreme Court landmark decision in which the court held what the actual malice standard for a public official must be in order to recover damages for a defamatory falsehood. He highlights several other cases, including *Celebrezze v. Dayton Newspapers, Inc.*, *Bindrim v. Mitchell*, *Garrison v. Louisiana* and *Myers v. Boston Magazine Co.* He states that the courts have come up with appropriate decisions with respect to the cartoon's role in political discourse.

PEARSON, HILLARY. Putting intellectual property law into use. *Texas Bar Journal*, vol. 53, no. 7 (July 1990), pp. 707-11.

Ms. Pearson explains intellectual property law by following a product from its beginning stages to its full commercial production and marketing. Each stage is analyzed and the intellectual property rights that can be used for protection are discussed. The author begins with the research and development of a product, the drawings, the product design, the hardware and software elements, production, testing, and advertising. She then focuses on who has ownership of copyright in both the product and the advertising elements.

PLUMLEIGH, MICHAEL A. Digital audio tape: new fuel stokes the smoldering home taping fire. *UCLA Law Review*, vol. 37, no. 4 (Apr. 1990), pp. 733-77.

Mr. Plumleigh reviews the DAT controversy and analyzes the case of *Sony Corp. of America v. Universal City Studios* with an eye toward potential contributory infringement by DAT manufacturers. He looks at recent agreement between hardware manufacturers and the recording and publishing industries, and investigates royalty schemes and anticopying technology.

RICE, DAVID A. Whither (no longer whether) software copyright. *Rutgers Computer and Technology Law Journal*, vol. 16, no. 2 (1990), pp. 341-57.

The author analyzes software protection and the U.S. copyright law. He discuses several cases in detail, including *Digital Communications v. Softklone*, *Manufacturers Technologies v. CAA*, *Plains Cotton Cooperative v. Goodpasture* and *Xerox v. Apple Computer*. The author states that the courts will be faced with a formidable task of differentiating between copyrightable and patentable subject matter with respect to computer programs.

SOLTYSINSKI, STANISLAW J. Legal protection for computer programs, public access to information and competitive research and development activities. *Rutgers Computer and Technology Law Journal*, vol. 16, no. 2 (1990), pp. 447-85.

Mr. Soltysinski reports on the available scope of legal protection for computer programs under U.S. law. The author also discusses the economic and philosophical foundations of the traditional doctrine of assuring public

access to information. He investigates the rationale for public access to ideas and protected information in conjunction with U.S. intellectual property law, including a discussion of the case of *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.* Parallel protection of copyright and patent laws is reviewed along with the interplay of copyright, trade secret and contractual remedies as protection for computer programs.

WARGO, NATALIE. Copyright protection for architecture and the Berne Convention. *New York University Law Review*, vol. 65, no. 2 (May 1990), pp. 403-478.

The author states that most Berne countries provide a list of protected works in their copyright laws. Some countries protect plans, sketches and there-dimensional works relative to architecture. Others provide protection under the very broad term "artistic works." Areas investigated in relation to architectural protection include standards of copyrightability, authorship rights and limitations, the right of integrity and the right of paternity.

WRENN, GREGORY J. Federal intellectual property protection for computer software audiovisual look and feel: the Lanham, Copyright and Patent Acts. *High Technology Law Journal*, vol. 4, no. 2 (Fall 198), pp. 279-331.

Mr. Wrenn explains computer software technology, particularly audiovisual displays. He reviews both the Lanham Act of 1946 and the Copyright Act of 1976 with particular attention given to the idea/expression dichotomy. He concludes his article with an overview of the Patent Act of 1952 and a discussion of both utility and design patents.

2. Foreign

BROWN, NICHOLAS RICHARD. The little recognized connection between intellectual property and economic development in Latin America. *IIC*, vol. 22, no. 3 (1991), pp. 348-59.

Mr. Brown discusses technology and the impact it has on underdeveloped countries. He states that intellectual property laws are the foundation upon which technological societies rest. Developing countries, especially in Latin America are doing little to encourage intellectual property protection. The author states that technology is faltering in Latin America primarily because of the selective way protection is granted in some regions and there is little enforcement in courts when infringement occurs.

COLLOVA, TADDEO. The remuneration for private copying. *Revue Internationale du Droit D'Auteur*, no. 149 (July 1991), pp. 34-149.

The author analyzes the issue of economic remuneration for private audiovisual copying in the European Community as stipulated by copyright or neighboring rights. Professor Collova does not investigate authors' societies

and other groups that collect royalties for copying. Instead, he examines harmonizing existing national laws and discusses the problems of equal treatment for foreign authors along with the difficulties in applying the rulings of international conventions.

Council Directive on the Legal Protection of Computer Programs (Doc. Com. 91/250/EEC, 14 May 1991). *IIC*, vol. 22, no. 5 (191), pp. 676-81.

The European Commission Council adopted a Directive mandating that Member States of the EEC protect computer programs—including their preparatory design material—by copyright, as literary works within the meaning of the Berne Convention. It provides that the protection apply to the expression of any form of a computer program but not to ideas and principles which underlie any element of the program.

FRANCON, ANDRE. Authors' rights beyond frontiers: a comparison of civil law and common law conceptions. *Revue Internationale du Droit D'Auteur*, no. 149 (July 1991), pp. 2-33.

Mr. Francon incorporates into his article the text of his lecture to the University of Montreal's Faculty of Law on November 5, 1990. He presents two different conceptions of authors' rights—the authors' rights theory and the copyright theory along with the interaction of the two conceptions. He also investigates the authors' rights system in countries that provide copyright protection for works and the problems and successes these countries have encountered.

GERVAIS, DANIEL J. The protection under international copyright law of works created with or by computers. *IIC*, vol. 22, no. 5 (1991), pp. 628-60.

Mr. Gervais examines the issue of computer assisted/generated works and international copyright protection. He explores what contributions may be expected from computers, in order to envisage the areas where problems may be anticipated. He then focuses on the criteria according to which copyright protection is determined, taking into account recent developments in international intellectual property law. Mr. Gervais also discusses attribution of authorship and offers a synthesis of all possible situations under international copyright law. He traces the evolution of the definition of "originality" from the traditional to the modern points of view. He concludes that under the modern view, works created solely by computers should not be protected, but works that should be protected are those where the user or the programmer of the software participated in the creative processes.

MAMIOFA, IOSIF E. and CORIEN PRINS. Protecting computer programs—the Soviet perspective. *IIC*, vol. 22, no. 5 (1991), pp. 605-28.

This article discusses protection of computer programs in the former Soviet Union. It considers the possibilities of such protection under the coun-

try's copyright and patent laws. It concludes that while certain computer-related inventions may be susceptible to patent protection, it is likely the Republics in the former Soviet Union will follow the international consensus toward protection via copyright rules.

ROCHICCIOLI, ELLE-PIERRE. Viewpoint on the legislation applicable in France to the new media in the field of authors' rights. *Revue Internationale De Droit d'Auteur*, no. 148 (Apr. 1991), pp. 16-57.

Mr. Rochiccioli, the Deputy to the General Manager of SACEM, discusses the principal laws concerning radio and television broadcasting and authors' rights in France. He gives special attention to the laws governing communication, particularly France's Sept. 30, 1886 law concerning the freedom of communication. He discusses the problem created by satellite broadcasting, including a discussion of direct telediffusion broadcasting and "fixed service" satellites, telediffusion by satellite exclusively, and legislation addressing these areas. The author concludes with an analysis of the contractual practices between authors' societies and different broadcast stations.

A user's guide to copyright. *Australian Copyright Council*, bulletin no. 74 (1991), 37 pp.

This bulletin, prepared by the Australian Copyright Council, explains copyright protection and the steps necessary to obtain permission to use film, books, photographs, etc. It also discuses common uses of copyright materials and provides a list of organizations in Australia that can assist an individual in obtaining clearances. Copyright Agency Ltd., Australasian Performing Rights Association, and the Audio-visual Copyright Society Limited are among the organizations listed.

Current issues. *Australian Copyright Council*, bulletin no. 73 (1991), 23 pp.

This booklet addresses the copyright implications of importation, including the books importation bill, compulsory licensing, piracy and restructuring of the music industry. It discusses performers' copyright, rental, blank tape royalties, copyright fees for visual artists, and a new collecting society for visual artists.

Theatre and copyright. *Australian Copyright Council*, bulletin no. 72 (1991), 40 pp.

This bulletin from Australia discusses copyright protection for playwrights, composers, set designers, choreographers, dancers, actors and directors. This guide explains performers' rights, statutory licenses, contracts for theatre, copyright infringement and also moral rights intended for the basic understanding of anyone involved in theatre in Australia.

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